

GREENWASHING AND DIRECTORS' LIABILITY UNDER THE COMPANIES ACT, 2013: AN ANALYSIS OF DIRECTORS' DUTIES IN ESG GOVERNANCE

by

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Abstract

Greenwashing is a major concern for corporate governance as firms communicate environmental performance through sustainability reports, ESG disclosures and advertisements. It occurs when a company's environmental claims are false, misleading, exaggerated, vague or insufficiently supported by evidence. This study examines when directors can be held liable for greenwashing under the Companies Act, 2013, with reference to their statutory and fiduciary duties.

The study focuses on Section 166 and also examines Sections 134, 149(12), 447 and 448, SEBI's BRSR and BRSR Core framework and the CCPA Guidelines, 2024. It is doctrinal and analytical, with a comparative study of the EU, UK, US and Australia. It finds that Indian law offers several mechanisms against greenwashing, but no comprehensive framework determines when it leads to personal director liability, and recommends stronger board-level ESG oversight, verification of sustainability information and better regulatory coordination.

Keywords: Greenwashing, Directors' Liability, Companies Act, 2013, ESG Governance, Corporate Governance, BRSR, Sustainability Disclosure, Fiduciary Duties.

CHAPTER I INTRODUCTION AND RESEARCH DESIGN

1.1 Introduction

Sustainability reports and environmental claims have become important corporate communication, increasing the risk of misleading or unsubstantiated claims. Thomas P. Lyon

and A. Wren Montgomery describe greenwashing as communication that leads stakeholders to have overly positive beliefs about an organisation's environmental practices or products.¹ The Companies Act, 2013 has no separate greenwashing offence; director liability must be assessed through provisions on duties, disclosures, fraud and compliance. Section 166 is especially relevant, as it requires directors to act in good faith, exercise due care, skill and diligence and consider the protection of the environment.² The regulatory landscape has broadened with SEBI's BRSR and BRSR Core requirements, including assurance for specified ESG indicators,³ and the CCPA's Guidelines for Prevention and Regulation of Greenwashing or Misleading Environmental Claims, 2024.⁴

1.2 Statement of the Problem

Responsibility for environmental claims is spread across management, directors, committees, auditors and assurance providers. The CCPA's 2024 Guidelines focus on misleading claims and advertisements, not on the fiduciary responsibility of individual directors.⁵ This creates an accountability gap: did the board approve the claim, did directors know it was groundless, were they diligent, and was the director executive, non-executive or independent? The problem is one of attribution.

1.3 Review of Literature

1.3.1 Delmas and Burbano (2011)

Institutional, market, organisational and individual factors, including uncertain regulation and incentives, promote greenwashing.⁶

1.3.2 Lyon and Montgomery (2015)

Greenwashing involves varied misleading communication, so types and mechanisms must be differentiated.⁷

¹ Thomas P. Lyon & A. Wren Montgomery, "The Means and End of Greenwash", 28 *Organization & Environment* 223, 223--249 (2015).

² The Companies Act, 2013, § 166(2)--(3).

³ Securities and Exchange Board of India, *Business Responsibility and Sustainability Report (BRSR)*, Circular No. SEBI/HO/CFD/CMD-2/P/CIR/2021/562, May 10, 2021.

⁴ Central Consumer Protection Authority, *Guidelines for Prevention and Regulation of Greenwashing or* Government of India, October 15, 2024.

⁵ Id.

⁶ Magali A. Delmas & Vanessa Cuerel Burbano, "The Drivers of Greenwashing", 54(1) *California Management Review* 64, 64--87 (2011).

⁷ Thomas P. Lyon & A. Wren Montgomery, *supra* note 1.

1.3.3 Seele and Gatti (2017)

They distinguished greenwashing, false, potential and no greenwashing;⁸ liability needs evidence of misleading conduct, knowledge or negligence, not allegation alone.

1.3.4 De Freitas Netto et al. (2020)

This systematic review shows greenwashing includes vague claims and selective disclosure, not only outright falsehoods.⁹

1.3.5 Chen and Chang (2013)

Greenwashing is negatively related to green trust, mediated by consumer confusion and perceived risk.¹⁰

1.3.6 Walker and Wan (2012)

They dissociate what a corporation says from what it does,¹¹ which is directly relevant to ESG governance.

