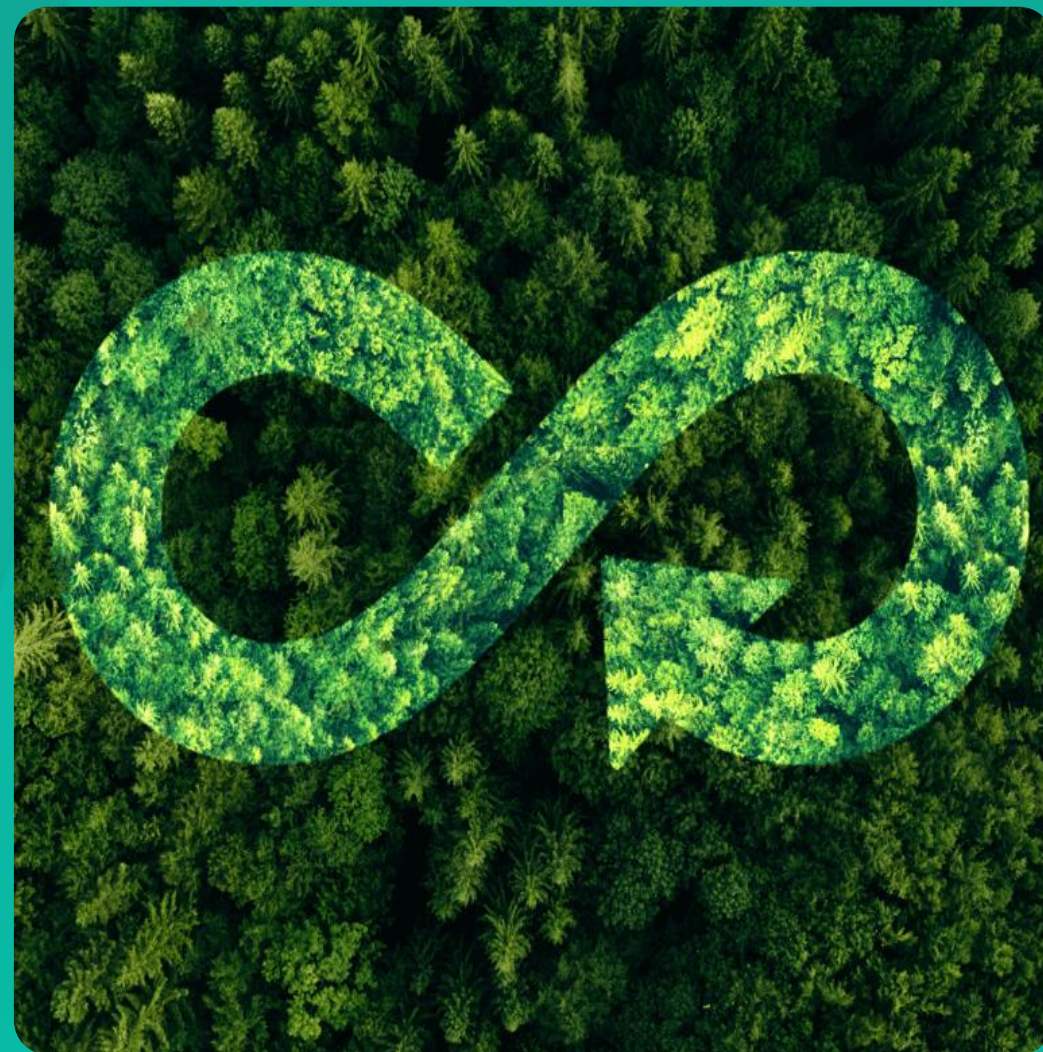


Webinar

Environmental Claims and Legal Liabilities: A Deep Dive into Anti-Greenwashing Regulations

5th November, 2025



→ | complianceandrisks.com



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Meet the Team



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Mission Statement

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Agenda

01. Introduction

- What is Greenwashing?
- Types of Environmental Claims
- Key Stats and Trends

02. Regulatory Frameworks to Tackle Greenwashing & Disputes

- EU & UK
- US & Canada
- Asia

03. Conclusion



What is Greenwashing?

