Lex Scientia Law Review
Vol. 10 Issue 2 (2026) 549-582
ISSN 2598-9677 (Print) 2598-9685 (Online)
DOI: https://doi.org/10.15294/lslr.v10i2.36936
Online since: November 3, 2026

LEX SCIENTIA LAW REVIEW
https://journal.unnes.ac.id/journals/lslr/index

Substantiating Green Claims: Corporate Liability and the Burden of Proof for Greenwashing under Indonesian Consumer Protection Law

I Ketut Astawa[1] ✉, Tri Setiady[1], Moh. Faizin[1], Faiqah Nur Azizah[2]

[1] Faculty of Law, Universitas Singaperbangsa Karawang, Karawang, Indonesia
[2] RUDN University, Moskow, Russia

✉ Corresponding email: *ketut.astawa@fh.unsika.ac.id*

Abstract

Environmental claims such as "eco-friendly", "biodegradable" or "carbon neutral" now shape purchasing decisions in Indonesia, yet no Indonesian statute defines greenwashing or sets a standard for substantiating such claims. This article asks whether existing Indonesian law can already qualify greenwashing as an unlawful act, under which legal elements, and what burden-of-proof model should govern environmental claims. Using normative legal research with statutory, conceptual, case and comparative approaches, it analyses Law No. 8 of 1999 on Consumer Protection element by element, its interaction with Law No. 1 of 2024 on Electronic Information and Transactions and the e-commerce rules, Indonesian decisions on misleading claims, and greenwashing decisions from the Netherlands, Germany and Australia. Three findings emerge. First, Articles 8(1)(f), 9(1) and 10 of the

© 2026 Authors. This work is licensed under a Creative Commons Attribution-NonCommercial-ShareAlike 4.0 International (CC BY-NC-SA 4.0). All writings published in this journal are personal views of the authors and do not represent the views of this journal and the author's affiliated institutions.

Consumer Protection Law are legally capable of covering false and unsubstantiated environmental claims without a new statute. Second, enforcement fails less for want of prohibitions than because of the evidentiary structure: consumers must disprove claims built on information held by the company, while administrative sanctions under Article 60 do not reach Articles 8 to 10. Third, Article 28 of the same law, which already reverses the burden of proving fault in compensation claims, provides a doctrinal foundation for a duty of prior substantiation. The article proposes a substantiation model in which business actors must hold verifiable evidence at the time a claim is made, generic claims are presumptively misleading, and sanctions are graduated by the claim's seriousness.

KEYWORDS: *Burden of Proof, Consumer Protection, Corporate Liability, Environmental Claims, Greenwashing*

Introduction

Environmental claims have become a routine feature of product marketing in Indonesia. Packaging, advertisements and marketplace listings describe goods as "natural", "biodegradable", "plastic-free" or "carbon neutral", and consumers increasingly rely on such statements when choosing between otherwise similar products. Empirical studies of Indonesian consumers show that perceived greenwashing lowers trust and repurchase intention, which confirms that environmental claims are treated by consumers as material information rather than mere decoration.[1] When such a claim is false, exaggerated or unverifiable, the practice is commonly called greenwashing.

Greenwashing is usually explained in the management literature through information asymmetry. A firm knows far more about its raw materials, production processes and emissions than any consumer can. An environmental claim is therefore a signal that the consumer cannot check before purchase and

[1] Jasmine Raihana and Mustika Sufiati Purwanegara, "Exploring The Impact of Perceived Greenwashing on Repurchase Intention of Green Personal Body Care Products," *Indonesian Journal of Business and Entrepreneurship* 9, no. 1 (2023): 152, https://doi.org/10.17358/ijbe.9.1.152; Rika Promalessy and Tanti Handriana, "How Does Greenwashing Affect Green Word of Mouth through Green Skepticism? Empirical Research for Fast Fashion Business," *Cogent Business & Management* 11, no. 1 (2024): 2389467, https://doi.org/10.1080/23311975.2024.2389467.

often cannot check afterwards either.[2] Signalling theory predicts that such signals remain credible only when sending a false signal is costly. This article uses that insight as a legal design criterion rather than as background: a legal regime against greenwashing works only if it makes an unsubstantiated claim more costly than a substantiated one. The question is whether Indonesian law currently imposes that cost, and on whom it places the burden of proving the truth of a claim.

The setting in which these claims circulate has changed rapidly. Environmental claims are no longer confined to packaging and television advertising; they are repeated in marketplace listings, in sponsored content by influencers and in algorithmically targeted advertisements. A single unsubstantiated claim can reach millions of consumers within days, and the persons who repeat it, such as agencies, influencers and platform operators, are often not the producer that made it. This fragmentation complicates the attribution of liability and makes reliance on individual complaints even less effective. Studies of Indonesian listed firms also suggest that the propensity to make environmental claims that outstrip actual performance is linked to firm characteristics such as financial performance, which indicates that greenwashing is a strategic choice rather than an accident.[3] A strategic choice responds to legal incentives, which is why the allocation of the burden of proof matters.

Indonesian law contains no statute or regulation that uses the term greenwashing or sets general standards for environmental claims. Law No. 8 of 1999 on Consumer Protection (hereinafter UUPK) protects the consumer's right to correct, clear and honest information and prohibits several forms of misleading offers and advertising, but it was drafted long before environmental claims became a marketing staple.[4] Environmental law, through Law No. 32 of 2009 on Environmental Protection and Management, develops an eco-labelling system as an economic instrument, but it addresses primarily the relationship between the State and activities with environmental impact, not marketing

---

2 Michael Spence, "Job Market Signaling," *The Quarterly Journal of Economics* 87, no. 3 (1973): 355–74, https://doi.org/10.2307/1882010; Magali A. Delmas and Vanessa Cuerel Burbano, "The Drivers of Greenwashing," *California Management Review* 54, no. 1 (2011): 64–87, https://doi.org/10.1525/cmr.2011.54.1.64.

3 Muhammad Alif Farras Azzuhdi and Majidah Majidah, "The Impact of Corporate Financial Performance on Greenwashing Propensity: An Analysis of Fortune 100 Firms in Indonesia," *Dinasti International Journal of Economics, Finance & Accounting* 6, no. 5 (2025): 3930–38, https://doi.org/10.38035/dijefa.v6i5.5154.

4 Law of the Republic of Indonesia No. 8 of 1999 on Consumer Protection, State Gazette 1999 No. 42, arts. 4(c), 7(b), 8–10, 17.

statements to consumers.[5] The rapid growth of online commerce adds a further layer: Law No. 1 of 2024, the second amendment to the Electronic Information and Transactions Law, and Minister of Trade Regulation No. 19 of 2026 on the Implementation of Trading Business through Electronic Systems now govern much of the space in which green claims are disseminated.

Indonesian legal scholarship has begun to address the problem, but from different angles. The table below maps the principal studies and the question each leaves open.

Table 1. Mapping of Prior Legal Studies on Greenwashing in Indonesia

Study	Main focus	What remains unresolved
Yuanitasari, Kusmayanti and Suwandono (2025)	Consumer protection against green claims; consumer literacy	No element-by-element test of UUPK provisions; no evidentiary model
Pangloly, Kalalo and Gerungan (2025)	Environmental-law regulation of greenwashing	Link between environmental law and consumer-facing claims not specified
Prisandani (2025)	Greenwashing as contractual fraud and contract validity	Limited to private-law remedies of the contracting party
Lebie and Sihombing (2025)	Greenwashing as environmental fraud; enforcement gaps	Criminal framing; conditions for criminal liability not differentiated
Sahudi (2025)	Corporate responsibility for greenwashing in Indonesian law	Liability types listed; burden of proof not analysed
Daskarata et al. (2025)	Juridical analysis of green advertising	No analysis of court decisions or digital-commerce regulation
This article	Legal elements, decisions, comparison and burden of proof	Proposes a duty of prior substantiation grounded in Art. 28 UUPK

Source : Various sources, edited by Authors

Taken together, these studies establish that greenwashing is legally relevant in Indonesia and that a regulatory gap exists.[6] They also show the limits of the current debate.[7] Most studies conclude that a specific regulation is needed, but

[5] Law of the Republic of Indonesia No. 32 of 2009 on Environmental Protection and Management, State Gazette 2009 No. 140, art. 43(3)(g).

[6] Deviana Yuanitasari, Hazar Kusmayanti, and Agus Suwandono, "Menelaah Greenwashing: Perlindungan Hukum Konsumen di Tengah Tren Produk Ramah Lingkungan," *LITRA: Jurnal Hukum Lingkungan, Tata Ruang, dan Agraria* 4, no. 2 (2025), https://doi.org/10.23920/litra.v4i2.2276; Deslyana Rante Pangloly, Flora Pricilla Kalalo, and Anastasia Emmy Gerungan, "Pengaturan Hukum Lingkungan terhadap Praktik Greenwashing di Indonesia," *Lex Administratum* 13, no. 3 (2025), https://ejournal.unsrat.ac.id/v3/index.php/administratum/article/view/62981.

