



Vattenfall's views on Green Claims

Ensuring transparency and allowing bold ambitions

Vattenfall's purpose and use of green claims

At Vattenfall, we have electrified industries, supplied energy to people's homes and modernised our way of living through innovation and cooperation for over 100 years. Our purpose is clear: we are working for fossil freedom. In this journey towards fossil freedom, it is essential that industry is credible in its communication regarding the challenges as well as achievements around the energy transition. This in turn creates the need for transparent and harmonised rules on green claims.

In this regard, Vattenfall draws on 25 years of experience of carrying out lifecycle assessments. For our information campaigns – which mainly center around taking a leadership towards a sustainable future and our broader responsibility – we run pre- and post-studies to verify that our messages are well understood. In addition, our roadmap to net zero emissions by 2040 in the full value chain – all the way from suppliers, to energy production and customers – was recently certified and approved by the Science Based Target initiative (SBTi)¹. Our research shows that the expectation on Vattenfall in this regard – in addition to providing our customers with fossil-free electricity – is to lead by example and demonstrate that the transition is possible.

Why is it important to regulate green claims?

We believe that green claims regulation can incentivise companies to implement meaningful sustainability practices, which benefit the environment by driving real change. In the absence of green claims regulation, unsubstantiated claims risk creating a lack of transparency for customers and may result in their sustainable efforts going to waste.

However, a well-designed regulatory framework on green claims needs to strike a fine balance. On the one hand, it needs to be strict enough to identify and prevent greenwashing; on the other hand, it must be flexible enough to allow the commitment to and communication of bold ambitions as part of industry players' overall ambition. It should not only help consumers to separate responsible companies from irresponsible ones, but also maintain the administrative burden at a realistic level for industry players and public administration while still allowing companies to set and communicate bold purposes going forward. This is essential in order not to slow down the transition towards sustainable and fossil-free societies.

Vattenfall's recommendations for efficient rules on green claims

Distinguish between aspirational and product-related claims

Aspirational statements set a company's future vision and ambition. When adequately designed, they give direction to the business strategy and set a clear common direction for the workforce. As such, they define organisations' overall purpose and are key to attract the right competences, skills and partners to make it a reality. They also create a push factor that incentivises peers to set equal or even higher ambitions.

With that in mind, aspirational claims require a significantly different approach than product related claims: a detailed regulatory framework for the former risks resulting in reduced ambitions, thereby delaying the transition to fossil-freedom. A more sensible approach to regulate aspirational claims is to require companies to report annually on their plans, progress and concrete actions taken to help reach their long-term ambitions and objectives, with compliance to be monitored as part of the annual report assurance.

¹ SBTi is an independent global body that defines and promotes best practice in science-based target setting, offers resources and guidance to reduce barriers to adoption, and independently assesses and approves companies' targets.

Set clear substantiation requirements for product-related claims with the customer's added value at the core

For product related claims, Vattenfall supports the development of thorough substantiation requirements, and that clear information needs to be provided alongside claims to ensure consumers are able to make well-informed choices about products and services. With that said, any requirements in this regard must not overburden consumers with information. Requirements should be developed with the added value for consumers at the core by focusing on providing information in a simple, comprehensible and clear manner, allowing consumers to understand the information and make informed choices. In order to avoid any green claims "tourism" (i.e. companies going where requirements are less strict or non-existent), harmonisation – coupled with limited room for interpretation and arbitrariness – is key.

Create a level playing field

As green claims often target consumers, the debate around rules for green claims also tends to focus on consumer-focused communication. However, the line between what constitutes business-to-consumer (B2C) and business-to-business (B2B) communication is not always straightforward. This in turn raises challenging practical questions: for example, it is difficult from a regulatory point of view to determine if a company campaign regarding a new product or service targets consumers or businesses. In addition, limiting rules around environmental communication to companies only operating B2C would give B2B companies a competitive advantage. As such, it would be a missed opportunity to tackle greenwashing. Therefore, green claims rules must apply to both B2C and B2B communication.

Verification rules with a realistic administrative burden

In order to strike the balance of identifying greenwashing and allowing ambition, compliance measures will be essential for product-related claims. Many organisations, including Vattenfall, are already being audited on claims related to products. As these have proved successful, we encourage building on existing mandatory audit procedures on their compliance for this category of claims. If found to be compliant, companies could then be labelled that they are 'certified as responsible in commercial practices' in the claims they make related to products either through a badge or other visual cue. In order not to delay the go-to market time, verification should be carried out ex-post, with severe penalties if found to be in breach of the verification measures.

Vattenfall's recommendations for efficient rules on green claims

- Vattenfall supports transparent and harmonised rules on how to substantiate green claims, as this will both enable well-informed consumer decisions and ensure a level playing-field for organisations making these claims related to environmental performance or ambition.
- Such regulation must distinguish between aspirational claims and product-related claims. Substantial third-party verification requirements for the former would diminish the push factor that incentivizes peers to set equal or even higher ambitions and ultimately risk delaying the transition to fossil-freedom.
- Green claims rules should level the playing field by requiring companies operating both business-to-consumer as well as business-to-business to be subject to the same standards for environmental claims, encouraging genuine sustainability.
- Requirements for product-related claims should be developed with the added value for consumers at the core by focusing on providing information in a simple, comprehensible and clear manner, allowing consumers to understand the information and make informed choices.
- Verification and substantiation of product-related claims should build on established processes, in particular existing auditing procedures.

Vattenfall is a European energy company with approximately 19,000 employees. For more than 100 years we have electrified industries, supplied energy to people's homes and modernised our way of living through innovation and cooperation. Our goal is to make fossil-free living possible within one generation. Everything we do and the decisions we take shall lead to this goal. This is the basis of Vattenfall's strategy, and we advocate for a regulatory environment that makes this transition possible – in the energy sector and beyond in transport, industry etc