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.

By

Candice Kloes, Roark Lewis

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BLG Offices

Calgary

Centennial Place, East Tower
520 3rd Avenue S.W.
Calgary, AB, Canada
T2P 0R3

T 403.232.9500
F 403.266.1395

Ottawa

World Exchange Plaza
100 Queen Street
Ottawa, ON, Canada
K1P 1J9

T 613.237.5160
F 613.230.8842

Vancouver

1200 Waterfront Centre
200 Burrard Street
Vancouver, BC, Canada
V7X 1T2

T 604.687.5744
F 604.687.1415

Montréal

1000 De La Gauchetière Street West
Suite 900
Montréal, QC, Canada
H3B 5H4

T 514.954.2555
F 514.879.9015

Toronto

Bay Adelaide Centre, East Tower
22 Adelaide Street West
Toronto, ON, Canada
M5H 4E3

T 416.367.6000
F 416.367.6749

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