

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

TWENTIETH CONGRESS
Second Regular Session

House Bill No. **10473**



Introduced by Representative KAREN HOPE F. GARCIA

EXPLANATORY NOTE

Article II, Section 16 of the 1987 Constitution mandates the State to protect and advance the right of the people to a balanced and healthful ecology, while Article XVI, Section 9 directs the State to protect consumers from trade malpractices and hazardous or substandard products. These constitutional principles recognize that environmental stewardship and consumer protection are essential to sustainable national development.

In recent years, however, a growing practice known as greenwashing has emerged as a serious threat to both objectives. Greenwashing refers to the use of false, exaggerated, or unsubstantiated environmental claims in promoting products, services, or business operations. Labels such as "eco-friendly," "green," "carbon neutral," "net zero," or similar representations are often used without credible scientific basis or independent verification, misleading consumers and creating an unfair advantage over businesses that genuinely invest in sustainable practices.

The international community has recognized greenwashing as a significant barrier to effective climate action and fair competition. In 2022, the United Nations High-Level Expert Group on the Net-Zero Emissions Commitments of Non-State Entities¹ warned that misleading environmental claims erode public trust, misdirect investments, and delay meaningful climate action. Likewise, the Organisation for Economic Co-operation and Development (OECD)² has identified greenwashing as a market failure that weakens environmental governance and distorts competition. The European Commission likewise found that more than half of the environmental claims it

¹ United Nations. High-Level Expert Group on the Net-Zero Emissions Commitments of Non-State Entities. United Nations, <https://www.un.org/en/climatechange/high-level-expert-group>.

² Organisation for Economic Co-operation and Development. Protecting and Empowering Consumers in the Green Transition. OECD Publishing, 2024, https://www.oecd.org/en/publications/protecting-and-empowering-consumers-in-the-green-transition_12f28e4f-en.html.

reviewed were vague, misleading, or unfounded, with many lacking any supporting evidence.

The Philippines is not immune to these risks. As more Filipino consumers choose products and services based on environmental considerations, businesses have increasingly incorporated sustainability claims into advertising, packaging, and corporate communications. While many enterprises have made genuine commitments to responsible environmental practices, others exploit the absence of clear legal standards by making environmental representations that cannot be independently substantiated.

Although Republic Act No. 7394, or the Consumer Act of the Philippines, prohibits deceptive sales practices, it does not specifically regulate environmental marketing claims or establish standards for substantiating such representations. Existing environmental laws likewise focus primarily on pollution control and natural resource management rather than the truthfulness of sustainability claims made in the marketplace. Consequently, consumers remain vulnerable to deceptive environmental marketing, while responsible businesses face unfair competition from those that merely project the appearance of sustainability.

The consequences extend beyond consumer deception. Greenwashing weakens market incentives for innovation, discourages legitimate investments in cleaner technologies, and undermines the country's transition toward a low-carbon, climate-resilient economy. More importantly, it affects Filipino families and future generations. The Philippines remains among the countries most vulnerable to the impacts of climate change, while children and economically vulnerable communities continue to bear its greatest consequences. Every misleading environmental claim delays meaningful action toward sustainability and diverts consumer support away from businesses that genuinely reduce environmental harm.

This proposed Anti-Greenwashing and Consumer Truth Act seeks to establish the country's first comprehensive legal framework against deceptive environmental marketing. The measure defines prohibited greenwashing practices; requires that environmental claims be supported by competent, credible, and verifiable scientific evidence; prohibits deceptive environmental labels and self-created certifications; regulates the use of claims such as "carbon neutral," "net zero," and similar representations unless independently substantiated; and strengthens enforcement under the Consumer Act of the Philippines.

The bill likewise promotes transparency and accountability by requiring businesses making environmental claims to maintain adequate supporting documentation and authorizing the appropriate regulatory agencies to investigate, verify, and penalize deceptive environmental marketing practices. In doing so, the measure protects consumers, encourages responsible corporate conduct, rewards businesses that undertake genuine sustainability initiatives, and promotes a fair and competitive marketplace where honesty earns public trust.

