

The challenge of greenwashing: an international regulatory overview



The challenge of greenwashing



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In recent years, environmental, social, and governance (ESG) standards have rapidly ascended the global policy agenda, but 2025 emerged as a watershed year. Around the world, regulatory frameworks for sustainability are shifting, shaped by the shifting political context, economic uncertainty, and growing public demand for transparency. What began as a fragmented set of early **ESG regulations has transformed into a complex and contested landscape**, shaped by diverging national approaches: while some jurisdictions are doubling down on stringent enforcement, others are moving toward simplification and deregulation.

Amid this uncertainty, **greenwashing, the act of misleading stakeholders about a company's environmental or social performance, remains a central concern**. As ESG regulations evolve unevenly across jurisdictions, the global framework has become increasingly fragmented creating inconsistencies and grey areas. The absence of consistent regulatory standards increases the likelihood that companies may, intentionally or unintentionally, exaggerate their sustainability efforts. A lack of clear standards around ESG disclosures can often lead to confusion, inconsistent reporting, or deliberate vagueness.

This ambiguity puts pressure on regulators to act decisively, while trust in corporate sustainability claims continues to erode among stakeholders such as investors and consumers.

KPMG has released an **updated edition of The Challenge of Greenwashing: An International Regulatory Overview**. First published in 2024, the report brought together insights from legal specialists across 25 jurisdictions, providing a comparative analysis of how different countries and territories are addressing greenwashing, ranging from targeted legislative measures to broader regulatory frameworks and notable enforcement cases. This **edition expands the scope to 28 jurisdictions and reflects recent developments shaped by the evolving geopolitical and regulatory landscape**. It highlights the shifting dynamics of ESG regulation, particularly the growing divergence between jurisdictions pursuing regulatory simplification and those strengthening their frameworks.

Has the regulatory focus on greenwashing faded? The uncertain road ahead for ESG

In 2025, the global ESG regulatory landscape is undergoing a profound transformation and is increasingly fragmented. Some countries, such as, the United States have seen a notable deprioritization of ESG at the federal level, driven by political shifts that have reversed the regulatory priorities. Other regions such as the European Union are challenging the scope and burden of the regulation on sustainability aiming at reducing regulatory burden and enhancing competitiveness focusing on regulatory simplification.

Following last year's recommendations in Mario Draghi's Report on EU Competitiveness, the **European Union has initiated a broad effort to streamline its ESG regulatory framework.** At the moment, this simplification has materialized on the adoption of the Omnibus package, which introduced significant changes to cornerstone directives such as the Corporate Sustainability Reporting Directive (CSRD) and the Corporate Sustainability Due Diligence Directive (CS3D).

These regulatory reforms aim to **reduce administrative burdens of regulatory compliance ensuring the transition to a net zero economy while preserving competitiveness** in key sectors.

Should the recent regulatory simplifications be interpreted as a weakening of ESG priorities and diminished concern over greenwashing?

The recent simplification of the EU's ESG regulatory framework should not be mistaken for a weakening of its commitment to sustainability or a diminished regulatory scrutiny over greenwashing. Rather than signaling a deprioritization of ESG objectives, this **simplification process is intended to reduce the administrative burden on companies by eliminating overlapping or redundant requirements.** The goal is to make it easier for businesses to align with the EU's core sustainability priorities without being overwhelmed by complex regulatory frameworks.

Moreover, the expectations of consumers, investors, and regulators have not faded. The **general public is now far more aware of what greenwashing entails** and increasingly values sustainability attributes and transparency. Phrases like "sustainable," "carbon neutral," or "net-zero waste" are no longer accepted, they demand credible evidence. Failure to provide such substantiation can lead not only to regulatory consequences but also to significant reputational damage.

Greenwashing statistics: a 2025 global perspective

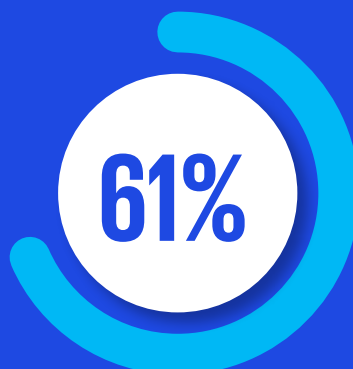


Growing complexity of the greenwashing regulatory landscape

This report provides a broad-ranging mapping of greenwashing regulations across 28 jurisdictions. *Click on the map to directly access the specific rules and guidelines for each jurisdiction.*

Participating jurisdictions: Austria, Belgium, Brazil, Canada, Chile, Colombia, Denmark, Estonia, Finland, France, Germany, Indonesia, Ireland, Italy, Lithuania, Malaysia, Mexico, Netherlands, Norway, Romania, Singapore, Sweden, South Africa, Spain, Taiwan, Thailand, United Kingdom and United States

CEO perspectives on ESG



Of CEOs say they are on track to hit their 2030 net zero targets.



Of corporate leaders say that they are prioritizing compliance and reporting standards to meet evolving investor and regulatory demands.

Source: "KPMG 2025 Global CEO Outlook" <https://kpmg.com/xx/en/our-insights/value-creation/global-ceo-outlook-survey.html>

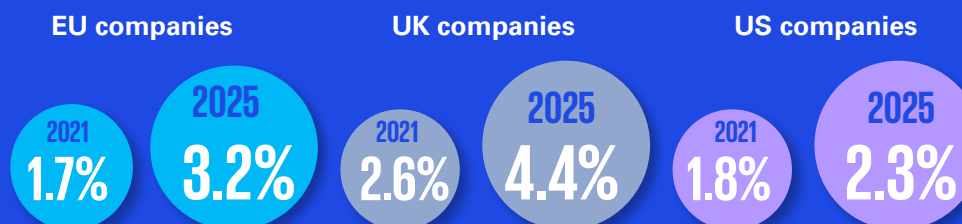
By sectors



This percentage represents the increase in the number of companies flagged for greenwashing risk from 2024 to 2025.

Source: <https://www.reprisk.com/insights/reports/where-biodiversity-risks-grow-greenwashing-follows#v-high-risk-sectors-and-responsible-investment>

Companies linked to greenwashing risk incidents



This number represents the increase in the percentage of companies linked to greenwashing risk incidents within these jurisdictions.

Source: <https://www.reprisk.com/insights/reports/where-biodiversity-risks-grow-greenwashing-follows#v-high-risk-sectors-and-responsible-investment>

What are the five key questions to ask yourself?

1

In what corporate activities can greenwashing practices arise

?

At the product, service or business operation level: **"What you sell."** At the entity level: **"What you say."** At the counterparty (suppliers) level: **"Whom you serve."**

2

What should I consider when making a green claim

?

Identify potential sources of risk when making green claims. How to substantiate my claims. Consequences of not complying with required obligations.

3

What risks does my company face if it is accused of greenwashing

?

Damage to corporate reputation. Legal and litigation risks.

4

Who is driving the rise in greenwashing accusations

?

Accusations from NGOs and activist organizations. Accusations from business competitors. Accusations from stakeholders.

5

How are the different jurisdictions approaching or preventing greenwashing

?

The risk of greenwashing is increasing for companies globally, making it essential for them to accurately understand, analyze, and stay informed about relevant trends.

Contents

1

**KPMG
international
overview**

2

**Origin and
definition of
greenwashing**

3

**What factors have
contributed to the
development
of greenwashing
practices?**

4

**What are the
main risks
associated with
greenwashing?**

5

**Compliance
mechanisms
to mitigate
greenwashing:
Proactive
and reactive
strategies**

6

**Is there a standard
legal definition of
greenwashing?**

- How are the different jurisdictions approaching or preventing greenwashing?
- A special focus on the financial sector

7

**Greenwashing
rules by
jurisdictions**

01.

KPMG international overview

KPMG international overview

Greenwashing is the term commonly used for a marketing strategy used by some companies to appear more environmentally friendly than they actually are. This deceptive marketing practice involves using false or misleading communication to position their products, services or business, capitalizing on the growing environmental consciousness among consumers and investors.

A growing global awareness of the need for sustainable living is driving the adoption of environmentally conscious practices, especially when it comes to purchasing decisions. **More people are considering their environmental values when choosing products and services**, aiming to make a positive impact through everyday actions.

This shift is encouraging companies and investors to view **sustainability not just as a moral obligation, but as a strategic opportunity**. As environmental responsibility becomes a key differentiator in the marketplace, it is increasingly important for businesses to ensure that their sustainability claims are transparent, credible, and backed by genuine practices helping to build trust and avoid the risks associated with greenwashing.

KPMG Global greenwashing survey

KPMG has released an **updated edition of the 2024 report, “The Challenge of Greenwashing: An International Regulatory Overview”**, expanding its scope by incorporating four additional jurisdictions: Sweden, Denmark, Estonia and Lithuania. This latest edition draws on **legal insights from KPMG professionals across 28 jurisdictions to provide a comparative guide that examines how the evolving geopolitical and regulatory landscape is reshaping global approaches to greenwashing.**

The report highlights the increasing divergence between jurisdictions which underscores the growing complexity companies face in navigating ESG-related compliance across borders.

In addition to mapping regulatory developments, the report examines evolving trends in greenwashing enforcement, incorporating both regulatory and private litigation perspectives, and drawing on recent greenwashing cases for analysis.

KPMG has placed a particular focus on the financial services sector, which has seen significant regulatory advancements, especially within the EU framework. Transparency in the disclosure of corporate climate transition plans and the sustainability credentials of financial instruments are fundamental for effective capital allocation and climate risk management.

Jurisdictions covered in greenwashing survey



Austria, Belgium, Brazil, Canada, Chile, Colombia, Denmark, Estonia, Finland, France, Germany, Indonesia, Ireland, Italy, Lithuania, Malaysia, Mexico, Netherlands, Norway, Romania, Singapore, Sweden, South Africa, Spain, Taiwan, Thailand, United Kingdom and United States

02.

Origin and definition of greenwashing



How did greenwashing originate?

‘Greenwashing’ was coined by environmentalist Jay Westerveld in 1986 to expose the practices of some hotels that urged guests to reuse towels while wasting resources elsewhere. The term was more broadly adopted as a response to marketing strategies that sought to capitalize on growing environmental awareness without a genuine commitment to sustainability.

What is meant by greenwashing?

Greenwashing can be understood as deceptive marketing practices used by companies to create a false impression of environmental responsibility. This strategy involves providing misleading or false information about the environmental impact of a company's products, services or operations to appear more eco-friendly than they actually are.

Common features of greenwashing include:

1

Information about products that is not expressly wrong, but is misleading, such as by overstating certain characteristics.

2

Communications that omit relevant information, making them misleading to consumers, investors, or other market participants.

3

Statements that are too generic and vague, such that they can't be substantiated.

4

The presentation of company objectives that disguises the lack of ambition or alignment with broader sustainability goals.

Reframe the debate

The criteria for what qualifies as green or sustainable can be subject to interpretation in the current regulatory landscape where in the majority of the cases there is no specific regulation on greenwashing, but general regulations, such as Consumer Protection laws and Anticompetition rules.

Without clear guidelines, companies may believe they are acting within acceptable boundaries when making sustainability claims. For this reason, businesses should be seeking to reframe the debate to **include the intentionality factor in greenwashing.** This inclusion is crucial for providing clarity and ensuring accountability, helping to differentiate between genuine sustainability efforts and deceptive practices. This shows the importance that robust independent assurance may have.

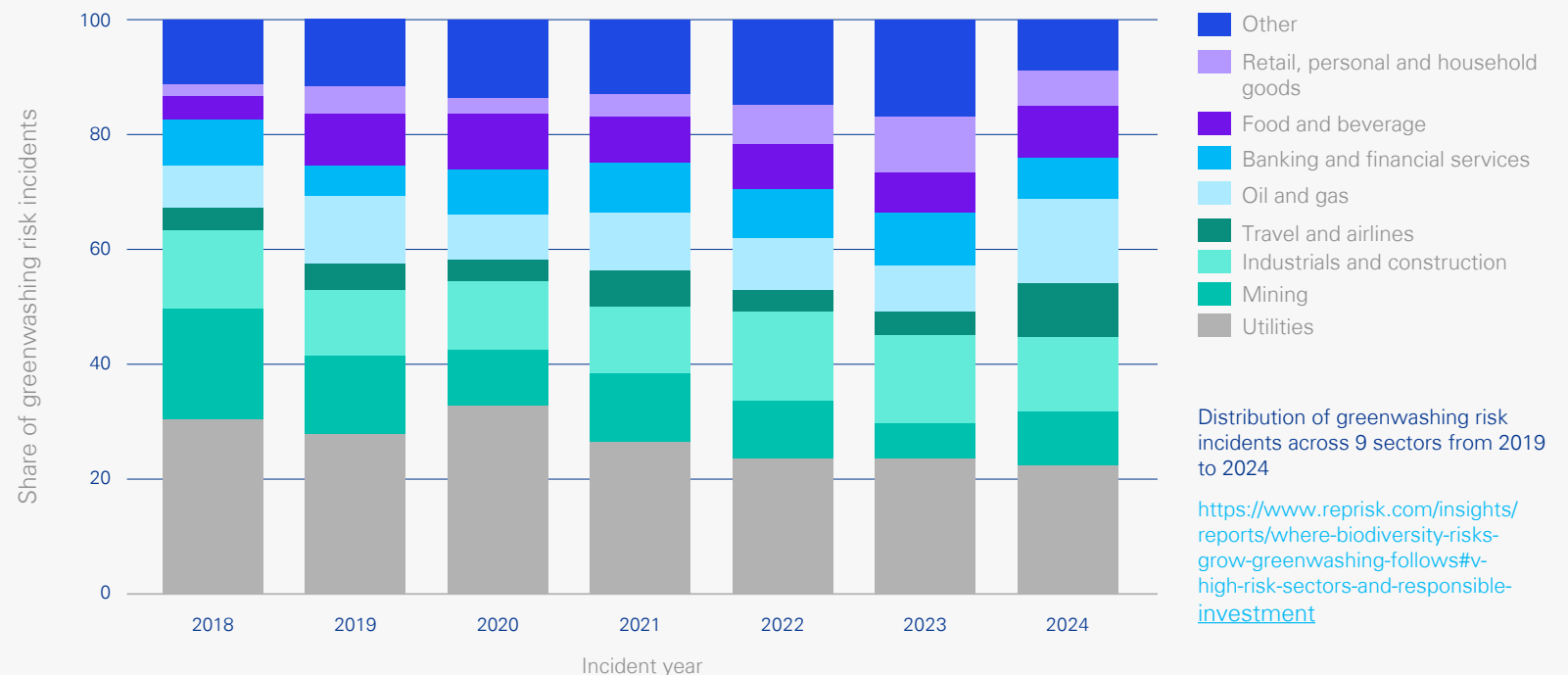
Greenwashing by sectors

In recent years, numerous high-profile cases of greenwashing have emerged across communication and advertising campaigns by multinational corporations in diverse sectors, from **fossil fuels and energy to consumer-facing industries such as fashion, cosmetics, mobile technology, home décor, and fast food, as well as financial services.**

RepRisk's 2025 report highlights that **biodiversity-related greenwashing risks are accelerating: incidents linked to biodiversity have tripled compared to last year**, and the share of companies exposed to both biodiversity and greenwashing risks has doubled in five years, from 3 percent in 2021 to 6 percent in 2025. This underscores the growing scrutiny on corporate sustainability claims and the reputational and financial consequences of misleading narratives.

While the Banking and Financial Services sector saw a 70 percent surge in climate-related greenwashing risk incidents in 2023, stricter regulations contributed to a 20 percent decline in 2024. However, 2025 data reveals a renewed increase, with 294 firms flagged for greenwashing, a 19 percent rise from the previous year, reflecting persistent vulnerabilities despite regulatory progress. Achieving a global net zero economy will come at a cost. According to a report titled **The Future of European Competitiveness**, published in September 2024 by Mario Draghi, the former President of the European Central Bank, **Europe must invest €800 billion by 2030 in order to achieve the 2030 climate goals** and ensure the competitiveness of its industries. Mobilizing private investment is essential to achieve this ambitious goal. Simultaneously, financial institutions should be seeking to ensure that their investments and influence align with pathways that scale up climate mitigation across all sectors and regions. For these resources to be properly allocated, information must be reliable, clear and not misleading – making the eradication of greenwashing a necessity.

Sectors with the highest number of companies linked to greenwashing risk



What types of environmental claims can give rise to greenwashing risk?

Some common pitfalls that may lead to greenwashing risks:



Unsubstantiated claims

These can manifest as overstated or unverified numbers, which may be presented without proper evidence. Some companies may use outdated standards to measure and present their performance, which can create a false impression. Some organizations frequently face criticism for claiming ambitious future goals without making tangible improvements, highlighting a disconnect between intention and action.



Dubious labels and terminology

Some companies may use vague terms without proper explanation, leaving consumers unclear about the actual environmental benefits, or use inspirational adjectives in names and slogans while hiding information in the small print. Some businesses have also promoted a line of products as 'ecofriendly' when they were the same as conventional ones, without providing any evidence to support this differentiation.



Focusing on a single attribute

This occurs when companies provide incomplete information, emphasizing one positive attribute while ignoring the negative environmental impacts. Such practices prevent consumers from understanding the full environmental impact of a product or service.



Misleading imagery

Some companies may use imagery that suggests environmental benefits without supporting evidence.



Advertising campaigns that exaggerate sustainable efforts

Some companies may launch advertising campaigns that overstate their commitment to sustainability, highlighting minor eco-friendly initiatives as major achievements, or claim significant environmental benefits from small insignificant actions.

How does greenwashing materialize?

Greenwashing practices can arise across the spectrum of corporate activity



What you sell:

The product, service or business operation level

Information should be fair, clear, and not misleading: greenwashing can significantly erode consumer trust and damage corporate credibility. When environmental claims lack reliability, comparability, and verifiability, consumers and other market participants are unable to make informed decisions that reward genuine environmental performance. This not only undermines market efficiency but also weakens incentives for companies to improve their sustainability practices. Transparent and trustworthy communication is essential, not just for regulatory compliance, but for building stakeholder confidence and driving environmental progress.



What you say:

The entity level

Corporate climate transition plans are critical for achieving a global net-zero economy. They are also essential for financial institutions to effectively allocate capital to genuinely sustainable companies. This is reflected by the **European Commission's approach in the Corporate Sustainability Reporting Directive (CSRD)**. The European Sustainability Reporting Standards (ESRS), which set the requirements for future CSRD reporting, detail (amongst many other things) the necessary components for both corporate climate and biodiversity transition plans. Greater requirements to publicize plans will increase the potential exposure to greenwashing at this level.



Whom you serve:

The counterparty level

It is accepted that a company's climate impact cannot be looked at in isolation. However, a significant **challenge is sourcing accurate data to assess the sustainability credentials of counterparties.** To address this, the **Corporate Sustainability Due Diligence Directive (CSDDD)** focuses on ensuring responsible business conduct through a company's chain of activities. Effectively identifying and mitigating these risks is essential for maintaining sustainability throughout a company's supply chain – and for avoiding inadvertent greenwashing.

What are the consequences?

The consequences of greenwashing can be significant for individual, corporates and society as a whole.



Consequences for consumers

For consumers who fall victim to greenwashing, this can lead to **purchasing decisions made on false information, affecting not only their satisfaction but also undermining trust** in companies and sustainability messaging in general. Feeling deceived and disillusioned, consumers may become more skeptical and less inclined to respond to green claims in marketing. This may have the unintended consequence of reducing the incentive on companies to adopt sustainable practices.

Consequences for corporates

For corporates that do engage in greenwashing, they will face the risk of **reputational damage, loss of consumer confidence, the imposition of financial penalties or behavioral remedies, as well as potential private litigation**. There may, however, be consequences even for those who do ensure they act in a transparent and responsible manner. Due to the complexity in the regulatory frameworks and the lack of clear and consistent standards, companies can be accused of greenwashing even when there has been no intent to deceive. As good intentions are not always rewarded, some companies will stay silent out of fear of being called out. This emerging tendency, known as **greenhushing**, can be as damaging as greenwashing, as again it undermines the incentives to drive sustainability and transparency.

Consequences for society

Greenwashing may also undermine the effectiveness of regulatory policies as **market participants may circumvent regulations by hiding their climate footprint**. This can slow down the transformation of the economy, resulting in increased risks and necessitating more drastic interventions.

03.

What factors have contributed to the development of greenwashing practices?





What factors have contributed to the development of greenwashing practices?

Lack of enforceability of international standards

International standards on corporate non-financial information are being developed at pace and should help bring more transparency, however, the fact that multiple jurisdiction-specific rules may apply creates complexity. Accountability and incentives play pivotal roles in driving positive change. However, the inconsistency and complexity of frameworks and standards, including the Global Reporting Initiative (GRI) standards, the ESRS, the EU Taxonomy for Sustainable Activities, and the International Sustainability Reporting Standards (ISSB) of the IFRS Foundation, may further exacerbate the challenge.

Competitive pressure and market opportunities

As sustainability becomes a strategic priority to gain a competitive edge, some companies may be incentivized to engage in borderline deceptive practices to align their performance and positioning with these new market expectations. This enables them to project an environmentally friendly image, outperform competitors, and capitalize on the emerging trend.

Market opportunities associated with greenwashing tactics cannot be overlooked; growing consumer demand for environmentally friendly products and services presents companies with opportunities to exploit these preferences. Financial incentives further drive some companies to engage in greenwashing practices, offering short-term benefits but posing significant long-term risks to both businesses and society.

04.

What are the main risks associated with greenwashing?



What are the main risks associated with greenwashing?

Companies found to be engaging in greenwashing practices are exposed to a range of potentially significant risks, such as regulatory enforcement and penalties, impacts on corporate reputation and stakeholder trust, and litigation.

**1. Damage
to corporate
reputation**



**2. Legal and
regulatory risks**



3. Litigation



What are the main risks associated with greenwashing?

Damage to corporate reputation

Companies that attempt to improve their image through **greenwashing campaigns** are likely to face increasing **scrutiny** from consumers, employees, investors, and suppliers, all of whom are demanding **robust and verifiable evidence** behind environmental claims. **Companies that are challenged but unable to substantiate their claims may face long-term reputational damage**, eroding trust and loyalty among customers and business partners, and ultimately impacting sales.

