Joint open letter to the fashion retail sector on the use of environmental claims

1 INTRODUCTION

1.1 Purpose

This joint letter is being sent by members of the International Consumer Protection and Enforcement Network (ICPEN), a worldwide network of more than 70 consumer protection authorities, to encourage traders in the fashion retail sector to review their commercial practices and ensure that their environmental claims comply with consumer law.

The textile industry, including the fashion retail sector, is responsible for an estimated 8% of global greenhouse gas emissions and 20% of global wastewater. Given the sector's present environmental impact, the potential for introducing meaningful environmental measures is high.

The aim of this letter is to raise standards in the way that the fashion retail sector makes environmental claims to ensure that consumers are able to make informed choices based on claims that are accurate and clear, relevant in the context of a product or service, and based on reliable and scientifically-based evidence. Giving consumers greater confidence to identify those fashion retailers that they consider to be making the greatest effort to reduce emissions will help to drive innovation and investment in more sustainable technology within the sector.

This letter focuses on consumer protection issues. When marketing or otherwise communicating with consumers, fashion retail sector participants must adhere to applicable consumer protection laws, and also sector-specific statutory or regulatory requirements.

This letter is without prejudice to any other legal issues or terms that national authorities may want to raise or may have raised in national proceedings.

1.2 Action for the fashion retail sector

ICPEN advises traders to review their environmental marketing practices to ensure compliance with consumer protection law. In particular, when making claims to consumers, ICPEN encourages traders to:

- Ensure any claims made are truthful, clear and accurate
- Only make environmental claims when they already have sufficient evidence to substantiate the claim.

¹ United Nations, 2019 "UN launches drive to highlight environmental cost of staying fashionable | UN News"

- Refrain from using product specific claims that are based on evidence that is not specific to the product, for example global average numbers.
- Consider the full life cycle of the product when making a claim, including whether there are any negative impacts that would undermine the claim. If the claim does not relate to the full life-cycle, make it clear which part of the life cycle it applies to.
- Focus on environmental measures only when significant to the product's total environmental impact.
- Refrain from using vague and general claims such as "eco-friendly", "green" or "sustainable".
- Refrain from using vague and general terms to describe filters or groups of products in online stores, such as "filter by sustainability" or "sustainable product range".
- Fabrics should be described clearly and precisely, rather than using vague and general terms.
- Refrain from using implicit green claims such as images of rainforests, leaf symbols, green backgrounds, etc. that do not give a truthful and accurate representation of the scale of the environmental benefit.
- Refrain from using claims as a distinctive feature of the trader while they are based on legal obligations or common practices within the sector.
- Only use labelling schemes and certifications in line with the criteria of the given labelling or certifications, and explain what components or processes are covered by the scheme, if this is not immediately clear to the consumer
- Avoid using a trader's own labelling schemes if they are not widely known and recognised.
- Refrain from making environmental claims based on certification schemes that go beyond the scope of the certificate.
- Where relevant, disclose any material connection to a certification, third party scheme or seal of approval
- Where a claim requires action by the consumer, and this is not readily apparent, explain clearly what action needs to be taken.
- Instead of making unsubstantiated claims about future aspirations, focus on the specific measures already taken or currently being undertaken by your company to reach these goals.

2 MAKING ENVIRONMENTAL CLAIMS

2.1 What are environmental claims?

Making environmental claims is the practice of suggesting or implying that a product or service has a positive or no negative impact on the environment, is less damaging to the environment than other products, or has improved its environmental impact over time. Such claims are subject to consumer protection and marketing laws.

Enforcement authorities can assess whether such claims are presented accurately and truthfully, and whether the claim can be substantiated with appropriate evidence.

The overall impression of the claim is assessed according to how the average consumer is reasonably likely to understand the claim. Authorities can assess not just what is explicitly claimed, but also the overall impression of the content, including implications created by imagery, symbols, colour choice, product names, packaging, and other elements. The impression should not mislead consumers and has to be supported by competent and reliable scientific evidence sufficient to substantiate the claim.

When environmental claims are misleading due to being inaccurate, unfounded or lacking the appropriate substantiation, consumers can end up making decisions they would not have made if they were presented with accurate information about the product or trader's environmental impact.

2.2 Substantiation requirements

All claims, whether explicit or implied, should be substantiated with appropriate evidence. Highly technical and complex claims, such as claims regarding environmental impact in the fashion industry, require scientifically robust and reliable evidence based on recognised methodologies.² The evidence should be verifiable by competent authorities.

Traders should be able to substantiate reasonably likely impressions the average consumer gets from the marketing. The requirements of the evidence is proportionate with the scope of the claim. Consequently, general claims that can be interpreted in several different ways will require documentation of a different nature than highly specific claims that leave little room for interpretation. This tailored approach is called for because the substantiation should cover the way the average consumer is likely to understand the marketing. For example, a claim that a trader sells recycled polyester will be easier to document, due to being a specific claim, than a general claim such as "green jeans" that will require the trader to document that they have little to no negative impact on the environment through a life cycle analysis of their product.

The documentation should at all times during the relevant marketing be up to date and cover the entirety of the claim, the way it is likely to be perceived by consumers. This means that if circumstances, recognised scientific consensus, or the marketing itself is changed, traders should consider whether the underlying documentation still supports the claim in its entirety. If expert studies give rise to significant disagreements, or reasons to doubt the underlying evidence, traders should refrain from making the claim altogether.

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² See for example the International Chamber of Commerce (ICC) <u>Advertising and Marketing Communications</u> <u>Code</u>, p. 40-41.

3 MARKETING PRINCIPLES APPLIED TO PRACTICES IN THE FASHION RETAIL SECTOR

3.1 Avoid vague and general claims

Marketing should not exploit consumers' concern for the environment, nor the fact that the average consumer may not easily understand the significance of environmental measures in a bigger context.

The use of **vague and general terms in marketing fashion products can mislead consumers** into believing that the industry has a lower environmental impact than it actually has, or no negative impact at all. Therefore, claims should be presented in a way that is clear, specific, accurate and unambiguous, both in its factual description and for what is implied.³

The use of vague and general terms can also contribute to the consumer believing that the entire product is sustainable, even if the claim only refers to parts of the product, production process or the product life cycle. The trader should instead highlight the specific measures taken to reduce the product's overall emissions and negative environmental impact, and use accurate language to describe the concrete effects of the measures taken.

This includes using clear, non-exaggerating language and visual elements, being clear about the limitations of the claim and what effects are uncertain and linking the claim only to the product or service, or part thereof, that is relevant to the claim.

For example, suggesting that an item of clothing is "conscious", "green" or "sustainable" is a vague claim. It is also unlikely to be true for a product within a polluting industry such as the textile industry. Thus, traders should refrain from using such claims. Furthermore, the substantiation requirements for these types of claims is very high and is unlikely to be met.

Comparative claims such as 'greener' or 'better' can be unclear if the basis for the comparison is not clearly set out. Traders should ensure that comparisons are fair and clear.

3.2 Do not overstate the significance of environmental measures

Environmental claims should concern **significant improvements in meaningful areas**.⁴ Traders should **not exaggerate** the environmental qualities of their products or highlight irrelevant aspects or marginal improvement of the product's environmental impact. Claims

³ See for example the European Union (EU) <u>Commission Notice: Guidance on the interpretation and application of Directive 2005/29/EC of the European Parliament and of the Council concerning unfair business-to-consumer commercial practices in the internal market, p. 75.</u>

⁴ See for example the United Nations (UN) <u>One Planet Guidelines for Providing Product Sustainability Information</u>, p. 22.

regarding improvements that are insignificant in the bigger picture can easily be perceived as more significant than they are, as consumers struggle to contextualise environmental claims. Claims should therefore highlight areas that make a real difference to the overall performance of the relevant product. For example, when a small change is made to the amount of water used to produce a product, the claim 'less water' may be interpreted by consumers to mean that a significant decrease in water usage has been achieved.

In this context, it is important that improvements are marketed in a way that is **proportionate** to the overall impact of the product. It may be misleading to emphasise specific measures if this is likely to give the product a better environmental profile than objectively merited. This could lead the consumer to believe that the product is less damaging to the environment than it in reality is and make a purchasing decision they otherwise would not have made. For example, while reducing the amount of water used in making jeans can be a positive improvement, the reduction could constitute a small fraction of the overall emissions and negative environmental impact of the production of the jeans. The improvement should then not be given undue emphasis in the marketing.

3.3 Avoid claims based on data that is not sufficiently specific to the product

In relation to environmental claims being subject to strict documentation requirements, some ICPEN authorities have seen examples of traders in the textile industry using global average data to substantiate environmental claims that are specific to a product. If the environmental claim can only be substantiated by generalized or global average data, the presentation of a product specific claim can easily be misleading.

Global average data is by nature not specific to the production of a particular product, and in the fashion and textile industry, there may be large, geographical variations in numbers and data (for example in the amount of water used in some stages of production). Therefore, if the data is not guaranteed to be representative of a specific product, then any environmental claim reliant upon such data should not appear to be specific about that product.

For example, claiming that a t-shirt has a lower environmental impact due to being made of organic cotton instead of conventional cotton, could be misleading if this claim is only based on global average numbers for organic cotton, as the trader would not be able to document that the specific t-shirt the claim refers to has a lower environmental impact than if it was made out of conventional cotton in that specific region.⁵

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⁵ It should be noted that such claims should only be made if the environmental impact of the t-shirt is lower than comparable products with conventional cotton, taking the entire life cycle into account, and the material choice being a significant aspect of this reduction. All of these aspects must be substantiated with appropriate evidence that is representative of the specific product.

3.4 Avoid use of self-made labelling schemes and misuse of third-party certifications

ICPEN member authorities have seen an increase in the use of environmental labelling schemes, such as a brand or trader's own eco-label or symbol, and third-party certifications. Such labels should give an accurate impression of the environmental performance of the product. If not, such a label can be a misleading environmental claim.

