/ SCENARIO

Goodbye greenwashing cheaters!



The new EU regulation forbids generic environmental declarations and non-certificated trademarks. Fighting premature obsolescence at the same time. Member states have now two years to introduce the instructions. But what are the changes for companies and consumers?

Crackdown on fake environmentalism. On 17th January 2024, the European Parliament has approved a regulation concerning unfair commercial practices and consumers' rights that modifies the previous ones (2005/29/CE and 2011/83/EU). Approved with 593 votes in favor, 21 against and 14 abstensions, the new norm (number 2024/825) commonly known as European directive on greenwashing, was then published on the EU official journal last 6th March. But what are the changes for companies and consumers, concretely? Now, claims concerning the environmental or social impact of a product have to be proved by concrete facts. Moreover, only sustainability trademarks assigned through approved certification systems or created by public authorities will be admitted. The text introduces, more generally, "specific norms to contrast unfair commercial practices deceiving consumers and preventing them from sustainable consumption choices such as procedures related to premature obsolescence of goods, misleading environmental statements (greenwashing), deceiving information about the social characteristics of the products or of the economic operators' businesses, or non-transparent and non-plausible sustainability trademarks".

From a clearer labeling to certified sustainability trademarks: an overview of the key points introduced by the new EU norms that member states will have to bring into being. Publishing the necessary provisions to conform to the directive by 27th March 2026, applying them from 27th September of the same year.

A clearer labeling

One of the key goals of the new norms concerns the introduction of a clearer and reliable product labeling, "forbidding the use of generic environmental indications such as 'eco-friendly', 'animal-friendly', 'green', 'natural', 'biodegradable', 'zero climate impact', 'eco' if they are not supported by proofs", as you can read in the EU Parliament's text. According to what is established by the document, these general statements have to be considered forbidden if no recognized excellence of environmental performance can be demonstrated. Moreover, the legislation will forbid declarations suggesting an impact on the environment that is neutral, reduced or positive by the reason of the participation to emission compensating systems. Also environmental declarations based exclusively on compensating systems for carbon emissions are banned, as well as other deceiving practices.

Only certified sustainability trademarks

The use of sustainability trademarks will be regulated, too, given the confusion generated by their proliferation and the lacking use of comparative data. "Only sustainability trademarks based on approved certification systems or created by public authorities will be admitted", you can read on the greenwashing directive. Among the main certifications: UNI EN ISO 14024 and the European trademark Ecolabel. The first is released by an independent and accredited organism for products with a low environmental impact in their whole life cycle, from production to launch in the market, while the latter attests high environmental standards and promotes circular economy.

Durability at the core

Besides safeguarding consumers through a clearer and reliable labeling, another key goal of the new directive 2024/825 is "enabling consumers to become increasingly aware of the duration of the products. In the future, the information about the warranty will have to be more visible. A new unified symbol will be created to give more visibility to products with a more extended warranty period". In this sense, the new norms of the European Union "forbid unfounded indications about the duration", you can read on the document deposited in the EU official journal, "and the invitations to substitute goods before necessary, together with false declarations about the repairability of a product".

Lucrezia Villa

BYE BYE FURBETTI DEL GREENWASHING!

La nuova direttiva Ue vieta le dichiarazioni ambientali generiche e i marchi non certificati. Oltre a contrastare l'obsolescenza precoce. Gli Stati membri hanno ora due anni di tempo per recepire le disposizioni. Ma cosa cambia nel concreto per aziende e consumatori?

SUSTAINABILITY FINANCIAL STATEMENTS: 94% OF THE INVESTORS IS SKEPTICAL

The greenwashing shadow looms over financial statements as well. Discouraging investors, who are more and more afraid to run into fake environmentalism dynamics. 94% of the investors would be skeptical about the documents testifying the effort and the sustainability results achieved by the companies. The Global Investor Survey report by PWC provides these alarming data, that come from the analysis of the possible impact on trust and business reputation when using a not so transparent communication about criteria and activities carried out in the ESG. The great majority suspects these documents are at greenwashing risk, containing untrue information

that is not supported by concrete evidence about the real commitment about ESG goals. More specifically, according to the PWC study, more than three investors out of four (76%) wish they had a better report of the real expenses of the companies to attend the sustainability commitment before considering an investment.

Codeword: transparency

More clarity and coherence. These are the wishes of the investors when talking about sustainability reports. With the expectation that the application of more strict regulations and international standards have a more and more relevant key role. “The business reporting has to keep evolving to provide reliable, coherent and comparable information, in which investors and other stakeholders can trust”, underlines Ada Rosa Balzan, founder, president and CEO of ARB, joint stock benefit company specialized in consulting and creation of projects with high scientific value. “Investors, in fact, are increasingly asking specific questions about how companies face these issues in their business strategy, about how they consider risks and opportunities and about what is really relevant for them. The development and writing of a sustainability report according to Balzan “is not a pure report of indicators, but it is a process affirming the values of a business and its governance in the first place, while communicating clearly what it is doing concretely in the ESG. Having a sustainability report written according to the highest international scientific standards and fully respecting both ESG criteria and the 17 principles of the United Nations in the 2030 agenda also helps improving the reputation of the company, fostering the attention of young talents”.

How to draft a true sustainability report?

So, how do you draft a sustainability report following the 2023 Agenda criteria that is also true and credible? The ARB experts have written a guide with 10 tips for the companies.

1 — Before drafting a sustainability report, you have to do a check-up and a detailed mapping of the perimeter, the possible risks and the key focus of the report;

2 — To give value to the report, you have to use data based on a scientific evidence approach, measurable with references and objective recognized tools;

3 — The writing of a sustainability report requires a period between 4 and 6 months as minimum: no space for hurry or improvisation;

4 — Never omit eventual objectives established in the previous year that were not reached;

5 — Involving the stakeholders on the key issues is essential: they can be hired with several non-standardized methods;

6 — Insert infographics for an immediate reading of technical data by everyone;

7 — The sustainability report is not an extended business presentation;

8 — It has to be written in full respect of the European ‘CSRD’ directive;

9 — The market beats legal obligation: it is often the market that solicits the presentation of the sustainability report for the access to an announcement or for the renewal of a contract, even though there is no legal obligation for all the companies;

10 — The sustainability report is a team work, a development path in the business culture that often leads to the institution of a sustainability committee in middle and large-scale companies supporting the governing board in the strategic business choices.

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