

Proposal for a Green Claims Directive

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Commission proposes rules on substantiating and approving environmental claims

<u>Proposal</u> for a Directive of the European Parliament and of the Council on substantiation and communication of explicit environmental claims (Green Claims Directive)

Update

The European Commission is concerned that consumers are currently misled by inaccurate environmental or "green" claims. Its proposed Directive sets new rules on how businesses may communicate the environmental aspects of their products or company to consumers through claims that they make voluntarily. This includes rules on how to justify and communicate green claims. EU Member States must establish assessment bodies that check and approve all green claims and green labelling schemes before they are made public.

What is changing?

To ensure that businesses communicate fairly to consumers about the environmental impact of their products or business, the Commission proposes new rules on:

- how EU Member States must check and approve claims and labelling schemes
- the information businesses must make available to consumers to justify their green claims
- how environmental labelling schemes are managed.

This proposal regulates **voluntary** green claims; it does not create an obligation to include environment-related information on products.

The definition of environmental or green claim is: "any message [...] which states or implies that a product or trader has a positive or no impact on the environment or is less damaging to the environment than other products or traders, respectively, or has improved their impact over time" (proposed definition in <u>COM/2022/143</u>).

Justifying and communicating green claims

Businesses making "explicit environmental claims" (written claims included in an environmental label) about their products or business must substantiate these claims.



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How to substantiate claims

Businesses must carry out an assessment (Art. 3) demonstrating that the claimed environmental impacts:

- go beyond what is required by law and are significant, taking into account the whole life-cycle of the product, including both positive and negative environmental impacts
- are precise regarding claims that their greenhouse gas emissions have been "offset" by carbon credits.

Where possible, businesses should provide primary company-specific data to demonstrate the environmental performance claimed. Where this is not possible, they should provide accurate secondary information based on other sources such as literature studies.

Where a business claims that its products are environmentally better than other products ("comparative environmental claim"), it will have to also demonstrate that the data fairly compares equivalent environmental impacts and stages of the value chain (Art. 4).

No standard methodology for substantiating claims

The Commission has developed guidance for measuring the life-cycle environmental performance – the product environmental footprint – of specific products (Recommendation (EU) <u>2021/2279</u>). However, it judges that for certain products, including fish and food, this methodology does not take into account all potential environmental impacts. Businesses are therefore not tied to a methodology and can choose how to substantiate their claims.

Communication of environmental claims

A business must make available information related to the environmental claim (Art. 5), either in physical form or online, including:

- details of environmental performance
- underlying studies and calculations
- a certificate of conformity demonstrating that the claim has been approved (see "Approval" below)
- a consumer-friendly summary of the assessment that supports the claim.

When the way in which a product is used (e.g. how it needs to be disposed of) is relevant to the product's claimed environmental performance, consumers must be informed about this use.

Environmental labels and labelling schemes

Environmental labels – voluntary quality marks (public or private) that cover "only or predominantly environmental aspects of the product, process or trader"(Art. 2(8)) – are often represented as an overall environmental score or rating. Such scores/ratings will only be permitted if awarded under an approved environmental labelling scheme (Art. 7).





Management of environmental labelling schemes

Environmental labelling schemes – third-party verification schemes certifying that a product complies with certain requirements – will only be approved (Art. 8) if they:

- provide transparent and freely accessible information about the scheme: its ownership, decision-making bodies, objectives, and requirements and procedures to monitor compliance
- establish conditions for joining the scheme that do not exclude small and medium enterprises
- are scientifically robust and tested with stakeholders
- have complaint and dispute resolution mechanisms
- have procedures in place to deal with non-compliance, including the possibility to withdraw or suspend labels.

New environmental labelling schemes

The growing number of different private, industry-led labelling schemes is a concern for the Commission. To limit this, from the date that these new rules apply:

- in EU Member States, no new national/ regional public labelling schemes will be permitted
- in non-EU countries, new private and public national labelling schemes will only be approved for use on products exported to the EU when they add value compared to existing schemes, for example if they have more environmental ambition, greater coverage of environmental impacts, or focus on certain products.

