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How do companies need to change to meet the Green Claims Directive?

- *A study about eco-labels in the chocolate industry*

Bachelor Thesis in Corporate Sustainability

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Preface

We would like to start this thesis with thanking our supervisor at the School of Business, Economics and Law, University of Gothenburg, Gabriela Schaad for supporting and guiding us through our thesis. We would also like to thank our opponents for insightful comments and meaningful discussions.

Ellen Eklöv & Frida Mouchard

Abstract

Sustainability has become an increasingly important issue for businesses, since the consumers demand a greater transparency of their sustainability practices. In order to avoid companies' use of greenwashing, the European Union has proposed the Green Claims Directive, which aims to regulate companies use of environmental claims and eco-labels. This study investigates how companies in the chocolate industry, Marabou, Fazer and Lindt & Sprüngli, use eco-labels and if their current practices measure up to the upcoming requirements in the Green Claims Directive. In the study a qualitative gap analysis is performed to examine the companies sustainability reports and labelling schemes in relation to the Directive's requirements. The result shows a difference between self-created labels, such as Cocoa life and the Lindt & Sprüngli Farming Program, and third-party certified labels like Rainforest Alliance and Fairtrade. The third-party certified labels are most likely to comply with the Directive while the company-created labels are lacking in transparency and full third-party certification. This suggests that without adjustments the companies risk noncompliance with the Directive and accusations of greenwashing. Hence, transparent, trustworthy and verifiable labelling is essential to meet the Green Claims Directive.

Keywords: Sustainability, Greenwashing, Green Claims Directive, Chocolate industry, Eco labels

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Definitions

Green Claims - The term “Green Claims” is used in the EU legislation, the Green Claims Directive. Green Claims have become a more common concept for the companies’ sustainability statements and other green marketing such as sustainability labels and ads (European Commission, 2023).

Eco-label - Is a form of sustainable marketing which is used to differentiate products from competitors and to encourage consumers to buy sustainable products (Nakaishi & Chapman, 2024).

Cacao - Is the least processed form, where it's still in the cacao pods (WebMD, 2023).

Cocoa - Is the form after harvest and when cacao turned into powder (WebMD, 2023).

Chocolate - Is made of cocoa often processed into bars together with sugar and milk (WebMD, 2023).

Sustainability program - Sustainability programs are a way for companies to implement sustainability work, both environmental and social, without losing economic revenue. Sustainability programs should include environmental, social and governance (Ecocart, 2023)

1. Introduction

The world's climate is undergoing rapid changes and the environment is becoming increasingly damaged. Urgent action is needed to mitigate this before it is too late. Given their large influence on the environment, companies play a crucial role in driving the necessary change (Riley, 2017). There are companies across a lot of different industries that influence the environment to various degrees, for example, the food industry. Within the food industry, there are specific industries such as the Cocoa industry, that have a significant influence on the environment through its production. The production of cocoa contributes heavily to deforestation since vast areas of forest are cleared to make space for cacao plantations. Around 2.3 million hectares of forest have been lost for the plantations. This leads to habitat loss, reduced biodiversity and increased carbon emissions (World Wildlife, 2017). Companies can use eco-labels for their products to show their commitment to sustainability, but these labels need to be ambitious enough. The chocolate industry uses a large number of eco-labels to show environmental responsibility towards their customers (Nguyen, et al,. 2023). However, the effectiveness and authenticity of the labels vary and can in some cases be linked to greenwashing (Fella & Bausa, 2024). The amount of greenwashing among companies increases, and therefore the European Union has implemented a new directive, the Green Claims Directive. This Directive aims to enhance transparency and ensure that environmental claims are followed (European Commission, 2023).

In this thesis, the aim is to examine the gap between the Green Claims Directive and eco-labels. The chocolate industry provides a relevant case study to investigate, due to its large environmental impact as well as the industry's heavy use of eco-labels (Nguyen, et al,. 2023). In this study, three companies within the chocolate industry will be evaluated. Two of them are using eco-labels that have been constructed by the company themselves and one company is using third-party certified labels.

1.1 Background

In this section relevant information about sustainability, greenwashing, the Green Claims Directive, eco-labels and the cocoa and chocolate industry is presented to give an overview and understanding of the topics.

1.1.1 Sustainability

According to FSC (n.d), in recent times the increase in human activity has driven climate change, resource depletion and pollution to the point where it is a threat to ecosystems, biodiversity and human societies worldwide. Sustainability is therefore important for the health and well-being of the planet and all its inhabitants, which both businesses and individuals have come to realize. In the corporate world, the definition of sustainability is "The consideration of environmental, social and economic factors to ensure a company operates responsibly and can thrive long term" (FSC, n.d.). According to Marcus (2005), competitive advantages can be sustained through environmental focus within companies. Companies achieve competitive advantages by obtaining rare, valuable, inimitable and non-substitutable qualities, an example of this is sustainable practices. Environmental focus can contribute to drive innovation, reduce costs and risks associated with environmental harm, and increase resilience.

Agenda 2030 is the world's most ambitious agenda for sustainable development and includes all the world's countries (United Nations, 2024). By working with the Sustainable Development Goals, companies can gain competitive advantages (Andreoni & Miola, 2016). The Agenda specifies 17 goals to foster sustainable development that describe different global challenges. One of the Sustainable Development Goals is Goal 12 - responsible consumption and production. To meet this goal, sustainable production and responsible consumption are critical (United Nations, 2024). To achieve Goal 12, greenwashing is a great obstacle that must be combated, since it confuses and misleads customers who want to make sustainable choices (Apostol, 2024).

1.1.2 Greenwashing

The concept of greenwashing was coined in 1986 by the environmentalist Jay Westerveld (Watson, 2016). Greenwashing is the act of making activities, products and services performed by a company or an organisation seem more sustainable than they are (Bullock et al., 2023). It can be defined as the practice of portraying environmental efforts when in reality the environmental performance is lacking (de Freitas Netto et al., 2020). Greenwashing is misleading to the public and makes it difficult for customers to understand if a company or organisation is sustainable or not (Bullock et al., 2023). It has evolved and become a more common malpractice. When the demand for green products has expanded, the use of

greenwashing among companies has followed (de Freitas Netto et al., 2020).

It can be difficult for customers to identify greenwashing within companies but there are common traits between greenwashed products. Some indicators are vague language, false information and irrelevant information on products. Other visual indicators can be a lot of green coloring and nature pictures, and some types of eco-labels. If customers view statements made by companies critically, and see green products on a spectrum, instead of only green or not green, it can help them identify greenwashing (Fella & Bausa, 2024).

1.1.3 Why companies use greenwashing

There are several different reasons why companies choose to use greenwashing strategies. One reason why companies want to appear sustainable is an increased demand for sustainable products. Research shows an increase in customers willing to pay more for sustainable products (Parguel et al., 2011). Companies are taking advantage of this trend without making real changes to their business or products. This is called Perceived Consumer Effectiveness, where companies' marketing creates the illusion of sustainability to increase sales (Delmas and Burbano, 2011).

Competitive advantage and brand building are other reasons for greenwashing. To strengthen customer loyalty and distinguish themselves from competitors, brands often emphasize their position as environmentally friendly (TerraChoice, 2007). Greenwashing is used by companies that aim to avoid investing in sustainable measures but simultaneously want to appear as a green company. This is frequently done with vague and misleading language as well as symbols and colors used in marketing (Parguel et al., 2011).

Short-term financial incentives and cost savings are another reason for greenwashing. Implementing a truly sustainable business model often requires a substantial investment in research, development and changes in production and the supply chain. Companies use greenwashing as a more cost-effective strategy to extract the benefits of being environmentally friendly without incurring all the costs of true sustainability (Lyon and Montgomery, 2015).

Another reason companies use greenwashing is customers' lack of deep knowledge within the

sustainability field. This facilitates companies' use of greenwashing without being questioned. Legislation and regulations are often too weak to scrutinize and punish companies for misleading sustainability communication (Lyon and Montgomery, 2015).

The European Commission (2022) describes that there are currently two main problems facing customers when purchasing. Firstly there is a lack of relevant information about products. Secondly, customers face misleading commercial practices about sustainability. In 2020, the European Commission conducted a study that reviewed 150 environmental claims on different products. It showed that 53.3% of environmental claims provide vague, misleading or unfounded information about products' environmental characteristics. In 2020 the Commission analysed how substantiated claims were and found that 40% of the claims were unsubstantiated (European Commission, 2023). The studies concluded a demand for increased regulations and protocols regarding how products are communicated. The problems are widespread and all EU consumers are affected by these problems. This required action by the EU and therefore the EU has developed the Green Claims Directive to solve these problems (European Commission, 2022).

1.1.4 Green Claims

The term "Green Claims" is used in the EU legislation, the Green Claims Directive, and its content is described closer in 3.1. According to the European Commission (2023), the green market has grown more and more with time as well as the demand for green products. Green Claims have become a more common concept for companies' sustainability statements and other green marketing such as sustainability labels and ads. This is the reason the Green Claims Directive has been created and is expected to be adopted in the course of 2025. It will then be enforceable 24 months after its implementation, according to Article 25 (European Commission, 2023). This means the regulations will be enforceable in all member states sometime in 2027. In the Directive, the more commonly used terms are "environmental claims" and "environmental labels" which focus on the environmental factor of sustainability (European Commission, 2023). In this thesis, environmental labels will be referred to as eco-labels.

1.1.5 Eco-Labels

Eco-labels are a form of sustainable marketing which are used to differentiate products from competitors and to encourage consumers to buy sustainable products (Nakaishi & Chapman, 2024). There are many reasons for using eco-labels. Eco-labels simplify communication between producers and consumers, and make it easier for consumers to make more environmentally friendly purchasing decisions. Eco-labels are also used to minimize information asymmetry and as a tool for governments and other institutions to encourage sustainable consumption (Nakaishi & Chapman, 2024). According to Laubinger & Börkey (2021), eco-labels play an important role in a circular economy and to promote economic efficiency. Labels can help stimulate innovation and develop economic growth within green sectors. There are three different types of eco-labels, type I, type II and type III. Each of the types are based on ISO 14020 and has different criteria (Laubinger & Börkey, 2021), as outlined below.

Laubinger & Börkey (2021) describe type I (ISO 14024) as voluntary labels that need certification from a third-party. For this type of eco-labels the awarding body has to be either a government or a private non-commercial entity. The purpose of these labels is to distinguish the best performing products from an environmental standpoint. Some examples of eco-labels of type I are the EU Eco-label and the Nordic Swan. Type II (ISO 14020) are labels that have not been certified by a third-party, rather they are made by the organisation itself (Nakaishi & Chapman, 2024). The claims are self-declared and usually include statements that describe the product coherent with general ideas of sustainability. Examples of this are companies claiming that a certain share of their product comes from recycled material (Laubinger & Börkey, 2021). According to Nakaishi & Chapman (2024), type III (ISO 14025) are based on quantitative environmental data that are based on an LCA. These types of labels are based on data which gives a more extensive description.

In industries that heavily contribute to environmental decline, eco-labels are common. An example of these industries is the chocolate industry. Eco-labeled chocolate has positive effects both for the environment and for customers. The use of eco-labels can contribute to the preservation of biodiversity and sustainable farming of cocoa products. Customers that purchase labeled products contribute to the sustainable production of cocoa (Nguyen, et al,. 2023). Since there are no simple ways for customers to determine the environmental impact

of chocolate by themselves, eco-labels play an important role. By implementing labels on chocolate products, customers can make more informed purchasing decisions. According to a study by Rousseau (2015) customers are more likely to buy a Fairtrade chocolate bar than one that was not certified.

