eBook

The Manufacturer’s Guide to Avoiding Greenwashing
# Table of Contents

## Introduction

Sustainability Marketing & the Rise of Greenwashing 01

## Chapter 01

What is Greenwashing? 03

When Can Greenwashing Happen? 04

Greenwashing Risks 06

## Chapter 02

How to Avoid Greenwashing 07

Supply Chain Sustainability Is Key 07

Building a Supply Chain Sustainability Program 09

A System That Matures With You: Step by Step 11

How to Avoid Greenwashing in Your Supply Chain 13

## Chapter 03

Safely Selling Your Sustainability 15

## Chapter 04

Greenwashing Avoidance: Everyone Plays a Part 17

## Chapter 05

Greenwashing Avoidance: Best Practices 19

Seeing Deeper to Avoid Risks 20

About the Author 21

## About Assent

Who is Assent? 23

What We Do 23

The Assent Solution 25

Our Global Offices 25

Book a Demo 26
Sustainability Marketing & the Rise of Greenwashing

Sustainability marketing is a powerful tactic that can give your brand a remarkable edge over your competition. Buyers and investors are increasingly choosing to purchase products that have an environmental advantage. In fact, a recent New York University study found that the market growth of sustainability-marketed products was 5.6 times faster than products not marketed as “green,” and it predicted that by 2023 the annual sales of sustainable-branded products will reach $140.5 billion USD.¹

The sustainability marketing trend rewards manufacturers that have taken steps to establish environmental, social, and governance (ESG) programs and deliver responsible products to the market. However, it has also spurred the rise of businesses making unsubstantiated claims about products to capture an unearned advantage or using green performance metrics as a public relations tactic to obscure other negative impacts. This practice is commonly known as greenwashing.

The rise of greenwashing is a problem for every manufacturer: it decreases public trust in sustainability marketing, prevents truly sustainable products from standing out on the market, and it makes it more challenging to determine the worth of investing in ESG programs.

Manufacturers often think that greenwashing is always a deliberate attempt to mislead the public, meaning that it doesn’t apply to their responsible company. However, the opposite is true: greenwashing can happen accidentally any time you don’t have deep visibility into the sustainability of your product and cannot provide iron-clad proof about your marketing claims. Even responsible manufacturers are at risk of greenwashing without data to support their statements. Any sustainability claim you make needs robust data to back it up, otherwise, you’re at risk of accidentally making sustainability claims that you cannot prove in court, or receiving greenwashing accusations from watchdog groups or non-governmental organizations (NGOs) that will look deep into your evidence for inconsistencies.

This guide will help you understand the hidden causes of greenwashing that can damage your brand and reputation, how to avoid falling victim to greenwashing in your supply chain, and outline steps to build a data-driven supply chain sustainability program. It covers everything manufacturers need to know about greenwashing, its business risks, and how to build bulletproof sustainability marketing claims. It covers:

- An overview of greenwashing
- How to avoid greenwashing
- The role of supply chain sustainability data
- Who plays a role in avoiding greenwashing
- Your next steps
CHAPTER 01

What Is Greenwashing?

Greenwashing is when an organization makes positive claims about its environmental impact that are unsubstantiated, untrue, or misleading. This includes claims that are partially true but exaggerated, and claims that manufacturers believe to be true based on limited data. In addition, vague statements like “eco-conscious” or “planet-friendly” are also a form of greenwashing, as they make claims that cannot be qualified ecologically.

Using certifications that are not recognized by third-party auditors is a common form of greenwashing that can come with harsh penalties. The Federal Trade Commission (FTC) has cracked down on the use of false or unverified certifications on products and educates the public on which standards are trustworthy (for example, “USDA Organic” and the ENERGY STAR label.) The FTC has published the **Green Guides** to help marketers ensure their environmental claims are truthful and nondeceptive. Assent recommends all manufacturers using green marketing review and follow this guidance.²

---

Even certifications valid in one country of origin may not be applicable in your target market. For example, until recently, a material might be correctly certified as asbestos-free under Chinese regulations, but still contains significant amounts of chrysotile (AKA “white asbestos”), which is restricted under EU law but not Chinese law.

