





Ms Jessika Roswall, Commissioner for Environment, Water Resilience and a Competitive Circular Economy

Mr. Valdis Dombrovskis, Commissioner for Economy and Productivity, Implementation and Simplification

Mr. Arkadiusz Pluciński, Minister-Counsellor, Representative of Poland to the EU, Polish Presidency of the EU

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<u>SUBJECT</u>: Simplification: necessary changes to the Green Claims Directive to reduce bureaucratic burden and support – not discourage – companies' investments in sustainability

Dear Commissioner Roswall, Dear Commissioner Dombrovskis,

Dear Polish Presidency of the EU, Dear Mr. Pluciński,

The EU 'Competitiveness Compass' promised that the Commission will focus its activities on "simplifying the regulatory environment, reducing burden and favouring speed and flexibility". The European Commission President Ursula von der Leyen has also set a target to deliver an unprecedented simplification effort, by achieving at least 25% reduction in administrative burdens for businesses and at least 35% for SMEs before the end of the mandate.

Against this background, we would like to draw your attention to the significant bureaucracy and administrative burdens created by the EU proposal on Green Claims, currently subject to interinstitutional negotiations in trilogue.

Our organisations collectively represent more than 2.5 million companies in Europe in the retail and hospitality sectors, providing more than 17.1 million jobs. Our sectors are the heart of the EU economy and its local communities and are major drivers for the sustainability transition.

While we support the main objective of this proposal, companies' willingness to invest in sustainability is intrinsically linked to their capacity to market the result of their investments to their customers. Therefore, companies will avoid introducing new reliable claims if the regulatory requirements stemming from the Green Claims proposal entail costs, burdens, and legal uncertainty that outweigh the business case for investing in sustainability and marketing these investments towards consumers.

Notably, we have identified three major aspects of the Green Claims proposal that risk to create such detrimental effects. These three aspects introduce massive bureaucracy and legal uncertainty, without being necessary to effectively achieve the proposal's primary objective.







Hence, we invite you to consider these key issues that should be subject to simplification:

- (Article 3) The substantiation procedure for explicit environmental claims and environmental labels is too complex for a wide set of simple environmental claims. A simplified procedure with lighter requirements is needed for simpler claims. Such a procedure should explicitly apply to a clearly defined list of simple environmental claims, in order to ensure that companies are not overburdened. Furthermore, this solution would offer a practical and affordable way for companies to develop and roll out specific green claims mirroring their investments and change in production methods.
- (Article 10) National verification procedures are disproportionate and create unnecessary administrative complexity. These procedures should be replaced by a simple system, where traders shall be able to solely rely on independent third-party (private) certification to market their environmental claims. There is no need for Member States to set up national (public) verification schemes, as this would inevitably add unnecessary administrative complexities, increase costs, and cause delays.
- (Article 8) The administrative procedure for approving future labelling schemes should be abolished. The proposed ban on future labelling schemes, unless they demonstrate in an administrative process that they meet an abstract and unpractical 'added value' criterion, will deter private investments and innovation, entrench the position of incumbent schemes, and create unnecessary administrative procedures and costs. Schemes (private and public) that are substantiated and independently verified should systematically be allowed to be operated within the EU Single Market.

Further details on these three aspects can be found in the annex of this letter.

Moreover, the broader market dynamics should be considered as well. As shown by the <u>2025 EU Consumer Conditions Survey and Scoreboard</u>, sustainable consumption is declining, largely due to consumers' negative reaction to the often higher costs of more sustainable products. If the Directive's substantiation and verification requirements become excessively bureaucratic and/or expensive, these costs will inevitably be passed on through higher prices, **thus harming consumers by making sustainable products even less accessible and slowing the EU's sustainability transition**.

We invite you to address in the inter-institutional negotiations these flaws identified above, in order to preserve the business case for companies to invest in sustainability (and related claims), reward innovation in sustainability and minimise the costs induced by the Green Claims Directive.

We thank you for your kind attention.

Yours Sincerely,

Else GROEN
Director General of Independent
Retail Europe

Marie AUDREN
Director General of HOTREC

Todor Ivanov Secretary General of Euro Coop







ANNEX: Three issues in the Green Claims Directive that require simplification to avoid red tape, unnecessary costs and to preserve the business case to invest in sustainability

1. (Article 3) The substantiation procedure is overly complex: companies need a simplified procedure for a wide set of simple environmental claims

While we fully support the need for substantiation of environmental claims, the proposed rules on substantiation/verification are disproportionately complex/burdensome. Many of these claims are simple, and therefore, do not require to be subject to the full set of criteria foreseen by the Commission proposal to be reliable. Making this type of claims subject to all the requirements foreseen by the Directive will be complex and costly, ultimately discouraging companies from investing resources into greening processes and products. Both the Council and the European Parliament positions recognise this concern in their respective positions.

We therefore invite the Commission to introduce a simplified procedure for the substantiation of a wide set of simple claims, and to clearly define which claims qualify for this streamlined approach.

Recital 26a of the Council's text provides a list of explicit environmental claims that could be subject to a simplified procedure: "claims about reusability, reduced energy consumption, reduced water consumption, reduced resource use, waste reduction, waste prevention or circular business models." In line with this approach, other types of claims such as 'X% use of recycled material', 'reduced use of pesticides', 'optimised irrigation', 'X% recycled content' should be added since they cover additional straightforward claims.

A simplified procedure should offer a more practical and affordable way for companies to develop and roll out specific green claims mirroring their investments and change in production methods.

