

How the EU should to respond to the challenge of greenwashing?

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Abstract. The Paris Agreement has set out specific requirements for controlling global warming, which has made it imperative for companies to incorporate the environment as well as sustainability into their business strategies. However, the problem of greenwashing, whereby companies disguise the fact that they are not green by claiming to be green, is also occurring more and more. There is also a growing body of research on this type of greenwashing. This paper reviews some of the definitions of greenwashing in the literature and, by analyzing the greenwashing scandals of ExxonMobil and Shell as well as the climate litigation, concludes that the EU legislation has a great advantage in solving the problem of greenwashing, especially by multinational corporations. However, as these regulations have only come into force in the last few years, a number of issues are still waiting to be resolved. Therefore, more research is needed to explore the issue of EU legislation and greenwashing, and to consider how to deal with the inadequacy of existing legislation.

Keywords: Greenwashing; ExxonMobil; Shell; SFDR; TR; CSR.

1. Introduction

“Efforts to limit planetary warming to below 2°C or 1.5°C entail a transition to net-zero-emissions energy systems by 2050”.^[1] This translates into huge implications for almost every company, especially for fossil fuel producers. Many corporations have announced in their reports that they are working toward sustainable aspirations. For instance, Coca-Cola Stated in their 2022 sustainability report that they will reduce their carbon footprint;^[2] Chevron claimed they are developing a low-carbon business through more promising technologies.^[3] The introduction of the Environmental, Social and Governance (ESG) concept also puts companies under pressure to behave more sustainably.^[4] Companies seem to be going greener.

The greenness of companies, however, is sometimes just a pretense. While some companies do reduce their environmental footprints, “others exaggerate their efforts or simply claim to be environmentally responsible when they are not”.^[5] This phenomenon, is called greenwashing. The idea, in short, is to pretend to be green. Examples of climate litigation have become more common in recent years, and this is seen as a way to address greenwashing. However, litigation is in some cases limited by national policies and therefore does not fully address the issue of greenwashing. To solve this dilemma, a series of EU-level legislation such as Taxonomy Regulation (TR), Sustainable Finance Disclosure Regulation (SFDR) and Corporate Sustainability Reporting Directive (SFDR) were born.

It is true that these EU laws have had a relatively large impact on the financial markets, especially on financial participants. However, we must recognize that these laws are also affecting these investee companies like ExxonMobil and Shell. These EU regulations provide a clear definition of greenwashing and have affected greenwashing from a number of angles. However, as the SFDR has only recently come into force, there are still many issues that need to be addressed.

This paper is structured as follows. The next part will analyze the greenwashing scandals of two major oil companies, ExxonMobil and Shell, and look at the role of climate litigation in greenwashing. Part III and Part IV will deal with the positive effects of EU legislation on greenwashing as well as the shortcoming. The last part is the conclusion.

2. ExxonMobil and Shell: Greenwashing Repeat Offenders

Since the inception of the environmental movement in the 1960s, concerns about environmental pollution and degradation have grown,^[6] and some more specific concepts about the environment have been developed. Environment, Social, and Governance (ESG), as a term, was coined in the 2006 United Nations *Principles for Responsible Investment (PRI) Report*,^[7] gained momentum with the signing of the 2015 *Paris Agreement*. With the increase in the number of companies committing to ESG, more green-looking products have mushroomed. Statically, between 2015 and 2022, sales of sustainable products have grown 2.7 times faster than those of conventional products.^[8]

Pressure to engage in environmentally responsible behavior has led many businesses to put environmental management at the forefront of their company's growth.^[9] Therefore, companies are beginning to promote their environmental standing by showcasing their efforts to the public.^[10] To publicize their endeavors, companies have adopted "green marketing strategies" to help increase competitive advantage.^[11] However, not all companies are literally green. Sometimes companies pose as if they take action when in reality, they make no effort. Or sometimes companies act, but the positive impact on the environment is far greater than it actually is.^[12] Such attempts by companies to improve their corporate image through green investments without actually implementing them or exaggerating their effects is known as greenwashing.^[13] Greenwashing can occur in a variety of industries. According to a 2010 study by TerraChoice, more than 95% of the 4744 "greener" products sold by retailers in the United States and Canada committed at least one of the "Seven Sins of Greenwashing".^[14]

Among those industries, accusations of greenwashing by fossil fuel companies have recently proved to be well founded.^[15] With extremely high carbon emissions, oil companies have had to change their business models to adapt to the decarbonization of the economy.^[16] Many companies, especially those business leaders, have committed themselves to reducing their carbon emissions and have even promised to transition to clear energy sources.^[17] In this paper, we will choose two of the big four oil companies, ExxonMobil (headquartered in the US) and Shell (formerly headquartered in the Netherlands, announced in 2021 that it would move its headquarters to the UK), who have long been controversial as repeat greenwashing offenders. By analyzing their scandals to compare how the greenwashing problems is currently presented and how it is being addressed.