1.3.7 Bansal and Clelland (2004)

Environmental legitimacy shapes corporate risk and communication.¹²

1.3.8 Parguel, Benoît-Moreau and Larceneux (2011)

This work shows the relevance of creditable environmental communication.¹³

1.3.9 Nyilasy, Gangadharbatla and Paladino (2014)

Greenwashing may influence perceptions of corporate credibility and responsibility.¹⁴

⁸ Peter Seele & Lucia Gatti, "Greenwashing Revisited: In Search of a Typology and Accusation-Based Definition Incorporating Legitimacy Strategies", 26(2) *Business Strategy and the Environment* 239, 239--252 (2017).

⁹ Sebastião Vieira de Freitas Netto, Marcos Felipe Falcão Sobral, Ana Regina Bezerra Ribeiro & Gleibson Robert da Luz Soares, "Concepts and Forms of Greenwashing: A Systematic Review", 32 *Environmental Sciences Europe* 19 (2020).

¹⁰ Yu-Shan Chen & Ching-Hsun Chang, "Greenwash and Green Trust: The Mediation Effects of Green Consumer Confusion and Green Perceived Risk", 114 *Journal of Business Ethics* 489, 489--500 (2013).

¹¹ Kent Walker & Fang Wan, "The Harm of Symbolic Actions and Green-Washing: Corporate Actions and Communications on Environmental Performance and Their Financial Implications", 109 *Journal of Business Ethics* 227, 227--242 (2012).

¹² Pratima Bansal & Iain Clelland, "Talking Trash: Legitimacy, Impression Management, and Unsystematic Risk in the Context of the Natural Environment", 47 *Academy of Management Journal* 93, 93--103 (2004).

¹³ Pascal Parguel, Florence Benoît-Moreau & Fabrice Larceneux, "How Sustainability Ratings Might Deter 'Greenwashing': A Closer Look at Ethical Corporate Communication", 102 *Journal of Business Ethics* 15 (2011).

¹⁴ Gergely Nyilasy, Harsha Gangadharbatla & Angela Paladino, "Perceived Greenwashing: The Interactive Effects of Green Advertising and Corporate Environmental Performance on Consumer Reactions", 125 *Journal of Business Ethics* 693 (2014).

1.3.10 Siano, Vollero, Conte and Amabile (2017)

They point to the need for greater transparency and credibility.¹⁵

1.3.11 Marquis, Toffel and Zhou (2016)

Greenwashing can occur through selective presentation of favourable environmental information.¹⁶

1.3.12 Lyon and Maxwell (2011)

A starting point for analysing disclosure and incentives.¹⁶

1.3.13 OECD

OECD materials embed sustainability in board-level governance, not public relations.¹⁷

1.3.14 SEBI (2021--2023)

BRSR Core 2023 mandated certain ESG indicators and assurance through phased applicability.¹⁸

1.3.15 K. Pavithra (2026)

Pavithra links greenwashing to board accountability and identifies the gap between consumer protection and governance approaches.¹⁹ This study extends this through analysis of Sections 166, 134, 149(12), 447 and 448, SEBI, CCPA and judicial principles.

Research Gap from the Literature

International literature concerns mainly marketing and consumer behaviour, and Indian legal literature lacks a consolidated analysis linking misleading ESG disclosures to director-level liability. This research bridges that gap.

1.4 Research Questions

1. What is greenwashing and how has it developed in relation to ESG governance?

¹⁵ Alfonso Siano, Agostino Vollero, Francesca Conte & Sabrina Amabile, "'More than words': Expanding the Taxonomy of Greenwashing after the Volkswagen Scandal", 71 *Journal of Business Research* 27 (2017).

¹⁶ Christopher Marquis, Michael W. Toffel & Yanhua Zhou, "Scrutiny, Norms, and Selective Disclosure: A Global Study of Greenwashing", 27(2) *Organization Science* 483 (2016).

¹⁶ Thomas P. Lyon & John W. Maxwell, "Greenwash: Corporate Environmental Disclosure under Threat of Audit", 20(1) *Journal of Economics & Management Strategy* 3 (2011).

¹⁷ OECD, *G20/OECD Principles of Corporate Governance* (2023).

¹⁸ Securities and Exchange Board of India, *BRSR Core -- Framework for Assurance and ESG Disclosures for Value Chain*, Circular No. SEBI/HO/CFD/CFD-SEC-2/P/CIR/2023/122, July 12, 2023.

¹⁹ K. Pavithra, "Director Accountability for Greenwashing in ESG Reporting: A Corporate Governance Perspective", 9(2) *International Journal of Law Management & Humanities* 2073, 2073--2080 (2026).

