
INTERNATIONAL JOURNAL OF ADVANCED LEGAL RESEARCH

**GREENWASHING AS CORPORATE ENVIRONMENTAL
MISREPRESENTATION: LEGAL ACCOUNTABILITY, MARKET
INTEGRITY, AND REGULATORY REFORM**

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Abstract

Greenwashing is a significant problem in the dynamic world of sustainability and environmental governance of corporations. It has been described as both deliberate and inadvertent reporting falsely the corporate environmental performance, sustainability undertakings, ecological engagements with the perspective of set reputational, financial or competitive advantage. In recent years, with the concept of environmental, social, and governance (ESG) investing becoming more popular, and climate responsibility becoming the central issue of the global policy discourse, corporate environmental claims have become increasingly regulated and significant in the market. However, it has also caused exaggerated or misrepresented environmental disclosures and the worry of legal accountability, investor protection and market integrity.

The paper views greenwashing as an example of corporate misrepresentation of the environment and establishes whether the current legal and regulatory frameworks are applicable in combating greenwashing. The papers look at the evolution of the doctrine, implications on the market and enforcement problems and propose regulatory reforms to improve transparency and responsibility.

Keywords:

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Greenwashing, Environmental Social and Governance (ESG), Sustainability Reporting; Environmental Disclosure Regulation, Corporate Environmental Governance, Investor Protection, Legal and Regulatory Frameworks.

1. Introduction

Climate change and environmental degradation has led to the burgeoning of corporate sustainability and environmental reporting of their performance. The importance of ESG reporting frameworks and sustainability statements has now become highly significant to the investors, regulators as well as consumers in the assessment of corporate responsibility. However, as the real green innovation has risen in the same proportion, so has greenwashing whereby business organizations have claimed to be green or reported only good news and conceal bad news.

Greenwashing is an ethical but legal and economic problem. It distorts signals in the market, misleads investors, nullifies consumer agency and undermines sustainability paradigms. The threat of environmental misreporting assumes a regulatory aspect in India where such disclosures of ESG have been mandatory to the top listed companies to the Business Responsibility framework and Sustainability Reporting (BRSR). Deceptive green claims are also getting an increasing amount of attention by the securities regulators and competition agencies worldwide.

In spite of the negative trend of greenwashing that has been identified, the regulatory activities with respect to the same are described as both irregular and reactive. The research is, therefore, directed towards a critical discourse of the topic of greenwashing with reference to the reforms in laws concerning responsibility, market regulation and market integrity.³

1.1 Research Gaps

Despite the high number of literature that is done on the issue of corporate sustainability, few studies had the opportunity to integrate greenwashing and dictating legal actions. There is conceptual vagueness as to the point at which misrepresentation remains aspirational, and can be legally enforced. Besides, most jurisdictions lack anti-greenwashing laws but rather merge general consumer protection or securities fraud laws. In India, in particular, the environment law, corporate governance and securities regulation nexus on greenwashing is under

³Magali A. Delmas & Vanessa Cuerel Burbano, The Drivers of Greenwashing, 54 Calif. Mgmt. Rev. 64 (2011).
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theorised. Enforcement uncertainty is created by the absence of clear statutory definitions and standardised disclosure checks. Consequently, the misleading environmental statements are continuously proliferating because there are no legal consequences, which affect markets and legitimacy of regulations.

1.2 Research Questions

- How are the conceptualisation and definition of greenwashing in the legal and academic field?
- What are the effects of false environmental assertions to the economy and the market?
- Are there adequate channels of addressing greenwashing by the existing corporate disclosure and consumer protection policies?
- What regulatory reforms are necessary in order to offer environmental responsibility?

1.3 Research Objectives

The primary objective of the work is to examine the concept of greenwashing as corporate environmental fraud critically in the law and regulatory environment. It works to gauge the adequacy of the existing law, to find out whether the current law is performing satisfactorily in ensuring integrity in markets and recommends the changes that could be made in the law that can help to improve the levels of enforcement and disclosure.

1.4 Research Methodology

The type of research applied to this study is analytical and doctrinal. Recourse to both primary and secondary sources including statutes, regulatory guidelines and judicial rulings and peer-reviewed journal articles are used as its basis. The world practices are analyzed through the regulatory analysis by way of comparative analysis. The study is qualitative in nature and lacks the statistical modelling empirical research.

