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Senate Standing Committees on Environment and Communications
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Submission to the Senate Standing Committees on Environment and Communications Inquiry into Greenwashing

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Date:

09 September 2025

Confidentiality Statement:

This submission is provided on a public basis. No part of this submission is confidential.

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Introduction

About Us

Sustainable Choice Group (SCG) is a Melbourne-based organisation driving sustainable change in mass-market consumption. We help consumers make informed choices and support businesses to transition to socially and environmentally responsible practices.

Greenwashing undermines consumer trust and genuine progress. We address this by providing tools that help businesses share sustainability commitments in line with regulation and in a transparent, accessible way.

Our flagship platform, SustainabilityTracker.com, is a world-first destination that houses brand sustainability credentials, initiatives, certifications, and evidence—right on a consumer's phone. By bringing all this information together in one place, Sustainability Tracker:

- Helps consumers make considered choices in real time.
- Provides businesses with a regulator-aligned way to communicate credibly.

We are not a certification body or rating system. We provide a platform for businesses to self-report evidence-based information in a way that is transparent, credible, and accessible.

Our House of Brands

SCG operates a “house of brands” designed to tackle greenwashing from multiple angles—through technology, education, and community. Together, these brands provide businesses with the tools to act and consumers with the clarity to choose.

- **Sustainability Tracker** – our flagship platform where businesses self-report initiatives, certifications, and progress.
- **Leaders in Sustainability Network (LiSN)** – a peer community of sustainability practitioners and business leaders.
- **Sustainable Transformation Podcast** – an educational series with industry leaders sharing insights and examples.

Key Submission Points

1. Environmental and sustainability claims across industries

SCG works primarily with SMEs and consumer-facing brands in sectors such as household products, food and drink packaging, cosmetics, and apparel.

- These industries are especially vulnerable to vague “eco-friendly” claims, packaging icons with no substantiation, or selective disclosure of sustainability information.

Recommendation: Clearer national guidance for product-level claims in these sectors, supported by digital solutions (e.g., QR-linked product pages, digital product passports) that allow businesses to show evidence directly to consumers.

2. Impact of misleading claims on consumers

The consequences of greenwashing are particularly acute for both consumers and small businesses. From our experience:

- Greenwashing erodes trust and undermines genuine efforts. [South Pole's Confusing or Convincing? report](#) shows Australians care about sustainability actions but are confused by competing claims and sceptical of company messaging.
- Confusion between marketing claims and evidence-based claims is widespread. Vague language such as “eco-friendly,” “green,” or “sustainable” is often used without substantiation.
- This creates two risks: consumers become sceptical and disengaged, while businesses that make genuine, measurable progress are drowned out by louder but unverified claims.

Recommendation: Consumer-facing sustainability claims should require substantiation equivalent to financial claims, ensuring that evidence is visible, accessible, and standardised.

3. Domestic and international examples

International examples show best practice:

- EU: mandatory Digital Product Passports (DPPs) for apparel, batteries, and other categories by 2027.
- US FTC Green Guides and UK CMA scrutiny of environmental advertising.

Recommendation: Australia should align with these international best practices, ensuring interoperability of tools and avoiding a fragmented compliance landscape for exporters.

4. Advertising Standards

The current AANA Environmental Claims Code is voluntary and not consistently enforced. It lacks the strength to address misleading or vague advertising.

- **Recommendation:** Strengthen advertising standards by requiring substantiation for all environmental claims and expand enforcement powers to ensure misleading claims are removed and penalised. Advertising standards should explicitly ban vague terms like ‘green,’ ‘eco-friendly,’ or ‘climate neutral’ unless backed by robust data.

5. Legislative options

SMEs struggle with complex ESG disclosure while corporates with larger budgets dominate the narrative with vague claims, distorting the market. Businesses communicating transparently must not be penalised or undercut by misleading competitors.

Levelling the playing field is critical: businesses that communicate honestly and transparently must not be penalised or undercut by those who misuse vague sustainability claims.

Recommendations to protect consumers and create a level playing field:

- Introduce a national framework for sustainability claims aligned with ACCC guidance and AASB climate disclosure standards.
- Require businesses making environmental claims to publish supporting evidence in a transparent, accessible format (digital preferred).
- Create enforcement mechanisms and penalties for repeated or deliberate misuse of unsubstantiated claims.
- Provide SME support programs (guidance, tools, templates, grants) to ensure compliance is accessible and affordable.

6. Other related matters

SCG has developed digital tools—including Sustainability Tracker, Digital Labels, Compass, and the Roadmap Quiz—that enable what we call proof-driven transparency: evidence-backed claims that consumers can trust.

Summary of Recommendations

1. National Framework

- Develop a national framework for sustainability claims aligned with international best practice, ACCC guidance, and AASB standards.

2. Clear and Credible Claims

- Provide stronger guidance for businesses on what constitutes a credible claim.
- Establish a national glossary of sustainability terms and trust marks, with strict guidance on usage.

3. Transparency and Disclosure

- Introduce mandatory disclosure requirements for environmental and sustainability claims.
- Create a centralised, digital-first disclosure framework (interoperable with international standards) so claims, evidence, and certifications are consistent and accessible.
- Incentivise adoption of transparency-enabling tools (e.g., QR-linked product pages, digital product passports) and set clear guidance for packaging and labelling claims.

- Address the risk of greenwashing by encouraging incremental disclosure and protecting businesses from undue reputational risk when making good-faith, evidence-based claims.

4. Advertising Standards

- Tighten standards for environmental advertising to prevent vague or misleading terms (“eco-friendly,” “sustainable”) and enforce penalties for misleading advertising and unsubstantiated claims.

5. Support for SMEs

- Balance education and enforcement by providing affordable compliance tools, practical guidance, and support programs for SMEs, alongside stronger penalties for deliberate greenwashing.

6. Consumer Awareness

- Launch large-scale consumer education campaigns to help Australians recognise credible, substantiated claims and build confidence in making sustainable choices.

Conclusion

Sustainable Choice Group welcomes the inquiry into greenwashing and supports efforts to ensure claims are legitimate, substantiated, and trusted. We are committed to helping businesses communicate credibly and consumers make informed choices. With daily experience working with SMEs, large brands, and consumers, we see the challenges and opportunities of building a fair, trust-driven marketplace. We are available to provide further evidence or appear at hearings, and we thank the Committee for the opportunity to contribute to this important inquiry.