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Protecting Consumers Against „Greenwashing” under European Union Law: Lessons for Vietnam

Abstract

This study critically examines the European Union’s evolving legal approach to combating greenwashing, with a particular focus on the Proposal for a Green Claims Directive (GCD) and related legislative initiatives under the European Green Deal. Employing systematization, analytical-synthetic methods, and comparative legal analysis, the research identifies substantive shortcomings in Vietnam’s current framework, including the absence of explicit rules on environmental claims and the lack of independent verification mechanisms. The findings reveal that the GCD Proposal, although not yet adopted, provides a structured and transparent regulatory model through its three core requirements: reliable scientific substantiation, life-cycle assessment, and third-party verification. Drawing on these insights, the paper proposes targeted reforms to Vietnam’s legal system, including the introduction of a statutory definition of greenwashing, the establishment of verification protocols aligned with international standards, and the imposition of sanctions proportionate to the harm caused by deceptive claims. These recommendations aim to enhance consumer protection, foster genuine sustainable business practices, and align Vietnam’s regulatory framework with global sustainability goals. By bridging comparative legal insights with domestic policy needs, the article contributes both to academic discourse on environmental law and to the practical advancement of Vietnam’s green transition.

KEYWORDS: greenwashing, European Union law, Green Claims Directive, consumer protection, sustainable development

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1 | Introduction

Since the publication of the Brundtland Report in 1987, the concept of sustainable development has undergone more than three decades of evolution and refinement, becoming a central strategic orientation in global governance amidst challenges such as climate change, resource depletion, and social inequality. According to the classic definition provided by the World Commission on Environment and Development (WCED) in the Brundtland Report, sustainable development is understood as “development that meets the needs of the present without compromising the ability of future generations to meet their own needs.”^[1] This concept has been further operationalised through the 2030 Agenda and its 17 Sustainable Development Goals (SDGs), adopted by the United Nations in 2015. Among these, SDG 12 (Ensure sustainable consumption and production patterns) and SDG 13 (Take urgent action to combat climate change and its impacts) clearly underscore the intrinsic link between economic growth and environmental-social responsibility.^[2] The United Nations Environment Programme (UNEP) affirms that transitioning towards sustainable lifestyles and consumption patterns is not merely an option but a prerequisite for achieving sustainable development.^[3] The concept was first defined at the Oslo Symposium on Sustainable Consumption in 1994, where sustainable consumption was understood as

the use of goods and services that respond to basic needs and bring a better quality of life, while minimising the use of natural resources, toxic materials and emissions of waste and pollutants over the life cycle, so as not to jeopardise the needs of future generations.

¹ World Commission on Environment and Development (WCED). *Our Common Future*. Oxford: Oxford University Press, 1987. <https://sustainabledevelopment.un.org/content/documents/5987our-common-future.pdf>.

² United Nations, *Transforming our World: The 2030 Agenda for Sustainable Development* (2015). <https://sdgs.un.org/2030agenda>.

³ United Nations Environment Programme (UNEP), *Visions for Change: Recommendations for Effective Policies on Sustainable Lifestyles* (Nairobi: UNEP, 2011). <https://www.unep.org/resources/report/visions-change-recommendations-effective-policies-sustainable-lifestyles>.

It is not only a change in consumption habits but also a long-term transformation strategy involving awareness, public policies, and corporate social responsibility. According to Testa et al. (2019), for environmentally conscious consumers, sustainability is a key factor in shaping purchasing decisions.

In the context of the green transition, consumers are not only beneficiaries but also drivers urging businesses to be more transparent about their supply chains, production processes, and environmental claims. Providing information that is “accessible, reliable, and verifiable”^[4] from suppliers is a key condition enabling consumers to make easy, practical, and sustainable decisions. Conversely, misleading claims undermine trust, hinder sound choices, and overshadow businesses genuinely committed to sustainable development.^[5] However, accompanying the rise of “green” consumption is the proliferation of practices that exploit environmental concerns for misleading marketing purposes, commonly referred to as greenwashing. This phenomenon involves businesses making environmental claims that are dishonest, exaggerated, or lacking scientific basis, thereby eroding public trust and hindering genuine sustainable development efforts. The European Union (EU) has emerged as a global pioneer in identifying and regulating greenwashing. The GCD Proposal requires that all environmental claims be grounded in reliable scientific evidence, assessed through a life-cycle approach, and independently verified by a third party. This approach establishes a transparent and verifiable legal standard aimed at protecting consumers and ensuring fair competition, while also serving as an important reference point for developing countries. In Vietnam, although several laws concerning consumer protection, competition, and environmental management already exist, the regulatory framework governing environmental claims remains fragmented, lacking a unified definition of greenwashing and an independent verification mechanism. This regulatory gap renders the market vulnerable to unsubstantiated “green” claims and places genuinely sustainable businesses at a competitive disadvantage. In the context of deepening global integration

⁴ United Nations Environment Programme (UNEP), *Consumer Information*. <https://www.unep.org/explore-topics/resource-efficiency/what-we-do/sustainable-lifestyles/consumer-information-including>. [accessed: 25.6.2025].

⁵ Organisation for Economic Co-operation and Development (OECD), “Protecting and Empowering Consumers in the Green Transition: Misleading Green Claims” *OECD Digital Economy Papers*, No. 375 (2025): 5. https://www.oecd.org/en/publications/protecting-and-empowering-consumers-in-the-green-transition_12f28e4f-en.html.

and increasing pressure to comply with international sustainability standards, drawing insights from the EU experience becomes essential. While previous studies have examined greenwashing from the perspectives of communications, business ethics, or consumer behavior, research assessing the GCD's applicability in developing countries – particularly in light of Vietnam's fragmented legal framework and absence of independent verification – remains limited, presenting an important scholarly gap that this paper seeks to address.

Against this backdrop, this paper pursues two key objectives: (i) to analyze the structure and regulatory principles of the GCD Proposal in order to identify its core legal standards for controlling greenwashing; and (ii) to assess the feasibility of applying these standards in developing countries, using Vietnam as the case study. Through this analysis, the paper aims to contribute both theoretical and practical insights to the policy-making process toward building a more transparent and effective legal environment for regulating greenwashing and promoting sustainable consumption.

The contributions of this paper can be identified along three dimensions. First, it offers a systematic approach to the GCD Proposal by elucidating its structure, regulatory rationale, and core requirements relating to transparency, scientific substantiation, and independent verification – issues that have often been discussed only in a fragmented manner in existing literature. Second, by comparing the EU's experience with Vietnam's legal context, the paper provides an in-depth comparative assessment, clarifying areas of alignment, gaps, and challenges in adopting international standards on greenwashing control. Third, the paper proposes feasible policy recommendations to improve Vietnam's regulatory framework on environmental claims, thereby contributing directly to ongoing legal reforms aimed at enhancing transparency and sustainability. These contributions enrich greenwashing scholarship and offer meaningful reference value for other developing countries with similar conditions.

2 | The Concept and Characteristics of Greenwashing

The rise of greenwashing is closely tied to the context in which sustainable consumption has become a dominant trend over the past decade. As pressures associated with the green transition intensify, businesses have

stronger incentives to use environmental claims as a marketing tool to enhance a “green” image without genuinely improving their production practices. Therefore, identifying the nature, characteristics, and impacts of greenwashing is an essential step in establishing a theoretical foundation for a legal framework governing this conduct. Conceptually, the EU approaches greenwashing as a commercial practice aimed at gaining unfair competitive advantages by marketing products as environmentally friendly when they do not, in fact, meet the sustainability criteria set by the EU.^[6] From a communication and business ethics perspective, the German Environment Agency (UBA) defines greenwashing as “the efforts of organisations to present themselves as “green” or “sustainable,” particularly through communication and marketing activities, without systematically implementing corresponding actions towards sustainability in their actual operations.”^[7] From the standpoint of consumer protection, the Organisation for Economic Co-operation and Development (OECD) considers greenwashing to be the practice whereby businesses provide environmental information that is inaccurate, exaggerated, or unverifiable, thereby hindering consumers’ ability to make informed choices.^[8] The OECD also identifies typical manifestations of this practice, including: making false or unsubstantiated claims; using vague or ambiguous language, such as “planet friendly,” “eco-conscious,” or similar expressions without concrete evidence; or creating implicit impressions through the use of green imagery, nature-evoking visuals, or environmentally suggestive brand or product names, even when such products do not actually possess the claimed environmental attributes.^[9]

A well-known example of greenwashing is the “Conscious” campaign by H&M. In 2022, the Dutch Authority for Consumers and Markets (ACM) ordered H&M to remove the terms “Conscious” and “Conscious Choice”, deeming them vague green claims lacking sufficient substantiation.^[10]

⁶ Recital 11, Regulation (EU) 2020/852, Official Journal of the European Union L 198/13 (22 June 2020). <https://eur-lex.europa.eu/eli/reg/2020/852/oj/eng>.

