Uncovering the Dark Side of CSR: Exploring Corporate Social Responsibility As A Potential Façade for Money Laundering and Greenwashing

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ABSTRACT

Corporate Social Responsibility (CSR) has become an essential instrument for businesses to show their dedication to social, environmental, and ethical objectives. In reality, though, CSR is increasingly being abused as a calculated front for immoral practices like money laundering and greenwashing. Greenwashing is the practice of businesses maintaining detrimental operations while providing false information or inflating their environmental efforts in an attempt to win over the public or satisfy legal requirements. In a similar vein, money laundering has occasionally been made possible by manipulating CSR projects to transfer illegal monies under the pretense of philanthropy or social welfare. These actions take advantage of the lax oversight, accountability, and transparency in CSR implementation and reporting. To improve their public image or deflect criticism, businesses may donate to shell NGOs, misrepresent spending data, or present small-scale projects as significant accomplishments. Since CSR expenditure is required in some countries, such as India, the regulatory framework frequently lacks the tools necessary to fully confirm the effectiveness and legitimacy of such initiatives. As a result, there is a gray area where form but not spirit of compliance are met. Stricter oversight, independent audits, open disclosures, and sanctions for abuse are necessary to address this. Then and only then will CSR be able to truly contribute to ethical and sustainable development as intended.

KEYWORDS: Corporate Social Responsibility, sustainable development, remedial measures, black money, green washing and legal provisions.

RESEARCH METHODOLOGY

The methodology of this study adopts a qualitative and analytical approach, combining doctrinal research with exploratory analysis to examine the importance of CSR . For this, data are collected through secondary sources like books, research scholars, reports, newspapers include academic

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literature, case studies, and reports on zero FIR. A comprehensive analysis of CSR as a loophole for money laundering and greenwashing will enhance India to become a prog4ressive nation in the world.

INTRODUCTION

Right now Businesses play a crucial part in their communities. Civilizations are clearly shaped by business. The corporate sector is critical to the socioeconomic growth of every country. Businesses have often taken the lead in addressing global issues pertaining to livelihoods, health, education, and the environment through their CSR activities. When we look throughout the world, we may see a variety of types of organizations that are acknowledged to differing degrees for their contributions to larger societies. Corporate social responsibility is a wide concept that can take many various forms depending on the company and industry. Globally, more than 58 countries engage in corporate social responsibility. Only a few companies established under the Act are subject to corporate social responsibility (CSR) regulations and requirements in India. By taking part in CSR programs, volunteering, and charitable giving, businesses can improve their brands while also helping society. Before a company to be deemed socially responsible, it must answer to both its investors and itself. Companies that take part in CSR programs have often grown to the point where they can give back to the community. Because of this, large corporations typically use CSR as a tactic. Investing illegal funds is a common strategy used by corporations. CSR has developed into a tool for sustainable development, but it has also created chances for money laundering and greenwashing[5]. The advantages and disadvantages of corporate social responsibility (CSR) will be covered in this essay, along with how it can be a front for greenwashing and money laundering. In business circles, "corporate social responsibility" has grown so commonplace that it has its own abbreviation, CSR. The phrase implies that a business should answer for its deeds and operations to both the community and its shareholders. When a company implements a CSR policy, it seeks to show that it is committed to respecting people, communities, and the environment in addition to supporting moral principles. The company agrees to keep an eye on its adherence to its declared CSR policy and report on this as frequently as it does its financial performance[6]. Corporate Social Responsibility (CSR) refers to a notion in which businesses voluntarily choose to make contributions to a cleaner environment and a better society a concept, whereby the companies integrate social and other useful concerns in their business operations for the betterment of their stakeholders and society in general in a voluntary way.

ORIGIN OF CORPORATE SOCIAL RESPONSIBILITY[7]

The history and development of corporate social responsibility (CSR) show how society's expectations of companies have changed throughout time:

1. CSR was informal in the **pre-industrial era (before to the 1800s)**. Due to their personal ethics or religious convictions, business owners frequently made contributions to the wellbeing of their communities. Profit-making was the only official duty.
2. **The Industrial Revolution (1800s–early 1900s):** Rapid industrialization led to a rise in environmental damage and worker abuse. Industrialists' philanthropy, such as that of Andrew

[5] Harjoto, M. A "Corporate Social Responsibility and Corporate Fraud. . (2017)
[6] Sara M. Hassan, Greenwashing in ESG: Identifying and Addressing False Claims of Sustainability, J. Bus. & Strategic Mgmt., Vol. 10 No. 2 (2025).
[7] Agostino Vollero , Greenwashing: Foundations and Emerging Research on Corporate Sustainability and Deceptive Communication (2023)