[7] Ulya Yasmine Prisandani, "Greenwashing as Contractual Fraud: Examining Its Legal Implications and Impact on Contract Validity under Indonesian Law," *Diponegoro Law Review* 10, no. 1 (2025): 68–84, https://doi.org/10.14710/dilrev.10.1.2025.68-84; Romansyah Fitra Lebie and Rio Riccha Br

they do not test precisely what the existing provisions already cover, and none analyses who must prove the truth of an environmental claim.[8] That question is decisive, because the information needed to disprove a claim lies almost entirely with the company that made it.

This article therefore addresses two research questions. First, to what extent can existing Indonesian law qualify greenwashing as an unlawful act, and under which legal elements? Second, how should corporate liability be differentiated, and what burden-of-proof model should govern environmental claims? The scope is limited to environmental claims addressed to consumers about goods and services. Sustainability disclosures by issuers to investors raise different protected interests and fall under a different regulator; they are distinguished but not analysed in depth.

The study is normative legal research.[9] Four approaches are used, each with explicit selection criteria. The statutory approach covers legislation in force on 1 October 2026 that regulates information duties, advertising, electronic commerce, eco-labelling and corporate liability; the provisions are read grammatically and systematically, and the UUPK is treated as the general regime against which sectoral rules are measured. The case approach uses decisions of the Supreme Court of the Republic of Indonesia retrieved from the official decision directory with the search terms "iklan menyesatkan", "Pasal 9 Undang-Undang Perlindungan Konsumen" and "Pasal 28 ayat (1) ITE". Because no Indonesian decision expressly concerning greenwashing was found, decisions on misleading performance claims and misleading electronic information were selected as the closest doctrinal analogues. The comparative approach examines the European Union, Germany, the Netherlands, Australia and the United States because each has either a specific instrument on environmental claims or an authoritative greenwashing decision, and because together they illustrate the main design choices: ex ante versus ex post substantiation, and public versus private enforcement. The conceptual approach is used to translate the marketing concept of greenwashing into legal

---

Sihombing, "Greenwashing as Environmental Fraud: Highlighting the Lack of Regulation and Law Enforcement in Indonesia," *Estudiante Law Journal* 7, no. 2 (2025): 532–44, https://doi.org/10.33756/eslaj.v7i2.31612.

8 Sahudi, "Corporate Responsibility for Greenwashing in Indonesian Law," *KnE Social Sciences* (2025): 333–51, https://doi.org/10.18502/kss.v10i27.20072; Hafila Azzafi Daskarata et al., "Analisis Yuridis terhadap Greenwashing dalam Iklan Produk Ramah Lingkungan di Indonesia," *Jurnal Intelek Insan Cendikia* 2, no. 5 (2025): 10337–47.

9 Peter Mahmud Marzuki, *Penelitian Hukum*, rev. ed. (Jakarta: Kencana, 2017); Irwansyah, *Penelitian Hukum: Pilihan Metode dan Praktik Penulisan Artikel*, rev. ed. (Yogyakarta: Mirra Buana Media, 2021).

elements. Hypothetical examples are used only as illustrations and are labelled as such.

The article proceeds in six parts. Section A translates the marketing concept of greenwashing into legal elements. Section B analyses the statutory basis in the UUPK provision by provision, including its sanction architecture. Section C examines the complementary regimes of electronic commerce, environmental law and advertising self-regulation, and identifies the precise bridge between each regime and consumer-facing claims. Section D analyses Indonesian decisions on misleading claims and foreign greenwashing decisions and draws comparative lessons. Section E differentiates civil, administrative and criminal liability and identifies the actors to whom each attaches. Section F develops the burden-of-proof argument and proposes a substantiation model for Indonesia.

Greenwashing as a Legal Wrong: From Marketing Concept to Legal Test

1. Defining Environmental Claims and Greenwashing

An environmental claim is any statement, symbol or image in commercial communication that states or implies that a product, its packaging, its production or the trader has a positive or reduced negative impact on the environment. The definition must include implied claims, because much green marketing works through images of forests and clean water, green colour schemes or invented seals rather than express words. ISO 14021, adopted in Indonesia as SNI ISO 14021:2017, uses a comparable concept for self-declared (Type II) environmental claims and requires that such claims be accurate, verifiable and not misleading.[10]

Greenwashing, in legal terms, is the making of an environmental claim that is false, or that is true but presented in a way that creates a misleading overall impression, or that cannot be substantiated by the trader at the time it is made. The third element is the critical one. A claim that is literally false is easy to classify. A claim that is vague ("green"), selective (highlighting recycled packaging while the product itself is highly polluting) or unverifiable is the

[10] International Organization for Standardization, *ISO 14021:2016 Environmental Labels and Declarations—Self-Declared Environmental Claims (Type II Environmental Labelling)* (Geneva: ISO, 2016), adopted as SNI ISO 14021:2017.

typical form of greenwashing, and the legal question is when such a claim crosses the line from permissible puffery into misleading information.[11]

2. Translating the "Sins of Greenwashing" into Legal Elements

The most widely cited typology of greenwashing is the TerraChoice classification, which identifies hidden trade-offs, lack of proof, vagueness, irrelevance, lesser of two evils, fibbing and worshipping false labels.[12] The typology describes marketing behaviour; it is not a legal test. Its value for law lies in identifying which legal element each practice engages. Table 2 performs that translation for the three forms most frequently observed in Indonesia: claims in advertising and labelling, misuse of eco-labels, and claims in digital commerce.

Table 2. Legal Test for the Main Forms of Greenwashing

Form and typical conduct	What makes it misleading	Primary norm engaged	Elements to prove
Advertising or label claim ("eco-friendly", "biodegradable")	Vagueness; lack of proof; hidden trade-off	Art. 9(1)(a) and (k), Art. 10(b)–(c) UUPK	Claim made in an offer or advertisement; claim untrue or creates false impression of a characteristic or benefit
Product does not match the claimed environmental attribute	Fibbing	Art. 8(1)(f) UUPK	Promise in label or advertisement; goods not in accordance with the promise
Self-made seal or unauthorised official eco-label	Worshipping false labels	Art. 9(1)(c) UUPK; Permen LH 2/2014	Representation of approval or certification that does not exist
Claim in marketplace listing or social-media promotion	Any of the above, amplified online	Art. 28(1) Law 1/2024; Art. 65 Law 7/2014	Intent; misleading information; material loss to consumer in an electronic transaction

Source : Various sources, edited by Authors

Three consequences follow from the table. First, vagueness is not unlawful in itself. A vague claim becomes misleading when, judged from the perspective of an average consumer, it conveys a specific characteristic or benefit that the product does not possess. A general claim that a product is "environmentally friendly" typically conveys that the product as a whole has a better environmental profile than comparable products; if the trader cannot show this,

11 Thomas P. Lyon and A. Wren Montgomery, "The Means and End of Greenwash," *Organization & Environment* 28, no. 2 (2015): 223–49, https://doi.org/10.1177/1086026615575332.

12 TerraChoice, *The Sins of Greenwashing: Home and Family Edition 2010* (Ottawa: TerraChoice Group, 2010).

the claim offers the product as having a "characteristic" it does not have within the meaning of Article 9(1)(a) UUPK. Second, a hidden trade-off is not a lie but an omission. Indonesian law reaches it through the general duty to give correct, clear and honest information and through Article 10, which prohibits misleading statements about the usefulness and condition of goods. Third, the element of proof is decisive in every row. Whether a claim is true can only be determined by evidence that is usually held by the trader alone.

Each form must also be connected to a remedy and to the party that bears the burden of proof. These aspects are examined in Sections B, E and F. The point here is methodological: greenwashing does not require a new legal category in order to be recognised as unlawful. What it requires is a reliable rule on substantiation.

3. The Average Consumer and the Overall Impression

Whether a claim is misleading depends on the standard of the consumer against whom it is judged. The UUPK does not define that standard expressly, but its purpose, stated in Article 3, is to raise consumer awareness and to create a system that guarantees access to information. This purpose points to a protective standard: a claim is assessed by the impression it creates on an ordinary consumer exercising normal attention, not on an expert who reads technical annexes. The same standard underlies the European concept of the average consumer and the German court's reasoning, discussed in Section D, that environmental claims call for particular strictness because consumers cannot verify them and attach significant weight to them.

Two consequences follow for Indonesian practice. First, the assessment must consider the overall impression of the communication, including images, colours and symbols, not only the literal words. A product named with a word evoking nature and packaged with a leaf symbol may convey an environmental claim even if no environmental benefit is expressly stated. Second, qualifications count only when they are clear and proximate. A disclaimer in small print on the back of a package, or on a separate web page, does not correct the impression created by a prominent claim on the front. This approach is consistent with Supreme Court Decision No. 336 K/Pdt.Sus/2012, in which the disclosure of a service's limitations was decisive because it had actually been communicated to the consumer.

