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GREENWASHING AND CORPORATE CRIMINALITY: DECEPTIVE SUSTAINABILITY PRACTICES IN MODERN BUSINESS

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Abstract

The increasing global emphasis on environmental protection and sustainable development has encouraged corporations to project themselves as environmentally responsible entities. However, alongside genuine sustainability efforts, many businesses have adopted deceptive marketing and communication strategies commonly referred to as "greenwashing." Greenwashing occurs when corporations falsely exaggerate or fabricate environmental claims in order to attract consumers, investors, and regulatory goodwill. Such practices not only mislead the public but also undermine genuine environmental governance and corporate accountability. In recent years, greenwashing has evolved from a mere ethical concern into a significant form of corporate misconduct with potential criminal implications.

This chapter critically examines the relationship between greenwashing and corporate criminality in the context of modern business operations. It analyses how misleading sustainability claims may constitute fraud, unfair trade practices, consumer deception, securities violations, and environmental offences under domestic and international legal frameworks. The chapter further explores the economic, social, and environmental consequences of greenwashing, particularly its impact on consumer trust, market integrity, and climate governance. Through contemporary examples and regulatory responses, the discussion highlights the growing role of governments, courts, and international institutions in combating deceptive sustainability practices.

The chapter also evaluates the limitations of existing legal mechanisms and the challenges faced in proving corporate intent, accountability, and liability in greenwashing cases. It argues for stronger regulatory oversight, mandatory sustainability disclosures, independent environmental audits, and stricter corporate criminal sanctions. Ultimately, the chapter demonstrates that greenwashing is not merely a marketing issue but a serious threat to sustainable development and corporate ethics in the twenty-first century.

Keywords: Greenwashing, Corporate Criminality, Sustainability Fraud, Environmental Governance, Corporate Accountability.

I. Introduction

The twenty-first century has fundamentally transformed the relationship between corporations and environmental responsibility. As concerns relating to climate change, biodiversity degradation, industrial pollution, and depletion of natural resources continue to intensify, businesses across the globe increasingly present themselves as environmentally conscious and socially responsible institutions. Sustainability has become an integral component of modern corporate governance, influencing investment patterns, consumer behavior, regulatory frameworks, and international trade practices. Contemporary corporations now routinely adopt environmental, social, and governance ("ESG") policies, publish sustainability reports, announce carbon-neutrality goals, and incorporate environmentally friendly branding into their commercial strategies. In the modern market economy, environmental responsibility is no longer viewed merely as an ethical expectation; rather, it has emerged as a critical determinant of corporate reputation, market competitiveness, and investor confidence.

The growing economic value associated with sustainability, however, has simultaneously contributed to the rise of deceptive environmental representations commonly described as "greenwashing." Greenwashing refers to the practice whereby corporations create a misleading impression regarding the environmental sustainability of their products, services, or overall business operations. Through exaggerated, fabricated, or selectively disclosed environmental claims, corporations attempt to portray themselves as environmentally responsible without undertaking genuine or substantial ecological reforms. Such conduct not only deceives consumers and investors but also undermines market integrity, weakens public confidence in environmental governance, and obstructs genuine sustainability efforts. Increasingly, greenwashing is being recognized not merely as unethical corporate behavior but as a sophisticated form of corporate misconduct capable of attracting civil, regulatory, and criminal liability.

The concept of greenwashing first gained prominence during the 1980s when environmentalist Jay Westerveld criticized hotel chains for encouraging guests to reuse towels under the pretext of environmental conservation while the primary objective remained financial savings rather

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than ecological protection.[1] Since that period, the scope and complexity of greenwashing have expanded considerably. Modern corporations frequently engage in misleading sustainability advertising, inaccurate carbon-neutrality claims, manipulated ESG disclosures, selective publication of environmental data, and deceptive sustainability certifications intended to influence consumers, investors, and regulators. In the era of sustainable finance and ESG investing, environmental credibility has acquired significant commercial value, thereby increasing the incentive for corporations to misrepresent their environmental performance.