Misleading practice of giving a false impression of the environmental impact or benefit of company's product, service or operation

Types of Greenwashing:

- **Greenlabeling:** misleading information about products on their sustainability
- **Greenlighting:** highlighting of a feature to distract from other negative aspects
- **Greencrowding:** hiding behind a group to avoid accountability
- **Greenrinsing:** regularly changing sustainability targets before they are achieved
- **Greenshifting:** shifting the responsibility on consumers or other stakeholders



Types of Green Claims

- Product Attributes Claims
- Corporate Environmental Performance Claims
- Future Claims (climate - net zero targets)

Can lead to greenwashing when:

- Generic or vague
- Misleading
- Inaccurate
- Incomparable
- Omitted information



Stats & Trends



53% of green claims give vague, misleading or unfounded information



40% of claims have no supporting evidence



Half of all green labels offer weak or non-existent verification



There are 230 sustainability labels and 100 green energy labels in the EU, with vastly different levels of transparency

Source: https://environment.ec.europa.eu/topics/circular-economy/green-claims_en

Stats & Trends

Increased attention due to:

- Environmentally conscious consumers
- Companies setting climate commitments
- Companies incentivised to make products more attractive to consumers
- Investors/employees attracted by companies with strong sustainability credentials
- Scrutiny by national authorities & penalties

Most affected sectors include:

- Automotive
- Fashion
- Fossil Fuels & Energy
- Finance & Investment
- Consumer Goods & Retail



Greenwashing Disputes

Stats & Trends

Litigation

Until 2023	Continuous rising trend
2024	Decline BUT high-risk cases surged by 30%
2025	Increased number of cases in US and UK

Source: RepRisk greenwashing report 2024

- Misleading carbon neutrality claims
- Percentage of green materials in products
- Product recyclability



Regulatory Frameworks to Tackle Greenwashing

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Different Levels of Protection



European Union

Since the **Green Deal** (2019), key goals:

- Climate Neutrality
- Circular Economy
- Clean Industry
- Sustainability

Implemented actions:

- Targeted measures on corporate sustainability (CSRD, CSDDD)
- Specific measures on product sustainability (ESPR)
- Two Sister Directives on environmental claims



Step 1: Greenwashing Directive 2024/825

- **Scope:** business-to-consumer commercial practices
- **Amends the Unfair Commercial Practices Directive by:**
 - Adding new definitions
 - Adding new prohibited practices
- **Deadline for Transposition:** 27 March 2026
- **Application date:** 27 September 2026



National Implementations:

Adopted: Denmark

Draft: Spain, Germany, Czech Republic, Slovakia, Estonia, Latvia, Lithuania & Slovenia

Step 1: Greenwashing Directive 2024/825

Broad definition of:

- **Environmental claim**
Text, pictorial, graphic or symbolic representation which states or implies that a product has a positive/zero environmental impact or is less damaging to the environment than other products
- **Sustainability label**
Any voluntary mark that aims to promote a product by reference to its environmental or social characteristics



Step 1: Greenwashing Directive 2024/825

Prohibits:

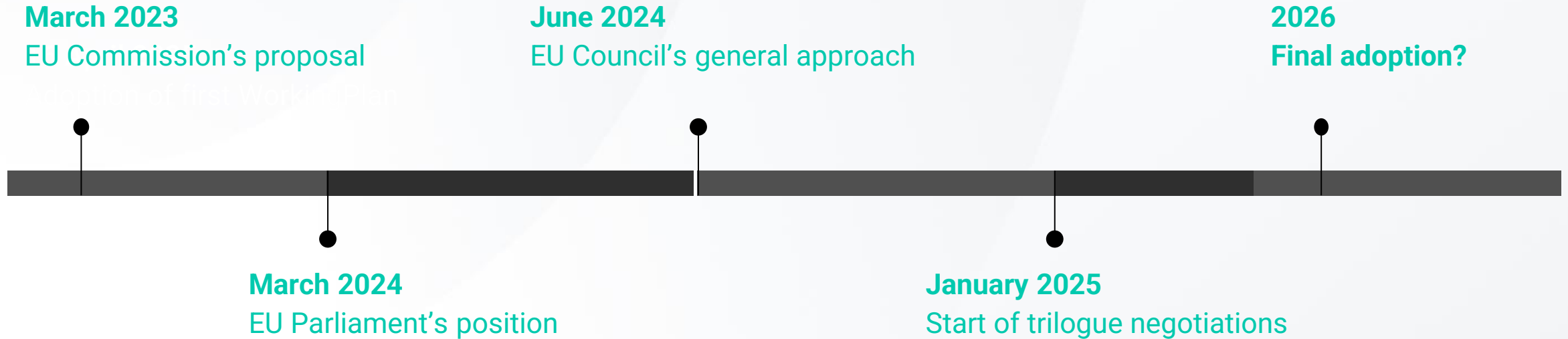
- **Generic** environmental claims without demonstrating excellent environmental performance
- Display of a sustainability label not based on a certification scheme
- Environmental claims about the entire product when it concerns only a certain aspect
- Claiming, based on the offsetting of GHG emissions, that a product has a neutral, reduced or positive impact on the environment
- Presenting requirements imposed by law as a distinctive feature of the trader's offer