⁷ Umweltbundesamt (German Environment Agency), *Greenwashing und Sustainable Finance*, 20 December 2022. <https://www.umweltbundesamt.de/greenwashing-sustainable-finance#undefined>. [accessed: 25.6.2025].

⁸ Organisation for Economic Co-operation and Development (OECD), “Protecting and Empowering Consumers in the Green Transition: Misleading Green Claims,” 5.

⁹ Ibidem, 5.

¹⁰ The Netherlands Authority for Consumers and Markets (ACM), Commitment Decision – H&M, Case No. ACM/22/179209; Reference ACM/UIT/583382, 19 August

In the same year, Norwegian consumer authorities warned that the use of the Higg MSI (Material Sustainability Index) tool in marketing could violate the law due to its presentation of industry-average data as product-specific metrics.^[11] Under regulatory pressure, H&M, in its 2022 Sustainability Disclosure Report, announced plans to review and improve transparency in its use of the “Conscious” label, while updating material composition information for previously labeled products.^[12] This clearly demonstrates the use of language to create a lasting impression without verification, undermining consumer trust in green claims.^[13] The inconsistency between claims and reality not only diminishes trust, but also significantly reduces the likelihood of repurchasing environmentally friendly products in the future.^[14] This is concerning because trust is a core factor influencing consumers’ purchasing decisions.^[15]

Based on the definitions discussed, several key characteristics of greenwashing can be identified: Firstly, the strategic use of environmental elements as marketing tools; Secondly, the absence of clear and verifiable evidence supporting environmental claims; Thirdly, the creation or reinforcement of misleading impressions among consumers; Fourthly, a lack of consistency between corporate communications and the company’s actual practices.

2022. <https://www.acm.nl/system/files/documents/commitment-decision-hm.pdf>. [accessed: 2.7.2025].

¹¹ Norwegian Consumer Authority (Forbrukertilsynet), “H&M – Potentially Misleading Environmental Claims Using Higg MSI Data,” 14 June 2022. <https://www.forbrukertilsynet.no/wp-content/uploads/2022/06/hm-potentially-misleading-environmental-claims-in-marketing-using-higg-msi-data-in-marketing-of-garments.pdf>. [accessed: 2.7.2025].

¹² H&M Group, *Sustainability Disclosure 2022* (Stockholm: H&M Group, 2023). <https://hmgroup.com/wp-content/uploads/2023/03/HM-Group-Sustainability-Disclosure-2022.pdf>. [accessed: 2.7.2025].

¹³ Nancy E. Furlow, “Greenwashing in the New Millennium” *Journal of Applied Business and Economics*, No. 6 (2010): 22-25.

¹⁴ Neringa Vilkaitė-Vaitonė, “The Greenwashing Trap: How Misleading Marketing Affects Consumer Green Purchasing Habits” *Business: Theory and Practice*, No. 2 (2024): 593-602.

¹⁵ Guenzi, Paolo, Michael D. Johnson, Sandro Castaldo, “A Comprehensive Model of Customer Trust in Two Retail Stores.” *Journal of Service Management* 20 (2009): 290-316.

3 | The Impacts of Greenwashing

From the above analysis, it is evident that greenwashing is not merely the act of distorting an environmental image but also a commercial practice with potential legal, economic, and social implications. Clearly identifying its concept and characteristics serves as the basis for a comprehensive risk assessment, thereby clarifying the challenges it poses to consumers, markets, businesses, and society at large.

From the consumer's perspective, greenwashing poses one of the most immediate and tangible risks. When businesses use inaccurate or ambiguous environmental information to attract attention or create a falsely favorable impression, consumers may be driven to make purchasing decisions based on incomplete or misleading grounds, thereby undermining their right to accurate information and informed choice. This directly infringes upon their right to information and their right to make informed choices – both of which are widely recognized as fundamental rights in modern consumer protection policies.^[16] According to NielsenIQ's 2024 global survey, 72% of consumers indicated they are willing to pay more for products that are committed to sustainable development. However, according to the “Consumer Sustainability Survey 2023” conducted by Blue Yonder, 56% of consumers expressed skepticism or lack of full trust in corporate sustainability claims.^[17] This reflects a significant level of doubt within the global consumer community, warning that non-transparent environmental marketing can undermine brand trust. In response to this situation, the OECD emphasizes that providing effective and well-targeted information plays a critical role in helping consumers compare products, reduce the risk of being misled, and enhance market transparency.^[18] To ensure that consumers are able to make sound decisions, effective consumer policy must place them in a position to “make informed choices”

¹⁶ United Nations Conference on Trade and Development (UNCTAD), *United Nations Guidelines for Consumer Protection (as Expanded in 2015)*. UN Doc. DITC-CPLPMISC2016D1. Geneva: United Nations, 2016.

¹⁷ Agility PR Solutions, “Sustainability Remains a Strong Consumer Concern—They Just Don't Trust Brands' Eco-Claims,” *Bulldog Reporter*, 21 April 2023. <https://www.agilitypr.com/pr-news/public-relations/sustainability-remains-a-strong-consumer-concern-they-just-dont-trust-brands-eco-claims>.

¹⁸ Organisation for Economic Co-operation and Development (OECD), *Consumer Policy Toolkit* (Paris: OECD Publishing, 2010), 82-83, https://www.oecd.org/en/publications/consumer-policy-toolkit_9789264079663-en.html.

and to be “protected from unfair commercial practices.”^[19] Vague claims such as “environmentally friendly,” “clean,” or “green,” if not supported by concrete evidence, can easily mislead consumers, erode trust even in genuinely eco-friendly products, and thus reduce the overall effectiveness of environmental marketing efforts.^[20]

From a business perspective, the growing prevalence of greenwashing is producing a number of adverse consequences for businesses.^[21] It distorts a healthy competitive environment and especially disadvantages companies that adhere to ethical business practices and environmental standards. When deceptive environmental claims go unpunished, legitimate businesses lose the motivation to innovate and may even be forced to alter their strategies in order to survive. Furthermore, greenwashing undermines fair competition and contributes to the spread of misinformation throughout the sustainable supply chain.^[22] Companies that are genuinely pursuing sustainability transitions often find themselves at a disadvantage compared to competitors who merely “greenwash” their image without taking corresponding actions.

From the societal perspective, in a landscape saturated with “green” claims, consumers are at risk of experiencing information overload, leading to a phenomenon known as “green fatigue.” This term refers to a psychological state in which the public becomes confused, skeptical, and even weary due to the repetitive exposure to inconsistent environmental messaging. As a result, the public may become passive in adopting sustainable consumption behaviors, despite their continued desire for environmental information that is truthful, concise, and easily accessible – without the sensation of being overwhelmed.^[23]

In conclusion, greenwashing is a practice that cannot be taken lightly. It poses a direct threat to consumer rights, distorts market dynamics, and hinders the progress toward building a sustainable and transparent

¹⁹ Ibidem, 9.

²⁰ Marc A. Delmas and Vanessa C. Burbano, “The Drivers of Greenwashing” *California Management Review*, No. 1 (2011): 67.

²¹ Ajay Khatter, “Challenges and Solutions for Environmental Sustainability in the Hospitality Sector” *Sustainability*, No. 15 (2023): 11491.

