

Key Considerations for Canada's Fresh Produce Industry Under New Competition Bureau Greenwashing Provisions | June 2025

Canada's fresh produce industry is facing a new era of scrutiny over its environmental marketing claims. Amendments to the *Competition Act*, aimed at curbing "greenwashing," demand that businesses provide rigorous proof for their eco-friendly assertions. These changes, detailed in the Competition Bureau's "Environmental claims and the Competition Act" guidance¹, introduce legal and reputational risks for those who make vague, unsubstantiated, or misleading statements about the environmental benefits of their products and operations. For the fresh produce sector and its complex supply chains, this necessitates a fundamental shift in how sustainability-related statements are communicated and verified.

At the heart of the new provisions is the requirement for all environmental claims to be truthful, clear, and substantiated by credible evidence. The amendments introduce two key tests: claims about a product's environmental benefits must be based on "adequate and proper testing," while claims about the environmental benefits of a business or its activities must be supported by an "internationally recognized methodology." This places the onus squarely on businesses to have their evidence in order before making any public-facing environmental statements.

The financial consequences for failing to comply are substantial, with penalties reaching up to the greater of \$10 million (\$15 million for subsequent offenses), three times the value of the benefit derived from the deceptive conduct, or 3% of the company's annual worldwide gross revenue. Furthermore, a new private right of action, effective June 20, 2025, will allow individuals and groups to directly challenge businesses over alleged greenwashing, significantly increasing the likelihood of legal disputes.

Executive Summary

The Competition Bureau is an independent law enforcement agency that enforces the Competition Act, which prohibits false or misleading advertising and deceptive marketing practices, including deceptive environmental claims.

The Act was recently amended to include two new provisions that explicitly address environmental claims, requiring certain claims to be evidence-based.

- The Act prohibits making false or misleading representations to the public for promoting a product or business interest (paragraph 74.01(1)(a)).
- It prohibits making environmental performance claims about a product that are not based on adequate and proper testing (paragraph 74.01(1)(b)).
- It prohibits making claims about the environmental benefits of a product that are not based on adequate and proper testing (paragraph 74.01(1)(b.1)).
- It prohibits making claims about the environmental benefits of a business or business activity that are not based on adequate and proper substantiation in accordance with internationally recognized methodology (paragraph 74.01(1)(b.2)).
- A new private right of action, effective June 20, 2025, will allow individuals and groups to directly challenge businesses over alleged greenwashing, increasing the likelihood of legal disputes.

The Bureau provides six principles for businesses to comply with the law regarding environmental claims: (1) claims should be truthful and not misleading, (2) claims about environmental benefits and performance should be properly tested, (3) comparative claims should be specific, (4) claims should avoid exaggeration, (5) claims should be clear and specific, not vague, and (6) claims about the future should be supported by substantiation and a clear plan.

Source: [Environmental claims and the Competition Act](#), June 5, 2025

¹ [Environmental claims and the Competition Act](#), June 5, 2025



KEY CONSIDERATIONS FOR THE FRESH PRODUCE INDUSTRY AND ITS SUPPLY CHAINS

1. Vague and Unverified Claims are High-Risk:

General and often-used terms such as "eco-friendly," "sustainable," "regenerative," "natural," and "farm fresh" – but an example of terms used by the industry – are now under a microscope. Without clear, specific, and verifiable definitions, these claims can be considered misleading. For instance, a producer claiming to use regenerative agriculture practices must be prepared to demonstrate, with evidence, what those practices are and how they benefit the environment, potentially by referencing an established and recognized framework.

2. Substantiation is Non-Negotiable:

The core of the new provisions lies in the requirement for robust substantiation.

- **For Products:** A claim that a particular variety of fruit is "drought-resistant" and therefore uses less water would need to be backed by controlled testing that compares its water usage to a relevant baseline. Similarly, a claim that a new packaging material is "compostable" must be supported by evidence that it will break down in Canadian municipal composting facilities.
- **For Business Practices:** A grower cooperative that advertises its "carbon-neutral operations" must be able to point to an internationally recognized methodology used to calculate its carbon footprint and the offsets or reductions achieved. This requires relevant data collection and transparent reporting throughout their operations.

3. Scrutiny Extends Across the Entire Supply Chain:

Environmental claims are not limited to the final product on the grocery store shelf. They encompass the entire journey from the field to the consumer's home. This means that everyone in the supply chain – growers, packers, distributors, and retailers – shares responsibility for the accuracy of the environmental claims they make or pass on. Examples include:

- **Transportation and "Food Miles":** Claims of "locally grown" or having a "lower carbon footprint" due to shorter transportation routes must be accurate and verifiable. Companies making such claims may need to provide evidence of their sourcing and distribution networks.
- **Packaging's "Recyclable" Reality:** The recyclability of packaging is a major area of concern. A claim of "100% recyclable" can be deemed misleading if the packaging is not accepted in the recycling systems available to a significant portion of the Canadian population. The complexity of multi-material packaging common in the produce section requires careful consideration and clear communication to consumers about which components are recyclable and how to dispose of them properly.

4. Future-Oriented Claims Require a Credible Plan:

The new provisions also target aspirational claims about future environmental performance. A company cannot simply state its intention to be "net-zero by 2040" without a concrete and credible plan to achieve that goal. This plan must be based on an internationally recognized methodology and include measurable targets and milestones. For the fresh produce industry, this could involve long-term commitments to adopting new technologies for water conservation, reducing reliance on synthetic inputs, or transitioning to renewable energy sources.

5. The Rise of Third-Party Certifications and Consumer Skepticism:



In this new landscape, credible, third-party certifications are likely to become even more valuable. Commonly accepted organics certifications² provide a clear and verifiable standard that consumers can trust. However, businesses must still ensure that their use of such certification logos is accurate and not misleading. It is also important to note that consumer skepticism towards green claims is high, with the new private right of action, effective June 20, 2025, allowing individuals and groups to directly challenge businesses over alleged greenwashing. As such, transparency and clarity will increasingly be key to building and maintaining consumer trust.

NAVIGATING THE PATH FORWARD

To navigate these new regulations effectively, businesses across fresh produce supply chains should consider the following actions:

- **Conduct a thorough audit of all existing environmental and sustainability-related claims** across websites, packaging, and marketing materials.
- **Gather and document the evidence** to support every claim. If the evidence is weak or non-existent, the claim should be revised or amended.
- **Develop clear and specific language** for all environmental and sustainability-related communications, avoiding vague or overly broad terms.
- **Implement robust data collection and tracking systems** to monitor and document environmental performance throughout the supply chain.
- **Collaborate with supply chain partners** to ensure the accuracy and consistency of environmental and sustainability-related claims.
- **Seek legal counsel** to ensure compliance with the new provisions of the *Competition Act*.

The new greenwashing provisions represent a significant challenge for the fresh produce industry, but they also present an opportunity for businesses that are genuinely committed to sustainability to differentiate themselves in the marketplace. By embracing transparency, substantiation, and clarity, the industry can build consumer trust and contribute to a more sustainable food system for all Canadians.

For more information, or to share any comments or concerns you may have with the Greenwashing Guidelines, please contact Dan Duguay, Senior Director – Sustainability, Canadian Produce Marketing Association, at 613.769.5670, or dduguay@cpma.ca

² [List of certification bodies under the Canada Organic Regime - inspection.canada.ca](https://inspection.canada.ca)