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UK Regulators Crack Down on 'Greenwashing'

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Within seven months^[1] of the UK regulator, the Competition and Markets Authority ("**CMA**"), announcing its review of green claims in the fashion retail sector, it has opened an <u>investigation</u> into such environmental claims made by various fashion businesses, including ASOS and George at Asda. This comes less than a year after all businesses were put on <u>notice</u> by the CMA to ensure their green claims were legally compliant.

The investigation will analyse each businesses' environmental claims in light of the CMA's <u>Green Claims Code</u> (for further discussion see our previous post <u>here</u>) and UK consumer protection law. Notably, the CMA has not yet reached a conclusion as to whether the retailers are in breach of the law.

In its review, the CMA says that it is looking at the businesses' fashion products, and in particular, the clothing lines that are marketed with environmental language, such as "Responsible edit", "Ready for the Future" and "George for Good".

In deciding whether to take further action (such as a criminal prosecution or demanding undertakings) the CMA will consider various factors including:

- whether the language used to advertise products is misleading with regard to their ecofriendly credentials
- the criteria the businesses are using to allocate products to their sustainable lines and whether these are being adhered to
- the level of information about the products that is provided to customers
- misleading statements and/or accreditation schemes

The CMA is now gathering evidence using its statutory powers and has <u>reportedly</u> written to at least three businesses setting out its concerns. The CMA interim Chief Executive warned that if these businesses have used misleading green claims, "[the CMA] won't hesitate to take enforcement action – through the courts if necessary".

This is an important message for all businesses, and not just those in the fashion retail space. It highlights that the CMA are actively pursuing greenwashing, with the CMA further highlighting that the "wider review of the fashion sector and potentially misleading environmental claims in other sectors will continue..."

US action. It's not just in the UK where greenwashing is high on the agenda. In the US, various high-profile retailers are currently facing a proposed class action lawsuit in relation to reportedly misleading environmental claims, similarly in relation to their eco-clothing lines.

Businesses should approach these latest efforts to tackle greenwashing as a warning, and endeavour to ensure the credibility of their sustainability claims to ensure continued consumer trust and confidence.

Danielle Jones also contributed to this article.

FOOTNOTES

[1] [10 Jan 2022, "Compliance Review commences" (Misleading environmental claims – GOV.UK (www.gov.uk))]

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