The rapid expansion of sustainable investment markets has further intensified concerns surrounding greenwashing. Investors increasingly direct capital toward corporations claiming compliance with environmental and ethical standards, viewing sustainability as an indicator of long-term profitability and responsible governance. According to the Global Sustainable Investment Alliance, global sustainable investment assets have reached unprecedented levels, reflecting the growing financial significance of ESG-oriented investment strategies.[2] As a consequence, corporations may deliberately construct misleading sustainability narratives to attract investment, enhance stock valuation, or secure regulatory advantages. Such conduct raises serious legal concerns relating to securities fraud, financial misrepresentation, and breaches of fiduciary duties owed to shareholders and stakeholders.

Greenwashing also has substantial implications for consumer protection law. Modern consumers increasingly prefer environmentally sustainable products and are often willing to pay higher prices for goods marketed as eco-friendly or ethically produced. Misleading environmental claims therefore interfere with informed consumer choice by inducing purchasing decisions on the basis of false or deceptive representations. Regulatory authorities and courts in several jurisdictions have recognized that deceptive sustainability claims may constitute unfair trade practices and fraudulent commercial conduct. Consequently, agencies such as the United States Federal Trade Commission ("FTC"), the United Kingdom Competition and Markets Authority ("CMA"), and the European Commission have introduced regulatory guidelines aimed at preventing misleading environmental advertising and sustainability-related misrepresentations.[3]Despite these developments, enforcement remains

[1] Jay Westerveld, The "Green Rinse": Hotels Encourage Towel Reuse to Help the Environment, 9 Harv. Bus. Rev. 34, 35 (1986).
[2] Global Sustainable Investment Alliance, Global Sustainable Investment Review 2022 7–9 (2022).
[3] Federal Trade Commission, Guides for the Use of Environmental Marketing Claims ("Green Guides"), 16 C.F.R. pt. 260 (2024); Competition & Markets Authority, Green Claims Code (2021); European Commission, Guidance on the Interpretation and Application of Directive 2005/29/EC (2021).

challenging due to vague environmental terminology, inconsistent international standards, and difficulties associated with verifying complex corporate sustainability claims.

From the perspective of corporate criminal law, greenwashing presents a particularly significant challenge because it frequently involves deliberate concealment of material facts, manipulation of scientific data, institutional misrepresentation, and coordinated decision-making at senior management levels. Corporate criminality traditionally encompasses unlawful acts committed by corporations or their representatives for organizational benefit, including fraud, corruption, financial manipulation, environmental offences, and regulatory violations. Greenwashing increasingly intersects with each of these categories. Corporations may falsify emissions data, conceal pollution levels, manipulate environmental audits, or issue misleading ESG disclosures in order to obtain financial gain, attract investment, or avoid regulatory scrutiny. Such conduct may satisfy the essential elements of criminal fraud, including deception, dishonest intent, and wrongful economic advantage.

Several major corporate scandals have demonstrated the serious legal and societal consequences of deceptive environmental conduct. One of the most notable examples is the emissions scandal involving Volkswagen, where the corporation admitted to installing defeat devices in diesel vehicles to circumvent emissions testing procedures while publicly presenting itself as environmentally responsible.[4]The scandal resulted in extensive criminal investigations, substantial financial penalties, and significant reputational damage across multiple jurisdictions. Similarly, increasing investigations into misleading carbon-neutrality claims and inaccurate ESG disclosures by multinational corporations illustrate the growing regulatory concern regarding deceptive sustainability practices. These developments demonstrate that greenwashing has evolved far beyond misleading advertising and now constitutes a sophisticated form of corporate misconduct capable of causing extensive environmental, economic, and social harm.

The consequences of greenwashing extend beyond individual consumers and investors. At a broader level, deceptive sustainability practices obstruct international climate governance efforts by creating false impressions of environmental progress while allowing environmentally harmful business operations to continue without meaningful accountability.