1.1.6 The harmful practices of the cacao and chocolate industry

The cacao industry is a problematic and damaging industry that has a harmful effect on both the planet and the population. An estimated 70% of the world's cocoa beans originate in West Africa. Tropic forests are cut down to plant cacao, causing deforestation. Tropical forests in West Africa have been greatly damaged as a result of the cacao industry (World Wildlife, 2017). Between the years 1988 and 2007, cacao production increased by 3.3% yearly in the African cacao belt, which led to a loss of 2.3 million hectares of forest (García-Herrero, 2019). Today, cacao is most commonly grown by monocropping, a farming method where only a certain plant is grown in a specific area. This damages biodiversity and the method depends heavily on pesticides and other chemicals, which contaminate water and soil quality (International Wildlife Conservation, n.d). When forest is cleared, large amounts of greenhouse gases are released. The quality of the soil worsens and cacao production puts a strain on scarce water resources (Van der ven et al., 2018). The farmers growing cacao are often underpaid, where many make under a dollar a day and they are working under hard conditions (International Wildlife Conservation, n.d). Slavery and child labor are also problems that exist in the cacao industry; around 2 million children are estimated to be working at cacao plantations. (World Wildlife, 2017).

The cacao industry has a long way to go to attain sustainability. Agenda 2030 describes many different aspects for achieving sustainability. According to García-Herrero (2019), Goal 12 is described as specifically important for obtaining sustainable cacao production and consumption. Certified cocoa contributes to preserving the environment and biodiversity, and favors both consumers and producers of cocoa. Eco-labels help favor sustainable farming methods which are important for sustainable production (Nguyen et al., 2023)

1.2 Problem discussion

Sustainability is becoming exceedingly more prominent in the corporate world. This is a result of a higher environmental concern from the public. As a result of this, sustainability

has become a competitive advantage for companies (Marcus, 2005). The green market has and will continue to grow, and this has been seen as an opportunity for companies to use green marketing to attract customers. However, green marketing is not always truthful and some companies have instead started to greenwash to gain a competitive advantage (de Freitas Netto et al., 2020).

In 2023 the European Commission adopted a proposal on green claims. The purpose of the Green Claims Directive is to make it necessary for companies to back up their environmental claims. When the Directive enters into force, sustainability claims need to have a scientific base to avoid greenwashing (European Commission, 2023).

Chocolate is a much appreciated household product. Unfortunately, the production of chocolate leads to negative consequences for the environment, such as deforestation, water scarcity and soil degradation (Van der ven et al., 2018). The chocolate industry is complex and issues are hard to target. A way to try to combat environmental damage is by changing processes for producing cocoa and thereafter certifying cocoa products with eco-labels (Nguyen. et al., 2023). According to Laubinger & Börkey (2021), an eco-label can be added to the product, thus easily communicating to customers that the product meets several sustainability demands. Companies can certify themselves with an eco-label. This can be problematic since these labels are not verified by a third-party. Self-certified eco-labels can be misleading and harmful to customers and be used as a form of greenwashing. Companies must work for real change and not only give the appearance of being sustainable (de Freitas Netto et al., 2020).

There are over 200 eco-labels on the EU market today and since there exist different types of eco-labels, the Directive sets certain requirements for the labels used on the Union market. Some labels will no longer be allowed because they do not meet the Directive's requirements. A gap between currently used eco-labels and those allowed will emerge when the Green Claims Directive comes into force. Especially the Type II eco-labels which are not third-party certified will face difficulties (European Commission, 2023). In this thesis, the eco-labels used by three companies in the chocolate industry will be compared with the criteria in the Green Claim Directive. The aim is to identify what gap there is between companies' current practice with eco-labels and the demands of the Green Claims Directive. The findings of this study could potentially contribute to other companies and industries that also use eco-labels.

1.3 Purpose and Research questions

The purpose of this thesis is to explore the potential gap between the currently used eco-labels in the chocolate industry and the upcoming regulations in the Green Claims Directive. A further aim is to discuss the risk of greenwashing with the current eco-labels the companies use once the Detective comes into effect.

The following research questions have been constructed to simplify the study.

- What gap exists between current eco-labels in the chocolate industry and the requirements set by the Green Claims Directive?
- What adjustments do companies need to do to fulfill the requirements of the Green Claims Directive?
- Is there a risk for companies to be accused of greenwashing if they do not adjust their eco-labels in accordance with the Green Claims Directive?

2. Method

In this thesis, the purpose is to explore the gap between the Green Claims Directive and the eco-labels of three companies within the chocolate industry. It will also explore what the companies need to do to fulfill the Green Claims Directive as well as discuss the risk of them being accused of greenwashing in case they do not make the adjustments. In order to deeply analyze this, the qualitative research method has been chosen and is appropriate since this method is used to thoroughly analyze text and statements rather than numbers and statistics (Patel & Davidson, 2019). This study aims to analyze text and statements to obtain a deeper understanding of the company's sustainability claims and compare them to the regulations within the Green Claims Directive. In this thesis a document analysis was used as a research method. When conducting a document analysis, documents of all kinds are collected, analysed and interpreted to get an insight into a topic or a phenomenon. The process for a document analysis undergoes the following four phases: “finding, selecting, appraising and synthesising data contained in documents” (Bowen, 2009). In this thesis websites and reports were mostly used. The method was chosen since the purpose of this thesis was to compare the requirements of the Green Claims Proposal with information published by the companies.

Furthermore, a deductive research approach was chosen. The deductive research method is based on a theoretical framework and general principles to make relevant conclusions, whereas an inductive research method is based on observation that later formulates a theory. For a deductive approach, the study has a starting point with an overall overarching theory, using logical reasoning to derive specific conclusions (Patel & Davidson, 2019). A deductive method was chosen for this study because the theoretical framework was compiled before the data collection took place. Conclusions were made using logical reasoning and based on a comparison between theoretical framework and empirical data.

2.1 Selection of companies

In the process of choosing companies a few industries were considered, mostly within the food market. The reason for this is that it is mainly a business-to-consumer market and therefore has to follow the Green Claims Directive. Furthermore, many brands in the food industry use a lot of different eco-labels which makes it even more relevant for the study. The cocoa industry was chosen because of the known challenges the industry faces regarding sustainability. Many well-known chocolate brands use different eco-labels, some of which

are relatively unknown to the consumer. This was one of the reasons the companies were chosen from the chocolate industry. Another factor considered was the geographical location of the companies as well as where their largest markets were located. To be considered as a relevant choice, the business had to be or act within the EU and be affected by the EU regulations and the Green Claims Directive. The three companies chosen are Marabou, Fazer and Lindt & Sprüngli.

The choice of analyzing only three companies from one industry was made to allow a profound and thorough review of all the material provided by the companies. This would otherwise be too time consuming, if there were more companies and industries to review. It also was a good amount since two of the companies chosen use self-constructed labels which allowed a deeper understanding of these types of labels. The last company has eco-labels that use third-party certification, which allows a comparison between the two different types of eco-labels.

Marabou was selected mainly because of its eco-label Cocoa Life which was created by Mondelez. Marabou is a Swedish brand that was bought by the American company Mondelez. However, the brand still has a large market in Europe and within the EU which means they still have to comply with the EU Directive (Marabou, n.d). Fazer was chosen because it is a Finnish company who sells a lot in the member states of the European Union and therefore has to follow EU regulations. The company uses two eco-labels, Rainforest Alliance and Fairtrade which are both third-party verified and well-established (Fazer, n.d). The company Lindt & Sprüngli originates from Switzerland and operates in many countries within Europe and therefore mainly within the European Union. Another reason this company has been selected for the analysis is their eco-label Lindt & Sprüngli Farming Program which was founded by the company themselves (Lindt & Sprüngli, n.d.a).

2.2 Work progress

The study has been conducted in the following four phases in order to organize the work progress, see figure 1.

Phase 1	Literature review
Phase 2	Data collection
Phase 3	Gap analysis
Phase 4	Final analysis

Figure 1: The phases of the work progress

2.2.1 Phase 1 - Literature review

In this phase, a literature review has been performed to gather information and learn more about sustainability, greenwashing, the cocoa and chocolate industry, the Green Claims Directive and eco-labels. The relevant theoretical frameworks have also been found and researched in this first phase. To find sources, the Gothenburg University Library and Google Scholars were used as search engines. The most common search words were “Green Claims Directive”, “Greenwashing”, “Eco-labels”, “Chocolate industry”, “Marabou”, “Fazer”, “Lindt & Sprüngli”, “Cocoa Life”, “Fairtrade”, “Rainforest Alliance” and “Lindt & Sprüngli Farming Program”. The relevant sources were gathered and reviewed. The information was mainly used in the background section and to give a theoretical understanding before the data collection in line with the deductive approach. The Green Claims Directive, the theoretical framework, was also thoroughly analyzed, especially the parts regarding eco-labels. This was to gain an understanding of the requirements the Directive will put on the eco-labels and the companies using them. The review of the Directive also contributed to the creation of the predetermined questions used in the data collection phase.

2.2.2 Phase 2 - Data collection

The second phase relates to data collection from the companies Marabou, Fazer and Lindt & Sprüngli. Specifically regarding their sustainability claims and their respective eco-labels. For Fazer, the parts of their cocoa that have been certified by Rainforest Alliance and Fairtrade have been rewired. The parts of the cocoa that are a part of the Fazer Cocoa Vision Program 2024 have not been rewired since it is not regarded as an eco-label. For Marabou the data collection has been based on information posted by Mondelez since Marabou does not have any reports themselves. The data collected are secondary sources from the companies’

sustainability reports and websites as well as the websites of the eco-labels, which are secondary sources. Secondary data is used since the purpose of this thesis is to review the Green Claim Proposal and the eco-labels constructed by the companies (Patel & Davidson, 2019). The original plan was to have interviews with the companies about their sustainability marketing and their eco-labels, which would have been primary sourced data. The companies were contacted by email for an interview. However, they were all unwilling to participate in interviews and therefore the analysis is conducted with only secondary data.

The data was collected by reading through the websites and the reports while looking for specific information to answer predetermined questions. The questions are based on the review of the Directive and cover the requirements set in the Green Claims Directive. They were compiled in Excel where the data later also were compiled. The questions were divided into two categories. The first category relates to the general sustainability work and statements by the company. The second category were questions focused on the eco-labels and the verifier. This was to gather the relevant information of each company and their eco-labels and later enable the assessment of the current state in the gap analysis.

2.2.3 Phase 3 - Gap analysis

A gap analysis is an established framework, and a tool used to assess the current performance of a business compared to the desired state of the business (Einstein, 2024). A gap analysis is useful in many different areas and is often used as a starting point to identify gaps and map out an action plan for the improvement of the business. For example, it can be used to improve operational practices, customer satisfaction, productivity, supply chain cost or generate revenue. It can also be used to compare what is required by certain regulations with the current practice of the company. The analysis has four main components that are crucial to complete the gap analysis and bring forth a useful result of the existing gap (Terrell, 2021). The four steps are followed during the gap analysis of the three companies.

Step 1: Assessment of the current state of the business' area of focus.

In the assessment of the companies, relevant data regarding their sustainability work and eco-labels were collected. The analysis was limited to the companies eco-labels and what requirements regarding labelling there are in the Directive. The data were then compiled in a table with questions assessing their current situation. Where the predetermined questions

were answered. To make it easy to understand the results there were three different answers for the questions, “YES”, “NO” and “To a certain extent”. Where “YES” means the company fulfills the question and therefore the requirement in the Directive. “NO” means they do not fulfill the question or the requirement in the Directive. The answer “To a certain extent” was used when the questions were partly fulfilled but not enough to meet the requirement of the Directive.

