

Automotive retailers should be alert to Greenwashing

Over the past 3 years we have seen an upsurge in participants on the retail sector who have voluntarily committed themselves to reaching or reducing net zero emissions by a certain target date.

Why have those companies made such a decision?

Those retailers who have made a commitment to reaching or reducing their carbon footprint, and make the change, have done so for a multitude of reasons. Those reasons may be to differentiate themselves from their market competitors, to address what they see is a serious problem for society and lesson their company or staff impact on the environment, social reasons or to fall in line with manufacturer and government policy settings.

All of those reasons are noble and can help protect our environment. With this in mind, VACC members must be sure that any of those claims made by your business are accurate and not what can be referred to as 'greenwashing.'

What is a greenwash?

A greenwash can best be explained as when a company creates a misleading impression about its green credentials. This can include claims made about its practices, investment and plans to reach a net zero emissions ambition and carbon neutrality.

This is practiced by some retailers to take advantage of consumer demand for an environmentally friendly corporate product and practice.

What does the Australian Competition and Consumer Commission (ACCC) say about greenwashing?

The Australian Competition and Consumer Commission (ACCC) best describes greenwashing as a company behaviour to promote misleading environmental and sustainability marketing claims and fake or misleading online business reviews.

We have seen instances in our sector with (for e.g.) misleading vehicle emissions claims being stated as fact with heavy penalties handed down by the ACCC.

How will ACCC deal with greenwashing?

The ACCC has labelled greenwashing as a **breach** of the Australian Consumer Law (ACL).

Those who are using greenwashing as a marketing tool could be subjected to action from the ACCC under ACL section 29 that states:

- i. *A person must not, in trade or commerce, engage in conduct that is misleading, deceptive, or likely to mislead or deceive, and/ or*
- ii. *A person must not make false or misleading representations about specific aspects of goods and services.*

This is because making claims that are not true about a product or businesses sustainability and environmental impacts provides consumers with a false idea and outcome of what they are purchasing.

What are the ACCC and the Australian Securities & Investments Commission (ASIC) doing about greenwashing?

Right now, ACCC and the Australian Securities & Investments Commission (ASIC) are treating greenwashing as a priority and acting against those who participate in its practice. ACCC in particular are conducting internet 'sweeps' to identify those who are making false and misleading environmental and sustainability marketing claims.

ASIC and the ACCC have flagged that they will be working closely together as well as with other energy Regulators to identify those who greenwash.

How can you avoid the scrutiny of ACCC, ASIC and the other regulators?

You should ensure that any statements concerning environmental commitments have reasonable grounds, including credible and up-to-date scientific data and technologies. It would be worth attributing such data to respected sources.

Do not over embellish your green credentials.

Be sure that any commitments and representations made by you, or your representatives are subject to ongoing evaluation to ensure they are achievable and consistent with the latest scientific data and stakeholder (including regulator) expectations.

Ensure all of your social media platforms are displaying consistent and accurate environmental information.

How can VACC assist you?

Your automotive retail business may consider participating in the **Green Stamp Accreditation Program**.

The Green Stamp Accreditation Program is an environmental initiative that acknowledges the commitment of automotive businesses in minimising their environmental impact when running their business.

Accredited businesses are recognised for going beyond compliance with their environmental obligations by actively striving to operate in a way that is more environmentally sustainable.

You can learn more about the Green Stamp Accreditation Program by taking this [link](#).

Kind regards
Industry Policy Team – VACC