

**FREE Online webinar
ON ECONOMIC SUSTAINABILITY**

EU DIRECTIVE ON GREENWASHING

May 7, 2024 - 3:00 p.m. CET



Time to Act through Sustainable Experiences for Higher Education Students
Project ID: 2022-1-PT01-KA220-HED-000087984

In collaboration with:

Project partners:

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PROJECT MANAGER

SILVERBACK
GREENING THE COMMUNICATION



In collaboration with:

Project partners:

greenwashing

some definitions

greenwashing

some definitions

“Poor environmental performance and positive communication about environmental performance”.

Delmas M, Burbano V (2011) The drivers of greenwashing. Calif Manag Rev 54(1):64–87

greenwashing

some definitions

“Activities by a company or an organization that are intended to make people think that it is concerned about the environment, even if its real business actually harms the environment

A common form of greenwash is to publicly claim a commitment to the environment while quietly lobbying to avoid regulation”.

Oxford English Dictionary (access 2024)

greenwashing

some definitions

“The act of disseminating disinformation to consumers regarding the environmental practices of a company or the environmental benefits of a product or service”.

Baum L (2012) It's Not Easy Being Green ... Or Is It? A content analysis of environmental claims in magazine advertisements from the United States and United Kingdom. Environ Commun 6(4):423–440.

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some definitions

Intentional Environmental Reporting

Greenwashing is often defined as intentional environmental reporting that aims to present a company's performance in a more positive light than it actually is

Cooper, S., Raman, A., K., K., & Yin, J. (2018). Halo effect or fallen angel effect? Firm value consequences of greenhouse gas emissions and reputation for corporate social responsibility. *Journal of Accounting and Public Policy*, 37, 226–240.

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some definitions

Accusation and Stakeholder Perception

Greenwashing is linked to an explicit accusation from various stakeholders, including the media and society, based on the perception of misleading intentions by the company

Torelli, R., Balluchi, F., & Lazzini, A. (2020). Greenwashing and environmental communication: Effects on stakeholders' perceptions. *Business Strategy and the Environment*, 29, 407–421.

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Selective Disclosure

One perspective on greenwashing involves selective disclosure, where companies may withhold information on negative environmental performances while disproportionately highlighting positive environmental aspects

Crifo, P., & Sinclair-Desgagne, B. (2013). The economics of corporate environmental responsibility. *International Review of Environmental and Resource Economics*, 7, 279–297.

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some definitions

Use of Disclosure as a Tool

Most definitions of greenwashing trace back to the use of disclosure as a tool to implement misleading strategies, such as selective reporting or emphasizing positive aspects

Bernini, F., La Rosa, F. Research in the greenwashing field: concepts, theories, and potential impacts on economic and social value. J Manag Gov 28, 405–444 (2024).

GREEWASHING IS BASICALLY TELLING A LIE!



...AND HERE'S HOW
WE SHOULD FEEL
EVERYTIME!

greenwashing
happens...

greenwashing

happens...



- Investigation by The Guardian, German newspaper Die Zeit, and non-profit SourceMaterial revealed Verra's rainforest protection program fails to protect rainforests;
- 94% of rainforest carbon credits sold by Verra reportedly had zero benefit to the climate;
- Out of 94.9 million credits claimed, only 5.5 million led to actual carbon reductions;
- Verra allegedly exaggerated the threat to protected forests by around 400%, inflating its impact;
- Companies like Disney, Shell, Gucci, easyJet, and Pearl Jam may not have offset their carbon emissions despite buying credits from Verra;
- Verra CEO step down in may 2023.



