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Parliament House
Canberra ACT 2600
Att: Environment and Communications References Committee
Sent by email only: ec.sen@aph.gov.au

Towards Transparency and Accountability: Combating Greenwashing in Australia

7 June 2023

Dear Committee Members,

As representatives of the Australian business community, we appreciate the opportunity to contribute to the Senate inquiry into corporate greenwashing. We represent the Better Futures Australia domestic alliance of non-state actors. In collaboration with peers and government, we aim to accelerate Australia's move to a climate-resilient, zero-emissions economy.

We acknowledge the recent climate policy advancements by the Australian Government, such as updates to Australia's NDC, introducing the *Climate Change Act 2022*, reforms to the Safeguard Mechanism, and federal budget allocations towards sustainable finance and the policing of greenwashing. However, greenwashing remains a significant global and domestic concern.

Reports such as the United Nations' Integrity Matters and Australia's 2022 Consumer Policy Research Center highlight widespread false environmental claims. This concern is echoed by the Australian Competition and Consumer Commission (ACCC) and the Australian Securities and Investments Commission (ASIC).

This Senate Inquiry is timely for addressing dwindling consumer confidence and creating an equitable playing field for businesses striving for genuine ecological and social outcomes. In response to the Terms of Reference, we offer the following recommendations to address some of the challenges associated with greenwashing:

1. **Strengthening regulations and enforcement by existing bodies:** Bolster the capacity of ACCC and ASIC to assess and verify corporate and government claims related to emissions reduction targets, and to reinforce regulations



against misleading environmental claims.¹ This should entail stricter penalties, increased surveillance, and the promotion of best practices, including particular scrutiny of self-devised certification schemes.^{2,3} These existing bodies can help to ensure that companies are held accountable for their environmental performance and also serve as a central repository for accurate, comparable, and verifiable emissions data.

2. **Updating advertising standards:** The Australian Association of National Advertisers (AANA) Environmental Claims Code should be updated to reflect current best practices in sustainability and restrict vague claims.⁴ This can include developing clear guidelines and stricter standards for validating environmental claims, thereby promoting informed consumer decisions.
3. **Encouraging transparency and third-party certifications:** Businesses should be encouraged to obtain credible third-party certifications such as those provided by the International Organization for Standardization (ISO) or Climate Active to enhance the credibility of environmental claims. However, there should be heightened scrutiny of such certifications, particularly industry created (or second-party) standards.⁵
4. **Mandate global climate disclosure standards:** Climate disclosures should be mandated in line with international best practices. Fast-track the adoption of frameworks like the Taskforce on Climate-related (and Nature-related) Financial Disclosures. This will standardise corporate disclosures, enabling investors and consumers to compare and assess credibility.
5. **Addressing 'Greenhushing':** Increase guidance regarding executive/director duties and auditing around climate risk to dispel myths and fears around 'greenhushing'. Clearer guidance can provide certainty, assist market positioning, and encourage organisations to set ambitious, albeit not fully costed, targets and plans.⁶
6. **Addressing retailers' roles and verifying absolute claims:** Encourage retailers to substantiate absolute claims like being 100% plastics free or

¹Laura Schuijers (2023). Capitalising on climate anxiety: what you need to know about 'climate-washing', The Conversation. Retrieved from <https://theconversation.com/capitalising-on-climate-anxiety-what-you-need-to-know-about-climate-washing-202507>

²Hannam, P. (2023, March 2). ACCC to crack down on 'greenwashing' after survey reveals spike in misleading claims. The Guardian. Retrieved from: <https://www.theguardian.com/australia-news/2023/mar/01/accc-to-crack-down-on-greenwashing-after-survey-reveals-spike-in-misleading-claims>

³ Australian Competition and Consumer Commission (ACCC). (2021). Green Marketing and the Australian Consumer Law. Retrieved from <https://www.accc.gov.au/publications/green-marketing-and-the-australian-consumer-law>

⁴ Australian Association of National Advertisers (AANA). (2020). Environmental Claims in Advertising and Marketing Code. Retrieved from <https://aana.com.au/self-regulation/codes/environmental-claims-code/>

⁵ International Organization for Standardization (ISO). (2016). ISO 14021:2016 Environmental labels and declarations — Self-declared environmental claims. Retrieved from <https://www.iso.org/standard/66652.html>

⁶ ISSB standards 'consistent with existing requirements' for company directors, legal opinion confirms," February 6, 2023, Australian Council of Superannuation Investors, <https://acsi.org.au/media-releases/issb-standards-consistent-with-existing-requirements-for-company-directors-legal-opinion-confirms/>.



zero-emissions. The ACCC emphasises that such claims must be backed by robust evidence.

7. **Supporting public awareness and education campaigns:** Implement campaigns to increase business transparency and accountability, and assist consumers in identifying greenwashing. These campaigns, supported by government agencies, NGOs, and other stakeholders, should educate consumers on how to critically evaluate environmental claims.^{7,8}
8. **Fostering collaboration:** Encourage cooperation among industry, government, and NGOs to address greenwashing effectively. This can involve sharing best practices and creating platforms for dialogue and cooperation.⁹

We anticipate Australia taking a more proactive role in mitigating greenwashing through targeted policy improvements and reforms. We appreciate your consideration of our submission and look forward to the outcomes of this inquiry.

Sincerely,



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⁷ Dr Stephen Morse, Business News Australia (2023). As regulators target greenwashing, SMEs must take notice. Retrieved from <https://www.businessnewsaustralia.com/articles/as-regulators-target-greenwashing-smes-must-take-notice.html>

⁸ TerraChoice (2010). The Sins of Greenwashing: Home and Family Edition. TerraChoice Group Inc. Retrieved from https://www.twosides.info/wp-content/uploads/2018/05/TerraChoice_The_Sins_of_Greenwashing_-_Home_and_Family_Edition_2010.pdf

⁹ Thomas, T., & Williams, T. (2020). The role of NGOs in corporate environmental responsibility practice: Evidence from Australia. *Journal of Cleaner Production*, 249, 119394. Retrieved from <https://csr.springeropen.com/articles/10.1186/s40991-017-0013-0>

The Australia Institute (2022). State-sponsored Greenwash. Retrieved from <https://australiainstitute.org.au/wp-content/uploads/2022/10/State-sponsored-Greenwash-WEB.pdf>





Thank you to our Partners



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Better Futures Australia is supported by Climate Action Network Australia and is a member of the Alliances for Climate Action, a global network of domestic multi-stakeholder coalitions committed to supporting the delivery and enhancement of their countries' climate goals and collaborating to build the groundswell of climate action across the world.