2. What are directors' duties under Section 166 on the environment and disclosures?
3. When can misleading ESG disclosures create personal liability of directors?
4. What do Sections 134, 149(12), 166, 447 and 448 provide on liability?
5. How do BRSR/BRSR Core and the CCPA Guidelines regulate greenwashing?
6. What can India learn from the EU, UK, US and Australia?
7. Do Indian judicial principles suffice to hold boards accountable?
8. What reforms could improve accountability without automatic liability?

1.5 Research Objectives

1. To study the concept, origin and development of greenwashing.
2. To examine the relationship between greenwashing and ESG governance.
3. To study the duties of directors under the Companies Act, 2013.
4. To determine when directors are personally liable for misleading ESG disclosures.
5. To examine the Indian regulatory framework.
6. To examine Indian judicial decisions on directors' duties.
7. To compare selected international jurisdictions.
8. To identify gaps in the Indian framework.
9. To suggest measures for enhancing board-level accountability.

1.6 Hypothesis

The Companies Act, 2013 and securities, consumer-protection and ESG disclosure regulations provide grounds to hold directors liable for wilful or negligent greenwashing, but the lack of a specific and integrated director-liability framework leaves questions of individual attribution and enforcement open.

1.7 Research Methodology

The research is doctrinal, analytical and mainly qualitative, using statutes, SEBI regulations, CCPA guidelines and judicial decisions as primary sources, and books, articles and reports as secondary sources, with a comparative approach. It differentiates corporate, regulatory and personal director liability: a director is not personally liable merely because a company made a misleading environmental statement.

1.8 Research Gap / Delimitation

The study focuses on corporate and securities law, not environmental pollution liability, criminal environmental offences or all consumer-protection remedies; advertising claims are considered only where they raise director accountability.

1.9 Scheme of the Study and Chapterisation

Chapter I sets the research design; II the concepts; III the Indian framework; IV international approaches; V the judicial response; VI the accountability gap; VII conclusions and recommendations.

CHAPTER II CONCEPTUAL ANALYSIS

2.1 Meaning of Greenwashing

Greenwashing is the misleading, exaggerated, vague or unsubstantiated representation of a company, product or activity as environmentally responsible when it is not. It includes false claims, fuzzy words like 'eco-friendly', unsupported carbon neutral claims, selective revelation, fraudulent ecological icons and minor benefits hiding major adverse impacts. The idea is broader than a mere false statement.

2.2 Origin and Evolution

The term arose in environmental marketing, when communication was voluntary and lacked verification standards. As ESG investing evolved, greenwashing became a corporate governance and disclosure issue, particularly in India as sustainability information enters formal reporting. SEBI's 2021 BRSR framework required reporting on nine principles of the National Guidelines on Responsible Business Conduct.²⁰

2.3 Forms of Greenwashing

2.3.1 Product-Level Greenwashing

A product is advertised as environmentally better without enough evidence, such as unsupported recyclability or carbon neutrality claims.

²⁰ Securities and Exchange Board of India, *supra* note 3.

2.3.2 Corporate-Level Greenwashing

This concerns overall environmental performance: sustainability reports, climate pledges and ESG disclosures, often reviewed at board level and so particularly important for directors.

2.4 Greenwashing and ESG Governance

Greenwashing ties the "E" (climate, emissions, pollution) to the "G" (accountability, transparency, internal controls). The governance question is what systems the board had to ensure sustainability information was accurate, substantiated and appropriately reviewed. Here directors' duties come into play.

CHAPTER III LEGAL PERSPECTIVES

3.1 Companies Act, 2013 and Directors' Duties

3.1.1 Section 166 -- Statutory Duties of Directors

Section 166(2) requires directors to act in good faith in the best interests of the company, its employees, shareholders, the community and for protection of the environment; Section 166(3) requires due care, skill, diligence and independent judgement.²¹ The environmental reference creates a clear nexus with environmental protection. Knowingly approving misleading environmental information, or failing to verify material ESG information with reasonable care, may raise Section 166 issues, but liability is not automatic; the director's conduct, knowledge, diligence and involvement must be examined.

3.2 Section 134 -- Directors' Responsibility Statement

Under Section 134(5), directors must state that adequate systems exist to ensure legal compliance and operate effectively.²² Good ESG reporting likewise requires systems to collect, verify and approve sustainability information.

3.3 Section 149(12) -- Liability of Independent Directors

An independent or specified non-executive director is liable only for acts or omissions occurring with the director's knowledge attributable through Board processes, with consent or connivance, or where the director failed to act diligently.²³ It applies where a sustainability department

²¹ The Companies Act, 2013, § 166.