[4] United States v. Volkswagen AG, 894 F.3d 1030 (9th Cir. 2018).

Corporations engaging in greenwashing may continue unsustainable practices while simultaneously shielding themselves through carefully constructed sustainability narratives and marketing campaigns. Such conduct undermines global efforts to reduce greenhouse gas emissions, promote sustainable development, and achieve climate justice objectives under international environmental agreements such as the Paris Agreement. Furthermore, greenwashing diverts public trust and financial resources away from genuinely sustainable enterprises, thereby discouraging authentic corporate innovation in environmental protection and sustainable business practices.

The legal regulation of greenwashing remains fragmented and inconsistent across jurisdictions. Existing remedies are generally derived from consumer protection laws, securities regulations, environmental statutes, advertising standards, and corporate disclosure obligations. However, many of these legal frameworks were not specifically designed to address the complexity of modern ESG-related misconduct. The absence of universally accepted definitions for terms such as “green,” “sustainable,” “eco-friendly,” or “carbon neutral” often enables corporations to exploit regulatory ambiguities and avoid liability. Moreover, establishing criminal liability in greenwashing cases presents considerable evidentiary challenges, particularly in proving corporate intent, knowledge, causation, and organizational responsibility within complex corporate structures. The involvement of external consultants, sustainability auditors, and marketing agencies frequently complicates the attribution of legal responsibility.

In response to these challenges, governments and international organizations have increasingly emphasized corporate transparency and mandatory sustainability disclosures. Regulatory developments such as the European Union’s Corporate Sustainability Reporting Directive (“CSRD”), evolving climate-related financial disclosure standards, and stricter ESG compliance frameworks indicate a growing international movement toward enhanced corporate accountability and environmental transparency.[5]Simultaneously, environmental activists, investigative journalists, shareholders, and civil society organizations continue to play a vital role in exposing deceptive environmental practices and demanding stronger legal enforcement against corporations engaging in misleading sustainability claims.

[5] Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 Amending Regulation (EU) No. 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU, as Regards Corporate Sustainability Reporting, 2022 O.J. (L 322) 15.

This chapter examines greenwashing as an emerging form of corporate criminality within contemporary business operations. It analyzes the intersection between deceptive sustainability practices and offences relating to fraud, consumer protection, securities regulation, and environmental law under both domestic and international legal frameworks. The discussion further evaluates the economic, ethical, and environmental consequences of greenwashing while critically assessing contemporary regulatory responses and enforcement challenges. By examining the limitations of existing legal mechanisms, the chapter argues that greenwashing should not be treated merely as unethical marketing conduct but rather as a serious threat to corporate accountability, market integrity, environmental governance, and sustainable development. Through this analysis, the chapter seeks to contribute to the growing scholarly discourse concerning corporate environmental responsibility and the urgent need for stronger legal responses to deceptive sustainability practices in the global economy.

II. Meaning and Nature of Greenwashing

The growing importance of environmental sustainability has transformed the way corporations conduct business and communicate with consumers, investors, and regulators. Today, environmental responsibility is closely associated with corporate reputation, consumer confidence, and investment opportunities. As a result, many businesses actively promote their environmental commitments. While several corporations genuinely adopt sustainable practices, others make misleading environmental claims to create an appearance of ecological responsibility without implementing meaningful changes. This deceptive practice is commonly known as greenwashing.[6]

Greenwashing refers to the use of false, exaggerated, or unsubstantiated environmental claims regarding a company's products, services, or business operations. It involves presenting an environmentally friendly image while concealing practices that may harm the environment. Rather than promoting genuine sustainability, greenwashing seeks to obtain commercial, financial, or reputational benefits by exploiting public concern for environmental protection.[7] The term gained prominence after environmentalist Jay Westerveld criticized hotel towel-reuse campaigns that were promoted as environmental initiatives but were primarily intended to

[6] David A. Dana, Climate Change, Greenwashing, and Securities Regulation, 34 Harv. Envtl. L. Rev. 69, 72–74 (2010).
[7] Benjamin J. Richardson, Keeping Ethical Investment Ethical: Regulatory Issues for Investing for Sustainability, 87 J. Bus. Ethics 555, 560–63 (2009).

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reduce operating costs.[8]

A defining characteristic of greenwashing is the gap between a corporation's public environmental image and its actual environmental performance. Corporations often highlight limited sustainability initiatives while ignoring significant environmental damage caused by their operations. This may occur through misleading advertisements, sustainability reports, product packaging, or public relations campaigns designed to project a "green" corporate identity.[9]

Greenwashing also involves selective disclosure of environmental information. Businesses may publicize favorable sustainability achievements while concealing pollution levels, excessive carbon emissions, or environmental regulatory violations. Such selective reporting creates an incomplete picture of corporate environmental performance and may mislead consumers, investors, and regulators.

Another common feature is the use of vague or undefined environmental terminology. Expressions such as "eco-friendly," "green," "natural," or "carbon neutral" are frequently used without scientific evidence or recognized legal standards. The absence of universally accepted definitions allows corporations to exploit regulatory uncertainty and market products as environmentally responsible without independent verification.[10]

The increasing popularity of Environmental, Social, and Governance (ESG) reporting has further expanded opportunities for greenwashing. Since ESG disclosures often influence investment decisions, some corporations selectively report positive sustainability data while omitting material environmental risks or liabilities. Such practices may mislead investors, distort financial markets, and raise concerns regarding securities regulation and corporate accountability.[11]

From a legal perspective, greenwashing extends beyond unethical marketing. Depending on its

[8] Jay Westerveld, The "Green Rinse": Hotels Encourage Towel Reuse to Help the Environment, 9 Harv. Bus. Rev. 34, 35 (1986).
[9] Federal Trade Commission, Guides for the Use of Environmental Marketing Claims ("Green Guides"), 16 C.F.R. pt. 260 (2024).
[10] Competition & Markets Authority, Green Claims Code 4–8 (2021).
[11] Cynthia A. Williams & Jill E. Fisch, The ESG Debate: The Role of Disclosure and Investor Protection, 71 Bus. Law. 799, 804–09 (2016).

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nature and consequences, it may constitute fraudulent misrepresentation, deceptive trade practices, false advertising, securities fraud, or even corporate criminal misconduct. Deliberate concealment of environmental harm or falsification of sustainability information undermines consumer trust, distorts market competition, and weakens environmental governance.

In essence, greenwashing represents a form of corporate deception that creates an illusion of sustainability while avoiding genuine environmental responsibility. As sustainability becomes increasingly important in business and investment decisions, effective legal regulation and transparent corporate disclosures are essential to protect consumers, investors, and the integrity of environmental governance.

III. Greenwashing as Corporate Criminality

Corporate criminality generally refers to unlawful acts committed by a corporation or its representatives for the benefit of the organization. Traditionally, corporate crimes include fraud, corruption, financial manipulation, environmental offences, insider trading, and violations of regulatory laws. In recent years, greenwashing has emerged as a significant form of corporate misconduct because it involves the deliberate misrepresentation of environmental performance to obtain commercial, financial, or reputational advantages.[12]

Greenwashing becomes a matter of corporate criminality when a corporation intentionally makes false or misleading environmental claims to deceive consumers, investors, regulators, or shareholders. Such conduct may involve fraudulent misrepresentation, deceptive advertising, consumer fraud, securities fraud, environmental offences, breach of fiduciary duties, and market manipulation. By falsely portraying products or business operations as environmentally sustainable, corporations may secure increased sales, attract ESG investments, enhance brand reputation, and avoid regulatory scrutiny.[13]

The criminal dimension of greenwashing is particularly evident where corporations conceal pollution levels, manipulate emissions data, falsify environmental audits, or publish misleading sustainability reports. These practices not only mislead stakeholders but also interfere with environmental governance and distort fair market competition. In serious cases, deceptive environmental disclosures may amount to fraud under consumer protection, securities, or

[12] Celia Wells, Corporations and Criminal Responsibility 7–12 (2d ed. 2001).
[13] Samuel W. Buell, What Is Securities Fraud?, 61 Duke L.J. 511, 520–24 (2011).

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environmental laws.[14]

Unlike ordinary advertising violations, greenwashing frequently results from coordinated decisions taken at the highest levels of corporate management. Directors, senior executives, compliance officers, marketing teams, and external consultants may collectively develop misleading sustainability strategies to improve the corporation's public image while concealing environmentally harmful activities. Such institutional involvement distinguishes greenwashing from isolated acts of misconduct and may establish corporate as well as individual criminal liability.

Therefore, greenwashing should not be viewed merely as an unethical marketing practice. Where intentional deception is employed for financial gain, it constitutes a serious form of corporate misconduct capable of attracting civil, regulatory, and criminal consequences. Recognizing greenwashing as corporate criminality strengthens corporate accountability, protects consumers and investors, and promotes genuine environmental sustainability.

IV. Causes of Greenwashing in Modern Business

Greenwashing has become increasingly common due to a combination of economic incentives, market competition, and regulatory shortcomings. The principal causes are discussed below:

- **Rise of ESG Investing**
  The rapid growth of Environmental, Social, and Governance (ESG) investing has encouraged corporations to project a sustainable image. Since investors increasingly prefer companies with strong environmental credentials, some businesses exaggerate or misrepresent their sustainability performance to attract investment and improve market valuation.[15]

- **Consumer Demand for Sustainable Products**
  Consumers are becoming more environmentally conscious and often prefer products marketed as eco-friendly or sustainable. Many are also willing to pay higher prices for such products. To capitalize on this demand, some corporations make misleading

[14] United States v. Volkswagen AG, 894 F.3d 1030 (9th Cir. 2018); Federal Trade Commission, Guides for the Use of Environmental Marketing Claims ("Green Guides"), 16 C.F.R. pt. 260 (2024).
[15] Global Sustainable Investment Alliance, Global Sustainable Investment Review 2022 7–10 (2022).

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environmental claims instead of adopting genuine sustainable practices.[16]

- **Weak Regulatory Standards**

  In many jurisdictions, terms such as "green," "eco-friendly," "natural," and "carbon neutral" lack precise legal definitions. The absence of uniform standards and effective regulatory oversight enables businesses to exploit legal ambiguities and avoid liability for misleading environmental claims.[17]

- **Lack of Transparency**

  Most sustainability reports and ESG disclosures rely heavily on self-reporting by corporations. Without independent verification or external audits, companies may selectively disclose positive environmental information while concealing pollution, excessive emissions, or other environmental risks. This lack of transparency creates opportunities for greenwashing.[18]

- **Competitive Market Pressures**

  Businesses operate in highly competitive markets where sustainability branding enhances corporate reputation and consumer trust. Implementing genuine environmental reforms often requires significant financial investment. Consequently, some corporations choose inexpensive marketing strategies that create a false impression of sustainability rather than making meaningful environmental improvements.[19]

  Greenwashing is driven by financial incentives, increasing consumer expectations, regulatory weaknesses, limited transparency, and intense market competition. Addressing these factors requires stronger legal standards, independent verification of environmental claims, and stricter regulatory enforcement.

[16] Benjamin J. Richardson, Keeping Ethical Investment Ethical: Regulatory Issues for Investing for Sustainability, 87 J. Bus. Ethics 555, 560–63 (2009).
[17] Federal Trade Commission, Guides for the Use of Environmental Marketing Claims ("Green Guides"), 16 C.F.R. pt. 260 (2024).
[18] Cynthia A. Williams & Jill E. Fisch, The ESG Debate: The Role of Disclosure and Investor Protection, 71 Bus. Law. 799, 804–09 (2016).
[19] Competition & Markets Authority, Green Claims Code 4–8 (2021).