²² Xavier Font, Islam Elgammal, Ian Lamond, “Greenhushing: The Deliberate Under Communicating of Sustainability Practices by Tourism Businesses” *Journal of Sustainable Tourism*, No. 7 (2017): 1007-1023.

²³ Judith B. Strother, Zohra Fazal, “Can Green Fatigue Hamper Sustainability Communication Efforts?” In *2011 IEEE International Professional Communication Conference (IPCC)* (Cincinnati, OH: IEEE, 2011), 1-6.

economy. The aforementioned consequences affect not only consumers and fair competition, but also underscore the urgent need for a robust legal framework to effectively regulate greenwashing behavior.

4 | Regulatory Approaches to Greenwashing in the European Union

4.1. Overview of the European Green Deal Strategy

The European Green Deal (EGD) was formulated with the overarching goal of making Europe the first climate-neutral continent by 2050,^[24] meaning achieving net-zero greenhouse gas (GHG) emissions. To realize this objective, the European Commission has adopted a series of proposals to align EU policies on climate, energy, transport, and taxation with the aim of reducing net GHG emissions by at least 55% by 2030 compared to 1990 levels^[25] – serving as a stepping stone toward the 2050 target. According to the European Commission, the EGD is described as

a new growth strategy that aims to transform the EU into a fair and prosperous society, with a modern, resource-efficient and competitive economy [...] where economic growth is decoupled from resource use.^[26]

To implement the EGD, the EU has implemented a comprehensive, transformational policy framework covering sectors such as energy, industry, production and consumption, infrastructure, transportation, food, agriculture, construction, taxation, and social welfare.^[27] The core focus is to

²⁴ European Commission, *Delivering the European Green Deal* (2022). https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/european-green-deal/delivering-european-green-deal_en. [accessed: 24.6.2025].

²⁵ European Commission, *The European Green Deal*. https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/european-green-deal_en. [accessed: 1.7.2025].

²⁶ European Commission, *The European Green Deal*, COM(2019) 640 final, 11 December 2019. <https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1576150542719&uri=COM%3A2019%3A640%3AFIN>. [accessed: 21.6.2025].

²⁷ *Ibidem*.

build a sustainable, resilient economy with a fair distribution of benefits. A notable feature of the European Green Deal (EGD) is its interdisciplinary nature, requiring coordinated integration of legislation, investment, innovation, national reforms, and international cooperation,^[28] while ensuring that environmental and social factors are fully mainstreamed throughout. In addition, to ensure the effective implementation of the green transition across Europe, the European Commission has proposed and implemented numerous legal initiatives that establish an interdisciplinary foundation, promoting consistency among climate, energy, consumption, and competition policies. These instruments form a cross-cutting legal foundation designed to enhance policy coherence among climate, energy, consumer, and competition law^[29] – thereby strengthening the EU’s capacity to regulate environmental misconduct, including greenwashing. According to Gómez (2021), playing a central role in the transition means establishing a green financing ecosystem to attract and mobilize private sector capital for strategic projects.^[30]

4.2. The Green Claims Directive

4.2.1. Background of Its Introduction

Against this backdrop, the GCD Proposal introduces a more detailed and technically robust framework, particularly through its core legal criteria for determining the lawfulness of green claims. Building upon the legal gaps identified during the implementation of the European Green Deal (EGD), on 22 March 2023, the European Commission officially released the proposal for the GCD Proposal as a concrete step toward regulating greenwashing practices within the EU market. The central objective of this proposal is to empower consumers by enabling them to make more informed purchasing decisions based on transparent, reliable, and verifiable information regarding the sustainability of products or services.^[31] Prior to

²⁸ Ibidem.

²⁹ European Commission, *Delivering the European Green Deal*, 2022. https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/european-green-deal/delivering-european-green-deal_en. [accessed: 24.6.2025].

³⁰ Jorge Fernández Gómez, “The European Green Deal and the Energy Transition: Challenges and Opportunities for Industrial Companies” *Boletín de Estudios Económicos*, No. 232 (2021): 191-211.

³¹ Ibidem.

the introduction of the GCD Proposal, the regulation of greenwashing had initially been integrated into the proposal to amend Directive 2005/29/EC on Unfair Commercial Practices and Directive 2011/83/EU on Consumer Rights. This proposal, submitted in March 2022, aimed to strengthen consumer empowerment in the green transition by improving the availability of sustainability-related information and preventing unfair commercial practices.^[32] Following a period of consultation and negotiation, the proposal was formally adopted on 28 February 2024, as Directive (EU) 2024/825, which entered into force on March 26, 2024, and requires Member States to complete transposition into national law by 27 March 2026.^[33] However, practical implementation revealed that these amendments were still insufficiently specific to effectively address increasingly sophisticated forms of misleading environmental claims. In fact, the introductory section of the GCD Proposal (March 2023) explicitly acknowledged that enforcement of the current rules under the Unfair Commercial Practices Directive continues to face challenges for national authorities, especially in complex areas such as environmentally misleading claims.^[34] Therefore, the GCD Proposal was introduced as a specialized legislative instrument (*lex specialis*), with the expectation of filling the existing regulatory gaps in the EU legal framework. It also aims to establish a transparent, comparable, and verifiable mechanism for assessing environmental claims across the entire EU market.^[35]

4.2.2. Core Legal Content of the Green Claims Directive

4.2.2.1. CRITERIA FOR DETERMINING THE LEGALITY OF GREEN CLAIMS

The GCD Proposal marks a significant step forward in regulating environmental information disclosed in the EU market. According to Articles 3 and 4 of the GCD Proposal, a green claim is only considered lawful when

³² European Commission, Proposal for a Directive Amending Directives 2005/29/EC and 2011/83/EU as Regards Empowering Consumers for the Green Transition, COM(2022) 143 final (2023). <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex:52022PC0143>. [accessed: 25.6.2025].

³³ European Parliament and Council of the European Union, Directive (EU) 2024/825 of the European Parliament and of the Council of 28 February 2024. <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32024L0825&qid=1752165619262>. [accessed: 15.7.2025].

³⁴ European Commission, *Green Claims Directive*.

³⁵ European Commission, *Green Claims Directive*, Explanatory Memorandum, sec. 1.1.

it meets three core conditions: (i) it is based on reliable scientific evidence, (ii) it is assessed through a life cycle approach, and (iii) it is independently verified. These conditions reflect fundamental legal requirements to ensure that environmental information is accurate, objective, and not misleading to consumers.

Firstly, according to Article 3 of the GCD Proposal, all explicit green claims on the EU market are only considered legal when supported by full, reliable scientific evidence, with the responsibility for verification resting on traders in the Member States. Verification goes beyond providing an affirmative statement; it must be accompanied by a comprehensive technical assessment that defines the scope of the claim, uses accurate, objective, and up-to-date data, and reflects the actual environmental impact. Importantly, the assessment must be based on widely recognized scientific evidence and refer to relevant international standards to ensure consistency,^[36] verifiability, and credibility—particularly ISO 14020:2022 and ISO 14021:2016. To promote consistency and transparency, the GCD Proposal encourages the use of globally recognized technical standards. ISO 14021:2016 sets out specific requirements for self-declared environmental claims, including the use of claims, symbols, and graphics relating to products. This standard also introduces commonly used terminology in environmental claims along with valid usage conditions. Notably, ISO 14021:2016 goes beyond formal requirements by offering methods for content verification, including life cycle assessment (LCA), to prevent greenwashing through unfounded or deceptive environmental labeling.^[37] Additionally, ISO 14020:2022 lays out the fundamental principles and general requirements applicable to all types of environmental claims and related communication programs. These may include self-declared claims, ecolabels, environmental product declarations (EPDs), and environmental footprint communications.^[38] The integration of such standards helps harmonize environmental information systems, thereby enhancing the credibility and objectivity of green claims. Empirical research has shown that the lack of clear criteria and

³⁶ European Commission, *Green Claims Directive*, art. 3(1).

³⁷ International Organization for Standardization (ISO), *ISO 14021:2016 — Environmental Labels and Declarations — Self-Declared Environmental Claims (Type II Environmental Labelling)* (Geneva: ISO, 2016), cl. 1 (“Scope”) and cl. 5 (“General Requirements”).