Another form of greenwashing getting increasing media attention is when manufacturers use green marketing tactics that may be technically true but are designed to distract the public from other environmental or social impacts. For example, a product might be advertised as having a low carbon footprint but have materials sourced from conflict-affected areas or have slave labor in its supply chain. This product can legitimately be marketed as “green,” but consumers and investors aren’t being given an accurate portrayal of the total ESG impact. Ultimately, consumers won’t care that your product is green if your supply chain is riddled with negative social impacts — public favor has shifted from a narrow focus on environmental performance to a more comprehensive ESG perspective (e.g., fair trade, minority-owned, local).

Additionally, manufacturers must also be aware that greenwashing can occur any time that a claim is made without complete and verifiable data to back it up. For example, a product may appear to have a low environmental footprint based on post-production testing data — but be revealed to have a negative environmental impact when pre-production data (e.g, natural resource extraction) is assessed. Manufacturers should ensure that any sustainability marketing claims are fully investigated before they are approved. Shallow environmental performance data can only produce shallow green claims, which are unlikely to pass muster under the scrutiny of regulators, environmental watchdog groups, and educated consumers.

When Can Greenwashing Happen?

One of the most common forms of greenwashing is employed as an advertising tactic to deliberately influence buyers into choosing one product over another from store shelves. This can happen through greenwashed labels and packages, print media, and other advertising formats. Greenwashing can be misleading statements, unvalidated certifications/logos, and even green imagery unrelated to the actual environmental impact of the product.
Common Greenwashing Claims to Avoid

Greenwashing comes in many forms. According to the FTC Green Guides, here are some of the most common greenwashed claims — if your organization is making similar claims, make sure you have data to support them to avoid greenwashing accusations:

- Creating or using a certification or standard that has no third-party validation
- Recycled content claims
- Renewable energy claims
- Carbon footprint claims
- “Free of” claims — for example, “paraben-free,” “cruelty-free”

However, it’s important to recognize that greenwashing can happen in other business spheres. There’s a risk that greenwashing can occur any time a company brands itself as more sustainable than it actually is to attract the attention of investors, partners, and potential employees.

Greenwashing is an increasing problem in the investment market. An independent watch group reported that 71 percent of ESG-labeled investment funds had a negative Paris-Alignment score in 2021. And that year, European ESG assets shrunk by $2 trillion USD after new greenwashing rules cracked down on misleading ESG claims.

Greenwashing in your supply chain can have a domino effect on your sustainability management and compliance. Working with suppliers that engage in greenwashing can result in the finished goods having a worse environmental impact than expected, potentially even threatening your compliance with supply chain due diligence regulations that prohibit certain harmful substances or labor practices. Manufacturers should work closely with their supply chain or procurement specialists to give them the tools and resources to protect the organization against suppliers that could harm their brand credibility.

---


Bloomberg. (July, 2021). European ESG Assets Shrunk by $2 Trillion After Greenwash Rules. [URL]
Greenwashing Risks

Greenwashing presents risks for all manufacturers, not just those that knowingly engage in misleading marketing. Greenwashing increases the skepticism on all sustainability marketing activities in an industry, including valid environmental claims. Consumers are becoming increasingly more educated than ever and often can see through unsupported sustainability claims, and there is a rise in watchdog groups that monitor for greenwashing in advertising. Pending due diligence regulations are also moving the regulatory needle toward deeper supply chain ESG transparency.

When an auditor or consumer advocate digs deeper into a manufacturer’s materials or supply chain, they may find that sustainability claims are lacking supporting data. Even if a manufacturer tries to course correct, at that point it’s difficult to avoid greenwashing accusations. In many legal cases against greenwashing, the ruling has come down to a question of whether there is sufficient evidence to support the claims made — so any gaps in your data present real risks to your bottom line.

Making claims without full supply chain data to back them up can result in:

- Brand and reputational damage
- Loss of investment
- Removal of products from the market
- Removal of advertisements from public media
- Increased scrutiny from regulators, insurance agencies, and industry watchdogs
- Lawsuits
- Loss of faith in future communications

Millions in Greenwashing Legal Costs

The cost of getting caught greenwashing is high. In 2020, more than 60 percent of greenwashing-related securities class action settlements in the U.S. exceeded $5 million USD, with eight percent exceeding $100 million USD.\(^5\)

How to Avoid Greenwashing

Supply Chain Sustainability Is Key

Greenwashing is the result of misrepresented or missing sustainability data. The solution can be found by looking deeper into your supply chain.