Step 2: Analyze how the future state is supposed to be. What requirements have to be met?

In the analysis of what the companies desired future state should be, the Green Claims Directive was reviewed, especially the sections about labelling.

Step 3: Assessment to identify whether there is a gap and what is causing the gap.

In this step, the collected data were compared with the directive to understand what the companies lacked. In order to identify the gaps and find in what capacity the companies have to adjust in order to fill the potentially existing gap.

Step 4: Proposals of possible solutions that can be implemented to fill the gap.

Here possible solutions for the companies to be able to meet the requirements of the Directive were suggested.

2.2.4 Phase 4 - Final analysis

In the final phase, the last parts of the thesis are conducted such as the analysis, discussion and conclusions are written and the whole thesis is edited and proofread before the final submission. In this phase, the third research question was also analyzed and answered.

2.3 Validity and Reliability

When conducting studies validity and reliability are important. Validity is the concept of ensuring that the right aspects are being researched. Reliability is the concept of assuring that the study is reliable. The concepts are deeply intertwined and high validity most often entails high reliability. This study was made by critically viewing information published by the studied companies and comparing them to the relevant requirements in the Green Claims Directive. Since all the information is sourced from publicly available sources, the reader can review it and make an independent conclusion if it is deemed reliable. The validity of this

study can be assured since enough information has been gathered to make a valid assessment (Patel & Davidson, 2019).

2.4 Use of Large Language Model

The Large Language Models (LLM) has been used as a tool to analyze sources. None of the text in this thesis has been generated using any kind of LLM. Chat GPT has been used to find new sources and to summarize literature to make it easier to understand. It has also been used to help decide which companies to analyze by providing a list of companies in the cocoa industry with their origin and use of eco-labels. Notebook LM has been used to overview the sources. This is to more rapidly determine if the sources contained relevant information that could be used for this thesis. It was also used to find the relevant parts of the sources. Deep L has been used to translate literature from English to Swedish and translate words from Swedish to English.

3. Theory

In this section, the relevant regulatory and theoretical frameworks such as the Green Claims Directive and different perspectives on greenwashing are introduced.

3.1 Green Claims Directive

The Green Claims Directive is a regulation for business-to-consumer companies' environmental claims and green marketing. The Directive contains the following (European Commission, 2023):

- Rules for documentation on businesses' environmental claims and eco-labelling.
- Requirements on how companies are allowed to use symbols, labels and statements regarding the environment and that they must be verified by a third-party.
- Updated rules for managing eco-label schemes to secure transparency and reliability.
    - Prohibition of:
        - Vague and confusing environmental claims without documentation or evidence.
        - Environmental statements that are made for the whole product when only parts of the product are concerned.
        - Symbols and labels that are not established by public authorities or have not been certified by an independent third-party who is ensuring compliance with the rules of the label (European Commission, 2023)

3.1.1 Labelling requirements

In the Green Claims Directive, there are regulations and requirements regarding eco-labels to avoid misleading consumers. These rules are there to ensure fairness and to level the field by having certain criteria for the eco-labels and the users. They are also there to ensure transparency and credibility on the eco-label itself. The labels which do not meet the Directive's requirements are prohibited and are no longer allowed to be used within the European Union. With the labelling regulations the consumers' welfare and the quality of the consumers' decision-making are expected to increase. According to Article 7 (appendix 5), environmental labels shall fulfill the requirements in Article 3 to 6 (appendix 1-4) and be subject to verification in accordance with Article 10 (appendix 7) (European Commission, 2023). Here is a summary of articles 3 to 6:

- It is necessary to specify what is included in the claim. An explanation about if the claim only applies to a specific part of the product or the whole product needs to be included.
- The claim needs to rely on broadly accepted scientific data. Information relevant to the claim needs to be accurate and relevant.
- The environmental aspects that the claim is based on must be relevant. It is necessary to compare the environmental performance with what is considered normal and to include if the performance is significantly better than what is considered average.
- It needs to be identified if a positive effect leads to a significant negative effect within a different area.
- Emissions of greenhouse gases need to be communicated in a way that is transparent and clear.
- Primary and secondary information needs to be included. There needs to be information about if there is a lack of relevant primary or secondary data.
- When comparative claims are made, the data for the claims has to be sourced in an equivalent manner, as well as all the information has to be displayed equally and in fairness.

Article 7 states that scores or ratings of a product or trader are only allowed to be presented by eco-labels which are approved by eco-labelling schemes established under Union law (European Commission, 2023).

3.1.2 Requirements for eco-labelling schemes

In Article 8 (Appendix 6) the Directive sets requirements for the eco-labelling schemes which is a certification scheme for products, processes, or traders to ensure compliance with the eco-label requirements. The requirements for the eco-labelling schemes are the following (European Commission, 2023):

- The ownership information, the decision-making bodies, and the requirements and procedures to monitor compliance with the eco-labelling scheme are transparent, free of charge and understandable.
- In joining the schemes, the conditions are proportional to the size and turnover of the business.

- The eco-labelling schemes' requirements have been developed by experts and reviewed by a heterogeneous group of stakeholders. This is to ensure scientific accuracy and relevance from a societal perspective.
- The scheme has procedures to handle complaints, disputes and non-compliance in case eco-labels consistently do not comply with the requirements of the scheme.

The coming requirements start from the date of transposition of the Directive:

- Environmental labelling schemes are only allowed to be established under Union law. However, the previous national or regional established schemes may continue to award eco-labels on the Union market if they meet the requirements of the Directive.
- New schemes established by public authorities in third countries that are awarding eco-labels that are used on the Union market shall be approved by the Commission before entering the market. This is to ensure they meet the requirements of the Directive. Previously established schemes by public authorities in third countries are allowed to continue provided they meet the requirements.
- Eco-labelling schemes established by private operators are only approved if those schemes provide added value to the already existing Union, national or regional schemes and if those meet the requirements of the Directive. This applies to schemes established by private operators within the Union and in third countries.

3.1.3 Verification requirements

Article 10 contains regulations about the verification and certification of companies' communications of environmental claims and environmental labelling schemes. Procedures for verifying the substantiation and communication of the environmental claims as well as verifying the compliance of eco-labelling schemes against the requirements set in Article 3-8. This applies to all traders who are subject to the Green Claims Directive, except traders within the category of microenterprises to which it only applies if they wish to. The verification shall be conducted before the publication of the claim or display of the label and the verifier shall take note of the nature and content of the environmental claim or the eco-label. After the verification, the verifier shall draw up a certificate of conformity which certifies the claim or label in complying with the requirements set in the Directive. The verifier has to fulfill the requirements in Article 11 (European Commission, 2023).

In Article 11 (appendix 8) there are requirements and regulations for the verifier. The directive bans the eco-labels that are based on self-certification or self-verification. A verifier

has to be an accredited third-party assessment body and the accreditation includes an evaluation of compliance with the following requirements:

- The verifier has to be independent of the product bearing, or the trader associated with the claim or label and the person responsible shall not engage in any activity that may question the independence of judgment or integrity of the verification.
- The verification is to be conducted with the highest degree of professional integrity and sufficient technical competence. It is also to be free from all pressures and inducements that might influence their judgement or the result of the verification.
- Infrastructure, equipment, expertise required to perform the verification and enough qualified and experienced personnel who are responsible for the verification are all required to be provided by the verifier.
- All personnel including subcontractors or subsidiaries which the verifier is fully responsible for, are to observe professional secrecy about all information that is obtained during the verification (European Commission, 2023).

3.2 Mass Balance Principle

The Mass Balance Principle is a method for mixing certified and non-certified ingredients, for instance cocoa beans. It is a common method to use for companies who want their products certified, the chocolate industry is no exception. As long as the mixture contains a high enough percentage of certified materials the product can be classified accordingly (Fairtrade International, n.d). The reason for the mass balance principle is to scale up sustainability. This is because it is more affordable for companies working in the cocoa industry, which increases the possibility for companies to work with sustainability (Rainforest Alliance, 2023). For companies with large and complex supply chains, it can be impossible to certify their products completely, because of high prices or technological difficulties. By using the mass balance principle certification becomes possible for companies (Jeswani et al., 2019).

3.3 Greenwashing as a risk

Bullock et al. (2023) have developed a model that shows the overlapping risks with greenwashing. The risks can be separated into three different sections, reputational risks, regulatory risks and litigation risks, as illustrated in figure 2 below. Reputational risks are of great significance for organisations that are accused of greenwashing. They can lead to

interested parties viewing the organisation more critically and a loss of the customers trust. Studies have also shown that customers are willing to pay a higher price for sustainable products. Regulatory risks are also a great threat to organisations. Tackling greenwashing is a part of the European Union's action plan for financing sustainable growth. Increased regulatory supervision can be a consequence of this. Litigation risks are also important to avoid. That greenwashing leads to legal action is something that has become more common. Legal action is often costly and damaging for organisations (Bullock et al., 2023).

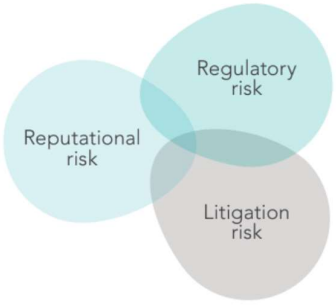

Figure 2: The overlap of risk as a result of greenwashing
Source: Bullock et al. (2023)

3.4 Typology of greenwashing

The typology of greenwashing identifies different forms of misleading sustainability communication, one common practice being selective information sharing. This is when companies highlight their environmentally friendly achievements and hide those that negatively impact the environment. Another common method that companies use to greenwash is tokenism where they promote sustainability programs or campaigns without really changing their business model. Decoupling is another strategy used by companies to create sustainability initiatives, but which are not integrated in the core business. It can also be actions that do not bring any real change to the business, but they only serve to illustrate an image that they are focused on changing into a more sustainable operation (Lyon and Montgomery, 2015).

3.5 Attribution Theory and Sustainability Ratings

The attribution theory describes people's interference when trying to explain others behavior, which can help explain how customers and stakeholders interpret companies' sustainability marketing. Consumers often find it difficult to judge whether a company is genuinely

sustainable or a greenwashing company. One way for companies to increase their credibility is through independent sustainability ratings, where third-party certifications are important. In their study, Parguel et al. (2023) conducted an experiment where consumers got to evaluate different fictional companies. The companies were divided into three groups, companies with a good sustainability rating, companies with a bad sustainability rating, and companies without any sustainability ratings. The consumers then got CSR information about the company followed by a sustainability rating or none at all. Afterwards, they answered questions about how they perceived the companies and their brands. The study showed that good sustainability ratings were an important factor and that trust in the company's CSR claims increased if the sustainability rating was verified by a third-party. This means it can create mistrust and scepticism among customers if the company does not have a verified sustainability rating, and trust in their claimed sustainability decreases. An important part for companies is to be transparent and show verifications to counteract and avoid suspicions of greenwashing (Parguel et al., 2011).

3.6 Credence goods

In the article "On the Use of Labels in Credence Goods Markets" by Bonroy and Constantatos (2008), the authors examine how labels on credence goods affect the market. Credence goods are products such as ecological food or products labeled Fairtrade where consumers cannot verify the quality even after they consume the food. The article analyzes the effects of labels on producers' incentives to provide high-quality products in a situation where the producer holds more information than the customer, creating information asymmetry. In the article, a model is developed where producers can choose to offer high or low-quality products, however, the consumers are not aware of the quality they are buying. In this situation, the market risks being dominated by low quality products which refers to a problem known as adverse selection. Labels can then act as signals of high quality, especially labels certified by a third-party. It can also provide high-quality producers with a way to differentiate themselves from other producers.