³⁸ International Organization for Standardization (ISO), *ISO 14020:2022 — Environmental Statements and Programmes for Products — Principles and General Requirements* (Geneva: ISO, 2022), cl. 1 (“Scope”).

scientific substantiation methods can lead to consumer skepticism and undermine the effectiveness of corporate sustainability communication.^[39] Therefore, the provisions in Articles 3 and 4 of the GCD proposal play a key role in ensuring that environmental information is not exploited as a tool for unethical marketing, but genuinely reflects a product’s environmental contribution and impact. Moreover, the GCD Proposal issues specific warnings about climate-related claims, which are particularly prone to misleading consumers. Phrases such as “climate neutral,” “carbon neutral,” “100% CO₂ offset,” or “net zero emissions by a certain year” are often used without adequate, transparent, and consistent substantiation.^[40] Studies have shown that most carbon credits in voluntary offset markets fail to meet essential criteria such as additionality, permanence, and independent verifiability—conditions necessary to ensure the environmental integrity of offsets.^[41] As such, the use of climate-related claims without reliable evidence not only risks misleading consumers, but may also constitute a form of greenwashing, as emphasized in Recital 21 of the GCD proposal.

Secondly, in addition to the requirement for reliable scientific substantiation, a fundamental principle for validating the legality of green claims is the comprehensive assessment based on the product life cycle, as clearly stipulated in Article 3(1)(c) of the GCD Proposal. This provision establishes a mandatory criterion to ensure the accuracy of environmental information and to prevent bias. Accordingly, a green claim is considered lawful only if the trader can demonstrate that “the environmental impacts, environmental aspects or environmental performance that is the subject of the claim are significant from a life-cycle perspective.”^[42] A particularly important requirement specified in point (c), paragraph 4, Article 3 of the GCD Proposal allows for the development of rules based on the product life cycle to guide the substantiation of green claims for specific product groups, ensuring accurate and comprehensive transparency in assessing environmental impacts from extraction to disposal. The goal is to prevent

³⁹ Francesco Testa, Fabio Iraldo, Alessandra Vaccari, Elisa Ferrari, “Why Eco-Labels Can Be Effective Marketing Tools: Evidence from a Study on Italian Consumers,” *Business Strategy and the Environment*, No. 4 (2015): 252-265.

⁴⁰ European Commission, *Green Claims Directive*, recital 21.

⁴¹ Patrick Greenfield, “Revealed: More than 90% of Rainforest Carbon Offsets by Biggest Certifier are Worthless, Analysis Shows” *The Guardian*, 18 January 2023. <https://www.theguardian.com/environment/2023/jan/18/revealed-forest-carbon-offsets-biggest-provider-worthless-verra-aoe>. [accessed: 20.7.2025].

⁴² European Commission, *Green Claims Directive*, art. 3(1)(c).

“selective disclosure,”^[43] a symbolic strategy by which companies seek to gain or maintain legitimacy by selectively disclosing favorable or appealing metrics, thereby masking poor or controversial overall performance.^[44] In light of increasing pressure for transparency and accountability,^[45] some organizations tend to employ symbolic decoupling—the strategic separation of external communications from internal practices—misleading consumers and undermining the effectiveness of environmental communication.^[46] In environmental governance practice, Life Cycle Assessment (LCA) has long been recognized as a comprehensive and systematic analytical tool that enables accurate measurement of the cumulative environmental impacts of a product or activity throughout its life cycle. According to ISO 14040:2006 and ISO 14044:2006, an LCA is structured into four stages: goal and scope definition, life cycle inventory (LCI), life cycle impact assessment (LCIA), and interpretation of results. These standards provide a unified and objective scientific basis, and are widely used in public policy design, corporate compliance monitoring, and global eco-labeling systems. From the above analysis, it can be affirmed that the provision in Article 3(4)(c) of the GCD Proposal is not merely a technical compliance requirement, but rather a clear expression of the EU’s consistent policy orientation toward establishing a legal environment that is transparent, verifiable, and honest. It aims to protect consumer trust and promote market competition based on genuine environmental performance rather than superficial marketing tactics.

Thirdly, an essential condition for ensuring the legality of green claims under the GCD Proposal is the requirement of independent third-party verification, as stipulated in Article 3(3). According to this provision, any explicit green claim made by a trader is deemed lawful only if it has been assessed and verified by an independent verifier and accompanied by both

⁴³ Francesco Testa, Olivier Boiral, Fabio Iraldo, “Internalization of Environmental Practices and Institutional Complexity: Can Stakeholders’ Pressures Encourage Greenwashing?” *Journal of Business Ethics*, No. 2 (2018): 287-307.

⁴⁴ Christopher Marquis, Michael W. Toffel, Yanhua Zhou, “Scrutiny, Norms, and Selective Disclosure: A Global Study of Greenwashing” *Organization Science*, No. 2 (2016): 483-504.

⁴⁵ Maria Roszkowska-Menkes, Maria Aluchna, Bogumił Kamiński, “True Transparency or Mere Decoupling? The Study of Selective Disclosure in Sustainability Reporting” *Critical Perspectives on Accounting*, 98 (2024): 102700.

⁴⁶ James D. Westphal, “Systemic Symbolic Management, Corporate Social Responsibility, and Corporate Purpose: A Cautionary Tale” *Strategy Science*, No. 2 (2023): 221-232.

substantiating information and a certificate of conformity in accordance with Article 10.^[47] This mechanism serves as a pre-market control tool to ensure objectivity, transparency, and accuracy of environmental claims within the EU. Article 10 of the GCD Proposal obliges Member States to establish a verification process for substantiating and communicating explicit environmental claims and for environmental labelling schemes, ensuring compliance with Articles 3 to 8 of the Directive. Verification must be carried out by an independent verifier meeting the strict criteria of Article 11 and completed before a trader markets the claim or attaches the eco-label. After evaluation, the verifier issues a certificate of conformity confirming the claim or label's compliance with the GCD Proposal. This certificate must be recognized by the competent authority of the Member State and notified through the Internal Market Information System to ensure its legal validity and enforceability across the EU.^[48]

A noteworthy real-life legal case illustrating the importance of verification is the Danish Crown case in Denmark. The Danish High Court ruled that the label “Climate-controlled pork” used by Danish Crown was misleading and deceptive. The claim lacked independent certification, went beyond verifiable content, and undermined consumers' ability to make environmentally informed decisions. Although the phrase “more climate-friendly than you think” was considered by the Court to be a subjective assessment and not unlawful, the term “climate-controlled pork” was found to be misleading due to the absence of clear substantiation. The Court concluded that the company violated national rules on truthful advertising.^[49] In this context, the verification requirement under Article 10 of the GCD Proposal is not merely a technical standard, but a vital legal mechanism to ensure transparency and accountability in environmental communication. Ignoring this verification obligation may lead to unlawful misleading claims, as exemplified by the Danish Crown case.

In conclusion, the independent verification mechanism goes beyond the scope of a mere administrative procedure, emerging as a core element in ensuring the accuracy of green claims, strengthening public trust, and promoting fair trade. However, to ensure practical feasibility, the GCD Proposal

⁴⁷ European Commission, *Green Claims Directive*, art. 3(3).

⁴⁸ European Commission, *Green Claims Directive*, art. 10(7).

⁴⁹ “Danish Firm’s ‘Climate-Controlled Pork’ Claim Was Misleading, Court Rules” *The Guardian*, 1 March 2024. <https://www.theguardian.com/environment/2024/mar/01/danish-firm-climate-controlled-pork-claim-misleading-court-rules>. [accessed: 18.7.2025].

introduces a conditional exemption for microenterprises, as defined under Commission Recommendation 2003/361/EC. Specifically, the obligation to conduct independent verification and obtain a certificate of conformity shall only apply if microenterprises voluntarily request verification, pursuant to Article 10(3) of the GCD Proposal. This approach reflects the EU's effort to balance the need for transparency in environmental information with support for small businesses, avoiding unnecessary administrative burdens in the costly context of the green transition. In addition to the core legal requirements discussed above, the GCD Proposal also sets out supplementary rules for comparative green claims, which refer to claims that state or imply a product or activity has a more positive environmental impact than that of another product or trader.^[50] According to Article 4, for a comparative green claim to be considered lawful, its substantiation and assessment must comply with both Article 3 and the specific criteria under Article 4. These include equivalence in data sources, scope of the value chain and life cycle, environmental aspects assessed, and analytical assumptions used. This aims to ensure objectivity, prevent the distortion of comparison results, and avoid the risk of misleading consumers, especially amid the growing occurrence of greenwashing through selective comparisons or the manipulation of evaluation standards.