2.1. Greenwashing scandals abound

2.1.1 ExxonMobil

In the 1980s, Heartland, a Chicago-based institute, was founded. This institute has long been known for fostering the idea that "climate change is up for debate".^[18] In 2008, Heartland began hosting the so-called "International Conference on Climate Change", which brings together the "climate contrarians" of the world under one roof.^[19] At the conference, the arguments against climate science were varied and, in some cases, contradictory. For example, some speakers said that global warming is entirely due to natural causes, while others said that the Earth's temperature has risen due to the emission of carbon dioxide, but that the ensuing changes are also good for life on Earth.^[20] As of 2023, Heartland has hosted 15 conferences in which the organizers have done their best to portray climate change as a hoax. That seems pretty absurd. And the more ridiculous is that the Heartland Institute has historically been supported by ExxonMobil.^[21]

ExxonMobil reportedly provided hundreds of thousands of dollars in financial support to Heartland Institute between 1998 and 2006,^[22] yet during that time, its Annual Report have affirmed that fossil fuels contribute to greenhouse gas emissions and have stated that they will take action to reduce their impact on the environment.^[23] In ExxonMobil's statement, they said the company has invested more than 10 billion dollars in low-emission technologies since 2000,^[24] but research shows that ExxonMobil has been at the cutting edge of climate denial in the decades since it cut back on its carbon dioxide research in the late 1980s.^[25]

Despite the controversy, ExxonMobil has never stopped disguising itself as greener. In 2019, ExxonMobil promoted its research on algae biofuels on Twitter with a photo of a conspicuous beaker of bright green liquid.^[26] Indeed, while ExxonMobil has been working on the technology, the feasibility of it remains questionable as evidenced by more than a decade of research.^[27] While ExxonMobil is trying to portray itself as a climate change leader on social media, these misleading posts are also under legal scrutiny.^[28] In recent years, ExxonMobil has been the subject of frequent lawsuits due to the greenwashing that has taken place, which in turn has had an impact on ExxonMobil itself. Market capitalization of ExxonMobil is declining as it deliberately hides the damage it is doing to the planet by extracting oil.^[29]

2.1.2 Shell

In July 2002, a committee of Shell's directors met in a highly confidential meeting to set a framework for Shell's greenhouse gas emissions targets.^[30] The committee noted that the company could decarbonize its business as a matter of good business sense.^[31] Shell appeared to be intent on tackling climate change. But in 2004, Shell was forced to admit that it had overbooked its proven oil reserves by a staggering 4.47 billion barrels,^[32] a figure that sent Shell's share price plummeting.^[33] Even so, Shell has not abandoned its pretense of being an environmentally conscious company.

For example, in 2007, Shell placed an advertisement in major European newspapers and magazines entitled "Don't throw anything away, there is no away".^[34] The image showed a classic outline of an oil refinery, but instead of smoke coming out of the chimneys, there were flowers (see Appendix).^[35] This picture did the best it could to show how clean Shell's refineries are and they even claimed in the ad that they use their own waste (carbon dioxide) to grow plants.^[36] However, according to the data in Shell's 2007 Sustainability Report, the company produced almost 100 million tonnes of greenhouse gases in that year.^[37] Of this so-called "own waste", only a very small amount of carbon dioxide (about 0.35% of Shell's direct emissions) was recycled for growing flowers at the Pernis refinery in the Netherlands.^[38] This advertisement was subsequently judged to be misleading by the Advertising Standards Authority (ASA).^[39]

The judgment did not stop Shell from greenwashing, and Shell has been trying to mislead the public with its adverts. In 2008, Shell released an advert in the UK claiming that "its oil sands in Canada were a sustainable energy source".^[40] After the ad was the subject of a complaint, which was upheld by the ASA. The ASA said that because sustainable was an "ambiguous term" and there was no accurate data on how Shell was managing the carbon emissions from its oil sands projects to limit climate change, the advert was considered to be highly misleading.^[41]