Moreover, **lowering the costs and complexity of substantiation** by a simplified procedure would not only encourage continued investment but also keep sustainable products **more affordable** for consumers. On the other hand, if the costs and risks associated with the substantiation of green claims outweigh the potential business benefits, companies may limit or refrain from communicating their green efforts altogether. Consequently, this would reduce consumers' awareness of sustainable options, ultimately slowing down progress towards greener and more sustainable consumption.

Recommendation for simplification – Article 3:

- Introduce a simplified procedure for the substantiation of a wide set of straightforward claims, and clearly list which type of claims qualify for this streamlined approach.
- 2. (Article 10) Verification of claims: independent third-party verification is sufficient no need for national administrative procedures

The use of an independent third party issuing a certificate of conformity is sufficient in itself to ensure the reliability of claims, especially as the recent Directive on Empowering Consumers for the Green Transition sanctions any dodgy and fake allegations.

Unfortunately, Article 10(7) goes far beyond what is necessary by creating a complex and lengthy national administrative process for the recognition of green claims. The requirement to enter a formal administrative process, where Member States will be asked to recognise the certificate of conformity and to notify the list of certificates via the Internal Market Information System risks undermining the







core objective of the Directive. The added administrative burden is likely to slow down the uptake of reliable environmental claims and certification across the EU. This redundant oversight creates double bureaucracy, increases administrative burdens and compliance costs for companies and adds delays and uncertainty, which would inevitably impact on willingness to invest in sustainability, in particular for SMEs and small mid-cap companies. Therefore, a less bureaucratic and more streamlined approach should be pursued.

We invite Commission to delete these national verification systems foreseen by Article 10(7) and to simplify the process under Article 10 to ensure that companies willing to introduce green claims can market these claims as soon as they obtained certification by an independent third party. This will allow to achieve the same objectives more efficiently, without compromising the integrity of the system.

Recommendations for simplification - Article 10

- → Delete the national verification systems (Article 10(7)) and simplify the process (Article 10) by allowing companies to communicate green claims as soon as they obtained certification by an independent third party.
- 3. (Article 8) Administrative approval of future labelling schemes should be abolished public and private schemes should be treated equally and allowed to operate if compliant

Article 8(4) and Article 8(5) of the proposal introduce an unjustified distinction between future private and public labelling schemes, and pose unjustified obstacles to the creation of new reliable labelling schemes.

This Article prohibits the introduction of new environmental labelling schemes after a certain date, unless companies can demonstrate in an administrative process that their claim meets a - legally vague and unpredictable - "added value" criterion. This *ex-ante* "added value" conditionality will cast major doubts on the possibility for companies to market their investments in sustainability. **Article 8(5) will therefore cause many economic operators to reconsider their sustainability efforts as it puts the possibility to market their investments towards consumers in jeopardy.**

Moreover, public labelling schemes should not be inherently presumed more trustworthy than private ones, particularly given that many private labelling schemes have played a crucial role in advancing sustainability standards, often before and beyond regulatory requirements and often in the absence of any public labelling scheme. By imposing stricter conditions on private labelling schemes, the Directive deters private-sector innovation and investment in sustainability.

Competition and consumer choice should determine which labelling schemes are the most appropriate: future labelling schemes that are substantiated and verified *as per* the Directive should always be allowed to enter the market. Imposing restrictions to the rollout of new labelling schemes hampers innovation and competition, and undermines consumer choice and dynamic evolution of sustainability standards.

Recommendation for simplification – Article 8(4) and 8(5)

Abolish the partial ban on future labelling schemes and the administrative vetting of future schemes based on "added value" criterion. Any future labelling scheme, public or private, should be allowed to enter the market if meeting the substantiation and verification criteria.







Treat equally private and public labelling schemes by using the same wording.

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About Euro Coop

Euro Coop unites 19 national organisations of consumer co-operatives in Europe, representing 30 million consumer-members, 7,000 local co-operatives, 700,000 employees and operating 94,000 points of sale. Consumer co-operatives are enterprises with a distinct model of ownership and governance, which, since 1844, have been operating according to the co-operative principles such as voluntary and open membership (Principle 1) and democratic member control (Principle 2) based on the rule of 1 member-1 vote. Being owned and managed by their members, consumer co-operatives have an inherent responsibility farreaching past the cash register, such as care for the community (Principle 7) and all its social, economic and environmental facets.

About HOTREC

HOTREC is the umbrella association of Hotels, Restaurants, Bars and Cafés and similar establishments in Europe. It brings together 46 national associations in 36 European countries and serves as the voice of European hospitality. The industry counts 2 million businesses, 99% of them being Small and Medium-sized Enterprises (SMEs), provides 10 million jobs and contributes to 3% of the EU GDP. HOTREC's mission is to represent and champion the industry's interests towards the EU and international institutions, foster knowledge sharing and best practices among its members to promote innovation and serve as an expert platform for the hospitality sector.

About Independent Retail Europe

Independent Retail Europe is the European association that acts as an umbrella organisation for groups of independent retailers in the food and non-food sectors. Our members are groups of independent retailers, associations representing them as well as wider service organizations built to support independent retailers. Independent Retail Europe represents 24 groups and their 501.000 independent retailers, who manage more than 764.000 sales outlets, with a combined retail turnover of more than 1,411 billion euros and generating a combined wholesale turnover of 604 billion euros. This represents a total employment of more than 6.400.000 persons. Find more information on our website, on X, and on LinkedIn.