The article analyzes three scenarios:

- A market without labels.
- A market where only labelled products exist.
- A mixed market where both labelled and unlabeled products are available.

In the absence of labels, the whole market risks being categorized as low quality because consumers cannot separate products with low or high quality and therefore cannot reward producers with high standards and quality. However, if labels are introduced in a credible way where only producers who meet high standards can use the label, it creates an incentive for producers to improve their standards and quality. A mixed market where both labelled and unlabeled products exist was often found to be the most effective outcome because it allows segmentation based on the consumers preferences. Some consumers are willing to pay more for labelled products, while others are not as willing and prefer cheaper alternatives.

In conclusion, labels can improve market efficiency by reducing information asymmetry and supporting producers who invest in sustainability or other unobservable quality. However, this requires that labels are credible and are not used for greenwashing. The article also points to the need for regulation and possible financial support to credible certification schemes and simplify entry for smaller producers. Bonroy and Constantatos (2008) thus show how well-designed eco-labels can lead to both increased consumer benefits and more sustainable production.

4. Result & Analysis

In this section, the results of the gap analysis are presented in the four steps in which a gap analysis is constructed. The three analyzed companies are Marabou, Fazer and Lindt & Sprüngli with their respective eco-label Cocoa Life, Fairtrade, Rainforest Alliance and Lindt & Sprüngli Farming Program. A sustainability program is the way a company or an organisation has chosen to work with sustainability, while an eco-label is a way to display the sustainability program.

4.1 Marabou

Marabou was founded in Sweden in 1916. The company is owned by the group Mondelez International, which is the world's largest chocolate manufacturer (Marabou, n.d.b). Marabou is using the eco-label Cocoa Life, which Mondelez has constructed, on all their products. The label stands for sustainable farming, a sustainable society, a sustainable future, and a sustainable workplace. According to Marabou, their cocoa is farmed in a sustainable way taking responsibility for both ecological and social sustainability (Marabou, n.d.a).

4.1.1. Cocoa Life

Cocoa Life is Mondelez International's sustainability program. The program was founded in 2012. Cocoa Life is a 1 billion US dollar investment to make cacao manufacturing more sustainable by 2030. In addition, Mondelez International aims to have all cocoa volumes sourced through a mass balance approach by 2025. Several Mondelez brands, for example, Marabou, Oreo, Toblerone, Daim, etc, use the Cocoa Life label. Cocoa Life has three target areas, “helping to grow more profitable cocoa businesses for communities”, “helping to lift cocoa communities”, and “helping to protect and restore forests” (Cocoa Life, 2024a). Work is also being done by Cocoa Life to combat child labor and empower women. Mondelez does not own any farms themselves, instead, farms register themselves with Cocoa Life (Cocoa Life, 2024a). The following statement about Cocoa Life can be found on the Cocoa Life website:

> “Cocoa Life is on a long-term journey to help create a vibrant, strong cocoa supply chain while growing opportunities to help transform the livelihoods of farmers and their communities. We believe that empowered, thriving cocoa communities are the essential foundation for more sustainable cocoa" (Cocoa Life, 2024d).

Figure 3: Cocoa Life
Source: Marabou (n.d.)

4.2 Fazer

Fazer is a Finnish food company based in Helsinki in 1891. The company has three business areas, Fazer Bakery, Fazer Confectionery and Fazer Lifestyle Foods. Fazer employed almost 6000 people and their turnover amounted to 1183 million euro in 2024 (Fazer, 2024). Fazer works to maintain a sustainable farming and manufacturing of cocoa, and states that all their cocoa is third-party certified. They claim to prioritize the well-being of both people and the planet and that they are working to ensure sustainability within the whole supply chain. The cocoa used in Fazers production is certified with Fairtrade (their white label) (Fazer, 2021) and Rainforest Alliance, using a mass balance certified method as a part of the farming program Fazer Cocoa Vision Program 2024 (Fazer, n.d.a).

4.2.1 Fairtrade

Fairtrade is an international eco-label for raw materials or products that ensures that the production meets certain requirements regarding social, environmental and economic sustainable development. Their main focus is the human rights of farmers within their work, such as coffee, sugar, cotton, cocoa and banana farms. To obtain the Fairtrade certification the plantations have to meet the requirements set by Fairtrade and be verified to ensure they meet the requirements (Fairtrade Sweden, n.d.b).

Fairtrade has two different labels. The first one is the black label which is allowed to be used on raw materials that are 100% Fairtrade certified. For example, there has to be 100% Fairtrade cocoa in a cocoa container otherwise it cannot have the Fairtrade label. Products with more than one ingredient can also bear the black label if all the ingredients that can be Fairtrade certified, are Fairtrade certified. However, in the total content, at least 20% has to be Fairtrade certified to be allowed to display the black label (Fairtrade Sweden, n.d.d).

The other label is white and is displayed on products that contain 100% Fairtrade of a certain

raw material. For example in a chocolate bar that contains milk, sugar and cocoa which are all raw materials, it is only the cocoa that is Fairtrade certified. Then the chocolate bar can display the white Fairtrade label which says 100% sustainable cocoa, even though the other ingredients are not certified (Fairtrade Sweden, n.d.d)

Figure 4: Fairtrade
Source: Fairtrade Sweden (n.d.d)

4.2.2 Rainforest Alliance

Rainforest Alliance is a non-profit organisation that created the eco-label Rainforest Alliance. They strive to create a more sustainable world and to create a better future for both the planet and the people. Rainforest Alliance is an eco-label that ensures that crops such as cocoa, coffee, tea and bananas are grown sustainably. At the moment, 170 countries are using the Rainforest Alliance eco-label and 43000 products carry the eco-label. Rainforest Alliance was founded in 1987 based on the following: “The idea behind the Rainforest Alliance was simple: be a voice to help the people, plants, and animals that have no voice.” (Rainforest Alliance, 2024a).

Rainforest Alliance has three strategic focuses; net positive, thriving landscapes and impact data. They describe that they have shifted their mindset from a “do no harm” mindset to a “repair and restore” mindset. To obtain a Rainforest Alliance eco-label there is a need for a third-party audit from a certifying body that the Rainforest Alliance has approved of. After obtaining the label, audits need to be performed every third year as well as surprise audits ensuring that the demands from Rainforest Alliance are being met (Rainforest Alliance, 2024b). Based on the annual report from Rainforest Alliance from 2023, 53% of all cocoa grown globally is certified through Rainforest Alliance. In 2023, both the global demand for cocoa increased as well as the amount of cocoa certified by the Rainforest Alliance (Rainforest Alliance, 2024c).

Figure 5: Rainforest Alliance
Source: Rainforest Alliance (2024)

4. 3 Lindt & Sprüngli

Lindt & Sprüngli was founded in 1845 in Zurich, Switzerland, and has grown and developed into a global company within the premium chocolate sector. They have 12 production sites in Europe and the USA and 38 subsidiaries and branch offices, as well as more than 100 independent distributors worldwide. Lindt & Sprüngli also has around 560 of their shops that sell their chocolate (Lindt & Sprüngli, n.d.a). In 2024, their sales reached CHF 5.47 billion and they have 14 973 employees all around the world (Lindt & Sprüngli, 2024a). The Lindt & Sprüngli Farming Program is an eco-label used and developed by the company and is a responsible sourcing program. The company produces its cocoa mass directly from the bean and can therefore oversee the selection on sourcing cocoa beans, which is the reason they launched the farming program (Lindt & Sprüngli, n.d.b).

4.3.1 Lindt & Sprüngli Farming Program

Lindt & Sprüngli Farming Program was launched in 2008 by Lindt & Sprüngli to ensure the company's social responsibility as well as the ecological standpoint. In 2024, Lindt & Sprüngli sourced more than 84.2% of their cocoa beans from farmers in their program or another responsible sourcing program. This gives them the advantage of traceability for the raw material used in their chocolate and gives them control over the farmers' working conditions. The program has five principles to source cocoa responsibly which are "Pursuing long-term supplier partnerships","Deploying our own responsible sourcing program", "Establishing traceable and transparent supply chains", "Continually improving our responsible sourcing program based on monitoring and external verification", and "Working in partnerships and engaging in collective action through multi-stakeholder initiatives". From these principles, their three objectives are constructed where they aim to increase the resilience of farming households, reduce the risk of child labor and conserve biodiversity and natural ecosystems. Their goal is to source 100% of their cocoa from the Lindt & Sprüngli Farming Program or another responsible program by 2025 (Lindt & Sprüngli, n.d.b).

Figure 6: Lindt & Sprüngli Farming Program
Source: Lindt & Sprüngli (n.d.b)

4.4 Gap analysis - Assessment of the current state

In Table 1, the current state of the companies and their eco-labels are assessed according to labelling in the Green Claims Directive. First, it covers the general sustainability work and statements of the companies in accordance with Articles 3-6. The second part of the table covers the eco-labels and verifiers according to Articles 7-11 in the Green Claims Directive.

Table 1: Overview of the results from the companies' data collection.

Article In GCD	General sustainability work	Marabou	Lindt & Sprüngli	Fazer
3	Do they share information about their greenhouse gas emissions?	YES	YES	YES
5	Have they identified their environmental aspects?	YES	YES	YES
5	Do they disclose how their business has impacted the environment?	YES	YES	YES
3	Do they describe their supply chain for cocoa?	To a certain extent	To a certain extent	YES
5	Does the information have evidential ground?	To a certain extent	YES	To a certain extent
5	Are they transparent about the information they do not have about their environmental work?	NO	To a certain extent	To a certain extent
3	Do they use the mass balance principle?	YES	YES	YES
5	Do they share how much of the product is certified?	YES	YES	YES
3	Does the company have clear sustainability objectives?	YES	YES	YES
3	Does the company work with social, economic and ecological sustainability?	YES	YES	YES

7	**Do they have an eco-label?**	YES	YES	YES	
	Eco-labels	**Cocoa life**	**Lindt & Sprüngli**	**Fairtrade**	**Rainforest Alliance**
7	**Do they share enough information about their eco-label?**	YES	YES	YES	YES
8	**Is the information easy to access, free of charge and understandable?**	YES	YES	YES	YES
7	**Is there sufficient information about what the label entails?**	YES	YES	YES	YES
8	**Is there information about how the eco-label was created, who created it, what it is based on and why it was created?**	To a certain extent	YES	YES	YES
8	**Do the eco-labels have a scientific background and is it relevant in a social and ecological perspective?**	YES	YES	YES	YES
10	**Do the eco-labels use third-party verification on the farmers?**	YES	YES	YES	YES
10	**Do the eco-labels have third-party certification (of the companies)?**	NO	NO	YES	YES
11	**Is the verifier (of the farmers) independent?**	YES	YES	YES	YES
11	**Does the verifier meet the requirement for anti-corruption, professionalism and qualified personnel?**	YES	YES	YES	NO
8	**Are there regular reviews of the farms and of the companies? Does the company have a routine of how they update information that concerns the eco-label?**	NO	To a certain extent	YES	YES
8	**Is there transparency about the certification process and requirements for achieving the label?**	NO	NO	YES	YES

4.4.1 Marabou - Assessment of current state

For the results of the questions asked about Marabou´s sustainability work, most of the information gathered is based on the “Snacking Made Right” report which is the

sustainability report published by Mondelez (Mondelez, 2024). Mondelez does not specify the environmental aspects concerning Marabou from the rest of the Mondelez International group.

