



A PALLETEARTH WHITE PAPER

# GREENWASHING: MORE EXPENSIVE THAN GENUINE CHANGE

OCTOBER 2024

© 2024 RDP Group Ltd.  
All Rights Reserved.



# MISLEADING GREEN CLAIMS ARE MORE EXPENSIVE THAN REAL SUSTAINABILITY GAINS

## Businesses are under pressure from every direction.

Geopolitical tension is widespread, operating costs are high, and the outlook for growth is uncertain. In this environment, it is difficult to invest in progress on sustainability. Yet consumers and regulators are pushing hard for improvements, which has led some companies to make overstated or unverifiable green claims.

On its face, greenwashing seems like an easy, cheap solution. A business can exaggerate its sustainability efforts without having to invest in genuine change. Consumers and investors are mollified, and the brand appears more virtuous.

But the repercussions of greenwashing are now being felt acutely, through fines, loss of reputation and customer dissatisfaction. Greenwashing is now far costlier than taking small, steady and measurable steps toward a more sustainable operation.

## The cost of greenwashing.



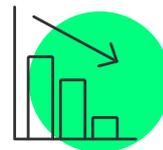
FINES AND/  
OR CIVIL  
LITIGATION



REPUTATIONAL  
DAMAGE



LOSS OF  
CUSTOMER  
TRUST



REDUCED  
SALES



MISSED  
OPPORTUNITY  
FOR REAL  
CHANGE

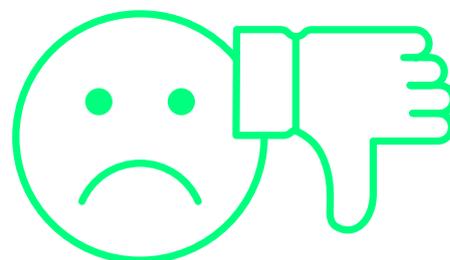
# THE COST OF GREENWASHING IS RISING

## Globally, consumers are losing faith in sustainability claims:

52% believe organisations are greenwashing sustainability initiatives<sup>1</sup>, with mistrust highest among younger generations. This impacts consumer spending, with a survey of UK adults finding that 54% said they would stop buying from a company if its claims were found to be misleading<sup>2</sup>.

These shoppers have good reason to be wary. According to the European Union (EU), 53% of green claims are vague, misleading or unfounded, with 40% of claims having 'no supporting evidence'<sup>3</sup>. In the US, the situation might even be worse, with 68% of executives admitting their companies were guilty of greenwashing<sup>4</sup>.

Non-compliance penalties are not the only risk. According to Forbes, greenwashing is 'the new goldmine', as prosecutors seize on new regulations to bring class action suits against large corporations<sup>5</sup>.



## THE GOLDMINE COULD BE A PROFITABLE ONE:

One global review found 40% of firms' green claims could be misleading<sup>6</sup>.

## Highest fines for corporate greenwashing

Company	FINE \$USD	Exposed for:
<b>Volkswagen</b>	Fined <b>\$35 billion</b> from 2017-2020 <sup>7</sup>	For hiding excessive levels of toxic diesel emissions.
<b>Toyota</b>	Fined <b>\$180 million</b> in 2021 <sup>8</sup>	For systematic, longstanding violations of Clean Air Act emission-related defect reporting requirements.
<b>DWS</b>	Fined <b>\$25 million</b> in 2023 <sup>9</sup>	For misstatements regarding its ESG investing and failures in policies designed to prevent money laundering.
<b>Vanguard Australia</b>	Fined <b>\$8.6 million</b> in 2024 <sup>10</sup>	For making misleading claims about its ESG investment screening.
<b>Mercer Superannuation</b>	Fined <b>\$7.5 million</b> in 2024 <sup>11</sup>	For making misleading claims about its ESG investment screening.

1. Cargemini Research Institute, A World in Balance 2024, 2024.

2. KPMG, Over half of UK consumers prepared to boycott brands over misleading green claims, 2023.

3. European Commission, Factsheet on Green Claims, 2023.

4. Peters, Adele, 68% of U.S. execs admit their companies are guilty of greenwashing, Fast Company, 2022.

5. Foley, Marv, Businesses Beware: Greenwashing Is The New Goldmine For Litigators, Forbes, 2024.

6. GOV.UK, Global sweep finds 40% of firms' green claims could be misleading, 2021.

7. Reuters, Volkswagen says diesel scandal has cost it 32.3 billion euros, 2020.

8. US Dept of Justice, Toyota Motor Company to Pay \$180 Million in Settlement for Decade-Long Noncompliance with Clean Air Act Reporting Requirements, 2021.

