



## Guidelines for Prevention and Regulation of Greenwashing or Misleading Environmental Claims, 2024.

*Issued by: Central Consumer Protection Authority*

**ICRA ESG Comments**

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# What are the guidelines and who is covered

**Greenwashing** involves misleading practices where companies falsely claim environmental benefits or initiatives. Unverified tags, misleading claims, magnifying non meaningful environment friendly steps, partial truths are some examples.

CCPA released 'Guidelines for Prevention and Regulation of Greenwashing or Misleading Environmental Claims,2024' after consultations with key stakeholders.

**Who is covered:** Manufacturers, traders, service providers whose product and services make environmental claims

## Key Guidelines by CCPA:

- **Substantiated Claims:** Environmental claims must be backed by verifiable evidence, such as certifications or third-party verification.
- **Clear Language:** Terms like "biodegradable" or "carbon-neutral" must be explained in simple, accurate terms.
- **Comparative Claims:** Comparisons must be based on data and specify what's being compared.
- **No Deceptive Imagery:** Advertisements should not use misleading symbols or visuals.

## Enforcement:

- Violators face legal action under the Consumer Protection Act, ensuring accuracy in environmental claims.

# Definitions of key terms like Greenwashing and Environmental claims etc.

## 1. Greenwashing:

- Refers to any deceptive or misleading practice that includes exaggerating or making vague, false, or unsubstantiated environmental claims. This also includes using misleading words, symbols, or imagery to overemphasize positive environmental aspects while concealing harmful attributes.

## 2. Environmental Claims:

- Any representation regarding a good (in part or whole), its manufacturing process, packaging, or disposal, suggesting environmentally friendly attributes. This could include claims such as:
  - A neutral or positive environmental impact.
  - Being more eco-friendly than a competitor or previous product version.

## 3. Advertisement:

- Defined as any form of advertising as per the Consumer Protection Act, including any medium or platform used to communicate the environmental benefits of a product or service.

## 4. Advertiser:

- The entity or person responsible for the advertisement, as defined under the Guidelines for the Prevention of Misleading Advertisements and Endorsements, 2022.

## 5. Service Provider:

- Any person or organization that provides a service and is involved in promoting environmental claims in advertisements, as per the existing advertising guidelines.

These terms ensure clarity and accountability in promoting environmental benefits and discourage greenwashing.

# Necessity of substantiated claims and fair comparisons

Necessity of **Substantiated Claims** distilled into two main points:

## 1. Consumer Protection and Trust:

- Substantiated claims ensure consumers receive accurate information about environmental benefits, protecting them from misleading assertions and fostering trust in eco-friendly products.

## 2. Market Fairness and Responsible Practices:

- Requiring substantiated claims prevents unfair competitive advantages and encourages companies to engage in genuine sustainable practices, promoting a level playing field in the market.

Necessity of **Fair Comparisons** distilled into two main points:

## 1. Clarity and Accuracy:

- Fair comparisons require companies to specify what is being compared and use verifiable data, helping consumers understand the true environmental benefits of products and preventing misleading statements.

## 2. Incentivizing Improvement:

- Knowing that they must provide factual comparisons encourages companies to continuously enhance their products and practices, leading to better overall environmental performance in the industry.

In summary, Substantiated Claims and Fair Comparisons are essential for consumer protection, trust-building, market fairness, and the promotion of responsible business practices. They ensure that consumers can make informed decisions while encouraging companies to commit to genuine sustainability efforts.

# Explanation of prohibited greenwashing practices

Here's a concise summary of the prohibited greenwashing practices distilled into three main points:

## 1. Accurate Claims and Evidence:

- Environmental claims, such as "eco-friendly" or "carbon-neutral," must be specific, substantiated with verifiable evidence, and accurately reflect the product's benefits.

## 2. Truthful Representation:

- Deceptive imagery and partial truths are prohibited; companies cannot use misleading visuals or highlight positive attributes while concealing harmful effects.