1.5 Scope and Limitations

The article is dedicated to the corporate environmental misreporting as a part of the ESG disclosures, advertisement and sustainability reporting. In spite of the comparative references that are made to the developments of the world, the major analysis is concerned with the Indian regulatory structures.

2. Conceptual Foundations and Theoretical Framework

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2.1 Evolution of the Term

Greenwashing is a term, which was introduced in the 1980s concerning corporate environmental marketing strategies. The term was first used in reference to the campaigns of the hospitality industry that encouraged the reuse of towels in the name of environmental concern when in fact the campaign is trying to cut costs.

In terms of academics, greenwashing has been defined as The propagation of ill information on environmental performance, Disclosure of favourable environmental information, in selective manner, False sustainability advertising, with an eye to reputational benefit. Legal rhetoric, however, has found it hard to establish the parameters of acceptable corporate optimism and active misrepresentation.

2.2 Greenwashing as Business Deception.

Legally, it is possible to place greenwashing in the doctrine of misrepresentation. Misrepresentation conventionally entails A false statement of fact, made by one party, imposing dependence upon another, causing loss or damage.

Corporations can release statements about their corporate sustainability that are technically correct but material in nature. Proclaiming carbon neutrality without publicizing the intensive carbon offsets, promoting products as being environmentally friendly without real scientific data, scattering some green efforts and leaving out of significant polluting activities.

This is a significant conceptual difference between:

- **Aspirational statements**, the statements of future goals or the intentions of the policy, and
- **Actionable misstatements**, which communicate misleading or false representations of fact.

There is no statutory definition of greenwashing which makes it difficult to enforce. The major jurisdictions use only more general legal principles, including the securities fraud, unfair trade practices, or consumer protection laws.⁴

2.3 Typologies of Greenwashing

Greenwashing can be divided into a few types:

⁴Thomas P. Lyon & A. Wren Montgomery, The Means and End of Greenwash, 28 Org. & Env't 223 (2015).

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1. **Selective Disclosure** - Publication of positive environmental performance and hiding the negative impact.
2. **Vagueness** - Terms like natural, green or sustainable that are not measured against a set standard.
3. **Irrelevancy** - Emphasizing the adherence to the legally required issues as voluntary green practices.
4. **False Labelling** - Making misleading certifications or making fake environmental endorsements.
5. **Misleading Comparisons** - The reporting of environmental performance, which is done in relative terms instead of absolute terms in order to overstate improvements.

Greenwashing can also take place in the ESG context in the form of excessive ratings of sustainability, manipulated ESG scoring, exaggerated climate change policies. In this way, greenwashing is not narrowly understood in connection with the advertising law only, but also in relation to the securities regulation, corporate governance, and environmental compliance frameworks.⁵

2.4 Greenwashing and Market Integrity.

The distortion of capital allocation is the third risk that may be identified. The contemporary capital markets are placing more emphasis on the significance of ESG metrics in investment decision-making. Based on sustainability analysis, institutional investors, pension funds and sovereign wealth funds direct their capital allocation. Corporations distort market signalling mechanisms when they misrepresent their environmental performance.

Investors placed on false sustainability disclosures can misprice securities, underestimate the effects of climate change, inefficient distribution of capital. This contradicts the basic principle of the market integrity which presupposes transparency and honest disclosure.

2.5 The effect on investor protection

The regulation of securities is based on disclosure-based governance. It is not the guarantees of profits to the investors, but the right to have the right information. Environmental

⁵Peter Seele & Lucia Gatti, Greenwashing Revisited: In Search of a Typology and Accusation-Based Definition, 14 Bus. Strategy & Env't 239 (2017).

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misrepresentation in sustainability reports may be Material omission, Fraudulent misstatement, Breach of fiduciary duties.⁶

With the emergence of ESG as a financially material issue, especially in areas where much of the energy, infrastructure, and manufacturing sector, misleading environmental claims may directly affect share price and investment choices.

2.6 Autonomy of Consumers and Trade Misconducts.

Consumers are also impacted by the greenwashing phenomenon in which they are becoming more inclined to consume products that are environmentally friendly. False green claims interfere with consumer autonomy by inhibiting informed choice.

In India, the law of consumer protection outlaws unfair trade that comprises false representation of quality or standard. Nevertheless, environmental arguments tend to be biases in the grey areas of interpretation particularly where there is need to scientifically verify technical information.

2.7 A Business Responsibility and Sustainability Reporting (BRSR).

BRSR disclosures have been required by the Securities and Exchange Board of India (SEBI) on the top 1000 listed firms. The framework has a reporting on environmental measures like Energy consumption, Greenhouse gas emissions, Waste management, Water usage. Nevertheless, the framework also relies extensively on self-reporting, and independent assurance devices are still in the development.