9. Prentice, Chris, DWS to pay \$25 mln to end US probe into greenwashing, other issues, Reuters, 2023.

10. ASIC, ASIC's Vanguard greenwashing action results in record \$12.9 million penalty, 2024.

11. ASIC, ASIC's first greenwashing case results in landmark \$11.3 million penalty for Mercer, 2024.

# GREENWASHING REGULATIONS ARE ON THE RISE

The world cannot keep producing long-lasting items, using them briefly, and then discarding them in landfills. We are shifting toward a circular economy – one where a consumer product is designed to last.

When a product stops working, it can be repaired. And once it can no longer be used or repaired, it can be recycled so its components go back into the economy.

Here are four ways the circular economy will inform the supply chain of 2030:



“Regulators are taking a much tougher stance on greenwashing than ever before.”

Gowling WLG<sup>9</sup>

## EUROPEAN UNION

A leader in sustainability regulation, this year the EU introduced bans on unsubstantiated claims and labels, as well as a verification system for products<sup>1</sup>.

## SOUTH KOREA

In 2023, became the first nation in Asia to draft law allowing fines for corporate greenwashing<sup>2</sup>.

## AUSTRALIA

After an investigation, in 2023 guidelines on environmental claims were released<sup>3</sup>.

## INDIA

Guidelines drafted in 2024 will demand substantiation of environmental, social and governance (ESG) claims<sup>4</sup>.

## USA

The FTC is currently reviewing its Green Guides and is expected to provide additional guidance on ESG marketing claims in 2024<sup>5</sup>.

## CANADA

This year Canada added regulation for environmental claims in marketing materials<sup>6</sup>.

## UK

Anti-greenwashing rules came into force in mid-2024<sup>7</sup>.

## CHINA

China uses its advertising, consumer protection, trademark and anti-unfair competition laws to regulate greenwashing<sup>8</sup>.

1. [European Parliament, Stopping greenwashing: how the EU regulates green claims, 2024.](#)  
2. [Beattie, Elizabeth, South Korea eyes fines for corporate greenwashing, The Japan Times, 2023.](#)  
3. [ACCC, Making environmental claims: A guide for business, 2023.](#)  
4. [Dash, Dipak K, 'Green' claims will have to be substantiated: CCPA, Time of India, 2024.](#)  
5. [Gigounas, George, et al, FTC to revise its guidance on environmental marketing as it seeks public comment on the Green Guides, DLA Piper, 2023.](#)  
6. [McGowan, Jon, Canada's New Greenwashing Law Will Impact U.S. Companies' Climate Marketing, Forbes, 2024.](#)  
7. [FCA, FCA confirms anti-greenwashing guidance and proposes extending sustainability framework, 2024.](#)  
8./9. [Bey, Celine, et al, Greenwashing: Exploring the risks of misleading environmental marketing in China, Canada, France, Singapore and the UK, Gowling WLG, 2023.](#)

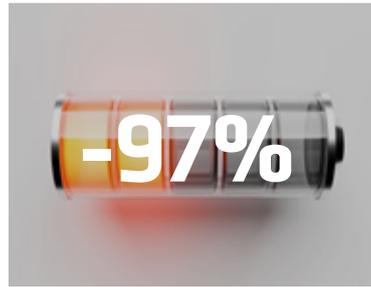
# REAL SUSTAINABILITY PROGRESS IS INCREASINGLY AFFORDABLE

While the cost of greenwashing is rising, the price of making measurable green improvements is falling. As technology scales up, sustainability products and services are becoming relatively more affordable.

These gains strengthen the business case for sustainability investments and make continuous progress increasingly feasible.



Solar panel prices over the past 10 years<sup>1</sup>



Battery prices over the past 30 years<sup>2</sup>



Renewable biomethane costs by 2040<sup>3</sup>



EVs will be cheaper to produce than fossil fuels<sup>4</sup>



Forecast price of picking robots by 2030<sup>5</sup>

**“Organisations must articulate the potential for sustainability investments to drive innovation and create business value across the enterprise, from operations to manufacturing, to products and services to technology and people.”**

Capgemini Research Institute<sup>6</sup>

- [Ritchie, Hannah, Solar panel prices have fallen by around 20% every time global capacity doubled, Our World in Data, 2024.](#)
- [Ritchie, Hannah, The price of batteries has declined by 97% in the last three decades, Our World in Data, 2021.](#)
- [International Energy Agency, Outlook for biogas and biomethane, 2020.](#)
- [Reuters, EVs will be cheaper to produce than gas-powered vehicles by 2027, Gartner says, 2024](#)
- [Zhang, Irene, 150k Picking Robots to be Installed by 2030... And We're Only Scratching the Surface, Interact Analysis, 2023.](#)
- [Capgemini Research Institute, A World in Balance 2024, 2024.](#)

# QUICK WINS CAN FUND LONGER-TERM SUCCESS

Investing in sustainable strategies is a winning formula for corporations. Over time, it should lead to lower ongoing costs, reduced waste and more efficiency.