Shell's greenwashing is much more than that. A number of leaked documents show that Shell paid "early, repeated, and often urgent notice" to the climate risks associated with its products.^[42] Some reports show that as far back as 1962, Shell's chief geologist recognized that fossil fuel combustion could pose significant climate risks and echoed the view that society had to make a transition to more sustainable energy sources.^[43] However, Shell has chosen to join climate denial groups,^[44] such as the Global Climate Coalition,^[45] despite knowing the dangers of fossil fuels. Throughout a long period of time, at least until 2015, Shell has demonstrated its commitment to combating climate change in its reports while launching a number of active and sustained campaigns to obstruct climate action.^[46] Shell for decades has been using a responsible social image to cover up its greenwashing behaviors.

2.2. Responding to greenwashing: climate lawsuits

To combat greenwashing, various governments and climate advocacy groups have been trying to take matters into their own hands. In recent years, there has been an increase in global complaints and lawsuits about greenwashing, alleging that large oil and gas companies have deceived the public and made misleading statements about their impact on climate change. As of 2017, the total number of climate lawsuits in 24 countries was 884, but by 2020, that number has nearly doubled to 1550 in 28 countries.^[47] Companies like ExxonMobil and Shell have been the subject of lawsuits.

In 2019, Milieudefensie along with a number of third-party environmental organizations and 17379 Dutch citizens, brought Shell to the court in the Hague, demanding that Shell reduce its CO₂ emissions to by 2030 compare to 2019.^[48] The Court referred to a number of Shell documents, such as the 2019 Sustainability Report, and found that, although Shell had made these commitments and issued public statements and reports, Shell's actions were "insufficiently concrete".^[49]

As stated in Part 1.2 above, Shell has known for decades that the extraction of fossil fuels is damaging to the climate, yet it has continued to expand its fossil fuel business, dedicating only a small portion of its portfolio to renewable energy. In 2021, the Court ruled that Shell needs to reduce its net emissions by 45 % by 2030, in line with the *Paris Agreement*.^[50] The court's ruling is the first major case to hold a multinational corporation accountable for environmental damage, and was also "the first legal decision in the world [that held] fossil fuel companies accountable for their contribution to climate change".^[51]

However, the situation in the United States is very different,^[52] where climate-related litigation is "not going anywhere".^[53] And because of differences in legal systems, successful litigation against private companies in the U.S. seems entirely unlikely.^[54] Legal strategies in the US have included attempts to "sue fossil fuel companies for the costs of climate change or for allegedly misleading investors about the risks of global warming".^[55] As in the case of *Commonwealth of Massachusetts v. ExxonMobil Corp.*,^[56] the plaintiff allege that it engaged in deceptive advertising about the role of its products in causing climate change.^[57] Although the lawsuit is still pending, a review of the case reveals that the Complaint's allegations against ExxonMobil are limited to violations of Massachusetts Consumer Protection Act,^[58] and do not make any specific claims about the company's role in mitigating the effects of climate change. In fact, few courts have been willing to regulates such events, although the U.S. Supreme Court did rule in 2007 that greenhouse gases could be regulated as a "pollutant".^[59] Some U.S. courts have indicated that issues related to global warming need to be addressed through congressional legislation and international treaties rather than litigation.^[60] In 2022, the U.S. Supreme Court placed limits on the Environmental Protection Agency's authority to mandate reductions in carbon emissions, with the Court stating that, any time an agency does something big and new – in this case addressing climate change – the regulation is presumptively invalid, unless Congress has specifically authorized regulating in this sphere.^[61]

This means that cases that resort to climate litigation in the U.S. cannot address the root causes of the oil companies' excessive carbon emissions at the source. Indeed, even in the EU, climate litigation against transnational corporations is still not easy. Some judgments may have a complex relationship with national and regional climate policies.^[62] Similarly, according to Macchi and van Zeban, these cases can create tensions between national and international courts, for example in the EU where climate policy is a shared competence between EU and its Member States.^[63]

Evidently, there is a strong geographic variation in climate litigation, and attitudes towards climate litigation vary considerably from one jurisdiction to another, for cases involving such transnational corporations, an alternative to litigation is needed to avoid the problem of greenwashing.