Approval of environmental claims/labels

All environmental claims and environmental labels must be verified and approved before being made public. EU Member States are responsible for setting up the assessment bodies (or verifiers) and procedures to check that environmental claims and labels comply with the rules on justification and communication, and that environmental labelling schemes meet requirements. Where criteria are met, the verifier will issue a **certificate of conformity** confirming that the claim, label and/or labelling scheme complies with the EU rules. A certificate of conformity issued in one Member State is valid for the whole EU market.

The verifier is an EU-accredited body (under Regulation <u>765/2008</u>) with independent, suitably qualified and experienced personnel.

Member States must review information provided by businesses to substantiate claims at least every 5 years.





The Commission will need to develop further rules

This Directive provides a legal framework for managing green claims. The Commission will later develop additional detailed rules, including requirements on the format and content of documents that support environmental claims/ labelling schemes; rules on the format and issuing of certificates of conformity; the approval procedure; and possibly further rules on the substantiation and communication of environmental claims.

Why?

To support its environmental goals, the Commission seeks to better inform EU consumers about the impacts of products on the environment, to help them make their purchasing decisions. In recent years there has been concern about "greenwashing" – making unjustifiable claims with regard to the environmental performance of products or businesses. The Commission fears that the existence of multiple private and EU Member State environmental labelling schemes could damage EU businesses' capacity to sell products throughout the EU.

Timeline

The proposal is under discussion in the European Parliament and the Council of the EU (Member States). The Parliament (March 2024) and Council (June 2024) have adopted their negotiating positions; negotiations between them could start in Q4, 2024.

Once this Directive is adopted and enters into force, EU Member States must adopt national legislation on green claims within 18 months. These rules will apply 2 years after the Directive enters into force.

What are the major implications for exporting countries?

Voluntary claims

This proposal regulates voluntary environmental claims; it does not make it compulsory for exporters supplying the EU to include environmental information on products.

Demand for detailed information

Over time, the proportion of food products that report environmental performance over the whole life-cycle of a product, including impacts related to transport, is expected to increase. This will involve demands on suppliers to provide detailed information on all aspects of food production and processing, including for countries exporting to the EU.





Future food sustainability labelling rules

This proposal is related to all products, not specifically food. The Commission announced in its <u>Farm to Fork Strategy</u> that it intends to come forward with sustainability labelling rules specifically for food in 2024. Once adopted, those will become the relevant rules for exporters of food. The details of future food sustainability labelling rules may be different, but the overall demands for greater substantiation and scrutiny of claims are expected to be consistent with this Green Claims proposal.

Recommended Actions

The new rules on green claims may only apply from 2026 at the earliest. In the meantime, demand for environmental information – from European customers or EU Member States' own environmental labelling schemes – will continue to grow.

Businesses supplying the EU market should consider reviewing their capacity to collect data on a range of environmental aspects associated with the production and processing of their products. Although this proposal does not require use of the EU product environmental footprint methodology (Recommendation (EU) <u>2021/2279</u>), this methodology does provide a good starting point for reviewing and organising data collection.

Background

The Unfair Commercial Practices Directive (<u>2005/29/EC</u>) and the Consumer Rights Directive (<u>2011/83/EU</u>) aim to protect the interests of consumers at EU level.

A proposal published in 2022 (<u>COM/2022/143</u>) amends Directive 2005/29/EC, enabling consumers to take informed purchasing decisions and preventing practices that misinform consumers. These include misleading environmental claims (greenwashing practices), such as sustainability labels that are not based on a private certification or public scheme, unsubstantiated generic environmental claims, or claims for an entire product that only concern one aspect of that product. This new proposed Directive goes further by specifically regulating the justification and communication of environmental claims.

Resources

Online resources from the European Commission:

- Green Claims
- Questions and Answers on European Green Claims





Commission Recommendation (EU) <u>2021/2279</u> on the use of the Environmental Footprint methods to measure and communicate the life cycle environmental performance of products and organisations

<u>Proposal</u> for a Directive of the European Parliament and of the Council amending Directives 2005/29/EC and 2011/83/EU as regards empowering consumers for the green transition through better protection against unfair practices and better information (COM/2022/143)

Commission Staff Working Document: <u>Impact Assessment Report</u> Accompanying the document Proposal for a Directive of the European Parliament and of the Council amending Directives 2005/29/EC and 2011/83/EU as regards empowering consumers for the green transition through better protection against unfair practices and better information

Sources

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