By institutionalizing standards for truthful environmental marketing and strengthening consumer protection, this measure advances the constitutional duty of the State to safeguard both the people's right to a balanced and healthful ecology and their right to fair and honest commercial practices.

In view of the foregoing, the immediate passage of this bill is earnestly sought.

A handwritten signature in black ink, appearing to read 'KH Garcia', is positioned above the printed name of the representative.

Rep. KAREN HOPE E. GARCIA
3rd District, Province of Cebu

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AN ACT
PROHIBITING AND PENALIZING GREENWASHING
AND DECEPTIVE SUSTAINABILITY CLAIMS,
INTEGRATING CONSUMER PROTECTIONS INTO THE CONSUMER ACT OF THE
PHILIPPINES, MANDATING TRANSPARENT DISCLOSURES IN CORPORATE
OPERATIONS, AND APPROPRIATING FUNDS THEREFOR

Be it enacted by the Senate and the House of Representatives of the Philippines in Congress assembled:

CHAPTER I
GENERAL PROVISIONS

Section 1. *Short Title.* - This Act shall be known as the "Anti-Greenwashing Act."

Section 2. *Declaration of Policy.* It is the policy of the State to protect and advance the right of the people to a balanced and healthful ecology under Article II, Section 16 of the Constitution, and to protect consumers against trade malpractices under Article XVI, Section 9 of the Constitution. Towards this end, the State shall ensure that all environmental and sustainability claims made by business enterprises in the course of trade or commerce are accurate, substantiated, and transparent, thereby protecting consumers, promoting fair competition, and fostering a genuinely sustainable economy.

Section 3. *Definition of Terms.* For the purposes of this Act:

- (a) **Greenwashing** - refers to the practice of providing false, vague, deceptive, or misleading information about the environmental soundness, sustainability, or

climate impact of products, services, corporate operations, or business relationships.

- (b) **Carbon-Intensive Entity** - refers to any business enterprise operating in high-emitting sectors whose operations contribute substantially to anthropogenic GHG emissions.
- (c) **Carbon Neutral or Net-Zero Claim** - refers to any marketing or corporate assertion that the net GHG emissions associated with a product, service, or business entity are zero, or have been fully offset.
- (d) **Competent and Reliable Scientific Evidence** - refers to tests, analyses, research, or studies that have been conducted and evaluated in an objective manner by persons qualified to do so, using procedures generally accepted by the relevant scientific discipline to yield accurate and reliable results.
- (e) **Covered Business Enterprise** - refers to any corporation, partnership, sole proprietorship, or juridical entity engaged in commerce, industry, or trade within the Philippines, including foreign-owned entities operating domestically.
- (f) **Deceptive Sustainability Claim** - refers to any unsubstantiated assertion, symbol, or certification implying that a product, service, or business has neutral, positive, or reduced greenhouse gas (GHG) emissions, or is otherwise environmentally benign, without competent and reliable scientific evidence, as defined in this Section.
- (g) **Material or Materially Misleading** - refers to a representation, omission, or practice that is likely to affect a reasonable consumer's decision to purchase, use, invest in, or otherwise transact with respect to a product, service, or business enterprise.
- (h) **Micro, Small, and Medium Enterprise (MSME)** - refers to any business enterprise classified as a micro, small, or medium enterprise under Republic Act No. 9501, or its successor law, and the implementing rules of the Department of Trade and Industry.
- (i) **Precautionary Principle** - refers to the principle that the absence of full scientific certainty shall not, by itself, justify withholding disclosure of a material environmental or public health risk that is supported by a preponderance of the then-available competent and reliable scientific evidence.
- (j) **Value Chain** - refers to the full range of a covered business enterprise's direct and indirect greenhouse gas emissions, consistent with the Scope 1, Scope 2, and Scope 3 categories defined under the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard, or its successor framework.