In addition to personal injuries, greenwashing creates structural effects which is Loss of social confidence in sustainability structures, Dilution of ESG standards, Disadvantage to firms, which are truly sustainable, Delay in changing the environment. Greenwashing in a way externalises reputational gains and internalises environmental damages.⁷

2.8 Corporate governance and the companies act

In the Companies Act, directors are required to exercise fiduciary duties of acting in good faith and in the best interest of the company. Although the environmental sustainability is

⁶Kent Walker & Fang Wan, The Harm of Symbolic Actions and Greenwashing: Corporate Actions and Communications on Environmental Performance and Their Financial Implications, 109 J. Bus. Ethics 227 (2012).

⁷Christopher Marquis, Michael W. Toffel & Yanhua Zhou, Scrutiny, Norms, and Selective Disclosure: A Global Study of Greenwashing, 27 Org. Sci. 483 (2016).

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becoming a code of long-term corporate interest, direct statutory responsibility of environmental misrepresentation is scanty. Consumer Protection Act outlaws false advertising and unhealthy competition. False or misleading advertisements can attract penalties on the part of the Central Consumer Protection Authority (CCPA). Greenwashing may be included in this area especially when it comes to marketing a product. Nevertheless, this may not apply to ESG disclosures targeting investors and not consumers. The environmental laws of India, like the pollution control laws, accentuate compliance to the emission levels, as opposed to the integrity of disclosure. They govern environmental performance and not necessarily the environmental representation. Therefore, greenwashing takes an intersectional regulatory position consisting of Securities regulation, Corporate governance, Consumer protection, Environmental compliance. The disintegration of these structures poses problems of enforcement.⁸

2.9 Theoretical Framework

This study is based on two theoretical premises:

Securities Regulation Disclosure Theory.

The securities markets in the modern world do not operate based on merit regulation but on disclosure. Market efficiency is brought about by transparency. This is the principle that is compromised by greenwashing.

Stakeholder Theory

Corporate governance is becoming more aware of the interests of other stakeholders other than shareholders such as communities and the environment. Environmental claims are misleading, and this is a betrayal of this increased responsibility.

3. Comparative Regulatory Practice, Doctrinal Liability and Enforcement Problems.

3.1 Comparison of Regulatory Approaches to Greenwashing.

Greenwashing is a concept whose rules differ greatly depending on the jurisdiction. Although no nation passed a dedicated anti-greenwashing law first, now, the progressive development

⁸Ulrich Hoffmann, Climate Governance at the Crossroads: Experimenting with a Global Response After Kyoto, 11 Oxford Rev. Econ. Pol'y 15 (2011).

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of regulations can be observed in developed economies. India can be reformed with good tips to be made by comparing it with other countries.

3.2 European Union: Organized Regulatory Intervention

The European Union has taken one of the most elaborate regulatory reactions to misrepresentation of the environment. The EU has attempted to harmonise environmental disclosures and misleading sustainability reporting under the European Green Deal and actions based on sustainable finance. The EU Taxonomy provides a set of scientifically based features that can be used to define the extent to which an economic activity is environmentally sustainable. This eliminates uncertainty in sustainability reporting. The Green Claims Directive also suggests that the marketing claims made with regard to the environment should be supported by scientific evidence that can be verified.

It is worth noting that the enforcement in the EU is becoming proactive. To avoid the misclassification of financial products, regulators scrutinise ESG-labeled investment funds and corporate sustainability reports. There are three significant aspects of the European approach which is Definite standards of definition, Mandatory third party checking, Combined financial and consumer regulation. This systematic model offers a standard to such jurisdiction as India.⁹

3.3 United States: Framework on Securities and Consumer Protection.

In the United States, greenwashing is largely covered by securities law and consumer protection rules as opposed to environmental disclosure laws. The U.S. Securities and Exchange Commission (SEC) has placed in greater scrutiny ESG-related disclosures, and this especially includes Climate risk reporting, Carbon neutrality claims, and investment funds labelled ESG.

The new climate disclosure regulations proposed by the SEC strive to harmonise the reporting of financial risks related to climate, Scope 1 and Scope 2 emissions. At the same time, the federal trade commission (FTC) imposes the so-called Green Guides which are the guidelines against false environmental marketing statements. These guides though not binding laws have impact on enforcement action.¹⁰ Some enforcement measures have been

⁹Cynthia A. Williams, The Securities and Exchange Commission and Corporate Social Transparency, 112 Harv. L. Rev. 1197 (1999).