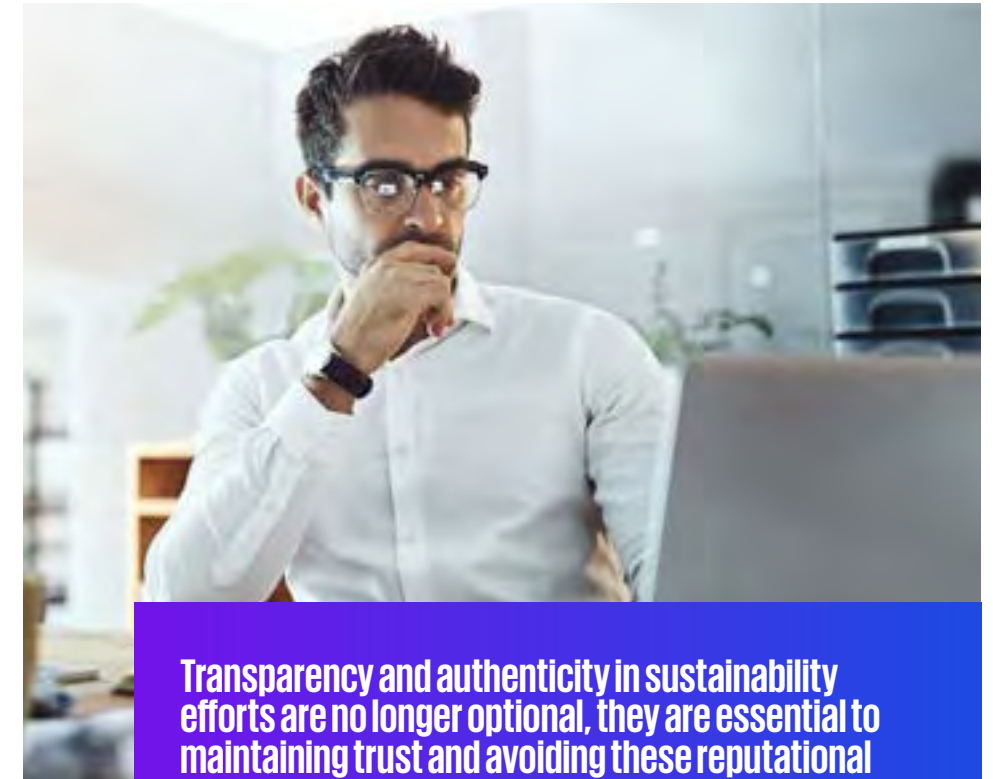
Companies that exaggerate or misrepresent their environmental efforts face **multi-dimensional reputational fallout**s. **Consumers are more informed and skeptical than ever**. With access to real-time data, watchdog reports, and social media, they can quickly identify misleading sustainability claims. Once exposed, companies risk a cascade of consequences: **loss of brand trust, viral backlash, calls for boycotts**, and a **spillover of skepticism** that undermines even genuine sustainability efforts.

Quantifying the likelihood and severity of reputational damage remains a challenge. The impact is often unpredictable and can escalate rapidly. **Social media has empowered environmental activists and watchdogs to amplify greenwashing scandals**, bringing them to the attention of global audiences. This heightened visibility can trigger broader consumer movements, **shifting purchasing habits away from brands perceived as untrustworthy or unsustainable**.

Reputational risks are not limited to consumer perception. **Investors**, under pressure to meet sustainability reporting obligations and contribute meaningfully to climate goals, are increasingly **distancing themselves from companies with questionable ESG practices**. Greenwashing can lead to **divestment, shareholder activism**, and **reduced access to capital**. Similarly, **employees are placing greater value on transparency and authenticity** in their company's ESG initiatives. A perceived lack of integrity can **damage internal morale, hinder talent retention, and provoke public criticism from within**.

High-profile cases have shown that **even the perception of greenwashing, whether accurate or not, can lead to regulatory investigations, negative media coverage, and long-lasting brand damage**. Companies involved in such scandals often experience a **measurable decline in customer satisfaction**, which can translate into **reduced net profits and return on investment (ROI)**.

Moreover, **reputational damage is intertwined with legal exposure**. NGOs and class-action attorneys are actively pursuing greenwashing claims, particularly in high-impact sectors like transportation, consumer goods, and energy. **Even when companies settle before litigation, the damage to their reputation is often already done, signaling vulnerability and a lack of credibility to both stakeholders and the public**.



Transparency and authenticity in sustainability efforts are no longer optional, they are essential to maintaining trust and avoiding these reputational consequences.

What are the main risks associated with greenwashing?

Legal and regulatory risks

Companies that engage in misleading environmental marketing practices now face **heightened legal and regulatory exposure**, including investigations, enforcement actions, and substantial financial penalties. The global regulatory landscape has evolved rapidly, with authorities adopting **stricter enforcement mechanisms** and expanding their powers to combat greenwashing.

Whilst enforcement appetites vary across jurisdictions, recent developments show a clear trend toward **greater regulatory intervention and accountability**. This is demonstrated in the following cases:

Case 1

In May 2025, the European Commission, in coordination with several national competition authorities, launched a joint **enforcement action against a major online fashion retailer** for suspected greenwashing. The investigation focused on deceptive product labeling, misleading sustainability claims, and manipulation of consumer reviews. This case is part of a broader crackdown under the **Digital Services Act**, which imposes transparency obligations on very large online platforms.

Case 2

In 2025, the **UK's Competition and Markets Authority (CMA)** expanded its enforcement powers under the **Digital Markets, Competition and Consumers Act (DMCCA)**, which came into force in April. The CMA now has the authority to impose fines of up to **10 percent of a company's global turnover** for misleading environmental claims, without requiring court approval. Following earlier investigations into several major fashion retailers, the CMA secured formal undertakings requiring clearer and more accurate sustainability messaging. It also published a tailored compliance guide for the fashion sector and issued **advisory letters to 17 leading brands**, urging them to revise vague or unsubstantiated green claims. These actions reflect a broader regulatory push to ensure transparency and accountability in environmental marketing across the industry.



What are the main risks associated with greenwashing?

Litigation

RepRisk data¹ reveals a **12 percent global decrease in companies linked to greenwashing** during the year ending June 2024, the first decline in six years. However, this drop is nuanced: **high-risk greenwashing cases² surged by over 30 percent, and 30 percent of companies flagged in 2023 were repeat offenders in 2024**, indicating persistent issues. Moreover, RepRisk’s 2025 report³ highlights a growing intersection between greenwashing and biodiversity risks: the share of companies linked to both has doubled in five years, from 3 percent in 2021 to 6 percent in 2025. Biodiversity now accounts for 38 percent of all environmental risk incidents tracked, underscoring that where biodiversity risks grow, greenwashing often follows.

This shift may reflect **improved corporate practices and stronger regulatory oversight**, but it also suggests a rise in greenhushing, where companies deliberately downplay or omit environmental claims to avoid scrutiny from regulators, investors, and the public. While the overall number of **greenwashing cases** has declined, their severity and strategic nature have intensified, with **banking and financial services remaining under close watch**. After a 70 percent surge in climate-related greenwashing risk the previous year, the sector recorded a 20 percent drop in 2024¹; yet in 2025, flagged cases rose again by 19 percent³.

Litigation is increasingly being used as a **strategic tool**, not just to win cases but to **gain publicity, influence policy, and pressure governments and corporations**.

Legal actions against governments continue to fall into two main categories:

- 1. Seeking reparations for past climate impacts**, such as deforestation or pollution.
- 2. Holding governments accountable for future climate goals**, including emissions targets and international obligations.

Who is driving the rise in greenwashing accusations?

1. NGOs and activist organizations

Non-governmental organizations (NGOs) remain at the forefront of greenwashing litigation, especially in the European Union, where consumer protection and green claims regulations have empowered them to take legal action. In 2025, NGOs successfully sued major corporations in sectors from aviation to fashion for misleading sustainability claims. These lawsuits often target vague carbon neutrality objectives.

NGOs are also strategically filing litigation to influence public policy and regulatory reforms. Their actions are not limited to companies. **Governments are being sued** for failing to meet climate commitments or for allowing misleading environmental practices due to lax oversight.

2. Industry Competitors

A growing trend in 2025 is **corporate-on-corporate litigation, where companies sue competitors for unfair advantage gained through greenwashing**. These lawsuits typically allege deceptive marketing practices that mislead consumers and distort competition. This tactic is especially prevalent in sectors like consumer goods, energy, and transportation, where sustainability claims are central to brand positioning.

3. Stakeholders: investors, consumers and employees

Stakeholders are becoming more assertive in **demanding transparency and accountability**. Investors are filing lawsuits over fiduciary mismanagement tied to ESG misrepresentation, while consumers are pursuing class actions under consumer protection laws. Employees, too, are speaking out, especially when internal sustainability goals are misaligned with public messaging.



1_RepRisk | A turning tide in greenwashing? Exploring the first decline in six years

2. Incidents where misleading environmental claims are likely to result in serious legal, financial, or reputational consequences due to their scale, visibility, or recurrence.

3. RepRisk | Where biodiversity risks grow, greenwashing follows.

05.

Compliance mechanisms to mitigate greenwashing: Proactive and reactive strategies



What compliance mechanisms can mitigate the risk of greenwashing?

Multinational corporations face an escalating challenge in navigating the ESG regulatory landscape across diverse jurisdictions and industries. This challenge, together with the evolving and often inconsistent criteria applied by regulatory authorities, underscores the need for anticipating ESG trends and possible regulatory shifts.

Proactive anticipation is essential and a strategic imperative for achieving sustainable transformation. By embedding ESG integrity into strategic planning, communications, and project development, and by reinforcing internal governance, companies can mitigate greenwashing risks before they arise. Increasingly, organizations are leveraging AI-powered tools to support this effort, automating regulatory scanning, enhancing the accuracy of sustainability disclosures, and identifying inconsistencies in green claims across markets.

Equally important is the ability to respond swiftly and decisively when risks do materialize. A **well-prepared reactive strategy**, supported by AI-driven monitoring and real-time risk detection, can strengthen crisis response and stakeholder engagement.



Proactive measures: Anticipate and prevent greenwashing risks



Regulatory scanning

- Continuously monitor evolving ESG regulations across jurisdictions.
- Anticipate regulatory shifts and adapt strategies to maintain compliance.



Mapping and validating green claims

- Identify all consumer-facing green claims (marketing and product information, third party labels and certifications, ESG reports).
- Validate green claims against the company's internal standards, industry best practices and applicable regulatory requirements.



Risk screening and management

- Identify potential sources of risk through a Greenwashing Risk Screening.
- Conduct gap analysis in processes & policies related to green claims.
- Review of current green claims assess against the greenwashing pitfalls and verification / substantiation requirements.
- Review of third-party contracts for compliance with existing guidelines and availability of data to substantiate claims.
- Ensure that ESG disclosures are clear, not misleading and substantiated, helping organizations maintain transparency and accountability.



Embedding ESG in project foundations

- Embed ESG integrity into every stage of project development by ensuring accurate reporting and disclosures and aligning marketing and investor communications with actual performance.



Governance, controls and training

- Strengthen governance processes for claim creation, approval, and verification.
- Update governance, processes, and policies to include risk management procedures and controls.
- Embrace an effective audit and assurance regime around ESG disclosures.
- Foster a cross-functional approach to educate teams on ESG standards, raise awareness of potential pitfalls, and ensure sustainability messaging aligns with actual performance.

Reactive response:
Respond effectively
when greenwashing risks
materialize

1. Litigation response planning

- Implement legal protocols to manage ESG litigation.
- Ensure documentation and substantiation of all public-facing sustainability content.

2. Crisis response protocols

- Deliver clear and evidence-based communications to stakeholders.
- Engage transparently with stakeholders to contain reputational damage.

06.

**Is there a standard
legal definition of
greenwashing?**



How are the different jurisdictions approaching or preventing greenwashing?

Due to the lack of a uniform legal definition of greenwashing and the fragmented global ESG regulatory landscape, KPMG's survey reveals that jurisdictions are approaching greenwashing from diverse perspectives and with different levels of scrutiny. This regulatory divergence creates significant challenges for multinational companies, which must navigate inconsistent expectations and enforcement standards. Without a harmonized international framework, efforts to achieve consistent and credible sustainability disclosures and communications remain complicated.

Diverging ESG priorities across jurisdictions



European Union

Sustainability remains a central pillar of the European Union's agenda, but the **regulatory approach is entering a new phase marked by regulatory simplification**. The adoption of the Omnibus package exemplifies this strategic shift aimed at reducing administrative burdens on companies. Key ESG initiatives such as **the Corporate Sustainability Reporting Directive (CSRD) and the Corporate Sustainability Due Diligence Directive (CS3D) have been watered down**.

Additionally, the **withdrawal of the European Commission's proposal for the Green Claims Directive** reflects this simplification trend, not as a retreat from ESG priorities, but as a move to integrate environmental claims regulation into existing legal frameworks.



United Kingdom

The United Kingdom is tackling greenwashing through strengthened enforcement powers and targeted sectoral rules. **The Digital Markets, Competition and Consumers Act 2024 (DMCC) empowers the Competition and Markets Authority (CMA) to impose significant fines for misleading environmental claims, guided by the Green Claims Code**. In parallel, the **Financial Conduct Authority (FCA) has introduced an anti-greenwashing rule** and is rolling out new sustainability disclosure and labelling requirements for financial products.



United States

Shifting political priorities have led to a noticeable **deprioritization of federal ESG regulation in the United States**. Although the Federal Trade Commission (FTC) continues to actively enforce the Guides for the Use of Environmental Claims, commonly known as the Green Guides, the current political landscape suggests a likely slowdown in any revisions to these guidelines, which have not been updated since 2012.



Canada

Canada has solidified its **enforcement-based approach to greenwashing through Bill C-59**, the country's only dedicated legislative measure on the issue. Enacted in June 2024, the bill amended the Competition Act to introduce anti-greenwashing provisions. In 2025, this framework was further reinforced through a public consultation on draft enforcement guidelines and the introduction of a private right of action, allowing **individuals to bring greenwashing claims before the Competition Tribunal**.

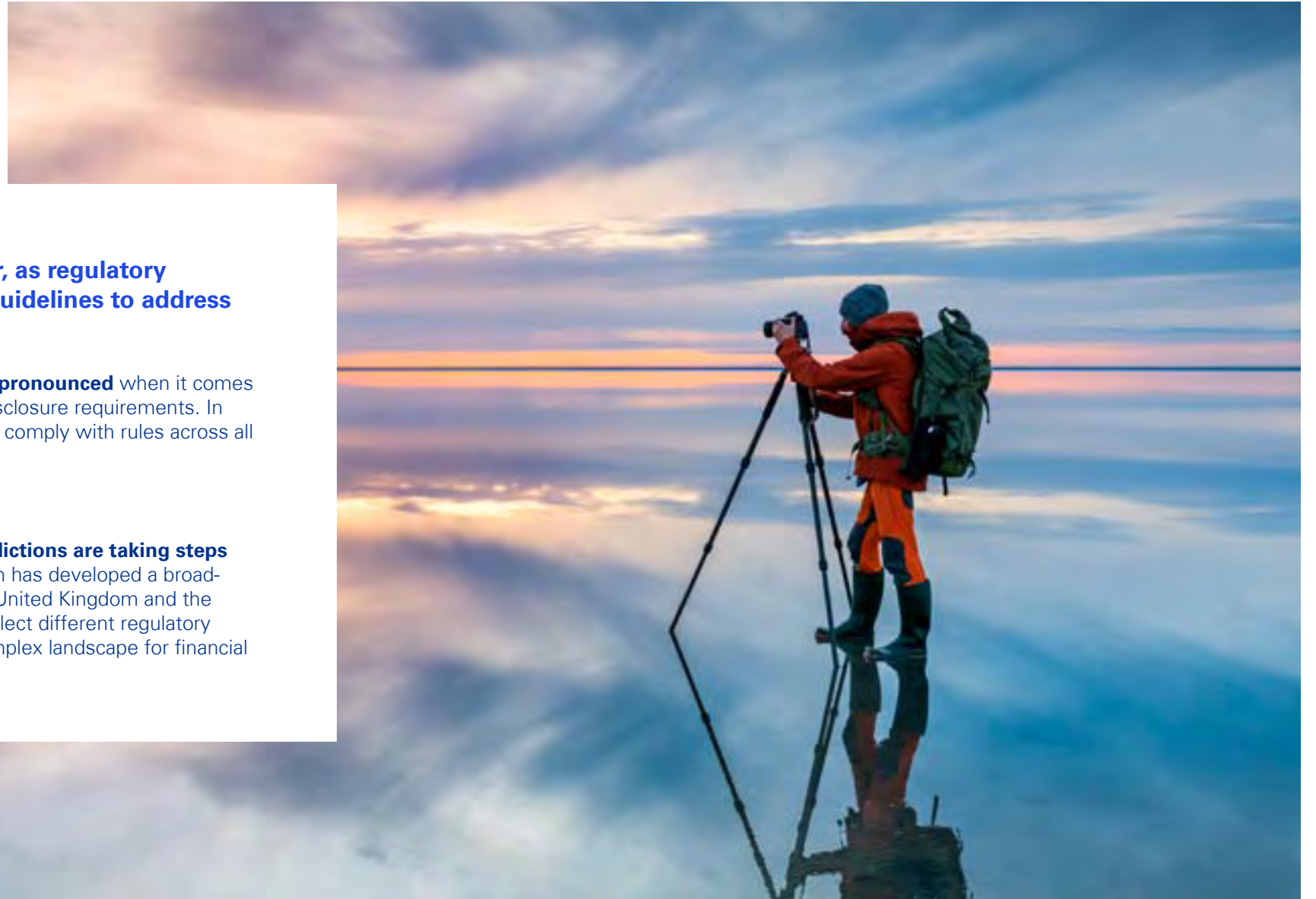
A special focus on the financial sector

This report places particular emphasis on the financial sector, as regulatory authorities are actively developing specific regulations and guidelines to address the issue more broadly.

Regulatory divergence in the banking and financial sector is particularly pronounced when it comes to integrating sustainability into investment processes and meeting related disclosure requirements. In practice, this means that it could be challenging for any single fund product to comply with rules across all different regions and jurisdictions.

Overview of the Global ESG financial sector regulatory framework

As global scrutiny of sustainability claims intensifies, **regulators across jurisdictions are taking steps to address greenwashing in the financial sector**. While the European Union has developed a broad-ranging and evolving regulatory framework, other major markets such as the United Kingdom and the United States are pursuing distinct approaches. These diverging strategies reflect different regulatory philosophies, enforcement mechanisms, and political contexts, creating a complex landscape for financial institutions operating across borders.





Greenhushing is increasingly evident in the financial sector, where rising regulatory scrutiny has led 670 of European funds to remove ESG-related terms from their names.

EU supervisory scrutiny

In recent months, the **European Supervisory Authorities (ESAs)**, namely the European Banking Authority (EBA), the European Insurance and Occupational Pensions Authority (EIOPA), and the European Securities and Markets Authority (ESMA), **have intensified their focus on greenwashing in the financial sector.**

On 4 June 2024, they published their respective **Final Reports that establish a shared definition of greenwashing across banking, insurance, pensions, and financial markets.** Within these reports, the ESAs also assessed the current supervisory practices that are being taken against greenwashing risks.

In the absence of an EU legislative definition of greenwashing following the withdrawal of the proposed Green Claims Directive, the ESAs shared understanding serves as a reference for identifying and addressing greenwashing practices within the financial sector.

Following the publication of their Final Reports on greenwashing, both ESMA and EBA introduced further initiatives in 2025. **ESMA launched a series of thematic notes to guide market participants on making credible sustainability-related claims,** starting with a focus on ESG credentials used in marketing. Meanwhile, **EBA opened a public consultation on proposed revisions to its Product Oversight and Governance Guidelines, aiming to explicitly incorporate ESG and greenwashing considerations** into the lifecycle of retail banking products.

Regulatory definition

Greenhushing within the financial sector

Although the EU has introduced a wide range of sustainability-related regulations, the **lack of harmonized definitions and standards** continues to create uncertainty around what qualifies as “green.” This **ambiguity has led to both intentional and unintentional instances of greenwashing**, prompting many companies to adopt a more cautious communication strategy, commonly referred to as **greenhushing**.

In this context, **ESMA issued guidance in 2024 on the use of ESG-related terms in fund names**, aiming to ensure that such labels accurately reflect the underlying investment strategy. As a result of this stricter supervisory stance, **more than 670 European funds have removed ESG terms from their names** to avoid potential regulatory scrutiny and reputational risk.

Non-EU approaches

In the UK, the **Financial Conduct Authority (FCA)** has adopted a more targeted approach. Its **anti-greenwashing rule**, effective since 31 May 2024, requires that all sustainability-related claims made by FCA-regulated entities be fair, clear, and not misleading, and aligned with the actual sustainability profile of the product or service. From April 2025, **investment funds that do not carry a sustainability label but still make ESG claims will be required to provide clear, accessible explanations of their investment approach.**

In contrast, the US has recently taken a step back. In June 2025, the **Securities and Exchange Commission (SEC) formally withdrew its proposed rules aimed at curbing greenwashing in ESG fund disclosures.** These rules, originally introduced in 2022, would have required standardized disclosures on ESG strategies, greenhouse gas metrics, and fund classification. The withdrawal reflects a broader shift away from ESG-focused regulation under the current US administration.

07.











Greenwashing rules by jurisdiction












2025 international legal overview

Footnote 1. EU regulation applies (Directive on Empowering Consumers for the green transition)

Footnote 2. Eu regulation applies (Sustainable Finance Disclosure Regulation (SFDR) and related regulations)

Jurisdictions	What regulations or soft laws address the transparency of green claims?					Are greenwashing practices explicitly defined, or are regulatory authorities or industry supervisors addressing this issue?	Are there greenwashing investigations or litigation cases?
	General Regulations / soft laws			Specific Regulation / soft laws			In what industries have there been more greenwashing cases?
	Consumer Protection /Company or contractual regulation	Marketing	Competition	Green Claims Specific	Financial Sector		
 European Union	✓	✓	✓	✓	✓	The Green Claims Directive initially offered a clear definition of greenwashing. However, following its recent withdrawal, the applicable regulatory definition now comes from the Directive on Empowering Consumers for the Green Transition.	✓ Cases involving multiple EU Member States and multiple sectors.
 Austria	✓	✓	✓	✓ (Local Austrian Ecolabel) (1)	✗ (Footnote 2)	The Austrian Federal Competition Authority (Bundeswettbewerbsbehörde) is working on adapting consumer protection laws to address greenwashing practices.	✓ Energy and food sectors.
 Belgium	✓	✓	✓	✓ (Local Guidelines on Environmental Claims, and Environmental Advertising Guidelines) (Footnote 1)	✗ (Footnote 2)	The Guidelines on Environmental Claims have embedded greenwashing in the consumer protection legislation (under the Code of Economic Law).	✓ Automotive, real estate, energy and sports sector.
 Denmark	✓	✓	✓	✗ (Footnote1)	✗ (Footnote 2)	The Danish Consumer Ombudsman has been reporting a rise in complaints of greenwashing and has a Nordic collaboration with Finland, Sweden, Norway and Iceland regarding consumer related topics, including greenwashing.	✓ Food, fashion and travel sectors.
 Estonia	✓	✓	✓	✗ (Footnote1)	✗ (Footnote 2)	Estonian Financial Supervisory and Resolution Authority (EFSRA) has published Sustainability Investment Roadmap that explains supervisory expectations for financial market companies.	✗
 France	✓	✓	✓	✓ (Local anti-greenwashing guide and environmental claims guides) (Footnote 1)	✓ (Guidelines of the French Supervisory Authority on the information to be provided by collective investment schemes incorporating ESG approaches) (Footnote 2)	ADEME (French Agency for Ecological Transition) has published an anti-greenwashing guide. The CNC (National Consumer Council) has released a Practical Guide to Environmental Claims. The French Supervisory Authority (AMF) has published an official guideline on the information to be provided by collective investment schemes incorporating ESG approaches.	✓ Energy and consumer goods sectors.
 Finland	✓	✓	✓	✗ (Footnote1)	✓ (Act on the Financial Supervisory Authority) (Footnote 2)	There are discussion regarding the transposition of EU Directive on Empowering Consumers for the green Transition.	✓ Food, fashion and aviation sectors.
 Germany	✓	✓	✓	✓ (Own Due Diligence in Supply Chains Act, the Lieferkettensorgfaltspflichtengesetz (LkSG)) (Footnote 1)	✗ (Footnote 2)	Higher standards to combat greenwashing are being achieved through the development of case law. The financial supervisory authority ("BaFin") is sensitive on greenwashing risks and working on combating this issue.	✓ Aviation, automotive, energy, foos and consumer products, and financial services sectors.
 Ireland	✓	✓	✓	✗ (Footnote1)	✗ (Footnote 2)	The Advertising Standards Authority for Ireland ("ASAI") and the Competition and Consumer Protection Commission ("CCPC") regulate false or misleading claims. Discussions are taking place to transpose EU Directives on the topic to national law.	✓ Automotive sector.
 Italy	✓	✓	✓	✗ (Footnote1)	✗ (Footnote 2)	There are discussion regarding the transposition of EU Directive on Empowering Consumers for the green Transition.	✓ Food, fasion, financial services, and oil and gas sectors.

Jurisdictions	What regulations or soft laws address the transparency of green claims?					Are greenwashing practices explicitly defined, or are regulatory authorities or industry supervisors addressing this issue?	Are there greenwashing investigations or litigation cases?
	General Regulations / soft laws			Specific Regulation / soft laws			In what industries have there been more greenwashing cases?
	Consumer Protection /Company or contractual regulation	Marketing	Competition	Green Claims Specific	Financial Sector		
 Lithuania	✓	✓	✓	✗ (Footnote1)	✗ (Footnote 2)	As a part of European Commission initiative, in 2020 the State Consumer Rights Protection Authority performed monitoring of environmental claims.	✓ Oil and gas sector.
 Netherlands	✓	✓	✓	✗ (Local Guidelines on Sustainability Claims and Dutch Sustainability Claims Code) (Footnote 1)	✓ (Local Guidelines on Sustainability Claims in Financial Markets) (Footnote 2)	The competent authorities that are enforcing the stated regulations (ACM, RCC, AFM) are on the watch for greenwashing practices.	✓ Food, fashion, airlines, energy and financial services sectors.
 Romania	✓	✓	✓	✗ (Footnote1)	✗ (Footnote 2)	The Romanian Senate's Decision no. 49/2023, regarding a proposed EU regulation on carbon dioxide removals, is the first official document to mention greenwashing.	✓ Food sector.
 Norway	✓	✓	✓	✗ (Footnote 1)	✓ (Act on Disclosure of Sustainable Information in Financial Sector)	The Consumer Authority has a Nordic collaboration with Finland, Sweden, Denmark and Iceland to share information, coordinate enforcement, and raise awareness to combat greenwashing effectively.	✓ Energy, aviation and automotive sectors.
 Spain	✓	✓	✓	✓ (Self-regulation code on commercial communications including environmental claims) (Footnote 1)	✗ (Footnote 2)	The CNMV, Spain's financial markets regulator, has reaffirmed its commitment to tackling greenwashing through a series of targeted measures outlined in its 2025 Activity Plan.	✓ Energy, fashion, financial services, oil and gas sectors.
 Sweden	✓	✓	✓	✗ (Footnote1)	✗ (Footnote 2)	The Swedish Consumer Agency has a Nordic collaboration with Finland, Sweden, Denmark and Iceland regarding consumer related topics, including greenwashing.	✓ Consumer goods sector.
 United Kingdom	✓	✓	✓	✓ (CMA Green Claims Code)	✓ (Sustainability Disclosure Requirements and the Financial Services and Markets Act)	Whilst consumer protection enforcement powers have been strengthened by the Digital Markets, Competition and Consumer Act and the clear steer of the Green Claims Code, greenwashing is not defined in statute. The Financial Conduct Authority has introduced a targeted anti-greenwashing rule for regulated financials services firms.	✓ Fashion, food, financial services, aviation, automotive, oil and gas sectors.
 South Africa	✓	✓	✓	✗	✓ (Johannesburg Stock Exchange Sustainability and Disclosure Guidance note)	There are no developments or discussions on the regulation of greenwashing practices.	✗
 Malaysia	✓	✓	✓	✗	✗	A Zero Greenwashing Alliance has been established to tackle and prevent greenwashing practices across Southeast Asia. This initiative aligns with recent ASEAN developments that emphasize sustainability and the implementation of standardized ESG metrics.	✗
 Singapore	✓	✓	✓	✓ (Singapore Green Label Certification)	✓ (Companies under the Listing Rules of the Singapore Exchange have to issue a sustainability report)	The Competition and Consumer Commission of Singapore (CCCS) is developing guidelines on greenwashing to target errant marketing by companies and suppliers alike, while the Monetary Authority of Singapore (MAS) monitors banks for such practices. Regional efforts focus on the ASEAN Taxonomy for Sustainable Finance. Internationally, Singapore collaborates on finance-focused greenwashing efforts, through the annual United Kingdom-Singapore Financial Partnership dialogue.	✗
 Indonesia	✓	✓	✓	✓ (Ecolabel logo and Regulation on Environmental Protection and Management)	✓ (Sustainability Reporting for Financial Institutions and green bonds issuance framework)	The Financial Services Authority (OJK) is debating coal-fired power plants' inclusion in its green taxonomy and improving sustainability reporting due to NGO and media pressure. The ASEAN Green Finance Working Group and ACOP are also developing regional green finance standards and enhancing environmental awareness to indirectly combat greenwashing through transparency and standardized practices.	✓ Consumer goods, energy, pulp and paper sectors.

Jurisdictions	What regulations or soft laws address the transparency of green claims?						Are greenwashing practices explicitly defined, or are regulatory authorities or industry supervisors addressing this issue?	Are there greenwashing investigations or litigation cases?
	General Regulations / soft laws			Specific Regulation / soft laws				In what industries have there been more greenwashing cases?
	Consumer Protection /Company or contractual regulation	Marketing	Competition	Green Claims Specific	Financial Sector			
 Taiwan	✓	✓	✓	✗	✓ (Regulations on Information to be Published in the Annual Report of Financial Holding Companies) and Guidelines on Anti-Greenwashing for Financial Institutions		On May 2024, the Financial Supervisory Commission published Guidelines on Anti-Greenwashing for Financial Institutions, which states a definition of greenwashing.	✗
 Thailand	✓	✓	✓	✗	✗		The Securities Exchange Commission (SEC) of Thailand and the Bank of Thailand have emerged as the most active regulators. A notable regional initiative to combat greenwashing is the ASEAN Taxonomy for Sustainable Finance.	✓ Energy sector.
 Brazil	✓	✓	✓	✗	✓ (Resolutions of disclosure and transparency for investment funds)		Brazil is advancing with new regulations to tackle greenwashing, exemplified by recent ESG resolutions from both the Brazilian Securities and Exchange Commission (CVM) and the Central Bank of Brazil. Bill 2838/22, which is under review, aims to classify economic activities by their environmental impact.	✓ Financial services, pulp, consumer goods sectors.
 Canada	✓	✓	✓	✓ (Bill C-59 amended the Competition Act to address greenwashing)	✗		Canada’s Competition Act was amended through Bill C-59 to include anti-greenwashing provisions. In December 2024, the Competition Bureau released draft guidelines titled Environmental Claims and the Competition Act, outlining its enforcement approach. Following public consultation, the final version was published in June 2025.	✓ Consumer goods, oil & gas, financial and garment sectors.
 Colombia	✓	✓	✓	✓ (Decree establishing requirements for environmental advertising)	✓ (Decree to enhances transparency disclosure practices by securities issuers)		Bill No. 101 of 2023, introduced in Colombia’s Congress, aimed to regulate environmental marketing by incorporating greenwashing into consumer protection law. It proposed stricter transparency requirements for environmental claims, including mandatory online disclosures. However, the bill was ultimately archived by the Senate.	✗
 Chile	✓	✓	✓	✓ (Climate Change Framework-Law)	✓ (General Rule introduces sustainability information requirements, Sustainable Investment Guide, Implementation Guide and Climate Change Framework Law)		The Chilean Association of Investment Fund Administrators (ACAFI) defined greenwashing in its Sustainable Investment Guide. Moreover, a bill in the House of Representatives aims to combat greenwashing. The Financial Market Commission will submit a draft regulation on ESG matters and fund investments for public discussion.	✗
 Mexico	✓	✓	✓	(Mexico’s Sustainability Taxonomy, the Official Mexican Standards and the Distinctive ESR)	✗		In Mexico, the financial sector is advancing with voluntary practices like thematic bonds, green loans, and sustainability-linked KPIs, reflecting a commitment to sustainable finance. Additionally, a draft Law for the Regulation and Certification of Ecological and Sustainable Products is underway.	✓ Energy sector.
 United States	✓	✓	✓	✓ (U.S.Green Guides)	✓ (Rule regarding the use of ESG-related terms in names and Rules to Enhance and Standardize Climate-Related Disclosures for Investors)		The current US administration has undertaken actions that have broadly affected ESG policies. ESG related rules in the financial sector have been withdrawn	✓ Automotive, food, airlines, fashion sectors.

Footnote 1. EU regulation applies (Directive on Empowering consumers for the Green Transition)
Footnote 2. EU regulation applies (Sustainable Finance Disclosure Regulation (SFDR) and related regulations)

European Union

Sustainability remains a central pillar of the European Union's agenda, driven by the urgent challenges of climate change and environmental degradation. While the EU has historically led in ESG regulation, 2025 marks a shift toward regulatory simplification. Rather than introducing new standalone initiatives, the EU is now focused on streamlining existing frameworks while maintaining its commitment to ambitious sustainability goals.

1. What laws address the transparency of green claims?

There are **general rules related to consumer protection, competition law and marketing** that establish a level playing field that prevents misleading and unfair practices. The **Unfair Commercial Practices Directive** (2005/29/EC), amended by Directive 2019/2161, enhances consumer confidence and facilitates cross-border trade, particularly for Small and Medium sized Enterprises (SMEs).

Addressing greenwashing is still a major concern for European regulators, but 2025 has marked a shift in the EU's regulatory framework, which has led to significant changes on ESG cornerstone regulatory initiatives.

This has led to some uncertainty around the EU's position on ESG and, stemming from it, greenwashing.

On 26 February 2025, the European Commission adopted the **Omnibus**

package, a legislative initiative aimed at simplifying EU regulations to boost competitiveness, attract investment, and reduce the administrative burden on companies caused by excessive and overlapping regulatory requirements. As a result, **key EU regulatory initiatives in the ESG sector have been reviewed and simplified**, including the Corporate Sustainability reporting Directive (CSRD), the Corporate Sustainability Due Diligence Directive (CS3D), the European Sustainability Reporting standards (ESRS) and the EU Taxonomy Regulation.

In the context of greenwashing regulation, the EU's shifting trend towards simplification has also led to significant changes, most notably, the European Commission's **withdrawal of the proposed Green Claims Directive**. This move does not leave the EU without legislation on the topic: the 2024 **Directive on Empowering Consumers for the Green Transition remains in force and continues to**

regulate many of the same issues targeted by the Green Claims Directive. However, key differences between the two may explain why the latter was withdrawn, although no official reason has been provided by the Commission.

The **Directive on Empowering Consumers for the Green Transition applies to products already on the market and prohibits the use of vague environmental claims** such as "eco-friendly." In contrast, the Green Claims Directive would have required companies to verify the accuracy of environmental claims before placing products on the market, introducing potentially significant time and cost burdens due to its verification requirements.

Directive on Empowering Consumers for the Green Transition

Complementary to the EU Green Claims Directive, on 20 February 2024,

the Council of the EU adopted the Directive on Empowering consumers for the Green Transition. Published in the Official Journal on 6 March 2024,, this initiated the 24-month period within which all EU Member States have to transpose the Directive into national law.

By clarifying the conditions under which environmental claims can be made, the objective of this Directive is to **protect consumers from unfair practices and provide them with better information**. It enforces a prohibition on generic environmental claims and restricts the use of ambiguous terms such as 'environmentally friendly' unless substantiated by credible evidence validated by an authorized body. Terms like 'climate-neutral' or 'climate-positive' related to carbon dioxide (CO2) emissions are explicitly prohibited. The Directive also specifies that advertising a product or company as environmentally friendly will be inadmissible if only a minor aspect of the product or company has sustainability improvements.

European Union

Corporate Sustainability Due Diligence Directive (CS3D)

The CS3D extends beyond the environmental responsibilities of businesses and introduces a **legislative framework requiring companies to substantiate their actions in protecting both the environment and human rights**.

As part of the EU's broader regulatory simplification efforts under the Omnibus package, the **CS3D has undergone significant changes**. The deadline for transposition into national law by EU Member States has been extended to 26 July 2027, and the initial application date has been postponed to 26 July 2028. These **changes were formalized through the adoption of Directive (EU) 2025/794, commonly known as the "Stop the Clock" Directive**.

In addition to the timeline adjustments, further amendments to the content of the CS3D have been proposed and are pending adoption. These include limiting due diligence obligations to cases where

there is plausible evidence of adverse impacts, eliminating the harmonized civil liability regime in favor of national law frameworks, removing the minimum 5 percent penalty threshold, extending the frequency of due diligence assessments from one to five years, introducing the "SME shield" to reduce the compliance burden on smaller suppliers, and eliminating the obligation to terminate business relationships as a last resort.

The **CS3D applies to large companies both within and outside the EU, including financial undertakings**, though financial services provided in the context of client relationships are excluded from its scope. It addresses potential adverse impacts arising from companies' operations and those of their business partners. Under the revised timeline, the **rules will apply in phases starting from 26 July 2028**, targeting EU companies with over 1,000 employees and a turnover exceeding €450 million, as well as non-EU companies operating in the EU that meet the same turnover threshold.

Ultimately, the **CS3D aims to ensure that goods and services offered in the EU are produced in accordance with fundamental standards for human rights and environmental protection**. For European companies with global supply chains, this means maintaining responsible practices throughout their networks without compromising essential protection.

Corporate Sustainability Reporting Directive (CSRD)

The CSRD significantly expands the existing rules on non-financial reporting, requiring **in-scope companies to report the impact of their activities on the environment and society, and to audit the reported information**. The Directive requires sustainability information to be disclosed in the management report, eliminating the option to publish non-financial information separately.

As part of the EU's regulatory simplification agenda, the Omnibus package has introduced substantial

changes to the CSRD. The **Stop the Clock Directive has postponed reporting obligations for companies in the second and third waves** who will now have to start reporting in 2028 and 2029, respectively.

To address the fact that companies in the first wave were not covered by the Stop the Clock Directive, the European Commission adopted a delegated act, commonly referred to as the **"quick fix"**. This measure provides flexibility for companies that began reporting under the CSRD for financial year 2024. Specifically, it allows them to choose whether to expand their disclosures for financial years 2025 and 2026 beyond what was reported in 2024.

Taking into account both the Stop the Clock Directive and the quick fix, the phased-in CSRD requirements are now as follows:

- **Wave one companies (regardless of size) are not required to disclose certain information for financial years 2025 and 2026**. Additionally,

those with 750 or fewer employees may benefit from further exemptions during this period.

- Large companies meeting at least two of the following criteria, more than **250 employees, €50 million in net turnover, or €25 million in total assets, will begin reporting in 2028** (for FY2027).
- Listed SMEs are scheduled to begin reporting in 2029 (for FY2028).

Further changes to the scope of the phased-in requirements are under discussion. A **proposal under the Omnibus package suggests narrowing the scope of waves one and two** to include only large companies with more than 1,000 employees and either €50 million in net turnover or €25 million in total assets. Additionally, **under these proposed revisions, listed SMEs would be excluded from the scope** of the directive altogether.

The CSRD adopts a double materiality perspective, requiring companies to report on how sustainability aspects

European Union

affect their economic situation and how their operations impact sustainability aspects. Under the CSRD, companies must include information on their sustainability goals, the roles of the executive and supervisory boards, the company's most significant adverse impacts, and intangible resources not yet accounted for.

2. Is 'greenwashing' defined in legislation?

The Green Claims Directive initially offered a clear definition of greenwashing. However, following its recent withdrawal, the applicable **regulatory definition now comes from the Directive on Empowering Consumers for the Green Transition**. This directive defines greenwashing as an unfair commercial practice that misleads consumers and hinders sustainable consumption decisions, such as misleading environmental claims or practices promoting early obsolescence.

3. Key stakeholders

Growing awareness within the EU has led **NGOs like ClientEarth and Greenpeace, along with consumer associations, to spearhead greenwashing litigation and disputes**. This heightened awareness highlights the associated risks. Additionally, national consumer authorities and financial services regulators have increased scrutiny to prevent these deceptive practices.

4. Focus on financial services Sustainable Finance Disclosure Regulation (SFDR)

Greenwashing has become a prominent concern within the EU's financial regulatory landscape, and it has drawn significant scrutiny from the European supervisory authorities (ESAs). Central to the EU's financial regulatory framework is the **Sustainable Finance Disclosure Regulation (SFDR)**, introduced in March 2021 as part of a

broader legislative package that also includes the Taxonomy Regulation and the Low Carbon Benchmarks Regulation. The **SFDR aims to ensure fairness among financial market participants and advisers by enhancing transparency on sustainability risks**. It mandates considering negative sustainability impacts in investment decisions and providing sustainability-related disclosures for financial products.

The development of the SFDR has been a work in progress. Recent updates took place at the end of 2023 when the Commission opened consultation on the implementation of SFDR's to identify strengths and weaknesses and gather opinions on potential future changes, such as the introduction of a product labeling system.

The SFDR underscores the regulatory importance of addressing greenwashing by establishing a shared understanding across the financial sector. The **Commission's Delegated Regulation**

(EU) 2022/1288, which supplements the SFDR defines greenwashing as the practice of gaining an unfair competitive advantage by marketing a financial product as environmentally sustainable when it does not meet basic environmental or sustainability-related standards. The **Delegated Regulation also requires financial market participants to substantiate any sustainability-related commitments**, particularly exclusions, as binding elements of their investment strategy, in information on asset allocation and in the information on sustainability indicators used to measure the effect of such strategies.

The **ESAs (ESMA, EIOPA, and EBA) have played a leading role in shaping the regulatory response to greenwashing within the financial sector**.

On 4 June 2024, the **ESAs published their respective Final Reports on greenwashing, establishing a common understanding** of it across

banking, insurance, pensions, and financial markets, and they each assessed the current supervisory actions that are being taken against greenwashing risks within each of their jurisdictions. The reports identify greenwashing as a growing and systemic concern, and they converge on the following conclusions:

- Greenwashing can occur at both entity and product level and may be intentional or unintentional.
- It undermines trust in sustainable finance and may result in consumer harm or market inefficiencies.
- Stronger supervision, clearer communication standards, improved data quality, and consistent enforcement are essential to mitigate greenwashing risks.

In the absence of an EU legislative definition of greenwashing following the withdrawal of the proposed Green Claims Directive, the ESAs shared understanding now serves as the

European Union

primary reference point for identifying and addressing greenwashing practices within the financial sector.

Following the publication of their Final Reports on greenwashing, both ESMA and EBA took further steps in 2025 to strengthen sustainability across the financial sector.

ESMA issued the first in a series of its Thematic notes on clear, fair & not misleading sustainability-related claims. This note focuses on ESG credentials, such as labels, ratings, awards and industry affiliations, that are frequently used in marketing and investor communications. The note is designed for educational purposes and aims to guide market participants on how to make credible sustainability claims. It introduces four core principles that such claims should follow: accuracy, accessibility, substantiation, and timeliness, and it outlines examples of good and poor practices.

ESMA's note highlights the risk of misusing SFDR classifications, particularly Articles 6, 8, and 9, as marketing labels. For instance, presenting a product as "SFDR-compliant" using logos or visual symbols can mislead investors into perceiving these classifications as third-party endorsements or quality certifications, which they are not.

EBA launched a public consultation on its guidelines on product oversight and governance, proposing targeted amendments to its existing Product Oversight and Governance (POG) Guidelines. These revisions aim to explicitly integrate ESG and greenwashing considerations into the design, distribution, and monitoring of retail banking products.



Austria

There are no specific anti-greenwashing laws in Austria. Instead, green claims are currently regulated using consumer protection and fair competition laws. Enhancements to these laws, in the form of targeted regulations that define and prohibit greenwashing, ensuring that companies provide accurate and transparent information about their information about their environmental claims, are being considered.

1. What laws address the transparency of green claims?

The **Austrian Consumer Protection Law (KSchG)** prohibits false or misleading advertising and aims to ensure that companies provide accurate and transparent information about their products or services, including their environmental claims.

The **Austrian Federal Act against Unfair Competition (UWG)** strictly prohibits misleading advertising and marketing practices in general. This includes **misleading environmental advertising and marketing** practices.

The **Austrian Federal Competition Authority (Bundeswettbewerbsbehörde)** is responsible for enforcing fair competition laws. If a company engages in deceptive advertising or greenwashing practices, the authority can investigate and take appropriate action to protect consumers and maintain fair market conditions.

The **Austrian Ecolabel (Österreichisches Umweltzeichen)**,

is a **voluntary certification** scheme that helps consumers identify environmentally friendly products and services. It sets strict criteria for various product categories, and companies must meet these criteria to obtain the label. The ecolabel helps consumers make informed choices and reduces the risk of greenwashing.

The **Austrian government and relevant authorities are actively adapting national regulations to tackle greenwashing**, strengthening consumer protection laws, and considering new regulations to ensure businesses provide accurate and transparent environmental information.

2. Is 'greenwashing' defined in legislation?

There is **no specific national law or regulation in Austria that explicitly defines greenwashing**. The Green Claims Directive initially offered a clear definition of greenwashing. However, following its recent withdrawal, the applicable regulatory definition

now comes from the Directive on Empowering Consumers for the Green Transition.

3. Key stakeholders

In Austria, stakeholders are sensitive to greenwashing's impact on consumers, investors, and the environment. They actively monitor, research, and advocate for transparency and sustainability, providing information and resources to help consumers understand environmental claims, encouraging critical thinking, and promoting sustainable consumption. **Industry associations, consumer organizations, and NGOs in Austria work together to develop industry-specific guidelines and best practices.** These efforts aim to establish clear standards, promote transparency, and hold companies accountable for their environmental claims.

The **Austrian Association for Consumer Information (Verein für Konsumenteninformation "VKI")** has initiated a campaign centred on

scrutinizing environmental claims, introducing a "greenwashing check" for consumers to report potentially misleading assertions. This involves VKI assessing reported claims, alongside those it identifies, and requesting clarification from advertisers. Should an advertisement be deemed greenwashing, VKI publishes the findings on its website.

Proxy advisors provide research and recommendations to institutional investors on corporate governance and sustainability issues and are increasingly important in Austria. While their primary focus is on governance matters, they are increasingly considering environmental factors, including greenwashing, in their assessments. Proxy advisors assess companies' sustainability practices and disclosures, including the accuracy of their environmental claims, and provide guidance to investors on voting and engagement strategies.

Austria

4. Focus on financial services

The Austrian government, financial institutions, and **regulatory bodies such as the Austrian Financial Market Authority (FMA) are working towards integrating ESG factors into regulatory frameworks and investment decisions**. Regulators are working on guidelines and standards for sustainable finance, which include measures to prevent greenwashing and ensure reliable ESG disclosures. Moreover, national financial authorities have collaborated with the European Supervisory Authorities (ESAs) in the Common Supervisory Action performed in 2023.

5. Recent cases

In 2022, the **VKI** filed a lawsuit against an airline on behalf of the Ministry of Social Affairs for advertising flights as CO₂-neutral using 100 percent sustainable aviation fuel (SAF). The Korneuburg Regional Court followed the VKI's legal opinion and judged the advertising to be a misleading business

practice. According to the ruling, the airline gave a false impression through its advertising statements. The ruling ordered the airline to publish information about the case on its social media.

In 2023, **VKI** (on behalf of the Ministry of Social Affairs) sued a large brewing company for misleading advertising. The company concerned advertised its beer as 'CO₂-neutral brewed' and claimed that 100 percent of the energy used in the brewing process came from renewable sources. However, the Regional Court of Linz ruled that this claim was misleading because a sub-process (the malting process) was not CO₂ neutral. The brewery argued that malting was not part of brewing, but the court ruled that a reasonably well-informed consumer would interpret the term 'brewing' to include the entire production process.

However, there are no recent decisions by Austrian supreme courts dealing with the issue of greenwashing.

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Belgium

There are no specific anti-greenwashing laws in Belgium. Instead it is currently regulated using civil, consumer protection and advertising laws.

1. What laws address the transparency of green claims?

Belgium's existing regulations prohibit deceptive practices, including greenwashing, through general consumer protection laws. Misleading advertising is banned across sectors by civil law and consumer protection regulations.

In 2022 the Belgian Federal Public Service for Economy (FPS Economy) issued **Guidelines on Environmental Claims which embed the concept of greenwashing into existing consumer protection legislation (under the Belgian Economic Law Code)** and more specifically linked it to the legal notion of "unfair commercial practices." Legal doctrine also links greenwashing to other general legal instruments, such as forgery, forged annual accounts and deceptive communication (e.g. under the Prospectus Act).

There are also other, more sector/ product- specific regulations on green claims, e.g. for cosmetics, detergents, (the Belgian detergent sector was the first in Europe to adopt a charter on environmental advertising), dangerous chemicals, construction materials, food and organic food.

The General Guidelines published by the FPS Economy mention that **infringements involving greenwashing are subject to criminal sanctions of up to €80,000 in fines or 4 percent of annual turnover** (in case the latter is a higher amount). In addition, the FPS Economy can launch a further investigation (either following a complaint or at its own initiative), which can lead to a number of administrative sanctions, including a warning, a settlement transaction, an administrative fine (amounts equal to the criminal fines) or passing on its findings to the public prosecutor.

The **"Environmental Advertising Guidelines"** that were created by the Jury for Ethical Practices on Advertisement, which is the Belgian self-disciplinary body for the advertising sector, **do not have an official legislative status but are to be upheld by the Belgian advertisement sector.**

2. Is 'greenwashing' defined in legislation?

While it is not defined in law, **the guidelines describe greenwashing as "commercial practices that are misusing green positioning or environmental practices for marketing purposes, whereby greenwashing can be performed by any type of organization, such as a company, a producer or an administration."** The guidance further specifies that greenwashing can cover any type of

commercial practice of companies vis-à-vis consumers in relation to the environmental features of goods or services. The following examples are given of companies engaging in greenwashing:

- A product marketed as environmentally beneficial in reality offers no environmental benefit.
- Sustainable claims are made without any supporting methodology.
- Messaging consumers proves misleading in relation to a company's efforts towards more sustainable policies or the ecological quality of the product it markets.

Belgium

3. Key stakeholders

There is growing stakeholder awareness of the importance of combatting deceptive environmental marketing practices. The FPS Economy received 21 greenwashing complains in 2022 - more than doubling the nine complaints received in 2021. FPS Economy performed 55 inspections in 2022, resulting in a total of 36 warnings. All companies proceeded to an amicable remediation of their infringements.

In 2023, the Belgian government launched a public campaign on greenwashing called “too good to be green” and also put in place a webpage where greenwashing complaints can be filed. The website also provides information on how to recognize false green claims/greenwashing.

4. Focus on financial services

The Belgian General Guidelines on Environmental Claims do not address the financial sector. Nonetheless, **the Belgian Financial Services and Markets Authority (FSMA) has expressed concerns about greenwashing in the financial sector**, particularly regarding “sustainable” investments marketed by banks, insurance companies, financial intermediaries, and other regulated entities. **Although the Belgian legislator has not yet established specific penalties for greenwashing in the financial sector, the FSMA has the authority to impose a range of sanctions under its general supervisory function.**

The **Belgian banking federation Febelfin has created a Belgian sustainability label for financial products**. The label is open to both Belgian and non-Belgian issuers and has proven quite successful, with at present approximately 800 financial products that hold a Towards Sustainability label.

5. Recent cases

Based on the publicly available decisions of the Jury for Ethical Practices on Advertisements, the **sectors most likely to attract scrutiny are the automotive, real estate, energy, and food & beverage sectors.**

There have, however, been no relevant greenwashing litigation cases in Belgium so far.

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Denmark

There are no specific anti-greenwashing laws in Denmark. It is currently regulated by consumer protection laws.

1. What laws address the transparency of green claims?

As of April 2025, there is **no regulation directly targeting greenwashing or green claims in Denmark**. However, the **Danish Consumer Ombudsman** (Forbruger Ombudsmanden) issued **guidance on the use of environmental and ethical claims in marketing**, built on existing requirements and prohibitions against misleading claims found in the Danish Marketing Practices Act (Markedsføringsloven).

The **Ombudsman's guidance is primarily based on the following sections of the Marketing Practices Act:**

- Prohibition against misleading consumer: (§5) a trader's commercial practice must not contain false information or in any other way, including overall presentation, deceive or be likely to deceive the average consumer, even if the information

is factually correct; and (Section 6) a trader's commercial practice must not be misleading by omitting or hiding material information or by providing material information in an unclear, unintelligible, ambiguous or untimely manner.

- Prohibition against misleading companies: (Section 20) the commercial practices of a trader must not be likely to mislead so that these may be assumed to affect other traders' economic behaviour or harm a competitor.
- Documentation requirement of facts: (Section 13): the trader must be able to furnish evidence as to the accuracy of factual claims.

The Danish Consumer Ombudsman has been reporting a rise in complaints of greenwashing.

Denmark's Minister for Industry, Business, and Financial Affairs has

recently introduced a new law targeting misleading sustainability advertising, which follows the EU's Green Claims Directive. The proposed law would restrict the use of terms such as "grøn" (green), "bæredygtig" (sustainable) and "miljøvenlig" (environmentally friendly) unless these claims can be supported with substantial documentation. If passed, the law will come into effect in September 2025.

2. Is 'greenwashing' defined in legislation?

There is no specific national law or regulation in Denmark that explicitly defines greenwashing. The Green Claims Directive initially offered a clear definition of greenwashing. However, **following its recent withdrawal, the applicable regulatory definition now comes from the Directive on Empowering Consumers for the Green Transition.**

3. Key stakeholders

As noted above, the Danish Consumer Ombudsman (DCO) has issued guidance on the use of environmental and ethical claims. The role of the Ombudsman is laid down in the Danish Marketing Practices Act. It is an independent authority whose task it is to ensure that trade, business, and public enterprises comply with the Danish Marketing Practices Act and the principles of fair marketing practices in general.

The **DCO investigates complaints, can negotiate settlements on behalf of consumers, issues guidelines and guidance papers, and is authorized by law to bring civil and criminal actions on behalf of complainants**, and may also request the police to initiate investigations and prosecution to bring charges against a trader.

Denmark

The DCO has a **Nordic collaboration with Finland, Sweden, Norway and Iceland regarding consumer related topics, including greenwashing.**

Through this collaboration, the consumer authorities in these countries likely share information, best practices, and strategies to address greenwashing effectively. They may also coordinate enforcement actions, conduct joint investigations, and raise awareness among consumers about how to identify and avoid deceptive environmental claims.

4. Focus on financial services

The Sustainable Finance Disclosure Regulation (SFDR) sets out specific requirements to improve transparency in the financial markets regarding ESG and sustainable investments, to improve investment decisions and provide investors with better clarity on ESG claims.

The **Danish Financial Supervisory Authority (FSA) oversees compliance with SFDR in Denmark.**

5. Recent cases

Throughout 2024, regulatory bodies in Europe intensified scrutiny of environmental claims made in advertising and product labeling. Several organizations faced penalties or restrictions for promoting sustainability-related messages that were deemed misleading or insufficiently substantiated.

Key developments included:

- **Fines and enforcement actions against companies using terms** like “most sustainable” or “environmentally certified” **without adequate evidence.**
- **Prohibitions on specific climate-related labels**, particularly in food and agriculture, where terms implying climate benefits were found to mislead consumers.
- **Withdrawal of marketing campaigns following public and regulatory criticism**, especially those claiming net-zero climate impact without transparent methodology.

In 2025, the oversight of environmental marketing continued to intensify, with growing attention on how sustainability is communicated in sectors like fashion and travel. Key developments included:

- **Complaints filed against industry events and participating brands** for allegedly using vague or misleading sustainability claims in their promotional materials.
- **Consumer advocacy groups taking action by challenging marketing language** that positions customers as environmentally responsible based on offerings that may lack clear environmental impact.

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Estonia

Although there are no anti-greenwashing laws in Estonia, the issue is addressed through general legislation prohibiting false advertisements and unfair commercial practices.

1. What laws address the transparency of green claims?

As at today, there are no specific anti-greenwashing laws in Estonia. However, there are laws that apply to greenwashing situations. The Estonian **Advertising Act (Reklaamiseadus)** prohibits misleading or likely misleading advertising. This means that advertising directed at or reaching individuals, which due to its misleading nature is likely to affect their economic behavior or injure a competitor of the advertiser, is prohibited. **Advertising is considered misleading in particular if it provides misleading information about the service or circumstances characterizing the provision of the service, among others: the service provider's environmentally friendly activities.** Advertising shall not contain the words like "environment-friendly" or "ecologically safe" or other words or expressions with the same meaning if there is no such evidence.

Persons publicizing advertising are required to retain copies of advertisements for at least 20 days from the last publicizing of the advertisement and to submit copies of the advertisement for review to the official supervising advertising at their first request.

The Estonian **Consumer Protection Act (Tarbijakaitseseadus)** prohibits **unfair commercial practices before, during and after making a commercial transaction related to goods or services.** A commercial practice is unfair if it is contrary to the requirements for diligence to be applied by a trader in the business or professional activities thereof, and it **materially distorts or is likely to materially distort** economic behavior with regard to the goods or services of the average consumer who comes into contact with the goods or services or to whom they are addressed. The consumer disputes may be resolved as the first instance in Consumer

Disputes Committee (Tarbijavaidluste komisjon).

Directive (EU) 2024/825 regarding empowering consumers for the green transition, ensuring better protection against unfair practices and better information provision came into force in, 2024. The directive prohibits the use of sustainability labels that are not based on a certification system or established by public authorities. It also bans the presentation of general environmental claims that lack recognized excellent environmental performance relevant to the claim and prohibits claims, based on greenhouse gas emission offsets that suggest a product, whether a good or service, is neutral, reduced or positive in terms of its impact on greenhouse gas emissions. **The directive is not transposed into local law yet.**

2. Is 'greenwashing' defined in legislation?

There is no specific national law or regulation in Estonia that explicitly defines greenwashing. The Green Claims Directive initially offered a clear definition of greenwashing. However, **following its recent withdrawal, the applicable regulatory definition now comes from the Directive on Empowering Consumers for the Green Transition.**

3. Key stakeholders

Awareness of the sustainability of the different stakeholders in the Estonian market is increasing. **Estonian Financial Supervisory and Resolution Authority (EFSRA) has published Sustainability Investment Roadmap¹** that explains supervisory expectations for financial market companies and their activities, briefly mentioning that companies operating in the financial sector have an obligation to avoid greenwashing.

Estonia

There has been no significant focus on greenwashing from governmental authorities, industry stakeholders, or NGOs'.

4. Focus on financial services

The **Financial Supervision Authority Act grants the EFSRA powers to oversee financial institutions**, ensuring they operate in compliance with regulations, including transparency and accuracy in their communications with consumers and investors. This authority extends to the monitoring of disclosures made by financial institutions regarding ESG factors, including claims related to sustainability and responsible investing.

The EFSRA may impose an administrative fine on anyone who willfully or negligently fails to comply with or violates the provisions of the SFDR regarding the transparency of sustainability risks policies, transparency of remuneration policies in relation to the integration of sustainability risks, or the requirements to review and update published information.

5. Recent cases

We currently have no information of any cases related to greenwashing that have been initiated in Estonia.

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France

Although there are no specific anti-greenwashing laws in France, it is addressed through general legislation prohibiting false advertisements or false representations.

1. What laws address the transparency of green claims?

The French Consumer Code provides in Article L121-2 that a commercial practice is misleading if it is based on false or misleading allegations, indications or presentations concerning, among others, “The essential characteristics of the good or service, namely: its substantial qualities, its composition, its accessories, its origin and the results expected from its use, in **particular its environmental impact**, as well as the results and main characteristics of the tests and controls carried out on the good or service” and “The scope of the advertiser’s commitments, **particularly in environmental matters**, the nature, process or reason for the sale or provision of services.”

Other relevant laws include:

- **Law 2015-992 of 17 August 2015, on energy transition for green growth:** it introduces obligations on manufacturers making green claims to detail to consumers the main corresponding environmental characteristics of these products and services (article 90).
- **Law 2020-105 of February 10, 2020, on the fight against waste and the circular economy:** the law provides for proper information to consumers by producers and importers on the environmental qualities and characteristics of waste-generating products (article L541-9-1 of the French Environment Code). Claims such as “compostable,” “do not dispose of in nature,” “biodegradable,” “environmentally friendly” (or any equivalent), as well as any claim about recycled content, are strictly regulated or prohibited.
- **Law 2021-1104 of August 22, 2021, to combat climate change and strengthen resilience to its effects:** it was intended to promote environmental awareness and accelerate ecological transition. The law bans all advertising for fossil fuels and polluting cars (article L229-61 et seq of French Environment Code).
- **Decree No. 2022-539 of 13 April 2022, concerning carbon offsetting and carbon neutrality claims in advertising:** it introduces stricter regulations for companies making carbon neutrality assertions in their advertisements. A company who claims in an advertisement that the product or service offered is “carbon neutral,” “zero carbon,” “with a zero carbon footprint,” “climate neutral,” “fully offset,” “100% offset,” or any other formulation of equivalent meaning or scope must provide a report on the greenhouse gas emissions of the product or service concerned, covering its entire life cycle.

A summary report describing the carbon footprint of the product or service being advertised and the approach by which these greenhouse gas emissions are avoided as a priority, then reduced, and finally offset, is also required (to be available on the website). Specific minimum standards for offsetting residual emissions must be complied with (article D229-106 et seq of French Environment Code).

Several guides and guidelines have been issued to support compliance with the above requirements. The ADEME (French Agency for Ecological Transition) has published an *Anti-greenwashing Guide*, providing recommendations for companies to prevent misleading environmental communication, as well as a *Guide to responsible communication*. Additionally, the CNC (National Consumer Council) has released a *Practical Guide to Environmental Claims*.

France

2. Is 'greenwashing' defined in legislation?

Under French law, "greenwashing" is not as such explicitly defined, but it is addressed as a form of misleading commercial practice by the Consumer Code and through specific green claims regulation in the Environment Code. A definition has been proposed at EU Level in the Green Claims Directive, but it has since then been withdrawn.

3. Key stakeholders

In France, key stakeholders include regulatory bodies, consumer protection groups, NGOs, and businesses. The DGCCRF (Directorate General for Competition, Consumer Affairs and Fraud Control) enforces regulations to prevent misleading environmental claims. The ARPP (Professional Advertising Regulatory Authority) oversees advertising standards to prevent deceptive marketing. Closely associated with it is the JDP (Advertising Ethics Jury) whose primary function is to issue opinions (publicly available) on potentially misleading or harmful advertisements.

NGOs and consumer associations, such as France Nature Environnement, play a vital role by raising awareness, monitoring greenwashing practices and advocating for stricter regulations.

4. Focus on financial services

The AMF (Financial Markets Authority) plays a key role in addressing greenwashing within the French financial services sector. It ensures that financial institutions provide clear, accurate, and verifiable ESG information, in line with the EU Taxonomy Regulation and the Sustainable Finance Disclosure Regulation (SFDR). The AMF requires financial products marketed as "green" or "sustainable" to meet specific, substantiated environmental criteria. It monitors disclosures from asset managers, banks, and insurers, and takes enforcement actions when firms fail to comply with these standards, including penalties and corrective measures. In its Position-Recommendation 2020-03, the AMF outlines the disclosure requirements for ESG-related communications and emphasizes the need for transparency

and consistency in marketing sustainable financial products.

5. Recent cases

According to the DGCCRF, around 25 percent of the 1,100 businesses inspected in 2021–2022 for environmental claims showed irregularities, leading to 141 warnings, 114 injunctions, and 18 legal proceedings.

Notable cases include:

- In July 2025, the DGCCRF imposed record fines of €40 million and €1 million on a fast-fashion retailer for misleading claims about the environmental responsibility and reduced emissions of its products and operations, as well as the absence of mandatory environmental information.
- A pending lawsuit against a major energy company for allegedly misleading climate-neutrality and energy transition claims, which could result in the first significant judicial decision on greenwashing in France (expected October 2025).

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Finland

There are no specific anti-greenwashing laws in Finland. It is currently regulated using consumer protection laws.

1. What laws address the transparency of green claims?

The **Consumer Protection Act (38/1978) prohibits false or misleading marketing communications** (including omissions) that might influence purchasing decisions. When assessing the sufficiency of information,

the clarity, comprehensibility and timeliness of the information, the limitations of the communication medium used, and any other measures taken by the trader to make the relevant information available to consumers, shall be taken into consideration.

The **Consumer Protection Act allows prohibitory injunctions, enforced by notice of a conditional fine, to be imposed on traders by the Market Court or the Consumer Ombudsman** to prevent them from continuing or repeating problematic practices. The **Consumer Ombudsman works in conjunction with the Finnish Competition and Consumer Authority**

(FCCA) and enforces compliance with consumer protection legislation, with particular focus on marketing and contract terms.

The **Unfair Business Practices Act (1061/1978) prohibits conduct in business operations that goes against good commercial practices, as well as the use of false or misleading statements that are likely to influence, among other things, the demand or supply of goods.**

The competent court for matters concerning unfair business practices is the Market Court, which has the authority to prohibit the continuation of unfair practices. The court may order the defendant to reimburse the plaintiff's legal expenses. Compensation for damages caused by unlawful conduct is governed by the Damages Act (412/1974). Intentional acts may be penalized as a competition procedure violation or a competition offense under the Criminal Code (39/1889).

2. Is 'greenwashing' defined in legislation?

There is no specific national law or regulation in Finland that explicitly defines greenwashing. The Green Claims Directive initially offered a clear definition of greenwashing. However, following its recent withdrawal, the applicable regulatory definition now comes from the Directive on Empowering Consumers for the Green Transition.

3. Key stakeholders

The awareness of the different stakeholders in the Finnish market is increasing. The highest sensitivity is among NGOs.

The **Consumers' Union of Finland is a consumer NGO in Finland** safeguarding the interests of consumers, patients and clients of social services and health care. It has researched and published several articles of greenwashing. It has also for

example joined forces with European consumer organizations and launched an EU-wide complaint against major water bottle producers for greenwashing.

There are also other NGOs (e.g., Finnwatch, Greenpeace) that are bringing greenwashing issues up regularly and demanding actual environmental actions.

Competitors are typically the stakeholder group that brings a claim in matters concerning improper conduct in business operations.

4. Focus on financial services

The **Act on the Financial Supervisory Authority (878/2008) grants the Financial Supervisory Authority (FSA) powers to oversee financial institutions**, ensuring they operate in compliance with regulations, including transparency and accuracy in their communications with consumers and investors. This authority extends to the monitoring of disclosures made

Finland

by financial institutions regarding ESG factors, including claims related to sustainability and responsible investing.

The FSA may impose an administrative fine on anyone who wilfully or negligently fails to comply with or violates the provisions of the SFDR regarding the transparency of sustainability risks policies, transparency of remuneration policies in relation to the integration of sustainability risks, or the requirements to review and update published information.

5. Recent cases

The **Consumer Ombudsman has challenged greenwashing in marketing communications:**

- An ice cream manufacturer was required to address the overly general use of “sustainable” in product marketing and the highlighting of certain environmental impacts in a misleading manner. It concluded that marketing a product as sustainable

requires comprehensive grounds and accurate information to support the claim.

- It challenged the use of vague environmental claims in online shops that gave a misleading impression of the businesses’ responsibility, sustainability and friendliness.
- It intervened against marketing claims by an airline regarding the greenhouse gas emissions of aviation fuel that gave a misleading impression of the positive environmental impacts of air travel.
- Various environmental claims were found to be extensively presented without justification on the website of an online store for used goods. It was concluded that the environmental claims used in marketing must always be justified. The online store operator was requested to check the pages aimed at Finnish consumers with regard to the requirements of the Finnish Consumer Protection Act.

The **Market Court has also ruled on greenwashing:**

- In 2003, it prohibited an insulation company from using the general and unspecific expression “saves nature” and other unsubstantiated claims concerning low energy consumption at the manufacturing phase in the marketing of insulation.
- In 2011 it prohibited a food company from continuing a marketing ploy that gave the misleading impression that by purchasing a marketed product, the consumer can immediately influence the company’s (predetermined) financial support for charity.

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Germany

Although there are no specific anti-greenwashing laws in Germany, it has developed its own Due Diligence in Supply Chains Act. Local general provisions address greenwashing through legislation prohibiting false advertisements or false representations.

1. What laws address the transparency of green claims?

Greenwashing is addressed by general national regulations on marketing, false/misleading advertisement, presentation/advertisement of products or financial products and prospect law, in particular by:

- **The Act against Unfair Competition (Gesetz gegen den unlauteren Wettbewerb, UWG):** The UWG contains provisions that prohibit unfair business practices, including misleading advertising and marketing practices that could deceive consumers.
- **The Environmental Information Act (Umweltinformationsgesetz, UIG):** The UIG regulates access to environmental information and requires companies that publish environmental data to provide accurate and reliable information.

- **Act against Restraints of Competition (Gesetz Gegen Wettbewerbsbeschränkungen, GWB):** The GWB contains provisions to prevent distortions of competition, including misleading business practices that could influence the market.

There are **specific provisions regarding the consequences of carrying out an incomplete or incorrect reporting:**

- Fines (Sections 331 HGB, 400 AktG)
- Claims for damages: Sections 823 (2) BGB in conjunction with the provisions against false statements in reporting (Sections 331 HGB, 400 AktG) and Sections 263, 264a StGB (German Criminal Code)
- Claims for damages due to prospectus liability or due to failure to publish insider information immediately or incorrectly (WpHG)

Germany has implemented its own Due Diligence in Supply Chains Act, the Lieferkettensorgfaltspflichtengesetz (LkSG). The LkSG, which came into force on 1 January 2023, **imposes extensive human rights and environmental due diligence obligations on companies with a certain minimum number of employees within their supply chains.**

Additionally, Directive (EU) 2024/825 of the European Parliament on empowering consumers for the green transition (OJ L, 2024/825, 6.3.2024) will be transposed into national law by 27 March 2026. The new regulations must be applied from 27 September 2026. The provisions of the directive will be implemented in the Unfair Competition Act (UWG). A government draft (Regierungsentwurf) was presented in early September 2025 (Draft of a Third Act to Amend the Act Against

Unfair Competition) transposing the Empowering Consumers Directive into German law.

2. Is 'greenwashing' defined in legislation?

There is no specific definition of greenwashing in German law. According to revised section 5 (2) No. 1 Unfair Competition Act (UWG) (must be applied from 27 September 2026) a commercial act is misleading if it contains untrue statements or other misleading information about environmental characteristics.

Additionally, following the stalling of negotiations on the Green Claims Directive, which offered a clear definition of greenwashing, the applicable regulatory definition now comes from the Directive on Empowering Consumers for the Green Transition, which will soon be transposed.

Germany

3. Key stakeholders

The risk of greenwashing has become a sensitive issue for many stakeholders.

Banks are increasingly aware of these risks due to ongoing criminal proceedings in the financial sector.

Financial institutions recognize the dangers associated with how their financial products are presented in prospectuses. Similarly, car manufacturers in Germany, who have faced lawsuits, are also conscious of greenwashing risks.

Consumer organizations in Germany are also highly active and aware of greenwashing risks, working diligently to address and mitigate these issues.

4. Focus on financial services

The **financial supervisory authority, Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin), is particularly attuned to greenwashing concerns and combats**

it through various measures.

For instance, BaFin ensures that supervised institutions meet their disclosure obligations under the EU Disclosure Regulation and verifies that their marketing communications do not contradict disclosed information. Additionally, BaFin assesses how companies implement sales requirements related to sustainability preferences.

5. Recent cases

There have been a number of cases in Germany brought in relation to sustainability related issues. Last year the German Federal Court of Justice (Bundesgerichtshof, BGH) ruled on the requirements for marketing a product as “climate-neutral” (BGH, Judgment 27 June 2024 – I ZR 98/23). The defendant’s advertisement contained the statement: “Since 2021 [name of the defendant] has been producing all products in a climate-neutral manner.” The plaintiff claimed that

the statement “climate neutral” in the advertisement was unfair in terms of misleading as the production is not emission-free. The climate neutrality claimed in the advertisement is only achieved by compensation payments. The BGH prohibited the defendant from continuing to advertise with the objectionable statement. The court emphasized that a strict standard applies to advertising with green claims. Advertising with “climate-neutral” is misleading, if no explanation is provided as to whether the advertised climate neutrality is achieved through actual CO₂ savings or through offsetting. The reference to a website was not enough.

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Ireland

There are no specific anti-greenwashing laws in Ireland. It is currently regulated using consumer protection and advertising laws.

1. What laws address the transparency of green claims?

The Irish Consumer Protection Act 2007 (as amended) transposes the Unfair Commercial Practices Directive (the UCPD) into Irish law (the CPA). The CPA prohibits false or misleading market communications that might influence consumers. A trader who engages in misleading commercial practices **could face penalties of up to a €60,000 fine or an 18 month imprisonment sentence on a first conviction. In severe cases, penalties can be up to a €100,000 fine or a 24 month imprisonment.**

The **Competition and Consumer Protection Commission (CCPC)** and the **Code of Standards for Advertising and Marketing Communications in Ireland (ASAI Code)** specifically **regulates environmental** claims. The ASAI Code prohibits “absolute claims” which are not “supported by a high level of substantiation.”

Section 4 of the code addresses ‘misleading advertising.’ The authority also includes a specific section on ‘Environmental and Green Advertising’ (Section 15), emphasizing the necessity for **‘substantiation’** of any green claims made. **Section 15 also aims to highlight ‘extravagant’ and ‘pseudo-scientific’ language in environmental claims** and restricts the use of symbols or logos that might suggest a product has sustainable characteristics.

2. Is ‘greenwashing’ defined in legislation?

There is no specific national law or regulation in Ireland that explicitly defines greenwashing. The Green Claims Directive initially offered a clear definition of greenwashing. However, following its recent withdrawal, the applicable regulatory definition now comes from the Directive on Empowering Consumers for the Green Transition.

3. Key stakeholders

The awareness of different stakeholders in Ireland is increasing. The highest sensitivity is among NGOs.

The **Advertising Standards Authority for Ireland (ASAI)** and the **Competition and Consumer Protection Commission (CCPC)** **regulates false and misleading claims against consumers.** The CCPC enforces the CPA and has a range of enforcement powers under the legislation. The ASAI investigates complaints arising from consumers reporting companies who have failed to comply with the ASAI Code.

4. Focus on financial services

The European Securities and Market Authority’s report on greenwashing in the financial sector indicates a growing supervisory and investor-driven focus on the mitigation of greenwashing risks. It is likely that proxy advisers in Ireland will be highly sensitive towards the issue of greenwashing as they play a significant role in advising shareholders on voting matters, such as ESG issues.

Ireland

5. Recent cases

In recent years there have been indications of increased enforcement efforts in combating greenwashing in Ireland. **In 2021, the CCPC approached several Irish companies as part of a coordinated “market sweep”** at EU and international level, urging them to substantiate or withdraw certain “green” claims.

The **ASAI has challenged greenwashing in marketing communications:**

- An article about a motor vehicle manufacturer’s sustainability claims was investigated after the ASAI received submissions from the public. The article asserted that “mild hybrid tech cuts down on the amount of fuel,” which the ASAI found is likely to mislead consumers due to the omission of a comparison to any other mode of transport in the article. The ASAI held the article to be in breach of the ASAI code and concluded that the advertisement should not be used again in its current form.
- The ASAI also investigated an advertisement claiming that a lawnmower was “environmentally friendly.” The ASAI determined that there was a lack of evidence provided to verify that the product did not cause environmental damage, therefore, the advertiser was required to remove the advertisement.
- The ASAI upheld a greenwashing complaint against a representative body which had made a claim about their global carbon footprint based on a study completed 13 years prior. The ASAI determined that it was insufficient evidence to base their claim on as they could not prove the country rankings in relation to global carbon footprints had not changed in the past 13 years.
- Recent cases included claims establishing that products were ‘sustainably produced’ and solar energy was the “most reliable form of clean energy.” In each instance, the complaint was upheld, and the advertiser was required to withdraw the campaign.

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Italy

There are no specific anti-greenwashing laws in Italy. It is currently regulated using consumer protection laws.

1. What laws address the transparency of green claims?

The **Italian Consumer Code prohibits false or misleading marketing communications** (including omissions) that might influence purchasing decisions. Italian Consumer Law permits sanctions and administrative monetary penalties which vary depending on the seriousness of the infringement and the actions taken by the operator to eliminate the consequences, as well as their economic and financial situation.

Greenwashing practices may qualify as unfair competition if they provide a competitive advantage to the promoted services and/or products and lead the public into confusion or undue association under the Italian Civil Code. If a company is found liable, it may receive an injunction aimed at terminating such practices and held liable for damages.

The **Institute for Advertising Self-Regulation (IAP) has established the Advertising Self-Regulation Code**

which governs advertising practices in Italy. It is responsible for determining the criteria for true, honest and correct commercial communication which associates may adhere to on a voluntary basis. It can issue injunctions against incorrect advertising and provide preliminary opinions on advertisement compliance

The IAP describes greenwashing as “an operation aimed at cloaking commercial communication with ecological/ green claims that are not supported (either fully or to the extent stated in the advertising message) on the merits.”

The IAP describes green claims as those claims that refer, implicitly, or explicitly, to the relationship between a product or a service and the environment that promotes an environmentally friendly lifestyle, and that present a corporate image characterized by environmental commitment.

2. Is ‘greenwashing’ defined in legislation?

There is no explicit definition of greenwashing under Italian law. The Green Claims Directive initially offered a clear definition of greenwashing. However, following its recent withdrawal, the applicable regulatory definition now comes from the Directive on Empowering Consumers for the Green Transition.

3. Key stakeholders

The awareness of different stakeholders in the Italian market is increasing.

Legislative Decree No. 125/2024 implemented the EU Directive 2464/2022 on Corporate Sustainability Reporting (CSRD), which came into force in 2023 and gradually introduced the reporting obligations:

- Large enterprises that are public interest entities (PIEs) with reference to the financial statements as of 31 December 2024.

- Large Companies that are not PIEs, with reference to the financial statements as at 31 December 2025.
- Small and Medium Enterprises (SMEs) that are public interest entities (PIEs), with reference to the financial statements as at 31 December 2026.

Subsequently, Law No. 118 of August 8, 2025, converted the Decree Law No. 95 of 30 June 2025 (known as the “Omnibus Decree”) which transposed the EU Directive 2025/794 (the so-called “Stop the clock”). This Decree law amended Legislative Decree No. 125/2024 and postponed by two years the ESG reporting obligations for:

- PIEs that are also parent companies of large groups;
- Listed small and medium-sized enterprises, with the exception of micro-enterprises;
- Small and non-complex institutions provided they are large undertakings or listed SMEs, excluding micro-undertakings.

Italy

Other stakeholders include the **bodies responsible for enforcing and overseeing greenwashing regulations, such as: the Italian Antitrust Authority (Autorità Garante della Concorrenza del Mercato AGCM), the Ordinary and Administrative Courts and the IAP.**

4. Focus on financial services

The **European Securities and Market Authority's report on greenwashing in the financial sector** indicates a growing supervisory and investor-driven focus on the mitigation of greenwashing risks.

5. Recent cases

The majority of greenwashing cases have been observed in the **food, fashion, and oil and gas sectors.**

For example, the **Italian Antitrust Authority (IAA) has challenged greenwashing in marketing communications:**

- It challenged marketing claims of environmental sustainability relating to the agricultural production and the

Italian origin of foodstuffs and raw material used. The IAA sanctioned the company for adopting claims with the capacity to significantly affect consumers' economic choices.

- In 2020, the ICA investigated an energy company's "misleading commercial practice" which advertised organic, green and renewable diesel that allegedly reduced gas emissions by up to 40 per cent. The IAA ordered the company to stop using the misleading advertisement and issued a € 5 million fine.
- Recently, the IAA imposed a fine on a logistics company for leveraging an environmental sustainability initiative to enhance its green image.

Greenwashing cases have also been addressed by Italian Courts. In a 2021 case, the Court of Gorizia ruled that greenwashing belongs to the field of misleading advertising. The case concerned a company in the automobile upholstery industry which bought a competitor to court over their use of green claims and references to environmental benefits. The Court

of Gorizia found that the references to environmental benefits were not verifiable and likely to confuse possible recipients.

Finally, the IAP Control Committee issued several injunctions against companies found to be in breach of the Environmental Protection provisions of the Advertising Self-Regulation Code. These rulings were based on the use of vague or generic environmental claims that lacked the necessary supporting evidence.

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Lithuania

There are no specific anti-greenwashing laws in Lithuania. It is currently regulated by advertising and consumer protection laws.

1. What laws address the transparency of green claims?

Currently, **there are no specific anti-greenwashing laws in Lithuania.** Greenwashing, as such, is not defined under any of the Lithuanian laws, either.

Nevertheless, in case of a suspected greenwashing, the correctness of the environmental claims would be assessed under the general definitions and requirements applicable to advertising. The respective regulations are set by the **Law on Prohibition of Unfair Business-to-Consumer Commercial Practices**, which has been adopted as a result of transposing Directive 2005/29/EC into the Lithuanian laws. Under the law, the definition of business-to-consumer commercial practice inter alia includes advertising and marketing. Therefore, any unfair or misleading advertising, including greenwashing cases, would be regarded as an unfair business-to-consumer commercial practice, which is

prohibited and thus potentially resulting in considerable fines. In practice, the interpretation and understanding of these definitions by the supervising authorities and courts has generally followed the EU Commission guidance on Directive 2005/29/EC on unfair commercial practices.

2. Is 'greenwashing' defined in legislation?

There is no specific national law or regulation in Lithuania that explicitly defines greenwashing. The Green Claims Directive initially offered a clear definition of greenwashing. However, **following its recent withdrawal, the applicable regulatory definition now comes from the Directive on Empowering Consumers for the Green Transition.**

3. Key stakeholders

The regulator and the main supervising authority with regard to all consumer

protection-related matters is **the State Consumer Rights Protection Authority**. It is responsible for the supervision of implementation of the Law on Prohibition of Unfair Business-to-Consumer Commercial Practices, which also covers the environmental claims and potential greenwashing cases.

The **State Consumer Rights Protection Authority has a right to start investigations not only based on consumer or other complaints, but also at its own initiative.** However, regarding greenwashing it seems that in practice the priority of the watchdog is not just to hunt down all the violations, but rather to increase the awareness of both the consumers and business community regarding environmental claims and greenwashing.

As a part of European Commission initiative, **in 2020 the State Consumer Rights Protection Authority performed monitoring**

of environmental claims, published the results with comments and recommendations followed by further articles aimed at increasing the public awareness. Currently, the authorities mostly concentrate on commenting the standards and guidelines set by the newly adopted Green Claims Directive EU 2024/825 to be transposed into the Lithuanian laws until the end of March 2026. Other consumer protection associations and public institutions are also actively involved in the communication to the public regarding greenwashing.

As a result of this, one may reasonably expect that future green claims investigations and disputes will generally tend to follow the interpretations and standards that are set by Directive EU 2024/825.

Lithuania

4. Focus on financial services

The sustainability reporting requirements set by the Lithuanian laws do not specifically define or address the environmental claims and greenwashing matters. However, the general sustainability reporting regulations require that the financial institutions provide financial markets with the reliable and comparable information, including environmental claims, where applicable. The **Bank of Lithuania is the supervisory authority that oversees the reporting and compliance by the financial institutions.**

5. Recent cases

There are no environmental claims and greenwashing landmark cases to mention. However, **the related practice of misleading environmental advertising traces back to 2019**, when a company was fined by the Competition Council for the unsubstantiated green claims in gasoline advertising.

The **State Consumer Rights Protection Authority, which is responsible for the supervision of implementation of the Law on Prohibition of Unfair Business-to-Consumer Commercial Practices**, on a regular basis **performs investigations of misleading advertising cases, including greenwashing**. The practice generally follows the EU Commission guidance on Directive 2005/29/EC on unfair commercial practices in advertising and marketing.

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Netherlands

Alongside the local general provisions that address greenwashing through legislation prohibiting false advertisements or false representations, there are specific guidelines that address this issue in the Netherlands.

1. What laws address the transparency of green claims?

The existing Netherlands regulation sets out general conduct prohibitions which cover deceptive or misleading practices by companies which could be characterized as greenwashing. Greenwashing is regulated by alternative means of consumer protection granted by general law and other soft law instruments.

The Dutch government prohibits misleading advertising in different sectors through general provisions covered by civil law and other consumer protections regulations. **The Dutch Civil Code and the Dutch Consumer Protection Enforcement Act set out general prohibitions which cover deceptive conducts that can be understood as greenwashing.**

The Netherlands employs a **self-regulatory system for advertising**, including labelling, which is **managed by the Advertising Code Commission**

(*Reclame Code Commissie, RCC*).

The RCC ensures that advertising practices adhere to the Dutch Sustainability Claims Code (Code voor Duurzaamheidsreclame, CDR), which provides rules and guidelines for truthful, fair, and socially responsible advertising. **The CDR** replaced the Environmental Advertising Code (Milieu Reclame Code, “MRC”) on 1 February 2023, and **is a part of the Dutch Advertising Code (Nederlandse Reclame Code, NRC)**.

These rules are based on the Dutch Unfair Commercial Practices Act, the Dutch implementation of the EU Unfair Commercial Practices Directive (2005/29/EC), and the EU Audiovisual Media Services Directive (2010/13/EU).

There are also guidelines on sustainability claims from the Dutch Authority for Consumers and Markets (Autoriteit Consument & Markt, ACM), which are based on EU legislation. Claims may be based on tort, unfair trade practices or misleading marketing which are subject to liability

compensation based on the Dutch Civil Code and the Dutch Consumer Protection Enforcement Act.

If a company is found to be guilty of greenwashing, penalties of up to €900,000 or 1 percent of the gross turnover may be imposed.

2. Is ‘greenwashing’ defined in legislation?

The existing Dutch guidelines do not define greenwashing. The Green Claims Directive initially offered a clear definition of greenwashing. However, following its recent withdrawal, the applicable regulatory definition now comes from the Directive on Empowering Consumers for the Green Transition.

3. Key stakeholders

Different stakeholders in the Netherlands are generally sensitive to the issue of greenwashing. The **competent authorities that are enforcing the stated regulations (ACM, RCC, AFM) are on the watch for greenwashing practices.**

- The **ACM is responsible for enforcing consumer protection laws** in the Netherlands. Although there is no specific regulation targeting greenwashing, the ACM can investigate and take action against companies that engage in deceptive or misleading practices, including those related to environmental claims.
- The **RCC oversees advertising standards, ensuring practices align with the NRC and CDR**. It handles complaints about misleading or unethical ads from consumers, competitors, and other stakeholders. If a violation is found, the RCC may recommend modifying or withdrawing

Netherlands

the ad. Although it cannot impose fines or legally binding decisions, its recommendations are influential due to its “naming and shaming” policy, which publishes non-compliant advertisers’ names on its website.

4. Focus on financial services

In the financial sector, the **Dutch financial regulators (Dutch Central Bank and the Netherlands Authority for the Financial Markets)** have introduced a set of guidelines and best practices to protect the market from greenwashing practices. On 4 October 2023, the **Netherlands Authority for the Financial Markets (AFM)** published the final version of the **Guideline on Sustainability Claims** to provide market participants with the necessary tools to make accurate, clear and non-misleading sustainability claims.

5. Recent cases

In recent years, greenwashing has become particularly prevalent across several industries, notably in **consumer products (including the textile and dairy industries), airlines, leisure and travel sector, the energy sector, the financial sector, and the industrial sector.**

The **ACM has challenged greenwashing on several occasions:**

In 2022, the ACM announced that four companies (two retail chains and two energy suppliers) agreed to adjust or discontinue the use of sustainability claims on their clothing, websites, and other platforms. Following ACM investigations, all companies committed to providing clearer information to consumers to prevent misleading practices. Although no sanctions were imposed, the companies made substantial donations to sustainable causes as compensation for their unclear claims.

The **RCC has also challenged greenwashing on several occasions:**

- In 2022, complaints were lodged against two consumer product companies for misleading environmental claims. The RCC found one company’s “CO2 Neutral” sticker misleading due to a lack of clear explanation and substantiation. Similarly, another company’s “climate neutral” claims on packaging and promotional materials were deemed unsubstantiated and misleading because of insufficient evidence of emission offsetting.
- An energy company’s advertisements claiming CO2 neutrality were found misleading by the RCC, as they implied full emission compensation without adequate proof.

In March 2024, the **District Court of Amsterdam ruled against a company for misleading advertising after allegations by a campaign group.** The court found 15 of the company’s 19 environmental claims to be misleading. The verdict emphasized the need for honest and clear communication about emissions reduction, marking a significant victory against greenwashing and highlighting the importance of transparency in climate action.

Since 2024, we see a number of new litigation matters coming to the market whereby companies in various sectors such as transport, food and beverage, leisure and travel and energy are targeted by a growing number of environmental associations and action groups. Combined with a growing focus on green claims as a result of the Green Claim Directive focus on greenwashing continues to grow in the Netherlands.

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Romania

As of 2025, Romania does not yet have a dedicated national law explicitly regulating greenwashing. However, green claims are addressed through existing consumer protection and advertising legislation, and upcoming EU legislation is expected to significantly reshape the legal landscape.

1. What laws address the transparency of green claims?

Greenwashing continues to fall under the framework of unfair commercial practices as regulated by Law No. 363/2007, which transposes Directive 2005/29/EC. The law prohibits misleading practices that violate professional diligence and distort consumer economic behaviour. The National Authority for Consumer Protection (ANPC) is the competent authority to investigate and sanction such practices and has issued informal guidance on environmental claims.

Additionally, Law No. 158/2008 on advertising continues to apply. It prohibits advertising that, through its content or presentation, misleads or is likely to mislead individuals. Unsubstantiated or vague environmental marketing (e.g., claims like “100% eco” or “carbon neutral”) may fall within this category if not supported by verifiable data.

At the EU level, Directive (EU) 2024/825 on Empowering Consumers for the Green Transition was adopted in early 2024 and introduces new rules directly

targeting greenwashing. It bans generic environmental claims (e.g. “green”, “eco-friendly”) unless they are proven to reflect excellent environmental performance. The directive also prohibits the use of unverified sustainability labels. Romania is expected to transpose this directive into national law by mid-2026. The ANPC launched a draft bill in late 2024 to align Law 363/2007 with these new requirements.

In parallel, the proposed EU Green Claims Directive, initially expected to be adopted in 2025, has faced delays and uncertainty after the Council announced a pause in June 2025. If relaunched and adopted, the directive would require companies to substantiate voluntary environmental claims using recognized scientific methodologies and independent third-party verification. Its transposition into Romanian law would not occur before 2026–2027, but the timeline remains unclear pending final EU-level decisions.

In the agri-food sector, the Unfair Trading Practices (UTP) Law, transposing Directive (EU) 2019/633, applies to B2B

practices and prohibits unfair commercial conduct, including misleading marketing between suppliers and buyers. Although not designed specifically for environmental claims, it can apply to false “green” messaging in contractual relationships within the supply chain.

Lastly, Decision no. 49/2023 of the Romanian Senate, regarding the EU Regulation COM (2022) establishing a Union certification framework for carbon dioxide removals, is one of the first public legislative documents in Romania explicitly mentioning “greenwashing” as a regulatory concern.

2. Is ‘greenwashing’ defined in legislation?

As of 2025, greenwashing is not explicitly defined in Romanian law.

At the European level, Directive (EU) 2024/825 defines “environmental claims” and regulates their use, providing a de facto regulatory basis for greenwashing enforcement. While Romania has not yet transposed this directive, a legislative process is underway.

The Romanian Financial Supervisory Authority (ASF) has adopted a working definition of greenwashing in the financial sector, describing it as:

“the practice of conveying a false or misleading impression about how environmentally friendly a company’s products, services or operations are.”

3. Key stakeholders

Several public and private stakeholders are involved in addressing greenwashing, with increasing cross-sector collaboration in 2024–2025:

- **National Authority for Consumer Protection (ANPC)** – primary enforcement body for consumer-facing greenwashing; issues administrative fines and conducts market inspections.
- **Financial Supervisory Authority (ASF)** – oversees environmental claims in financial products and monitors ESG-related disclosures by insurers, pension funds and asset managers.
- **Ministry of Environment, Waters and Forests** – coordinates

Romania

environmental policy and EU transpositions; has launched initiatives to improve access to environmental information for citizens and civil society.

- **Romanian Advertising Council (RAC)** – handles industry self-regulation in advertising and investigates complaints against misleading ads, including those with green claims.
- **NGOs and investigative media** – play an increasingly active role in monitoring green marketing and exposing unsubstantiated claims.

In 2025, the Romanian government has included “greenwashing control mechanisms” as part of its **National Consumer Protection Strategy 2024–2028** and continues to align institutional efforts with EU sustainability policy objectives.

4. Focus on financial services

The ASF (Financial Supervisory Authority) actively monitors compliance and has published guidance discouraging the use of vague or unjustified green labels (e.g., “sustainable fund,” “green bond”) without proper documentation. The authority is also involved in ESMA-coordinated supervisory actions on greenwashing.

As of 2025, no fines or regulatory proceedings have been publicly disclosed by ASF in greenwashing cases, but scrutiny has increased, and financial firms have started strengthening ESG claim documentation and disclaimers.

5. Recent cases

A campaign in 2023–2024, involving a major beverage company and an environmental organization, faced criticism from NGOs for potential greenwashing. The beverage company co-sponsored a Danube cleanup project while continuing its production of large volumes of plastic packaging. Although no regulatory investigation was initiated, the situation sparked extensive media debate.

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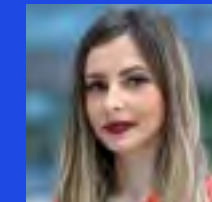
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Spain

There are no specific anti-greenwashing laws in Spain. It is currently regulated using consumer protection and competition laws.

1. What laws address the transparency of green claims?

The **Royal Legislative Decree 1/2007** approves the **Law 44/2006 on Improving the Protection of Consumers and Users, the General Law 26/1984 for the Protection of Consumers and Users, and the rules transposing EU Directives issued on matters of consumer protection**:

- The prohibition on misleading advertising (Art. 18) addresses the labelling and presentation of goods and services;
- Under Art. 20 clear and comprehensive information about products' essential characteristics (e.g. environmental impact) must be provided;
- Art. 51 places a responsibility on importers and distributors to ensure that their products do not pose a risk to consumers and prohibits misleading environmental claims; and
- Art. 127 mandates that commercial warranties must be clear and

comprehensible, so that consumers are not misled about a product's environmental benefits or durability.

Greenwashing is also considered a form of deceptive marketing or false advertising under the Competition Law (Law 15/2007) which can be challenged if the claims are false, misleading or unsubstantiated.

In addition, the **2009 Self-Regulation Code on commercial communications including environmental claims aims to promote responsible advertising practices in the energy and automobile industries in Spain**. It includes guidelines on the need for truthfulness, objectivity and the proper use of signs and symbols to prevent misleading consumers.

In 2020, the Spanish Council of Ministers endorsed the Government's Declaration on the Climate and Environmental Emergency, leading to the **approval of an Environmental Education Action Plan for Sustainability (2021-2025)**.

The Education for Sustainable Development and Education for Global Citizenship has also been implemented, and it is aligned with the Spanish Government's 2030 Agenda.

In February 2025, Judgment No. 12/2025 was issued by the Commercial Court No. 2 of Santander, marking a significant milestone in Spain's legal approach to environmental marketing, commonly referred to as greenwashing. The ruling examined whether the environmental claims made by the defendant constituted deceptive practices under the Unfair Competition Act (Law 3/1991), focusing on the accuracy, clarity, and substantiation of such claims in the context of consumer perception.

2. Is 'greenwashing' defined in legislation?

There is no specific national law or regulation in Spain that explicitly defines greenwashing. The Green Claims Directive initially offered a clear

definition of greenwashing. However, following its recent withdrawal, the applicable regulatory definition now comes from the Directive on Empowering Consumers for the Green Transition.

3. Key stakeholders

Stakeholders in Spain exhibit varying degrees of sensitivity to the issue of greenwashing. **NGOs like Ecologistas en Acción and Amigos de la Tierra España** actively monitor and advocate against deceptive environmental claims. **Financial sector regulators, such as the National Securities Market Commission (CNMV), understand the importance of preventing greenwashing** to maintain market integrity and collaborate with other agencies to enforce regulations and promote transparency in the financial sector.

Spain

4. Focus on financial services

Aligned with the European Supervisory Authorities (ESAs), Spanish financial regulators have continued to strengthen their oversight of greenwashing practices. **The CNMV has reaffirmed its commitment to this issue in its 2025 Activity Plan**, which includes a range of strategic initiatives aimed at enhancing investor protection and promoting transparency in sustainable finance.

One of the CNMV's key priorities is to monitor and prevent misleading environmental claims in the financial sector. This includes **increased scrutiny of sustainability-labelled investment products and green bonds**, ensuring that disclosures align with European standards such as the EU Green Bond Standard. The CNMV has also created a **new Retail Investor Protection and Financial Education Department, which focuses on equipping investors**, particularly vulnerable ones, with tools to identify and avoid deceptive marketing practices, including greenwashing.

The CNMV has recently stated that greenwashing in Spain's asset management industry is currently a marginal issue. According to the regulator, most fund managers are not engaging in widespread greenwashing, and the level of misleading sustainability claims remains low. This assessment is based on supervisory reviews and market analysis conducted throughout 2023 and early 2025.

In addition to its supervisory role, the CNMV continues to promote financial education as a fundamental pillar of investor self-protection. It also remains active in international forums, contributing to the development of harmonized approaches to greenwashing across the EU. Furthermore, the CNMV is working to encourage SMEs to access capital markets, supporting Spain's broader transition to a sustainable economy while maintaining high standards of transparency and integrity in environmental communications.

5. Recent cases

In Spain, greenwashing cases have been observed across various industries, such as the **food and beverage industry, fashion industry, financial sector and energy sector**.

Some notable cases include:

- Textile companies are facing public criticism due their fast fashion business models.
- Activism targeted at the disparity between a bank's sustainability claims and its actual investment practice with respect to the funding of fossil fuels.
- Companies are being accused of greenwashing its pollution records through sponsorship of COP25.

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Sweden

There are no specific anti-greenwashing laws in Sweden. It is currently regulated by marketing laws.

1. What laws address the transparency of green claims?

There are as of today (4 April 2025) **no specific anti-greenwashing laws in Sweden.**

Greenwashing is not defined in Swedish legislation. Instead, the regulation of environmental claims [in marketing] is assessed based on the rules governing marketing, such as the Marketing Act. The **Marketing Act prohibits false advertising**, including false claims or misleading information and omission of information regarding environmental impact and other environmental claims. Assessment of marketing is made with guidance from EU law, for example the EU Commission's guidance on Directive 2005/29/EC on unfair commercial practices as well as national regulations and standards from Swedish authorities.

Furthermore, **there are specific requirements for the disclosure of**

sustainability information in the Financial Sector such as reporting obligations for companies, including environment aspects.

The government has recently issued a national committee directive regarding the investigation of EU directives on common rules to promote the repair of goods and enhance consumer power in the green transition, and to propose the legislative changes needed to implement them in Swedish law. The investigation is to be reported by December 2025 and could in the long-term lead to changes in Swedish regulations such as the Marketing Act.

2. Is 'greenwashing' defined in legislation?

There is no specific national law or regulation in Sweden that explicitly defines greenwashing. The Green Claims Directive initially offered a clear definition of greenwashing. However,

following its recent withdrawal, the applicable regulatory definition now comes from the Directive on Empowering Consumers for the Green Transition.

3. Key stakeholders

There is a growing awareness among consumers, who are demanding sustainability in regard to consumer goods, influencing how companies communicate their environmental commitment and putting pressure on both companies and governments to act.

The **Swedish Consumer Agency oversees whether an alleged green product adheres to the Marketing Act**. The Swedish Consumer Agency oversees the market, issues injunctions against companies and conducts legal proceedings against companies in court. The Swedish Financial Supervisory Authority oversees that the entities

comply with the disclosure and reporting requirements outlined in the Act on Disclosure of Sustainability Information in the Financial Sector.

The **Swedish Consumer Agency has a Nordic collaboration with Finland, Sweden, Denmark and Iceland regarding consumer related topics, including greenwashing**. Through this collaboration, the consumer authorities in these countries likely share information, best practices, and strategies to address greenwashing effectively. They may also coordinate enforcement actions, conduct joint investigations, and raise awareness among consumers about how to identify and avoid deceptive environmental claims.

Sweden

4. Focus on financial services

There are **specific requirements in Swedish law for sustainability reporting** to provide financial markets with reliable and comparable information from companies, including environmental aspects.

5. Recent cases

Judgment from the Swedish Patent and Market Court of Appeal, 12 March 2025: A case concerning the marketing of German cosmetic products in Sweden. The products lacked correct Swedish labeling, which the plaintiff considered misleading and contrary to Swedish regulations. The court found that the defendant made unfair claims and that the marketing violated good marketing practices. Regarding environmental claims, the court assessed that the company could not substantiate its claim of “CO2-neutral shipping,” which was considered misleading and unfair. The court emphasized that environmental claims require high credibility and that

such claims have a strong impact on consumer business decisions. The marketing was prohibited under penalty after a comprehensive assessment of several claims (not just environmental) deemed unfair.

Another highly publicized case is the the Think Pink scandal - the largest suspected environmental crime in Swedish history, where a company and its owners are suspected of failing to recycle waste and instead transporting large amounts of construction waste between different waste stations across Sweden. The waste had in some cases been buried in the ground, with dangerous environmental toxins present in several locations. The company marketed their waste handling business as recycling for the customers. The company rented facilities for waste sorting, but the waste was never sorted. Charges for severe environmental crime were brought forth in December 2023, and the trial began in September 2024.

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Norway

There are no specific anti-greenwashing laws in Norway.

The Ministry of Children and Families, which oversees consumer protection, had expressed support for the EU's proposed Green Claims Directive. However, following the recent withdrawal of the directive, the next steps at national level remain uncertain.

1. What laws address the transparency of green claims?

The Norwegian Consumer Authority currently uses more general provisions in the Marketing Control Act as a basis for assessing environmental claims and labels. The **2009 Marketing Control Act requires marketing claims, including environmental claims, to be documented.** The documentation must be accurate and current during the entire marketing period. Furthermore, commercial practice cannot be misleading. **If the Consumer Authority or the Market Council find that a company's claims violates the act, the company risks sanctions.** These may include a prohibition on using the specific environmental claim, a coercive fine if the company does not comply with a decision, or an infringement fine. The size of the fine depends on the severity, scope and impact of the violation.

The EU's Directive on Empowering Consumers for the Green Transition

amends directives that have already been incorporated into the EEA Agreement and implemented in Norwegian law. The changes have not yet been implemented in Norwegian law but may necessitate amendments to the Marketing Control Act, the Cancellation Act, the Act relating to conclusions of agreement, and the Regulation on Unfair Commercial Practices. These rules will apply to Norwegian businesses that place goods on both the Norwegian and European markets. The aim is to better protect consumers against misleading commercial practices in the form of greenwashing and premature product failure.

There are also specific requirements for the Disclosure of Sustainability Information in the Financial Sector. There are local general provisions that address greenwashing through legislation prohibiting false advertisements or false representations.

2. Is 'greenwashing' defined in legislation?

There is no specific definition of greenwashing under Norwegian law. The Green Claims Directive initially offered a clear definition of greenwashing. However, following its recent withdrawal, the applicable regulatory definition now comes from the Directive on Empowering Consumers for the Green Transition.

3. Key stakeholders

There is an increased focus on greenwashing in the Norwegian market from governmental authorities, industry stakeholders and NGOs.

In 2020, **a Norwegian business network, Skift, and climate organizations launched the Guide against Greenwashing.** The guide contains 10 marketing principles aimed at avoiding greenwashing. More than 500 businesses and organizations have endorsed the guide and committed to uphold its principles.

Additionally, the **Consumer Authority in Norway** is a prevalent stakeholder. The Authority has the power to verify whether an alleged green product truly adheres to the Marketing Act and the Act on Disclosure of Sustainability Information in the Financial Sector.

The Consumer Authority has a **Nordic collaboration with Finland, Sweden, Denmark and Iceland regarding consumer related topics, including greenwashing.** Through this collaboration, the consumer authorities in these countries likely share information, best practices, and strategies to address greenwashing effectively. They may also coordinate enforcement actions, conduct joint investigations, and raise awareness among consumers about how to identify and avoid deceptive environmental claims.

Norway

4. Focus on financial services

The **Act on Disclosure of Sustainability Information in the Financial Sector**, which implements the EU taxonomy and the SFDR, **sets out specific requirements for the financial sector**. The Financial Supervisory Authority oversees compliance with these laws and has developed guidelines for businesses to follow.

5. Recent cases

The Consumer Authority, along with other European consumer authorities, has investigated environmental claims about goods and services online. The findings from the coordinated action suggest that vague, exaggerated, or inaccurate sustainability claims are a widespread issue across the EU/EEA area. Overall, the findings from the action indicate that 42 percent

of the environmental claims may be exaggerated, inaccurate, or misleading. In April 2024 The European Consumer Network CPC (Consumer Protection Cooperation Network) sent letters to 20 airlines regarding possible legal violations due to greenwashing.

Other case examples include:

- In 2022, the Consumer Authority investigated a company's use of the Higg Materials Sustainability Index. The index measures the environmental impact up until a textile is produced but not the impact of the finished garment. The case had significant international consequences because the index and the sources it relies on were planned to be used in the EU's efforts against greenwashing.
- In 2021, several electricity companies were convicted of greenwashing by the Consumer Authority for falsely claiming that they could guarantee that the

electricity they supply is renewable or green. This violation of the Marketing Act led to them being instructed to refrain from using "renewable" or "green" in their advertisements or apps.

- In 2007 the Consumer Authority concluded that no cars can be declared "green," and new guidelines for the marketing of cars was introduced after dialogue with car manufacturers. It became possible to highlight aspects of the cars that are more environmentally friendly than other cars, provided that this could be documented.

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United Kingdom

Greenwashing is regulated in the United Kingdom through a combination of general consumer protection laws, supported by the specific guidelines on environmental claims set out in the CMA Green Claims Code, and through specific anti-greenwashing legislation targeted at the financial services sector.

1. What laws address the transparency of green claims?

- The **Digital Markets, Competition and Consumer Act 2024 (DMCC)** replaces and updates the UK's legal framework for consumer protection, including the prohibition of unfair commercial practices, including misleading environmental claims (and omissions) made to consumers in connection with the marketing and advertising of products and services. Importantly, **the DMCC grants the Competition and Markets Authority (CMA) the power to bring administrative actions against companies for breach of these rules**, with the power to fine companies deemed to be greenwashing up to 10 percent of their global turnover (and individuals up to £300,000), in addition to maintaining the current criminal and civil enforcement measures and penalties (fines and potentially imprisonment) available under previous consumer protection regimes. **Enforcement under these**

rules is informed by the CMA's Green Claims Code which details the CMA's expectations around how companies should comply with the obligations to make accurate and clear claims about the environmental impact of their products or services.

- The **UK Code of Non-Broadcast Advertising and Direct and Promotional Marketing (CAP Code) and UK Code of Broadcast Advertising (BCAP Code)** also provide an avenue for the Advertising Standards Authority (ASA) to make public rulings on advertising activity which is non-compliant with requirements on environmental claims.
- More broadly, there may be liability for greenwashing activity under other legal frameworks such as the common law offence of misrepresentation, which may impact corporates through the 'Failure to prevent Fraud' offence that has been introduced by the Economic Crime and Corporate Transparency Act. Misleading reporting, or misstatements

or omissions by directors, can also be challenged under ordinary corporate law principles.

2. Is 'greenwashing' defined in legislation?

An amendment proposed to the **DMCC Bill sought to define greenwashing** as "the making of unsubstantiated claims about the sustainability of products and services and unfair commercial practice." This was not, however, included in the version of the DMCC adopted in May 2024. As such, there is no statutory definition of greenwashing under UK law.

3. Key stakeholders

Regulators, such as the CMA, ASA and Financial Conduct Authority (FCA), and NGOs (who monitor greenwashing claims and advocate for consumer rights and environmental protection) are sensitive to the issues greenwashing presents thus leading to a tough stance against greenwashing

conduct within the UK. This is evidenced by the strengthening of the regulatory frameworks, and by the volume of activist campaigns and litigation challenges brought against companies suspected of greenwashing – whether at a product/service or organizational level. It also reflects KPMG's own research which found that over half (54 percent) of UK consumers say they would stop buying from a company if they were found to be making misleading claims.

4. Focus on financial services

The **FCA has recorded an increase in greenwashing-related issues**, with banks and financial sectors seeing a 70 percent increase in the number of climate-related greenwashing incidents in 2023 compared to in 2022. The head of ESG at the FCA commented on the importance of tackling greenwashing, as the failure to do so allows green claims to mislead customers and erode trust in all ESG products. This focus has been

United Kingdom

reflected in the **FCA's Sustainability Disclosure Requirements (SDR) and sustainable investment labelling regime** which will come into force over the next couple of years and will address greenwashing concerns by: introducing prescriptive sustainability disclosure requirements; creating rules about sustainable investment product labels; and restricting the use of certain sustainability-related terms (such as ESG, green or sustainable).

In the shorter term, the **FCA's anti-greenwashing rule came into effect on 31 May 2024** to help ensure that claims about financial products or services made by FCA regulated entities are fair, clear, and not misleading, and consistent with the sustainability profile of the product or service. The rule applies to all communications about financial products or services which refer to the environmental and/or, social (ie, 'sustainability') characteristics of those products or services. Sustainability-related references can be present in, but are not limited to, statements, assertions, strategies, targets, policies, information, and images. From April

2025, if an investment fund doesn't include a label but is making sustainability claims, access will be given to clear and simple information explaining how it's invested and why it doesn't have a label. **Any unclear or overly technical language can also be scrutinized by the FSA in the context of applying its Consumer Duty powers.**

5. Recent cases

Greenwashing cases have been prevalent in many industries within the UK. Within the **fashion and retail industry**, several major e-commerce brands have faced scrutiny for claims about the eco-friendliness of their product lines and business operations. The UK courts have also been utilized by activist shareholders and NGOs to hold companies to account. Key recent cases include:

- In March 2024 three fashion companies provided undertakings to the CMA which commit them to an agreed set of rules around the use of green claims; covering green claims, fabric statements, green range

criteria, use of imagery, product filters, environmental targets and accreditation schemes. Following the investigation, the CMA published a green claims in fashion compliance guide. The CMA has also sent an open warning letter to the wider sector calling on them to take equivalent action and highlighting the new enforcement powers under the DMCC. These undertakings provide a strong indication of the approach the CMA is likely to take in its ongoing greenwashing investigations in the FMCG sector.

- In 2022 the ASA banned advertisements by a bank on the basis that unqualified claims as to its green credentials and the omission of material information about the bank's contribution to carbon dioxide and greenhouse gas emissions, in particular by failing to mention its financing of fossil fuel projects and links to deforestation, had the potential to mislead consumers .
- In December 2024, the ASA prohibited a bank's advertisement for making misleading environmental claims. The advertisement campaign included

three sponsored LinkedIn posts, and the ASA determined that one of the posts violated the CAP code.

- The ASA have also criticized ads from numerous airlines which inaccurately promote air travel as sustainable.
- In January 2025, the ASA criticized an online travel agency's use of the word "sustainable" and decided that as the use of the word hadn't been substantiated with sufficiently robust evidence, the ad was misleading.
- Various companies in the food and drink sector have had their advertising claims around their products, and purported links to helping the environment, challenged on the basis of a lack of substantiation.
- Environmental activists have launched complaints and litigation against oil and gas companies regarding misleading advertising, particularly around their transition from fossil fuels. While many of the derivative actions have failed at early stages of the judicial process, these have still attracted significant public scrutiny.

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South Africa

There is no specific law or regulation on green claims in South Africa. However, greenwashing practices are addressed by general legislation prohibiting false advertisements or false representations.

1. What laws address the transparency of green claims?

- **Consumer Protection Act 68 (2008):** Prohibits the marketing of goods or services through false, misleading or deceptive representations of fact regarding such goods or services, which would include claims about how a company's products or services are environmentally sound, beneficial or compliant.
- **Companies Act 71 (2008):** Provides that the financial statements of a company must not be false or misleading in any material respect. This is particularly relevant in the context of sustainability reporting obligations. This position is bolstered by principle five of the King IV Code on Corporate Governance which recommends that

a board of a company should ensure that reports (such as annual financial statements and sustainability reports) issued by the organization should enable stakeholders to make informed assessments of the organization's performance, and its short, medium and long-term prospects.

- **Advertising Regulatory Board Code of Advertising Practice (the "Code"):** Regulates advertising practices in South Africa. The Code requires that all advertisements that contain any messaging (visual or aural communication, representation, reference or notification) be legal, decent, honest and truthful – thereby prohibiting false and/or inaccurate "green claims." Appendix G to the Code specifically regulates advertising containing environmental claims.

- **Regulations relating to the Labelling and Advertising of Foodstuffs (2023):** Regulation 2(2) stipulates that manufacturers, importers and sellers of foodstuffs must provide accurate information regarding the characteristics, origin, composition, quality, nutritive value, nature or other properties of a foodstuff and the time and place of its manufacture to the consumer.

2. Is 'greenwashing' defined in legislation?

There is no specific definition of greenwashing under South African law.

3. Key stakeholders

The level of stakeholder sensitivity around the issue of greenwashing is uncertain (particular among NGOs). However, prominent organizations such as **the Johannesburg Stock Exchange and the Advertising Regulatory Board have published guidance documents on sustainability disclosures and environmental claims** respectively, which is an indicator that a shift in accountability standards is under way, and that corporate South Africa is certainly sensitive to the issue of greenwashing.

South Africa

4. Focus on financial services

The **Johannesburg Stock Exchange Sustainability and Disclosure Guidance note**, 2022, a voluntary guidance tool that may be used to, inter alia, improve the quality of sustainability and ESG information made available to enable more informed investment. **The aim of this document is to assist listed companies by providing guidance on sustainability disclosures.**

5. Recent cases

There are no recent cases related to greenwashing in South Africa that have been adjudicated by any South African court.

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Malaysia

There are no specific anti-greenwashing laws in Malaysia. It is mainly regulated using consumer protection laws and more recently, under securities laws.

1. What laws address the transparency of green claims?

Section 10 of the Consumer Protection Act 1999 prohibits making false or misleading representations regarding aspects of goods or services. Additionally, **Section 18 establishes the presumption of liability for advertisers and/or the person on whose behalf the advertisement is made unless evidence of the contrary is provided.** In relation to greenwashing, the act underscores the importance of accuracy in marketing claims related to environmental aspects of products or services.

Greenwashing may potentially be caught under the Contracts Act 1950 as misrepresentation if the elements for misrepresentation can be fulfilled. To be classified as misrepresentation, there must be a greenwashing statement that has induced the buyer to enter into the relevant contract.

Following the increasing trend of regulators holding companies liable for greenwashing under securities and corporate fraud laws globally, it may also be possible for greenwashing to be caught under the Capital Markets and Services Act 2007 (CMSA). Sections 177 and 178 of the CMSA prohibit false or misleading statements and the omission of material information in disclosures related to securities. Companies that misrepresent their ESG credentials or sustainability performance in prospectuses, annual reports, or sustainability disclosures, especially under the phased National Sustainability Reporting Framework (NSRF), could face liability under these provisions.

2. Is 'greenwashing' defined in legislation?

There is no specific national law or regulation in Malaysia that defines greenwashing.

3. Key stakeholders

In Malaysia, attitudes towards greenwashing vary among different stakeholders, influencing their levels of sensitivity. Notably, **the financial sector exhibits particular sensitivity, as evidenced by the establishment of the Joint Committee on Climate Change in 2021. Financial sector regulators have also published various climate change policy documents which provide guidance to financial institutions on mitigating greenwashing risks. The Securities Commission and stock exchange regulator in Malaysia have also enhanced sustainability reporting standards, and have set expectations for accurate ESG disclosures.**

NGOs have also demonstrated significant sensitivity to the issue of greenwashing. They had a critical response to the awarding of a 'low carbon' city designation to the Penang South Islands project. Additionally,

The Borneo Project and Bruno Manser Fonds' joint report criticizing the certification of a timber company as "sustainable" and providing recommendations to combat the issue further shows NGOs are highly sensitive to the issue of greenwashing.

Additionally, a Zero Greenwashing Alliance has been formed for the purpose of addressing and combating greenwashing practices in Southeast Asia. Its secretariat is currently Rimba Watch, a Malaysian environmental watchdog organization focused on monitoring deforestation, sustainability policies, and corporate environmental claims in the country.

4. Focus on financial services

Malaysia's financial regulators are increasingly addressing greenwashing through ESG disclosure mandates and cross-agency collaboration. The Securities Commission Malaysia (SC) is implementing the phased National

Malaysia

Sustainability Reporting Framework (NSRF), requiring climate and sustainability disclosures from listed and large non-listed companies. Bank Negara Malaysia (BNM), via the Joint Committee on Climate Change (JC3), works with the SC to guide financial institutions on climate risk and ESG considerations to take into account in their loan portfolio.

There is a growing emphasis on promoting sustainability and responsible business practices. **Bursa Malaysia, the Indonesian Stock Exchange (IDX), the Stock Exchange of Thailand (SET) and Singapore Exchange (SGX Group), collectively referred to as the Participating Exchanges, announced a collaboration on the ASEAN-Interconnected Sustainability Ecosystem (ASEAN-ISE) initiative.** The initiative aims to advance ASEAN's sustainable development through the implementation of common ESG metrics.

5. Recent cases

Litigation cases specifically related to greenwashing in Malaysia are not extensively recorded due to the lack of a centralized database.

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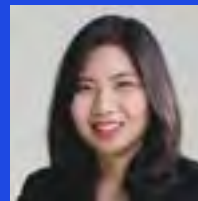
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Singapore

Although there are no specific anti-greenwashing laws in Singapore, as of 6 March 2025, specific guidelines on environmental claims have been issued. Local general provisions address greenwashing through legislation prohibiting false advertisements or false representations.

1. What laws address the transparency of green claims?

The **Consumer Protection (Fair Trading) Act 2003 prohibits false or misleading communications (including omissions) in relation to a consumer transaction.** An affected consumer may bring an action under the CPFTA subject to a claim limit of S\$30,000.

The **Competition and Consumer Commission of Singapore, which is empowered to deal with any suspected breaches of the Consumer Protection (Fair Trading) Act 2003, is creating guidelines targeted at greenwashing and environmental claims: the Guidelines on Fair and Accurate Green Claims.** In the interim, they have developed pointers to aid consumers' understanding of environmental claims.

The **Misrepresentation Act 1967, along with the Common Law doctrine of misrepresentation,** prohibits innocent, negligent and fraudulent misrepresentations which could constitute greenwashing.

The **Singapore Code of Advertising Practice (SCAP) is an industry guideline that encourages ethical advertising,** and has a section dedicated to truthful presentation.

It is **enforced by its issuer, the Advertising Authority of Singapore (ASAS),** which can issue sanctions including informing an advertiser to remove or amend their infringing advertisement, withholding ad space or time, publicizing findings and escalating to the relevant authorities for further investigation.

Directors of companies owe judiciary duties (under Singapore's Companies Act 1967 and the common law) which includes a duty to act honestly, with reasonable diligence and in the best interest of the company. Shareholders who are aware of greenwashing may bring derivative actions in the name of the company against the directors.

The **Singapore Green Label Certification, accredited by the Global Ecolabelling Network, is a voluntary certification scheme that helps consumers identify environmentally**

friendly products and services. It sets strict criteria regarding product life cycles. The ecolabel helps consumers make informed choices and reduces the risk of greenwashing.

The **Green Mark certification scheme conducted by the Building and Construction Authority (BCA) evaluates and verifies a building's environmental impact and performance.** The scheme ensures that Green Mark Credentials are only awarded to building owners where their buildings have met the scheme's sustainability requirements, and regulates the display and publication of the Credentials.

Additionally, **the Sustainability Reporting Advisory Committee , convened by the Accounting and Corporate Regulatory Authority (ACRA) and the Singapore Exchange Regulation (SGX RegCo), has made recommendations to advance climate reporting in Singapore,** which has led to a public consultation and could indicate future legislative intentions.

2. Is 'greenwashing' defined in legislation?

There is no definition of greenwashing under Singaporean law.

3. Key stakeholders

NGOs exhibit varying degrees of sensitivity to the issue of greenwashing. **Local NGOs support the government in developing environmental laws and policy** through appointments on official committees and consultations. The **Singapore Environment Council (SEC),** which was granted the UN Environmental Programme accredited environmental NGO status, **conducts sustainability training for business owners and executives** to increase their appreciation of sustainability-related risks. Participants who complete the course will be entitled to a complimentary full sustainability audit of their organization by the SEC.

Internationally, **Singapore has been collaborating as part of the United Kingdom-Singapore Financial Partnership** to identify compatibilities

Singapore

between the two countries' taxonomies and metrics for green and transitional activities. **Singapore is also a member of the UN and was one of the first countries to ratify the Paris Agreement.**

4. Focus on financial services

Greenwashing is a concern for Singapore's financial sector regulators and stakeholders. **Regional efforts to combat greenwashing** chiefly point to the **ASEAN Taxonomy for Sustainable Finance**, which is a guide designed to enable a just transition towards sustainable finance adoption by ASEAN member states.

Since 2022, the **Monetary Authority of Singapore (MAS)** has required **banks to conduct stress tests that include climate-related scenarios.**

Singapore's Securities and Futures Act (SFA) criminalizes the making of false or misleading

statements in inducing the subscription, purchase or sale of securities. Additionally, the **Listing Rules of the Singapore Exchange** requires listed issuers to issue a sustainability report for each financial year. /

Updates to the disclosure and reporting guidelines by MAS for retail Environmental, Social and Governance (ESG) funds being offered in Singapore set out MAS' expectations that asset managers will clearly define sustainability terms used when marketing ESG funds, publish information relating to benchmarks and shareholder engagement, and explain the use of ESG ratings and metrics.

The **Singapore-Asia Taxonomy for Sustainable Finance** was launched in December 2023 by MAS. It sets out thresholds and criteria for defining green and transition activities that contribute

to climate change mitigation across eight sectors (energy, real estate, transportation, agriculture and forestry, industrial, information and communication technology, waste/ circular economy and carbon capture and sequestration). Crucially, this is the first taxonomy globally to pioneer the concept of a "transition" category. While not legally binding, the point of reference should reduce the susceptibility of participants to greenwashing.

MAS has also developed a system powered by artificial intelligence known as NovA! to address greenwashing concerns linked to sustainability-linked loans. One of its core features is assisting banks to assess and monitor the sustainability performance of borrowers before extending such loans.

5. Recent cases

There have been **no recorded litigation cases** specifically related to greenwashing in Singapore. However, ASAS has acted against advertisers that were found to be in breach of the SCAP guidelines for greenwashing:

- In late 2023, a consumer protection body challenged a home appliance company over marketing claims that overstated the environmental benefits of its air-conditioning products. The organization requested the removal of an advertisement that allegedly breached sustainability advertising guidelines.
- In 2024, the same body criticized a budget airline for promotional content that exaggerated the environmental performance of its aircraft fleet. The campaign was flagged for potentially misleading claims and was requested to be taken down.

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Indonesia

There are no specific anti-greenwashing laws in Indonesia. It is currently regulated using consumer protection laws that prohibit “false advertisements” or “false representation.”

1. What laws address the transparency of green claims?

The **Consumer Protection Regulations (Law No. 8 of 1999)** prohibits misleading marketing communications or misrepresentation that might influence the consumer. Violations of these provisions may lead to criminal sanctions and fines.

The **Indonesian Criminal Code** penalizes fraud which involves deliberate deception. This could apply to greenwashing.

The **Regulation on Environmental Protection and Management (Law No. 32 of 2009)** prohibits causing environmental damage through deception. It mandates environmental impact assessments for activities with a significant environmental impact and requires businesses to align with findings to prevent misleading claims.

Additionally, the regulation grants citizens access to environmental information to hold companies accountable.

The **Indonesian Ecolabel** is a certification scheme that helps consumers identify environmentally friendly products and services. **Regulation No. 2 of 2014** outlines the requirements and procedures for displaying the Indonesian Ecolabel logo on products. The Ecolabel helps consumers make informed choices and reduces the risk of greenwashing.

2. Is ‘greenwashing’ defined in legislation?

There is no specific national law or regulation in Indonesia that defines greenwashing.

Regional collaborations such as the ASEAN Green Finance Working Group are working towards clearer definitions of “green” projects.

3. Key stakeholders

The awareness of different stakeholders in the Indonesian market is increasing. The highest sensitivity is among NGOs. Environmental NGOs such as WALHI (Wahana Lingkungan Hidup Indonesia) are actively campaigning for stricter regulations. Regional collaborations between other NGOs (e.g. Setara Coalition, ASEAN Cooperation on Environment Programme (ACOP) and Greenpeace Asia) are bringing greenwashing issues up regularly and demanding environmental actions. Other key stakeholders include institutional investors and proxy advisors such as Sustainalytics and ISS ESG, which are increasingly considering ESG factors in their advice to clients.

4. Focus on financial services

The **Financial Services Authority (OJK)** is another key stakeholder in Indonesia. The OJK has regulations on sustainability reporting for

financial institutions which encourage transparency and help to identify the companies making misleading claims.

The OJK is **developing a green taxonomy** and sustainability reporting requirements for financial institutions to mitigate greenwashing risks. **It is also debating the inclusion of coal-fired power plants in its green taxonomy.**

Additionally, there are **ongoing proposals to improve the effectiveness of sustainability reporting for listed companies**, which could make it harder for them to make misleading green claims, given the increasing awareness of both NGOs and media outlets.

The ASEAN Green Finance Working Group aims to develop regional standards for green finance, including guidelines for green bonds and sustainable investing.

Indonesia

5. Recent cases

Greenwashing has appeared notably in the **pulp and paper, consumer goods and energy sectors**, including through NGOs challenging greenwashing through reports and investigations:

In 2021, Greenpeace's Cartons of Convenience report linked a pulp and paper producer to deforestation in Sumatra. Greenpeace investigations also documented the clearing of natural forests and endangerment of species.

WALHI accused a bottled water brand of greenwashing through its campaign focused on plastic bottle recycling in 2022. The NGO argued the campaign diverted attention from excessive plastic usage and did not give information on the company's own recycling initiatives.

Greenwashing cases have also been prevalent in the Indonesian media: In

2023, an iced tea brand faced criticism for their campaign which used nature visuals that associated the brand with environmental consciousness.

There have also been lawsuits intervening against environmental claims. Several lawsuits challenging a coal-fired power plant's environmental and social impact assessments were filed after the project claimed to utilize "clean coal" technology.

In 2023, the Indonesian Government issued Government Regulation No. 26 Year 2023 concerning the Management of Sedimentation Results in the Sea (GR-26). The Ministry of Marine Affairs and Fisheries formed a study team to carry out the necessary follow up actions of the issued GR-26. The study team has considered that GR-26 is not really focused on environmental protection and marine ecosystem.

Research carried out by the Indonesian Center for Environmental Law (ICEL) found that between 2017 and 2021, several public greenwashing cases took place in Indonesia:

- A firm in the energy and mining sector launched a campaign promoting its commitment to green business and climate action. However, the initiative has been questioned due to the company's continued reliance on coal production, with significant reserves and associated emissions.

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Taiwan

There is no specific law or regulation on green claims in Taiwan. Greenwashing practices are addressed by general legislation prohibiting false advertisements or false representations. In addition, the Financial Supervisory Commission announced the Guidelines on Anti-Greenwashing for Financial Institutions on 30 May 2024, helping financial institutions avoid potential greenwashing practices and take preventive measures in advance.

1. What laws address the transparency of green claims?

- **Consumer Protection Act:** The law prohibits the publication or presentation of deceptive, exaggerated or misleading labelling, advertising or marketing of products and/or services provided to consumers. The law allows consumers to claim compensation for damages, which can be up to five times the amount of the actual damages incurred against importer/manufacturers for any products and/or services involving deceptive, exaggerated or misleading labelling, advertising or marketing.
- **Securities and Exchange Act (SEA):** Listed companies are required to include ESG and climate related information as part of their annual report. If an annual report contains deceptive and/or misleading climate information, the issuing company and its legal representatives can be subject to:
 - criminal penalties of up to 10-year imprisonment plus a fine of up to NT \$200 million.

- civil liabilities.
- an administrative fine of up to NT\$4.8 million, which may be imposed consecutively until the company makes necessary corrections.
- **Fair Trade Act (Unfair Competition Law in Taiwan):** The law prohibits the publication or presentation of deceptive, exaggerated or misleading labelling, advertising or marketing material which may cause unfair competition in the market. If a company violates the regulation, it can be subject to:
 - civil damages of up to three times the amount of actual damages caused.
 - an administrative fine of up to NT \$50 million, which may be imposed consecutively until the company ceases its violating acts, rectifies its conduct, or takes necessary corrective actions.

2. Is 'greenwashing' defined in legislation?

In accordance with the **Guidelines on Anti-Greenwashing for Financial Institutions** announced by the Financial Supervisory Commission on 30 May 2024:

"A financial institution or the financial products or services it offers may be considered engaging in greenwashing if its sustainability-related claims, actions or statements provide unclear or exaggerated information, selectively disclose only positive impacts, or lack evidence to support the claimed sustainability characteristics, thereby potentially misleading consumers, investor or other market participants."

Other than the above Guidelines governing financial institutions and their products/services, there is no general definition of greenwashing under Taiwan law.

3. Key stakeholders

The main bodies responsible for overseeing and enforcing greenwashing regulations in Taiwan are the **Consumer Protection Committee (CPC)** (responsible for oversight and enforcement of penalties related to consumer protection laws); the **Fair-Trade Commission (FTC)** (enforces penalties related to deceptive marketing practices that impact fair competition in the market); and the **Financial Supervisory Commission (FSC)** (the primary regulatory body overseeing various aspects of the financial sector, including securities, insurance, banking, and corporate governance). All supervisory authorities work together to ensure compliance with relevant laws and regulations, protecting investors and consumers from misleading information. Awareness among various stakeholders, including financial sector regulators in the Taiwanese market, is growing. Taiwan's **Environmental Protection Administration (EPA)** has cautioned local businesses against

Taiwan

greenwashing and urged them to accurately monitor emissions and implement third-party monitoring systems. This is particularly in response to the adoption of the **Climate Change Response Act (CCRA)** in February 2023. The MOENV also released the Guidelines on Carbon Neutral Claims for Enterprises on 26 September 2024 to provide the standards and procedures for an enterprise and its products or services to engage in carbon footprint assessment and verification, emission reduction, carbon offsetting and carbon neutral claims.

4. Focus on financial services

Greenwashing prohibition in the financial sector is governed by the SEA, which prohibits false or misleading statements in the annual reports regarding climate information.

- **Regulations Governing Information to be Published in the Annual Report of the Financial Holding Companies:** requires regulated financial entities (e.g., banks, insurance companies, securities firms and other regulated financial institutions) to disclose certain climate related information in their annual reports.
- **Roadmap for Taiwan listed companies to align with the IFRS (Sustainability Disclosure Standards):** the FSC announced the roadmap on 17 August 2023, in order to improve the comparability of sustainability-related financial information and prevent greenwashing. The roadmap requires listed companies to disclose sustainability information in accordance with IFRS Sustainability Disclosure Standards (ISSB Standards) in their annual reports, and to publish

sustainability information at the same time as the financial statements. Starting from 2026 fiscal year, the listed companies will apply the ISSB Standards in three stages based on the paid-in capital.

5. Recent cases

Litigation cases specifically related to greenwashing in Taiwan are not extensively recorded due to the lack of a centralised database.

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Thailand

There are no specific greenwashing laws in Thailand. It is mainly regulated using consumer protection laws.

1. What laws address the transparency of green claims?

Regulations addressing greenwashing are covered by the **Consumer Protection Act B.E. 2522 (the Act)**. This act prohibits false or misleading representations about goods or services. Companies accused of greenwashing under this law may face penalties, including imprisonment for up to six months, a fine of up to 100,000 Thai Baht, or both.

Greenwashing regulations, as part of Thailand's draft Climate Change bill, are currently undergoing revisions and comments from relevant Thai ministries and departments. **This draft bill focuses on the development and implementation of national frameworks, reporting compliance, and mechanisms for monitoring GHG emissions and removals.** Following the

public hearing and revisions, the draft bill is expected to be submitted for Cabinet approval in 2025.

Until the draft bill is enacted, business operators are encouraged to adhere to voluntary standards, such as environmental labels for their products. For example, the Thailand Greenhouse Gas Management Organization offers Thai Green Labels and Carbon Footprint labels.

2. Is 'greenwashing' defined in legislation?

There is no specific national law or regulation in Thailand that defines greenwashing.

3. Key stakeholders

Greenwashing has garnered significant attention in the Thai market, raising concerns among various stakeholders. In the absence of official greenwashing regulations, the **Securities Exchange Commission (SEC) of Thailand and the Bank of Thailand have emerged as the most active regulators.** They have taken substantial steps to address the issue, including establishing dedicated ESG task forces, reflecting the growing concern over greenwashing in Thailand.

Investors in Thailand are increasingly concerned about greenwashing, recognizing the financial risks associated with misleading ESG claims. This heightened awareness has driven a growing demand for greater transparency and accountability from companies regarding their ESG performance.

Thailand

4. Focus on financial services

Thailand's draft Climate Change bill aims to establish clear conditions and criteria for ESG considerations in each industry. In the energy sector, for example, criteria will include the classification of energy sources and annual carbon emissions and removals. This sector-specific approach ensures that ESG considerations are tailored to the unique characteristics and challenges of each industry.

A notable **regional initiative to combat greenwashing is the ASEAN Taxonomy for Sustainable Finance**, which provides a common framework for classifying sustainable economic activities across ASEAN member states by establishing a shared understanding of sustainable investments and

aiming to prevent greenwashing and promote greater transparency and accountability in the region.

5. Recent cases

The energy sector in Thailand has faced scrutiny over greenwashing, particularly concerning carbon credits. Questions about the validity and effectiveness of carbon offset projects have highlighted the potential for greenwashing in this area.

However, comprehensive data on greenwashing litigation in Thailand is limited due to the lack of a centralized database.

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Brazil

There are no specific anti-greenwashing laws in Brazil. It is currently regulated using consumer protection and advertising laws.

1. What laws address the transparency of green claims?

In 2013, to address the absence of specific legislation governing deceptive advertising practices such as greenwashing the **Federal Supreme Court (STF) ruled that the existing Brazilian Consumer Protection Code adequately covers regulations concerning commercial advertising, including those pertaining to environmental claims.** The Consumer Protection Code prohibits deceptive advertising, encompassing false or misleading information and the omission of vital details, such as greenwashing tactics. It mandates that green claims adhere to principles of transparency and truthfulness outlined in the code.

The **Brazilian Advertising Self-Regulation Council (CONAR) has set guidelines** aimed at combating greenwashing in advertising. These guidelines mandate companies to substantiate their environmental claims and prohibit any false or misleading assertions regarding environmental

issues. Additionally,

CONAR's Brazilian Code of Self-Regulation in Advertising (CBAP) defines terms like "socioenvironmental advertising" and "cause-related marketing." If CONAR determines that an advertisement breaches the CBAP, it may impose administrative penalties such as fines or the removal of the offending advertisement.

Breaches of the Consumer Protection Code can give rise to both administrative and criminal sanctions, including fines, product confiscation or destruction, cancellation of product registration, prohibition on manufacturing, suspension of supply, temporary closure of activities, revocation of concessions or permits, and imposition of counter-advertising. The Public Prosecutor's Office and consumer defense associations hold the authority to initiate legal proceedings against companies seeking compensation for individual and collective damages.

Deceptive advertising and dissemination of misleading information constitute

crimes against consumer relations. The penalties for such crimes may involve imprisonment, detention, and fines. Additionally, greenwashing practices can be deemed unfair competition, where false claims deceive consumers and unfairly disadvantage competitors. In such cases, companies may face penalties for unfair competition, alongside potential civil liability under the Brazilian Industrial Property Law.

Companies may face administrative sanctions under Brazilian National Environmental Policy, such as fines, loss of tax incentives, and suspension of financing participation. They may also have to remedy environmental damage, facing civil and criminal actions under Brazilian law, including the Environmental Crimes Law. Bill 2838/22, currently in its early stages, seeks to create a national classification of economic activities based on their social, environmental, and climate impacts. The bill aims to deter greenwashing by discouraging the deceptive use of environmental claims without genuine commitment to sustainability practices.

2. Is 'greenwashing' defined in legislation?

There is no specific law or regulation that specifically defines greenwashing in Brazil.

3. Key stakeholders

ESG issues are currently a hot topic in Brazil, and it is expected that greenwashing will become increasingly sensitive for different stakeholders. Self-regulation entities diligently monitor and enforce greenwashing regulations within their areas of expertise. Nevertheless, both individuals and authorities, including federal or state prosecutors' offices, retain the right to pursue individual or collective claims concerning greenwashing, ensuring comprehensive oversight and accountability.

Brazil

4. Focus on financial services

As a self-regulatory standard, the Brazilian Federation of Banks (FEBRABAN), an entity that represents the country's main financial institutions, developed the FEBRABAN's Green Taxonomy. It aims to guide financial flows towards activities that present positive impacts, potentially reducing financing for activities characterized as "greenwashing" by defining which activities can be classified as sustainable.

The **Brazilian Securities and Exchange Commission (CVM) and the Central Bank of Brazil (BCB)**, are addressing ESG issues in financial and capital markets. CVM, responsible for overseeing the stock exchange market, emphasizes full disclosure principles to ensure market equity.

Resolution No. 59/2021 requires Brazilian listed companies to disclose specific ESG aspects in their reports, employing a "comply or explain"

approach, even if ESG practices are absent. ANBIMA, a leading self-regulatory body, mandates specific suffixes in the names of investment funds with 100 percent sustainable assets.

Resolution No. 4,945/2021 establishes requirements for financial institutions' Social, Environmental and Climate Responsibility Policy, which is overseen by the BCB. Since 2008, the BCB and CMN have set guidelines for credit granting by financial institutions, including specific regulations for rural credit.

CVM's Resolution 193 adopts directives from the International Sustainability Standards Board. Starting in 2024, Brazilian organizations can voluntarily comply with these standards, with mandatory compliance by 2026. An ongoing initiative aims to create a Brazilian sustainability taxonomy, streamlining the detection of greenwashing and setting benchmarks for ESG products. In the capital and financial markets, false or misleading

information disclosure is a serious offense. Non-compliance with regulations can result in sanctions such as warnings, fines, temporary disqualification, or suspension of authorization.

CVM's Resolution 175 establishes stricter criteria for the classification and disclosure of sustainable and climate investment funds. The resolution establishes clearer criteria for classifying funds as "sustainable" or "friendly", seeking to avoid the misleading use of terms related to sustainability. Funds with references to environmental, social and governance (ESG) factors are required to disclose detailed information on the expected ESG benefits, the methodologies used and the form, content and frequency of disclosure.

5. Recent cases

Notable greenwashing cases in Brazil include:

- A legal challenge by local communities against a large eucalyptus pulp producer alleging a gap between perceived sustainability and actual practices, including deforestation.
- Climate litigation brought against a bank alleging greenwashing in relation to its failure to adequately address climate change in its investment activities.
- An automobile manufacturer was warned after it featured a product it called the "Supergreen tire" in an advertisement, which supposedly offered high durability and low fuel consumption. However, the production, use and disposal of the product did not match what was advertised in the brand's advertising campaigns.

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Canada

Greenwashing practices are addressed in general federal and provincial consumer protection, competition, securities, environmental, and product packaging and labelling laws which prohibit false or misleading representations made to consumers, investors and the public.

1. What laws address the transparency of green claims?

At the federal level, the **Competition Act has long prohibited false or misleading representations made to promote a product or business interest**. Passed into Law on 20 June 2024, **Bill C-59 added two provisions to address greenwashing**, aiming to enhance the accountability of businesses making environmental and certain social claims **relating to products, as well as broader corporate environmental claims (e.g., carbon neutral and net zero claims, biodiversity, nature positive claims, etc.)**.

The two greenwashing provisions are as follows:

1. Product Benefit Claims: companies are prohibited from making promotional claims about the environmental benefits of a product (e.g., low carbon fuels) that are not based on an “adequate and proper test.” Following discussions among Members of Parliament at the House of Commons Standing Committee of Finance, further amendments were

introduced to the Bill, prohibiting product benefit claims that claim to mitigate the “social” causes or effects of climate change (e.g., Indigenous reconciliation; responsible supply chain, etc.), unless such claims are substantiated based on an “adequate and proper test.”

2. Business or Business Activity

Claims: companies are also prohibited from making promotional claims about the environmental benefits of a business or business activity (e.g., carbon neutral or net zero claims, biodiversity, nature positive claims, etc.) unless such claims have adequate and proper substantiation in accordance with an “internationally recognized methodology.”

Companies found to be making such claims may face significant administrative monetary penalties that are up to the greater of: (i) Cdn\$10 million (or Cdn\$15 million for repeat conduct), or (ii) three times the value of the benefit derived from the deceptive conduct, or if the amount cannot be reasonably determined, 3 percent of annual worldwide gross revenues.

Starting 20 June 2025, private parties will have the right to seek leave (permission) from the Competition Tribunal to bring an action against companies for deceptive marketing, including under these new anti-greenwashing provisions. Actions will be granted permission to proceed if deemed to be in the public interest.

In December 2024, the Competition Bureau introduced draft guidelines which provide insight into their approach to the anti-greenwashing provisions in the Competition Act. Feedback on the Bureau’s draft guidelines was accepted through a public consultation process until 28 February 2025. The Bureau published the final version of the guidelines on 5 June 2025.

Parliament had also introduced the Fossil Fuel Advertising Act (Bill C-372), prohibiting the promotion of fossil fuels with limited exception. This private member’s bill, not yet passed, seeks to prohibit the promotion of fossil fuels in Canada unless authorized by the Act and is similar to prohibitions on tobacco advertising. With the dissolution of

Parliament on 23 March 2025, all items on the *Order Paper*, including Bill C-372, died.

2. Is ‘greenwashing’ defined in legislation?

There is currently no legislation that specifically defines greenwashing in Canada.

3. Key stakeholders

Many stakeholders in Canada including NGOs, investors, and consumers, are sensitive to the issues greenwashing presents in Canada.

Under federal competition law, several **greenwashing complaints have been filed with the Competition Bureau**, and enforcement actions have been initiated against companies. In addition, environmental class actions have become common for consumers and securityholders addressing false or misleading environmental claims, where parties can seek compensation through the courts.

Canada

4. Focus on financial services

During the last parliamentary session, which was recently dissolved, Senator Rosa Galvez had introduced Bill S-243, known as the Climate-Aligned Finance Act. **This Act aimed to align the activities of Canada's financial sector with Canada's federal climate commitments**, mandating that federally regulated financial institutions and Crown corporations develop action plans and targets to address climate risks. With the dissolution of Parliament on 23 March 2025, all items on the Order Paper including Bill S-243 died.

On 10 October 2024, the Canadian government announced the development of a made-in-Canada sustainable investment guideline (taxonomy) and, while mandatory disclosures are already in place for federally regulated financial institutions, Canada intends to expand this to large federally incorporated companies through amendments to the Canada Business Corporations Act. These changes are expected to minimize greenwashing and improve the quality of climate reporting.

5. Recent cases

The **Competition Bureau has initiated several investigations** into various businesses due to false or misleading marketing practices. These investigations have focused on alleged greenwashing claims against companies in the consumer goods, oil and gas, and garment industries. Additionally, there have been numerous, proceedings before the Competition Tribunal and private lawsuits filed against companies for similar alleged greenwashing activities.

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Colombia

Although there are no specific anti-greenwashing laws in Colombia, specific guidelines on environmental claims have been issued. Local general provisions address greenwashing through legislation prohibiting false advertisements or false representations.

1. What laws address the transparency of green claims?

Bill No. 101 of 2023 was presented before the Congress of the Republic and it **proposes concrete measures to ensure that businesses promoting sustainability do so transparently and truthfully. Through this bill, greenwashing would be included in** the consumer protection laws (specifically **Law 1480 of 2011 – Consumer Protection Statute**). Key provisions included the obligation to provide complete, truthful, verifiable, understandable, and accurate information about their environmental practices, and this information must be available and updated on their websites. One of the most important restrictions applies to advertising projects that are undergoing environmental evaluation. This Bill was later archived by the Colombian Senate.

Law 256 of 1996 prohibits acts of unfair competition, including those that mislead the public. This includes identifying and addressing deceptive practices where companies mislead consumers about the environmental benefits of their products or services. Through rigorous analysis of advertising materials and product claims, enforcement actions can be taken against companies engaging in greenwashing, potentially resulting in fines, injunctions, or corrective measures.

The National Agency for Advertisement Self-Regulation operates without legislative authority, functioning as a voluntary entity driven by private initiative. Despite lacking legal enforcement capabilities, **the Agency has issued the Colombian Code for Advertisement Self-Regulation**, applicable to all advertisements in Colombia. In terms of green claims, the Code mandates that advertisements

explicitly outline their contributions to environmental improvement and national development. It mandates truthfulness regarding environmental impacts, characteristics, and benefits of advertised products, with an emphasis on promoting environmentally responsible behaviours whenever feasible.

Decree No. 1369, issued in 2014, **established requirements for environmental advertising and green marketing claims.**

The decree sets forth a series of requirements that extend to any advertising that makes reference to a product's positive environmental characteristics or positive impact.

A new legislative initiative has been introduced: Bill No. 490 of 2025, Buy Informed, Buy Protected aims to amend Law 1480 of 2011 (Consumer Protection Statute) to reflect evolving consumption patterns and reinforce consumer rights.

One of the key proposals is the addition of Article 30-1, which establishes penalties for disseminating false or misleading information that attributes environmental benefits to products or services that do not possess them, or that conceals their negative impact on the environment and quality of life.

This provision explicitly targets greenwashing, defined as deceptive advertising that leads consumers to believe a product is sustainable or environmentally friendly when it is not. While current regulations already allow for sanctions against such practices, the direct inclusion of this concept in the Consumer Protection Statute underscores the legislature's commitment to sustainability and transparency in commercial communications.

Colombia

2. Is 'greenwashing' defined in legislation?

There is no law or regulation that expressly defines greenwashing in Colombia.

3. Key stakeholders

As greenwashing is a relatively new concept in Colombian legislation, awareness is gradually increasing among various stakeholders. **The Superintendence of Industry and Commerce (SIC) and the Superintendence of Finance are the primary authorities focusing on regulating this issue.**

4. Focus on financial services

Decree No. 151 of 2021 modifies Decree 2555 of 2010 to enhance transparency and disclosure practices by securities issuers. The decree **mandates issuers to truthfully disclose information, including ESG criteria**, in a clear way for both investors and the market. **Issuers must submit periodic reports to the Superintendence of Finance**, detailing ESG practices and indicators. By enforcing these regulations, Decree 151 aims to prevent greenwashing, promote market integrity, and protect investors' interests through accurate ESG-related information.

5. Recent cases

Litigation cases specifically related to greenwashing in Colombia are not extensively recorded due to the lack of a centralized database.

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Chile

There are no specific anti-greenwashing laws in Chile. Greenwashing is regulated by general laws on consumer protection and advertising which cover deceptive or misleading practices.

1. What laws address the transparency of green claims?

Both the Consumer Protection Law and Unfair Competition Law may be used to sanction greenwashing in the form of misleading advertisements.

Also, the Penal Code, the Economic Crime Law and the Criminal Responsibility of Corporation Law may treat greenwashing as a type of fraud in connection with the characteristics of a product.

Law No. 21,455 **Climate Change Framework Law**, enacted in 2022, aims to tackle the challenges posed by climate change, aligning with Chile's commitments to achieve greenhouse gas emissions neutrality by 2050. It is considered the primary ESG regulation in Chile. It encourages stakeholders such as directors and compliance officers to interpret and apply the provisions of the Framework Law through an ESG lens, thereby

contributing to the mitigation of greenwashing practices in Chile.

There is a **bill under discussion in the Senate of Chile that aims to address greenwashing by enforcing stringent regulations on companies that promote sustainability in their products or services**. The primary objective of this bill is to ensure that such companies provide complete, truthful, verifiable, and accurate information in their advertisements. If they fail to do so, they will be penalized.

The bill aims to prevent companies from misleadingly promoting their activities as sustainable just because they comply with existing legal and regulatory requirements or engage in actions mandated by environmental laws, such as mitigation, repair, compensation, or voluntary commitments outlined in Law 19,300 (General Bases of the Environment).

2. Is 'greenwashing' defined in legislation?

There is no specific law or regulation that defines greenwashing practices in Chile. **The ACAFI established a common understanding of the meaning of the term in the Sustainable Investment Guide.**

3. Key stakeholders

Several NGOs have shown a keen sensitivity to greenwashing concerns. For instance, **Fundación Basura** actively advocates for the bid and its initiatives. Moreover, both **the National Consumer Service and the Environment Ministry exhibit a strong awareness and sensitivity towards addressing greenwashing practices.**

Additionally, the Santiago Chamber of Commerce and National Association of Advertisers of Chile are engaged on greenwashing, and educating their members about its meaning and impact.

Chile

4. Focus on financial services

Chile regulates greenwashing practices within the Financial Sector through the **General Rule No. 461 and No. 519**, published by the Financial Market Commission (CMF). The **rule introduces information requirements regarding sustainability and corporate governance in the Annual Reports of entities that are supervised by the CMF**. These entities include banks, insurance companies, issuers of publicly offered securities, general fund managers, and stock exchanges. The CMF has ensured that securities issuers must comply with the disclosure standards outlined by the Sustainability Accounting Standards Board (SASB Standards).

Additionally, the CMF has amendment General Rule N° 461 and General Rule N° 30, regarding annual reports of entities that are supervised by CMF (General Rule N° 533) to consider the following in the annual reports:

- Report the metrics established by Sustainability Accounting Standards Board (SASB) that are material to the

entity in accordance with the industry sector and in accordance with the SASB standard in effect on January 1 of the year that memory is referred to.

- Report if any verification process has been carried out by of a third party outside the entity of the information and metrics related to the sustainability that the entity is reporting.
- A description of how, and with what frequency, the issues related to sustainability aspects and whether those matters are included by the Board of Directors when discussing and adopting strategic decisions, business or budgets, among others (to be in force from 31 December 2026)

The Chilean Association of Investment Fund Administrators (private association called ACAFI) issued a **Sustainable Investment Guide that established a common understanding of greenwashing** as the promotion of sustainable or environmentally friendly attributes of a company or product, but without really being consistent with its practices. It is not mandatory, but it is

a clear standard in the investment fund industry.

Key provisions of the Climate Change Framework Law include amendments to existing legislation, such as incorporating a new paragraph into Article 10 of Law 18.045 concerning the Securities Market. This amendment mandates entities registered in the Securities Registry to disclose information pertaining to environmental and climate change impacts, including the identification, evaluation, and management of associated risks. Similar requirements are imposed through the incorporation of new subsections in other relevant laws, such as Law 20.712 on the Administration of Third-Party Funds and Individual Portfolios.

5. Recent cases

Litigation cases specifically related to greenwashing in Chile are not extensively recorded due to the lack of a centralized database.

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Mexico

Although there are no specific anti-greenwashing laws in Mexico, specific guidelines on environmental claims have been issued. Local general provisions address greenwashing through legislation prohibiting false advertisements or false representations.

1. What laws address the transparency of green claims?

The existing **Mexican regulation sets out general conduct prohibitions which cover deceptive or misleading practices** by companies which could be characterized as greenwashing conduct. Greenwashing is regulated by alternative means of consumer protection granted by general law.

The Mexican government **prohibits misleading advertising in different sectors through general provisions covered by civil law and consumer protections regulations** that set out general prohibitions which cover deceptive conducts that can be understood as greenwashing.

Mexico's Ministry of Finance **presented Mexico's Sustainable Taxonomy** in March 2023. This serves as an instrument that **identifies and classifies economic activities that have a positive effect on the environment**

and society by employing a specific methodology based on technical criteria and international standards. This taxonomy helps prevent greenwashing and provides investors with better information to direct financing and capital flows towards sustainable activities.

The Official Mexican Standards (NOM), prepared by the federal government agencies, establish the technical and quality requirements products and services must meet in Mexico. **NOMs related to ecological and sustainable products establish the criteria and requirements these products must meet to be labelled as such.** Meeting NOM standards requires significant investment in technology and sustainable practices, reflecting a positive trend towards responsible consumption in Mexico. However, the effectiveness of these standards relies on government enforcement and consumer education.

Companies can mitigate the risk of greenwashing by adhering to self-regulatory frameworks such as the Distinctive ESR (Socially Responsible Company). This involves a self-assessment process evaluating performance in four areas: company quality of life, business ethics, community involvement, and environmental care. Companies complete an online questionnaire and provide documentation, demonstrating their commitment to social responsibility without external audits. Achieving the Distinctive ESR requires a public commitment to socially responsible practices, and the final evaluation is conducted by the Mexican Centre for Philanthropy (CEMEFI). In 2023, 2,349 companies received the Distinctive ESR for meeting the standards.

Moreover, there are certain **initiatives** such as the **draft Law for the Regulation and Certification of Ecological and Sustainable Products.**

2. Is 'greenwashing' defined in legislation?

There is no specific law or regulation that specifically defines greenwashing practices in Mexico.

Mexico

3. Key stakeholders

Mexico is gradually moving towards **stricter standards for sustainable products and greater awareness of ESG issues**, particularly in the financial sector (Mexico's Treasury, financial institutions including banks, etc.).

4. Focus on the financial sector

In Mexico, there are ongoing **developments within the financial sector**. These advancements include the **adoption of voluntary practices such as thematic bonds (green, social, blue), green loans**, and the integration of sustainability-linked Key Performance Indicators (KPIs) in loans. These initiatives underscore a growing commitment towards sustainable finance solutions, signalling a shift towards higher standards across diverse sectors of the economy.

5. Recent cases

There have been **greenwashing cases in the energy sector**.

In July 2023, environmental NGOs filed two lawsuits against Mexico's Energy Regulatory Commission (CRE). Greenpeace Mexico, Nuestros Derechos al Futuro y Medio Ambiente Sano, and Centro Mexicano de Derecho Ambiental challenged resolutions that classify fossil gas-fired power plants as "clean energy." They argue this misclassification violates the right to a healthy environment by promoting fossil fuels as clean energy, potentially inflating Mexico's clean energy statistics without reducing emissions. The lawsuits claim these resolutions hinder the transition to renewable energy and perpetuate reliance on fossil fuels, constituting greenwashing by the CRE.

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United States

Although there are no specific anti-greenwashing laws in the United States, specific guidelines on environmental claims have been issued. Local general provisions address greenwashing through legislation prohibiting false advertisements or false representations.

1. What laws address the transparency of green claims?

Beginning in 2025, the **current US Administration has undertaken a series of actions broadly affecting ESG policy**, with particular implications for efforts to address greenwashing. These actions include:

- Rolling back environmental regulations at the federal level;
- Challenging state-level ESG and environmental laws through litigation;
- Issuing Executive Orders and Memoranda aimed at reviewing or rescinding prior ESG-related directives - such as Executive Order 14030 on Climate-Related Financial risks - and environmental regulations;
- Introducing new Executive Orders, including the April 2025 Executive Order 14260 titled Protecting American Energy from State Overreach, which seeks to limit state authority over energy and environmental policy.

Section 5 of the Federal Trade

Commission Act (FTC Act) targets “unfair methods of competition” and “unfair or deceptive acts or practices in or affecting commerce.”

This grants the FTC the power to take enforcement actions against businesses found engaging in deceptive or unfair practices, including greenwashing. The FTC uses Section 5 to oversee advertising and marketing practices, ensuring that consumers are protected from false or misleading claims.

In cases of non-compliance with the FTC guidelines, **the FTC has the authority to impose various penalties on companies**. In particular, the FTC can:

- Seek civil penalties in district court for violations that caused harm to consumers.
- Pursue consumer compensation for trade regulation breaches directly in district court under Section 13(b) of the FTC Act, potentially aiding harmed consumers.

- File injunctions to prevent deceptive practices. Under Section 13(b) of the FTC Act, these injunctions have immediate effect, preventing companies from engaging in fraud or misleading activities, safeguarding consumers.

US Green Guides

The FTC’s Green Guides provide recommendations and standards for making truthful and substantiated environmental claims that could be misleading to consumers. They offer direction on how companies can communicate environmental characteristics of their products and services and avoid being accused of greenwashing.

The **US Green Guides are not legally binding**, meaning that these guidelines do not entail penalties in the event of non-compliance. They serve as a tool to address allegations of unfair marketing practices by requiring evidence to substantiate claims. However, **the FTC has the authority to enforce penalties**

if deceptive claims violate federal laws regarding consumer deception, imposing fines of up to \$50,120 per violation.

2. Is ‘greenwashing’ defined in legislation?

U.S. law does not provide an explicit statutory definition of greenwashing. Instead, enforcement relies on general consumer protection and advertising laws, as well as guidance from the FTC Green Guides.

3. Key stakeholders

Key stakeholders include NGOs, investors, private equity groups, and regulatory agencies such as the FTC and SEC. These groups play a critical role in identifying, reporting, and litigating greenwashing practices, with brand reputation risk serving as a significant deterrent for companies.

United States

4. Focus on financial services

The U.S. Securities and Exchange Commission (SEC) has recently withdrawn ESG related rules:

- **The SEC Rules to Enhance and Standardize Climate-Related Disclosures for Investors**, which were approved by the SEC in March 2024, have been paused due to litigation, and the SEC has formally withdrawn its defense of the rule. Under these rules, U.S. public companies had to provide comprehensive information in their annual reports and registration statements regarding the climate risks they face, their strategies for mitigating these risks, the financial impacts of severe weather events, and, in certain cases, the greenhouse gas emissions produced by their operations.
- On 12 June 2025, the SEC withdrew a **proposed rule relating to enhanced disclosures by certain investment advisors and investment companies about ESG investment practices.**

The proposed rule was issued in May 2022 with a later technical correction in October 2022. The proposed rules would have required enhanced disclosures related to ESG investment practices.

SEC rules currently in effect that may be related to ESG include:

- On 20 September 2023, **the U.S. SEC adopted amendments to the current rule regarding registered fund names**, as well as certain forms and disclosure requirements. The amendments are intended to modernize and enhance investor protections under the Investment Company Act of 1940 (Names Rule) given the important information that fund names can convey to investors and industry developments over the last two decades, including the growth of funds that incorporate ESG criteria into their investment processes.
- The SEC's Investment Adviser Marketing Rule, which went into

effect 4 May 2021, generally prohibits misstatements or omissions of material facts, unsubstantiated material statements, information that is reasonably likely to cause an untrue or misleading inference, and failures to present material benefits or risks or performance results in a "fair and balanced" manner.

These **amendments broaden the scope of names considered misleading if a fund doesn't invest at least 80 percent of its assets in line with its name's suggestion.** Compliance with the 2023 rule amendments will be required beginning mid-2026.

The **U.S. Department of the Treasury**, along with the **Office of the Comptroller of the Currency (OCC)**, the **Federal Reserve Board (FRB)**, and the **Federal Deposit Insurance Corporation (FDIC)**, have **withdrawn from the Network of Central Banks and Supervisors for Greening the Financial System (NGFS).**

5. Recent cases

Recent years have seen an increase in enforcement actions and litigation related to greenwashing. Climate activists and NGOs have brought cases against both government agencies and private companies, challenging misleading environmental claims.

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