## 3. Clear Comparisons:

- Comparative claims must be clear and based on verifiable data, ensuring that consumers are not misled about the environmental impact of products.

# Summary of CCPA 's enforcement mechanisms

## 1. Legal Framework:

- The guidelines operate under the **Consumer Protection Act, 2019**, providing a legal basis for addressing violations related to misleading environmental claims.

## 2. Penalties for Non-Compliance:

- Companies that engage in greenwashing or fail to adhere to the guidelines are subject to legal action and penalties. This creates a deterrent effect against misleading advertising practices.

## 3. Authority Oversight:

- CCPA is responsible for monitoring compliance and has authority to investigate complaints and take action against violators.

## 4. Consumer Complaints:

- Consumers can file complaints regarding misleading environmental claims, prompting investigations by CCPA

## 5. Education and Awareness:

- The guidelines also emphasize the importance of educating businesses about compliance requirements, which can help prevent violations and promote responsible marketing practices.

# Why these guidelines are essential for consumer protection

The guidelines from the Central Consumer Protection Authority are essential to:

- **Ensure Consumer Transparency:** Through accurate environmental claims that are verifiable, preventing misleading information.
- **Protect Consumer Rights:** Consumers can make informed decisions based on genuine eco-friendly benefits, not marketing tricks.
- **Ensure Accountability:** Businesses must substantiate their claims, ensuring fair competition.
- **Build Consumer Trust:** Foster confidence in green products, promoting sustainable choices.
- **Support True Sustainability:** Discourage false claims, pushing businesses towards real environmental responsibility.
- **Educate the ecosystem:** Emphasize the importance of educating businesses about compliance thereby promoting responsible marketing practices.

## ICRA ESG Opinion

CCPA guidelines demonstrate the seriousness of the authority towards green and sustainability related initiatives.

They underscore the importance of Independent review of ESG related claims by an entity

They promote a responsible business conduct, they are also expected to aid improved documentation and disclosures

ESG ratings , green certifications and similar external reviews will help strengthen implementation of an ethical and impactful sustainability roadmap

## 1. Clear and Specific Claims:

- **Example:** Instead of saying “eco-friendly,” a company could state, “Our packaging is made from 100% recycled materials.”
- **Guidance:** Claims should be clear and specific, providing precise details about the environmental attributes of the product.

## 2. Verifiable Evidence:

- **Example:** A product marketed as “carbon-neutral” should provide evidence such as third-party certifications or documentation of carbon offset practices.
- **Guidance:** All environmental claims must be backed by verifiable evidence from credible sources to ensure accuracy.

## 3. Detailed Comparisons:

- **Example:** When claiming superiority, a company might say, “Our product reduces energy consumption by 30% compared to the leading competitor's model.”
- **Guidance:** Ensure comparative claims specify what is being compared and are based on relevant, verifiable data.

## 4. Avoiding Misleading Imagery:

- **Example:** Instead of using generic green imagery (like a leaf), a detergent might show specific eco-certifications it has received.
- **Guidance:** Visuals used in advertisements should directly relate to the environmental claims being made and must not mislead consumers.



## 1. Use Clear Language:

- Avoid technical jargon or vague terms. Instead, use simple language that consumers can easily understand, explaining the environmental implications of claims.

## 2. Include Necessary Disclosures:

- Provide any necessary disclosures alongside environmental claims. For example, if a product is marketed as "biodegradable," specify the conditions under which it breaks down.

## 3. Continuous Improvement Statements:

- If making aspirational claims about future sustainability goals, companies should outline actionable plans for achieving these objectives.
- **Example:** "We aim to transition to 100% renewable energy by 2025, and here's our plan..."

## 4. Document and Audit Claims:

- Regularly audit environmental claims to ensure ongoing compliance and accuracy. This helps in maintaining credibility and addressing any potential misinformation.



**Website**



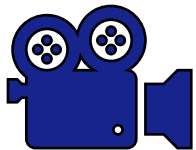
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