

From: Cecilia Parker Aranha
Director, Consumer Protection

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To whom it may concern,

Competition and Markets Authority (CMA) Investigation into environmental claims in the fashion retail sector.

CMA open letter to the fashion retail sector

1. The CMA is publishing this open letter to businesses in the fashion retail sector to inform them of the outcomes of the CMA's investigation into environmental claims in the sector, and to highlight the need for businesses to consider their obligations under consumer protection law.
2. As you will likely be aware, following the CMA's investigation, three fashion retailers have given undertakings whereby they have agreed to change their practices to address the CMA's concerns about certain environmental claims and commercial practices. Further information on the investigation conducted by the CMA, including copies of the undertakings provided by those businesses, can be found at <https://www.gov.uk/cma-cases/asos-boohoo-and-asda-greenwashing-investigation>.

Consumer law and environmental claims in the fashion retail sector

3. One of the CMA's key aims in publishing the Green Claims Code¹ ('the Code') was to give businesses the confidence to make accurate and truthful environmental claims that reflect investment in the environmental performance of their products and services. The Code articulates how consumer protection law applies to environmental claims and provides a framework for businesses to make environmental claims that help consumers make informed choices. The law seeks to protect consumers from misleading environmental claims, and in doing so also protects businesses from unfair competition. It enables businesses to communicate their genuine efforts to consumers transparently and to reap the commercial benefits.
4. The Code sets out six key principles that businesses must adhere to in order to ensure that their environmental claims are not misleading, namely that they:
 - (a) are truthful and accurate;
 - (b) are clear and unambiguous;
 - (c) do not omit or hide important information;
 - (d) compare goods or services in a fair and meaningful way;

¹ [Environmental claims on goods and services \(publishing.service.gov.uk\)](https://publishing.service.gov.uk) – September 2021

(e) consider the full life cycle of the product or service;

(f) are substantiated.

5. The undertakings provided to the CMA by the three fashion retailers build on the principles set out in the Code. Businesses should familiarise themselves with the Code and with the commitments in the undertakings, and take all necessary steps to ensure that any environmental claims they make comply with consumer protection law, including that their processes to ensure compliance are robust. The CMA intends to publish further guidance for the fashion industry in due course.
6. We expect any business making environmental claims promptly to review and, where necessary, change its practices to comply with the law. Promoting environmental sustainability remains a priority for the CMA.² We will continue to consider any intelligence that businesses may not be complying with consumer protection law with a view to taking possible enforcement action where appropriate.
7. The UK Parliament is currently considering the Digital Markets, Competition and Consumers Bill. Should it become law, it is envisaged that significant monetary penalties may be imposed, either by the court or by the CMA, where parties are found to be in breach of certain consumer protection legislation. Such penalties may be up to 10% of a business' worldwide turnover. Future action by enforcers, including in respect of misleading green claims, could therefore result in the imposition of a penalty.

Yours faithfully,

Cecilia Parker Aranha

Director, Consumer Protection

² Promoting environmental sustainability is a priority for the CMA, as set out in the Annual Plan 2024-2025, which is available at: <https://www.gov.uk/government/publications/cma-annual-plan-2024-to-2025>