



CANADIAN HEALTH FOOD ASSOCIATION

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Competition Bureau
50 Victoria Street
Gatineau, Quebec
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Submitted via email: environmentalclaims-declarationsenvironnementales@cb-bc.gc.ca

Re: Feedback on Environmental Claims and the Competition Act

On behalf of the Canadian Health Food Association (“CHFA”), we are writing to provide comments on the consultation for *Environmental Claims and the Competition Act*. CHFA appreciates the opportunity to provide feedback on these new provisions. As Canada’s largest trade association dedicated to natural health, organic and wellness products, we are committed to representing our members and the industry on proposed regulatory changes that will directly influence their business operations.

Our membership consists of hundreds of businesses across Canada, including manufacturers, retailers, wholesalers, distributors and importers of natural health products and food products. Many of these businesses are small or medium sized enterprises (SMEs) which produce a wide variety of packaged foods, natural health products, and cosmetics which would be affected by the implementation of new proposed guidelines concerning environmental claims.

General Comments

As an industry stakeholder, we recognize the importance of the Competition Bureau’s initiative to ensure that environmental claims are properly substantiated. When compliant environmental claims are used, they empower Canadian consumers to make informed decisions that align with their values. However, for small and medium-sized businesses, navigating the complexity of regulatory requirements while ensuring compliance and claim validity can be challenging. These businesses may find it

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challenging to identify what parts of the new framework apply to their specific claims, potentially leading to confusion and non-compliance. For example, there is some ambiguity in 'Internationally recognized methodology.' SMEs may not have a dedicated regulatory team or the resources to ensure they are meeting the requirements. We want to ensure a robust and equitable competitive landscape for these businesses in the natural, organic, and wellness space. CHFA commends the Competition Bureau's efforts to promote transparency and fairness, ensuring that environmental claims are clear and contribute to a level playing field for competition.

Environmental Claims in the Natural, Organic and Wellness Sector in Canada

CHFA members are committed to supporting sustainable practices, particularly by reducing environmental impact and using more sustainable product packaging. As a result, businesses in the natural, organic, and wellness industry often seek to communicate their environmental progress through claims. It will be essential to provide proper education and awareness of compliance requirements and the necessary steps to adapt. We strongly believe in proper education and awareness of how these new guidelines will impact businesses and what steps will need to be taken to become compliant.

Principles for Compliance

CHFA recognizes that false environmental claims by all companies can undermine the credibility of the entire industry. The impact on non-compliant claims will be felt by small and medium-sized businesses, ultimately as there is a risk of damaging the reputation of businesses genuinely committed to sustainability. CHFA is supportive of standardizing environmental claims to help combat greenwashing. With many efforts underway globally to promote sustainability, we encourage the Competition Bureau to align its approach to environmental claims with international standards. For instance, in the United States the Federal Trade Commission has developed Green Guides¹ to act as guidelines for marketing and advertising of environmentally friendly products. These resources aid companies in ensuring they have evidence to support their claims and not mislead consumers. In the United Kingdom, the

¹ <https://www.ftc.gov/news-events/topics/truth-advertising/green-guides>

Competition and Markets Authority has addressed greenwashing by publishing a Green Claims Code² that requires environmental claims be accurate, verifiable, and supported with scientific evidence. This framework is meant to protect consumers from misleading claims while promoting sustainability. The European Union developed a new proposed law on green claims which addresses environmental claims that can provide a false impression of environmental benefits³. Similarly, this new framework has been proposed to ensure consumers receive reliable, comparable and verifiable environmental information on products. CHFA recommends collaborating with key trading partners, such as the United States, to standardize terminology, principles, and best practices, minimizing trade barriers and regulatory discrepancies.