¹⁰Jill E. Fisch, Making Sustainability Disclosure Sustainable, 107 Geo. L.J. 923 (2019).

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launched against asset managers due to exaggerating ESG integration. These instances suggest that deceptive sustainability disclosures can be a securities fraud in the current disclosure requirements. The American case shows how the conventional fraud principles can be modified to deal with greenwashing without creating new laws. Nonetheless, deterrence can be constrained by the use of ex-post enforcement.

3.4 United Kingdom: Competition Oversight and Financial Conduct Authority.

The United Kingdom has adopted a mixed control strategy. Financial conduct authority (FCA) has implemented anti-greenwashing and sustainability disclosure regulations on financial product. ESG-labeled funds should correspond to certain sustainability requirements.

A Green Claims Code issued by the Competition and Markets Authority (CMA) has also compelled businesses to make environmental claims that are true, clear and substantiated. This dual oversight model acknowledges that the greenwashing has an impact on the financial markets and consumer markets. Notably, the FCA has made it very clear that it does not allow the exaggeration of sustainability credentials, which limits interpretative ambiguity.

3.6 ESG Disclosures: Materiality

One of the main questions is, are environmental misstatements material. A material fact in the securities law refers to a case that a reasonable investor would find significant when deciding on whether to invest or not.

With the rising popularity of ESG investing, climate risks and sustainability performance are approaching the materiality threshold more and more. For instance business models that are carbon-intensive have transition risks. Environmental fines on infractions influence profitability, Sustainability of the supply chain influences sustainability of operations in the long run, environmental misstatements can now be considered as material omissions.¹¹

3.7 Intent and Negligence

Customary fraud needs the demonstration of the intent (*mens rea*). Nonetheless, greenwashing can usually work in the gray areas such as Over-optimistic projections,

¹¹Virginia Harper Ho, Disclosure Overload? Lessons for Risk Disclosure & ESG Reporting Reform, 37 Yale J. Reg. 390 (2020).

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Dependance upon the changing standards of science, Absence of harmonised reporting metrics.

The intent is complicated to ascertain. Is liability only to be proven to exist where deliberate deception is proved, or is negligent misrepresentation sufficient? In some cases, Indian securities regulation allows penalties of misleading statements regardless of the presence of a fraudulent intent. Application of this principle to ESG disclosures may make accountability stronger.

3.8 Directors Fiduciary Duties.

Directors in corporations are subject to care and loyalty. In cases where the sustainability disclosures are materially false, the directors can be subjected to Breach of fiduciary duty, Failure of due diligence, Mismanagement claims, Nevertheless, Indian jurisprudence is yet to articulately associate environmental misreporting with the violation of the directors duties. The judicial evolution of the region is immature.¹²

4. Indian Law Enforcement Problems

4.1 Disseminated Regulatory Jurisdiction.

Greenwashing in India overlaps with:

- SEBI (securities regulation),
- Ministry of Corporation Affairs,
- Central Consumer Protection Authority,
- Pollution Control Boards.

There is no single regulatory body, which results in fragmentation of enforcement. All of the regulators have constrained statutory mandates, which may create loopholes. BRSR framework is mostly based on corporate self reporting. Even though the mechanisms of assurance are encouraged, the verification by third parties is not consistent. Lack of independent audit of environmental measures though selective disclosure is very hard to spot, The reliability of data is doubtful, Enforcement activities are reactive instead of proactive.

¹²Leo E. Strine Jr., Our Continuing Struggle with the Idea That For-Profit Corporations Seek Profit, 47 Wake Forest L. Rev. 135 (2012).

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Greenwashing is not specified in Indian law. Consequently, Regulation to be taken should be based on larger principles, Corporations take advantage of interpretative greyness. The litigation experience is evidently complex.

4.2 Limited Judicial Precedent

The Indian courts have also made progressive environmental judgements in litigation concerning the public interest. Nonetheless, there is a low level of litigation that deals specifically with misrepresentation of ESG in securities markets.

Development of the judiciary is critical in the elucidation the Standards of disclosure, Materiality thresholds, Scope of director liability, Economic Impact of Greenwashing, Greenwashing has a great macroeconomic and microeconomic impact.