In the “Snacking Made Right” report there is information about Mondelez yearly greenhouse gas emissions. The total emissions were 31 million CO2e Metric Tonnes in 2023 and 32 million CO2e Metric Tonnes in 2022, which is a decrease of 3.7%. 35% of their emissions are related to cocoa production (Mondelez, 2024). Mondolez describes the areas for minimizing their carbon footprint and their environmental impacts in their sustainability report, which can be seen as an environmental aspect. The areas are manufacturing, logistics operations, packaging and the following raw materials: Cocoa, dairy, palm oil and wheat (Mondelez, 2024).

Mondolez describes their supply chain to a certain extent. They describe the countries where the cocoa is grown, which are the following: Ghana, Côte d'Ivoire, Indonesia, Dominican Republic, India, Brazil and Nigeria (Cocoa Life, 2024b). Mondolez does not describe its supply chain in more detail, except for explaining upcoming environmental improvements in its supply chain (Mondelez, 2024). There is no information about how the supply chain is constructed on a more detailed level or more detailed information about where the products are produced. Mondelez uses the mass balance principle for its sourced cocoa (Cocoa Life, 2024c). In the year 2023, 85% of the cocoa volume was sourced through Cocoa Life (Mondelez, 2024).

The information that can be found on Mondelez website and in the reports can be seen as reliable to a certain extent. The information they present correlates with the information written in the background of this thesis. There is no information about if the sustainability report has been audited which makes the information less reliable. The information communicated by Mondelez shows the benefits and the progress that Mondelez has made and the presented information is relevant in a social and environmental context (Mondelez, 2024). Mondelez does not communicate clearly about what environmental information they do not currently obtain. They describe their ESG priorities in the “Snacking Made Right” report. In the Report, several objectives are described on the topics of environmental, economic and social sustainability (Mondelez, 2024).

4.4.1.1 Cocoa Life - Assessment of current state

Cocoa Life shares enough information about its label. Cocoa Life has its website where information, as well as many reports, are posted about their sustainability work for both cocoa and the whole Mondelez group (Coca Life, 2024d). The information is easy to access, free of charge and understandable. On their website and in their reports, Cocoa Life produces a large amount of information about why their work is important. The label has a scientific background, which can be seen in how the information correlates with the information presented in the background of this thesis and it is relevant in both a social and an environmental setting. There is some information about the origin of the label. The label was created in 2012 to strive for "building a more promising future for cocoa farming communities". The program is based on a 1 billion US dollar investment from 2012 to 2030. In 2023, 400 million dollars were invested in the program (Cocoa Life, 2024d). Cocoa Life does not communicate how they started the program more than how much money has been invested in it.

Cocoa Life uses third-party verification to a certain extent. They use the independent verifiers Flocert and Ipsos. Mondolez uses the verifiers Flocert and Ipsos in the following ways; "Flocert verifies the flow of cocoa from Cocoa Life communities into our supply chain." "Ipsos conducts studies that evaluate cocoa life's progress and impact in cocoa producing countries. This enables us to understand our on the ground impact and where we can continue to improve" (Mondelez, 2024 p. 39). However, there is not anyone who certifies if the products that are produced by Mondelez uphold the standard for Cocoa Life. Hence, the label can be seen to use third-party verification to a certain extent. There is no verifier that studies if Mondelez does the work that they claim to do and they do not have third-party certification of the company. There are no protocols or routines regarding regulatory reviews communicated by Mondelez. The verifiers Flocert and Ipsos, which only verify the cocoa farms, meet the requirements for anti-corruption, professionalism and qualified personnel (Mondelez, 2024). There is no information about how to obtain a Cocoa Life certification nor about how Mondelez decides which of their products they add their Cocoa Life logo upon and why some of their products do not have their Cocoa Life label.

4.4.2 Fazer - Assessment of current state

Fazer shares information about their greenhouse gas emissions in their yearly report. In the year 2024, the total emissions were as follows: scope 1 emissions 15,899, total scope 2 emissions 16,734 and total scope 3 emissions 664,089 CO2e Metric Tonnes (Fazer, 2024). Fazer communicates tables of data that show how they affect the environment in their yearly report (Fazer, 2024). They also display their environmental aspects in their double materiality assessment (Fazer, 2024). The double materiality assessment communicates how Fazer is affecting the environment. In the yearly report, there is information about the amounts of natural resources Fazer uses as well as their fuel and energy consumption (Fazer, 2024).

Fazer describes its supply chain to some extent. They describe which countries they are purchasing their cocoa from. 100% of the cacao that Fazer uses is traceable and responsibly produced since 2017 (Fazer, n.d.c). Fazer states the following about sustainable supply chains: “In 2024, we focused on gathering detailed information from our existing supplier base through a self-assessment questionnaire. In addition, we have strengthened the use of the Supplier Ethical Data Exchange (SEDEX) network, supporting a targeted, risk-based monitoring strategy. SEDEX is a global membership organisation and an online platform widely used in supply chain management to ensure ethical sourcing. To build internal auditing capacity, two of our employees completed social audit training in 2024. We conducted five sustainability assessments, in addition to over 20 food safety and quality audits” (Fazer, 2024).

The information presented by Fazer can be seen as reliable to a certain extent as it correlates with the information stated in the background of this thesis. Fazer also describes how their goals and ambitions are in correlation with the Sustainable Development Goals. Although Fazer does not communicate if their yearly report is audited and if so who the auditor is. Fazer shows how they are affecting the environment in their yearly report which is transparent. The double materiality assessment shows their upcoming challenges when it comes to sustainability (Fazer, 2024). Fazer does not communicate clearly what information they do not have about their environmental effect.

Fairtrade and Rainforest Alliance use the mass balance principle. Fazer has 53% of its cocoa certified through Fairtrade and Rainforest Alliance. Because of this, Fazer uses the mass

balance principle indirectly. The rest of their cocoa is grown through their farming project, Fazer Cocoa Vision Program 2024. SCS-global services verified the Fazer Cocoa Vision Program 2024. Fazer communicates how much of their cocoa is certified and they describe on their website that all of their cocoa is sustainably produced and traceable (Fazer, n.d.c).

Fazer has clear sustainability objectives. The objectives are specified in the annual report (Fazer, 2024) and regard the following: Climate & circularity, sustainable products & innovations, sustainable sourcing, and people and their well-being. Fazer works with social, economic and ecological sustainability. This can be shown through their objectives as well as their work with the Sustainable Development Goals. Fazer describes which of the sustainable development goals they have decided to target (Fazer, 2024).

4.4.2.1 Rainforest Alliance - Assessment of current state

Rainforest Alliance shows significant information about their label on their website. The information is free, easily accessible and easy to understand. According to Rainforest Alliance, a certification "ensures that farms and companies meet strict certification requirements designed to improve farmer incomes and well-being while protecting the land." (Rainforest Alliance, 2024d). There is information about the creator of the eco-label and why the project was created. The founder Daniel Katz states that Rainforest Alliance was created because the creator "wanted to give the peoples, plants, and animals of the rainforest a say in things." (Rainforest Alliance, 2024d). The Rainforest Alliance was created in 1987. The information presented on their website and in their reports is comprehensive and has a scientific ground. They communicate how their label is relevant in a social and an environmental setting.

Rainforest Alliance uses third-party verification on their farms. The farms are reviewed by third-party certification bodies to ensure that they meet the necessary social, economic and environmental requirements. The farms can use any auditor of their choice as long as it has been approved by the Rainforest Alliance. Different certification bodies qualify for certifying the companies with the Rainforest Alliance eco-label. What the certification bodies must have in common is that they need to be approved by the Rainforest Alliance, hold an independent ISO17065 accreditation and comply with strict additional rules set by the Rainforest Alliance (Rainforest Alliance, 2024b). The certification is valid for three years.

Afterwards, a new audit needs to be performed. Within these three years, 10 % of the certified organisations need to be audited through surprise audits. Since there is no specific auditor that Rainforest Alliance uses for their audits, it is not possible to determine whether the auditor meets the requirements for anti-corruption, professionalism and qualified personnel. Rainforest Alliance has an area on their website for companies where they clearly state what the requirements are for getting certified (Rainforest Alliance, n.d). They communicate why it is important to get certified, how companies get certified and the cost of getting certified. They also have information about how to get approved for the Rainforest Alliance trademark (Rainforest Alliance, 2025).

4.4.2.2 Fairtrade - Assessment of current state

Fairtrade is an established eco-label that has high recognition amongst customers and has a website where information about it is easily accessible and understandable. On their website Fairtrade describes their eco-label, what it means if products display it and what the organization works for. “Fairtrade is an international certification of raw materials grown in countries with widespread poverty. The certification means that the product is produced with respect for high social, economic and environmental standards.” (Fairtrade Sweden, n.d.b). Fairtrade was founded in 1992 by Christian Aid, Oxfam, Traidcraft, the World Development Movement and the National Federation of Women’s Institutes (Fairtrade Foundation, n.d). A lot of the work Fairtrade does aligns with Agenda 2030 and therefore has a scientific background that covers both social and ecological sustainability (Fairtrade Sweden, n.d.a).

Fairtrade also uses Flocert, an independent third-party verifier, to conduct verifications of the raw material producers as well as for the traders who display their eco-label. They ensure the farmers and businesses meet the criteria for Fairtrade. Flocert follows the IOS 17065 standard which ensures their verifications and certifications are transparent and performed with professionalism and treat everyone equally. This means they meet the requirements of a verifier in the Directive. They do an initial inspection before certification and after the farmer or trader obtains the Fairtrade certificate, they also conduct scheduled and unscheduled inspections every year (Fairtrade Sweden, n.d.c).

4.4.3 Lindt & Sprüngli - Assessment of current state

Lindt & Sprüngli share much information both on their website and in their sustainability report. In the sustainability report for 2024, they report their greenhouse gas emissions to 3.2 million tons CO2 equivalent for scopes 1, 2 and 3, which is a 3% increase since 2020. They also report other environmental impacts their company causes such as the total weight of packaging used in their production, which was 105 670 metric tons in 2024, whereas 91.4% were recyclable. Their municipal water withdrawal was down 11.4% compared to 2019. Lindt & Sprüngli are sourcing 82.2% of raw and packaging materials that bear significant sustainability risks from responsible sourcing programs. 100% of the cocoa beans and 84.2% of other cocoa products such as butter, powder and chocolate mass were sourced from their own or other responsible sourcing programs. 84.2% of all cocoa products, including cocoa beans, were sourced from farmers covered by their No-Deforestation and Agroforestry action plan (Lindt & Sprüngli, 2024b). In the report, they also disclose both their social and environmental aspects in detail throughout the whole report with a 3-page overview. There they present biodiversity and ecosystems, carbon footprint, water and waste as well as packaging as the most significant environmental aspects of their business. These areas are also the company's environmental objectives where they describe how they work to achieve them and where they stand today. They also have objectives regarding social and economic sustainability with the farming program, where they work to improve the livelihood of the people in their supply chain (Lindt & Sprüngli, 2024b).

The supply chain for cocoa is described to a certain extent as they have 84.2% traceability of where the cocoa originates from through responsible farming programs. Throughout the sustainability report 2024 they describe the supply chain from different perspectives of sustainability. However, for the other 15.8%, they do not report any information. In the report, Lindt & Sprüngli share a lot of information that is good for marketing but they also share some information about their environmental impact that could be negative from a marketing point of view, such as the increase in greenhouse gas emission. They also to a certain extent show transparency by admitting that they do not have all the information in the 15.8% of the cocoa that is not sourced through their or another responsible sourcing program (Lindt & Sprüngli, 2024b).