Section 4. Lead Implementing Agency. — The Department of Trade and Industry (DTI) shall be the principal implementing agency of this Act, with primary jurisdiction over consumer-facing greenwashing claims, advertising enforcement, and

coordination with the Consumer Act of the Philippines. The Securities and Exchange Commission (SEC) shall have primary jurisdiction over corporate disclosure, sustainability reporting, and transition-plan compliance. The Climate Change Commission (CCC) shall serve as the lead technical and scientific authority responsible for verifying GHG-emissions data, decarbonization plans, and the climate integrity of all sustainability claims.

CHAPTER II PROHIBITED ACTS

Section 5. *Prohibited Acts.* It shall be unlawful for any business entity operating within the Philippines to knowingly or through gross negligence engage in the following deceptive practices:

- (a) Making false, vague, or misleading claims regarding the environmental soundness or sustainability of its products, services, or operations;
- (b) Making unsubstantiated "carbon neutral", "net-zero", or "climate friendly" claims without public submission of a scientifically verified Decarbonisation Plan and an Annual Compliance Report mapping absolute emission cuts across its entire value chain;
- (c) Displaying unsubstantiated third-party certifications, ecological labels, or self-created "green" stamps that do not comply with accredited national or international standards;
- (d) Failing to disclose a material environmental or public health risk arising from a business activity, where such risk is supported by a preponderance of competent and reliable scientific evidence, notwithstanding the absence of full scientific consensus, consistent with the Precautionary Principle;
- (e) Retaliating, directly or indirectly, against any consumer, advocate, whistleblower, employee, or civil-society organisation that reports suspected greenwashing or cooperates with any investigation under this Act.

CHAPTER III INSTITUTIONAL RESPONSIBILITIES AND THE CLEAR FUND

Section 6. *Enforcement by the Fair Trade Enforcement Bureau.* — The Fair Trade Enforcement Bureau (FTEB) of the Department of Trade and Industry shall serve as the primary enforcement arm of this Act. In addition to its existing mandate under Republic Act No. 7394 and Executive Order No. 913, the FTEB shall:

- (a) Receive, mediate, and adjudicate citizen, consumer, and civil-society complaints of greenwashing and deceptive sustainability claims under this Act, applying its

existing Notice of Violation, Formal Charge, and administrative adjudication procedures;

- (b) Issue cease-and-desist orders, show-cause directives, and subpoenas in aid of investigations and adjudications under this Act;
- (c) Maintain a public Greenwashing Registry of enterprises found administratively or judicially liable under this Act, for a period of not less than five (5) years per listing;
- (d) Certify to the Government Procurement Policy Board (GPPB), for purposes of Section 10 of this Act, any covered business enterprise found liable for repeated violations of this Act; and
- (e) Jointly with the Securities and Exchange Commission (SEC) and the Climate Change Commission (CCC), submit an annual public report to Congress on compliance levels among covered business enterprises and on the enforcement performance of this Act, including recommended legislative or budgetary adjustments.

Section 7. *Interagency Coordination.* — The DTI, through the FTEB, the SEC, and the CCC shall jointly issue coordination guidelines to prevent duplicative or conflicting proceedings arising from the same act or transaction under this Act. Where a covered business enterprise is subject to concurrent proceedings before more than one of the three agencies, the agency with primary jurisdiction over the specific claim under Section 4 shall proceed, and the others shall hold their proceedings in abeyance pending its resolution.

Section 8. *Accreditation of Third-Party Verifiers.* — The Bureau of Philippine Standards (BPS) of the DTI shall accredit third-party verifiers and certification bodies for purposes of this Act, applying its existing accreditation standards under the Philippine National Standards and International Organization for Standardization frameworks. The FTEB shall rely on BPS-accredited verifiers in evaluating the sufficiency of environmental claims and certifications submitted in its proceedings.