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V. Forms of Greenwashing

Greenwashing appears in different forms depending on how corporations present misleading environmental information. The major forms are as follows:

- **Misleading Advertising**

  Corporations often promote products or services as “green,” “eco-friendly,” or “environmentally safe” without reliable scientific evidence. Such advertisements exaggerate environmental benefits and may mislead consumers into believing that a product is more sustainable than it actually is.[20]

- **False Carbon Neutrality Claims**

  Many companies claim to be “carbon neutral” while continuing activities that generate significant greenhouse gas emissions. In some cases, these claims rely heavily on carbon offset schemes rather than actual emission reductions, creating a misleading impression of environmental responsibility.[21]

- **Manipulated ESG Reporting**

  Environmental, Social, and Governance (ESG) reports are intended to provide accurate information regarding corporate sustainability. However, some corporations selectively disclose favorable environmental data while concealing pollution levels, climate-related risks, or regulatory violations. Such misleading disclosures may deceive investors and other stakeholders.[22]

- **Hidden Trade-Offs**

  A corporation may emphasize one environmentally beneficial feature of a product while ignoring more significant environmental harms associated with its production, transportation, or disposal. This selective presentation creates an incomplete and inaccurate picture of the product’s overall environmental impact.[23]

[20] Federal Trade Commission, Guides for the Use of Environmental Marketing Claims (“Green Guides”), 16 C.F.R. pt. 260 (2024).
[21] Organisation for Economic Co-operation and Development (OECD), Climate Transition Finance and Carbon Markets 15–18 (2023).
[22] Cynthia A. Williams & Jill E. Fisch, The ESG Debate: The Role of Disclosure and Investor Protection, 71 Bus. Law. 799, 804–09 (2016).
[23] TerraChoice Envtl. Mktg., Inc., The Six Sins of Greenwashing 6–10 (2009).

- **False Eco-Certifications**

  Some businesses use self-created environmental labels or display misleading certifications that are not issued by recognized or independent authorities. These labels create the false impression that a product has been verified as environmentally sustainable, thereby influencing consumer purchasing decisions.[24]

  In conclusion, greenwashing takes several forms, ranging from misleading advertisements to manipulated sustainability reports and false certifications. Each of these practices undermines consumer confidence, distorts fair competition, and weakens efforts to promote genuine environmental sustainability.

VI. Legal Framework Governing Greenwashing

The regulation of greenwashing is based on consumer protection, securities, environmental, and international legal frameworks. The major legal mechanisms are as follows:

- **Consumer Protection Laws**

  Consumer protection laws prohibit unfair trade practices, false advertising, and misleading environmental claims. Regulatory authorities may investigate and penalize businesses that falsely promote products as environmentally friendly. In the United States, the Federal Trade Commission (FTC) has issued the Green Guides to regulate environmental marketing claims, while the United Kingdom Competition and Markets Authority (CMA) enforces the Green Claims Code to prevent deceptive sustainability advertising.[25]

- **Securities Regulation**

  False or misleading Environmental, Social, and Governance (ESG) disclosures may amount to securities fraud if they influence investors or affect investment decisions. Securities regulators increasingly require accurate climate-related disclosures and transparent sustainability reporting to protect investors and maintain confidence in financial markets.[26]

[24] Competition & Markets Authority, Green Claims Code 4–8 (2021).
[25] Federal Trade Commission, Guides for the Use of Environmental Marketing Claims ("Green Guides"), 16 C.F.R. pt. 260 (2024); Competition & Markets Authority, Green Claims Code (2021).
[26] Cynthia A. Williams & Jill E. Fisch, The ESG Debate: The Role of Disclosure and Investor Protection, 71 Bus. Law. 799, 804–09 (2016).

