

CMA publishes environmental sustainability advice to government

- Advice suggests clarifying the law on providing environmental information to consumers – including having standard definitions for terms like ‘carbon neutral’
- CMA outlines views on exemptions for environmental initiatives that restrict competition
- Sustainability Taskforce to lead CMA’s continuing efforts to support the UK’s transition to a low carbon economy

In July 2021, Kwasi Kwarteng, the Secretary of State for Business, Energy and Industrial Strategy (BEIS) wrote to the Competition and Markets Authority (CMA) asking it to provide advice to the government on how competition and consumer law frameworks could be enhanced to better support net zero and sustainability goals, including preparing for climate change.

Following a public consultation, the CMA has [recommended](#) a number of actions for the government to consider, including changes to consumer law which make it easier for shoppers to make sustainable choices. This could be achieved by, for example, introducing legislative definitions for potentially misleading terms like “recyclable” and “carbon neutral.” Standard definitions of commonly used terminology would help shoppers to compare similar products. It would also complement the CMA’s work on the [Green Claims Code](#) which helps businesses accurately communicate their green credentials to shoppers in an honest and transparent way.

At this stage, the CMA has not seen sufficient evidence that competition law prevents firms from acting sustainably. For example, it is already possible for companies to work together to lessen the environmental impact of their sector, by pooling resources or expertise, without breaching competition rules.

However, the CMA has found that more clarity about what is, and is not, legal would help firms work towards sustainability goals without worrying that they are breaking the law in the process.

For example, in its advice, the CMA has expressed a view on the ongoing international debate around the circumstances in which agreements that restrict competition can qualify for exemption under competition law. These agreements between businesses could include working together to reduce waste or improve biodiversity.

For an agreement to be exempt from competition law, the businesses’ customers should receive a ‘fair share’ of the resulting benefits, which may typically be through lower prices or higher quality goods.

Overall, the CMA thinks that there is some flexibility under the current rules to take environmental benefits into account when considering exemptions

for agreements that restrict competition, and has committed to bringing forward more detailed guidance in this area.

To build on its advice, and [further its wider objective of supporting the UK's transition to a low carbon economy](#), the CMA has launched a Sustainability Taskforce within the CMA. It will lead the CMA's work in this area and will bring together colleagues from across the CMA, while also drawing on outside expertise. The Taskforce will develop formal guidance, lead discussions with government, industry and partner organisations and continually review the case for legislative change, particularly in light of market developments.

Sarah Cardell, General Counsel at the CMA, said:

We want it to be as easy as possible for businesses and, ultimately, shoppers to make choices which are better for the environment.

That's why we plan to shine a light on what businesses can and can't do under current competition and consumer laws, as well as advising the government on changes that will help people shop more sustainably.

Our new Taskforce will take a leading role in helping to make sure the UK's economy not only serves the interests of consumers but also delivers on its environmental responsibilities.

The CMA's advice is informed by responses to its [consultation](#). It considered submissions from law firms, industry and consumer groups, other regulators, and members of the public. It also drew on its own markets and enforcement work in relation to [electric vehicles](#); recent consultation and revisions to the [Merger Assessment Guidelines](#); publications on [sustainability and antitrust](#); and work on the Green Claims Code.

1. [The BEIS Secretary of State wrote to the CMA on 19 July 2021](#), requesting that it provide advice by early 2022.
2. The CMA launched a [call for inputs](#) (CFI) to help inform its advice to BEIS on 29 September 2021.
3. You can read the CMA's advice in full [here](#).
4. The information issued by the CMA should not be viewed as a substitute for legal advice or relied upon as a complete statement of the law.
5. To get in touch with the Sustainability Taskforce, please email sustainabilitytaskforce@cma.gov.uk.
6. For media queries, please contact the press office via press@cma.gov.uk or on 020 3738 6460.