Look for rapid, low-cost solutions that will provide immediate cost savings. The gains from early wins can help fund long-term sustainability solutions.

## SUSTAINABILITY CLAIMS

### 7 TIPS FOR GETTING IT RIGHT

Sustainability measures create more resilient, efficient businesses – and they can build consumer trust and loyalty. These seven tips will help your brand get it right:

1. Claims should be specific, accurate and easy to understand.
2. Review all your claims against regulations in your market.
3. Be ready to support your claims with independent data or certification. Any claims that cannot be supported must be removed.
4. Go beyond carbon emissions: what else can you do? Consider other aspects such as water and energy management, social responsibility and biodiversity.
5. Look for local certifiers. The cost of certification often delivers additional value in advice and support from the certifier.
6. Work with your suppliers and partners. They can often provide data and human resources to help you drive change in their specific area of expertise. For example, at PalletEarth we work with our clients to run trials, providing measurable, verifiable data on results.
7. Research funding options. Local and national governments often have funding for sustainable initiatives, while projects can often secure lower-interest preferential lending.

## INVESTING IN SUSTAINABILITY PAYS OFF FOR THE FOOD SECTOR

A survey of 350 global food and agriculture executives found<sup>1</sup>:

**79%**

Realised growth of 2% or greater as a result of investing in sustainability strategies

Top strategies that contributed to revenue increases:

- Reducing food loss
- Improving waste management
- Sustainable packaging solutions

**74%**

Realised cost reductions of 2% or greater as a result of investing in sustainability strategies

Top strategies that contributed to lower costs:

- Energy management
- Raising, treating, and sourcing animals responsibly

**x3**

Cost-benefit ratio for McDonald's US on every dollar invested in agricultural climate initiatives

1. [NYU Stern Centre for Sustainable Business, Unleashing Sustainable Value in Food & Agriculture, Deloitte, 2024.](#)

# SUSTAINABILITY CLAIMS IN ACTION

We use modelling, trials and Material Intelligence to build a robust library of data to support any claims we make. We measure how customers use our pallets using tracking and compare performance with that of traditional wooden pallets. This allows us to prove our sustainability claims, and provide this data to our clients so they can use it in their own emissions calculations and claims.

**10X PALLETEARTH  
PALLETS =  
200X WOODEN  
ONE WAY PALLETS**

OVER A 4 YEAR RENTAL WITH 5 PALLET TURNS PER P.A.



## CLAIM:

**PALLETEARTH  
PALLETS REDUCE  
CARBON EMISSIONS  
BY 82% COMPARED  
TO WOODEN  
PALLETS**

By providing side-by-side data on wood pallets versus PalletEarth, we can demonstrate a 70% reduction in CO<sub>2</sub> emissions per pallet journey.

**We have a detailed model that allows us to show what could be achieved for any specific business – get in touch to find out more.**

## CARBON FOOTPRINT REDUCTION

LCA study by ThinkStep  
[thinkstep-anz.com](http://thinkstep-anz.com)



Report compiled in accordance with international standards ISO 14044 (LCA) and IO 14067 (product carbon foot printing).

Allows the accurate modelling actual CO<sub>2</sub> savings based on your current pallet use.

### CO<sub>2</sub>eq per pallet journey - kgs (7026 km ship + 400km road round trip)

Pool wood pallet - 15kgs	29.240
PalletEarth	5.343
<b>REDUCTION per pallet per journey kgCO<sub>2</sub>eq</b>	<b>-23.897</b>
<b>REDUCTION per pallet per journey %</b>	<b>82%</b>

# ARE YOU REALLY DOING ENOUGH?

Sustainability made enormous strides in the post-pandemic years as sales boomed. But inflation has seen a shift in priorities and ESG concerns have taken a back seat to more urgent cashflow and operational priorities.

Most organisations are not doing what they should to advance progress toward carbon neutrality and other sustainability targets. Initiatives are seen as a 'nice to have' rather than a necessity, and companies are slow to shift away from traditional processes, systems and materials.

That's not good enough. It's not only that lagging behind leaves your business vulnerable to becoming obsolete. More importantly, the faster we can act, the sooner we can slow down global warming and prevent the acceleration of extreme weather events.

Corporate sustainability efforts will build a stronger, more efficient business – and support a better future for the next generation.

Working with your team, we can provide long-term freighting solutions that will drive down costs whilst reducing your organisation's carbon footprint. Talk to us today to change your tomorrow.

✉ [solutions@palletearth.com](mailto:solutions@palletearth.com)

🌐 [palletearth.com](https://palletearth.com)