4.2.2.2. REGULATIONS ON COMMUNICATION METHODS AND TRANSPARENCY OF INFORMATION

Alongside establishing substantive conditions for assessing the lawfulness of environmental claims, the GCD also sets out strict rules on communication methods to ensure that information is provided in a transparent, comprehensive, and non-misleading manner to consumers. After defining the core legal conditions for the legitimacy of green claims, the GCD Proposal further sets strict rules on how such claims are communicated, requiring information to be transparent, clear, and easily accessible, under Article 5, in order to protect consumer rights and ensure information consistency across the EU.

Firstly, Article 5(1) of the GCD Proposal requires Member States to ensure that all explicit environmental claims made by traders and communicated to the market comply fully with the transparency and substantiation obligations. Specifically, such claims may only refer to environmental impacts,

⁵⁰ European Commission, *Green Claims Directive*, art. 4(1).

environmental aspects, or environmental performance that have been clearly substantiated, according to Articles 3 and 4. Pursuant to Article 3(1) (c), the claim is considered lawful only if the stated impacts or aspects are significant, based on the product's life-cycle perspective; or, under point (d), if it refers to environmental performance, the claim must account for all significant aspects or impacts relevant to that performance.^[51] These requirements aim to prevent selective or vague communication, which may mislead consumers and undermine the legitimacy of green claims in the market.

In addition to these content-based restrictions, Article 5(3) stipulates that if the green claim pertains to a final product, and the use phase is among the most relevant life-cycle stages, then the claim must include clear guidance for consumers on how to use the product in a way that enables them to achieve the expected environmental performance. This provision safeguards the accuracy of claims, while also highlighting the consumer's role in realising the claimed environmental benefits. As shown by Lyon and Montgomery (2015), the lack of usage guidance in green claims is one of the main reasons consumers are misled about the actual environmental impact of a product.^[52]

Similarly, Article 5(4) sets out specific conditions for claims referring to future environmental performance, requiring them to be linked to time-bound commitments related to the company's own operations and value chain. Most importantly, Article 5(6) outlines the mandatory accompanying information that must be provided together with the green claim, either in physical form or via a digital method (e.g. QR code or website link). This requirement illustrates the EU's systematic approach to transparent and verifiable disclosure, aiming to combat the phenomenon of green rhetoric - i.e., using environmental terminology to polish corporate image without actual sustainable commitments,^[53] a tactic flagged in numerous environmental communication studies.

A typical case of "green rhetoric" is the Volkswagen (VW) "clean diesel" campaign, which became one of the largest automotive scandals in

⁵¹ European Commission, *Green Claims Directive*, art. 5(2).

⁵² Thomas P. Lyon, A. Wren Montgomery, "The Means and End of Greenwash" *Organization & Environment*, No. 2 (2015): 223-249.

⁵³ Micael-Lee Johnstone, Lay Peng Tan, "Exploring the Gap between Consumers' Green Rhetoric and Purchasing Behaviour," *Journal of Business Ethics*, No. 2 (2015): 311-328.

history.^[54] For years, VW promoted its diesel vehicles as “clean”, “eco-friendly” and compliant with strict emissions standards. However, in 2015, the U.S. Environmental Protection Agency (EPA) uncovered that VW had installed defeat devices to manipulate emissions tests,^[55] concealing real-world emissions up to 40 times higher than allowed.^[56] The Dieselgate scandal not only revealed technical fraud, but also highlighted the misuse of “green language” as a marketing tool with no substantial environmental basis. This example underscores the risks consumers face without legally mandated transparency in the communication and substantiation of green claims, as envisaged in Article 5 of the GCD Proposal. It explains why the disclosure of data, evaluation processes, and scientific evidence underlying a green claim is considered a cornerstone of the EU’s anti-greenwashing strategy.

4.2.2.3. ENVIRONMENTAL LABELS AND ASSOCIATED LEGAL REQUIREMENTS

In addition to the provisions on explicit environmental claims, the GCD Proposal establishes a distinct legal framework for environmental labels – a widely used communication tool that nevertheless poses significant risks of consumer deception. According to Article 7 of the GCD Proposal, any environmental label intended for use in the EU market must fully comply with the requirements set out in Articles 3 to 6, and must be subject to verification by an independent verifier, in accordance with the procedure laid down in Article 10. Notably, only labels awarded under environmental labelling schemes established under EU law are permitted to present ratings or scores based on an aggregated indicator of environmental impacts of a product or trader.^[57] This provision is designed to prevent private entities or traders from arbitrarily issuing quantitative assessments that could mislead consumers and distort fair competition in the EU market. According to Paragraph 2 Article 8 of the GCD Proposal sets out strict criteria for environmental labeling programs, including: (i) transparency of ownership and decision-making authorities; (ii) disclosure of objectives and

⁵⁴ Kirstin Ridley, Toby Sterling, “Dutch, English Drivers Team Up to Sue VW over ‘Dieselgate’” *Reuters*, 13 June 2017.

⁵⁵ Jack Ewing, *Faster, Higher, Farther: The Volkswagen Scandal* (New York: W.W. Norton & Company, 2017).

⁵⁶ U.S. Environmental Protection Agency (EPA), *Learn About Volkswagen Violations*, 2025. <https://www.epa.gov/vw/learn-about-volkswagen-violations>. [accessed: 25.7.2025].

⁵⁷ European Commission, Green Claims Directive, art. 7(2).

monitoring procedures; (iii) participation conditions appropriate to the size and revenue of businesses; (iv) scientific standards developed by experts; (v) mechanisms for handling complaints and addressing violations such as label withdrawal. These provisions ensure that labeling programs in the EU operate transparently, manage risks effectively, are legally accountable, and enhance the reliability of environmental information for consumers.

One notable aspect of the GCD Proposal is the introduction of strict limitations on the creation of new environmental labelling schemes at the national, regional, and private levels. According to paragraphs 3, 4, and 5 of Article 8, from the date of transposition of the Directive, Member States shall no longer be allowed to establish new national or regional environmental labelling schemes, except for those already in existence prior to that date. Such existing schemes may continue to operate in the Union market only if they fully comply with the criteria set out in the Directive. At the same time, environmental labelling schemes established by public authorities in third countries or by private operators, whether based inside or outside the EU, shall only be permitted if they can demonstrate added value in terms of environmental ambition. This includes the scope of environmental impacts covered, the level of environmental performance achieved, and the schemes' ability to support the green transition, particularly for small and medium-sized enterprises. This regulation clearly reflects the EU's commitment to addressing the proliferation of unregulated, self-declared environmental labels, which have significantly undermined consumer confidence within the EU market. In fact, for many years, the EU has witnessed an explosion of environmental labels with more than 230 different green labels and over 100 energy labels, half of which offer weak verification or lack independent auditing mechanisms altogether,^[58] make it difficult for consumers to distinguish and reduce market confidence.

Consequently, Articles 7 and 8 of the GCD Proposal serve not only as technical supplements to content and communication requirements (Articles 3 and 5), but also as cornerstones of the Directive's overall architecture, safeguarding consumers' right to accurate and transparent environmental information in the green marketplace.

⁵⁸ European Commission, *Green Claims – Ensuring Environmental Labels and Claims Are Credible and Trustworthy* (Luxembourg: Publications Office of the European Union, 2021). https://environment.ec.europa.eu/topics/circular-economy/green-claims_en. [accessed: 24.7.2025].