Section 9. *Debarment from Public Procurement.* — Upon certification by the FTEB under Section 6(d) that a covered business enterprise has been found liable for repeated violations of this Act, the matter shall be referred to the GPPB's Blacklisting Committee for appropriate action under Republic Act No. 12009 and its implementing rules and regulations.

Section 10. *Establishment of the Consumer Legal Enforcement, Accountability, and Redress (CLEAR) Fund.* — The Consumer Legal Enforcement, Accountability, and Redress (CLEAR) Fund is hereby established as provided under

Section 9 of this Act, and administered by the Bureau of the Treasury upon recommendation of the Fund Management Committee. It shall serve as the primary redress mechanism of the State for consumers harmed by greenwashing and deceptive sustainability claims.

The CLEAR Fund shall be used to provide redress and compensation to qualified claimants, which may take the following forms:

- (b) Restitution and refunds to consumers who purchased a product or service in reliance on a Deceptive Sustainability Claim;
- (c) Funding of independent testing, verification, and investigation of environmental claims in aid of enforcement under this Act;
- (d) Public information and consumer-education campaigns on sustainability claims and greenwashing indicators;
- (e) Grants to BPS-accredited third-party verifiers and to consumer-advocacy or civil-society organisations engaged in monitoring compliance with this Act;
- (f) Rewards to whistleblowers whose reports lead to a finding of liability under this Act; and
- (g) Capacity-building and technical support for the FTEB, SEC, CCC, and BPS in implementing this Act.

Section 11. Custody and Administration of the CLEAR Fund. — There is hereby created a special trust account in the Bureau of the Treasury (BTr) to be known as the Consumer Legal Enforcement, Accountability, and Redress (CLEAR) Fund. The BTr shall hold and invest the CLEAR Fund, subject to disbursement only upon the recommendation of the Fund Management Committee created.

- (a) *Fund Management Committee.* — There is hereby created a Fund Management Committee composed of a representative each from the DTI, SEC, CCC, and BTr, which shall determine claimant eligibility and recommend disbursements consistent with Section 11 of this Act. The Committee shall submit disbursement recommendations to the BTr and shall report annually to Congress on Fund utilization.
- (b) *Sources of the Fund.* — The CLEAR Fund shall be sourced from: (i) an initial appropriation of Twenty Million Pesos (Php 20,000,000.00) under the General Appropriations Act following the effectivity of this Act; (ii) all fines and penalties collected under Section 16; and (iii) donations, grants, and endowments from domestic and international sources, subject to existing auditing and accountability laws.

CHAPTER IV DISCLOSURE AND ENFORCEMENT

Section 12. *Mandatory Corporate Disclosure and Precautionary Reporting.*

To maintain absolute transparency and protect consumer truth:

- (a) Covered business enterprises, other than micro and small enterprises as classified under Section 3, shall observe a due diligence standard of care. They are required to measure, analyse, and publicly report their direct and indirect GHG emissions across their value chain (Scope 1, 2, and 3 emissions) to the Securities and Exchange Commission (SEC) and the Climate Change Commission (CCC): Provided, That medium enterprises shall only be required to report Scope 1 and Scope 2 emissions, unless they make an express carbon-neutral or net-zero claim under Section 3, in which case full value-chain reporting shall apply.
- (b) Under the Precautionary Principle, if scientific certainty linking a business activity to a plausible environmental or public health threat is not yet fully established, the business and the SEC, assisted by the CCC, are legally obligated to disclose to the public that there may be potential risks arising from the business activity.
- (c) All high-emitting and carbon-intensive entities must submit detailed transition plans assessing the long-term sustainability of their operations and their direct impacts on human rights and climate systems.
- (d) Failure to file, late filing, or submission of falsified or materially incomplete reports shall constitute a prohibited act under Section 5.

Section 13. *Proportionality for Micro, Small, and Medium Enterprises.* —

Micro and small enterprises shall be exempt from the reporting requirements under Section 12(a), without prejudice to their liability for prohibited acts under Section 5. The SEC, in coordination with the DTI, shall provide a phase-in period of not less than two (2) years from the effectivity of the implementing rules and regulations for medium enterprises to comply with Section 12(a), and may issue simplified reporting templates proportionate to enterprise size.