These principles also clarify the boundary between lawful puffery and misleading information. A statement that cannot reasonably be understood as a

factual assertion, such as a slogan expressing an aspiration, is not a claim. Once a statement can be understood as asserting a fact about the product's environmental characteristics or effects, it becomes information within the meaning of Articles 4(c) and 7(b) UUPK and must be accurate. The burden of drawing that line should not rest on the consumer who was misled.

The Statutory Basis under the Consumer Protection Law

1. Information Rights and Duties

The UUPK frames the relationship between consumer and business actor around information. Article 4(c) grants consumers the right to correct, clear and honest information about the condition and guarantee of goods and services. Article 7(b) imposes the corresponding obligation on business actors and adds a duty to explain use, repair and maintenance.[13] These provisions are the normative foundation for treating environmental claims as legally relevant information. However, they are not themselves the basis of sanctions. A breach of Article 7(b) is not listed in the criminal provisions of Article 62 and is not among the provisions for which the Consumer Dispute Settlement Body (BPSK) may impose administrative sanctions under Article 60. Their role is interpretive: they define the standard of information against which the specific prohibitions in Articles 8 to 10 are read.[14]

2. Prohibited Conduct: Articles 8, 9, 10 and 17

Article 8 is often described in the literature as a general prohibition of misleading advertising. That characterisation is inaccurate. Article 8 prohibits producing or trading goods that do not meet specified requirements. Only one of its limbs, Article 8(1)(f), concerns statements: it prohibits trading goods that are not in accordance with the promise stated in the label, etiquette, description, advertisement or sales promotion. The provision therefore targets the mismatch between the product and the promise, not the misleading character of the promise as such. It applies to greenwashing where an environmental attribute is stated as a fact ("made from 100% recycled plastic") and the product does not have it.

---

13 Law No. 8 of 1999, arts. 4(c), 7(b).

14 Shidarta, *Hukum Perlindungan Konsumen Indonesia* (Jakarta: Grasindo, 2000); Ahmadi Miru and Sutarman Yodo, *Hukum Perlindungan Konsumen* (Jakarta: RajaGrafindo Persada, 2004).

The provisions that address misleading offers and advertising as such are Articles 9 and 10. Article 9(1) prohibits offering, promoting or advertising goods incorrectly or as if they have certain qualities. Three of its limbs are directly relevant. Letter (a) covers goods presented as meeting a certain quality standard or having a certain characteristic, history or use. Letter (c) covers goods presented as having obtained sponsorship, approval or particular features. Letter (k) covers offers containing an uncertain promise. Article 10 prohibits offering, promoting, advertising or making untrue or misleading statements concerning, among other things, the usefulness of goods (letter b) and their condition, guarantee or rights (letter c).[15]

Two further provisions shape the reading of these prohibitions. Article 7(a) requires business actors to act in good faith in conducting their business, and Article 3 states that consumer protection aims, among other things, to create a system that contains legal certainty and information disclosure. Good faith is particularly relevant to the hidden trade-off, in which a true statement about one attribute is used to imply an environmental profile that the product as a whole lacks. A business actor that knows of a material negative environmental impact and selectively emphasises a minor positive one is not merely silent; it uses truth to create a false impression. Read with the duty of good faith, Article 10 reaches such selective statements because they are misleading about the usefulness or condition of the goods, even if each sentence taken alone is accurate. This interpretation avoids the need for a separate statutory prohibition of omissions, which the UUPK does not contain in general terms.

Article 17 has a different addressee. It applies to business actors in advertising, that is, the agencies and media that produce advertisements, rather than to the producer whose goods are advertised. Article 17(1)(a) prohibits advertisements that deceive consumers regarding quality, materials or usefulness, and Article 17(1)(c) prohibits advertisements containing incorrect or inaccurate information. Article 20 makes the advertising business actor liable for the advertisements it produces.[16] This distinction matters for greenwashing campaigns, which are often produced by agencies and disseminated by influencers. Liability can extend beyond the producer, but each actor must be addressed under the provision that names it.

---

15 Law No. 8 of 1999, arts. 8(1)(f), 9(1)(a), (c), (k), 10(b)–(c).

16 Law No. 8 of 1999, arts. 17(1)(a), (c), (f), 20.

Table 3. Element-by-Element Application of the UUPK to Environmental Claims

Provision	Addressee	Legal elements	Application to greenwashing
Art. 8(1)(f)	Producer or trader	Goods traded; promise in label or advertisement; goods not in accordance with promise	Stated environmental attribute absent (e.g. recycled content, biodegradability)
Art. 9(1)(a)	Business actor offering or advertising	Offer, promotion or advertisement; incorrect or "as if" presentation of a standard or characteristic	Generic claim ("eco-friendly") implying an overall environmental characteristic not substantiated
Art. 9(1)(c)	Same	Presentation as having approval or particular feature	Self-made seal imitating a certification; claimed certification not obtained
Art. 9(1)(k)	Same	Offer containing an uncertain promise	Future-oriented claims ("net zero by 2030") presented without a plan or means of verification
Art. 10(b)–(c)	Business actor in trade	Untrue or misleading statement on usefulness or condition	Hidden trade-offs; irrelevant claims presented as benefits
Art. 17(1)(a), (c)	Advertising business actor	Advertisement deceiving on quality, materials or usefulness; incorrect information	Agency or media producing a misleading green campaign

Source : peraturan.bpk.go.id, edited by Authors

3. *The Architecture of Sanctions: Articles 60, 62 and 63*

The UUPK contains three distinct sanction tracks, and they must not be merged. The first is administrative. Under Article 60, the BPSK may impose administrative sanctions of up to Rp200 million, but only for violations of Article 19(2) and (3), Article 20, Article 25 and Article 26.[17] The list does not include Articles 8, 9 or 10. In practice, therefore, the BPSK cannot sanction the misleading claim itself; it can sanction a business actor that fails to pay compensation within the time required by Article 19. This is a structural gap of considerable significance, because the most accessible enforcement body has no administrative power over the core prohibitions that greenwashing breaches.

The second track is criminal. Article 62(1) provides imprisonment of up to five years or a fine of up to Rp2 billion for violations of, among others, Articles 8, 9, 10 and 17(1)(a), (b), (c) and (e). Article 62(2) provides up to two years or Rp500 million for violations of, among others, Article 17(1)(d) and (f).[18] These

[17] Law No. 8 of 1999, art. 60(1)–(2).
[18] Law No. 8 of 1999, art. 62(1)–(2).

offences are formal offences: they are completed by the prohibited conduct and do not require proof of deceit, of a consumer's reliance or of loss. Since the entry into force of the National Criminal Code on 2 January 2026, the amount of fines prescribed outside the Code must be read together with the Code's fine categories and the applicable adjustment rules.[19]

The third track consists of additional penalties under Article 63, which may accompany a criminal conviction under Article 62. They include confiscation of goods, publication of the judgment, payment of compensation, an order to cease the activity causing loss, an obligation to withdraw goods from circulation and revocation of the business licence. Withdrawal of goods and licence revocation are sometimes presented as administrative sanctions. Under the UUPK they are additional criminal penalties that can only be imposed by a criminal court. Administrative revocation of a licence is available only under sectoral legislation, such as the e-commerce provisions discussed in Section C.

The resulting picture is precise. The UUPK prohibits greenwashing through Articles 8(1)(f), 9(1) and 10. It offers a civil route through Article 19 and a criminal route through Article 62. It does not offer an administrative route against the misleading claim itself. Any reform proposal must start from this architecture rather than from the assumption that Indonesian law lacks relevant prohibitions.

Complementary Regimes and Their Doctrinal Bridges

Several other regimes are often listed alongside the UUPK as additional instruments against greenwashing. A list of potentially relevant statutes does not, by itself, explain liability. For each regime, the relevant questions are which provision regulates the conduct, which legal interest it protects, which authority enforces it, and how it interacts with the UUPK.

1. Electronic Commerce: Law No. 1 of 2024, the Trade Law and Permendag 19/2026

Most green claims now reach consumers through marketplaces, websites and social media. Three layers of regulation apply. The first is the Electronic Information and Transactions Law. Article 9 of Law No. 11 of 2008 requires

[19] Law of the Republic of Indonesia No. 1 of 2023 on the Criminal Code, State Gazette 2023 No. 1.

business actors offering products through electronic systems to provide complete and correct information on contract terms, producers and products.[20] Article 28(1), as reformulated by Law No. 1 of 2024, prohibits intentionally distributing or transmitting electronic information containing false notices or misleading information that results in material loss to consumers in electronic transactions; Article 45A(1) sets a maximum penalty of six years' imprisonment and/or a fine of Rp1 billion.[21]

The elements of Article 28(1) narrow its reach considerably. It requires intent, misleading information, an electronic transaction and, after the 2024 amendment, material loss to a consumer. A misleading green claim on a product page is therefore not automatically an offence under the ITE Law. The provision applies only where a consumer actually transacted on the basis of the claim and suffered a quantifiable loss, typically a price premium paid for an environmental attribute the product lacks. It cannot serve as a general prohibition on misleading online advertising, which is the function the UUPK already performs.