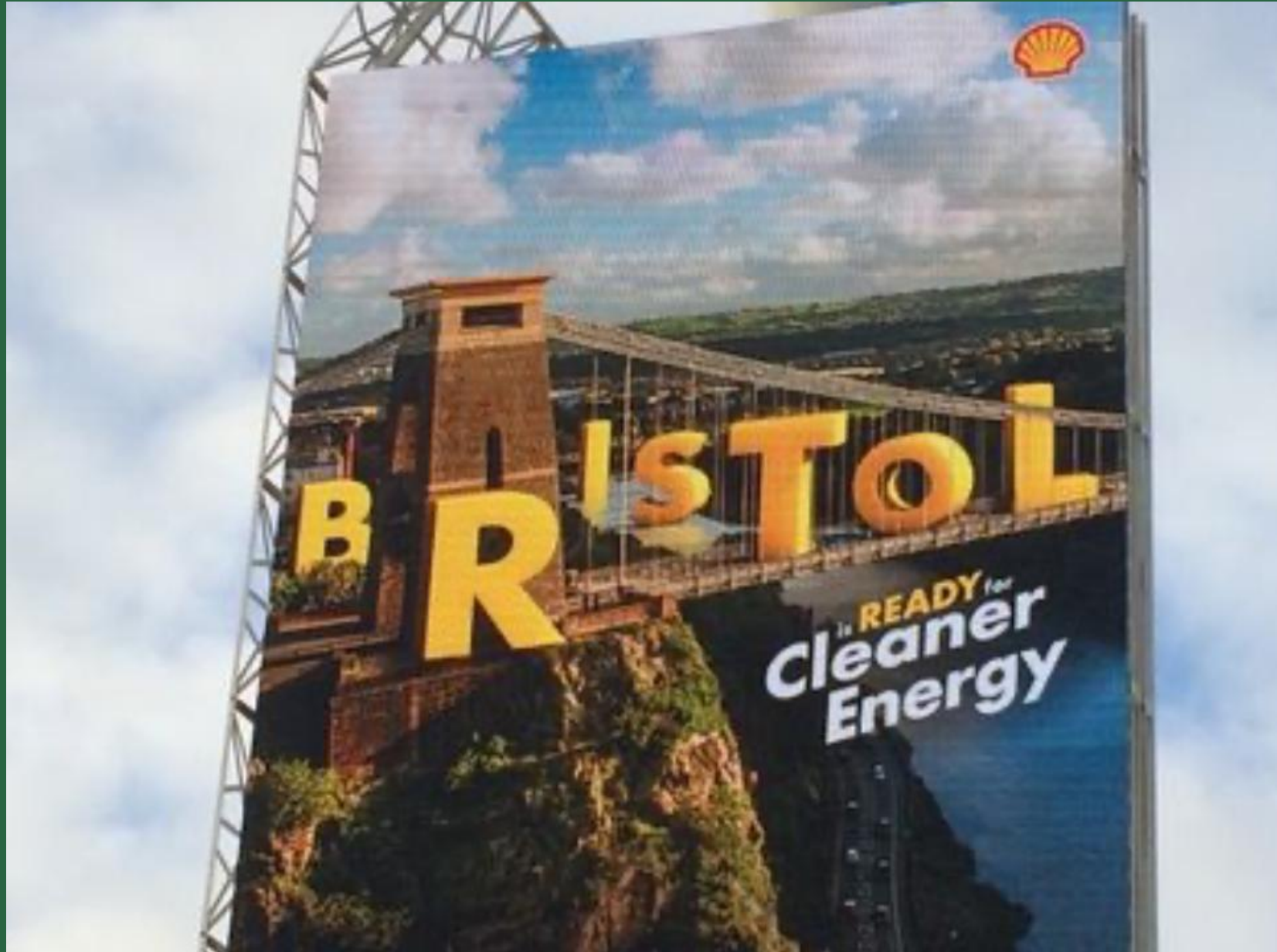
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greenwashing

happens...



- In June 2022, billboards in Bristol, UK, displayed Shell advertisements with slogans like "Bristol is ready for cleaner energy" and "In the South West, 78,000 homes use 100% renewable electricity from Shell Energy.";
- Adfree Cities filed a complaint with the UK's Advertising Standards Authority (ASA), arguing that these ads were misleading as they didn't provide significant information on Shell's overall environmental impact;
- Shell's adverts promoting its "green" products were banned in the UK. They failed to accurately represent the proportion of low-carbon activities compared to oil and gas, constituting the majority of its operations.



greenwashing

happens...