Lindt & Sprüngli has four traceability models that describe how they work with mixing

certified and non-certified cocoa; they also follow the Rainforest Alliance Certified volumes when they use the mass balance principle. The four models are identity preserved, mixed identity preserved, segregation and mass balance. Lindt & Sprüngli has written a description for the concepts, where identity preserved " means our cocoa beans are traceable from the first point of purchase to our factory doors, and must be supplied from registered Farming Program farmers." (Lindt & Sprüngli, 2024b p. 142). For the mixed identity preserved they "refer to the Rainforest Alliance definition" (Lindt & Sprüngli, 2024b p. 142). Segregation is defined as "Separation of materials with sustainability characteristics from conventional materials throughout the supply chain, but not necessarily traceable back to its origin. For cocoa butter sourced from suppliers implementing the Farming Program, we aim for a physical traceability approach based on Segregation." (Lindt & Sprüngli, 2024b p. 142). Their concept of mass balance is described as a "Physical mixture of materials with and without sustainability characteristics where the volume of sustainably produced materials corresponds to the volume purchased and reported." (Lindt & Sprüngli, 2024b p. 142) .

The Lindt & Sprüngli sustainability report has been assured by PwC, however, they have only performed assurance procedures to provide limited assurance which means only a selection of the sustainability indicators has been evaluated. This means that the information that has been evaluated has evidential ground but not all information has been checked which means it is only assumed that the rest are truthful (Lindt & Sprüngli, 2024b).

4.4.3.1 Lindt & Sprüngli Farming Program -Assessment of current state

The Lindt & Sprüngli Farming Program is their eco-label. The information about the farming program can be found on the company's website and more details are in documents as well as on the farming program's own website. The Lindt & Sprüngli Farming Program was created by the company Lindt & Sprüngli because they sought to improve the livelihoods of the people in their supply chain (Lindt & Sprüngli, n.d.b). The program is based on five of the sustainable development goals. "SDG 1 No poverty", "SDG 2 No hunger", "SDG 6 Clean water and sanitation", "SDG 8 Decent work and economic growth" and "SDG 15 Life on the land" (Lindt & Sprüngli, 2018a p. 2). Since the label is based on the SDG goals it has a scientific background and it covers both social and ecological perspectives.

The Lindt & Sprüngli Farming Program uses a third-party to perform annual verifications on

the farmers to ensure the program's standards are upheld. It is the Earthworm Foundation that conducts the external verifications of the new program farmers and the annual verifications performed by an independent third-party (Lindt & Sprüngli Farming Program, n.d). The verification process is explained step by step in the document "Lindt & Sprüngli Farming Program Verification Guidance Document" (Lindt & Sprüngli, 2018b). The Earthworm Foundation is committed to "Respecting, protecting and promoting the rights, freedoms and dignity of people and nature" and "Zero tolerance of corruption and violence" (Earthworm, n.d). This shows that they meet the requirements of a verifier set in the Directive. However, they do not certify the company, because the label is owned by Lindt & Sprüngli they self-certify and do not use a third-party to certify them. This means they are not transparent about their certification process or if the company meets the requirements to achieve the eco-label.

4.5 Gap analysis - Analysis of how the future state is supposed to be

In the future when the Green Claims Directive has come into force, all the applicable businesses are going to have to ensure they comply with the regulations. This means they have to fulfill all the requirements regarding labelling if they want to continue displaying the eco-label. Strategically the companies may want to meet the requirements even before they are enforceable, to avoid any risk of fines or penalties in accordance with Article 17 in the directive (European Union, 2023).

To ensure compliance, the companies should be able to answer yes to all questions in Table 1 which can be an easy indicator as to where the company stands. The first part of the questions which are for the company, shows transparency and can serve as a tool to help the company to minimize the risk of displaying misleading information or withholding information. The second part of the questions about their eco-labels can help ensure the company has enough knowledge about the label and ensure they know whether it's allowed to be used on the Union market or if they have to change something or even adapt to another label.

There are other requirements regarding labelling in the Directive that they also have to comply with, such as rules regarding the verifier and the certification scheme of the product, process, or trader. The verifier has to be approved and meet certain demands stated in the Directive. The eco-labelling scheme also has to be approved and meet the standard of the Directive. This is going to result in the prohibition of all self-certifying eco-labels and many

private established ones because they do not reach the standards set in the Directive. Privately established eco-labels have to have additional value to the ones established under Union law. Naturally, the company also has to ensure compliance with the whole Green Claims Directive not only the parts about labelling, however, those parts are not analyzed in this thesis.

4.6 Gap analysis - Assessment to identify whether there is a gap

In this part of the analysis the gap between the Directive and the companies will be assessed, the theoretical framework (the Green Claims Directive) are further analyzed as well as the first research question.

4.6.1 Marabou - Assessment to identify whether there is a gap

In the current state, Marabou owned by Mondelez does not meet the demands from the Green Claims Directive. This is mainly a result of the lack of a third-party verification. The Green Claims Directive prohibits self-certification for companies and requires third-party certification. The result of not performing a third-party certification is a lack of credibility for the label. Mondelez should use a third-party to audit their sustainability report as well. Cocoa Life should implement regular third-party audits of both farms as well as Mondelez sustainability work to ensure that they live up to demands. Overall there is a requirement for incorporating third-parties auditing and certification at all levels of production.

There is also a lack of information communicated by Mondelez about their sustainability work in different areas. Mondelez should describe their supply chain further. This is because there now is a lack of information on the manufacturing of the products. Cocoa Life should communicate the information that they do not have about the environmental impact of their production. There is also a need to expand the transparency about the origin of the label as well as a need for transparency about the criteria for labelling products with Cocoa Life. At the moment there is uncertainty about what the eco-label entails.

4.6.2 Fazer - Assessment to identify whether there is a gap

Fazer needs to make a few improvements to fulfill the criteria from the Green Claims Directive. There is a need to improve the information about their environmental work. Fazer should describe their environment through their supply chain further as well as communicate more about information that is lacking about their environmental work. Fazer should third-

party audit their annual report. This should be done to make the report more reliable. There should be a clearer distinction about the difference between Fairtrade and Rainforest Alliance compared to the Fazer farming program to avoid uncertainties. Rainforest Alliance should provide information to auditors that they approve. This would improve transparency.

4.6.3 Lindt & Sprüngli - Assessment to identify whether there is a gap

Today the company Lindt & Sprüngli and their eco-label Lindt & Sprüngli Farming Program do not meet the requirements of the Green Claims Directive. The main cause for that is the self-certification of the company which automatically means they do not measure up because the Directive prohibits the displaying of all eco-labels that use self-certification. The transparency of the certification process and the criteria for the company to obtain the label are lacking because the label does not perform a third-party certification of the company.

There are also some less significant practices that Lindt & Sprüngli engage in, to some extent, which makes the practices more open to interpretations. For example, they describe their supply chain for the responsibly sourced cocoa in detail but not for the cocoa that is not sourced through a responsible sourcing program. This also makes them more transparent because it shows that they do not have the information, however it is only in one aspect. The consumer cannot tell if there is more information missing that they do not acknowledge. Another example is the requirement of the regular reviews of the farms and companies. They fulfill the regular reviews of the farms but not the company as no third-party review of the company is performed. Because of their self-certification, they also do not have a routine for information updates that can affect the status of the eco-label. This makes these requirements fulfilled to a certain extent but would have to improve to meet the Green Claims Directive.

4.7 Gap analysis - Proposals of possible solutions

In this section of the gap analysis, which is connected to the second research question, possible solutions to meet the criteria of the Green Claims Directive will be described.

4.7.1 Marabou - Proposals of possible solutions

Before the implementation of the Green Claims Directive, there are several changes Mondelez should perform to ensure compliance with the Directive. The Green Claims Directive Article 11 will make third-party certification mandatory. As a result of this,

products and companies will need to be third-party certified to obtain the Cocoa Life label. Cocoa Life should strive to better the credibility of its label. An alternative to this is to stop using the Cocoa Life eco-label. Mondelez should also third-party audit their sustainability report as well as other documents and communicate who the auditor is. Mondelez should implement regular reviews of both the farms and the production to ensure that they meet the demands of Cocoa Life. To ensure this, third-party audits should be done every three to five years.

It would be an improvement to produce documents that show their supply chain and the environmental impact it has. They should explain everything from the farming of the beans to the manufacturing and distribution of the products. There should be clearer information about where the cocoa comes from since only 85% are grown from the Cocoa Life farms. This raises the question of where the rest is grown. It would be beneficial to include this in the documents communicating the supply chains. Cocoa Life could expand its “about us” section on its website to include more information about the origin of their label.

Cocoa Life should communicate the criteria and demands for obtaining the label. There should be clear documents about what Cocoa Life ensures. There should be information about the certification process. There should be information explaining the difference in production for Mondelez products that have the Cocoa Life label and the ones that do not have the label.

4.7.2 Fazer - Proposals of possible solutions

Fazer mostly complies with the demands from the Green Claims Directive, but some improvements need to be made. Fazer should third-party audit their annual report and show who the auditor is. Fazer should publish a separate sustainability report or at least expand the sustainability section of their report. The report contains the most important information about their sustainability work but it would be beneficial if more information was shown. Fazer needs to be more transparent about the information that they do not have about their sustainable work and their environmental impact. Fazer should be more transparent about their supply chain and about where their cocoa is sourced. There needs to be a clearer explanation about the difference in the cocoa source through Rainforest Alliance and Fairtrade compared to the cocoa sourced through the Fazer Cocoa Vision Program 2024.

Rainforest Alliance should publish a document that shows which third-party auditors that they approve of.

4.7.3 Lindt & Sprüngli - Proposals of possible solutions

There are a few things Lindt & Sprüngli should consider before the Green Claims Directive comes into force, to address the current gap and to be able to meet the requirements in time for the Directive. They have to address the criteria of third-party certifications which means the company has to be third-party certified in accordance with the eco-label Lindt & Sprüngli Farming Program. Alternatively, they could stop using their label and start the process to change to another eco-label that performs third-party certifications and meets the requirements of the Directive. It would probably be beneficial to choose to continue with their eco-label because the cost of adapting to a new one would probably exceed the cost of adjusting their current label. However, if they continue with their own eco-label they also have to create procedures for the certification process and start performing regular reviews of the company to ensure their compliance. The Lindt & Sprüngli Farming Program also has to become clearer about what they require from the company Lindt & Sprüngli, to achieve the eco-label, not just the farms. Another thing they have to do is create a routine for updating information and for a third-party to verify the new information. Lindt & Sprüngli also has to become more transparent about the information they do not possess or find out the information that is missing. For example, they can find out about the supply chain for the 15.8% cocoa that is not sourced from a responsible sourcing program. The alternative is to eliminate the need for the information by getting 100% of their cocoa from a responsible sourcing program as is their goal for 2025.

4.8 Greenwashing risk associated with noncompliance with the Green Claims Directive

The risk of being accused of greenwashing is raised in the third research question, and varies between the three companies. The more truthful and transparent they are, and the more they fulfill their claims, the lesser the risk of a greenwashing accusation. Compliance with the Directive is also an important part of avoiding accusations of greenwashing since the directive is constructed to avoid greenwashing. Out of the three companies, Fazer is the one who meets most of the requirements in the directive, giving them the least risk of greenwashing. Between Cocoa Life and Lindt & Sprüngli, the risk of a greenwashing

accusation is similar, since they fulfill the Directive at similar levels. When it comes to transparency, a problem for all of the three companies is that they tend to exaggerate their environmental work. According to the theory "Typology of greenwashing" (Lyon and Montgomery, 2015) this can cause greenwashing. This can be seen in how they showcase their progress with large and colorful figures on their websites and in their reports (Fella & Bausa, 2024). This could very well lead to the companies being accused of greenwashing if customers argue that they do not live up to their sustainability claims.