3. Against Greenwashing: EU-level legislation

Things seem to be getting better. In order to prevent greenwashing incidents like those mentioned in Part 1 of I, the EU has proposed a series of laws and regulations, such as the Taxonomy Regulation (TR), Sustainable Financial Disclosure Regulation (SFDR) and Corporation Sustainability Reporting Directive (CRSD). Oil companies, including ExxonMobil and Shell, have more or less responded to SFDR-led laws and regulations. After the EU labeled nuclear energy and natural gas as sustainable transition fuels, oil companies have expressed positive attitudes in support. According to some data, SFDR funds have received strong support from oil companies, with ExxonMobil ranked No. 1 and Shell ranked No. 10 in the top 10 holdings of Swisscanto (LU) Equity Fund Responsible Global Energy AT.^[64] While there is some disagreement on this categorization, it is worth recognizing that SFDR has had an impact on these oil companies.

In the following, we will analyze each of the typical regulations in the EU legislation in order to draw a picture of how they will avoid the greenwashing problem.

3.1. Greenwashing in Taxonomy Regulation (TR)

What conduct will be defined as greenwashing by the EU? In order to identify greenwashing behavior, this is the first question we need to address. The Recital 11 of TR describes the greenwashing as the practice of gaining an unfair competitive advantage by marketing a financial product as environmentally friendly, when in fact basic environmental standards have not been met.^[65]

So, what kind of economic activity can be recognized as environmentally sustainable by the EU? To screen out those activities more accurately, the TR introduces technical screening criteria that set an "environmental performance threshold" for economic activities.^[66] At the same time, the TR establishes six more specific environmental objectives that constitute benchmarks against which an economic activity can be assessed as environmentally sustainable, thus determining the extent to which a financial investment is environmentally sustainable.^[67]

In short, the TR is a green classification system that translates the EU's climate and environmental objectives into criteria for specific economic activities, which are used to make judgements about what constitutes a sustainable economic activity.

3.2. Sustainable Finance Disclosure Regulation (SFDR)

The introduction of the ESG concept has led to growing investor interest in green financial products and momentum in ESG investment. A study for 2022 suggests that more than a quarter of global investors have ESG at the center of their investment approach.^[68] With this ESG tide, many asset managers have begun to play catch-up and make a lot of noise about the sustainability of their financial products, when in reality, many of the funds using the ESG label are not as sustainable as advertised. As this greenwashing behavior grows, policymakers and standard-setters have turned their attention to how investors can discern sustainable investment products. In this context, on 10 March 2021, the EU introduced SFDR designed to prevent greenwashing. The regulation requires all financial market participants and financial advisors located in the EU, as well as investment managers or advisors who are based outside the EU but who market their products to clients in the EU, should disclose ESG issues. It also imposes additional disclosure requirements for financial products characterized as sustainable investments. "Regulatory consequences of violations of EU financial markets regulations are implemented in national legislation in EU member states".^[69] Violators are subject to varying levels of fines depending on the nature and severity of the violation.^[70]

As a set of regulation for financial market participants and financial advisors, the SFDR has two main aims, on one side, to provide end-investors with disclosure and transparency on the sustainability risks potentially affecting their investments, and on the other side, to ensure that financial market participants and financial advisors pay attention to the (potentially negative) impact of their investment decisions on environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.^[71]

In other words, the purpose of SFDR has a dual dimension. On the one hand, SFDR looks at the impact of sustainability risks on investments from the perspective of the end investor ("outside-in").^[72] On the other hand, SFDR also concerns itself with the impact of the investment decisions of financial market participants on sustainability ("inside-out").^[73] This dual dimension suggests that SFDR puts pressure on financial market participants to pay greater attention to the environmental and social ramifications of investment decisions.^[74]

3.3. "Outside-in": an alarm for investee companies

From the "outside-in" dimension, SFDR aims to help end investors make better sustainable investment choices by analyzing the potential dangers of capital in terms of sustainability. the SFDR imposes new obligations on sustainability disclosure at the product level. It categorizes products into three groups, which are 1) mainstream products, 2) financial products promoting environmental or

social characteristics (Article 8, so-called light green financial products), and, 3) financial products with sustainable investment as objective (Article 9, so-called dark green financial product). By labelling the products, the end investor can get a clear picture of the degree of sustainability of the product,^[75] which directly precludes asset management companies from greenwashing their financial products.