4.2.2.4. MONITORING, ENFORCEMENT, AND SANCTION MECHANISMS

In addition to the substantive and evidentiary requirements, the GCD Proposal also establishes a relatively comprehensive enforcement mechanism to ensure that the rules governing environmental claims are implemented in a meaningful manner, as provided under Articles 15 to 17. This mechanism not only reflects the EU's commitment to enforcing environmental claim standards, but also strengthens deterrence against green information violations.

Article 15 requires competent authorities in Member States to conduct regular checks on environmental claims and environmental labelling schemes circulating in the EU market. These monitoring activities go beyond formalistic reviews and must be based on comprehensive and transparent assessments. The results of these checks must be published online to enable civil society and consumers to access information, thereby enhancing external oversight. If a violation is detected, traders are obliged to remedy or remove the non-compliant claim within 30 days, in accordance with the principles of proportionality and the right to be heard under EU law.

Complementing this monitoring system, Article 16 introduces a complaint-handling and access-to-justice mechanism. Any individual or organisation with a legitimate interest – including environmental, public-health, and consumer-protection NGOs – may submit substantiated complaints when there is reason to believe that a trader has violated the Directive. Unlike many traditional complaint mechanisms that are merely procedural, the GCD Proposal requires competent authorities to substantively assess and respond to complaints by initiating investigations, holding hearings, and taking remedial measures if violations are confirmed. The outcome must be communicated in writing with clear justification, ensuring the complainant's right to be informed and to monitor the process. Notably, the GCD Proposal affirms the right to independent judicial review as a legal safeguard to ensure procedural fairness, enforcement effectiveness, and legal accountability in administrative decisions related to greenwashing. This mechanism embodies the principles of access to information, public participation in environmental decision-making, and access to justice enshrined in the 1998 Aarhus Convention.^[59] It also reflects the growing

⁵⁹ United Nations Economic Commission for Europe (UNECE), *Convention on Access to Information, Public Participation in Decision-Making and Access to Justice in Environmental Matters (Aarhus Convention)*, 1998, art. 4.

role of consumers, independent organisations, and the media in overseeing the accuracy of environmental claims.^[60]

To reinforce deterrence, Article 17 provides a framework for sanctions to address breaches of legal obligations concerning the substantiation and communication of green claims. Member States are required to establish effective, proportionate, and dissuasive penalties to ensure the Directive's enforceability. This provision must be interpreted in conjunction with Directive 2008/99/EC on the protection of the environment through criminal law, demonstrating a multi-level coordination approach within the EU legal framework for environmental protection. When determining the type and level of penalties, competent authorities must consider a range of factors, including the seriousness and intentionality of the infringement, the harm caused to consumers, the trader's financial capacity, the illicit economic gains obtained, previous violations, and sanctions imposed in other Member States for similar offenses. This comprehensive approach aims to ensure a fair and proportionate relationship between the violation and the legal consequences – an important principle in administrative and environmental justice. Importantly, Member States are required to implement three minimum categories of sanctions: (i) fines that effectively deprive the trader of any economic benefit derived from the infringement, with increased penalties for repeat violations; (ii) confiscation of revenues from misleading green claims; and (iii) temporary exclusion from public procurement and access to public funding for up to 12 months. In particular, fines must reach a minimum threshold equivalent to 4% of the trader's total annual turnover in the relevant Member State(s), as stipulated in Article 21 of Regulation (EU) 2017/2394. This reflects the EU's firm stance on harmonising penalty levels across Member States and ensuring meaningful deterrence. A notable example of practical enforcement aligned with the spirit of the GCD Proposal is the case of Shein, a global fast-fashion conglomerate, fined €1 million by the Italian Competition Authority (AGCM) in August 2025. Shein was found to have made unsubstantiated environmental claims for its “evoluSHEIN by Design” line – using misleading phrases such as “recyclable” and “circular system” – without any scientific evidence or third-party verification. AGCM concluded that this constituted a serious case of deception, exploiting consumer concerns

⁶⁰ Netto Sebastião Vieira de Freitas, Marcos Felipe Falcão Sobral, Ana Regina Bezerra Ribeiro, Gleibson Robert da Luz Soares, “Concepts and Forms of Greenwashing: A Systematic Review” *Environmental Sciences Europe*, 32 (2020): 19.

for environmental sustainability, particularly in the context of fast fashion's known environmental harms.^[61] The Shein case illustrates that well-designed administrative sanctions – when based on clear legal criteria and rigorously enforced – play a critical role in deterring greenwashing, promoting transparency, and restoring consumer trust in the green market. Therefore, the provisions under Articles 15 to 17 of the GCD Proposal are essential to securing the enforceability of the entire regulatory framework on environmental claims within the EU internal market.

5 | Challenges and Implications for Developing Countries: The Case of Vietnam

5.1. The Current Legal Framework on Consumer Protection Against Greenwashing in Vietnam

5.1.1. Current Legal Provisions in Vietnam Regarding Greenwashing

Although greenwashing is becoming increasingly common, Vietnam has not yet established a specific legal framework to regulate this behavior. Essentially, greenwashing involves providing false or misleading environmental information in business activities and can be considered false advertising or unfair competition, which are already governed by existing laws.

First and foremost, Article 10 of the 2023 Law on Consumer Rights Protection strictly prohibits businesses and individuals from deceiving or misleading consumers by providing false, incomplete, or inaccurate information about products, goods, services, or related documents and certifications.^[62] In addition to this prohibition, Article 21 of the same law imposes specific obligations on businesses to provide accurate, complete, and transparent information about their products, goods, and services, including quality, functionality, origin, composition, and specific benefits

⁶¹ “Italian Regulator Hits Shein with 1 Million Euro Greenwashing Fine” *Reuters*, 4 August 2025.

⁶² National Assembly of Vietnam, *Law on Protection of Consumers' Rights* 2023, art. 10(1)(a).

tailored for each gender group. Businesses are also required to ensure that product labeling reflects the true nature of the product, includes usage instructions, warranty policies, and clearly displays pricing.^[63] These information disclosure obligations, combined with the prohibitions under Article 10, form an important legal basis for addressing unsubstantiated green claims that lack scientific evidence or transparency regarding origin, process, or environmental impact. Failure to meet these requirements may constitute a breach of the obligation to provide truthful information to consumers – a core aspect in regulating greenwashing from the perspective of consumer protection. Furthermore, Clause 9, Article 8 of the 2012 Law on Advertising prohibits false or misleading advertisements regarding business capabilities, uses, quality, origin, warranty period, and other aspects of products and services. When businesses use terms such as “environmentally friendly,” “green,” “100% recycled”, or “carbon neutral” without reliable scientific evidence or legitimate supporting documents, it may be considered an act of providing false or misleading information about the quality, characteristics, or functionality of the product. In addition to laws on advertising and consumer protection, the Law on Competition 2018 also plays a critical role in addressing greenwashing as a form of unfair competition. Specifically, Point a Clause 5, Article 45 prohibits the act of “unlawful solicitation of customers” by providing false or misleading information about goods, services, promotions, or transaction conditions.^[64] Accordingly, if a business makes environmental claims that cannot be substantiated by scientific evidence or verified documents—such as claiming its product is “entirely eco-friendly,” “zero emissions,” or “made from 100% recycled materials” – it may not only breach advertising laws, but also be sanctioned for misleading consumers in a way that unlawfully attracts customers from competitors. This issue is particularly notable in the context of increasingly intense competition among brands leveraging environmental claims. Notably, Decree No. 75/2019/ND-CP on penalties for administrative violations in the field of competition provides specific sanctions under Article 20 for such acts. Unlawful solicitation of customers through false or misleading information can result in fines ranging from VND 100 million to 200 million, with the fine doubled if the violation spans across two or more provinces or centrally governed cities.^[65] Additionally,

⁶³ Law on Protection of Consumers’ Rights 2023, art. 21.

⁶⁴ National Assembly of Vietnam, Law on Competition 2018, art. 45.