The second layer is the Trade Law. Article 17 of Law No. 7 of 2014 is sometimes cited as prohibiting misleading promotion, but the provision does not concern promotion at all. The relevant provision is Article 65: business actors trading goods through electronic systems must provide complete and correct data and information, and may not trade goods that do not conform to that information.[22] Article 65(4) lists the minimum content, including the technical requirements of the goods offered. An environmental attribute presented as a product specification is part of those technical requirements. Article 115 attaches a criminal penalty of up to twelve years or Rp12 billion to trading goods that do not conform to the information provided, and Article 65(6) provides for administrative revocation of the licence where complete and correct information is not provided.[23] The Trade Law thus supplies what the UUPK lacks for online sellers: an administrative sanction against the information failure itself, enforced by the Ministry of Trade.

---

20 Law of the Republic of Indonesia No. 11 of 2008 on Electronic Information and Transactions, State Gazette 2008 No. 58, art. 9.

21 Law of the Republic of Indonesia No. 1 of 2024 on the Second Amendment to Law No. 11 of 2008 on Electronic Information and Transactions, State Gazette 2024 No. 1, arts. 28(1), 45A(1).

22 Law of the Republic of Indonesia No. 7 of 2014 on Trade, State Gazette 2014 No. 45, as amended by Law No. 6 of 2023 on the Stipulation of Government Regulation in Lieu of Law No. 2 of 2022 on Job Creation as Law, art. 65(1)–(2), (6).

23 Law No. 7 of 2014, art. 115.

The third layer is implementing regulation. Government Regulation No. 80 of 2019 on Trading through Electronic Systems requires business actors to provide correct and honest information in electronic offers and advertisements.[24] Minister of Trade Regulation No. 19 of 2026, issued on 8 June 2026, replaced Minister of Trade Regulation No. 31 of 2023 and regulates electronic advertising, the obligations of marketplace and social-commerce operators, supervision by the Ministry of Trade and administrative sanctions.[25] It applies directly to platforms without a transition period. For greenwashing, its significance lies in the duties it places on operators: platforms that host listings and advertisements become a supervision point, which reduces the dependence on individual consumer complaints.

The relationship between these regimes and the UUPK is cumulative rather than exclusive. The UUPK remains the general regime for all consumer transactions, whether conducted offline or online. The ITE Law and the Trade Law add specific obligations and sanctions where the transaction takes place through an electronic system, but they do not displace the UUPK, as Decision No. 3905 K/Pid.Sus/2022 confirms for criminal liability. For a consumer, the practical consequence is that the same green claim on a marketplace may ground a civil claim under Article 19 UUPK, a complaint to the Ministry of Trade under the e-commerce rules and, in serious cases, a criminal report. For the business actor, the consequence is that compliance with marketplace listing rules does not exhaust its obligations under the UUPK.

2. Environmental Law and Eco-labelling

Environmental law contributes to the regulation of green claims, but its connection to consumer-facing marketing must be stated precisely. Three distinct wrongs must be separated. The first is false information given to environmental authorities. Article 69(1)(j) of Law No. 32 of 2009 prohibits providing false or misleading information, and Article 113 makes it an offence to provide false or misleading information needed for supervision and law enforcement in environmental protection, with a penalty of up to one year and a fine of up to Rp1 billion.[26] This offence concerns information addressed to the

[24] Government Regulation of the Republic of Indonesia No. 80 of 2019 on Trading through Electronic Systems, State Gazette 2019 No. 222.

[25] Minister of Trade Regulation of the Republic of Indonesia No. 19 of 2026 on the Implementation of Trading Business through Electronic Systems.

[26] Law No. 32 of 2009, arts. 69(1)(j), 113.

State, such as environmental documents and monitoring reports. It does not cover an advertisement addressed to consumers.

The second wrong is actual environmental harm, such as pollution exceeding quality standards. It engages the administrative, civil and criminal liability regimes of Law No. 32 of 2009 regardless of any marketing claim. A company may pollute without making any green claim, and it may make a misleading green claim without breaching any environmental permit. Treating the two as one wrong confuses the protected interests: the environment in the first case, the consumer's freedom of decision in the second.

The third wrong, misleading environmental marketing, is where environmental law offers a genuine bridge to consumer law. Article 43(3)(g) of Law No. 32 of 2009 establishes an environmentally friendly labelling system as an economic instrument. Minister of Environment Regulation No. 2 of 2014 regulates the use of the Indonesian Ecolabel logo and the self-declared ecolabel logo and requires approval from the Minister before either is placed on a product.[27] This regulation defines what an official eco-label is. Its doctrinal function in greenwashing cases is evidentiary and definitional: it allows a court to establish that a product displaying the logo without approval presents itself "as if" it had obtained approval within the meaning of Article 9(1)(c) UUPK. Since the reorganisation of the cabinet in October 2024, the functions formerly held by the Ministry of Environment and Forestry in this field are exercised by the Ministry of Environment.

The distinction between the two Indonesian ecolabel types is important for the analysis of claims. The Type I Indonesian Ecolabel is awarded after third-party certification against published product criteria. The Type II self-declared ecolabel is based on the producer's own claim, made according to SNI ISO 14021 and verified before the logo may be used. Outside both schemes, a producer may still make an environmental statement in words without using either logo, and such statements are subject to no environmental-law procedure at all. It is this third category, the unverified verbal or visual claim, that constitutes the bulk of greenwashing in practice and that only consumer law can reach.

---

[27] Minister of Environment Regulation of the Republic of Indonesia No. 2 of 2014 on the Inclusion of the Ecolabel Logo, State Gazette 2014 No. 167.

3. *Advertising Self-regulation and the Separate Regime of Sustainability Disclosure*

The Indonesian Advertising Code of Ethics (Etika Pariwara Indonesia) requires truthful and responsible advertising and is administered by the advertising industry's own supervisory body. It is a self-regulatory instrument. It binds members of the associations that adopted it and has no state sanction. Its role in greenwashing is preventive, and a finding of breach may support a claim under Article 17(1)(f) UUPK, which prohibits advertisements that violate advertising ethics.

Sustainability reporting by issuers is a separate regime. Financial Services Authority Regulation No. 51/POJK.03/2017 requires financial services institutions, issuers and public companies to publish sustainability reports.[28] Misleading statements in such reports protect investors and market integrity, are supervised by the Financial Services Authority and engage capital-market liability, including the duties of directors under company law.[29] Empirical work on Indonesian firms confirms that disclosure-based greenwashing is measurable and widespread.[30] The two regimes intersect only where a sustainability report is used as a marketing claim towards consumers, in which case the consumer-facing statement is assessed under the UUPK. This article does not analyse investor-facing greenwashing further.

Judicial Decisions and Comparative Lessons

1. *Indonesian Decisions on Misleading Claims*

No decision of an Indonesian court expressly concerning greenwashing was identified. This absence is itself a finding: despite numerous allegations discussed in the literature, no environmental claim has yet been tested before an Indonesian court or reported BPSK forum. The doctrinal question is therefore whether existing decisions on misleading claims can be extended to environmental claims. Three decisions are instructive.

---

28 Financial Services Authority Regulation No. 51/POJK.03/2017 on the Application of Sustainable Finance to Financial Services Institutions, Issuers and Public Companies.

29 Salsa Hazzar, "Perlindungan Hukum dan Batas Pertanggungjawaban Direksi dalam Pengelolaan Perusahaan Publik Berdasarkan UU Perseroan Terbatas," *Jurnal Hukum Positum* 10, no. 1 (2025): 146–62, https://doi.org/10.35706/positum.v10i1.12842.

30 Dianto Kurnia Parulian Sinaga and Zuliani Dalimunthe, "Analysis of Greenwashing Measurement on Internal Company Factors in Indonesia," *Eduvest: Journal of Universal Studies* 5, no. 9 (2025): 11569–81, https://doi.org/10.59188/eduvest.v5i9.51404.

The first is Supreme Court Decision No. 659 K/Pdt.Sus/2012. A consumer bought a car after an advertising campaign that presented it as fuel-efficient. The fuel consumption she experienced did not match the advertised claim. The dispute began before the BPSK, passed through an objection at the district court and reached the Supreme Court, which held that the producer had violated Article 9(1)(k) and Article 10(c) UUPK and was liable to compensate the consumer.[31] The decision matters for greenwashing in three respects. It treats a performance claim about a product attribute that the consumer cannot verify at purchase as a promise subject to Articles 9 and 10. It accepts that the gap between the advertised and the actual attribute is sufficient to establish the violation. And it shows that the BPSK route can carry such a dispute to final judgment. An environmental attribute, such as biodegradability or recycled content, is structurally identical to fuel efficiency: a technical characteristic claimed by the producer and invisible to the buyer.