4.3 Capital Misallocation

When the capital flows into the companies that are actively promoting the image of environmental friendliness, there is a possibility that really environmentally friendly businesses can lose the funds. This perverts competition and retards ecological transition. When there are greenwashing scandals, the investor trust to the ESG markets will reduce in general, including the compliant companies. Lack of enforcement compromises the trust in regulatory institutions. Sustainability frameworks are under a threat of being seen as symbolic and not substantive.

4.4 Systemic Financial Risk

The climate risk is becoming known as a systemic financial risk. Reporting environmental exposure wrongly can hide some weaknesses in other areas like energy, infrastructure and agriculture. Borderline between Aspirational Statements and Legal Misrepresentation. Among the most intricate doctrine issues is the distinction between aspirational environmental commitments and deception in action.

For example:

- A company that commits to net-zero by 2050 can make it sound as a future accomplishment.
- This misrepresentation? in case there is no plausible roadmap.
- Is omission of transition risk disclosure a concealment?

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In most civil litigation, the future statements are usually deemed inactive unless they contain a false factual statement. But where statements like these trigger investment, it might be warranted to subject them to more severe scrutiny.

5. Indian Legal Framework, Case Illustrations and Regulatory Reform.

Even though there is no direct definition of greenwashing under the Indian law, several statutory regimes can indirectly concern the issue of environmental misrepresentation. Still, these frameworks are siloed and coordination of their enforcement mechanisms is lacking.

5.1 Securities Regulation and SEBI Framework.

Securities markets in India are mostly regulated by the Securities and Exchange Board of India (SEBI). It has a mandate of protecting the interests of investors and fair disclosure by the listed entity.

The listed companies are required to disclose under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR), which contains material information that can influence the decision of the investors. The implementation of Business Responsibility and Sustainability Reporting (BRSR) framework has given sustainability reporting regulatory importance. BRSR framework needs to report Energy efficiency and consumption, Greenhouse gas emissions, Waste management practices, Water usage, Environmental compliance.¹³

Nevertheless, there are still major limitations:

- **Dependence on internalization** - The disclosures are made by the companies themselves.
- **Restricted compulsory security** - The verification of the third-party is not obligatory in all cases.
- **Lack of penal specificity** - Particular sanctions on misleading ESG disclosures are not clearly spelt out.

In case sustainability statements are materially misleading, they could be classified as fraudulent and unfair trade practices as part of the securities law. However, enforcement against ESG misrepresentation in particular cases is infrequent. As the importance of ESG

¹³Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. For general queries or to submit your research for publication, kindly email us at ijalr.editorial@gmail.com

metrics is expected to rise when making investment decisions, SEBI might have to consider environmental misstatements as material misleading disclosures and not as peripheral corporate stories.

5.2 Director Liability in Companies Act, 2013.

The 2013 Companies regulation directs the directors to undertake their responsibilities in good faith and to serve in the best interests of the company, of shareholders, employees, community and environment. This is increased responsibility, which is an indicator of stakeholder-centric governance. In section 166, the court acknowledges the role of directors to exercise due care and diligence. Provided that sustainability disclosures are made with the knowledge that they are misleading, directors can be subject to liability on the basis that they Breach of fiduciary duty, Board reports that are misstated, Failure of due diligence.¹⁴

Nonetheless, there is little judicial interpretation where environmental misrepresentation is associated with the liability of directors. It has been found that courts have largely paid attention to the financial misstatements as opposed to the ESG disclosures. Considering that the importance of environmental risk is growing, responsible corporate governance in the future could be construed through the lens of the fiduciary duty encompassing the provision of accurate sustainability reporting.¹⁵

5.3 Green Advertising and Consumer Protection Act, 2019.

The Consumer Protection Act, 2019 is against unfair trade and deceptive advertisements. The Central Consumer Protection Authority (CCPA) is able to Penalize false advertisements, Termination of false claims, Start taking measures in classes. Misleading advertisement can also be defined as green marketing words like 100% eco-friendly, natural, or environment safe and not supported.

Of late, the regulatory advisories have warned advertisers against making vague claims about the environment which lack scientific support. Nevertheless, implementation is more or less reactive than proactive. The Act covers consumer-anticipating greenwashing but fails to cover investor-oriented ESG disclosures in full.¹⁶

¹⁴Umakanth Varottil, Evolution and Effectiveness of Independent Directors in Indian Corporate Governance, 6 Indian J. Corp. L. (2013).

¹⁵Companies Act, No. 18 of 2013, INDIA CODE (2013).

