

# EU Green Claims Directive: Tackling misleading eco-friendly marketing

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As the influence of sustainability and environmental awareness grows in shaping consumers' purchasing decisions, companies have begun to embrace a new trend of marketing their products as 'climate neutral' in an attempt to attract environmentally conscious customers. This form of marketing is however becoming problematic as many of these claims have been found to be untrue or misleading. As a result, there is now an urgent need for the European Commission to step in to address this issue and to take measures to safeguard consumers.



## **Erosion of consumer trust**

The findings of a recent study have highlighted concerning trends in the realm of green claims on products and services. A significant 53% of these claims were found to be either vague, misleading, or lacking a solid basis, while 40% lacked the necessary supporting evidence to validate their environmental assertion. These results have led to a substantial erosion of consumer trust in green claims, reflecting the pressing need for enhanced transparency and accountability in the communication of eco-friendly statements to regain consumer confidence and to ensure accurate information regarding the environmental impact of products and services available in the market.

## **Legal battles challenging green claims**

Furthermore, a growing number of corporate green claims are also being challenged in the courts today. Legal actions have been initiated by activists and other concerned parties against numerous companies who are accused of engaging in greenwashing practices that have misled consumers. It is widely anticipated that the forthcoming court decisions will have a significant impact on the landscape of eco-friendly assertions. As a result of these cases, the way companies utilize environment-related claims within their advertising campaigns and other modes of communicative strategies is likely to undergo a substantial transformation. These legal battles evidence the increasing demand for greater transparency and responsibility in the way companies communicate their commitment to sustainable practices.

The EU Commission is now proposing new rules designed to curtail the practice of companies disseminating deceptive information concerning the environmental impacts of their products and services. The aim is to foster a more transparent and reliable marketplace, where consumers can confidently navigate their choices while actively contributing to positive environmental outcomes.

### **Current measures to safeguard consumers in Cyprus from misleading green claims**

Pursuant to the provisions of the Consumer Protection Law in Cyprus, the use of inaccurate information on a product which is likely to deceive the average consumer and lead him to make a purchase which he would not otherwise make may fall under the ambit of unfair commercial practices which is prohibited under the Law. As such, the use of green claims on products in Cyprus may be deemed to be misleading if incorrect and not supported by evidence.

Moreover, it is also required by Law that any advertisements made for the purpose of promoting products or services are free from any incorrect information and backed up by evidence. For example, if a product making a "green" assertion is distributed in the Cyprus market, it might be deemed as deceptive marketing if the assertion lacks substantiating proof. Such fictitious advertising practices are not allowed under the law, as these rules are meant to protect consumers from being misled.

### **Proposal for a Directive on substantiation and communication of explicit environmental claims (Green Claims Directive)**

The proposal put forth by the EU Commission takes the form of a Directive focusing specifically on the Green Claims. It lays out overarching objectives, serving as a roadmap that member states must adapt and incorporate into their respective national legal frameworks. Specifically, the proposal is designed to target claims made by businesses about their products, services, or organizations that reference any kind of environmental impact. Amongst other requirements that are put forward, member states would be required to establish verification and enforcement processes, which would be carried out by independent and accredited verifiers. It is necessary for claims to be substantiated and verified by an independent verifier, who will then issue a certificate of compliance. It has been explicitly stated that the companies who have fewer than 10 employees and less than €2 million turnover are exempt from the obligations of this proposal. Lastly, within the framework of the proposal, it is required that member states implement penalties that adhere to the principles of being "effective, proportionate, and dissuasive." The objective is that by embedding these principles in their enforcement mechanisms, member states can collectively foster a culture of responsible environmental claims and deter deceptive or misleading behavior.

In conclusion, the rise of 'climate neutral' marketing underscores the pressing need for stringent action against misleading eco-friendly claims. Legal battles and the proposed EU Green Claims Directive are essential steps towards rebuilding consumer confidence, and ensuring a marketplace driven by transparency and accountability. As sustainability gains importance, accurate information and responsible practices are paramount for a greener future.