Section 14. *Integration with the Consumer Act of the Philippines.* —

Deceptive and misleading sustainability claims and greenwashing practices prohibited under this Act shall be legally classified as Unfair and Deceptive Sales Acts or Practices and prosecuted under the Consumer Act of the Philippines, in addition to applicable environmental statutes.

Section 15. *Protection of Public Participation (Anti-SLAPP).* Any consumer, environmental advocate, child-led group, or civil society organisation that exposes

greenwashing, asserts environmental rights, or files complaints under this Act shall be protected from Strategic Lawsuits Against Public Participation (SLAPP).

- (a) *Motion to Dismiss or Suspend.* — A respondent in any suit who believes the action was filed to harass, vex, or stifle the exercise of rights protected under this Act may file a verified motion, within the reglementary period to file a responsive pleading, alleging that the suit is a SLAPP. The motion shall be resolved by the court or the FTEB, as the case may be, within thirty (30) days through a summary hearing.
- (b) *Effect of Determination.* — If the suit is determined to be a SLAPP, the action shall be dismissed, and the entity or person at whose instance the suit was filed shall be liable for damages equivalent to fifteen percent (15%) of its average annual gross income for the three (3) years preceding the filing of the suit, in addition to attorney's fees and costs.

Section 16. Penalties. — Any business enterprise found, after due notice and hearing, to have knowingly or through gross negligence violated the provisions of this Act shall face administrative and criminal penalties, which shall accrue to the CLEAR Fund:

- (a) First Offense: A fine of not less than Five Hundred Thousand Pesos (Php 500,000.00) nor more than Two Million Pesos (Php 2,000,000.00), and a mandate to immediately retract all deceptive advertisements and greenwashing materials;
- (b) Second Offense: A fine of not less than Two Million Pesos (Php 2,000,000.00) nor more than Ten Million Pesos (Php 10,000,000.00), suspension of operations for a period of not less than sixty (60) days, and a mandate to implement approved environmental-compliance mechanisms;
- (c) Third Offense: Permanent and immediate closure of the business establishment. If the offender is a juridical person, the president, manager, directors, or officers directly related to the operations shall suffer the penalties provided under this Act and the Consumer Act of the Philippines, including imprisonment of not less than six (6) years nor more than twelve (12) years.

Criminal liability under paragraph (c) of this Section shall attach only upon proof of willful intent or gross negligence on the part of the responsible officer. Good-faith reliance on a report, certification, or opinion issued by a BPS-accredited verifier shall be a defense to criminal liability, without prejudice to the administrative liability of the business enterprise.

The fines prescribed under this Section shall be reviewed and adjusted for inflation by the DTI, in coordination with the Philippine Statistics Authority, once every

three (3) years without need of further legislation, but not to exceed a cumulative adjustment of one hundred percent (100%) of the amounts herein prescribed.

Any liable entity shall be publicly listed in the Greenwashing Registry maintained by the FTEB for a period of not less than five (5) years.

Section 17. *Implementing Rules and Regulations.* Within ninety (90) days from the effectivity of this Act, the Department of Trade and Industry (DTI), the Securities and Exchange Commission (SEC), and the Climate Change Commission (CCC), in consultation with the Fund Management Committee created under Section 9(a), consumer-advocacy groups, and climate scientists, shall jointly promulgate the necessary IRR, which shall provide specific, rigorous guidelines on greenwashing indicators, verification protocols, accreditation of third-party certifiers, and claims-processing procedures for the CLEAR Fund.

Section 18. *Separability Clause.* If any provision of this Act is declared unconstitutional or invalid, the remaining provisions shall continue to be in full force and effect.

Section 19. *Repealing Clause.* All laws, decrees, executive orders, rules and regulations, or parts thereof inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

Section 20. *Effectivity.* This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved,