



Sustainability in Consumer Products & Retail

Future-proofing green communication



The EU is moving to counter Greenwashing

There is a proliferation of voluntary labels many of which are vague, misleading or unfounded, hampering purchase decisions in favor of sustainable products and services.

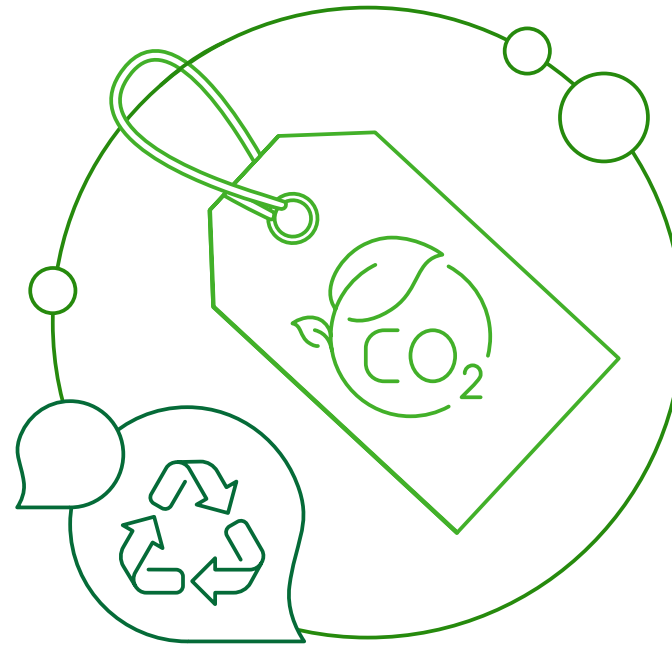
Background

The European Union has taken steps to address greenwashing and vague claims on sustainability as a vehicle for consumers to make conscious and sustainable purchase decisions.

Consumers are overwhelmed and have trust issues with sustainable claims, with 55% perceiving sustainability promises as sheer marketing¹.

Despite being an increasingly important factor in purchase decisions, many claims are unsubstantiated and there is no clarity which of the over 230 labels (2020)² to trust.

In response, the European Union is implementing new regulation including the proposed EU Green Claims Directive³, to ensure that consumers can cut through the noise and make informed and sustainable decisions.



Every second claim
is vague, misleading
or unfounded²

Every second
green label lacks
verification²

¹ Monitor Deloitte (2023), Consumer Insights on Sustainability

² European Parliamentary Research Service (2023) Green claims directive: Protecting Consumers from Greenwashing

³ Directorate-general for Environment (2023): Proposal for a Directive on Green Claims

The new Directive will catalyze transformation

The EU Green Claims Directive will make substantiating environmental claims a requirement, penalizing any digression toward (incidental) greenwashing with substantial fines.

The EU identified...

... poorly-substantiated environmental claims

... untransparent and untrustworthy sustainability labels

... a lack of consumer empowerment to make informed and sustainable purchasing decisions



the EU Green Claims Directive will...

... establish a common framework and foundation for the substantiation and communication of green claims

... foster fair competition within the European internal markets by eliminating information asymmetries

... empower consumers to make sustainable purchase decisions and truly monitor their own environmental impacts

Greenwashing risks are already materializing

The market and regulatory pressure to be transparent and substantiate communication are growing rapidly.

Company communication is **increasingly scrutinized** and **pressures to substantiate** claims are growing.

Market drivers

Watchdogs targeting companies over misleading climate-neutrality claims

Heightened **litigation risk** with watchdogs actively and successfully bringing greenwashing cases to court

Increasing **scrutiny** of and **litigation** against greenwashing with new legal bases including substantial fines

Regulatory drivers

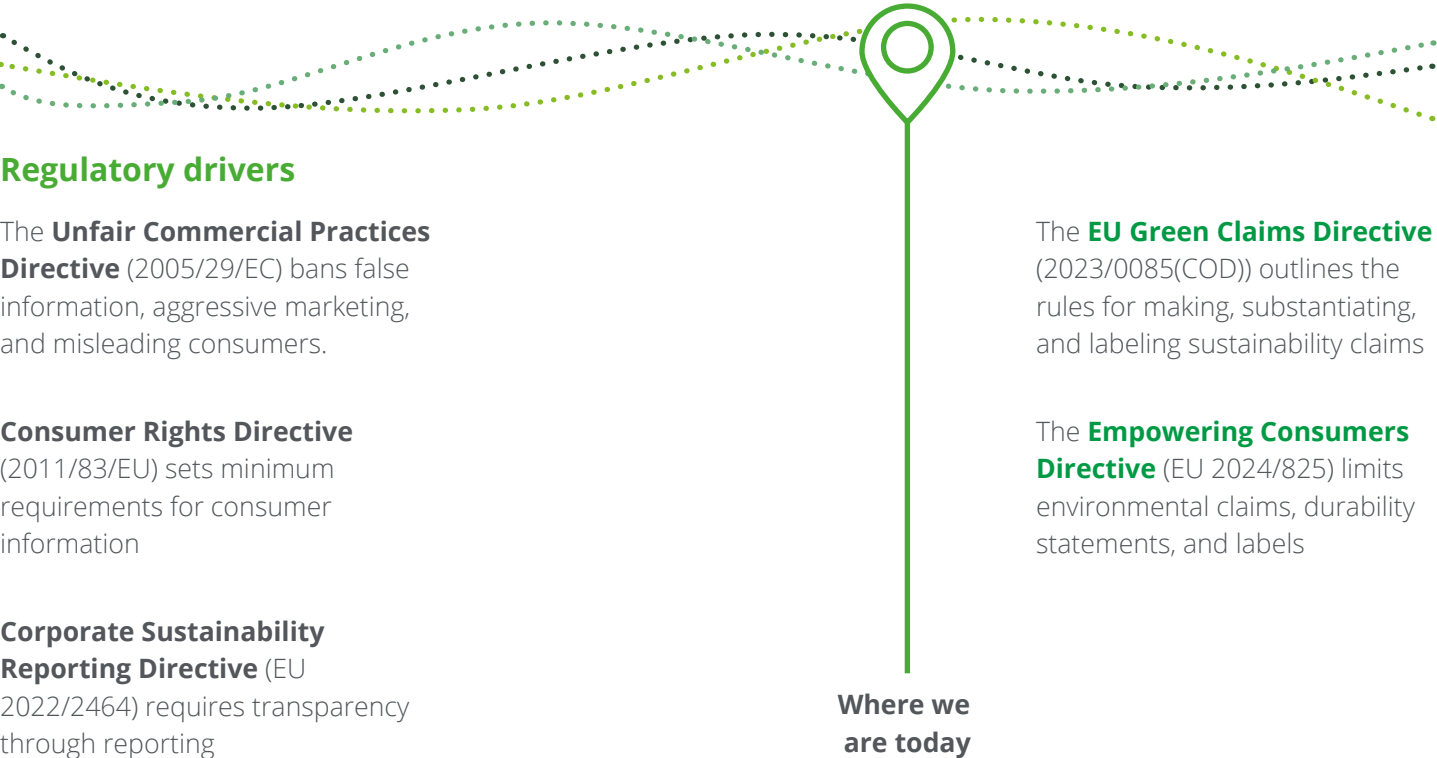
The **Unfair Commercial Practices Directive** (2005/29/EC) bans false information, aggressive marketing, and misleading consumers.

Consumer Rights Directive (2011/83/EU) sets minimum requirements for consumer information

Corporate Sustainability Reporting Directive (EU 2022/2464) requires transparency through reporting

