

BLUE BRIEF

EU Greenwashing Regulation

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On **26 March 2024**, the EU's **Empowering Consumers for the Green Transition Directive** and its companion, the **Green Claims Directive**, went into force. The **Green Claims Directive** requires third-party verification for environmental marketing claims to protect individuals from misleading advertising or "greenwashing." This **Blue Brief** provides a snapshot of what the new law states, what this means for consumers, what this means for businesses, when it will take effect and how the Blue Standard can be a solution.

The **Blue Standard (Blue)** by Oceanic Global is a first of its kind cross-industry sustainability standard that empowers industries and businesses to reduce single-use plastics and enhance sustainable operating practices to protect our Blue Planet.

WHAT IS THE NEW EU REGULATION?

- In **January of 2024**, the European Parliament voted 467-65 giving its final green light to the new Directive, **Empowering Consumers for the Green Transition (ECGT)**.
 - ★ The law states that environmental marketing claims must be validated by reliable parties and third-party verifiers.
 - ★ Among other new restrictions, claims that advertise a neutral, reduced, or positive impact on the environment because the producer is offsetting carbon emissions will be banned.
 - ★ The ECGT entered into force **26 March 2024**. Member states will need to apply the new rules by **27 September 2026**.
- The **Green Claims Directive** is the parallel legislation which specifies how claims get verified.
 - ★ The Green Claims Directive requires that businesses making sustainability claims provide data to back up those claims, and that the claims are verified by a third-party.
 - ★ The Green Claims Directive is the "companion" of the ECGT legislation, and will be shaped by a **Green Claims Consultation Forum** that will allow for external parties to weigh in on the details of the Green Claims Directive.

WHY DOES IT MATTER?

- The new law will steward **rigorous oversight** over environmental claims and sustainability labels in Europe.
 - ★ There is a requirement for third-party verification to ensure the reliability of the claims, and that companies are not unfairly disadvantaged by competitors who engage in greenwashing.
- This matters because, according to the EU's own assessment, almost half of the 230 approved "**Ecolabels**" in Europe today have weak verification or little transparency, according to the EU's own **assessment**.
 - ★ Companies will need to change their operating practices, and consumers will now have more insight and information into products and services they decide to purchase.
- The **ECGT** and the **Green Claims Directive** will *help* consumers to make better purchasing decisions and will ban companies from using greenwashing claims.

WHAT ACTIONS MIGHT BE REQUIRED FOR BUSINESSES?

- From a legal perspective in the EU, primarily consumer-facing businesses will have to **undergo sustainability verification processes** to be compliant with the new regulation and to mitigate legal and reputational brand risks.
 - ★ This could result in standards for (and harmonization of) some Ecolabels.
 - ★ Verifications could even include life cycle analysis and assessments of sustainability footprint claims.
- Businesses outside the EU will soon have to follow suit, due to international supply chains and markets.
 - ★ Global businesses will want to show that their operations are aligned with ECGT and the Green Claims Directive – thereby **enhancing public confidence** through third party verification systems.
- Proposed fines for not abiding to these regulations will be **at least 4% of annual revenue**, alongside exclusion from procurement processes, and confiscation of revenues.

HOW DOES THE BLUE STANDARD PROVIDE SOLUTIONS?

- The **Blue Standard (Blue)** helps businesses & industries of all sizes demonstrate compliance with global sustainability regulations and reporting requirements.

★ Blue also empowers consumers to help stop greenwashing, as they can reference the claims of Blue Verified businesses and products on the **Blue Business Directory**.



- Blue will be an **implementation partner** to ensure EU and global businesses make compliant claims, and are meeting the new EU requirements.
- Blue **verifies** sustainability claims, offers transparency, provides accountability and standards-compliance, and empowers consumers to seek the Blue Seal.
- The Blue team will continue to **track** the evolution of the ECGT and Green Claims Directive, and will **provide updates and tactics** to help businesses and our Blue Consultants to comply as it unfolds throughout the EU and beyond.

FURTHER RESOURCES

EUROPEAN UNION DOCUMENTS/SITES

- [Parliament wants to improve consumer protection against misleading claims](#)
- (21 March 2024; *press release about the Green Claims Directive*).
- [Provisional Agreement Resulting From Inter-institutional Negotiations](#)
- (11 July 2023; *regarding empowering consumers for the green transition through better protection against unfair practices and better information*)
- [European Commission | Green Claims](#)
- (25 March 2024; *EU's Green Claims overview*)

GET INFORMED! Here are some helpful articles to help educate yourself.

- [European Parliament clamps down on greenwashing claims and labels](#)
- [Directive to empower consumers for the green transition](#)
- [New EU Law Empowers Consumers Against Corporate Greenwashing](#)
- [Understanding the EU Green Claims Directive: Implications for Brands and Retailers](#)
- [EU Greenwashing Law Is Warning To US Companies To Be Diligent In Environmental Claims](#)