Carnegie and J.N. Tata, gave rise to early CSR. But this was more altruistic than ethical corporate practices.
3. In **the early 20th century**, business ethics concepts began to acquire traction. * "Social Responsibilities of the Businessman," written by Howard Bowen in 1953, is regarded as the foundational work of contemporary CSR.
4. **1960s–1980s**: Corporations were under pressure from civil rights, consumer protection, and environmental sustainability movements. CSR has grown to encompass social, ethical, and legal obligations. In the 1970s, Archie Carroll developed the CSR Pyramid, which outlined financial, legal, moral, and charitable obligations.
5. **1990s–2000s** : Corporate strategy now incorporates CSR. Words like "stakeholder management," "triple bottom line," and "sustainability" became more significant.
6. **Since the 2010s**: Some nations currently regulate CSR (for example, India requires 2% of profits to be allocated to CSR). The emphasis now is on sustainable development goals (SDGs)[8] and ESG (Environmental, Social, and Governance) measurements. As society's need for moral and responsible companies has grown, corporate social responsibility (CSR) has changed from being a charity to a strategic and legal obligation[9].

LEGAL PROVISION

THE COMPANIES ACT 2013[10]

Corporate Social Responsibility (CSR)" means the activities undertaken by a Company in pursuance of its statutory obligation laid down in section 135 of the Companies Act, 2013, but shall not include the following, namely:

1. Activities undertaken in pursuance of normal course of business of the company
2. Any activity undertaken by the company outside India except for training of Indian sports personnel representing any State or Union territory at national level or India at international level;
3. Contribution of any amount directly or indirectly to any political party;
4. Activities benefitting employees of the company;
5. Activities supported by the companies on sponsorship basis for deriving marketing benefits for its products or services;
6. Activities carried out for fulfilment of any other statutory obligations under any law in force in India;

CSR APPLICABILITY IN INDIA

The provisions of CSR apply to every company fulfiing any of the following conditions in the preceding financial year:

- Net worth of more than Rs.500 crore
- Turnover of more than Rs.1000 crore
- Net profit of more than Rs.5 crore

The Board of Directors of every company for which the CSR provisions apply must ensure that the company spends in every financial year at least 2% of its average net profits made during the

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[8] Angus Nurse , Cleaning Up Greenwash: Corporate Environmental Crime and the Crisis of Capitalism by (2022)
[9] Luciano Gatti, Ludovico Conti & Peter Seele, A Comprehensive Guide to Greenwashing: Phenomena, Contexts and Trends (Edward Elgar Publishing 2025).
[10] Companies Act, 2013, s 135; Companies (Corporate Social Responsibility Policy) Rules, 2014

immediately preceding three financial years as per its CSR policy. If the company has not completed three financial years since its incorporation, it must spend 2% of its average net profits made during the immediately preceding financial years as per its CSR policy.

COMPOSITION OF CSR COMMITTEE

Every company covered under **section 135(1) of the Act**[11] is required to constitute a CSR committee of the Board consisting of at least three or more directors with at least one independent director.

As per proviso to section 135(1) of the Act, where a company is not required to appoint an independent director under section 149(4) of the Act, it shall have in its CSR Committee two or more directors. In addition, rule 5(1) of CSR Rules exempts unlisted public companies and private companies that are not required to appoint an independent director from having an independent director as a part of their CSR Committee. Further, in case where a private company has only two directors on the Board, the CSR Committee can be constituted with these two directors "where the amount to be spent by the company under section 135(5) of the Act, does not exceed Rs. 50 lakh". Hence it may be said that when such expenditure is mandatory, then only the constitution of CSR committee is mandatory. Section 135(2) of the Act requires that the composition of the CSR Committee shall be disclosed in the Board's Report