From another angle, however, it can also prevent greenwashing by investee companies, especially if they are fossil fuel companies. Imagine an asset management company whose financial products are all linked to highly polluting businesses and companies with excessive carbon emissions, would investors ultimately want to choose that company? The answer is definitely no. The reason is simple: no investor would choose a financial product that has nothing to do with ESG when ESG investing is so trendy. Likewise, these asset management company will choose to divest from their portfolio companies as a way of making themselves more sustainable.

Actually, following 2021, a growing number of large asset management companies did do just that. In October, the EU's largest pension fund, the Netherlands' ABP, said it would divest €15bn worth of fossil fuel assets by the start of 2023, saying the decision would not harm its long-term returns and would also allow it to publish more ambitious CO₂ reduction targets next year.^[76] Following ABP's commitment, a growing number of fund managers have said they will blacklist fossil fuels. A total of 1,500 investment managers overseeing a total of \$39.2 trillion have now pledged to offload such holdings, according to the statistics.^[77]

Some large managers are more inclined to reshape their portfolios than to divest, as the large fossil fuel benefit gap is difficult to fill by other sectors. Managers also tend to engage in dialogue with their fossil fuel corporate clients, urging them to change their operating models and seek climate-friendly asset restructuring. For example, at ExxonMobil's annual general meeting, Engine No. 1, an activist company, nominated four independent director candidates and won the support of many large pension funds.^[78] In the end, the oil giant added three directors to its board, all of whom have diverse energy experience.^[79]

For such multinationals, the SFDR can go some way to overcoming the geographical disadvantages of climate litigation, as the SFDR does not only regulate within the EU. First, the SFDR affects the external behavior of EU companies, with many European funds are traded outside the EU. For example, 37 of Europe's exchange-traded funds (ETFs) are traded in the U.S., and some of the ETFs' holding companies include prominent EU companies like Nestlé.^[80] Secondly, the SFDR could also affect businesses and investment organizations around the world that are present in the EU market, including non-EU companies with subsidiaries and operations in the EU, financial institutions that are now offering or planning to offer registered financial products in the EU, and so on. For example, while the SFDR does not apply directly to U.S. financial markets, there are certain circumstances in which U.S. financial market participants are required to comply with the SFDR. For example, "all asset managers that raise money in the EU, even if they are based in the U.S.," are subject to regulation under the SFDR.^[81] Again, for example, "any firm that provides capital in the United States that also provides capital in Europe must now disclose its sustainability risks".^[82] As a result, survey data suggests that "more than \$ 3 trillion of companies outside the EU could be on the hook for SFDR".^[83]

Therefore, the SFDR could use asset investment companies as a medium to urge fossil fuel companies to reduce their carbon footprint and to prevent greenwashing by disclosing relevant ESG information.

3.3.1 Do no significant harm (DNSH)

According to Article 2, SFDR classifies sustainable investments into two types according to their contribution, i.e., 1) "an investment in an economic activity that contributes to an environmental objective", and 2) "an investment in an economic activity that contributes to a social objective".^[84] Although covering a wide range of elements, in order to fulfil the requirements of sustainability,^[85] both types of investments need to satisfy the principle "do no significant harm", i.e. no investment can cause significant harm to the objectives mentioned in Article 2.

While this Article seems to be taken for granted, investments in some fossil fuel companies may not be meeting this point. Some transnational oil companies may be doing things that are both irreversibly damaging to the environment and even seriously hazardous to human health. Take, for example, gas flaring in Nigeria. Shell, as the largest flaring company of all Nigerian companies, may have caused economic damage to the country to the tune of more than 150 billion dollars over a period of decades.^[86] Also, the incidence of respiratory diseases, asthma, etc. is on the rise in Nigeria due to the emission of gases caused by flaring.^[87] Shell has over the years signaled its determination to correct itself via reports or statements, but in reality, this is just a way of greenwashing them. Economic activities invested for such companies should also not be recognized as sustainable investments, and it is precisely because the SFDR mentions the DNSH principle that can effectively reduce the incidence of such events.

From the two perspectives above, SFDR is certainly positive for the fossil fuel industry. Some fund managers have said that companies that oppose climate change and do not manage greenhouse gas emissions will eventually be stripped from portfolios altogether.^[88] This will make fossil companies greener, or at least give them less incentive to greenwash.