²² The Companies Act, 2013, § 134(5).

²³ The Companies Act, 2013, § 149(12).

supplies inaccurate data and the director has no cause for suspicion, but not where the director knows of clear evidence of unreliability and approves the disclosure anyway.

3.4 Section 2(60) -- Officer in Default

Section 2(60) defines the officer in default for penal provisions.²⁴ Responsibility depends on statutory attribution and role in the default.

3.5 Section 447 -- Fraud

Section 447 covers acts, omissions, concealment and abuse of position with intent to deceive, gain undue advantage or injure the company, shareholders, creditors or any other person.²⁵ Misleading ESG information is not necessarily fraud; the statutory elements, including mental state, must be met.

3.6 Section 448 -- False Statement

Section 448 may be attracted where a person knowingly makes a materially false statement or omits a material fact in any document required under the Act.²⁶ Consent to a materially false ESG statement in a statutory document is a statutory false statement, not merely a governance lapse.

3.7 SEBI and BRSR

The BRSR Core framework of 2023 comprises key indicators across nine ESG attributes with phased assurance requirements.²⁷ ESG information is no longer voluntary PR for the largest listed companies but is tied to formal reporting and assurance.²⁸

3.8 CCPA Greenwashing Guidelines, 2024

The CCPA issued its Guidelines on 15 October 2024 to address misleading environmental claims.²⁹ They do not replace corporate-law analysis; personal liability of a director remains a question under the provisions governing director liability.

²⁴ The Companies Act, 2013, § 2(60).

²⁵ The Companies Act, 2013, § 447.

²⁶ The Companies Act, 2013, § 448.

²⁷ Securities and Exchange Board of India, *supra* note 3.

²⁸ Securities and Exchange Board of India, *supra* note 19.

²⁹ Central Consumer Protection Authority, *supra* note 4.

CHAPTER IV COMPARATIVE STUDY ON INTERNATIONAL PERSPECTIVES

4.1 European Union

Directive (EU) 2024/825 (Empowering Consumers for the Green Transition) increases protection against misleading environmental claims and is expected to come into force from 27 September 2026.³⁰ It deals with generic claims and sustainability labels.³¹ The Green Claims Directive is an independent effort to set criteria for substantiating explicit claims.³² Claims are increasingly treated as information needing substantiation.

4.2 United Kingdom

The FCA's anti-greenwashing rule requires sustainability references to be consistent with sustainability characteristics and fair, clear and not misleading.³³ It came into force on 31 May 2024.³⁴ India's BRSR regime likewise embeds ESG information in financial-market regulation.

4.3 United States

The United States relies on securities, consumer-protection and advertising regulation and state laws. The governance lens is Delaware's Caremark line of cases: boards can be liable for failing to create reasonable information and reporting systems.³⁵ Boards cannot remain detached from significant risks within their oversight.

4.4 Australia

Through the ACCC and ASIC, Australia shows companies need documentary evidence for claims and boards need verification processes.

4.5 Comparative Lessons for India

1. Environmental claims must be verifiable.
2. Generic claims require special caution.
3. Sustainability information should be transparent and not misleading.

³⁰ Directive (EU) 2024/825 of the European Parliament and of the Council of 28 February 2024, amending Directives 2005/29/EC and 2011/83/EU as regards empowering consumers for the green transition, OJ L, 2024/825.

³¹ Id.

³² European Commission, *Proposal for a Directive on Substantiation and Communication of Explicit Environmental Claims (Green Claims Directive)* (2023).

³³ Financial Conduct Authority, *FG24/3: Finalised Non-Handbook Guidance on the Anti-Greenwashing Rule* (2024).

³⁴ Financial Conduct Authority, *ESG 4.3.1R -- Anti-Greenwashing Rule*, FCA Handbook.

³⁵ *In re Caremark International Inc. Derivative Litigation*, 698 A.2d 959 (Del. Ch. 1996).

4. Independent assurance can lend credibility.
5. Boards should set up systems for ESG oversight.
6. Regulation should differentiate corporate and individual accountability.
7. Directors should not be automatically liable by virtue of a board position.

These elements already exist in Section 166, BRSR, BRSR Core and the CCPA Guidelines; the main problem is fitting them into a coherent framework of director accountability.

CHAPTER V JUDICIAL RESPONSE

5.1 Official Liquidator, Supreme Bank Ltd. v. P.A. Tendolkar

The Court considered directors' liability for non-supervision, recognising that directors cannot shut their eyes to the obvious.³⁶ Liability may arise from failure to supervise even if a director did not prepare every misleading statement.

5.2 Dale & Carrington Investment (P) Ltd. v. P.K. Prathapan

Directors occupy a fiduciary position, with emphasis on good faith, care, skill, diligence and proper purpose.³⁷ Approval of knowingly misleading ESG disclosures cannot be justified by reputational benefit.

5.3 N. Narayanan v. Adjudicating Officer, SEBI

The Court observed that market integrity is based on disclosure and transparency.³⁸ The Court reflected on directors' failure to deal with obvious irregularities in a listed company's overstated financials.³⁹ Though not about greenwashing, where sustainability information is material, manipulation or ignoring red flags may have regulatory consequences.

5.4 Sunil Bharti Mittal v. CBI

A director cannot be held criminally liable merely because he holds office in a company.⁴⁰ Criminal responsibility requires a statutory basis or an active role with the required mental element.

³⁶ *Official Liquidator, Supreme Bank Ltd. v. P.A. Tendolkar*, (1973) 1 SCC 602.

³⁷ *Dale & Carrington Investment (P) Ltd. v. P.K. Prathapan*, (2005) 1 SCC 212.

³⁸ *N. Narayanan v. Adjudicating Officer, SEBI*, (2013) 12 SCC 152.

³⁹ *Id.*

⁴⁰ *Sunil Bharti Mittal v. Central Bureau of Investigation*, (2015) 4 SCC 609. ⁴²*Chairman, SEBI v. Shriram Mutual Fund*, (2006) 5 SCC 361.

5.5 Chairman, SEBI v. Shriram Mutual Fund

Where the statutory contravention is established, penalty may follow, and where the scheme does not require mens rea, it need not be proved.⁴² Analysis must therefore differentiate regulatory fines, civil, criminal and fiduciary responsibility and officer-in-default liability.

5.6 Judicial Gap

No Supreme Court doctrine holds a director personally liable under Section 166 simply because a company engaged in greenwashing. Liability must be constructed from existing statutory and judicial principles, which provide both accountability and protection against automatic liability.

CHAPTER VI EXCLUSIVE ANALYSIS OF THE RESEARCH TOPIC

6.1 Greenwashing as a Board-Level Governance Issue

Greenwashing is not merely an advertising problem; the board approves material disclosures, oversees risk and ensures compliance systems. The question is whether it supervised adequately. Four levels:

Level 1 -- Corporate statement: the company says it is eco-friendly.

Level 2 -- Governance process: the claim passes through management, compliance, auditors or assurance providers.

Level 3 -- Board oversight: the board or relevant committee reviews or approves the disclosure.

Level 4 -- Personal responsibility: evidence that a specific director knew, consented, connived, participated or failed to exercise legally required diligence.

This framework balances overprotection of directors against automatic liability.

6.2 Relationship Between Section 166 and ESG Governance

Section 166 provides the strongest link to environmental governance through its reference to "protection of environment."⁴¹ It does not guarantee an ecologically perfect state. Missing an environmental target is not greenwashing, but disclosing unsubstantiated achievement could raise issues of disclosure, fiduciary responsibility and statutory liability.

6.3 Deliberate Greenwashing

Suppose a company knows its emissions have increased, management claims to be 'carbon neutral', directors receive the data and approve the claim knowing it to be unsupported, and it

⁴¹ The Companies Act, 2013, § 166(2).

appears in a statutory report or investor communication. Such facts may implicate Section 166 and, depending on the document, Sections 447 and 448. The point is the director's knowledge, participation or legally relevant breach of diligence, not merely falsity.

6.4 Negligent Greenwashing

A board that accepts management's ESG data despite obvious inconsistencies may face issues under Section 166(3); under Tendolkar, directors cannot escape by saying another officer dealt with the matter.⁴² But directors need not audit every ESG metric and may reasonably rely on competent professionals if oversight systems exist.

6.5 Role of ESG Assurance

BRSR Core assurance may reduce the risk of inaccurate disclosures, but it does not transfer the whole burden from directors to assurance providers.⁴³ It does not necessarily exonerate a director who knowingly approves false information.

6.6 Independent Directors

Section 149(12) protects independent directors unless the act or omission occurred with their knowledge through Board processes, consent, connivance or lack of diligence.⁴⁴ If a BRSR report is professionally assured and there are no warning signs, automatic liability is hard to justify; but if an independent director knows credible information showing false claims and neglects to raise it, protection may be lost. Independence means neither immunity nor automatic liability.