UNRAVELING THE DARK SIDE OF CSR

Black money Laundering

Since India is the only country that[12] has mandated the CSR, it has a lot of loopholes in its law that provides an easy path to the companies to launder black money. CSR spends are not ratified by the statutory authorities like any other financial spends. One form of misuse of trusts is to conceal the existence of assets from tax authorities, creditors, ex-spouses, and other claimants or to conceal the identity of the beneficial owner of assets. Trusts can also be misused for money laundering purposes. Such misuse is uncommon in the trusts run by the company itself but is commonly observed in the situations where the company uses external trusts. For example, if a company is obligated spend, say, Rs 10 crore on CSR, it writes out a cheque in favour of a trust that works in education, health care, environment protection or any of the activities specified by the government. The trust, after deducting its commission, discreetly returns the money in cash to the officials or promoters, instantly turning Rs 10 crore of white money into black.According to a report, Public trusts are a favoured route to launder money because they are not adequately governed or monitored. Though some states such as Maharashtra have their own law such as the Bombay Public Trusts Act, 1950, trusts are not governed by a nationwide law. If a state law doesn't exist such as in Delhi, these trusts are governed by the Indian Trusts Act of 1882 that applies to private trusts. There is no centralised repository— like the registrar of companies for corporates—of information on public trusts.Although the concept of CSR was mandated in the Indian System for the general social and environmental benefits, the companies have found so many crafty and manipulative ways to exploit the laws.

Most companies spend the required CSR amount on NGO's that they have been associated with. However, this spending has not been transformational, as they do not spend the stipulated amount. This under spending could also mean that they do not make enough efforts to locate worthy projects or try to nurture grassroots level NGOs. In addition to this, most companies that are in dire need to meet with the

[11] Companies Act, 2013, s 135; Companies (Corporate Social Responsibility Policy) Rules, 2014
[12] Harjoto, M. A "Corporate Social Responsibility and Corporate Fraud. . (2017)

CSR requirement choose NGOs without exercising proper diligence. This lure of money leads them to unethical practices. CBI had very recently filed a complaint against an NGO, Advantage India, based in Delhi for misusing the CSR funds given to them by a company. Mumbai police had very recently uncovered CSR funding scam wherein the accused had forged the documents of Hex aware Technologies and approached various NGOs and charitable funds across the country with a proposal to provide them CSR funds worth over 100 crores. Such malpractices defeat the whole purpose of incorporating and mandating the CSR provision.

Various other forms like multiple layers of companies, Foundations, multiple layers of companies, Foundations, partnerships. Fictitious entities are Fictitious entities reportedly corporate structure which are being misused.

Primary reasons for misusing

- For masking the true ownership of assets – ”Benami Properties”
- To hide “bad money” or money amassed out of corrupt practices
- Link of terror & drug money- financial network of anti-national
- and underworld operators
- Tax Evasion
- Money laundering

GREENWASHING

One significant issue with CSR greenwashing is that it erodes trust and undermines the legitimacy of genuine sustainability efforts. When companies engage in deceptive practices, consumers, investors, and other stakeholders may become skeptical of all corporate sustainability claims. This can lead to a lack of confidence in CSR initiatives as a whole, making it challenging for businesses genuinely committed to sustainability to gain recognition and support.

Additionally, greenwashing can divert attention and resources away from addressing actual environmental issues. Instead of focusing on meaningful changes and improvements, companies may allocate resources to cosmetic changes or marketing strategies that create a false perception of environmental responsibility.

GREEN WASHING RELATED LAWS

In India, green washing falls under the purview of consumer protection laws, and the **Consumer Protection Act of 2019** addresses issues related to misleading advertisements. The act prohibits unfair trade practices, including false or misleading representations concerning the nature, quality, or standard of goods or services.

The **Advertising Standards Council of India (ASCI)** also plays a role in regulating advertising content. ASCI has a set of guidelines that advertisers are expected to adhere to, and they address issues related to the veracity of environmental claims in advertisements.

The Environment Protection Act, sometimes known as the "EPA": The Act gives the government the power to enact policies that protect and improve environmental quality. If they result in environmental deterioration or mislead the public about how specific goods or services affect the environment, it may also include passing off false environmental assertions.

The Competition Act of 2002 states that any activity that is likely to deceive or give the appearance that it will strengthen the consumer's position while actually impeding market competition is illegal.

Businesses that engage in greenwashing may be subject to an investigation and penalties under this act for engaging in anti-competitive behavior.

The Bureau of Indian Standards, or "BIS," is: The BIS is involved in setting standards for environmentally related goods and services, including environmental product certification and labelling. Although the concept of "greenwashing" is not explicitly stated, adherence to the aforementioned BIS requirements will help ensure that environmental claims are accurately represented and properly certified and examined.

Although it is not required to be implemented in India, **ISO 14021** is used to provide guidelines to companies on environmental claims. By adhering to these rules, companies would be able to prevent situations in which they provide the public with information on environmental issues that could be interpreted as deceptive[13].

However, it must be acknowledged that despite these frameworks and regulations, there are still difficulties in enforcing laws against greenwashing. These difficulties are primarily caused by a lack of resources, unclear definitions, and a general need for increased consumer awareness. Owing to the shortcomings in addressing greenwashing, efforts should concentrate on strengthening consumer knowledge, encouraging industries to govern themselves, and enhancing the regulation of such items. While there isn't a specific law solely dedicated to combating green washing in India, general consumer protection laws and advertising guidelines are applicable to prevent deceptive practices. Consumers can file complaints with relevant authorities if they encounter instances of green washing, and regulatory bodies may take action against companies found guilty of misleading environmental claims.

GREENWASHING JUDICIAL PRONOUNCEMENTS IN INDIA

There are no specific legal guidelines for greenwashing cases in India as of January 2022, but there have been instances where businesses have been subject to criminal prosecution or regulatory scrutiny for making false environmental claims. The Kerala High Court ruled against Amway in the case of **Amway India Establishments Pvt. Ltd. v. State of Kerala,** Crl.MC No.6115/2013, finding that the employer's claims were misleading and violated consumer safety laws[14].

The **Coca-Cola Case: Coca-Cola** has been the target of criticism and legal action in India due to accusations of greenwashing, particularly with regard to its water usage and environmental impact. The company has been accused of exaggerating its environmental initiatives while ignoring problems like water depletion and pollution in the communities where it operates. **Pepsi Co India Holdings Pvt. Ltd.** has also been under scrutiny for its environmental claims in India. In 2003, the Corporation was fined by the Kerala State Pollution Control Board for violating pollutants control regulations at its Palakkad plant. Although this incident is no longer directly related to greenwashing. Examples from the **Advertising Standards Council of India (ASCI)** In India, the ASCI is a self-regulatory organization for advertising material. It has decided multiple cases involving false environmental claims in classified advertising, even though it is no longer a prison authority. Groups found to have engaged in greenwashing by ASCI may be asked to change or remove their advertisements. In order to combat greenwashing in India, these incidents emphasize the significance of governmental supervision and buyer awareness. Existing consumer protection and environmental rules may be used to hold companies

[13] Agostino Vollero , Greenwashing: Foundations and Emerging Research on Corporate Sustainability and Deceptive Communication (2023)
[14] INDIA CONST. art. 48A, art. 51A(g)

accountable for making false environmental claims, even if there may not be specific laws or case precedents that are only focused on greenwashing

THE FUTURE OF INDIA'S GREENWASHING LAWS

The future of greenwashing lawsuits in India is likely to be shaped by a number of important variables. The future of greenwashing lawsuits in India has a number of potential developments that can be handled both domestically and internationally:

1. **Growing Attention and Activism**: As environmental awareness continues to grow among consumers, civil society organizations, and regulatory entities, there may be more scrutiny of the claims made by firms. As stakeholders grow more watchful about holding organizations accountable for greenwashing, this may lead to increased lawsuits.
2. **Regulatory Strengthening and Developments:** New laws that expressly address greenwashing practices may be introduced, or current regulations may be strengthened. It should be easier to take criminal action against agencies who participate in dishonest, inexperienced advertising if there are clearer regulations and more stringent enforcement measures. There may be a drive for more stringent rules governing inexperienced claims made by firms as awareness of environmental issues and customer rights grows. Regulatory agencies may also implement more precise guidelines and standards, which would make it easier to identify and punish instances of greenwashing.

Changing strategies: As consumer awareness increases, agencies may also modify their greenwashing tactics to become more complex and difficult to spot. This will include using unclear or deceptive language, abusing legal loopholes, or greenwashing by omission (no longer revealing risky practices). Gaps in Regulation: Despite efforts to tighten regulations, there may still be loopholes that permit companies to engage in greenwashing without consequence. Rapid advancements in technology and business procedures may surpass legal frameworks, making it difficult to monitor and enforce compliance. Globalization: As a result of globalization, organizations operate across national boundaries, which makes it difficult to continuously modify green claims. Businesses may take advantage of loopholes created by differences in national regulatory standards and enforcement practices to engage in greenwashing[15].

Inaccurate information[16]: The spread of false information and misinformation on the internet should make greenwashing issues worse. Customers may become confused by false or misleading information on environmental practices and products, making it more difficult for them to make informed decisions. Green Fatigue: Buyers may experience "green fatigue," a condition in which the overwhelming number of green certifications and claims causes skepticism or indifference. As a result, organizations may find it easier to engage in greenwashing without facing significant criticism. Resource Limitations: Authorities responsible for overseeing and enforcing regulations may also have resource limitations that limit their capacity to effectively counteract greenwashing. Greenwashing activities could continue as a result of a lack of control and regulation.

Legal Precedents: Criminal precedents may be established as more serious cases of greenwashing arise and are litigated. In addition to providing clarity on the legal requirements for green marketing and

[15] Angus Nurse , Cleaning Up Greenwash: Corporate Environmental Crime and the Crisis of Capitalism by (2022)
[16] Kalle Johannes Rose, Disclosing Anti-Money Launderers Through CSR Regulation: A New Way to Combat Money Laundering, 23 J. Money Laundering Control 27 (2020).

advertising, these precedents will facilitate future litigation and make it simpler for buyers and advocacy organizations to file criminal charges against companies engaging in dishonest business activities.

Class-Action Lawsuits: A significant trend in combating greenwashing may be the development in sophisticated-motion complaints in India, wherein customer agencies together pursue criminal action against groups. These lawsuits have the potential to increase the impact of character court proceedings and hold companies accountable on a broader scale. worldwide Trends and Standards: India is becoming more and more linked to worldwide markets, which can appear to be in line with international norms and excellent methods for combating greenwashing. Adopting guidelines established by organizations such as the International Organization for Standardization (ISO) or aligning with global initiatives like the UN Sustainable Development Goals (SDGs) may have an impact on how greenwashing is dealt with locally.

Consumer Empowerment[17]: Giving customers the information and tools they need to spot greenwashing could lead to more class-action lawsuits or customer-driven legal actions against companies. Online and social media platforms also give consumers a way to express their complaints and hold businesses accountable for deceptive advertising. Industry initiatives: In order to combat greenwashing within their businesses and self-regulate, several industries can also take proactive measures. In order to validate green claims and promote transparency, cooperation between organizations, trade associations, and non-governmental organizations could help create industry-specific standards and certification packages.

Foreign Trends and Standards: India has a growing number of connected foreign marketplaces that can appear to be in line with international norms and excellent practices when it comes to combating greenwashing. Adopting guidelines established by organizations like the International Organization for Standardization (ISO) or aligning with global initiatives like the UN Sustainable Development Goals (also known as "SDGs") may have an impact on how greenwashing is dealt with locally. Technological Remedies Technological innovations like blockchain and deliver chain transparency tools could help confirm the veracity of green promises and adjust the environmental impact of items over the course of their existence. This could be useful proof in legal disputes involving greenwashing[18].

While legislative limitations and enforcement issues may present hurdles for greenwashing lawsuits in India, there are also opportunities for advancement through more awareness, regulatory reforms, technological advancements, and stakeholder collaboration. However, occurrences or incidents of greenwashing are still in their early stages, and it is very difficult to substantiate such allegations. Due to their nature, it is difficult for plaintiffs or customers to find evidence that a business is greenwashing[19]. As a result, many plaintiffs or consumers rely on extensive research or media reviews, which serve as material for stale cross-examination. The difficulty of establishing the specific greenwashing claims on the merits is made worse by this evidentiary issue . Policymakers, organizations, and buyers will likely continue to prioritize combating greenwashing as sustainability becomes an increasingly urgent worldwide issue. A multifaceted approach comprising cooperation between governments, regulatory agencies, businesses, public society, and consumers will be necessary

[17] Companies Act, 2013, s 135; Companies (Corporate Social Responsibility Policy) Rules, 2014

[18] Peregrine Guarding (P) Ltd. v. Registrar of Companies (Case No. 28/19, decided on Jan 31, 2019).

[19] Luciano Gatti, Ludovico Conti & Peter Seele, A Comprehensive Guide to Greenwashing: Phenomena, Contexts and Trends (Edward Elgar Publishing 2025).

to address these challenging circumstances[20]. A few tactics that could assist lessen the impact of greenwashing in the future include tightening legislation, improving consumer education, increasing openness and responsibility in supply chains, and utilizing technology for tracking and verification. Although the Supreme Court of India hasn't recently heard any specific cases involving greenwashing, it has addressed more general environmental issues and corporate responsibility in a number of cases that subtly address the concepts surrounding greenwashing. For the benefit of society, the Supreme Court of India has actively addressed[21] environmental issues and upheld environmental laws. It has taken up issues related to waste management, pollution, deforestation, and herbal resource conservation. These instances demonstrate the judiciary's dedication to environmental sustainability and safety, even though they may not immediately entail greenwashing. Furthermore, a legal framework to deal with misleading advertising activities, including greenwashing, is provided under the Consumer Protection Act, which is outside the purview of the Apex Court. Customers can file complaints against businesses that engage in false environmental claims, and the courts can decide these cases entirely in accordance with the most recent consumer protection legislation. The judiciary plays an important and vital role in interpreting and implementing legal[22] rules pertaining to environmental preservation, customer rights, and corporate accountability, even though there may not have been specific instances entirely focused on greenwashing inside the Supreme Court of India. It is possible that the Apex court will handle cases involving false environmental claims in the future as awareness of greenwashing increases and legislative frameworks change, bolstering efforts to combat greenwashing in India[23].

SCAMS RELATED TO GREENWASHING

Green washing scams involve deceptive practices where individuals or companies falsely claim to be environmentally friendly or engage in sustainable practices. Some common scams related to green washing include[24]:

False Certification: Scammers may create fake eco-friendly certifications or labels to mislead consumers into thinking their products meet certain environmental standards.

Misleading Advertising: Some companies may exaggerate or make false claims about their environmental efforts in advertisements, giving a false impression of their commitment to sustainability.

Hidden Environmental Impact: Scammers might divert attention from their actual environmental impact by highlighting a small aspect of their business that appears green while neglecting larger, less sustainable practices[25].

Pseudo-Eco Products: Products marketed as "green" or "eco-friendly" may not live up to their claims, with the intention of capitalizing on the growing consumer demand for sustainable options.

Phony Charitable Initiatives: Scammers may create fake environmental charities or initiatives, diverting funds without making any real contributions to environmental causes.

[20] National Textile Workers' Union v. P.R. Ramakrishnan AIR 1983 SC 75
[21] Kleptopia: How Dirty Money Is Conquering the World by Tom Burgis (2020)
[22] Broughton, E., 'The Bhopal Disaster and its Aftermath: A Review' (2005) 4 Environmental Health 6.
[23] Sundar, P., Business and Community: The Story of Corporate Social Responsibility in India (Sage Publications 2013) 45-67.
[24] L.K. Koolwal v. State of Rajasthan, AIR 1988 Raj 2, 13.
[25] Sara M. Hassan, Greenwashing in ESG: Identifying and Addressing False Claims of Sustainability, J. Bus. & Strategic Mgmt., Vol. 10 No. 2 (2025).

To avoid falling victim to green washing scams, consumers should be vigilant, research products and companies, look for credible certifications, and be skeptical of exaggerated or vague environmental claims. Regulators and authorities play a crucial role in combating greenwashing by enforcing transparency and holding deceptive entities accountable[26].

RECOMMENDATIONS FOR OVERCOMING AND MANAGING GREENWASHING IN INDIA

In India, reducing greenwashing necessitates a multifaceted strategy that includes consumer education, industry self-regulation, government regulation, and civil society involvement. In order to combat greenwashing in India, many stakeholders must work together as well as individually[27]. A few ideas and tactics for effectively combating greenwashing are listed below[28]:

Boost Regulatory Frameworks: Increase and implement clear, strict regulations, with a focus on greenwashing. This could include establishing sanctions for deceptive tactics, enabling regulatory firms to appropriately show and implement compliance, and various aspects of environmental claims in marketing[29].

Boost and Require Transparency and Accountability[30]: Encourage customers and the general public to be transparent about their environmental policies and provide substantiated proof to support their green claims. Enforcement procedures for unbiased certification and verification of environmental claims to enhance accountability and credibility. Hold businesses accountable for their environmental claims by using obtrusive openness and evidence to support their inexperienced work. It is feasible to inquire about their manufacturing methods, environmental impact testing, and sourcing policies.

Encourage Industry Self-Regulation[31]: Expand voluntary codes of conduct and best practices for environmental marketing by collaborating with business associations and organizations. Encourage agencies to use transparent and responsible advertising practices and use self-regulatory systems to hold each other accountable. Encourage consumer education, awareness, and empowerment: Raise awareness among consumers and the general public about greenwashing practices and how to identify accurate environmental claims. Additionally, provide resources and tools to help customers make educated decisions and discern between genuine, authentic eco-friendly goods[32] and products that have been greenwashed. It is crucial to keep up with environmental issues and familiarize yourself with typical greenwashing techniques. It is necessary to understand the importance of certifications and labels as well as how to critically assess environmental claims made by corporations.

Promote and instruct stakeholder cooperation[33]: To combat greenwashing, encourage cooperation between government agencies, business players, consumer advocacy organizations, and civil society firms. Combating false environmental advertising and marketing practices requires trade information

[26] Kalle Johannes Rose, Disclosing Anti-Money Launderers Through CSR Regulation: A New Way to Combat Money Laundering, 23 J. Money Laundering Control 27 (2020).
[27] Water (Prevention and Control of Pollution) Act, 1974; Air (Prevention and Control of Pollution) Act, 1981;
[28] Tom Burgis, Kleptopia: How Dirty Money Is Conquering the World (HarperCollins 2020).
[29]Ramya Raj & Shruti Aggarwal, CSR and Greenwashing in the Indian Corporate Sector: Regulatory and Ethical Concerns, 12 Indian J. Corp. L. & Governance 77 (2024).
[30] Kleptopia: How Dirty Money Is Conquering the World by Tom Burgis (2020)
[31] Freeman, R. Edward, Strategic Management: A Stakeholder Approach (Pitman 1984); Agarwal, Sumit K., Corporate Social Responsibility in India (Sage Publications 2008) 78-92.
[32] L.K. Koolwal v. State of Rajasthan, AIR 1988 Raj 2, 13.
[33] INDIA CONST. art. 48A, art. 51A(g)

and cooperation on projects. It's important to educate consumers and different organizations about potential greenwashing techniques so they can identify and steer clear of false claims. Implement current legal regulations: Ensure that current consumer protection, competition, and environmental laws are effectively enforced to deter greenwashing. Give regulatory agencies the resources and give them the authority to look into and prosecute organizations that use deceptive marketing[34].

Boost Research and Innovation[35]: Make investments in research and innovation to expand innovative technologies and approaches for confirming environmental claims and evaluating how products and services affect the environment. Improve deliver chain accountability and transparency by utilizing blockchain, records analytics, and other technological developments. Advocate for Ethical Brands: Make the decision to support producers who demonstrate a sincere commitment to environmental sustainability and operational integrity. Before making a purchase, look for certificates from reputable research companies; sustainability practices.

Make a Transition Plan[36]: While establishing a goal is crucial, businesses also need to specify how they intend to get it. A clear transition strategy shows a dedication to transparency and real action. Don't Use Vague Words: Avoid using vague phrases like "green" and instead give precise figures about the advantages and practices of sustainability. Be truthful with your target audience: If your company still operates based on environmental preferences, be transparent with customers. Transparency increases credibility and confidence.

Lead by Example[37]: One can contribute to the development of a culture of genuine environmental responsibility by incorporating sustainable practices into their own lifestyle and inspiring others to follow suit by reducing their own environmental impact and endorsing ethical and sustainable services and goods. Promoting Local Campaigns and Public Recognition: Start public awareness efforts to inform buyers, companies, and other interested parties about the dangers of greenwashing and the significance of environmental integrity. utilizing academic programs, social media, and media to reach a large audience and promote an environmentally conscious lifestyle.

Be Vigilant[38]: Organizations may modify their tactics to avoid being caught engaging in greenwashing, thus one should be on the lookout for new and developing greenwashing practices. To better understand deceptive methods, the general public should be made aware of the growing advancements in environmental advertising[39].

Promote Industry Accountability: To combat greenwashing, encourage businesses to implement voluntary codes of behavior, pledge to provide transparent reporting, and engage in enterprise-wide initiatives. Reward companies who practice genuine environmental stewardship and hold accountable those who engage in dishonest marketing and advertising[40].

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[34] Indian Council for Enviro-Legal Action v. Union of India, (1996) 3 SCC 212.

[35] Pargal et al., The Limits of Corporate Environmentalism: The Role of Stakeholders and Regulations in Driving CSR, 21 World Dev. 15 (2023).

[36] T.N. Godavarman Thirumulpad v. Union of India, (1997) 2 SCC 267.

[37] Environment Protection Act, 1986, §§ 3, 5, 15

[38] Donaldson, Thomas & Thomas W. Dunfee, Ties That Bind: A Social Contracts Approach to Business Ethics (Harvard Business School Press 1999)

[39] Mol, Arthur P.J., "Ecological Modernization: Industrial Transformations and Environmental Reform" (1995) 23 International Handbook of Environmental Sociology 138-149;

[40] Sara M. Hassan, Greenwashing in ESG: Identifying and Addressing False Claims of Sustainability, J. Bus. & Strategic Mgmt., Vol. 10 No. 2 (2025).

REMEDIAL MEASURE

To prevent green washing, and money laundering in CSR , companies can take several measures to ensure transparency and authenticity in their environmental claims[41]:

Clear Communication: Companies should provide specific and transparent information about their environmental initiatives, avoiding vague or misleading statements.

Third-Party Verification: Seeking certification from reputable third-party organizations can add credibility to environmental claims. Examples include certifications from organizations like the Forest Stewardship Council (FSC) or the Carbon Trust.

Measurable Metrics: Companies should use measurable and verifiable metrics to communicate their environmental impact. Quantifiable data helps to substantiate claims and track progress.

Full Disclosure: Be open about both positive and negative aspects of environmental efforts. Full disclosure builds trust and credibility.

Enhanced Due Diligence: Implement rigorous due diligence procedures when selecting partners or beneficiaries for CSR initiatives. This includes thorough background checks and risk assessments.

Transparent Reporting[42]: Maintain transparent and detailed financial reporting for all CSR activities. This helps in tracking funds and ensuring they are used for their intended purpose.

Training and Awareness[43]: Conduct regular training sessions for employees involved in CSR activities to raise awareness about the risks of money laundering and the importance of vigilance in financial transactions.

Internal Controls[44]: Establish robust internal controls, segregate duties, and conduct regular internal audits to identify and rectify any weaknesses in the system that could be exploited for money laundering.

Third-Party Audits[45]: Engage independent auditors to periodically assess and verify the financial transactions related to CSR initiatives. This external perspective adds an extra layer of scrutiny.

Whistleblower Mechanism[46]: Implement a confidential whistleblower mechanism to encourage employees to report any suspicious activities related to money laundering in the context of CSR.

By adopting these measures, companies can strengthen their environmental credibility and avoid falling into the trap of green washing and money laundering .

JUDICIAL PRECEDENTS

Kiobel v. Royal Dutch Petroleum Co[47]: This case, heard by the U.S. Supreme Court, addressed the liability of corporations under the Alien Tort Statute for alleged human rights abuses committed overseas. It raised questions about the extraterritorial application of U.S. law in holding corporations accountable for CSR issues[48].

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[46] World Commission on Environment and Development, Our Common Future (Oxford University Press 1987)

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[48] U.P. Pollution Control Board v. Mohan Meakins Ltd., (2000) 3 SCC 745;

Doe v. Nestle USA, Inc[49]: This case involved allegations of child slavery in the cocoa supply chain. The Ninth Circuit allowed the case to proceed, emphasizing the importance of corporate responsibility in addressing human rights violations within the supply chain.

Vedanta Resources PLC and Another v. Lungowe and Others[50]: This case, heard by the UK Supreme Court, dealt with the jurisdiction of English courts in a claim against a UK-based mining company for environmental damage caused by its subsidiary in Zambia. It highlighted the potential liability of parent companies for the actions of their subsidiaries in the context of CSR.

Nike v. Kasky[51]: Although not a final decision (settled out of court), this case involved allegations that Nike made false statements regarding labor practices. It prompted discussions about the extent to which companies could be held accountable for statements made in the context of CSR[52].

CONCLUSION

Corporate Social Responsibility (CSR) plays a pivotal role in fostering a positive impact on society and the environment. Embracing ethical business practices, environmental sustainability, and community engagement not only contributes to a company's reputation but also aligns with the global commitment to responsible and sustainable business. As organizations continue to integrate CSR into their strategies, the potential for long-term social and economic benefits becomes increasingly apparent. While Corporate Social Responsibility (CSR) is designed to promote ethical business conduct and community welfare, its misuse as a cover for greenwashing and money laundering reveals a disturbing underbelly[53]. In the absence of stringent oversight, some corporations exploit CSR as a façade to enhance public image, divert attention from harmful practices, or channel funds through opaque NGOs. This not only undermines the true purpose of CSR but also threatens the integrity of regulatory and financial systems. The blurred lines between genuine philanthropy and deceptive conduct call for urgent policy reforms, mandatory transparency measures, and strict enforcement. Without proper accountability, CSR risks becoming a tool for reputational laundering rather than a vehicle for social impact. It is essential that both legal frameworks and corporate governance mechanisms evolve to ensure that CSR remains a genuine force for good, rather than a shield for corporate misconduct.

SUGGESTION

By combining due diligence, transparency, and adherence to ethical standards, companies can mitigate the risks of money laundering and green washing, demonstrating a genuine commitment to CSR. Additionally, collaboration with industry peers, regulatory bodies, and NGOs can contribute to creating a more comprehensive and effective approach.

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