

GREENWASHING: KEEPING ENVIRONMENTAL CLAIMS CLEAN IN THE EU AND SINGAPORE

The Green Claims Directive of the European Union

1. In March 2024, the European Parliament tabled and adopted the Green Claims Directive implementing regulations targeted at preventing false or misleading claims regarding the environmental practices or impact of a business and its products, which is commonly referred to as “greenwashing”. The proposed Green Claims Directive imposes requirements on companies to substantiate environmental claims, including:¹
 - specifying whether an environmental claim applies to the whole or part of the product, or all or part of the activities of the business;
 - environmental claims must be based on accurate information, international standards, and widely-recognized scientific evidence;
 - the environmental performance of products must be assessed taking into account all significant environmental aspects and impacts;
 - businesses making environmental claims must also provide information on whether the product or business subject to the environmental claim performs better compared to its peers or common practice;
 - comparative environmental claims must comply with prescribed conditions to ensure the accuracy of such comparisons;
 - the reporting greenhouse gas offsets (including carbon emissions) must be done in a transparent manner; and
 - environmental claims are subject to third-party verification prior to publication.
2. The Green Claims Directive also establishes stringent requirements for environmental labelling schemes, and bans the use of an environmental rating or score for a product or company

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¹ European Parliament Briefing, ‘Green claims’ directive, *Protecting consumers from greenwashing*, March 2024: [https://www.europarl.europa.eu/RegData/etudes/BRIE/2023/753958/EPRS_BRI\(2023\)753958_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/BRIE/2023/753958/EPRS_BRI(2023)753958_EN.pdf) (accessed June 2024).

unless they are awarded under environmental labelling schemes under EU law.

3. The Directive is part of a global effort by regulators to address the tide of greenwashing claims by companies in an era where consumers are willing to modify their consumption patterns based on the perceived eco-friendliness of products. A 2024 survey conducted by PricewaterhouseCoopers in the United Kingdom found that consumers are, on average, willing to spend 9.7% more for sustainably-produced or sourced goods, with about 85% of respondents stating that they are currently experiencing the disruptive impacts of climate change in their lives and 46% stating that they are purchasing more sustainable products to reduce their environmental footprint.² There is an obvious incentive for businesses to make claims regarding the sustainability of their products, whether true or not.

Why should businesses in Singapore care about Greenwashing?

4. Regulators in Singapore have also signaled that greenwashing will not be tolerated here. The Competition and Consumer Commission ("**CCCS**") has published a study on greenwashing claims in online marketing in late 2023.³ The study found that 51% of sampled online products contained vague and unsubstantiated environmental claims and 14% contained the use of technical jargon which tended to mislead consumers. The CCCS is currently developing a set of guidelines to assist businesses to avoid inadvertent greenwashing and to set standards for environmental claims. The draft guidelines will likely be made available for public consultation this year.
5. Greenwashing, which is making of false claims to mislead or deceive consumers into thinking that a product is more sustainable or environmentally-friendly than it is, can amount to an unfair practice under the Consumer Protection (Fair Trading) Act 2003 (the "**CPFTA**").
6. A supplier who has engaged in greenwashing may be subject to regulatory action by the CCCS, which has wide powers to investigate unfair practices under the CPFTA. If the CCCS finds that a supplier has engaged or is likely to engage in an unfair practice, it can make a Court application for a declaration that the supplier has engaged in an unfair practice and seek an injunction to restrain such practice. If the injunction is granted, the Court may also require the supplier to publish the details of the declaration and the injunction in a manner prescribed by it.
7. Further, a consumer who has entered a transaction involving an unfair practice may commence proceedings against the supplier for a claim amount of up to S\$30,000 (or such other amount as the Minister may prescribe) in damages, the recovery of monies paid under the transaction, or the reduction of the price paid for the product. A consumer may also report any false or misleading environmental claims to the Consumers Association of Singapore.
8. Greenwashing claims contravene the Singapore Code of Advertising Practice (the "**Advertising Code**"), which prohibits advertisements which "*mislead in any way by inaccuracy, ambiguity, exaggeration, omission or otherwise*". Failure to comply with the Advertising Code may lead to sanctions by the Advertising Standards Authority of Singapore ("**ASAS**"), a self-regulatory

² PwC 2024 Voice of the Consumer Survey, 15 May 2024: <https://www.pwc.com/gx/en/news-room/press-releases/2024/pwc-2024-voice-of-consumer-survey.html> (accessed June 2024).

³ Competition & Consumer Commission Singapore, *Study on Greenwashing in Online Marketing Funded by CCCS Finds Use of Vague Environmental Claims and Confusing Technical Jargon*, 16 November 2023: <https://www.cccs.gov.sg/media-and-consultation/newsroom/media-releases/study-on-greenwashing-in-online-marketing-funded-by-cccs-16-nov-2023> (accessed June 2024).

organization for the marketing and advertising industry in Singapore. Such sanctions include the amendment or withdrawal of any offending advertisement and the withholding of advertising space or time by the advertiser.

9. A finding that a business has engaged in greenwashing exposes it to significant reputational risk as both the CCCS and ASAS are empowered to publish the outcomes of their decisions regarding the contravention of the CPFTA and/or the Advertising Code, including naming the implicated businesses.
10. In December 2023, ASAS found that Prism+, a Singapore retailer and distributor of household electronic products, had breached the Advertising Code for a video advertisement relating to its Prism zero smart air-conditioners which contained greenwashing claims. The offending advertisement contained a captioned featuring the words “*Save Earth and electricity with 5 ticks energy saving*” and claimed that the use of Prism+ air-conditions was the “*best tip*” to “*save the earth*”.⁴ The story was published in national newspapers and forced Prism+ to issue public statements to address the greenwashing findings.
11. As such, businesses which intend to rely on environmental claims as part of their marketing strategy must take care to ensure that any such claim is backed by reliable, accurate, and verifiable information and prevailing scientific evidence.

Conclusion

12. The consequences of climate change are now impossible to ignore. Leaders and non-profit organizations all over the world have sounded the clarion call for urgent and immediate action to address and tackle existential issues regarding the environment. Governments have pledged themselves to climate change accords such as the Paris Agreement, the Kyoto Protocol, and the Montreal Protocol. At home, the Singapore Green Plan 2030 seeks wide-ranging paradigm shifts in our economy in the next 10 to 20 years, including the consumption patterns of businesses and residents, the production of clean energy, and green financing.
13. Consumers, too, are growing ever more aware of their individual responsibility towards the conservation of the environment, and are willing to make choices based on the perceived environmental-friendliness of products. Greenwashing erodes consumer confidence in genuine sustainability claims and can frustrate the government’s attempts to achieve a sustainable economy. As such, we expect regulators to take firm and decisive action against any false or misleading claims amounting to greenwashing for the foreseeable future.

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⁴ The Straits Times, *Prism+ air-con ad deemed ‘greenwashing’ by S’pore watchdog’ company defends it as ‘tongue-in-cheek’*, 18 December 2023: <https://www.straitstimes.com/singapore/prism-air-con-ad-accused-of-greenwashing-is-removed-after-s-pore-watchdog-deems-it-misleading> (accessed June 2024).

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