6.7 Corporate Liability versus Director Liability

A company's misleading reporting draws regulatory consequences, but not every director has committed an offence. Director liability requires examining role, knowledge, involvement, acceptance, permission, collusion, persistence and the precise legal norm, as Sunil Bharti Mittal supports.⁴⁵

6.8 Proposed Board-Level Greenwashing Accountability Model

Stage I -- Identification: identify all environmental claims made public.

⁴² *Official Liquidator, Supreme Bank Ltd. v. P.A. Tendolkar*, (1973) 1 SCC 602.

⁴³ Securities and Exchange Board of India, *supra* note 19.

⁴⁴ The Companies Act, 2013, § 149(12).

⁴⁵ *Sunil Bharti Mittal v. Central Bureau of Investigation*, (2015) 4 SCC 609. ⁴⁸The Companies Act, 2013, § 166(2)--(3).

Stage II -- Verification: support every significant assertion with evidence, data and suitable methodology.

Stage III -- Independent Verification: internal or external verification depending on importance and regulatory requirements.

Stage IV -- Oversight of the Board: the board or committee reviews material ESG risks and representations.

Stage V -- Documentation: records providing the basis for approval of significant sustainability claims.

This framework helps separate legitimate mistakes from intentional or negligent greenwashing.

CHAPTER VII CONCLUSION, SUGGESTIONS AND RECOMMENDATIONS

7.1 Conclusion

Greenwashing now concerns corporate governance, securities regulation, consumer protection and investor confidence. The Indian framework is fragmented but increasingly able to address it. Section 166 is especially significant, requiring directors to act in the best interests of the company, employees, shareholders, community and the environment, with care, skill, diligence and independent judgement.⁴⁶ Sections 134, 149(12), 447 and 448 add further mechanisms, while BRSR, BRSR Core and the CCPA's 2024 Guidelines offer formalised disclosure and a targeted response.⁴⁶ But no single mechanism expressly lays down when a director is personally liable for corporate greenwashing.

Directors should not escape liability when they knowingly approve false ESG information or ignore red flags, but neither should they be liable for every inaccuracy. Dale & Carrington stresses fiduciary duties; Tendolkar, supervision; N. Narayanan, disclosure and director responsibility; and Sunil Bharti Mittal, that criminal liability cannot rest on office alone.⁴⁷ The hypothesis is thus supported: the framework provides a basis for accountability but is fragmented and needs clarity.

⁴⁶ Securities and Exchange Board of India, *supra* note 19; Central Consumer Protection Authority, *supra* note 4.

⁴⁷ *Dale & Carrington Investment (P) Ltd. v. P.K. Prathapan*, (2005) 1 SCC 212; *Official Liquidator, Supreme Bank Ltd. v. P.A. Tendolkar*, (1973) 1 SCC 602; *N. Narayanan v. Adjudicating Officer, SEBI*, (2013) 12 SCC 152; *Sunil Bharti Mittal v. Central Bureau of Investigation*, (2015) 4 SCC 609.

7.2 Suggestions

1. **Clear statutory definition of corporate greenwashing**, harmonised across consumer, securities and corporate regulation.
2. **Enhance board-level ESG oversight**: assign responsibility for ESG disclosures to the board or a committee.
3. **Develop controls for ESG disclosures**: written procedures for collecting, verifying and approving information.
4. **Enhance ESG assurance**, phased in with flexibility for different classes of companies.
5. **Develop director-specific guidance** from MCA and SEBI on investigating questionable ESG claims.
6. **Shield independent directors from automatic liability**: Section 149(12) should remain a key safeguard.
7. **Set clear documentation requirements**: minutes should record material sustainability claims and ESG discussions.
8. **Use of regulators**: better MCA, SEBI and CCPA coordination.
9. **Promote whistle-blower mechanisms** for reporting misleading sustainability information.
10. **Separate intentional greenwashing from honest mistakes** and legitimate methodological differences.

7.3 Final Research Finding

Greenwashing is increasingly a governance problem, where the misleading claim originates or is knowingly approved through board-level processes. The principle should not be: Company greenwashing = automatic director liability. The correct approach is: Company greenwashing + director's knowledge/participation/consent/connivance or legally relevant failure of diligence + applicable statutory provision = potential personal director liability. The future of ESG governance in India lies in claims being supported, ESG information independently verified, boards exercising meaningful oversight and individual accountability imposed only where legally established responsibility exists.

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