The second is Supreme Court Decision No. 336 K/Pdt.Sus/2012, concerning an advertisement for an "unlimited" mobile data package. The Court held that the provider had not violated Article 4(a), Article 7(b), Article 9(1)(j) and (k) or Article 10(a) UUPK because the limitations of the service had been disclosed to the consumer.[32] Read together with the first decision, it establishes the decisive criterion: a claim that is broad on its face is not misleading if its qualifications are adequately disclosed. For environmental claims, this supports a rule that a generic claim is lawful only when its basis and limits are disclosed clearly and proximately.

The third is Supreme Court Decision No. 3905 K/Pid.Sus/2022, a criminal case involving misleading information in online sales. The Court treated the conduct as a concurrence of offences between Article 28(1) jo. Article 45A(1) of the ITE Law and Article 8(1)(d) jo. Article 62(1) UUPK and applied the provision with the heavier principal penalty.[33] The decision confirms that the UUPK and the ITE Law operate cumulatively, not alternatively, when a misleading claim is made online and causes loss. It also shows that prosecutors

---

31 Supreme Court of the Republic of Indonesia, Decision No. 659 K/Pdt.Sus/2012.

32 Supreme Court of the Republic of Indonesia, Decision No. 336 K/Pdt.Sus/2012.

33 Supreme Court of the Republic of Indonesia, Decision No. 3905 K/Pid.Sus/2022; see Agnes Debora Elisabeth Kaunang, "Menyebarkan Berita Bohong Menyesatkan Mengakibatkan Kerugian Konsumen dalam Transaksi Elektronik sebagai Tindak Pidana menurut UU ITE (Putusan Mahkamah Agung Nomor 3905 K/Pid.Sus/2022)," *Lex Privatum* (2024), https://ejournal.unsrat.ac.id/v3/index.php/lexprivatum/article/view/56557.

will choose the heavier ITE provision, which requires proof of material loss, rather than the formal offence in the UUPK.

The reasoning of Decision No. 659 K/Pdt.Sus/2012 can be applied to an environmental claim by way of illustration. Suppose a producer markets single-use bags as "100% biodegradable", and laboratory testing shows that the bags fragment into microplastics without biodegrading under normal environmental conditions. (This is a hypothetical example, not a reported case.) The claim presents the goods as having a characteristic they lack, contrary to Article 9(1)(a), and contains an untrue statement about their condition, contrary to Article 10(c). If the bags were sold at a premium because of the claim, the consumer's loss is the premium paid. Following the reasoning of the Supreme Court, the consumer would need to show the claim and the gap between the claim and reality; Article 28 would then require the producer to show that it was not at fault. The illustration reveals the practical difficulty: the consumer must commission laboratory tests to show the gap at all. The decision provides the substantive rule, but not an evidentiary rule that makes the claim enforceable at reasonable cost.

2. Foreign Greenwashing Decisions

Foreign courts have already applied general prohibitions of misleading commercial practices to environmental claims. In *Fossielvrij NL v. KLM*, the District Court of Amsterdam held on 20 March 2024 that fifteen of nineteen statements in an airline's "Fly Responsible" campaign were misleading and therefore unlawful under the Dutch rules implementing the Unfair Commercial Practices Directive.[34] The action was brought as a collective action by a foundation. The court granted a declaration but refused an injunction and rectification because the airline had already withdrawn the campaign. The case shows that a general misleading-practices norm suffices to reach green claims, and that collective actions by organisations, which Article 46(1)(c) UUPK also permits, are a realistic enforcement route.

In its judgment of 27 June 2024, the German Federal Court of Justice held that the term "climate neutral" in advertising is ambiguous, because it may refer to emission reductions or to offsetting, and that such an ambiguous environmental term may be used only if its meaning is explained in the

[34] Rechtbank Amsterdam, Stichting ter bevordering van de Fossielvrij-beweging v. Koninklijke Luchtvaart Maatschappij N.V., 20 March 2024, ECLI:NL:RBAMS:2024:1512.

advertisement itself.[35] The court justified this strict standard by the particular susceptibility of consumers to environmental claims. The reasoning translates directly to the Indonesian test in Section A: a generic claim is lawful only with proximate disclosure of its basis.

In *Australian Securities and Investments Commission v. Mercer Superannuation (Australia) Limited*, the Federal Court of Australia imposed a civil penalty of A$11.3 million on a superannuation trustee that had represented its "Sustainable Plus" options as excluding certain industries while six of the seven options held investments in them.[36] The case concerned financial products rather than goods, but its relevance lies in the court's emphasis on the trustee's failure to maintain systems ensuring that its claims were accurate. Liability turned on the absence of internal substantiation, not only on the falsity of the statements.

3. Comparative Synthesis

The comparison reveals two design choices. The first is whether substantiation is required before a claim is made (ex ante) or only when a claim is challenged (ex post). The second is whether enforcement is primarily public, through a regulator, or private, through consumers and organisations. The European Union's position must be described accurately. The proposed Green Claims Directive of March 2023 would have required prior verification of explicit environmental claims, but on 20 June 2025 the European Commission announced its intention to withdraw the proposal, and its future remains uncertain.[37] The binding instrument is Directive (EU) 2024/825, which amends the Unfair Commercial Practices Directive and, from 27 September 2026, prohibits generic environmental claims without recognised excellent environmental performance, sustainability labels not based on a certification scheme or established by public authorities, and claims of neutral impact based on offsetting.[38] In the United States, the Federal Trade Commission's Green

---

35 Bundesgerichtshof, Judgment of 27 June 2024, I ZR 98/23 (klimaneutral).

36 Australian Securities and Investments Commission v. Mercer Superannuation (Australia) Limited [2024] FCA 850.

37 European Commission, *Proposal for a Directive of the European Parliament and of the Council on Substantiation and Communication of Explicit Environmental Claims (Green Claims Directive)*, COM(2023) 166 final, 22 March 2023.

38 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 through better protection against unfair practices and through better information, OJ L, 2024/825, 6 March 2024; Directive 2005/29/EC of the European Parliament and of the Council of 11 May 2005

Guides require that environmental claims be supported by competent and reliable scientific evidence at the time they are made and discourage unqualified general environmental benefit claims.[39]

Table 4. Comparative Design of Rules on Environmental Claims

Jurisdiction and instrument	Generic claims	When substantiation is required	Main enforcement
EU: UCPD as amended by Directive 2024/825	Prohibited unless recognised excellent performance	Ex post, with specific blacklisted practices	Public authorities and collective actions
Germany: BGH I ZR 98/23	Ambiguous terms require explanation in the advertisement	At the time of advertising	Competitors and associations
United States: FTC Green Guides	Discouraged; must be qualified	At the time the claim is made	Federal regulator
Australia: ASIC Act; Mercer	Assessed as misleading conduct	Systems to ensure accuracy expected	Regulator; civil penalties
Indonesia: UUPK, Law 1/2024, Law 7/2014	No specific rule	Not specified; burden in practice on consumer	Consumers, BPSK, courts; Ministry of Trade online

Source : Various sources, edited by Authors

Against this background, Indonesia's weakness is not the absence of a prohibition. Articles 9 and 10 UUPK are functionally comparable to the general clauses applied in the Dutch and German decisions. The weakness is the absence of any rule on when and by whom a claim must be substantiated. Every jurisdiction that enforces green claims effectively has answered that question; Indonesia has not.

Three lessons for Indonesia follow from the comparison. First, a general prohibition of misleading practices can be applied to environmental claims without new legislation; the Dutch and German courts did exactly that, and Indonesian courts have the equivalent tools in Articles 9 and 10. Second, effective systems combine that prohibition with a rule on substantiation, whether through regulatory guidance, as in the United States, or through judicial strictness, as in Germany. Third, enforcement is most effective where organisations or regulators can act without waiting for an individual consumer

concerning unfair business-to-consumer commercial practices in the internal market, OJ L 149, 11 June 2005.

[39] Federal Trade Commission, *Guides for the Use of Environmental Marketing Claims*, 16 C.F.R. Part 260 (2012), §§ 260.2, 260.4.

to suffer and prove loss. Indonesia has the procedural basis for the third element in Article 46 UUPK but lacks the second element altogether.

Differentiating Corporate Liability for Greenwashing

Civil, administrative and criminal liability rest on different legal bases, require different conditions and allocate the burden of proof differently. Table 5 summarises the differences before each track is examined.

Table 5. Liability Matrix for Greenwashing under Indonesian Law

Track	Legal basis	Conditions	Burden of proof	Forum and outcome
Civil	Art. 19 UUPK; Art. 1365 Civil Code; contract	Violation; loss; causation	Fault presumed; business actor must prove absence of fault (Art. 28 UUPK)	BPSK or court; compensation, refund; class action (Art. 46)
Administrative (UUPK)	Art. 60 UUPK	Breach of Arts 19(2)–(3), 20, 25, 26 only	Authority	BPSK; fine up to Rp200 million
Administrative (e-commerce)	Art. 65(6) Law 7/2014; PP 80/2019; Permendag 19/2026	Incomplete or incorrect product information online	Authority	Ministry of Trade; warnings, takedown, licence revocation
Criminal (UUPK)	Arts. 8–10, 17 jo. 62; 61; 63	Prohibited conduct (formal offence)	Prosecutor	Criminal court; fine, imprisonment, additional penalties
Criminal (ITE)	Art. 28(1) jo. 45A(1) Law 1/2024	Intent; misleading information; material loss	Prosecutor	Criminal court
Criminal (fraud)	Art. 378 old KUHP; Art. 492 Law 1/2023	Deceit causing surrender of goods; intent to unlawful gain	Prosecutor	Exceptional cases only

Source : Various sources, edited by Authors

1. Civil Liability

Civil liability is the most accessible route for consumers. Under Article 19 UUPK, a business actor must compensate damage, pollution or loss suffered by consumers from goods it trades, in the form of a refund, replacement, health care or compensation, within seven days of the transaction. Where the business actor refuses, the consumer may bring the dispute to the BPSK or to the district

court under Articles 23 and 45.[40] As an alternative, the consumer may rely on Article 1365 of the Civil Code. Under that provision, a misleading environmental claim in breach of Articles 9 or 10 UUPK constitutes an act contrary to the defendant's statutory duty and therefore an unlawful act. Where the claim was part of the contractual description of the goods, the consumer may also rely on breach of contract or on the seller's warranty, and the literature has argued that deliberate greenwashing may vitiate consent.[41]

It is frequently asserted that consumers may claim on the basis of strict liability. That assertion requires qualification. The UUPK does not establish strict liability in the sense of liability irrespective of fault. Article 28 provides that, in compensation claims under Articles 19, 22 and 23, proof of the presence or absence of fault is the burden and responsibility of the business actor.[42] This is a presumption of fault with a reversed burden of proof. Its significance for greenwashing is greater than is usually recognised. Once the consumer shows that the claim was made and that loss occurred, it is for the business actor to show that it was not at fault, which in practice means showing that it had a reasonable basis for the claim. Article 28 thus already contains the seed of a substantiation duty, although it applies only in compensation proceedings and does not define what counts as adequate evidence.

The consumer's loss in greenwashing cases is typically small for each individual: a price premium paid for an environmental attribute. Individual claims are therefore rarely worth bringing. Article 46(1)(b) UUPK allows claims by a group of consumers with the same interest, and Supreme Court Regulation No. 1 of 2002 sets out the class action procedure. Article 46(1)(c) allows claims by registered non-governmental consumer protection organisations, and Article 46(1)(d) allows claims by the government where losses are large.[43] The KLM case shows that organisational standing is effective where individual losses are small. These collective routes are the realistic private enforcement channel for greenwashing in Indonesia.

2. Administrative Liability

As shown in Section B, the BPSK's administrative power under Article 60 UUPK does not extend to the misleading claim itself. Administrative liability

40 Law No. 8 of 1999, arts. 19, 23, 45.

41 Prisandani, "Greenwashing as Contractual Fraud," 68–84.

42 Law No. 8 of 1999, art. 28; Celina Tri Siwi Kristiyanti, *Hukum Perlindungan Konsumen* (Jakarta: Sinar Grafika, 2008).

43 Law No. 8 of 1999, art. 46(1); Supreme Court Regulation No. 1 of 2002 on Class Action Procedure.

for greenwashing therefore depends on sectoral law. For online trade, Article 65(6) of the Trade Law, Government Regulation No. 80 of 2019 and Minister of Trade Regulation No. 19 of 2026 enable the Ministry of Trade to impose administrative measures, ranging from warnings and the removal of content to licence revocation. For eco-labels, the Ministry of Environment may act against unauthorised use of the official logos under Minister of Environment Regulation No. 2 of 2014. For offline advertising and labelling not involving official eco-labels, no administrative authority holds a clear power to order the correction or withdrawal of a misleading environmental claim. This is the most significant enforcement gap in the current framework.

3. Criminal Liability

Criminal liability requires the greatest caution. Greenwashing is sometimes equated with fraud, but most misleading environmental claims do not fulfil the elements of fraud under Article 378 of the former Criminal Code or Article 492 of Law No. 1 of 2023. Fraud requires deceit or a series of lies, intent to benefit oneself unlawfully, and the inducement of a person to surrender goods or enter into an obligation. A vague claim ("green") is unlikely to amount to deceit in this sense, and proof of intent is difficult when the claim rests on internal data that the company may honestly but negligently have misread.

The appropriate criminal provisions are those of the UUPK. Because Articles 8, 9 and 10 jo. Article 62 are formal offences, they do not require proof of deceit or loss. Article 61 permits prosecution of the business actor and/or its management, and corporate criminal liability is now governed by Articles 45 to 50 of Law No. 1 of 2023 together with Supreme Court Regulation No. 13 of 2016 on Procedures for Handling Criminal Cases by Corporations.[44] Article 22 UUPK further places on the business actor the burden of proving the presence or absence of fault in the criminal cases referred to in Articles 19(4), 20 and 21, without precluding the prosecutor from proving it. Criminal enforcement should nonetheless be reserved for deliberate or repeated false claims, such as the use of fabricated certifications. The ITE route under Article 28(1) is available only where material loss to a consumer can be shown, as Decision No. 3905 K/Pid.Sus/2022 illustrates.

[44] Law No. 1 of 2023, arts. 45–50; Supreme Court Regulation No. 13 of 2016 on Procedures for Handling Criminal Cases by Corporations.

4. Liability of Corporate Organs and Other Actors in the Chain

A greenwashing campaign usually involves several actors, and Indonesian law attributes liability to each through a different provision. The producer that makes the claim is the primary addressee of Articles 8 to 10 UUPK. Under Article 21, an importer bears the liability of a producer for imported goods where the import is not carried out by the foreign producer's agent or representative, which is relevant because many products with environmental claims are imported.[45] The advertising business actor is liable under Articles 17 and 20 for advertisements it produces. Influencers who are paid to promote a product act as part of the promotion and may fall within the concept of business actors offering or promoting goods under Article 9, although the point has not yet been tested in Indonesian courts.

Platform operators occupy a different position. They do not make the claim, but Minister of Trade Regulation No. 19 of 2026 and Government Regulation No. 80 of 2019 place duties on them regarding the legality of sellers, the content of electronic advertisements and the handling of complaints. Their liability is therefore administrative and duty-based, not liability for the truth of each seller's claim. This position is consistent with the substantiation model proposed in Section F, in which platforms act as a removal point for claims that a seller cannot substantiate.

Within the company, directors and commissioners may be held liable in two ways. Criminal liability may attach to management under Article 61 UUPK and the corporate criminal liability rules of the National Criminal Code where they ordered or knowingly permitted false claims. Civil liability may arise under company law where directors fail to exercise good faith and prudence in managing the company, including its marketing and disclosure practices.[46] The Mercer decision illustrates why internal systems matter: liability there turned on the absence of controls that would have ensured the accuracy of the claims. Indonesian directors who approve environmental claims without any internal verification procedure expose both the company and themselves to liability.

Burden of Proof and a Substantiation Model for Indonesia

[45] Law No. 8 of 1999, art. 21.

[46] Hazzar, "Perlindungan Hukum dan Batas Pertanggungjawaban Direksi," 146–62.

1. *Why Enforcement Fails: The Evidentiary Problem*

The barriers to enforcement usually cited in the literature are the absence of specific regulation, weak institutional supervision and low consumer literacy. Each is real, but they share a common root in the structure of proof. A consumer who suspects that a "biodegradable" bag is not biodegradable must obtain laboratory evidence. A consumer who doubts that a product is "carbon neutral" would need access to the company's emission data and offsetting contracts. Regulators face the same difficulty on a larger scale. Studies of certification and third-party assurance show that certificates and ratings do not reliably prevent greenwashing when the underlying data remain under the firm's control.[47] Empirical research on firms also finds that stricter environmental regulation reduces greenwashing, which suggests that credible enforcement changes corporate behaviour.[48]

Under the current Indonesian framework, the burden of showing that a claim is false falls in practice on the consumer or the regulator, even though the information needed to discharge it sits with the company. Signalling theory explains the consequence: if disproving a claim is costly and making it is cheap, false signals multiply. Article 28 UUPK partially corrects this asymmetry in compensation proceedings, but only after loss has occurred and a claim has been filed. A preventive rule is needed that shifts the cost of substantiation to the party that controls the evidence, at the moment the claim is made.

2. *The Proposed Substantiation Model*

The model proposed here builds on the existing structure of Indonesian law rather than replacing it. Its core is a duty of prior substantiation: a business actor that makes an environmental claim must, at the time the claim is first made, possess evidence that substantiates it, and must produce that evidence on request by a competent authority, the BPSK or a court. Failure to produce evidence creates a rebuttable presumption that the claim is misleading within

---

47 Zhonghua Cheng and Xueqin Yan, "Environmental Management System Certification and Corporate ESG Greenwashing," *Energy Economics* 149 (2025): 108800, https://doi.org/10.1016/j.eneco.2025.108800; Hua Zhang, Jie Lai, and Zheng Guo, "When Greenwashing Meets ESG: Exploring the Role of Third-Party ESG Ratings in Corporate Greenwashing Behavior," *Journal of Business Research* 200 (2025): 115611, https://doi.org/10.1016/j.jbusres.2025.115611.

48 Chenli Fang, Zhitao Wang, and Lu Zhao, "Environmental Regulations and the Greenwashing of Corporate ESG Reports," *Economic Analysis and Policy* 87 (2025): 1469–81, https://doi.org/10.1016/j.eap.2025.07.030.

Articles 9 and 10 UUPK. The duty can be introduced through an amendment to the UUPK or, in the interim, through a Government Regulation implementing Articles 9 and 10 and through Ministry of Trade regulation for electronic trade. Table 6 sets out its elements.

Table 6. Elements of the Proposed Substantiation Model

Question	Proposed rule
Which claims require substantiation?	Every explicit or implied environmental claim in labelling, advertising or electronic offers. Generic claims ("green", "eco-friendly") are presumptively misleading unless qualified and substantiated for the whole product life cycle. Claims of neutral impact based on offsetting are prohibited for products.
What evidence is required?	Evidence existing before the claim is made: test reports from accredited laboratories, life-cycle assessments following recognised methods, or certification by an accredited body. Self-declared claims must follow SNI ISO 14021.
Who verifies?	Ex ante verification by an accredited third party only for official eco-labels and claims of carbon neutrality or net zero. Other claims: documented self-substantiation, produced on request.
Who supervises?	Ministry of Trade for advertising and electronic offers; Ministry of Environment for eco-labels; BPSK and courts in individual disputes. Platforms must remove claims flagged as unsubstantiated.
What follows non-compliance?	Failure to produce evidence on request: presumption of breach of Arts 9–10 UUPK. Administrative order to correct or withdraw the claim; corrective advertising; fines graduated by turnover.
Should liability differ by severity?	Yes. Tier 1, unqualified vague claim: correction order. Tier 2, unsubstantiated specific claim: fine and corrective advertising. Tier 3, false claim or fabricated certification: criminal prosecution under Art. 62 UUPK, with additional penalties under Art. 63.

Source : Various sources, edited by Authors

The model has four advantages. First, it uses the existing prohibitions of Articles 9 and 10 and the existing logic of Article 28, so it does not require a new legal category of greenwashing. Second, it places the cost of proof on the party that controls the evidence, which signalling theory identifies as the condition for credible claims. Third, it fills the administrative gap left by Article 60 UUPK by giving a competent authority power to order correction without waiting for a criminal prosecution. Fourth, it limits mandatory third-party verification to the claims with the highest risk, carbon neutrality and official eco-labels, which avoids the compliance burden that stalled the EU Green Claims proposal while still covering the claims most likely to mislead.

Two objections must be addressed. The first is that a reversed burden is unfair to small enterprises. The model answers this by requiring only documented self-substantiation for most claims and by tiering sanctions; a small

enterprise that makes no environmental claim bears no burden at all. The second is that technical evidence is difficult for courts and the BPSK to evaluate. This difficulty already exists today, but under the current framework it works against the consumer. Under the proposed model, the absence of credible evidence is decisive, so the tribunal need not resolve complex scientific disputes in most cases. Technological tools can support supervisory authorities in identifying unsubstantiated claims at scale.[49]

Courts and the BPSK need not wait for legislation to apply part of this model. In civil proceedings, Article 163 HIR places the burden of proof on the party asserting a right, but Indonesian procedural practice allows the judge to distribute the burden of proof fairly between the parties. Read together with Article 28 UUPK, this allows a tribunal to require a business actor to produce the evidence on which an environmental claim was based and to draw an adverse inference if it fails to do so. Such an approach would not create a new obligation; it would apply the existing presumption of fault in a way that reflects the asymmetry of information. Judicial practice of this kind would also generate the first body of Indonesian decisions on environmental claims, which future regulation could codify.

3. Institutional Implementation

The model requires three institutional steps. The first is a targeted amendment of Article 60 UUPK to extend the BPSK's administrative competence to violations of Articles 8, 9 and 10, or, alternatively, a clear grant of power to the Ministry of Trade to order the correction or withdrawal of misleading environmental claims in all media. Without such a power, the model would depend entirely on civil litigation and criminal prosecution, neither of which is suited to the volume of claims in the market. The second is the issuance of guidelines on environmental claims, jointly by the Ministry of Trade and the Ministry of Environment, defining generic claims, acceptable evidence and the role of SNI ISO 14021. Guidelines of this kind can be issued quickly and would give business actors legal certainty before any statutory amendment.

The third step is coordination. The National Consumer Protection Agency (BPKN) has the mandate to advise the government on consumer protection policy and to receive complaints, and it is well placed to collect data

[49] Ratna Candra Sari et al., "Artificial Intelligence-Based ESG Greenwashing Detection: Road to Net Zero Carbon and Its Impact on Corporate Performance," *Business Strategy & Development* 8, no. 4 (2025): e70228, https://doi.org/10.1002/bsd2.70228.

on environmental-claim complaints and to recommend priority sectors for supervision. Coordination with the Ministry of Communication and Digital Affairs is needed where claims spread through social media outside marketplaces. Consumer education remains useful, but it should be understood as a complement to the substantiation duty rather than a substitute for it. Asking consumers to become more critical of claims they cannot verify does not correct the asymmetry of information; placing the burden of substantiation on the party that holds the information does.

Conclusion

This article set out to determine whether existing Indonesian law can qualify greenwashing as an unlawful act and what burden-of-proof model should govern environmental claims. On the first question, the answer is affirmative. Articles 8(1)(f), 9(1)(a), (c) and (k) and 10(b) and (c) of the Consumer Protection Law are capable of covering false, misleading and unsubstantiated environmental claims, and Article 17 extends liability to advertising business actors. Supreme Court Decision No. 659 K/Pdt.Sus/2012 shows that these provisions already apply to unverifiable performance claims, a category to which environmental claims belong. A new statute is therefore not required to make greenwashing unlawful.

On liability, the analysis shows that the three tracks must be kept distinct. Civil liability under Article 19 and Article 1365 of the Civil Code is the main route, supported by a presumption of fault under Article 28 and by collective actions under Article 46. Administrative liability under the Consumer Protection Law does not reach the misleading claim itself, because Article 60 is limited to other provisions; for online trade the gap is partly filled by Article 65 of the Trade Law and Minister of Trade Regulation No. 19 of 2026. Criminal liability should rest on the formal offences in Article 62 rather than on fraud, and the ITE Law applies only where material loss in an electronic transaction can be proved.

The specific legal gap is evidentiary. Indonesian law does not state when and by whom an environmental claim must be substantiated, so the burden falls in practice on consumers and regulators who lack access to the relevant information. The article's contribution is to show that Article 28 already provides the doctrinal foundation for correcting this, and to propose a substantiation model that requires evidence at the time the claim is made, treats

unqualified generic claims as presumptively misleading, limits mandatory third-party verification to high-risk claims, and grades sanctions by seriousness. Future research should test the model against the first environmental-claim disputes brought before the BPSK and the courts.

Two limitations should be acknowledged. The analysis is normative and relies on decisions concerning analogous misleading claims, because no Indonesian decision on an environmental claim was identified. The proposed model has also not been tested for its compliance costs across sectors. Empirical research on the volume and types of environmental claims in Indonesian marketplaces, and on the experience of the BPSK with information-based disputes, would strengthen the basis for regulatory design.

References

Australian Securities and Investments Commission v. Mercer Superannuation (Australia) Limited [2024] FCA 850.

Azzuhdi, Muhammad Alif Farras, and Majidah Majidah. "The Impact of Corporate Financial Performance on Greenwashing Propensity: An Analysis of Fortune 100 Firms in Indonesia." *Dinasti International Journal of Economics, Finance & Accounting* 6, no. 5 (2025): 3930–38. https://doi.org/10.38035/dijefa.v6i5.5154.

Bundesgerichtshof. Judgment of 27 June 2024, I ZR 98/23 (klimaneutral).

Cheng, Zhonghua, and Xueqin Yan. "Environmental Management System Certification and Corporate ESG Greenwashing." *Energy Economics* 149 (2025): 108800. https://doi.org/10.1016/j.eneco.2025.108800.

Daskarata, Hafila Azzafi, Wisnu Indra Setiawan, Maulana Iqbal Adiyatma, Muhammad Andy Prananto, Ubaidillah Kamal, and Rayi Kharisma Rajib. "Analisis Yuridis terhadap Greenwashing dalam Iklan Produk Ramah Lingkungan di Indonesia." *Jurnal Intelek Insan Cendikia* 2, no. 5 (2025): 10337–47.

Delmas, Magali A., and Vanessa Cuerel Burbano. "The Drivers of Greenwashing." *California Management Review* 54, no. 1 (2011): 64–87. https://doi.org/10.1525/cmr.2011.54.1.64.

Directive 2005/29/EC of the European Parliament and of the Council of 11 May 2005 concerning unfair business-to-consumer commercial practices in the internal market. OJ L 149, 11 June 2005.

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 through better protection against unfair practices and through better information. OJ L, 2024/825, 6 March 2024.

European Commission. *Proposal for a Directive of the European Parliament and of the Council on Substantiation and Communication of Explicit Environmental Claims (Green Claims Directive)*. COM(2023) 166 final, 22 March 2023.

Fang, Chenli, Zhitao Wang, and Lu Zhao. "Environmental Regulations and the Greenwashing of Corporate ESG Reports." *Economic Analysis and Policy* 87 (2025): 1469–81. https://doi.org/10.1016/j.eap.2025.07.030.

Federal Trade Commission. *Guides for the Use of Environmental Marketing Claims*. 16 C.F.R. Part 260 (2012).

Financial Services Authority Regulation No. 51/POJK.03/2017 on the Application of Sustainable Finance to Financial Services Institutions, Issuers and Public Companies.

Government Regulation of the Republic of Indonesia No. 80 of 2019 on Trading through Electronic Systems. State Gazette 2019 No. 222.

Hazzar, Salsa. "Perlindungan Hukum dan Batas Pertanggungjawaban Direksi dalam Pengelolaan Perusahaan Publik Berdasarkan UU Perseroan Terbatas." *Jurnal Hukum Positum* 10, no. 1 (2025): 146–62. https://doi.org/10.35706/positum.v10i1.12842.

International Organization for Standardization. *ISO 14021:2016 Environmental Labels and Declarations—Self-Declared Environmental Claims (Type II Environmental Labelling)*. Geneva: ISO, 2016.

Irwansyah. *Penelitian Hukum: Pilihan Metode dan Praktik Penulisan Artikel*. Rev. ed. Yogyakarta: Mirra Buana Media, 2021.

Kaunang, Agnes Debora Elisabeth. "Menyebarkan Berita Bohong Menyesatkan Mengakibatkan Kerugian Konsumen dalam Transaksi Elektronik sebagai Tindak Pidana menurut UU ITE (Putusan Mahkamah Agung Nomor 3905 K/Pid.Sus/2022)." *Lex Privatum* (2024). https://ejournal.unsrat.ac.id/v3/index.php/lexprivatum/article/view/56557.

Kristiyanti, Celina Tri Siwi. *Hukum Perlindungan Konsumen*. Jakarta: Sinar Grafika, 2008.

Law of the Republic of Indonesia No. 1 of 2023 on the Criminal Code. State Gazette 2023 No. 1.

Law of the Republic of Indonesia No. 1 of 2024 on the Second Amendment to Law No. 11 of 2008 on Electronic Information and Transactions. State Gazette 2024 No. 1.

Law of the Republic of Indonesia No. 11 of 2008 on Electronic Information and Transactions. State Gazette 2008 No. 58.

Law of the Republic of Indonesia No. 32 of 2009 on Environmental Protection and Management. State Gazette 2009 No. 140.

Law of the Republic of Indonesia No. 6 of 2023 on the Stipulation of Government Regulation in Lieu of Law No. 2 of 2022 on Job Creation as Law.

Law of the Republic of Indonesia No. 7 of 2014 on Trade. State Gazette 2014 No. 45.

Law of the Republic of Indonesia No. 8 of 1999 on Consumer Protection. State Gazette 1999 No. 42.

Lebie, Romansyah Fitra, and Rio Riccha Br Sihombing. "Greenwashing as Environmental Fraud: Highlighting the Lack of Regulation and Law Enforcement in Indonesia." *Estudiante Law Journal* 7, no. 2 (2025): 532–44. https://doi.org/10.33756/eslaj.v7i2.31612.

Lyon, Thomas P., and A. Wren Montgomery. "The Means and End of Greenwash." *Organization & Environment* 28, no. 2 (2015): 223–49. https://doi.org/10.1177/1086026615575332.

Marzuki, Peter Mahmud. *Penelitian Hukum*. Rev. ed. Jakarta: Kencana, 2017.

Minister of Environment Regulation of the Republic of Indonesia No. 2 of 2014 on the Inclusion of the Ecolabel Logo. State Gazette 2014 No. 167.

Minister of Trade Regulation of the Republic of Indonesia No. 19 of 2026 on the Implementation of Trading Business through Electronic Systems.

Miru, Ahmadi, and Sutarman Yodo. *Hukum Perlindungan Konsumen*. Jakarta: RajaGrafindo Persada, 2004.

Pangloly, Deslyana Rante, Flora Pricilla Kalalo, and Anastasia Emmy Gerungan. "Pengaturan Hukum Lingkungan terhadap Praktik Greenwashing di Indonesia." *Lex Administratum* 13, no. 3 (2025). https://ejournal.unsrat.ac.id/v3/index.php/administratum/article/view/62981.

Prisandani, Ulya Yasmine. "Greenwashing as Contractual Fraud: Examining Its Legal Implications and Impact on Contract Validity under Indonesian

Law." *Diponegoro Law Review* 10, no. 1 (2025): 68–84. https://doi.org/10.14710/dilrev.10.1.2025.68-84.

Promalessy, Rika, and Tanti Handriana. "How Does Greenwashing Affect Green Word of Mouth through Green Skepticism? Empirical Research for Fast Fashion Business." *Cogent Business & Management* 11, no. 1 (2024): 2389467. https://doi.org/10.1080/23311975.2024.2389467.

Raihana, Jasmine, and Mustika Sufiati Purwanegara. "Exploring The Impact of Perceived Greenwashing on Repurchase Intention of Green Personal Body Care Products." *Indonesian Journal of Business and Entrepreneurship* 9, no. 1 (2023): 152. https://doi.org/10.17358/ijbe.9.1.152.

Rechtbank Amsterdam. Stichting ter bevordering van de Fossielvrij-beweging v. Koninklijke Luchtvaart Maatschappij N.V., 20 March 2024, ECLI:NL:RBAMS:2024:1512.

Sahudi. "Corporate Responsibility for Greenwashing in Indonesian Law." *KnE Social Sciences* (2025): 333–51. https://doi.org/10.18502/kss.v10i27.20072.

Sari, Ratna Candra, Mahfud Sholihin, Fitra Roman Cahaya, et al. "Artificial Intelligence-Based ESG Greenwashing Detection: Road to Net Zero Carbon and Its Impact on Corporate Performance." *Business Strategy & Development* 8, no. 4 (2025): e70228. https://doi.org/10.1002/bsd2.70228.

Shidarta. *Hukum Perlindungan Konsumen Indonesia*. Jakarta: Grasindo, 2000.

Sinaga, Dianto Kurnia Parulian, and Zuliani Dalimunthe. "Analysis of Greenwashing Measurement on Internal Company Factors in Indonesia." *Eduvest: Journal of Universal Studies* 5, no. 9 (2025): 11569–81. https://doi.org/10.59188/eduvest.v5i9.51404.

Spence, Michael. "Job Market Signaling." *The Quarterly Journal of Economics* 87, no. 3 (1973): 355–74. https://doi.org/10.2307/1882010.

Supreme Court of the Republic of Indonesia. Decision No. 336 K/Pdt.Sus/2012.

Supreme Court of the Republic of Indonesia. Decision No. 3905 K/Pid.Sus/2022.

Supreme Court of the Republic of Indonesia. Decision No. 659 K/Pdt.Sus/2012.

Supreme Court Regulation No. 1 of 2002 on Class Action Procedure.

Supreme Court Regulation No. 13 of 2016 on Procedures for Handling Criminal Cases by Corporations.

TerraChoice. *The Sins of Greenwashing: Home and Family Edition 2010*. Ottawa: TerraChoice Group, 2010.

Yuanitasari, Deviana, Hazar Kusmayanti, and Agus Suwandono. "Menelaah Greenwashing: Perlindungan Hukum Konsumen di Tengah Tren Produk Ramah Lingkungan." *LITRA: Jurnal Hukum Lingkungan, Tata Ruang, dan Agraria* 4, no. 2 (2025). https://doi.org/10.23920/litra.v4i2.2276.

Zhang, Hua, Jie Lai, and Zheng Guo. "When Greenwashing Meets ESG: Exploring the Role of Third-Party ESG Ratings in Corporate Greenwashing Behavior." *Journal of Business Research* 200 (2025): 115611. https://doi.org/10.1016/j.jbusres.2025.115611.

***

***

Acknowledgment

The authors thank the anonymous reviewers and the editors of Lex Scientia Law Review for their constructive comments.

Funding Information

None.

Conflicting Interest Statement

The authors state that there is no conflict of interest in the publication of this article.

Publishing Ethical and Originality Statement

All authors declared that this work is original and has never been published in any form and in any media, nor is it under consideration for publication in any journal, and all sources cited in this work refer to the basic standards of scientific citation.

Generative AI Statement Statement

N/A