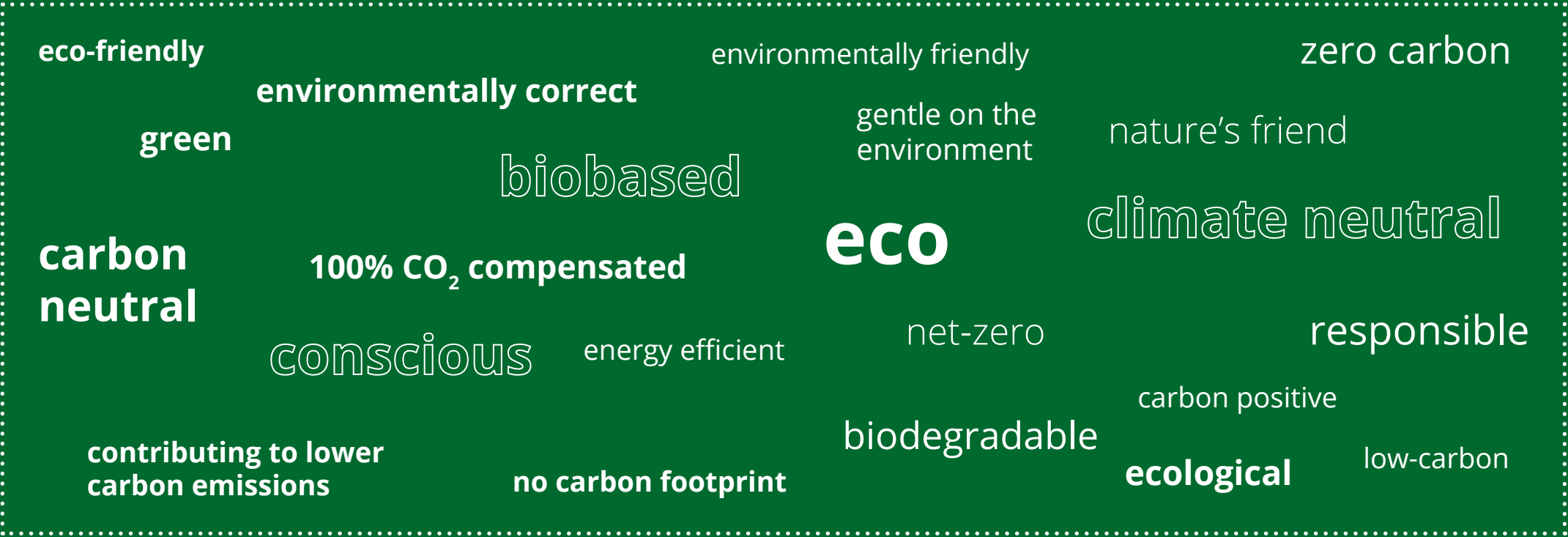
The **EU Green Claims Directive** (2023/0085(COD)) outlines the rules for making, substantiating, and labeling sustainability claims

The **Empowering Consumers Directive** (EU 2024/825) limits environmental claims, durability statements, and labels



Make the label count!

Many **generic claims** may no longer be used and all environmental claims will require **legal substantiation**.



The Directive will influence your communication significantly

The EU Directive clearly defines green claims as all forms of non-mandatory communications and sustainability topics encompassing a company's presentation to consumers.

A green claim is ...



From product packaging to advertising – all forms of non-mandatory communication are affected by the Directive



Rising **regulatory and market scrutiny** means companies **must critically review** and **rethink** how they **present** themselves to **consumers** to be compliant.

Robust strategies for green communication

We can help companies to protect themselves from (incidental) greenwashing and to seize the opportunity by leveraging future-proof green communication in compliance with EU Green Claims.

Do



...conduct a **thorough review** of **all claims** – from use of colors to full external reports



...be very **clear** and **transparent** which scope the claim refers to



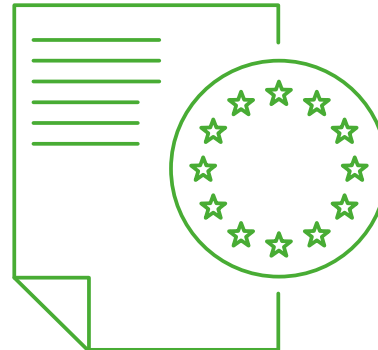
...ensure comparability of **purpose** and **data** when making a **comparison**



...**provide proof** to consumers in an **easy** and **accessible** way (QR code)



...focus on **prevention** and **reduction of emissions** over offsetting



Don't



...**omit** the **total impact**, the **timeframe** (time-washing), or make **vague** statements



...**overstate** something that is **immaterial** or of **lesser relevance** to your business