4. Corporate Sustainability Reporting Directive (CSRD)

On 5 January 2023, the Corporate Sustainability Reporting Directive (CSRD) came into force. "This new directive modernizes and strengthens the rules on the social and environmental information that companies must report".^[89] As an important part of the European Green Deal, the CSRD [R]equires all large companies and all listed companies (except listed micro-enterprises) to disclose information on what they see as the risks and opportunities arising from social and environmental issues, and on the impact of their activities on people and the environment.^[90]

This mandatory reporting regime will be able to guarantee that investors and other stakeholders have the information they need to assess a company's impact on people and the environment, and to allow investors to assess the financial risks and opportunities posed by climate change and other sustainability issues.^[91] It is also for this reason that CSRD is believed to be effective in combating the incidence of greenwashing. According to a survey by the Compliance Institute, around ninety percent of Irish people support the use of CSRD to combat greenwashing.^[92] This is because there is very little public trust in companies when it comes to environmental commitments or statements, with only about a quarter of those surveyed believing they could distinguish between companies that are greenwashing and those that are not.^[93] Therefore, by forcing companies to put credible ESG reports on the table and reviewing them through a rigorous process, it can greatly increase the transparency of a company's ESG issues as a way of increasing public trust in the company and avoiding greenwashing.

It is also worth noting that the scope of the CSRD is not limited to EU companies. In fact, the CSRD extends its reach to a number of non-EU companies as well, including companies listed on EU regulated markets and subsidiaries in the EU^[94]. This means that, for example, a multi-entity UK or US company with a single subsidiary in the EU will need to file a report under the CSRD even if all its other subsidiaries are outside the EU.^[95] This shows that the CSRD has placed the issue of greenwashing in an internationally orientated perspective. Large multinationals such as ExxonMobil, Shell and other large multinationals, whose subsidiaries are located all over the world, will not be able to use the fact that their headquarter is not in the EU as a reason for refusing to disclose their ESG reports, and their greenwashing will no longer be able to be so prevalent.

5. Problems: SFDR may encourage greenwashing

As the current EU legal instrument against greenwashing has only recently been introduced, there are still fewer examples of its impact on financial markets, but even so, the controversy over the SFDR remains relatively prominent. This is due to some ambiguities and contradictions in the

disclosure regime under SFDR, which may lead the issue to the other extreme, namely to greenwashing of financial companies.

Firstly, there are sometimes errors in the use of Article 8 and 9. The real purpose of Articles 8 and 9 is to ensure transparency in the level of sustainability of investments, yet it is often misused.^[96] In some cases, financial actors use them as marketing tools to present and sell their financial products with the sustainability label.^[97] The lack of clear indications and precise thresholds for the characteristics that products should meet under articles 8 and 9 may result in products that are not truly environmentally friendly or green being labelled as sustainable.

Secondly, it is also due to the unclear understanding of Articles 8 and 9 that some financial products may be incorrectly categorized as light green products under Article 8, when in fact the product has very limited or almost no sustainable elements.^[98] This may also lead to financial participants being incorrectly identified as engaging in greenwashing behavior by the ultimate investor.^[99]

Thirdly, there are no strong enforcement mechanism in the SFDR to ensure compliance.^[100] Companies failing to comply may be exposed to reputational harm, but may not face substantial legal or financial penalties.^[101]

6. Conclusion

The 2015 Paris Agreement set a clear target for carbon emissions, i.e., to limit temperature increases to 2 or 1.5 degrees Celsius. As the fossil fuel industry with the highest carbon emissions, however often disguise themselves as a green company by greenwashing. While climate litigation has been seen as a way to address greenwashing in recent years, it is often limited by national policies and is often insufficient to address greenwashing by such large multinational corporations. In contrast, several EU regulations enacted since 2020 are better able to address greenwashing.

This paper highlights the seriousness of the greenwashing problem by analyzing the greenwashing scandals of ExxonMobil and Shell. The analysis of the climate litigation comes closer to showing that we need to put the greenwashing problem on an international level. It is true that EU law is currently making great efforts to address such issues, and with great success. However, due to the relatively short period of time that such laws have been in force, there are still relatively few analyses of greenwashing and EU law, making this paper somewhat groundbreaking. However, as such regulations have not yet matured, a number of existing issues are still waiting to be resolved, the resolution of which will enable financial markets to further realize their greening objectives.

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