Bullet-proof sustainability communications, including marketing campaigns, compliance reports, and ESG disclosures, have one thing in common: auditable, deep, and transparent data. Any claim being made about a product’s environmental footprint should have data to back it up.

It’s not enough to make sustainability claims based on the information you have within the four walls of your organization. Having data to back up any sustainability claims has to include supply chain data, because failing to do due diligence on your suppliers won’t protect you from accusations of greenwashing and potential legal penalties.

In most industries, the majority of a manufacturer’s environmental footprint is located within its supply chain, according to research out of the UN Principles for Responsible Investment.

---

That’s why before you can start advertising sustainability benefits, your organization first needs a supply chain sustainability management program. Your program doesn’t need to be fully mature, but it does need to be evolved enough to support any claims you are making.

Supply chain sustainability is maintaining a transparent and resilient supply chain that considers everything from regulated substances and materials to ethical practices to ensure you meet or exceed product compliance and ESG demands.

Including supply chain sustainability data in your strategic ESG communications helps you create claims that you can defend and:

- Provides visibility into the environmental performance of your suppliers
- Ensures materials are sustainably and ethically sourced
- Protects your supply chain against slavery, child labor, and corruption risks
- Assesses product compliance with federal and international regulations

Focusing on supply chain sustainability not only enhances your ability to make environmental claims, it also lets you make stronger sustainability claims for your total ESG footprint, in addition to giving you deeper insights into your overall ESG performance. Having supply chain transparency also arms you with more data to protect yourself from unintentional greenwashing.
Building a Supply Chain Sustainability Program

Supply chain sustainability requires seeing deeper into your supply chain and engaging directly with suppliers to collect compliance data and ESG data. Product compliance is also the basis for environmental performance tracking. For example, the EU Waste Framework Directive obliges companies to submit complex dossiers on their products to a publicly available database to support the EU’s circular economy goals. It also helps recycling companies efficiently manage the end-of-life waste impacts of those products, when they reach final disposal.

Supply chain sustainability is a process, and it starts with product compliance data. A basic program ensures that your products meet the minimum requirements for market access, while a more mature program incorporates deeper due diligence practices, or even ESG reporting. The more mature your supply chain sustainability program, the more it protects you from the risk of making unsubstantiated greenwashing claims.

Product compliance data gives you deeper insights into what goes into your product, and where you get your materials, which is the vital first step in understanding the total ESG impact of your product, so you can start making sustainable marketing statements. The more robust data you collect about your product compliance, the more your sustainability program can mature.

Product Compliance: Your Supply Chain Sustainability Foundation

Read this guide to learn how to evolve your compliance programs to achieve supply chain sustainability.

Download Guide
<table>
<thead>
<tr>
<th>Regulation</th>
<th>Regulatory Goal</th>
<th>Sustainability Key Performance Indicators</th>
</tr>
</thead>
</table>
| Toxic Substances Control Act (TSCA) | ▶ Protect human health and the environment  
▶ Require testing of specific chemicals  
▶ Restrict the manufacturing, processing, distribution in commerce, use and disposal of chemicals and mixtures<sup>7</sup> | ▶ Evidence that substances in products will not cause significant harm to life under the water and on land  
▶ Evidence that substances in products will not cause detrimental human health defects |
| Registration, Evaluation, Authorisation, and Restriction of Chemicals (REACH) | ▶ Protect human health and the environment with identification of chemical properties  
▶ Evaluate, authorize, and restrict chemicals  
▶ Enhance innovation and competitiveness of the EU chemicals industry<sup>8</sup> | ▶ Evidence that companies are notifying the presence of all substances of very high concern (SVHCs) in articles to end-users, all within a supply chain and consumers (if requested)  
▶ Evidence that companies are aware of those chemicals that are subject to the authorization and restriction obligations in Annexes XIV and XVII |
| EU Waste Framework Directive — Substances of Concern In articles, as such or in complex objects (Products) (SCIP) | ▶ Protect the environment and human health from hazardous substances during waste processing  
▶ Reintroduce reusable materials to the supply chain  
▶ Distinguish between waste and by-products<sup>9</sup>  
▶ Submission of SCIP dossiers to public databases for waste management | ▶ End-of-life waste management data  
▶ Landfill avoidance data  
▶ Ensuring data that is submitted as dossiers to the SCIP database is robust and complete |
| Restriction of Hazardous Substances (RoHS) | ▶ Protect human health and the environment related to the management of electronic and electrical equipment (EEE) waste  
▶ Restrict the use of certain hazardous substances that can be substituted by safer alternatives<sup>10</sup> | ▶ Ensuring that all 10 restricted substances are not present in products placed on the market above the maximum concentration value at the homogeneous material level  
▶ Ensuring that any utilized RoHS exemptions are still extant and correctly applied |

