

Greenwashing rules may get a makeover in Canada's 2025 budget

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The federal government's [2025 budget](#) proposes significant changes to Canada's greenwashing provisions under the *Competition Act* (Act). The federal government recognized that the greenwashing provisions are creating investment uncertainty and causing some parties to slow or reverse efforts to protect the environment. Aiming to provide greater clarity and certainty for businesses, the proposed measures would:

- Remove the requirement to use internationally recognized methodologies when substantiating environmental benefit claims about a business or business activity; and
- Eliminate private access to the Competition Tribunal for greenwashing complaints.

These changes follow [recent amendments](#) to the Act that expanded the Commissioner of Competition's ability to take enforcement action against misleading environmental claims. Under the current framework, companies must ensure that:

- Environmental benefit claims about a product are supported by adequate and proper testing; and
- Claims about a business or business activity are based on adequate and proper substantiation.

The amendments also introduced a private right of action before the Competition Tribunal, allowing private parties to bring greenwashing-related claims directly, increasing potential exposure for businesses.

While the regulatory landscape for environmental benefit claims continues to evolve, companies should remain vigilant. Environmental benefits claims should be truthful, specific, and well-substantiated to comply with current legal requirements and prepare for any changes under the proposed 2025 budget.

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