

ENVIRONMENT

EMPOWERING CONSUMERS FOR
THE GREEN TRANSITION DIRECTIVE

VdA EXPERTISE



March 2024

The Directive regarding Empowering Consumers for the Green Transition, through better protection against unfair commercial practices and through better information, was published on 6 March 2024.

Directive (EU) 2024/825 of the European Parliament and of the Council, of 28 February 2024 (hereinafter referred to as **ECGT Directive**) amends the Unfair Commercial Practices Directive (Directive 2005/29/EC) and Consumer Rights Directive (Directive 2011/83/EU), in order to empower consumers for the green transition. The new legislative framework aims to:

- i. protect consumers from unfair commercial practices, by prohibiting additional misleading commercial practices, namely, misleading information concerning environmental claims, social characteristics or circularity aspects of products, non-transparent and non-credible sustainability labels and untruthful advertising;
- ii. empower consumers to take better-informed decisions and choose products that are genuinely better for the environment, namely through the introduction of additional information requirements.

Background

The ECGT Directive is part of a larger package of legal initiatives mentioned in the EU's New Circular Economy Action Plan, which aims at contributing for reaching the targets set within the framework of the European Green Deal. Together with the ECGT Directive, the following main proposals are included in the above-mentioned legislative package:

- Proposal for a new Ecodesign for Sustainable Products Regulation, based on the existent Ecodesign Directive (broadening the latter's scope, which currently only covers energy-related products, to more product groups);
- Proposal for a Green Claims Directive, on substantiation and communication of explicit environmental claims;
- Proposal for a Right to Repair Directive, to promote the repair of goods both within and beyond the legal guarantee.

The ECGT Directive and the proposed Green Claims Directive share the goal of preventing greenwashing by ensuring that consumers are given reliable and trustworthy information, and thus complement each other.

While the former develops and deepens existing provisions on consumer protection, the latter establishes a new set of rules and concepts, applicable to producers and traders, for substantiating and certifying environmental claims and environmental labels, as well as penalties for breaking said rules.

Prohibited commercial practices

The ECGT Directive, among other changes, amends Annex I of the Unfair Commercial Practices Directive by adding to the list of misleading commercial practices prohibited therein, misleading practices related to greenwashing and circularity aspects, namely:

- Displaying sustainability labels that are not based on a certification scheme or not established by public authorities;
- Making generic environmental claims for which the trader is not able to demonstrate recognised excellent environmental performance relevant to said claims;
- Making environmental claims about the entire product or the trader's entire business when it concerns only a certain aspect of the product or a specific activity of the business;
- Claiming, based on the offsetting of greenhouse gas ("GHG") emissions, that a product has a neutral, reduced or positive impact on the environment in terms of GHG emissions;



The new requirements of the ECGT Directive are applicable to all EU-based companies, as well as non-EU companies which operate, trade or distribute products and services in the EU space

- Commercial communications about a good including a feature introduced to limit its durability, when that feature or its effects on the good’s durability is known to the trader;
 - Making false claims about the durability of a good;
 - Making false claims about the ability to repair a good;
 - Inducing the consumer to replace or replenish the consumables of a good earlier than what is necessary for technical reasons;
 - Withholding information about the impairment of the functionality of a good when consumables, spare parts or accessories not supplied by the original producer are used, or falsely claiming that such impairment will happen.
- i. Harmonised notice – shall contain the main elements of the legal guarantee of conformity for goods, including the minimum duration of two years, as demanded by Directive (EU) 2019/771, and a general reference to the fact that the duration may be longer under national law.
 - ii. Harmonised label – to be displayed in a prominent manner and used in a way that allows consumers to easily identify which particular good benefits from a commercial guarantee of durability offered by the producer at no additional cost, covering the entire good, and with a duration of more than two years, and also as a reminder of existence of the legal guarantee of conformity, as mentioned above.

The design and content of the harmonised notice and label shall be specified by the Commission by September 2025, through implementing acts.

Additionally, the Directive introduced obligations on traders to provide information regarding, namely, where applicable and/or available, (i) the existence and conditions of after-sales services, including repair services, and commercial guarantees, (ii) the period of free software updates for digital elements, digital content or digital services, and (iii) goods’ reparability scores.

Consumer information

To protect consumer rights and promote sustainable consumption, the ECGT Directive also modifies the Consumers’ Rights Directive, introducing a new set of information requirements regarding circularity, which oblige producers and traders to provide transparent information to consumers about products’ durability and reparability.

It sets forth the creation of a harmonised notice and a harmonised label for the provision of information, in order to ensure that consumers are well informed and can easily understand their rights, as follows:

Entry into force

The ECGT Directive will enter into force on the 26 March 2024, with a 2-year transposition period.

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