KEY TAKEAWAYS:

The Shifting Tide, The Great Greenwashing Machine

Last week on September 8th, Eco-Age hosted the third in a series of roundtables designed to equip brands on fashion and current affairs in a transforming world, in partnership with Equiception and The Geneva Center for Human Rights.

Titled *The Great Green Washing Machine*, this roundtable hosted by Livia Firth brought together legal, data and global value chain experts Auret Van Herdeen, Tone Skårdal Tobiasson, Dorothée Baumann-Pauly, Veronica Bates-Kassatly, and David Perry of the Competition and Markets Authority to address today's evolving greenwashing landscape. What does greenwashing mean today in the wake of escalating regulatory and consumer vigilance? And how can well-meaning brands navigate an environment of often opaque requirements?

The forty-five-minute discussion, followed by a 45-minute Q&A, highlighted the critical ways the greenwashing environment is fast changing, diving into the flaws in current data analysis, the global trend towards greater regulation, and the resources available for companies today. As always, our experts at Eco-Age, along with the voices in the panel, are on hand to continue these conversations in greater depth.

Key takeaways from the Roundtable include the following:

- We're entering a new era of regulation. "We're coming out of 20 or 30 years of voluntary standards, the CSR era, and moving into a new era of mandatory standards, mandatory human rights and environmental due diligence," said Van Heerden.

- As regulatory requirements increase, so will the need for ongoing due diligence along the value chain, non-financial reporting and ESG reporting. "Your companies are going to be increasingly required to account for sustainability as they are required to account for their financial activities," summarized Bates-Kassatly.

- In this environment, in which many areas of potential regulation do not have agreed upon metric, there is an inevitability that even well-meaning companies will get some things wrong.

- In order to produce and analyze the necessary data for the forthcoming environment of regulation, co-creation and methods for facilitating this will be necessary, as data will from suppliers, farmers, and other stakeholders.

- David Perry, Legal Director at the CMA, gave three key guidelines for companies around sustainability claims communication:

    - "The first one is accuracy: Is it true? Is it the whole picture? Can you back it up with data and stand behind it? The second is understanding: What will your customers understand from your message? Then, the third is culture, because getting this right starts at the top of an organization and has to be embedded throughout."

    - Culture extends to suppliers

- The CMA now has a particular focus on the fashion retail sector. "You'll see is a general move towards greater scrutiny of green and environmental claims from a variety of regulatory bodies and in a variety of different contexts," said Perry. Alongside the CMA, the Advertising Standards Agency, Financial Conduct Authority, and others are building ESG considerations into sector specific rules.

- Sustainability to this day is mostly green. We're overlooking social impacts.

- There is a need to move beyond examination of buyer and supplier relationships, namely working conditions, to business models which drive human rights risks into the supply chain and determine how a company sells its products.

- There is a serious need for stronger data and greater transparency in the industry. "From a scholarly management perspective, relying on such poor data is highly risky for corporations," explained Baumann-Pauly. "Because as they project a green image using such weak data, any evidence that calls these sustainability claims into question can backfire in terms of their reputation. The corporate legitimacy that they're built up over years can be lost within seconds. It's a very risky business strategy to project a green image or responsible image without having robust data to underpin it."

- "It does seem that one is counting what can be counted and not what actually counts," suggested Tobiasson.

- LCAs are not a one size fits all solution. "The first thing to realize is that LCAs are not absolute, they are not a sausage machine, they are not a cookie cutter. From any given set of raw data, there is no single unique value that will automatically be generated for greenhouse gas emissions, water consumption, eutrophication, etc.," said Bates-Kassatly. "Vastly different purported impacts can be obtained from exactly the same data by using different models, different methodologies and or different boundaries."

- So, what can brands do in a landscape of complex and still shifting guidelines? "They could introduce more equitable contracts. They could make long term bankable purchasing commitments. They could source yarn and fabric from France due to its low carbon intensity of its grid mix and the fact the minimum wage is a living wage, or they source from solar powered Bangladeshi Mills, proving that they're minimizing GHG emissions and spinning and weaving. All of these moves would cost more, but the positive impact would be real and measurable," suggested Bates-Kassatly.

- As Firth emphasized, by no means is this an argument to stop collecting data. "[Brands] absolutely need to know the impact that they have on the planet and on the communities where they operate," she said. "But we have been advised to stop using the collection of the data, the data that they think they have that is accurate, in order to convince consumers to buy their products because they're more sustainable than others."

- In the words of fashion lawyer Allen Baer, quoted by Bates-Kassatly, "The key learning is, unless you and you alone, really can be sure that what you are doing is better for the environment, it is far too early in all this to start boasting about it in your marketing materials."