There are three different types of risks associated with greenwashing; reputational, regulatory, and litigation in Bullock et als. (2023) theory "Greenwashing as a risk". For Marabou, Lindt & Sprüngli, and Fazer the biggest risk until the Green Claims Directive becomes mandatory is reputational. For Marabou and Lindt & Sprüngli, there is a higher chance of being accused of greenwashing since they are not third-party certified. Since Fazer is third-party certified, their eco-label and sustainability work are more trustworthy. The reputational risk could damage the three companies since it can result in a loss of customer trust and therefore they would lose their customers (Bullock et al., 2023). With the Green Claims Directive the risks associated with greenwashing will shift from mainly reputational to becoming more regulatory. Since tackling greenwashing is a number one priority of the EU, as seen by the implementation of the Green Claims Directive, there could be large consequences for companies who greenwash by not complying with the regulations. If companies are not following the Green Claims Directive, litigation risk would also be a reality. As a result the legitimacy of the companies could be questioned (Bullock et al., 2023).

5. Discussion

It is possible to criticize the three different companies in different ways, but the criticism leads back to transparency and credibility. The improvements that all the companies need to make to fulfill the demands of the Green Claims Directive all boil down to auditing by third-parties and better transparency of information about sustainability work. In the gap analysis, it becomes apparent that there exists a gap for all three companies between the current and the desired state. The eco-labels Fairtrade and Rainforest Alliance would most likely be approved by the Directive since they meet the requirements. These labels use third-party certification and are based on transparent criteria and have established trust among the consumers. However, Fazer as a company would have to make some improvements to meet the requirements of the Directive. Since they do not have a dedicated sustainability report it is hard for them to cover all the aspects to the detailed degree the Directive requires.

Neither Marabou's eco-label Cocoa Life nor Lindt & Sprüngli eco-label Lindt & Sprüngli Farming Program would currently measure up to the Green Claims Directive because the labels use self-certification and would therefore automatically be banned by the Directive in accordance with Article 11. An important part for the companies and their eco-labels would therefore be to become third-party certified to prevent and avoid suspicion of greenwashing. This is supported in the study about "Attribution theory and sustainability ratings" by Paraguel et al. (2011) which shows that good sustainability ratings or in this case eco-labels are an important factor and that the trust for the company's CSR claims increases if the sustainability ratings or eco-labels are verified by a third-party. This is because consumers often find it difficult to judge whether a company is genuinely sustainable or uses greenwashing (Paraguel et al., 2011).

A conclusion drawn from this study is that all three companies market their sustainability performance in a way that frames them better than they in reality are. The three companies are not communicating their shortcomings enough in their sustainability work. Marabou, Fazer, and Lindt & Sprüngli could all be interpreted to do a form of selective information sharing (Lyon and Montgomery, 2015). As seen in the results, none of the companies are completely transparent about what information they do not have about their environmental impact and all of them need to improve their information about their environmental impact in one way or another. All of the companies communicate their environmental achievements

very clearly in a way that favors the company, like the theory “Typology of greenwashing” (Lyon and Montgomery, 2015)

Each of the three companies has a sustainability program and the sustainability programs Cocoa Life and Lindt & Sprüngli eco-labels could be seen as a form of tokenism (Lyon and Montgomery, 2015). This is because even though they have improved the sustainability of the company, the original business model for the companies has not changed. This could lead to the programs being used as a way of greenwashing since the programs are created by the companies themselves.

Eco-labels such as Cocoa Life and Lindt & Sprüngli eco-label are used on products that are called credence goods which means the consumers can’t judge whether the product is sustainable or not. This means eco-labels on such products could dilute the market as discussed in the article about “Credence goods” by Bonroy and Constantatos (2008). Similar to when there are no labels on the market, too many labels have a similar effect. Eco-labels should be a way for customers to know that they are making a sustainable choice. When eco-labels do not have a high enough standard they become damaging to other eco-labels since they confuse the consumer. A result of this is that eco-labels are used for greenwashing instead of evidence of sustainability (Bonroy and Constantatos, 2008). This also shows the importance of their adjustments to their eco-labels. To avoid a market where eco-labels lose their meaning because their standard is too low, they have to show evidence of their claims and in what capacity it is significant for the environment and sustainability. Then the companies will automatically avoid suspicion and accusations of greenwashing.

Greenwashing is a problem a lot of different industries face, not just the chocolate industry. Therefore the results of this study can be viewed as transferable to other companies and industries that are facing the same issues with eco-labels and greenwashing. The Green Claims Directive took effect because the EU deemed correcting greenwashing as a number one priority, spreading over different industries (Bullock et al., 2023). Since industries of all sorts are facing similar problems associated with greenwashing and need to comply with the Directive, the findings of this study could be transferable. There is a need for more research in self-declared eco-labels, since they also exist in other industries than only the chocolate industry. It is important that companies who use self declared eco-labels easely can determine what changes need to be implemented to fulfill the Green Claim Directive.

6. Conclusion

In the current state, Marabou does not fulfill the Green Claims Directive. They need to become third-party certified and increase their transparency and information about their sustainability work. There needs to be clear guidelines constructed by Cocoa Life on how farms and companies should operate to meet the Green Claims Directive. Fazer does not fulfill the Green Claims Directive either and they need to make adjustments to fulfill the claims. To fulfill the claims there needs to be more thorough communication about their sustainability work and how they affect the environment. Lindt & Sprüngli Farming Program does not fulfill the requirements of the Green Claims Directive either since Lindt & Sprüngli is not third-party certified. The company also has to increase its transparency in certain areas where they lack knowledge and information. All three companies should work towards fulfilling the Green Claims Directive and should work towards bettering their sustainability performance.

For all three companies studied there is a risk that they could be accused of greenwashing. The risk is higher for Lindt & Sprüngli and Marabou since they have self-declared eco-labels and because they do not obtain third-party certifications. This makes them less reliable than Fazer whose reliability has been evaluated by an independent third-party for both Fairtrade and Rainforest Alliance. There is a lack of studies performed on the subject of self-constructed eco-labels. The results of this study are deemed transferable to other companies and industries facing similar challenges with compliance with the Green Claim Directive. Since the Directive is mandatory, companies should perform assessments, as in this thesis, to explore what they need to change to comply with the Green Claim Directive. Future studies on how companies need to work to ensure compliance with the Green Claims Directive could be beneficial. Since there are a lot of labels that are self-constructed, the awareness of their real contribution to the sustainability work would be beneficial for both consumer and labelling schemes.

Since this study is mainly based on information by the three companies, there is a risk that the information could be biased. If the information is biased or incorrect our analysis could be falsely made. Since it was not possible to overview all information uploaded by the three companies there is a risk that information could have been missed.

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Appendices

Appendix 1 - Article 3

Article 3

Substantiation of explicit environmental claims

1. Member States shall ensure that traders carry out an assessment to substantiate explicit environmental claims. This assessment shall:

(a) specify if the claim is related to the whole product, part of a product or certain aspects of a product, or to all activities of a trader or a certain part or aspect of these activities, as relevant to the claim;

(b) rely on widely recognised scientific evidence, use accurate information and take into account relevant international standards;

(c) demonstrate that environmental impacts, environmental aspects or environmental performance that are subject to the claim are significant from a life-cycle perspective;

(d) where a claim is made on environmental performance, take into account all environmental aspects or environmental impacts which are significant to assessing the environmental performance;

(e) demonstrate that the claim is not equivalent to requirements imposed by law on products within the product group, or traders within the sector;

(f) provide information whether the product or trader which is subject to the claim performs significantly better regarding environmental impacts, environmental aspects or environmental performance which is subject to the claim than what is common practice for products in the relevant product group or traders in the relevant sector;

(g) identify whether improving environmental impacts, environmental aspects or environmental performance subject to the claim leads to significant harm in relation to environmental impacts on climate change, resource consumption and circularity, sustainable use and protection of water and marine resources, pollution, biodiversity, animal welfare and ecosystems;

(h) separate any greenhouse gas emissions offsets used from greenhouse gas emissions as additional environmental information, specify whether those offsets relate to emission reductions or removals, and describe how the offsets relied upon are of high integrity and accounted for correctly to reflect the claimed impact on climate;

(i) include primary information available to the trader for environmental impacts, environmental aspects or environmental performance, which are subject to the claim;

(j) include relevant secondary information for environmental impacts, environmental aspects, or environmental performance which is representative of the specific value chain of the product or the trader on which a claim is made, in cases where no primary information is available.

2. Where it is demonstrated that significant environmental impacts that are not subject to the claim exist but there is no widely recognised scientific evidence to perform the assessment referred to in point (c) of paragraph 1, the trader making the claim on another aspect shall take account of available information and, if necessary, update the assessment in accordance with paragraph 1 once widely recognised scientific evidence is available.

3. The requirements set out in paragraphs 1 and 2 shall not apply to traders that are microenterprises within the meaning of Commission Recommendation 2003/361/EC[44] unless they request the verification with the aim of receiving the certificate of conformity in accordance with Article 10.

4. When the regular monitoring of the evolution of environmental claims referred to in Article 20 reveals differences in the application of the requirements laid down in paragraph 1 for specific claims and such differences create obstacles for the functioning of the internal market, or where the Commission identifies that the absence of requirements for specific claims leads to widespread misleading of consumers, the Commission may adopt delegated acts in accordance with Article 18 to supplement the requirements for substantiation of explicit environmental claims laid down in paragraph 1 by:

(a) determining the rules for assessing the environmental aspects, environmental impacts and environmental performance, including by determining the activities, processes, materials, emissions or use of a product, which contribute significantly or cannot contribute to the relevant environmental impacts, environmental aspects or environmental performance;

(b) determining for which environmental aspects or environmental impacts primary information shall be provided and determining criteria based on which the accuracy of the primary information and secondary information can be assessed; or

(c) establishing specific life-cycle-based rules on substantiation of explicit environmental claims for certain product groups and sectors.

5. When specifying further the requirements for substantiation of explicit environmental claims in accordance with previous paragraph, the Commission shall take into account scientific or other available technical information, including relevant international standards, and where relevant consider the following:

(a) the specificities of the sectors and products that require a specific methodological approach;

(b) the potential contribution of specific product groups or sectors to achieving Union climate and environmental objectives;

(d) any relevant information derived from Union legislation;

(e) ease of access to information and data for the assessment and use of this information and data by small and medium-sized enterprises ('SMEs').

Appendix 2 - Article 4

Article 4

Substantiation of comparative explicit environmental claims

1. The substantiation of explicit environmental claims that state or imply that a product or trader has less environmental impacts or a better environmental performance than other products or traders ('comparative environmental claims') shall, in addition to the requirements set out in Article 3, comply with the following requirements:

   (a) the information and data used for assessing the environmental impacts, environmental aspects or environmental performance of the products or traders against which the comparison is made, are equivalent to the information and data used for assessing the environmental impacts, environmental aspects or environmental performance of the product or trader which is subject to the claim;

   (b) the data used for assessing the environmental impacts, environmental aspects or environmental performance of the products or traders is generated or sourced in an equivalent manner as the data used for assessing the environmental impacts, environmental aspects or environmental performance of the products or traders against which the comparison is made;

   (c) the coverage of the stages along the value chain is equivalent for the products and traders compared and ensures that the most significant stages are taken into account for all products and traders;

   (d) the coverage of environmental impacts, environmental aspects or environmental performances is equivalent for the products and traders compared and ensures that the most significant environmental impacts, environmental aspects or environmental performances are taken into account for all products and traders;

   (e) assumptions used for the comparison are set in an equivalent manner for the products and traders compared.