Examples

- 'Environmentally-friendly'
- 'Eco-friendly'/'Green'
- 'Climate friendly'/'Climate-neutral'
- 'Made with recycled materials'

Step 2: EU Green Claims Directive (draft)



Step 2: EU Green Claims Directive (draft)

If companies are going to make a claim, it must be:

- **Substantiated:** Based on widely recognised scientific evidence
- **Appropriately communicated**
- **Ex-ante verification:** By accredited 3rd party conformity assessment body

Points under discussion:

- Simplified procedure proposed
- Exemptions for microenterprises
- Maximum verification time
- Penalties
- Transition period



France

- The **AGEC Law**: general claims are banned + Article L.121-1 of the Consumer Code
- The **Climate and Resilience Law**: targets carbon neutrality claims
- Practical Guide for environmental claims (May 2023)

Penalties

- Imprisonment up to 2 years and a fine ranging from €300,000 to 10% of the average annual turnover or 50% of the expenses incurred. Rate increased to 80% for environmental claims.

Disputes

- Major investigation by DGCCRF in 2023
- **July 2025**: €40 million fine to fast-fashion company for deceptive business practices, including unsubstantiated environmental claims
- **October 2025**: conviction of energy giant for misleading carbon neutrality statements



Italy

- The **Consumer Code**: prohibits false or misleading marketing communications that might influence purchasing decisions
- The **Advertising Self-Regulation Code by IAP** sets out requirements for correct environmental advertising

Penalties

- Monetary penalties ranging from €5,000 to €10,000,000 depending on seriousness and duration of the violation

Disputes

- **August 2025**: €1 million fine to fast fashion company for misleading green claims and omissions
- **August 2025**: removal of misleading information from labels, packaging and advertising on “the zero CO₂ impact” of production of mineral water bottles



UK

- The **Digital Markets, Competition and Consumers Act**: prohibits unfair commercial practices including misleading environmental claims + new enforcement powers of CMA
- The **Green Claims Code**: six core principles
- The **Advertising Codes by ASA**: sets out requirements for correct environmental advertising

Penalties

- Up to 10% of annual group turnover without court involvement

Disputes

- **April 2025**: several rulings of ASA on ads re low carbon investments
- **2024**: major investigation on green claims of fashion brands + guidance by CMA



USA

- The **Green Guides**: three principles on environmental claims + specific guidance
- **Section 5 of the FTC Act**

Penalties

- Prohibiting orders + civil penalties

Disputes

- Consumer class actions
- Securities claims
- **May 2022**: \$5.5 million penalty for deceptive environmental claims on eco-friendly processes used in textiles



California

- **Sections 17580 and 17580.5 of the Business and Professions Code:** Requirements of environmental representations
 - Substantiation
 - Record-keeping
- **Senate Bill 343 (Truth in Recyclability Act):** Stringent criteria for recyclability claims/symbols which may be displayed if material type and form is:
 - Collected by recycling programmes covering at least 60% of CA population
 - Accepted by recycling facilities serving at least 60% of state programmes
 - Used as feedstock for new products/packaging

Deadline: 4 October 2026 - A product or package that shows any claim that it is recyclable will be considered misleading unless the item is actually recyclable

Penalties

- Up to six month imprisonment and up to \$2500 per violation



Canada

- Amendment to the [Competition Act \(Bill C-59\)](#): performance claims to be based on adequate and proper testing + substantiation in accordance with an internationally recognized methodology for claims about the environmental benefits
- The [Guidelines on Environmental Claims](#): six principles + key concepts

Penalties

- Fines up to \$10 millions or \$15 millions for subsequent orders, or three times the value of the benefit, or 3% of annual revenues

Trends

- [August 2025](#): Call for changes by investors and stakeholders + risk of greenhushing



South Korea

- The **Environmental Labeling and Advertising Review Guidelines**: Environmental labeling & advertising focus
- The **Draft amendment to the Environmental Technology and Environmental Industry Support Act** strengthen control over advertising or promoting environmentally friendly attributes for economic gain
- **The Draft Sustainability Disclosure Standards** comprises mandatory public notification standards that companies must adhere to, and optional public notification standards

Penalties

- Ministry of Environment draft law: up to 3 million won (~\$2,270 USD)

Disputes

- 4,940 greenwashing cases over three years from 2020 to 2022



Japan

- The **Act Against Unjustifiable Premiums And Misleading Representations (AUPMR)** prohibits two main categories of misleading representations
- The **Amendments (Effective Oct 1, 2024)** strengthen control over advertising, promoting, or packaging environmentally friendly attributes for economic gain