---


A System That Matures With You: Step by Step

If sustainability marketing is your aim, then having your team implement a supply chain sustainability management program that can mature and grow with you should be the next step. It starts with product compliance and having a solid system in place for collecting product data. From there, you can employ due diligence to see deeper into your supply chain. Assent suggests a maturity model that grows with you from basic compliance, to a strong compliance foundation for sustainability, all the way to deep sustainability management.

The Assent Supply Chain Sustainability Maturity Model for Complex Manufacturing
1: Survey suppliers for basic applicable product regulations
   a. TSCA
   b. EU Waste Framework Directive
   c. REACH
   d. RoHS
   e. Proposition 65
   f. Conflict minerals

   **Result:** Market access, but no unique ESG market advantage

2: Survey supply chain for due diligence and sustainability risks, and start mitigating
   a. Extended Minerals Reporting Template (EMRT) — a global standard template for ethical sourcing of cobalt and mica from the Responsible Minerals Initiative (RMI)
   b. Slavery and Trafficking Risk Template (STRT) — a template created by the Social Responsibility Alliance (SRA) to help manufacturers assess their supply chains for slavery, trafficking, and forced labor risks
   c. Enterprise analytics to measure risk maturity

   **Result:** Defensible basic sustainability claims (e.g., “no slave labor”)

3: ESG risk evaluation and reduction
   a. Assessing supplier ESG disclosures and collecting data
   b. Monitoring media for mentions of supplier ESG risks
   c. Creating supplier code of conduct and documenting supplier buy-in

   **Result:** Defensible market advantage with data that mitigates greenwashing risks

4: Deep sustainability
   a. Sustainability innovations
   b. Partnering with ESG leaders
   c. Proactive risk management

   **Result:** Market leadership, stronger brand reputation, increased market share
How to Avoid Greenwashing in Your Supply Chain

Manufacturers need to know how to protect their business from greenwashing within their own supply chains. Purchasing from a supplier engaging in greenwashing can skew the ESG data you collect as part of your supply chain management, and may lead to unintentional greenwashing further downstream. Having a component in your final product with a negative environmental impact can mean that an otherwise excellent product cannot be defensibly claimed as sustainable.

Spotting greenwashing to protect your business is difficult. Most manufacturers are reliant on their suppliers providing compliance data via surveys, or — ideally — full material disclosures (FMDs). But if your team only has access to self-disclosed supplier data, you could be vulnerable to greenwashing.

In addition to direct supplier engagement, manufacturers should implement an indirect media monitoring approach that assesses suppliers for risks that would not be self disclosed, such as bribery or forced labor in factories. These types of social impact risks in particular can completely undermine your sustainability marketing.
Here are some of the key risk metrics a media monitoring program should be on the lookout for:

- Denied parties screening — public record sources created by government authorities and/or organizations that list individuals or entities to avoid
- Greenhouse gas emissions
- Waste and hazardous materials
- Business ethic guidelines
- Human trafficking and slavery
- Labor rights
- Product recall/penalties
- Serious litigation

A media monitoring program requires dedicated expertise in supply chain sustainability and ESG management to succeed. Because this is not often available in-house, many manufacturers choose to partner with a solution provider that has the expertise and resources to continuously monitor their supply chains for adverse media mentions.

