

## **Juridical Analysis on the Urgency of Regulating Environmental Claims in the Reform of Consumer Protection Law in Indonesia**

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### ***Abstract***

*The increasing prevalence of greenwashing highlights the urgency of regulating environmental claims within Indonesian consumer protection law. This article aims to analyze the necessity of regulating environmental claims and how consumer protection law reform can strengthen safeguards against misleading environmental information. The study employs a normative juridical method with a descriptive-analytical approach, using secondary legal materials, including literature, journal articles, and statutory regulations. The findings indicate that clear regulations regarding environmental claim standards, verification mechanisms, and sanctions against greenwashing practices are essential to provide legal certainty, protect consumers, and encourage business actors to adopt socially and environmentally responsible practices. Furthermore, integrating the reform with Environmental, Social, and Governance (ESG) principles enhances accountability and transparency in business operations while supporting sustainable development. Strengthening consumer protection institutions and environmental certification systems also serves as a key instrument for effective law enforcement. Therefore, consumer protection law reform in Indonesia not only addresses legal gaps related to greenwashing but also establishes a fair, adaptive, and sustainability-oriented consumer protection framework.*

**Keywords:** *Greenwashing; Environmental Claims; Consumer Protection; Legal Reform; ESG*

### **Introduction**

The growing consumer awareness of environmental issues has driven an increasing demand for products claimed to be environmentally friendly, such as those labeled “sustainable,” “biodegradable,” “carbon-neutral,” or “eco-friendly.” This development is inseparable from the escalating effects of global warming, which have led to climate change. Such a phenomenon serves as a positive signal for the sustainability movement and environmental protection efforts. However, the emergence of environmental claims that lack clear standardization has the potential to create new legal challenges in the realm of

consumer protection. Therefore, business actors must pay careful attention to their economic activities not merely focusing on business interests, but also ensuring genuine environmental management for the sake of long-term business sustainability.<sup>1</sup>

This shift in consumer preferences has created strong incentives for business development to adopt green strategies. As a result, business actors have utilized this opportunity to initiate movements that promote environmentally friendly products, a practice commonly referred to as *green marketing*.<sup>2</sup> *Green marketing* can be defined as an environmentally oriented business approach, as well as a promotional or advertising strategy that emphasizes environmental friendliness.<sup>3</sup> Several business actors have taken advantage of this opportunity to promote their products as being ecologically sustainable. However, some corporations employ this marketing strategy without ensuring consistency between the advertised claims and the actual characteristics or outcomes of their products. This phenomenon is commonly referred to as *greenwashing*.<sup>4</sup>

The phenomenon of *greenwashing* has emerged as a serious challenge. *Greenwashing* refers to a company's practice of portraying itself as environmentally responsible, leading consumers to believe that its products are beneficial for the environment while concealing their negative impacts. Such practices are often intended to build a positive public image. In Indonesia, *greenwashing* has become increasingly prevalent alongside the growing demand for green products ranging from plastic packaging claimed to be biodegradable to cosmetics labeled "100% natural" without scientific evidence to support such claims.<sup>5</sup> This phenomenon occurs across various sectors, ranging from the food and fashion industries to household products. Such practices not only cause financial losses to consumers but also infringe upon their normative rights as consumers. Moreover, *greenwashing* undermines public trust in environmentally friendly products and hampers broader efforts toward environmental conservation.

Article 7 of the Law of the Republic of Indonesia Number 8 of 1999 concerning Consumer Protection (hereinafter referred to as the "Consumer Protection Act" or *UUPK*) stipulates that business actors are obliged to provide accurate, clear, and honest information regarding the condition and guarantee of goods and/or services, as well as to offer explanations concerning their use, repair, and maintenance.<sup>6</sup> Furthermore, they must ensure the quality of goods and/or services produced and/or traded in accordance with applicable quality standards. However, the provisions of this regulation do not specify the extent to

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<sup>1</sup> Slamet Soeasnto, "Akuntansi Lingkungan Menuju Ekonomi Hijau Perspektif Relasi *Natural Sustainability* dengan Keberlanjutan Bisnis", *Account*, Vol. 9 No. 1, 2022, hlm. 1582

<sup>2</sup> Mayumi Kris Ghassani, Nadhiv Arifata Rahman, Trisha Geraldine, dan Ina Agustini Murwani, "The Effect of *Greenwashing*, *Green Word of Mouth*, *Green Trust* and *Attitude* towards *Green Products* on *Green Purchase Intention*", *Budapest International Research and Critics Institute-Journal (BIRCI-Journal)*, Vol. 5 No 3, 2022, hlm. 25509

<sup>3</sup> Genoveva dan Lyliana Levina, "The *Green Marketing Mix: A Review of Customers' Body Shop Purchase Intention*", *Jurnal Muara Ilmu Ekonomi dan Bisnis*, Vol. 3 No. 2, 2019, hlm. 401

<sup>4</sup> Raynold Sebastian Hasilolan Gultom, Muthia Sakti, "Praktik *Greenwashing*: Perlindungan Hukum dan Tanggung Jawab Korporasi Ditinjau dari Hukum Indonesia", *Jurnal Interpretasi Hukum*, Vol. 4 No. 3, 2023, hlm. 627

<sup>5</sup> Mayumi Kris Ghasani, dkk., *Op.cit*, hlm. 25509

<sup>6</sup> Undang-Undang Republik Indonesia Nomor 8 Tahun 1999 tentang Perlindungan Konsumen

which “accurate, clear, and honest” information should be interpreted in the context of environmental claims. As a result, addressing *greenwashing* practices effectively remains difficult. The absence of verification standards for claims such as “sustainable” or “carbon-neutral,” combined with weak supervision and minimal sanctions, allows business actors to exploit legal loopholes. Consequently, consumers often fall victim to misleading information, which contradicts their rights to accurate information and product safety as guaranteed by the Consumer Protection Act.

The advancement of technology and digital trade has further exacerbated this issue. E-commerce platforms and social media have become the primary channels for disseminating unverified environmental claims, with advertisements frequently highlighting “green” aspects without providing concrete evidence. The proliferation of false claims regarding environmental quality has generated consumer skepticism, ultimately affecting trust in environmental friendliness, purchasing power, and word-of-mouth promotion. Consequently, *greenwashing* may generate short-term profits for misguided companies, yet in the long run, it harms the entire environmentally friendly market. This creates a mutually detrimental situation for both the market and consumers.<sup>7</sup>

At the global level, countries such as those within the European Union have taken firm measures to address *greenwashing* through regulations such as the European Union’s Unfair Commercial Practices Directive (UCPD). This directive prohibits commercial practices that mislead consumers, including false or deceptive claims regarding the environmental benefits of a product or service.<sup>8</sup> In addition, referring to Chapter II: Consumer Rights and Duties, Article 4 of South Korea’s *Framework Act on Consumers*, it is stated that “Consumers shall have the fundamental rights provided for in the following subparagraphs,” one of which is *the right to enjoy consumption in a safe and pleasant consumption environment*. This provision underscores the importance of ensuring consumer protection not only from economic harm but also from deceptive environmental claims that may compromise a healthy and sustainable consumption environment.<sup>9</sup> This approach highlights the importance of specific regulations and robust law enforcement, aspects that are not yet fully reflected in Indonesia’s current legal framework. It represents an effort to develop industries while ensuring the protection of human safety, health, and the preservation of environmental functions.

Based on this context, discourse on reforming consumer protection law has emerged, notably through discussions on the Draft Law on Amendments to Law Number 8 of 1999 concerning Consumer Protection (hereinafter referred to as the “Draft Consumer Protection Law” or *RUU PK*).<sup>10</sup> This discourse presents an opportunity to strengthen consumer protection by regulating environmental claims more explicitly and systematically. The legislative reform momentum offers a chance to integrate more specific

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<sup>7</sup> Herlan Aryoso dan Fitri Santi, “Milenial dan Investasi Berkelanjutan: Menghindari Jebakan *Greenwashing*”, *Jurnal Manajemen Terapan dan Keuangan (Mankeu)*, Vol. 12 No. 4, 2023, hlm. 1176

<sup>8</sup> Daniel Silva, “*The Fight Against Greenwashing in the European Union*”, *UNIO-EU Law Journal*, Vol. 7 No. 2, 2021, hlm. 133

<sup>9</sup> Sudjana dan Elisantris Gultom, *Rahasia Dagang dalam Perspektif Perlindungan Konsumen*, Jakarta: Keni Media, 2006, hlm. 90-91

<sup>10</sup> Undang-Undang Republik Indonesia Nomor 8 Tahun 1999 tentang Perlindungan Konsumen

and robust provisions to prevent *greenwashing*. Without clear norms regarding the proper use of environmental claims, standards of proof, and stringent sanctions, Indonesia risks becoming a fertile ground for unethical marketing practices. Such a situation not only harms consumers but also impedes the growth of legitimate green industries and may undermine the national sustainable development agenda.

By identifying the weaknesses of the current regulatory framework, this study aims to provide concrete policy recommendations to strengthen consumer protection in Indonesia. The analysis is also relevant for supporting the harmonization of national laws with global standards, while enhancing consumer awareness of their rights in the context of sustainable consumption. The author proceeds to analyze and discuss the relevance of consumer protection regulations in relation to the provisions that need to be included in the Draft Consumer Protection Law (*RUU PK*), based on legal principles and concepts. Therefore, a deeper analysis is required to address the following questions: How urgent is the regulation of environmental claims within Indonesian consumer protection law to tackle *greenwashing* practices? And how can consumer protection law reform enhance safeguards against misleading environmental claims?

## Method

This study employs a normative juridical method with a descriptive-analytical approach to examine laws and regulations related to environmental claims in order to prevent *greenwashing* by business actors. The data utilized are qualitative, obtained from secondary legal materials, including books, journal articles, and relevant statutory regulations. The analysis was conducted by examining the interrelation between legal theories and provisions governing environmental claims, as well as legal reforms aimed at strengthening consumer protection against misleading environmental claims and preventing *greenwashing* practices by business actors.

## Discussion

### 1. The Urgency of Regulating Environmental Claims in Indonesian Consumer Protection Law to Address *Greenwashing* Practices

Environmental claims are statements made by business actors regarding the advantages of their products or services in terms of sustainability, environmental friendliness, or contributions to environmental preservation. On one hand, such claims can enhance public awareness of environmental issues. On the other hand, without clear regulations, these claims have the potential to be manipulated into *greenwashing* practices marketing strategies that mislead consumers by portraying an environmentally friendly image that does not reflect reality.<sup>11</sup> Consumers generally do not receive adequate

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<sup>11</sup> Deslyana Rante Pangloly, "Pengaturan Hukum Lingkungan terhadap Praktik *Greenwashing* di Indonesia", *Lex Administratum*, Vol. 13 No. 3, 2025, hlm. 3

information regarding the stages of production, distribution, and disposal of a product.<sup>12</sup> This highlights the urgency of regulating environmental claims within the framework of consumer protection law in Indonesia. Consumer protection encompasses all measures undertaken to ensure legal certainty and to provide guarantees safeguarding consumers.<sup>13</sup>

The relevance of regulating environmental claims within consumer protection law is closely linked to the need for regulatory updates through the Draft Consumer Protection Law (*RUU PK*) to address contemporary challenges, including *greenwashing* practices. The current Consumer Protection Act (*UUPK*) does not provide specific provisions regarding environmental claims, so law enforcement still relies on general interpretations of misleading statements. By incorporating specific provisions on environmental claims—either in amendments to the *UUPK* or in its implementing regulations—the law can provide legal certainty and a fair framework for business actors with good intentions to compete fairly, while simultaneously protecting consumers from manipulative practices that cause harm. The primary objective of legal certainty is to ensure that all actions have a clear and logical legal basis and do not result in diverse or ambiguous interpretations among the public and stakeholders.<sup>14</sup> This necessitates the establishment of clear, measurable, and consistently enforceable regulations so that all parties are aware of the boundaries of their rights and obligations in submitting and evaluating environmental claims.

The increasing prevalence of *greenwashing* exposes consumers to greater environmental risks (*green risks*). When consumers receive misleading information, they are likely to make incorrect purchasing decisions, creating inherent risks related to products claimed to be environmentally friendly. This heightened risk is directly associated with the widespread occurrence of *greenwashing* by companies. Beyond misleading consumers, *greenwashing* also hampers the development of sustainable consumption movements. When consumers become aware of false claims, they tend to perceive eco-labels as mere marketing tactics. The negative perception arising from such practices not only diminishes public trust but also harms companies genuinely committed to green products. Thus, *greenwashing* contributes to the formation of a negative image among consumers.<sup>15</sup>

Based on Article 9, paragraphs (1) letters a, b, f, j, and k of the Consumer Protection Act (*UUPK*), business actors are prohibited from offering, promoting, or advertising goods and/or services in a false manner or in a way that gives the impression that the goods possess certain quality standards, style, mode, characteristics, or specific uses, are in good or new condition, and are free from hidden defects. This provision already prohibits business actors from making misleading statements about a product. However, the

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<sup>12</sup> Laksmi, A.D. dan Wardana, “Peran Sikap dalam Memediasi Pengaruh Kesadaran Lingkungan terhadap Niat Beli Produk Ramah Lingkungan”, *E-Jurnal Manajemen Universitas Udayana*, Vol. 4 No. 7, 2015, hlm. 1902-1917

<sup>13</sup> N.H.T Siahaan, *Hukum Konsumen dan Perlindungan Konsumen*, Jakarta: Panta Rei, 2005, hlm. 30

<sup>14</sup> Joni Sandri Ritonga, Rahma Fitri Amelia Hasibuan, Annisa Putri Sinaga, M. Fazli Pratama, Vressilia Witama, Faiz Putra Ramadhan Lubis, dan Nadilah Andini, “Penerapan Asas-Asas Umum Pemerintahan yang Baik dalam Putusan Peradilan Tata Usaha Negara”, *Case Law*, Vol. 4 No. 10, 2020, hlm. 5

<sup>15</sup> Ni Putu Susiari dan Gede Suparna, “*Greenwashing*: Konsekuensinya pada Konsumen (Studi Kasus pada *Coca-Cola* dengan Kemasan *Plantbottle*)”, *E-Kournal Manajemen Unud*, Vol. 5 No. 8, 2016, hlm. 5206-5207

regulation remains general and does not specifically address environmental claims. Consequently, it is difficult for consumers and regulatory authorities to assess whether an environmental claim is genuinely accountable or merely a marketing strategy. Without clear regulations, consumers are vulnerable to misinformation, while business actors genuinely committed to environmentally friendly practices may lose competitive advantage to those engaging solely in green image-building.

In relation to the *greenwashing* phenomenon, the provisions of Article 9 of the *UUPK* are highly relevant for preventing misleading marketing practices through false or exaggerated environmental claims. Many products and services use labels or terms such as “eco-friendly,” “biodegradable,” “carbon-neutral,” or “environmentally friendly” without providing adequate explanations regarding the basis of these claims.<sup>16</sup> For example, a company may promote its product as “100% environmentally friendly” even though its production process still generates hazardous waste, or a service may be advertised as “emission-free” without transparency regarding the carbon offset methods employed. This practice falls under the prohibition in Article 9, paragraph (1), letter j of the *UUPK*, which forbids the use of exaggerated statements that mislead consumers. Additionally, claims that a product possesses certain environmental quality standards or characteristics without having been tested or certified by an authorized institution may be considered a violation of Article 9, paragraph (1), letter a of the *UUPK*. Such practices not only harm consumers by providing inaccurate information but also create unfair competition. Therefore, oversight of environmental claims must be strengthened, both through the Draft Consumer Protection Law (*RUU PK*) and its implementing regulations as more detailed technical regulations on environmental claim standards, and through mechanisms for evidence verification and stringent sanctions for business actors engaging in *greenwashing*.

One of the fundamental consumer rights stipulated in Article 4, letter c of the *UUPK* is the right to obtain accurate, clear, and honest information regarding the condition and guarantees of goods and/or services. In the context of *greenwashing*, this right is frequently violated, as business actors provide environmental claims that are misleading, exaggerated, or unverifiable. Therefore, stricter regulation of environmental claims is crucial to ensure that consumers are not deceived by superficial marketing strategies that exploit the “environmentally friendly” trend as a commercial attraction. Consumers are particularly susceptible to manipulation by the concept of “eco-friendliness,” as green-labeled brands can evoke positive emotions and a sense of pride or satisfaction when consumers believe they are using products that support environmental sustainability. However, *greenwashing* negatively affects consumer perceptions and behavior by fostering skepticism toward eco-friendly claims and increasing the perceived risk associated with such products.<sup>17</sup> The existence of clear legislation prohibiting *greenwashing* provides stronger legal protection for consumers against misleading information presented under the guise of environmental concern. Strict regulations ensure that any eco-friendly claims made by business

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<sup>16</sup> Deviana Yuanitasari, Hazar Kusmayanti, dan Agus Suwandono, “Menelaah *Greenwashing*: Perlindungan Hukum Konsumen di Tengah Tren Produk Ramah Lingkungan”, *LITRA: Jurnal Hukum Lingkungan Tata Ruang dan Agraria*, Vol. 4 No. 2, 2025, hlm. 124

<sup>17</sup> Devona Valencia, Mien Mien, dan Sabrina O. Sihombing, “Pengaruh *Greenwashing* terhadap Ekuitas Merek dan Niat Pembelian”, *Jurnal Manajemen*, Vol. 18 No. 1, 2021, hlm. 36

actors are based on scientific evidence and independent verification, thereby preventing the misuse of green labels solely for marketing purposes. Consequently, consumers can make purchasing decisions rationally and based on accurate information, without fear of being deceived by a superficial sustainability image created by companies. Furthermore, clear regulations foster a healthy business competition climate, in which only companies genuinely implementing sustainable principles gain market trust. More broadly, this also contributes to the achievement of sustainable development goals by enhancing corporate environmental responsibility and safeguarding consumer rights.

The urgency of regulating environmental claims is also closely related to legal certainty and the protection of consumers' rights to receive accurate information. Specific regulations concerning environmental claim standards, mechanisms for verification, and sanctions for business actors found to engage in *greenwashing* will strengthen consumers' ability to assert their rights. Furthermore, clear regulations can foster a healthier and fairer business climate, as only products that genuinely meet environmental standards may claim to be eco-friendly. This aligns with the principles of justice and legal certainty in consumer protection law, as articulated in Article 2 of the *UUPK*.

The rise in *greenwashing* practices in recent years has generated increasing consumer distrust and skepticism. Beyond negatively affecting consumer behavior, perceptions of deceit and lack of trust in eco-friendly claims also reduce corporate credibility and undermine their performance image.<sup>18</sup> Therefore, the urgency of regulating environmental claims within Indonesian consumer protection law to address *greenwashing* practices also serves to minimize the emergence of negative stigma in society toward the concept of eco-friendly products and similar initiatives. The absence of clear legal standards regarding environmental claims creates uncertainty for both business actors and consumers. Honest business actors may be disadvantaged due to the lack of uniform guidelines for formulating environmental claims, while irresponsible actors can easily exploit this gap for profit. Consequently, regulating environmental claims becomes an instrument of legal certainty that protects genuine business actors while penalizing those engaging in misleading practices

The urgency of regulating environmental claims within Indonesian consumer protection law is closely related to the objectives of such regulation, as outlined in Article 3 of the *UUPK*. Provisions under letters a, c, and d emphasize the importance of legal certainty, transparency of information, and the enhancement of consumer awareness and autonomy. In the context of *greenwashing* practices, legal certainty can only be realized through regulations that explicitly establish standards, verification mechanisms, and limits for environmental claims, ensuring that consumers receive accurate and non-misleading information. Without such legal clarity, consumers cannot effectively exercise their rights to select and assess genuinely eco-friendly products. Thus, regulating environmental claims also functions as an educational and empowering tool, enabling consumers to protect themselves from misleading information presented under the pretext of environmental concern.

Furthermore, the objectives under letters e and f of the *UUPK* stress the importance of business responsibility and the improvement of goods and/or service quality for

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<sup>18</sup> Herlan Aryoso dan Fitri Santi, *Op.cit*, hlm. 1177

consumer safety and business sustainability. Environmental claim regulation becomes a crucial instrument to ensure that business actors are accountable for the accuracy of the information they provide and do not manipulate green labels solely for economic gain.

Strict regulation of environmental claims serves not only a repressive function but also builds public trust in eco-friendly products. With clear standards and credible certification systems, consumers can make more informed and responsible purchasing decisions. This strengthens an authentic green consumption ecosystem and fosters a market for businesses genuinely oriented toward sustainability.

Moreover, regulating environmental claims has strategic significance in supporting sustainable development policies in Indonesia. Through strict regulation, the state not only protects consumers and well-intentioned business actors but also encourages the business sector to take greater responsibility for its environmental impact. In the global context, this enhances the competitiveness of Indonesian products in international markets, where sustainability standards have become an essential prerequisite. Hence, the urgency of regulating environmental claims functions not only as consumer protection against *greenwashing* but also as an instrument for achieving sustainable development that balances economic, social, and environmental dimensions.

Strengthening consumer protection institutions is also a key element in addressing *greenwashing* practices. Therefore, it is urgent that the Draft Consumer Protection Law (*RUU PK*) reinforces the role of these institutions in preventing and sanctioning *greenwashing*. Without strong, independent institutions with the technical capacity to evaluate environmental claims, the enforcement of consumer protection law will be ineffective. Consumer protection institutions should have the authority not only to resolve disputes but also to verify environmental claims and impose administrative sanctions on business actors proven to mislead the public. This aligns with the spirit of academic revisions in the *RUU PK*, emphasizing the need to strengthen consumer protection institutions.<sup>19</sup>

The regulation of environmental claims in the Draft Consumer Protection Law (*RUU PK*) and its future implementing regulations holds fundamental relevance, both normatively and philosophically. Normatively, it is necessary to fill the legal gaps not yet addressed by the *UUPK*. Philosophically, it embodies the values of justice, utility, balance, consumer safety and security, as well as legal certainty, which constitute the main pillars of consumer protection law in Indonesia as stipulated in Article 1 of the *UUPK*. Therefore, this regulation is not only a responsive measure to the increasing prevalence of *greenwashing* practices but also a progressive step toward building a consumer protection legal system that is adaptive, fair, and sustainability-oriented.

The need to strengthen certain aspects in the *RUU PK*, which underscores the urgency of regulating environmental claims in Indonesian consumer protection law to address *greenwashing*, also extends to consumer dispute resolution provisions that emphasize the importance of legal and administrative mechanisms that are fast, fair,

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<sup>19</sup> Tim Kerja Penyusunan, *Naskah Akademik Rancangan Undang-Undang tentang Perubahan atas Undang-Undang Nomor 8 Tahun 1999 tentang Perlindungan Konsumen*, Jakarta: Pusat Perancangan Undang-Undang Badan Keahlian Sekretariat Jenderal DPR RI, 2023, hlm. 64

affordable, and easily accessible.<sup>20</sup> Disputes arising from false or misleading environmental claims are often difficult to resolve due to the absence of clear legal standards regarding the criteria for legitimate claims and methods of verification. As a result, aggrieved consumers particularly those from low-income or vulnerable groups face obstacles in seeking compensation. Therefore, strict regulation of environmental claims in legislation will strengthen the effectiveness of consumer dispute resolution by providing a normative basis for dispute resolution institutions to objectively assess the validity of environmental claims.

## **2. Reformasi Hukum Perlindungan Konsumen Dapat Memperkuat Perlindungan Konsumen dari Klaim Lingkungan yang Menyesatkan**

Consumer protection law reform should be viewed as a comprehensive process that not only amends certain provisions of legislation but also transforms the legal system as a whole to address emerging issues. Fundamentally, legal reform is a process of updating legal standards, structures, and culture to enable adaptation to social and economic developments. In the context of consumer protection law, this reform entails updating the substance of the law to better accommodate new changes such as digitalization of trade, shifts in consumption patterns, and increased environmental awareness. Revising legislation is not the sole objective; reform also encompasses building a legal system that is flexible and equitable. This is crucial because contemporary trade practices often prioritize economic profit over social and environmental responsibility. Consumers' right to receive accurate information is an integral part of this responsibility.<sup>21</sup>

Legal protection for consumers in Indonesia has been firmly established, primarily through the *UUPK*. This law encompasses various fundamental consumer rights, including the right to safety, comfort, and security in the use of goods and/or services, as stipulated in Article 4 of the *UUPK*, as well as the right to receive accurate, clear, and honest information. These provisions are recognized as particularly crucial when addressing *greenwashing* practices.<sup>22</sup> From a legal perspective, the *UUPK* has indeed established principles that can be used to supervise *greenwashing* practices, even though it does not explicitly mention the term *greenwashing*. Article 4, letter c of the *UUPK* states that consumers have the right to accurate, clear, and honest information regarding the goods and services they purchase. However, information provided to consumers in *greenwashing* practices is often inaccurate and violates this right. Article 7 of the *UUPK* further stipulates that business actors are obliged to provide truthful and non-misleading information. Therefore, any environmental claim made by a company must be supported by scientifically accurate and reliable data.<sup>23</sup>

Structural legal reform also plays a crucial role in strengthening consumer protection. Institutions such as the National Consumer Protection Agency (*BPKN*),

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<sup>20</sup> *Ibid*, hlm. 56

<sup>21</sup> Raka Nur Baswara Dascha dan Ubaidillah Kamal, "Perlindungan Konsumen Terhadap Praktik *Greenwashing* di Indonesia", *Keadilan: Jurnal Ilmu Hukum*, Vol. 23 No. 2, 2022, hlm. 95

<sup>22</sup> Asdar Mappiasse, "Tinjauan Yuridis Terhadap Klaim *Greenwashing* dalam Produk Konsumen di Indonesia Berdasarkan UUPerindungan Konsumen", *JIHHP: Jurnal Ilmu Hukum, Humaniora dan Politik*, Vol. 5 No. 4, 2025, hlm. 3701

<sup>23</sup> *Ibid*.

the Ministry of Environment and Forestry (*KLHK*), and environmental certification bodies need to be reinforced in terms of authority and inter-agency coordination. A fragmented legal structure often leads to overlapping authorities and slows down the supervision process of product advertisements or labels. Institutional reform should also focus on strengthening a transparent environmental certification system, so that every eco-friendly claim can be objectively verified by independent institutions. Structural legal reform not only enhances law enforcement but also increases public trust in the consumer protection system.<sup>24</sup>

Legal reform is necessary to address the normative gaps concerning misleading or unsubstantiated environmental claims. The *UUPK* has established prohibitions for business actors against providing information or advertisements that may mislead consumers. According to Article 8, paragraph (1), letter f, business actors are prohibited from producing and trading goods that do not comply with the promises stated on labels, tags, descriptions, advertisements, or sales promotions of such goods and/or services. This provision is reinforced by Article 9, paragraph (1), letter k, which explicitly prohibits business actors from creating or disseminating advertisements containing misleading information, and by Article 10, which requires business actors to ensure that advertisements do not mislead consumers regarding the benefits, uses, or quality of goods and services.

However, the *UUPK* does not explicitly regulate the proof and verification of eco-friendly claims, particularly those related to labels such as “eco-friendly,” “biodegradable,” or “sustainable.” In practice, many business actors use these terms without valid scientific evidence or credible environmental certification. This lack of clarity creates a legal gap that makes law enforcement against *greenwashing* practices challenging, as there are currently no normative instruments determining how an environmental claim can be deemed true or misleading.

As a consequence, consumers are vulnerable to misinformation, which can cause both moral and economic harm. This clearly violates consumer rights as stipulated in Articles 4(c) and 4(h) of the *UUPK*, which guarantee the right to accurate, clear, and honest information regarding the condition and warranties of goods or services, as well as the right to seek compensation if the goods or services received do not conform to the agreement or advertisement. Therefore, legal reform in the substantive aspect needs to include explicit provisions that establish mechanisms for proving environmental claims, obligate business actors to provide valid certifications or supporting documents, and impose administrative or criminal sanctions on parties proven to engage in *greenwashing*.

The use of misleading environmental claims without scientific evidence not only violates consumer rights but can also be associated with the criminal offense of fraud under the *KUHP*. As stipulated in Article 492 of Law No. 1 of 2023 on the Criminal Code (*KUHP*), a person who, with the intention of benefiting themselves or others, uses deceit or falsehoods to induce another to surrender goods or something else can be punished with imprisonment of up to four years. False environmental claims deliberately made to attract

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<sup>24</sup> Anak Agung Mira Cahyani dan Made Aditya Pramana Putra, “Relevansi Perlindungan Konsumen Melalui Pemulihan Regulasi di Era Transformasi Digital”, *Kertha Wicara: Journal Ilmu Hukum Universitas Udayana*, Vol. 13 No. 3, 2024, hlm. 148

consumers and generate profit may constitute fraud, thereby fulfilling the criminal elements if proven. The *KUHP* can serve as a complementary instrument to prosecute *greenwashing* actors, particularly if intent, deceit, and resulting harm are demonstrated.

Article 60(2) of the *UUPK* already provides for administrative sanctions, such as obligating business actors to compensate consumers; however, this provision remains general and insufficient to address the complexity of modern violations such as *greenwashing*. In the context of consumer protection law reform, administrative sanctions need to be regulated more explicitly, proportionally, and in a tiered manner according to the severity of the violation and its impact. Such regulation may include various forms of sanctions, ranging from written warnings for minor violations, obligations to issue clarifications and public corrections to ensure consumers receive accurate information, to the imposition of progressive administrative fines based on business scale and the extent of economic impact. For severe or repeated violations, sanctions may include revocation of business licenses or temporary bans on promotional or advertising activities.

A diversified and tiered sanction system ensures that law enforcement is not only repressive but also preventive, encouraging business actors to be more cautious, transparent, and responsible in making environmental claims. Ultimately, this reform strengthens legal certainty, protects consumers from misleading information, and supports ethical and sustainable business practices in Indonesia.

Regulations regarding these sanctions can protect consumers through repressive legal actions. Administrative and criminal sanctions, integrated within the substantive reform of consumer protection law, must clarify that the administrative mechanisms under the *UUPK* and the criminal mechanisms under the *KUHP* can operate synergistically and complementarily in addressing *greenwashing* practices. This is essential because *greenwashing* is not only a violation of consumers' rights to accurate information but may also be categorized as public fraud and an unlawful act harming economic and environmental interests. Integrating both mechanisms will create a more effective law enforcement system, ensure legal certainty and justice, and provide a deterrent effect for business actors who deliberately mislead consumers through false environmental claims. Hence, legal reform not only strengthens consumer protection but also upholds social and environmental responsibility in sustainable business practices.

Consumer protection law reform should no longer focus solely on economic transactions but must also encompass ethical and sustainability values in commercial practices. In the increasingly complex modern era, consumers demand more than mere guarantees of product safety and quality; they also seek transparency regarding the environmental and social impacts of production and distribution processes. Therefore, the direction of legal reform must adapt to these developments by strengthening norms that emphasize social and environmental responsibility for business actors, both at the national and international levels.<sup>25</sup>

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<sup>25</sup> Putri Raodah dan Fatria Hikmatiar Al Qindy, "Aspek Hukum Mengenai Tanggung Jawab Lingkungan oleh Pelaku Usaha di Indonesia", *Innovative: Journal Of Social Sciene Research*, Vol. 4 No. 1, 2024, hlm. 12300

The direction of legal reform must be aligned with contemporary developments by strengthening norms that affirm the obligation of business actors to be socially and environmentally responsible, both nationally and internationally. This effort is crucial to ensure that consumer protection extends beyond economic aspects to include the fulfillment of the right to a clean and healthy environment, as stipulated in Article 65(1) of Law No. 32 of 2009 on Environmental Protection and Management (*UU PPLH*).<sup>26</sup>

The integration of legal reform with the implementation of Environmental, Social, and Governance (ESG) principles underscores that modern consumer protection cannot be separated from the social and environmental responsibilities of business actors. Legal reform that reinforces these responsibilities provides the foundation for the effective implementation of ESG in business activities. With sustainability-oriented regulations, business actors are not only required to comply with the law but also to internalize social and environmental ethical values into corporate strategies. The synergy between legal reform and ESG principles will ultimately create a more holistic consumer protection system, in which the right to accurate information and the right to a healthy environment are safeguarded simultaneously.<sup>27</sup>

The implementation of Environmental, Social, and Governance (ESG) principles in business policies has become increasingly important as it encourages business actors to carry out activities grounded in sustainability, social responsibility, and transparent, ethical governance. ESG principles function as both legal and moral guidelines to prevent greenwashing practices and ensure that every environmental claim is supported by valid and accountable evidence. Through the application of ESG, business actors are required to demonstrate accountability and transparency in resource management, enabling consumers to assess a product's integrity not only based on its quality but also on its environmental and social impacts.

The implementation of Environmental, Social, and Governance (ESG) principles in business policies is increasingly important as it encourages business actors to conduct activities based on sustainability, social responsibility, and transparent, ethical governance. These principles serve as both legal and moral guidelines to prevent greenwashing practices and ensure that every environmental claim is supported by valid and accountable evidence. Through the application of ESG, business actors are required to demonstrate accountability and transparency in resource management, enabling consumers to assess a product's integrity not only based on its quality but also on its environmental and social impacts.<sup>28</sup>

The integration of ESG principles into business policies can also serve as a reference for the government in developing new regulatory standards, such as environmental claim guidelines that must be adhered to by business actors. Indonesia can adopt a similar approach, adjusted to the national context and existing regulations, such as

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<sup>26</sup> Undang-Undang Nomor 32 Tahun 2009 tentang Perlindungan dan Pengelolaan Lingkungan Hidup

<sup>27</sup> Monica Intan Farilla dan Kris Brantas Abiprayu, *Kebijakan ESG dan Greenwashing: Bagaimana Investor Memutuskan untuk Berinvestasi*, Semarang: Fakultas Ekonomika dan Bisnis Universitas Negeri Semarang, 2025, hlm. 160

<sup>28</sup> Arizza Zulia Rahmatul Jannah dan Ida Bagus Ketut Bayangkara, "Penerapan ESG dalam Membangun Budaya Perusahaan yang Berkelanjutan di PT Garuda Indonesia Tbk", *Jurnal Ilmiah Manajemen dan Kewirausahaan*, Vol. 4 No. 2, 2025, hlm. 37

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the Consumer Protection Law (UUPK), the Environmental Protection and Management Law (UU PPLH), and Government Regulation No. 80 of 2019 concerning Trade through Electronic Systems, to address the legal gaps regarding the validity and verification of environmental claims.

Sustainable-oriented consumer protection law reform needs to strengthen the legal position of consumers through the application of the principle of business actors' responsibility as stipulated in Article 7 letters b and c of the UUPK. These provisions obligate business actors to provide accurate, clear, and honest information regarding the condition of goods or services and to guarantee product quality in accordance with established standards. In the context of modern economic development, this obligation should be interpreted more broadly, encompassing not only product quality but also transparency regarding the environmental and social impacts arising from production processes. Therefore, the principle of business actors' responsibility as regulated in the UUPK can serve as a legal foundation for implementing sustainable business principles and business ethics that support the creation of a green economy.

Ultimately, the direction of consumer protection law reform integrated with sustainability principles must uphold constitutional values as contained in Article 18H paragraph (1) of the 1945 Constitution of the Republic of Indonesia, which guarantees everyone the right to live a prosperous life both materially and spiritually and to enjoy a good and healthy environment. By grounding legal reforms in these constitutional rights, Indonesia's consumer protection system will have a solid foundation to achieve a balance between economic, social, and ecological interests. Sustainability-oriented legal reform not only strengthens legal certainty but also fosters collective awareness that business activities must play a role in safeguarding the planet's sustainability and promoting social welfare in an equitable manner.

## **Conclusion**

The urgency of regulating environmental claims within consumer protection law in Indonesia is critical as a response to the widespread practice of greenwashing, which misleads the public. Without clear regulations, consumers lose their right to accurate information, while well-intentioned business actors are disadvantaged by unfair competition. Therefore, legal reform through the Draft Law on Amendments to the Consumer Protection Law (RUU PK) is necessary to establish standards, verification mechanisms, and sanctions for false environmental claims, ensuring legal certainty, fairness, and effective consumer protection. Strengthening consumer protection institutions is also essential for monitoring and enforcing the law against greenwashing. Consequently, the regulation of environmental claims serves as both a consumer protection instrument and a strategy to promote corporate environmental responsibility, build public trust, and support sustainable development in Indonesia.

Consumer protection law reform in Indonesia must be a comprehensive effort to update the substance, structure, and legal culture to align with the digital era and the rising environmental awareness. This reform aims to reinforce consumers' right to accurate information and close legal gaps related to greenwashing through strict provisions on

evidence, certification, and sanctions for business actors. Strengthening institutions and environmental certification bodies is also vital to ensure effective and transparent law enforcement. Furthermore, the reform must be integrated with environmental, social, and governance (ESG) principles to uphold the social and environmental responsibilities of business actors and to promote sustainable business practices. Based on Article 18H paragraph (1) of the 1945 Constitution of the Republic of Indonesia, this legal reform should balance economic, social, and ecological interests, creating a just, adaptive, and sustainable legal system

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