- In 2021, a report by the Changing Markets Foundation revealed that 60% of sustainability claims made by major high-street fashion brands were misleading.
- H&M was identified as the worst offender, with a staggering 96% of their sustainability claims found to be inaccurate.
- The majority of H&M's claims were designed to deceive environmentally-conscious consumers into purchasing their products.
- Examples of greenwashing tactics used by H&M include vague terms like "conscious" to imply sustainability without substantial evidence.
- Consumers are urged to reconsider purchasing from major retailers like H&M due to the likelihood of being misled by their greenwashing practices.

greenwashing

happens...



- In June 2022, Zero Waste France took action against Adidas and New Balance for deceptive marketing practices regarding their footwear products;
- Adidas' claims like "Made to be remade" and "End plastic waste" regarding certain products to be misleading, as they failed to disclose the environmental impact of recycled polyester or its technical limitations in recycling;
- The organization emphasized the importance of understanding the true environmental impact of products before making purchasing decisions, especially in light of the misleading claims made by brands like Adidas and New Balance.

greenwashing

policies in Eu countries

greenwashing

policies in Eu countries

POLAND

- No specific legislation on greenwashing
- Greenwashing can be classified as a violation of competition and consumer protection rules
- Consumers, competitors, or competent authorities can file claims for unfair commercial practices or unfair competition
- Investigations and sanctions by the Polish competition authority (UOKiK)

greenwashing

policies in Eu countries

SPAIN

- No specific law on greenwashing
- Developing attention on greenwashing
- Spanish Law 11/2018 requires large companies to disclose information on their ESG policies, risks, and outcomes
- Self-regulation code on commercial communications, including environmental statements
- Limited cases of greenwashing in the past 20 years

greenwashing

policies in Eu countries

GERMANY

- No specific legislation on greenwashing
- Greenwashing can be considered an unfair commercial practice under Directive 2005/29/EC on unfair commercial practices
- Cooperation and information exchange between the European Commission and national authorities
- Sweeps conducted annually to identify violations of consumer protection laws related to environmental claims

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policies in Eu countries

FRANCE

- "Circular Economy Law" of 10.2.2020 and "Climate and Resilience Law" of 22.8.2021 contain regulations on environmental claims and combatting greenwashing.
- The Directorate General for Competition Policy, Consumer Affairs (DGCCRF), and ARPP are competent authorities that monitor and regulate greenwashing practices.
- Soft law includes ARPP guidelines on sustainable development and DGCCRF guidelines on environmental statements, providing specific guidance to avoid deceptive practices.
- Criminal penalties for deceptive practices in greenwashing can reach up to 1.5 million euros or 10% of turnover.

greenwashing

policies in “Eu countries”

UK

- guide on advertising claims, CAP Code / BCAP Code, and Claims in Advertising Guidance cover all claims in "commercial communications," especially those outside the Advertising Standards Authority's jurisdiction.
- Greenwashing guidelines from the UK's Competition and Markets Authority (CMA) released in September 2021 emphasize the need for truthful, accurate, clear, and supported environmental statements that consider the entire product or service lifecycle.



europarliament



europarliament When you go shopping, do you find it hard to get things that are actually good for the environment?

You're not the only one.

56% of EU consumers have encountered misleading green claims, according to a 2022 European Commission study.

Whether it's something "green" , "eco-friendly" or "sustainable" , the European Parliament wants to make sure that environmental claims made by companies about their practices and products are credible and verified.

Those who break the rules may face punishments such as fines of 4% of their annual turnover.

See the link in bio to find out more about how the European Parliament is ending green claims.



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The context of the directive

DIRECTIVE (UE) 2024/825 regarding empowering consumers for the green transition through better protection against unfair practices and through better information

It fits within the **European Green Deal**

It intervenes with modifications to directives **2011/83/UE (consumer rights)** and **2005/29/CE (unfair commercial practices)**.

It stands alongside the directive proposal on **Green Claims**

The objectives of the **directive**

Ensuring transparency and accuracy in commercial communications concerning the sustainability and environmental impact of products.

Promoting consumer engagement in the transition to more sustainable practices and ensuring a positive impact on economic operators.

How the objectives are pursued

Specific definitions to avoid ambiguity and abuse, establishing what distinguishes a specific environmental claim from a deceptive one.

Prohibition of deceptive practices regarding the display of sustainability labels, certification systems, and evidence of environmental excellence.

Promotion of consumer participation in the transition to more sustainable practices by providing clear, accurate, and verifiable information.

definition

Environmental claim

Any message or representation which states or implies that a product, product category, brand or trader has a positive or zero impact on the environment or is less damaging to the environment than others.

text, pictorial, graphic, multimedia or symbolic representation

From the Directive

“environmental claim” means any message or representation which is not mandatory under Union or national law, in any form, including text, pictorial, graphic or symbolic representation, such as labels, brand names, company names or product names, in the context of a commercial communication, and which states or implies that a product, product category, brand or trader has a positive or zero impact on the environment or is less damaging to the environment than other products, product categories, brands or traders, or has improved its impact over time

Claims to avoid or prohibit

Generic

any terminology that is not certified, included in a sustainability label, and/or whose specification is not provided in clear terms

Partial

concerning the product or the economic operator's activity as a whole when it actually relates only to a specific aspect

irrelevant: Publicizing advantages of elements that do not derive from the characteristics of the product or the company.

Future-related

any expression referring to future prospects without including clear and objective commitments

Irrelevant

Publicizing advantages of elements that do not derive from the characteristics of the product or the company

Implicit

through colors or images suggesting environmental characteristics of the product or the company

misleading environmental claims

the blacklist

Natural **Ecological**

Clean

Healthy

Eco-friendly

Environmentally friendly

Green

Sustainable

Emission-free

Zero environmental impact

Biodegradable

Eco-compatible

Eco-sustainable

Environmentally respectful

Carbon neutral

Low carbon emission

Reduced ecological footprint

Carbon-neutral

Climate-friendly

Low energy consumption

Nature-friendly

Energy-efficient

It's allowed

to use an environmental claim if:

- ✓ the proof of environmental qualities or benefits is provided in clear and evident terms
- ✓ the proof is stated on the same medium, whether it be the advertisement, product packaging, or online interface
- ✓ it is possible to provide proof of the claim through a sustainability label, a third-party study, or the recognized excellence of environmental performance

how to give the proof

Recognised excellent environmental performance

It refers to environmental performance that meets specific criteria and standards set forth by regulations or certification schemes.

From the Directive

"Recognised excellent environmental performance can be demonstrated by compliance with Regulation (EC) No 66/2010 or with officially recognised EN ISO 14024 ecolabelling schemes in the Member States, or by corresponding to top environmental performance for a specific environmental characteristic in accordance with other applicable Union laws, such as class A in accordance with Regulation (EU) 2017/1369 of the European Parliament and of the Council".

how to give the proof **sustainability** label

A brand, logo, or wording, especially those belonging to category 1, that attest to the environmental qualities of a product, service, or company



Dal testo della direttiva:

Sustainability labels can relate to many characteristics of a product, process or business, and it is essential to ensure their transparency and credibility. Therefore, the displaying of sustainability labels which are not based on a certification scheme, or which have not been established by public authorities should be prohibited by including such practices in the list in Annex I to Directive 2005/29/EC

how to give the proof **certification** scheme

The third parties verification, independent from the economic operator, of the satisfaction of certain ecological or social standards.



Dal testo della direttiva:

A certification scheme means a third-party verification scheme that certifies that a product, process, or business complies with certain requirements, allows for the use of a corresponding sustainability label, and meets specific criteria for transparency, fairness, and non-discrimination. The scheme's requirements are developed in consultation with relevant experts and stakeholders, and compliance is monitored by independent third parties based on international, Union, or national standards and procedures

examples

generic claims



Climate-friendly product



**100% of energy used to produce this good comes
from renewable sources**

proof: Ecolabel, IREC certification



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examples

partial claims



recycled packaging



Packaging made from 72% recycled material

proof: PEFC, TUV, ISO 14041



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examples

emissions offsetting

⊗ climate neutral, CO2 neutral certified, carbon positive, climate net zero, climate compensated

Statements claiming that a product or service has a neutral, reduced, or positive environmental impact due to the offsetting of greenhouse gas emissions are prohibited.

From the Directive

It is particularly important to prohibit the making of claims, based on the offsetting of greenhouse gas emissions, that a product, either a good or service has a neutral, reduced, or positive impact on the environment in terms of greenhouse gas emissions. Such claims should be prohibited in all circumstances and added to the list in Annex I to Directive 2005/29/EC as they mislead consumers by making them believe that such claims relate to the product itself or to the supply and production of that product, or as they give the false impression to consumers that the consumption of that product does not have an environmental impact.

The assumptions about **the quality of goods**

Purchasing products that have a shorter lifespan than expected **harms consumers.**

Practices of planned obsolescence **overall negatively impact the environment.**

The topics of the **second part** of the directive

early **obsolescence** practices

reparability score

software updates

guarantee of durability

The objectives of the **directive** (2)

Allowing consumers to make more informed commercial decisions to
promote sustainable consumption

Eliminating practices that harm sustainable economy and prevent consumers from making sustainable consumption choices

Improving **the quality and consistency** of the application of the Union's legal framework on consumer protection

definition

early obsolescence

When a product is designed to last only for a certain period of time before becoming old or ceasing to function. This is done to encourage people to replace it more frequently.

It increases consumption and has a negative impact on the environment

Dal testo della direttiva:

In order to improve the welfare of consumers, the amendments to Directive 2005/29/EC should also address several practices associated with early obsolescence, including planned early obsolescence practices, understood as a commercial policy involving deliberately planning or designing a product with a limited lifespan so that it prematurely becomes obsolete or non-functional after a certain period or after a predetermined intensity of use.

early obsolescence

when it occurs?

- when a product is **deliberately designed** with a limited lifespan;
- after a certain period of time or after a predetermined intensity of use;
- through features such as **software** that interrupts or degrades the functionality of the good after a certain period;
- hardware component designed **to stop working** after a certain period;
- design or manufacturing **defects** that, if not corrected once the economic operator becomes aware of them, lead to premature failure of the good

definition

reparability score

The reparability index evaluates the ease and affordability with which a good can be repaired. The parameters taken into consideration include:

- **availability** of spare parts;
- **cost** of repair;
- complexity of the **repair procedure**;
- **duration** of the repair;
- ease of access to **repair manuals**.

A **clear understanding** of the possibility of repair

definition

commercial guarantee of durability

A warranty offered directly by the manufacturer to consumers, for the repair or replacement of goods in case they do not maintain their durability throughout the entire warranty period. It will be indicated on a harmonized label that will contain all the specifications.

It covers the entire good, with a duration exceeding two years

the responsibilities

of commercial operators

Manufacturers are required to know the information regarding characteristics that limit the durability of goods. They are the ones who determine the durability of the products they put on the market, therefore they are aware of what influences the lifespan of the goods they produce.

Sellers can obtain this information through statements from competent national authorities or information provided directly by the manufacturer.



The obligations

of economic operators

Inform consumers about the existence and duration of the durability commercial warranty offered by the manufacturer

Provide specific information about the durability and repairability of the product, including software updates

Provide information on the availability of environmentally friendly delivery options, if applicable

Transposition **of the directive**

Member States shall adopt and publish the Directive by
27 March 2026

They shall apply those measures from
27 September 2026

SO WHAT?

is there a happy ending?

greenwashing directive

a happy ending?

Following the directive is crucial as it promotes **business models based on the circular economy**, with extended product lifecycles, making participating businesses more competitive.

While initially focusing on environmental claims, the directive's implementation can significantly **influence industrial and commercial practices**, prompting businesses to review and improve supply chains, production processes, and overall environmental impacts.

greenwashing directive

a happy ending?

The directive introduces an eco-regulation applicable to all market products, not just those within the European Union, aiming to reduce waste and promote sustainability.

It defends sustainability values in production and marketing, acting as a significant indicator for future applications and impacts.

greenwashing directive

a happy ending?

Fighting greenwashing is essential for ensuring consumers can make informed and sustainable choices, but it also addresses **green hushing**, a similarly damaging practice hindering transparent communication of sustainability initiatives and goals.

By tackling both greenwashing and green hushing, the directive aims to **revolutionize production practices and consumer transparency**.

Thanks for your attention

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In collaboration with:

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