Penalties

- Surcharge up to 3% of sales for misleading claims (Article 8)
- Criminal fines up to ¥1M for malicious violations
- Cease & desist orders + preventive measures

Disputes

- **2022:** Japan's Consumer Affairs Agency penalized 2 companies for falsely labeling their shopping and garbage bags as biodegradable



India

- The Consumer Protection Act
- The Guidelines for Advertisements Making Environmental/Green Claims: advertising & marketing
- The Guidelines for Prevention and Regulation of Greenwashing or Misleading Environmental Claims: consumer protection enforcement

Penalties

- First offense ₹10 lakh (\$12,000 USD)
- ₹50 lakh for subsequent violations
- Advertisement bans of 1-3 years
- Mandatory discontinuation of misleading ads

Disputes

- 2024-2025: 211 ads were flagged for greenwashing



China

- The Advertising Law + Anti-Unfair Competition Law
- The Environmental Information Disclosure (mandatory)
- The Guidance on Self-Regulatory Supervision of Listed Companies - Sustainability Reports

Penalties

- Non-compliant listed companies (Shanghai or Shenzhen) can expect the stock exchange to impose disciplinary action or regulatory measures

Disputes

- 2024: Company sanctioned for "first choice for environmentalists" claim without data



Singapore

- The CPFTA (Consumer Protection Fair Trading Act)
- The Advertising Standards Authority
- The Guide on Quality-related Claims (October 2025)

Penalties

- For investigation obstruction or providing false information: fines up to S\$10,000 and/or imprisonment up to one year.
- For breaches of court injunctions, contempt of court penalties apply - documented cases show fines of S\$15,000 per entity and imprisonment sentences up to four months for directors
- The making of misleading or false claims by a business can be an unfair trade practice under the Consumer Protection (Fair Trading) Act. Errant businesses may face enforcement actions by the Competition and Consumer Commission of Singapore (CCS)



Conclusion

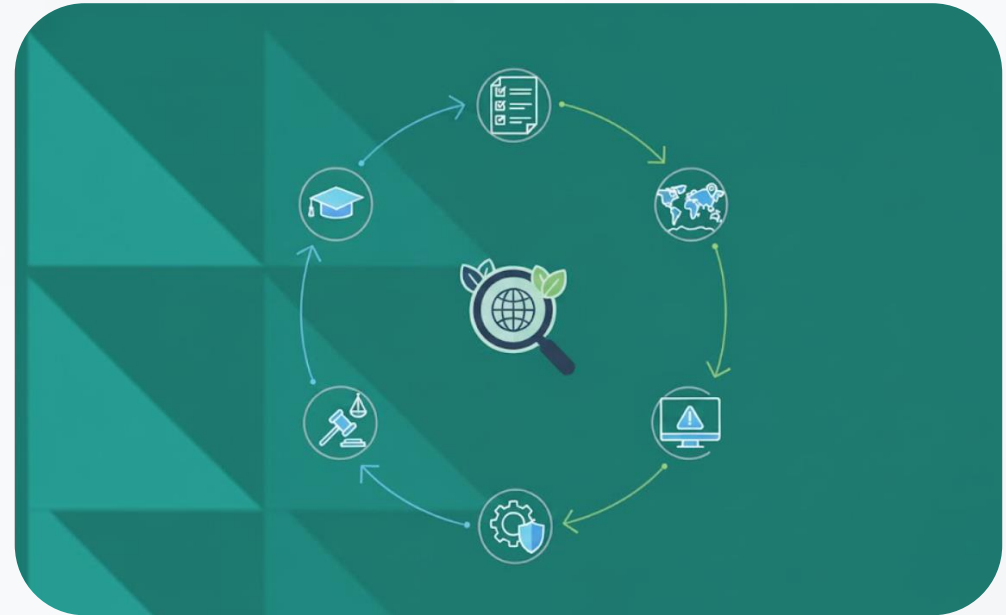
Greenwashing is no longer just a reputational risk. Evolving regulatory landscape → monitoring is crucial

1	Reputational Harm	<ul style="list-style-type: none">Increasing scrutiny from consumers, employees, investors, and suppliers
2	Regulatory Non-Compliance	<ul style="list-style-type: none">Legal risk of non-compliance and investigations, administrative enforcement action and financial penalties
3	Potential Lawsuits	<ul style="list-style-type: none">Litigation from consumers, competitors, activists, and regulators

Conclusion

Steps to Greenwashing Risk Management:

1. Mandatory Training and Upskilling
2. Continuous Regulatory Monitoring
3. Mapping All 'Green' Claims
4. Screening and Risk Management
5. Adopt a proactive compliance strategy
6. Be prepared for litigation



Questions?



Thank you!



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