...overemphasize actions you are **required** to do **by law**



...use claims that are **not substantiated** and **verified externally**



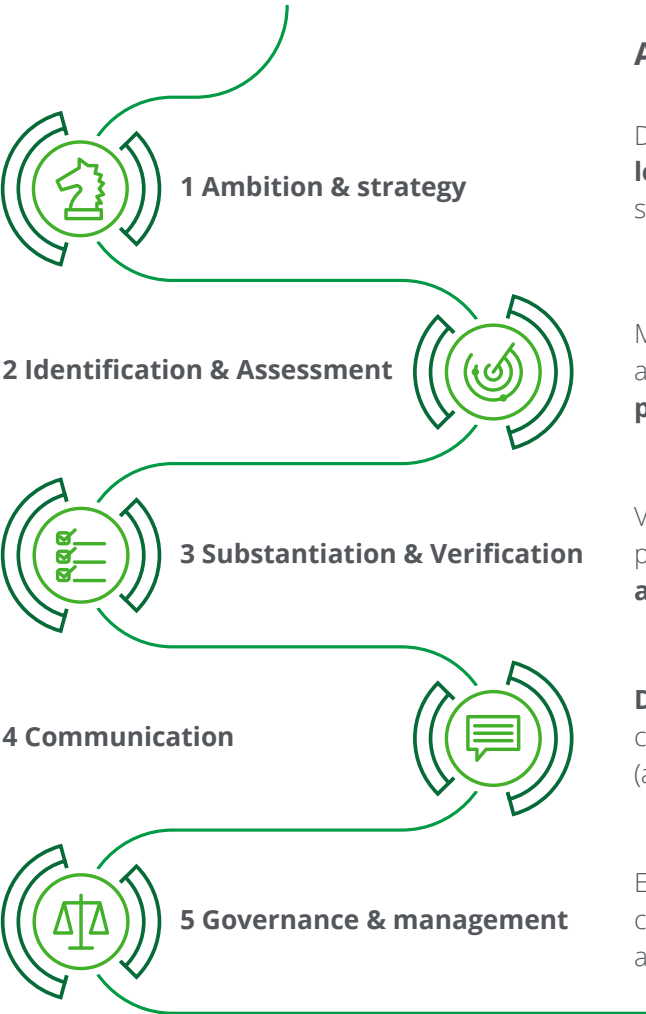
...**neglect** a **life-cycle** perspective

Deloitte’s environmental claims management framework

By leveraging Deloitte’s robust environmental claims management framework, we navigate key considerations and challenges.

To convince your customers with transparent and substantiated claims, our approach focuses on integrity, transparency, and data verification.

Our 5-step journey



Activities

Define your **position** and **ambition level** based on your company strategy

Map existing **claims**, evaluate them against **requirements**, and identify **potential** claims

Validate claims **in-house** and pursue endorsements from proper, **accredited external agencies**

Develop and **integrate claims** into communication, avoiding pitfalls (aggregation, time-washing, etc.)

Establish structures and processes to continuously **monitor** implementation and **enforce** accountability

Considerations

- Associated costs
- “Moving target”
- Competition
- Adopt a life-cycle perspective
- Transparency on existing claims in all forms
- Data availability
- Identify appropriate and lasting providers
- Consider costs & benefits
- Clarity, simplicity, and strategic prioritization
- Rebranding requirements
- Transparency & ease
- Consider current and upcoming policies and regulations
- Continuous improvement

Early adopters can seize substantial advantages

You can still gain strategic benefits from early compliance with the EU Green Claims Directive.

The time is now – Gain strategic benefits from early compliance

Adjusting to the proposed EU Green Claims Directive is not an option, but a requirement.

Early movers who proactively adapt to upcoming laws can reap strategic benefits and win consumers' top of mind for transparent, sustainable positioning before it becomes mandatory.

#1

**Reduce reputational
and liability risks
early on**

#2

**Leverage data needed
to substantiate your
claims for insights and
transparency**

#3

**Enhance
relationships with
key stakeholders**

#4

**Drive sustainable
transformation and
sharpen strategic
positioning**

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