Third party certification schemes are often used in the fashion retail sector as a way to substantiate environmental claims⁶. Certain ICPEN member authorities have seen examples of how claims that are based on a certification scheme are given a wider reach than merited by the documentation behind the certificate. For example, marketing suggesting that a product has an overall excellent environmental performance due to containing a material that is certified recycled or organic. Although the certificate appropriately substantiates the material content of the product, it does not cover the impression of the claim that the product is overall less harmful to the environment. Furthermore, any material connection to the certifier should be disclosed to the consumer.

Also, when making claims, many traders take into account the direct emissions of the facilities, energy, vehicles etc. required to produce and transport a product (scope 1 and 2 emissions), but not those emissions of the production process of the products that they acquire and will sell to consumers (scope 3 emissions). Any claims about the reduction of emissions should therefore include all emissions (i.e. scopes 1,2 and 3) or else make clear to the consumer that some emissions (i.e. scope 3) are not included in the calculations. Failure to provide this clarity is likely to mislead consumers.

Instead of using exaggerated, vague and general claims that the certification scheme does not support, traders should **stick to accurate claims that are backed up by the relevant certification**. For example, a certification regarding recycled polyester can be used to state that the product is made of recycled polyester. It may however be misleading to state that the product is sustainable or less harmful to the environment due to having obtained the certification.

3.5 Be specific when using "sustainability" filters in online stores

In online stores, traders frequently enable consumers to use filters to sort products by categories. Such categories or filters commonly used are size, material, colour and brand. These can be beneficial to the consumer's shopping experience. Some online stores use "sustainability" filters that group together products with certifications or specific qualities that the trader in one way or another consider environmentally beneficial. The information in such

⁶ Stricter regulation regarding the requirement of certification schemes are being implemented in the EU. Directive 2024/825. Directive (EU) 2024/825 of the European Parliament and of the Council of 28 February 2024 amending Directives 2005/29/EC and 2011/83/EU as regards empowering consumers for the green transition through better protection against unfair practices and through better information. http://data.europa.eu/eli/dir/2024/825/oj.

filters is often vague and general, and in such cases does not provide further qualifications or specification on what makes the specific products "sustainable".

Using these kinds of filters can be misleading as it can give the consumer the impression that products in the filtered categories are overall environmentally less damaging or "sustainable", which in itself would be a vague and misleading claim.

Instead of using filters that create an impression of matching products being "sustainable" or similar, use filters that allow consumers to search for specific bona fide certifications or neutral aspects of products. If filters are used, the products included in the filtered group should meet the criteria. For example, a 50% recycled filter should return products that are at least 50% recycled.

3.6 Corporate claims of future aspirations

ICPEN authorities have observed that fashion retailers often use future goals and visions in their marketing. Instead of making claims about future aspirations, ICPEN encourages businesses to focus their marketing on the specific measures they are already taking to reach these goals. Also, information about future targets and aspirations should not be included in claims related to individual products unless there is a very clear link between the two, which is communicated clearly to the consumer.

Claims about what will happen in the future are uncertain by nature. This can make it difficult to formulate marketing claims about future goals and visions that are **sufficiently precise and balanced**. This especially applies to goals that the textile industry is a long way from achieving at the time the marketing is conducted, or goals that are vaguely formulated in the marketing material, such as claims of becoming climate neutral by a specific year. Therefore, claims should be formulated as specifically as possible, articulating not just a goal or vision, but how they are to be achieved. The focus should be on measures already or soon-to-be put in place that are significant in achieving the goal. For example, a detailed claim about a goal relating to a particular fabric is less likely to mislead consumers than a broad, aspirational claim such as 'we are committed to a better world'.

Like any other environmental claim, future aspirations should be supported by sufficient documentation. Traders should therefore have clear and well-defined plans for achieving these goals, with concrete targets and timeframes. If targets are communicated to consumers, the plans that back this up should also be made available. Aspirations should be realistically achievable based on the trader's operations, through the use of scientifically recognised, technically feasible and verifiable methods. Visions that are purely aspirational, and not based on concrete and realistic plans, should not be marketed to consumers.

4 ENGAGEMENT WITH ICPEN

We welcome the opportunity to engage with businesses and other stakeholders who wish to discuss the contents of this letter further. Further inquiries should be directed to ICPEN-Secretariat@cb-bc.gc.ca.

Yours sincerely,

Australian
Competition &
Consumer
Commission



Colombian Superintendencia de Industria y Comercio (SIC)



Danish Consumer Ombudsman



Fijian
Competition &
Consumer
Commission



French DGCCRF



Hungarian Competition Authority



Ministry for National Economy of Hungary



Irish Competition and Consumer Protection Commission



Korea KCA



Lithuanian State Consumer Rights Protection Authority



Procuraduría Federal del Consumidor (Profeco), México



Netherlands Authority for Consumers and Markets



New Zealand Commerce Commission



Norwegian Consumer Agency



Peru Indecopi



Polish Office of Competition and Consumer Protection



Seycelles Fair Trading Commission



Spanish
Directorate
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Swedish Consumer Agency



Turkish Ministry of Trade