⁶⁵ Government of Vietnam, Decree No. 75/2019/ND-CP, art. 20.

supplementary sanctions and remedial measures may be applied. Besides regulations on consumer protection, advertising, and unfair competition, the 2005 Commercial Law also contributes to the legal framework controlling greenwashing through prohibitions on misleading promotion and product display. Specifically, Article 109 of this law strictly forbids false advertising regarding aspects such as quantity, quality, price, function, design, origin, packaging, service methods, or warranty period.^[66] Additionally, Article 123 clearly outlines prohibited cases in the display and introduction of goods and services. Accordingly, displaying products in a manner that misrepresents their actual quality, price, function, design, packaging, or warranty period with the intent to deceive customers is considered a violation of the law. These provisions play an important role in establishing the legal boundaries against deceptive forms of greenwashing in commercial promotion activities.

While Vietnam has not yet established a dedicated legal framework for greenwashing, the current legal system can still be applied indirectly to regulate certain manifestations of the practice. However, the application remains fragmented and lacks effective enforcement, mainly due to the absence of clear and measurable standards for environmental claims. This highlights the urgent need to develop specific standards for environmental information, along with mechanisms for verification and enforcement.

5.1.2. The Current State of Identifying and Addressing Greenwashing Practices in Vietnam

While Vietnamese law has not yet formally recognised “greenwashing” as an independent legal violation, misleading or vaguely framed environmental claims are increasingly evident in commercial advertising and corporate communication. These practices, however, are rarely examined through an environmental or consumer-protection lens; instead, they are typically addressed under general rules on false advertising or the provision of inaccurate information to consumers. Although Vietnam has not recorded any large-scale litigation or high-profile enforcement cases comparable to those in the EU or the United States, numerous manifestations of greenwashing-like behaviour have emerged across sectors such as real estate, banking and finance, fashion, FMCG, and cosmetics. These practices

⁶⁶ National Assembly of Vietnam, Commercial Law 2005, art. 109(7).

often go unlabelled as “greenwashing,” reflecting both limited regulatory awareness and the absence of a specialised legal framework.

In the real estate sector, many businesses use terms such as “eco-project” or “green urban area” without clear environmental evidence, raising doubts about their authenticity. To gradually regulate the arbitrary use of green claims, on 4 July 2025, the Prime Minister issued Decision No. 21/2025/QĐ-TTg on environmental criteria and certification of investment projects classified as green, effective from 22 August 2025. This legal document serves as a screening and validation tool for environmental claims in investment activities. Accordingly, to be recognized as “green,” a project must meet specific environmental protection criteria such as energy saving, greenhouse gas emission reduction, and efficient resource use. It must also possess a valid environmental impact assessment report or environmental permit. The Decision also enables independent verification organizations – those conforming to the National Standard TCVN ISO/IEC 17029:2020 or the International Standard ISO/IEC 17029:2019 on conformity assessment⁶⁷ – to certify a project’s “green” status. Additionally, certified projects may benefit from easier access to green finance sources such as green bonds, preferential loans from banks, or environmental funds. This regulation represents a crucial step toward establishing a legal foundation for classifying, verifying, and preventing deceptive greenwashing practices in investment sectors that are prone to abuse, such as real estate, energy, and finance. Similarly, in the banking and finance sector, terms like “green bank,” or “green credit” are used by several credit institutions to build an environmentally friendly image. However, most current “green” financial products still lack clear criteria, have no independent verification mechanism, and do not publicly disclose their green lending portfolios, posing a high risk of greenwashing that falsely projects a sustainable image without substantial commitment. Additionally, greenwashing has also spread to the fast-moving consumer goods, fashion, and cosmetics industries, with claims such as “environmentally friendly,” “100% natural,” “sustainable,” and “chemical-free” often lacking scientific evidence or independent certification. For example, some fashion brands promote “green fashion”, but use non-biodegradable synthetic materials; many cosmetics are labeled “organic” or “vegan” without legitimate certification. Without strict controls, such claims risk distorting consumer standards,

⁶⁷ Prime Minister of Vietnam, Decision No. 21/2025/QĐ-TTg on Confirmation of Investment Projects Classified as Green, *art. 4*.

creating confusion, and undermining public trust in environmentally friendly products. A notable example of green-themed advertising, even when unrelated to environmental aspects, is the case of Kera vegetable candy. This product was heavily marketed as “green, healthy candy” with messages like “one piece contains the same fiber as a plate of vegetables,” “naturally extracted vegetables,” “sugar-free,” and featured green packaging to imply a high vegetable content. However, tests conducted by the National Institute for Food Safety Testing revealed that the actual fiber content was negligible. Meanwhile, the product contained up to 33.4 g of Sorbitol (~35%) unlisted on the label, and the actual vegetable content was only about 0.6–0.75%, contradicting the advertised 28% vegetable extract.^[68] This case demonstrates how green or natural-themed language can mislead consumers, even when the product is not directly marketed as environmentally friendly. While the case may not fall strictly under the definition of “greenwashing”, it highlights the need to critically examine the misuse of green-associated language in product communication policy.

Despite the increasing prevalence of such practices, Vietnam has not yet sanctioned any case explicitly under the label of greenwashing. Most violations have resulted only in administrative penalties for false advertising, inaccurate information, or unfair competition, without being examined through the environmental-governance or consumer-protection lens that the green transition requires. The absence of a specialised legal framework, the lack of clear identification and assessment standards, and the limited development of independent monitoring and verification mechanisms have collectively created a significant regulatory gap in recognising, categorising, and effectively addressing greenwashing behaviour. This situation underscores the urgent need for Vietnam to introduce a legal definition of greenwashing, establish substantiation and verification procedures, and strengthen enforcement tools—particularly as sustainable development and green finance are emerging as national priorities.

⁶⁸ “Thành phần kẹo rau củ Kera được quảng cáo gian dối như thế nào?” *VnExpress*, 4 April 2025. <https://vnexpress.net/thanh-phan-keo-rau-cu-kera-duoc-quang-cao-gian-doi-nhu-the-nao-4870842.html>. [accessed: 8.8.2025].

5.2. Key Legal Shortcomings and Reform Proposals for Addressing Greenwashing in Vietnam: Comparative Insights from the EU

5.2.1. Legal Gaps and Limitations in Vietnam’s Legal Framework

Although the Vietnamese legal system has initially introduced several provisions related to the obligation to provide truthful and adequate information to consumers and prohibits deceptive advertising practices, significant legal gaps remain in identifying, defining, and addressing greenwashing practices. These gaps not only pose challenges for state management, but also create opportunities for businesses to exploit green communication as a marketing strategy without being subject to specific legal constraints.

Firstly, the term “greenwashing” is currently neither defined nor mentioned in any legal normative document, despite its growing prevalence and increasing sophistication across sectors such as real estate, fashion, cosmetics, finance, and fast-moving consumer goods. The absence of a legal definition makes it difficult for regulatory authorities to classify, monitor, and apply corresponding sanctions to acts that exhibit greenwashing characteristics.

Secondly, current regulations only indirectly address greenwashing through legal provisions on false advertising (Clause 7, Article 109 of the 2005 Law on Commerce), unfair competition (Article 45 of the 2018 Law on Competition), or misleading information to consumers (Articles 10 and 21 of the 2023 Law on Consumer Rights Protection). However, these provisions mainly focus on the delivery of untruthful information and fail to reflect the specific nature of greenwashing, which involves deliberately using language, symbols, colors, or imagery associated with environmental themes to create a false positive impression about a product or brand. Moreover, Vietnamese law does not yet require that environmental claims be substantiated with clear, quantitative criteria, scientific evidence, or independent verification—elements that are widely recognized as international standards for green claims.

Thirdly, the Vietnamese legal system has yet to develop national standards or specialized technical guidelines for environmental claims, particularly for green marketing practices. In contrast, jurisdictions such as the EU, UK, and Australia have issued specific regulations on green claims, requiring businesses to substantiate terms like “sustainable”, “eco-friendly”, “carbon neutral” or “organic” with verifiable evidence under

the supervision of competent authorities. While Decision No. 21/2025/QĐ-TTg represents an important step in categorizing and verifying green investment projects in Vietnam, its scope remains limited to investment activities in certain sectors and does not extend to commercial advertising, consumer communication, or product labelling – areas where greenwashing is most prevalent and difficult to regulate.