¹⁶Consumer Protection Act, No. 35 of 2019, INDIA CODE (2019).

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5.4 The legislation on environmental protection

The Indian environment laws like the environment (protection) act, 1986 are mainly relying on regulatory compliance that deals with emissions, waste discharge and environmental impact assessment. Such laws do control environmental performance but not necessarily environmental representation. The company can strictly adhere to the standards of emissions, but inflate sustainability success in the reporting. Therefore, environmental laws are not enough in order to restrain greenwashing unless the disclosure requirements are encompassed in the compliance checks.

5.5 ESG Investment Fund Misclassification.

In developed markets, the regulators have forced the asset managers to pay fines based on the exaggeration of the integration of ESG in investment plans. The cases indicate that sustainability labelling that lacks substantive alignment can be securities misrepresentation. ESG-labeled mutual funds are growing in the Indian environment. Lack of strict standards of classification can pose such risks. Corporations worldwide have been subject to criticism because of declaring ambitious carbon neutrality goals without any believable transition plans. Courts have also started to question whether these kinds of public pledges can bind them to any obligation. Indian companies are announcing net-zero more and more. Such claims can confuse the distinction between aspiration and deception with no standardised disclosure requirements on methodology.¹⁷

5.6 Third-Party Guarantee is Obligatory.

High-risk sectors should be required to have their BRSR disclosures independently audited by the environment. The standards of assurance should conform to the internationally recognised standards. This would increase reliability and self-reporting bias. An integrated system between SEBI, Ministry of Corporate Affairs, Central Consumer Protection Authority, Environmental regulators,

5.7 Whistleblower Protection

Mechanisms of whistleblower should be used to protect employees who report misrepresentation of the environment as a way of enhancing self-accountability. Striking the

¹⁷Cary Coglianese & Jennifer Nash, Performance Track and the Future of Environmental Regulation, 38 *Env'tl. L. Rep.* 10,365 (2008).

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right balance between Overregulation and Corporate Innovation. Whilst stricter regulation is necessary, too much compliance can deter innovation. Reform should be proportional. Staged approach can be taken Strict scrutiny on high-impact sectors (energy, mining, infrastructure), Slow expansion to other industries, Smaller firms capacity building, Reform of regulations should not damage the flexibility of entrepreneurs by increasing transparency and also Greater Policy Implications.

Greenwashing is not only a corporate compliance problem but a governance problem that has an impact on Climate policy credibility, Sustainable financial structure, Public trust in markets. The promise of climate transition, renewable energy production and sustainable development objectives by India needs plausible disclosure mechanisms. When sustainability reporting turns out to be symbolic as opposed to substantive, the process of climate governance will be undermined.¹⁸

Conclusion

As discussed in this paper, greenwashing is no longer a matter of corporate hyperbole, but an acute case of environmental falsification that has legal, economic and governance consequences. In the modern regulatory setting, where ESG factors play a role in investment choices, consumer choices and state policy, the relevance of corporate sustainability reporting turns into the basis of market integrity. False environmental statements cause a mis-allocation of capital, impaired trust in the investor and a retaliated credibility of the sustainability models. It makes both the comparative jurisdiction analysis and analysis of the comparative regulations evident that the world is shifting towards standardised disclosure norms, increased verification and even direct anti-greenwashing requirements. On the other hand, the Indian regime, however forward-looking in introducing the Business Responsibility and Sustainability Reporting (BRSR) regime, is still a disintegrated one. The securities law, the standards of corporate governance, consumer protection nature laws and environmental laws offer partial protection but are not comprehensively enforced and defined. The lack of statutory interpretation of greenwashing and the lack of jurisprudential development establish regulatory ambiguity.

¹⁸Geoffrey Christopher Rapp, *The Whistleblower's Dilemma: Environmental and Financial Fraud in Corporate Governance* (2012).

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This study confirms that the current legal principles, including material misrepresentation, fiduciary obligation of directors and unfair trade practices can put greenwashing to an end, provided they are applied in a purposive way. Nonetheless, to be effective, deterrence entails coordinated reforms, such as the disclosure requirements, the third-party assurance mandate in high-impact industries, the inter-regulatory cooperation, and the enhanced safeguards of the whistleblowers. Finally, sustainability governance is based on transparency and accountability. To have a credible environment compliance and be able to retain investor confidence, environmental reporting should be given as much weight as the financial reporting. Strong legal management can never be avoided to guarantee that corporate sustainability commitment is made to real environmental responsibility rather than mere representation.

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