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- **Environmental Law**
  Environmental legislation requires corporations to comply with standards relating to pollution control, emissions, waste management, and environmental protection. Greenwashing may conceal breaches of these legal obligations and expose corporations to regulatory penalties and legal liability.[27]

- **International Regulatory Developments**
  International initiatives have strengthened corporate sustainability reporting. The European Union's Corporate Sustainability Reporting Directive (CSRD) requires comprehensive sustainability disclosures and promotes standardized ESG reporting, transparency, and independent verification of environmental information.[28]

VII. Major Corporate Scandals Involving Greenwashing

- **Volkswagen Emissions Scandal**
  Volkswagen installed software to manipulate diesel emissions tests while marketing its vehicles as environmentally friendly. The scandal resulted in criminal investigations, substantial financial penalties, and significant reputational damage, making it a landmark case of corporate greenwashing.[29]

- **BP "Beyond Petroleum" Campaign**
  BP promoted a strong environmental image through its "Beyond Petroleum" campaign despite continuing large-scale fossil fuel operations, attracting criticism for misleading sustainability claims.[30]

- **ESG Misrepresentation Cases**
  Several corporations have faced regulatory investigations for inaccurate ESG disclosures and exaggerated sustainability claims that misled investors and consumers.[31]

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[27] Philippe Sands & Jacqueline Peel, Principles of International Environmental Law 195–203 (4th ed. 2018).
[28] Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 on Corporate Sustainability Reporting, 2022 O.J. (L 322) 15.
[29] United States v. Volkswagen AG, 894 F.3d 1030 (9th Cir. 2018).
[30] Geoffrey Jones, Profits and Sustainability: A History of Green Entrepreneurship 287–90 (2017).
[31] Cynthia A. Williams & Jill E. Fisch, The ESG Debate: The Role of Disclosure and Investor Protection, 71 Bus. Law. 799, 804–09 (2016).

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These incidents demonstrate that greenwashing may result in legal liability, financial loss, and erosion of public trust.

VIII. Challenges in Regulating Greenwashing

- **Absence of Uniform Definitions**
  Terms such as "green" and "sustainable" lack universally accepted legal definitions, creating uncertainty in enforcement.

- **Evidentiary Difficulties**
  Establishing corporate intent, knowledge, and causation is difficult because of complex corporate structures and decision-making processes.

- **Dependence on Self-Reporting**
  Many ESG disclosures rely on voluntary corporate reporting without independent verification, increasing the risk of misleading information.

- **Jurisdictional Fragmentation**
  Different countries apply varying sustainability standards and enforcement mechanisms, limiting effective international regulation.

- **Limited Criminal Enforcement**
  Most legal systems address greenwashing through civil or regulatory measures rather than criminal prosecution.

X. Conclusion and Recommendations

1. **Uniform Definitions:** Adopt standardized legal definitions for environmental terms such as "green" and "carbon neutral."
2. **Mandatory ESG Disclosure:** Require accurate, independently verified ESG reporting.
3. **Criminal Liability:** Impose criminal penalties for deliberate greenwashing causing substantial harm.
4. **Stronger Enforcement:** Enhance coordination among consumer, securities, and environmental regulators.
5. **Independent Audits:** Mandate third-party verification of sustainability reports.

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6. **Corporate Transparency:** Require disclosure of emissions, environmental risks, and climate strategies.
7. **International Cooperation:** Promote harmonized global ESG standards and enforcement.
8. **Consumer Awareness:** Educate consumers about misleading environmental claims.
9. **Whistle-blower Protection:** Provide legal safeguards for employees reporting greenwashing.
10. **Specialized Regulators:** Establish dedicated ESG regulatory authorities.

Greenwashing has evolved from misleading marketing into a significant form of corporate misconduct that undermines consumer trust, investor confidence, and environmental governance. Addressing this challenge requires stronger legal regulation, transparent sustainability disclosures, effective enforcement, and greater corporate accountability to ensure genuine environmental responsibility and support sustainable development.