

What Is Greenwashing?

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Greenwashing is the process of conveying a false impression or misleading information about how a company's products are environmentally sound. Greenwashing involves making an **unsubstantiated claim** to deceive consumers into believing that a company's products are environmentally friendly or have a greater positive environmental impact than they actually do.

- Greenwashing can convey a false impression that a company or its products are environmentally conscious or friendly.
- Critics have accused some companies of greenwashing to capitalize on the socially responsible or environmental, social, and governance (ESG) investing movement.
- Genuinely green products or businesses back up their claims with facts and details.

How Greenwashing Works

Also known as “green sheen,” greenwashing is an attempt to capitalize on the growing demand for environmentally sound products, whether that means they are more natural, healthier, free of chemicals, recyclable, or less wasteful of [natural resources](#).

Products are greenwashed through a process of renaming, rebranding, or repackaging them. Greenwashed products might convey the idea that they're more natural, wholesome, or free of chemicals than competing brands. In short, companies that make **unsubstantiated claims** that their products are environmentally safe or provide some green benefit are involved in greenwashing.

How the Federal Trade Commission (FTC) Helps Protect Consumers

Of course, not all companies are involved in greenwashing. Some products are genuinely green. These products usually come in packaging that spells out the real differences in their contents from competitors' versions.

- Packaging and advertising should **explain the product's green claims** in plain language and readable type in close proximity to the claim.
- An environmental marketing claim should specify whether it refers to the product, the packaging, or just a portion of the product or package.
- A product's marketing claim **should not overstate**, directly or by implication, an environmental attribute or benefit.
- If a product claims a benefit compared with the competition, then the claim should be substantiated.

Examples of Greenwashing

Below is a list of examples of unsubstantiated claims that would be considered greenwashing.

- A plastic package containing a new shower curtain is labeled "recyclable." It is not clear whether the package or the shower curtain is recyclable. In either case, the label is deceptive if any part of the package or its contents, other than minor components, cannot be recycled.
- An area rug is labeled "50% more recycled content than before." In fact, the manufacturer increased the recycled content to 3% from 2%. Although technically true, the message conveys the false impression that the rug contains a significant amount of recycled fiber.
- A trash bag is labeled "recyclable." Trash bags are not ordinarily separated from other trash at the landfill or incinerator, so they are highly unlikely to be used again for any purpose. The claim is deceptive because it asserts an environmental benefit where no meaningful benefit exists.

Why is greenwashing bad?

Greenwashing is deceitful and unethical because it misleads investors and consumers that are genuinely seeking environmentally friendly companies or products.