To prevent undue burden on industry, it is essential to recognize the challenges a new regulatory framework would pose, particularly for small and medium-sized enterprises in Canada. With the new requirements businesses will be required to keep detailed lab analysis and documentation to support their environmental claims. SMEs may have to consider further product testing or third-party certifications to verify claims such as eco-friendly or sustainably produced. These costs can be significant, particularly for businesses that don't benefit from the economies of scale enjoyed by larger corporations. In addition, businesses may have to redesign their packaging and marketing materials to be in line with the new regulatory framework. For a small business that has limited administrative and financial resources, this process will add more paperwork that will take time away from their operations as well as additional costs. For example, if a small food business is looking to promote reduced carbon emissions in their production processes, they will now need to dedicate financial resources to complete a comprehensive carbon footprint analysis, which could involve hiring external consultants or purchasing specialized tools. Another example is if a cosmetic business advertises their products as environmentally friendly due to the way they are sourcing their ingredients, they will now need to trace and document the entire supply chain. This will add a layer of complexity and cost to ensure compliance with the internationally recognized methodology. A transition period is crucial to prevent any business disruptions and potential compliance costs. We strongly recommend implementing a sufficient transition period to give companies time to adjust their packaging, labelling, advertising, and other marketing-

² <https://www.gov.uk/government/publications/green-claims-code-making-environmental-claims>

³ https://environment.ec.europa.eu/topics/circular-economy/green-claims_en

related materials. We encourage adopting a transition period of 18 to 24 months as this will ensure businesses have sufficient time to implement the new guidelines, as well as update packaging and marketing materials as necessary. This is especially important for businesses reliant on international suppliers and trade partners, whose requirements may differ. Additionally, aligning with global standards would help minimize trade barriers and prevent duplicative regulatory burdens.

Internationally Recognized Methodology

We recommend providing further clarity around the scope of internationally recognized methodologies and defining what qualifies as valid data evaluation. Since the Competition Bureau requires testing accepted in at least two countries, we suggest expanding this definition to include acceptable provincial standards. For example, under the current definition, a business meeting British Columbia's provincial testing requirements would not have its substantiation recognized as valid. To address this potential issue, we propose broadening the definition of internationally recognized methodology to include provincially recognized standards.

Regarding what qualifies as adequate and proper testing, we strongly recommend that the Competition Bureau further defines this statement. Providing examples will be essential to make this clear to businesses looking to utilize environmental claims. In addition, CHFA would like to highlight that the new testing requirement will create additional pressure and costs on an already strained industry. The requirement of testing to meet these new standards will escalate costs substantially for small or medium-sized businesses.

Strengthening Education Efforts and Collaboration with Associations

We encourage the Competition Bureau to develop educational initiatives for both businesses implementing these new guidelines and consumers. The goal is to enhance understanding of environmental claims, helping both groups distinguish between valid and misleading information. While a regulatory framework is valuable, education is key to building trust and confidence.



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CHFA recommends that the Competition Bureau collaborate with industry associations in sharing information about the new regulations. Clear and concise guidelines that promote fairness in the competitive landscape are essential, but effectively communicating these changes to consumers is equally important. Industry associations can act as intermediaries, ensuring accurate information reaches businesses and the public. This collaboration would strengthen consumer trust and transparency.

Conclusion

CHFA believes it is essential to ensure environmental claims are compliant while promoting fair competition. We emphasize the need for flexibility in the new provisions, particularly to accommodate the potential challenges faced by small and medium-sized businesses in Canada. For example, we encourage revising the definition of internationally recognized methodologies to ensure it does not undermine existing business efforts.

Our members' ability to innovate and grow in the sustainability space depends on access to resources, education, and adequate time to adapt. If the Competition Bureau moves forward with these provisions, we strongly recommend implementing an educational awareness campaign to support compliance. This would help ensure small and medium-sized businesses are not disproportionately burdened by regulatory complexities and can meet requirements without disrupting operations.

Thank you for considering our feedback as part of your outreach. As a dedicated and forward-looking stakeholder, we are hopeful that our comments are given due consideration and stand ready to lend our expertise and support.

Sincerely,

Kassandra Wagner

Kassandra Wagner
Regulatory and Policy Affairs Manager
Canadian Health Food Association

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