A media monitoring program is an invaluable supplement to direct supplier engagement, especially when greenwashing is a concern for your customers and investors. It’s an extra layer of protection that provides confidence in your due diligence program.
Safely Selling Your Sustainability

Talking about sustainability can be a challenge for manufacturers: it’s a complicated subject and supply chains were not built with sustainability in mind. Using a formal framework, like the Global Reporting Initiative (GRI), can help standardize how you measure and manage your ESG footprint — but it doesn’t always make for the most exciting advertising.

It’s helpful to understand the best practices and standards of advertising, so you can understand how to support your communications teams as they market the products you make. In 2022, the World Federation of Advertisers released global guidance in the form of six principles on environmental claims to help marketers avoid greenwashing and present accurate environmental statements.11

Of these six principles, four of them focused on data transparency:

1. Marketers must base general environmental claims on the **full life cycle of their product** or business unless the marketing communication states otherwise, and must make clear the limits of the life cycle.

2. Marketers must **hold robust evidence** for all claims likely to be regarded as objective and capable of substantiation.

3. Marketing communications **must not omit material information**. Where time or space is limited, marketers must use alternative means to make qualifying information readily accessible to the audience and indicate where it can be accessed.

4. Marketers must **include all information relating to the environmental impact** of advertised products that is **required by law**, regulators, or codes to which they are signatories.

These principles make it clear that supply chain sustainability management is vital for telling an accurate story about your product and avoiding greenwashing.

<table>
<thead>
<tr>
<th>Principle</th>
<th>Supply Chain Sustainability Management</th>
</tr>
</thead>
</table>
| Full lifecycle of the product | ▶ Material sourcing (country of origin)  
▶ Labor standards  
▶ Supplier code of conduct agreements  
▶ How and where materials are processed  
▶ Pre-assembly part shipping  
▶ Post-assembly shipping  
▶ End of lifecycle waste compliance — SCIP |
| Robust evidence | ▶ Auditable survey submissions from suppliers  
▶ Industry standard templates |
| Must not omit material information | ▶ FMDs  
▶ ESG materiality assessments  
▶ ESG disclosures |
| Include all information relating to the environmental impact required by law | ▶ Product compliance management  
▶ Regulatory reporting (e.g., TSCA, REACH)  
▶ Industry-standardized optional due diligence (e.g., EMRT) |
Greenwashing Avoidance: Everyone Plays a Part

It’s a common misconception that greenwashing is purely a marketing problem. While the majority of everyday greenwashing takes place in how marketers advertise a product, greenwashing is a concern any time that a manufacturer presents a public face to job seekers, potential partners, and investors. That’s why it’s everyone’s responsibility to help avoid greenwashing in all its forms.
**Executives**

**Risks**
- Investor dissatisfaction
- Brand and reputation damage
- Profit loss

**Responsibilities**
- Support and invest in supply chain sustainability processes and tools
- Work closely with supply chain managers
- Champion transparency across the organization
- Advise on which key performance indicators (KPIs) matter most to investors

---

**Supply Chain Managers**

**Risks**
- Market access loss
- Regulatory non-compliance
- Supply chain disruption

**Responsibilities**
- See deep into the supply chain via surveys and media monitoring to capture data
- Due diligence to ensure suppliers are free from ESG risks (e.g., slavery, corruption, etc.)
- Advise marketers on which claims can be substantiated
- Create ESG and product composition disclosures

---

**Product Marketers**

**Risks**
- Loss of consumer trust
- Removal of product advertisements
- Brand damage

**Responsibilities**
- Develop data-driven messaging that resonates with the audience
- Adheres to green marketing best practices
- Find third-party validated certifications that can help sell the product
The key to avoiding greenwashing is to ensure that your organization has the best possible data to justify any environmental performance claims that it makes. This means ensuring you have a supply chain sustainability management system in place that captures vital product compliance and ESG performance data to support your communications. As you build out a supply chain sustainability program for your organization, here are some best practices that will help mitigate the risk of unsubstantiated green claims and greenwashing:

- Understand where the majority of your environmental footprint is located. For most, but not all manufacturers, this is within the supply chain.
- Focus on removing data silos from your organization: product compliance data and supply chain data insights should be easily available to any decision maker creating or sponsoring green claims.
- Use industry standards for compliance and ESG reporting, like the GRI or CMRT. In-house certifications lack credibility and are a red flag to watchdog groups and NGOs that look for greenwashing.
- Start with the product compliance data you already collect for regulatory compliance and build out a supply chain sustainability program on that foundation.
- Engage your suppliers in your sustainability goals early: suppliers are more likely to send you actionable data when they understand what you’re asking them for and why.
Seeing Deeper to Avoid Risks

Your ability to mitigate the risk of greenwashing and improve the quality and accuracy of your sustainability disclosures depends on your ability to see deep into your supply chain. A shallow view will produce less defensible claims, as many risks to your credibility may be hidden in your supply chain.

Real depth comes from having an effective data collection process combined with proven compliance and ESG expertise. Efficiently collecting data from your suppliers, and then validating that data, means that you will be able to capture data more quickly and use it across your entire enterprise. Having expertise to support your program’s maturity results in the ability to make better sustainability claims and understand the full story your data is telling.

It’s not always possible to have both a data platform and expertise in-house due to the cost and time involved in building up a solution. For many complex manufacturers, it makes more sense to implement a third-party supply chain sustainability management solution that can optimize data collection, improve supplier engagement, and provide advisory services.
About the Author

Steven Andrews

Subject Matter Expert Environmental Stewardship & Policy

Steven Andrews is an internationally recognized expert, with more than 20 years of experience in EU policy development focusing on sustainability, product, waste, and recycling legislation. As a former Deputy Head of the Resources and Waste Division at the UK Government’s Department for Environment, Food, and Rural Affairs, he led teams responsible for developing and enforcing policy around the Restriction of Hazardous Substances (RoHS) and Waste Electrical and Electronic Equipment (WEEE) directives, as well as broader environmental and sustainability legislation.
It angers me when sustainability gets used as a buzzword. For 90 percent of the world, sustainability is a matter of survival.

— Cameron Sinclair, multi-award winning pioneer in socially responsive architecture.
Who Is Assent?

Assent is the supply chain sustainability management solution for the world’s most forward-thinking complex manufacturers. We turn sustainability goals into tangible action by delving deep into supply chains, identifying suppliers, parts, and even substances within parts to map the entire complex manufacturing genome.

What We Do

We help companies spot sustainability risks hiding deep in their supply chains and identify new areas of focus to enhance growth, efficiency, and value. By digging deep within the supply chain, we pull and validate more actionable data to provide real insights. Guided by regulatory experts with a diverse skill set, Assent’s solution delivers a cross-enterprise view of sustainability that is necessary for true leadership in the field.
[Assent is] a low touchpoint program with very high results and program growth, year in and year out.

— Ryan Zelhofer, Former Product Compliance Manager, Plexus

Over 200,000 parts managed

80% reduction in staff management hours
The Assent Solution

The journey toward sustainability demands a new way of thinking about supply chains. Assent turns your supply chain data into a critical tool to make safe, sustainable, and ethical products by providing:

- Clean data collected from the source using automated engagement techniques that dive deeper into supply chains
- Crucial, at-a-glance supply chain sustainability data through streamlined dashboards
- An adaptable program that evolves alongside regulations and industry trends

People are the beating heart of any sustainability program. Assent combines its leading technology with expert guidance, ensuring each program is tailored to your specific needs. Dedicated customer success managers make sure you have a familiar face to speak to about changing program goals or enhancements.

Our Global Offices

Canada
525 Coventry Road
Ottawa, ON K1K 2C5
Canada
Toll Free: 1 866 964 6931

Eldoret, Kenya
Daima Towers
21st & 22nd Floor
Eldoret, Kenya

Malaysia
Unit 9.02, Menara Boustead Penang
39, Jalan Sultan Ahmad Shah
10050 Penang

United States
20 E Broad ST FL 8
Columbus, OH 43215-3403
U.S.A.
Toll Free: 1 866 964 6931

Netherlands
Barbara Strozilaan 101, 1083 HN
Amsterdam, Netherlands
+31 20 299 1714

assent.com
info@assent.com
Assent will put you at the forefront of our changing world. See how in your personal demo.

Book My Demo