2. Where a comparative environmental claim relates to an improvement in terms of environmental impacts, environmental aspects or environmental performance of a product that is subject to the claim compared to environmental impacts, environmental aspects or environmental performance of another product from the same trader, from a competing trader that is no longer active on the market or from a trader that no longer sells to consumers, the substantiation of the claim shall explain how that improvement affects other relevant environmental impacts, environmental aspects or environmental performance of the product subject to the claim and shall clearly state the baseline year for the comparison.

3. The requirements laid down in this Article shall not apply to traders that are microenterprises within the meaning of Commission Recommendation 2003/361/EC[45] unless they request the verification with the aim of receiving the certificate of conformity in accordance with Article 10.

Appendix 3 - Article 5

Article 5

Communication of explicit environmental claims

1. Member States shall ensure that a trader is required to communicate an explicit environmental claim in accordance with the requirements set out in this Article.

2. Explicit environmental claims may only cover environmental impacts, environmental aspects or environmental performance that are substantiated in accordance with the requirements laid down in Articles 3, 4 and 5 and that are identified as significant for the product or trader concerned in accordance with Article 3 paragraph (1) point (c) or (d).

3. Where the explicit environmental claim is related to a final product, and the use phase is among the most relevant life-cycle stages of that product, the claim shall include information on how the consumer should use the product in order to achieve the expected environmental performance of that product. That information shall be made available together with the claim.

4. Where the explicit environmental claim is related to future environmental performance of a product or trader it shall include a time-bound commitment for improvements inside own operations and value chains.

5. Explicit environmental claims on the cumulative environmental impacts of a product or trader based on an aggregated indicator of environmental impacts can be made only on the basis of rules to calculate such aggregated indicator that are established in the Union law.

6. Information on the product or the trader that is the subject of the explicit environmental claim and on the substantiation shall be made available together with the claim in a physical form or in the form of a weblink, QR code or equivalent.

   That information shall include at least the following:

   (a) environmental aspects, environmental impacts or environmental performance covered by the claim;

   (b) the relevant Union or the relevant international standards, where appropriate;

   (c) the underlying studies or calculations used to assess, measure and monitor the environmental impacts, environmental aspects or environmental performance covered by the claim, without omitting the results of such studies or calculations and, explanations of their scope, assumptions and limitations, unless the information is a trade secret in line with Article 2 paragraph 1 of Directive (EU) 2016/943[46];

   (d) a brief explanation how the improvements that are subject to the claim are achieved;

   (e) the certificate of conformity referred to in Article 10 regarding the substantiation of the claim and the contact information of the verifier that drew up the certificate of conformity;

(f) for climate-related explicit environmental claims that rely on greenhouse gas emission offsets, information to which extent they rely on offsets and whether these relate to emissions reductions or removals;

(g) a summary of the assessment including the elements listed in this paragraph that is clear and understandable to the consumers targeted by the claim and that is provided in at least one of the official languages of the Member State where the claim is made.

7. The requirements set out in paragraphs 2, 3 and 6 shall not apply to traders that are microenterprises within the meaning of Commission Recommendation 2003/361/EC unless they request the verification with the aim of receiving the certificate of conformity in accordance with Article 10.

8. Where the substantiation of certain environmental impacts, environmental aspects or environmental performance is subject to the rules established in delegated acts referred to in Article 3, paragraph 4(a) and paragraph 4(c), the Commission may adopt delegated acts in accordance with Article 18 to supplement the requirements for communication of explicit environmental claims set out in Article 5 by specifying further the information that can be or shall be communicated regarding such environmental impacts, environmental aspects or environmental performance, so as to make sure that the consumers are not misled.

Appendix 4 - Article 6

Article 6

Communication of comparative environmental claims

Comparative environmental claims shall not relate to an improvement of the environmental impacts, environmental aspects or environmental performance of the product that is the subject of the claim compared to the environmental impacts, environmental aspects or environmental performance of another product from the same trader or from a competing trader that is no longer active on the market or from a trader that no longer sells to consumers, unless they are based on evidence proving that the improvement is significant and achieved in the last five years.

Appendix 5 - Article 7

Article 7

Environmental labels

1. Member States shall ensure that environmental labels fulfil the requirements set out in Articles 3 to 6 and are subject to verification in accordance with Article 10.

2. Only environmental labels awarded under environmental labelling schemes established under Union law may present a rating or score of a product or trader based on an aggregated indicator of environmental impacts of a product or trader.

Appendix 6 - Article 8

Article 8

Requirements for environmental labelling schemes

1. Environmental labelling scheme means a certification scheme which certifies that a product, a process or a trader complies with the requirements for an environmental label.

2. The environmental labelling schemes shall comply with the following requirements:

   (a) information about the ownership and the decision-making bodies of the environmental labelling scheme is transparent, accessible free of charge, easy to understand and sufficiently detailed;

   (b) information about the objectives of the environmental labelling scheme and the requirements and procedures to monitor compliance of the environmental labelling scheme are transparent, accessible free of charge, easy to understand and sufficiently detailed;

   (c) the conditions for joining the environmental labelling schemes are proportionate to the size and turnover of the companies in order not to exclude small and medium enterprises;

   (d) the requirements for the environmental labelling scheme have been developed by experts that can ensure their scientific robustness and have been submitted for consultation to a heterogeneous group of stakeholders that has reviewed them and ensured their relevance from a societal perspective;

   (e) the environmental labelling scheme has a complaint and dispute resolution mechanism in place;

   (f) the environmental labelling scheme sets out procedures for dealing with non-compliance and foresees the withdrawal or suspension of the environmental label in case of persistent and flagrant non-compliance with the requirements of the scheme.

3. From [OP: Please insert the date = *the date of transposition of this Directive*] no new national or regional environmental labelling schemes shall be established by public authorities of the Member States. However, national or regional environmental labelling schemes established prior to that date may continue to award the environmental labels on the Union market, provided they meet the requirements of this Directive.

   From the date referred to in the first subparagraph, environmental labelling schemes may only be established under Union law.

4. From [OP: Please insert the date = *the date of transposition of this Directive*] any new environmental labelling schemes established by public authorities in third countries awarding environmental labels to be used on the Union market, shall be subject to approval by the Commission prior to entering the Union market with the aim of ensuring that these labels provide added value in terms of their environmental ambition including notably their coverage of environmental impacts, environmental aspects or environmental performance, or of a certain product group or sector, as compared to the existing Union, national or regional schemes referred to in paragraph 3, and meet the requirements of this Directive. Environmental labelling schemes established by public authorities in third countries prior to that date may continue to award the environmental labels which are to be used on the Union market, provided they meet the requirements of this Directive.

5. Member States shall ensure that environmental labelling schemes established by private operators after [OP: Please insert the date = *the date of transposition of this Directive*] are only approved if those schemes provide added value in terms of their environmental ambition, including notably their extent of coverage of environmental impacts, environmental aspects or environmental performance, or of a certain product group or sector and their ability to support the green transition of SMEs, as compared to the existing Union, national or regional schemes referred to in paragraph 3, and meet the requirements of this Directive.

   This procedure for approval of new environmental labelling schemes shall apply to schemes established by private operators in the Union and in third countries.

   Member States shall notify the Commission when new private schemes are approved.

6. In order to receive the approvals referred to in paragraphs 4 and 5, the operators of new environmental labelling schemes shall provide supporting documents setting out the following:

   (a) the rationale underlying the development of the scheme

   (b) the proposed scope of the scheme,

   (c) the evidence the scheme will provide added value as set out in in paragraph 4 for environmental labelling schemes established by public authorities in third countries, or in paragraph 5 for environmental labelling schemes established by private operators;

   (d) a proposal for draft criteria and the methodology used to develop and award the environmental label and the expected impacts on the market;

   (e) a detailed description of the ownership and the decision-making bodies of the environmental labelling scheme.

   The documents referred to in the first subparagraph shall be submitted to the Commission in case of schemes referred to in paragraph 4 or to the Member States' authorities in case of schemes referred to in paragraph 5, together with the certificate of conformity for environmental labelling schemes drawn up in accordance with Article 10.

7. The Commission shall publish and keep-up-to date a list of officially recognised environmental labels that are allowed to be used on the Union market after [OP: Please insert the date = *the date of transposition of this Directive*] pursuant to paragraphs 3, 4 and 5.

8. In order to ensure a uniform application across the Union, the Commission shall adopt implementing acts to:

(a) provide detailed requirements for approval of environmental labelling schemes pursuant to the criteria referred to in paragraphs 4 and 5;

(b) specify further the format and content of supporting documents referred to in paragraph 6;

(c) provide detailed rules on the procedure for the approval referred to in paragraph 4.

Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 19.

Appendix 7 - Article 10

Article 10

Verification and certification of the substantiation and communication of environmental claims and environmental labelling schemes

1. Member States shall set up procedures for verifying the substantiation and communication of explicit environmental claims against the requirements set out in Articles 3 to 7.

2. Member States shall set up procedures for verifying the compliance of environmental labelling schemes with the requirements set out in Article 8.

3. The verification and certification requirements shall apply to traders that are microenterprises within the meaning of Commission Recommendation 2003/361/EC only if they so request.

4. The verification shall be undertaken by a verifier fulfilling the requirements set out in Article 11, in accordance with the procedures referred to in paragraphs 1 and 2, before the environmental claim is made public or the environmental label is displayed by a trader.

5. For the purposes of the verification the verifier shall take into account the nature and content of the explicit environmental claim or the environmental label.

6. Upon completion of the verification, the verifier shall draw up, where appropriate, a certificate of conformity certifying that the explicit environmental claim or the environmental label complies with the requirements set out in this Directive.

7. The certificate of conformity shall be recognised by the competent authorities responsible for the application and enforcement of this Directive. Member States shall notify the list of certificates of conformity via the Internal Market Information System established by Regulation (EU) No 1024/2012.

8. The certificate of conformity shall not prejudge the assessment of the environmental claim by national authorities or courts in accordance with Directive 2005/29/EC.

9. The Commission shall adopt implementing acts to set out details regarding the form of the certificate of conformity referred to in paragraph 5 and the technical means for issuing such certificate of conformity. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 19.

Appendix 8 - Article 11

Article 11

Verifier

1. The verifier shall be a third-party conformity assessment body accredited in accordance with Regulation (EC) No 765/2008[47].

2. The accreditation shall, in particular, include the evaluation of compliance with the requirements in paragraph 3.

3. The verifier shall comply with the following requirements:

   (a) the verifier shall be independent of the product bearing, or the trader associated to, the environmental claim;

   (b) the verifier, its top-level management and the personnel responsible for carrying out the verification tasks shall not engage in any activity that may conflict with their independence of judgement or integrity in relation to the verification activities;

   (c) the verifier and its personnel shall carry out the verification activities with the highest degree of professional integrity and the requisite technical competence and shall be free from all pressures and inducements, particularly financial, which might influence their judgement or the results of their verification activities,

   (d) the verifier shall have the expertise, equipment and infrastructure required to perform the verification activities in relation to which it has been accredited;

   (e) the verifier shall have a sufficient number of suitably qualified and experienced personnel responsible for carrying out the verification tasks;

   (f) the personnel of a verifier shall observe professional secrecy with regard to all information obtained in carrying out the verification tasks;

   (g) where a verifier subcontracts specific tasks connected with verification or has recourse to a subsidiary, it shall take full responsibility for the tasks performed by subcontractors or subsidiaries and shall assess and monitor the qualifications of the subcontractor or the subsidiary and the work carried out by them.