Fourthly, the current legal framework has not yet issued detailed technical guidelines to regulate the use of potentially misleading or ambiguous terms in commercial activities, especially environmental-related claims. The lack of clear legal definitions for vague concepts such as “green”, “natural”, “vegan”, “eco-friendly” or “sustainable” enables businesses to exploit linguistic elements as marketing tools without providing scientific evidence or undergoing independent verification. In practice, many products are labeled “100% natural”, “eco-friendly,” or “green product” without specific standards for verification and without being subject to control by environmental or consumer protection authorities. This legal gap must be promptly addressed to ensure transparency, fairness, and accountability in commercial communications.

5.2.2. Lessons from the EU and Recommendations for Improving Vietnam’s Legal Framework

5.2.2.1. LESSONS FROM THE EU

In the context of globalization and the transition toward a green economy, the EU has taken the lead in establishing a legal framework to effectively regulate greenwashing practices. Legislative initiatives, such as the GCD Proposal, along with mandatory standards for data substantiation and independent certification, have contributed to the development of a stringent, transparent, and consistent mechanism for overseeing environmental claims across the bloc. This approach not only safeguards consumer rights, but also promotes meaningful and transparent environmental accountability among businesses. EU law serves as a legal reference not only due to its pioneering position, but also because of certain similarities in market contexts. Both the EU and Vietnam have witnessed a rapid rise in demand for green consumption, accompanied by the prevalence of environmental claims lacking scientific substantiation. As previously analyzed, prior to the adoption of the GCD Proposal, the regulation of greenwashing was initially embedded in general consumer protection and competition legislation, specifically Directive 2005/29/EC on Unfair Commercial Practices

and Directive 2011/83/EU on Consumer Rights. However, these provisions were largely principle-based and did not establish an independent, scientific verification mechanism for environmental claims. In contrast, Vietnam still lacks direct legal regulations on greenwashing, addressing it only indirectly through the 2023 Law on Consumer Rights Protection and the 2018 Law on Competition, which remain insufficient for effectively verifying environmental claims. Moreover, both the EU and Vietnam regard green transition as a key development priority,^[69] yet both face challenges regarding the transparency and reliability of environmental claims without an effective control mechanism. Although there are many similarities, there are also fundamental differences that must be considered to determine the limits of legal transposition. The EU represents a unified market with a centralized coordination mechanism through the European Commission, a harmonized legal and technical infrastructure, and a requirement that all green claims be independently verified, with recognition across member states.^[70] In contrast, Vietnam lacks an independent verification mechanism, has limited monitoring resources, and has yet to develop a centralized data system. Furthermore, the business structure in Vietnam is predominantly small- and medium-sized enterprises, which cannot readily comply with the stringent standards applied in the EU. On this basis, the EU's experience in standardizing legal requirements, enhancing transparency, and protecting consumers represents an important and valuable reference for Vietnam. In other words, Vietnam can consider legal transplants^[71] from the EU framework to develop its own greenwashing regulations. However, the implementation of such a model must be carried out cautiously, selectively, and gradually, in order to avoid the risks of “imposition” or “replication”, which could result in distortions due to Vietnam's unique social, political, and economic context.^[72] Therefore, Vietnam needs to assess its practical capacity, infrastructure, and enterprise scale to ensure both the feasibility and effectiveness of these legal transplants. Based on the analysis of the similarities, differences, and limitations of EU law in relation to Vietnam's context, the following section will propose solutions to improve

⁶⁹ “Chuyển đổi xanh - Chung tay vì một Việt Nam phát triển bền vững” *Lao Động*, 27 March 2025. <https://laodong.vn/kinh-doanh/chuyen-doi-xanh-chung-tay-vi-mot-viet-nam-phat-trien-ben-vung-1482618.lido>. [accessed: 18.9.2025].

⁷⁰ European Commission, Green Claims Directive, art. 10(7).

⁷¹ Alan Watson, *Legal Transplants: An Approach to Comparative Law* (Edinburgh: Scottish Academic Press, 1974), 96-97.

⁷² *Ibidem*.

Vietnam's legal framework and strengthen the effectiveness of controlling greenwashing practices during the green transition, thereby enhancing consumer protection and promoting genuine sustainable business practices.

5.2.2.2. RECOMMENDATIONS FOR IMPROVING VIETNAM'S LEGAL FRAMEWORK

Based on the previously analyzed legal shortcomings regarding greenwashing in Vietnam, it is evident that the current legal system is not yet equipped to effectively identify, regulate, and address this issue. To fill the legal gaps in light of the green transition and to learn from the EU's legislative practices, this paper offers several specific recommendations:

Firstly, it is necessary to clearly define the term "greenwashing" in official legal documents as an independent violation. The development of a legal definition for greenwashing would help distinguish it from other forms of deception in trade and advertising, thereby providing a solid basis for consistent and accurate enforcement. Such a definition should emphasize the misuse of environmental claims to mislead consumers into forming a false positive perception, regardless of whether the product actually meets green criteria.

Secondly, Vietnam should issue a dedicated legal guideline on environmental claims in commercial advertising. This document should clearly define content standards for potentially misleading terms such as "eco-friendly," "sustainable," "green," "organic", "natural," and "vegan". At the same time, businesses should be required to provide transparent, verifiable evidence when using such terminology. The legal framework could be modeled after international principles, such as ISO 14021:2016 (Environmental labels and declarations – Self-declared environmental claims) or the GCD Proposal, which mandates that environmental claims must be "clear, specific, truthful, and based on evidence."

Thirdly, Vietnam should establish an independent verification mechanism and require transparent disclosure of environmental claims associated with products, services, and marketing campaigns. This mechanism could be based on third-party verification systems, as outlined in ISO/IEC 17029:2019, ensuring objectivity and eliminating the risk of companies self-promoting false green images. Additionally, competent authorities should develop a national database on environmental certification and verification to facilitate public access and consumer trust.

Fourthly, greenwashing control should be mainstreamed into national sustainable development strategies and green transition programs.

Simultaneously, mechanisms should be introduced to support businesses in transitioning toward genuine green production and communication. This not only contributes to improving the legal framework, but also promotes responsible private sector participation in achieving national environmental goals.

6 | Conclusion

In the context of the global green transition, strengthening the regulation of greenwashing plays a pivotal role in safeguarding consumer rights, ensuring market transparency, and preserving public trust in sustainable development strategies. Although manifestations of greenwashing have become increasingly visible across a wide range of sectors in Vietnam – from real estate and banking to fashion, cosmetics, and fast-moving consumer goods – the existing legal framework remains insufficient to effectively identify, prevent, and sanction such practices. The absence of unified assessment criteria, clear legal definitions, and independent verification mechanisms has created regulatory gaps that allow “green” language to be used as an unaccountable marketing tool.

The legislative experience of the European Union, particularly the GCD Proposal and its three core pillars – reliable scientific evidence, life-cycle assessment, and independent verification – provides a coherent and technically robust model for governing environmental claims. However, the direct transplantation of this model into Vietnam must take into account differences in institutional capacity, enforcement conditions, and the maturity of the domestic market.

Against this backdrop, this paper advances three principal contributions. First, it systematises the conceptual underpinnings and regulatory structure of the GCD Proposal, providing clarity on key legal standards that remain fragmented across existing scholarship. Second, by comparing the EU framework with Vietnam’s current legislation, the paper identifies both points of alignment and major institutional challenges in adopting international norms for the control of greenwashing. Third, the paper proposes a set of feasible legal reforms for Vietnam – including the clarification of the legal definition and constituent elements of greenwashing, the establishment of internationally aligned verification procedures, and

the adoption of proportionate sanctions – thereby contributing directly to ongoing policy-making efforts aimed at strengthening transparency and regulatory integrity.

Looking ahead, improving Vietnam’s legal framework for the regulation of greenwashing should be regarded as a strategic priority within both its consumer protection agenda and its broader national sustainable development policy. Enhancing legal clarity and enforcement capacity will not only reinforce environmental governance, but also demonstrate Vietnam’s readiness for deeper integration into global green value chains. Future research may further investigate the behavioural impacts of greenwashing on consumers and explore the institutional feasibility of implementing independent verification mechanisms consistent with international standards.

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