In a Nutshell

The Directive for the Substantiation of Explicit Environmental Claims (Green Claims Directive) is a legislative proposal that aims to address and reduce greenwashing in consumer-facing commercial practices. It establishes minimum requirements on the substantiation and communication of voluntary environmental claims and labels that are not otherwise banned under the Directive on Empowering Consumers for the Green Transition.

To make green claims (including climate-related claims) about the environmental footprint of their products, services, and operations, companies will need to comprehensively demonstrate environmental impact and performance by submitting recognised scientific evidence and the latest technical knowledge. The Directive establishes specific requirements for distinguishing claims on environmental performance from common practice, legal obligations, and from other traders or products.

Environmental claims and labelling schemes will be verified by independent accredited bodies before being put on the market. Member states will nominate a competent national authority to supervise this process, monitor and verify the claims and substantiations on a regular basis. This monitoring will help the Commission evaluate where more specific requirements are needed and implement delegated acts accordingly.

Climate-related claims such as net zero or carbon neutrality claims based on carbon credits use, including carbon removal, fall under the remit of this Directive. To substantiate such claims companies must report offsetting and emissions data separately, specify whether offsetting relates to emissions reductions or carbon removals, and explain accurately the accounting methodology applied. Once approved and when communicating to consumers, climate-related claims must be accompanied by additional information detailing the extent of reliance on offsetting and whether it is based on emissions reductions or removals.

What’s on the Horizon?

The Green Claims proposal by the European Commission is currently being discussed within the European Parliament and the Council, with the aim to come to an agreement on their positions as part of the ordinary legislative procedure, before entering interinstitutional negotiations.

2023-2024: The European Parliament and the Council will develop their positions separately.

Directive on Empowering Consumers for the Green Transition (ECGT):

- The Council adopted its negotiating mandate regarding the ECGT Directive on 3 May. The mandate outlines the Council’s position on this directive which would lay the foundation for the Green Claims Directive.
- The European Parliament on adopted its position on 11 May 2023, setting stricter conditions than the Commission proposal.
- On 19 September 2023, the Council and the Parliament reached a provisional agreement on the ECGT Directive, banning carbon neutrality claims for products and services based on carbon offsetting, and setting stricter requirements for organisations to make claims based on future environmental performance. Complementing the Directive on Empowering Consumers, the Green Claims Directive will provide further guidance on the conditions to make substantiated environmental claims.
- On 17 January 2024, the European Parliament adopted the provisional agreement on the ECGT Directive. After the Council adopts the final text, the directive will be published in the Official Journal of the EU, and member states will have 24 months to transpose it into national law.

Green Claims Directive (GCD):
The ENVI and IMCO Committee (joint committees responsible) adopted their report on 14 February 2024, which was adopted by the Parliament plenary on 12 March 2024. The Council aims to adopt this file’s general approach on 17 June 2024.

2024-2025: Following trilogues between EU institutions, the Directive is expected to be formally adopted and transposed by member states.

Deep Dive

Policy Landscape

The Green Claims Directive complements the Empowering Consumers Directive published by the European Commission on 30 March 2022 within the EU. Together, they aim to improve the circularity of the EU’s economy and achieve climate neutrality. They set requirements to substantiate environmental claims made to consumers and other commercial practices.

Apart from the French ministerial decree n°2022-538, the Green Claims Directive is a first of its kind in the specificity with which it regulates environmental claims and addresses climate-neutrality claims. The French decree regulates advertising claims based on emission compensation projects. It has different requirements surrounding emissions reporting, compensation data, and net zero plans.

Aim

The Green Claims Directive proposal addresses the issue of greenwashing, increasingly prevalent in recent years. It seeks to standardise environmental claims and labels to improve transparency and credibility for consumers. The proposal aims to use delegated and implementing acts in the future to address substantiation methodologies for specific product groups and evolving commercial practices.

The preamble of the proposal states that climate-related claims are prone to being unclear and misleading, as they are often based on offsetting greenhouse gas (GHG) emissions through carbon credits of low environmental integrity and credibility, generated outside the company’s value chain and calculated based on methodologies that vary widely in transparency, accuracy, and consistency. Offsetting can also deter traders from reducing emissions in their own operations and value chains.

However, credible net zero claims have the potential to incentivise and drive the development of safe, just and sustainable carbon removals to transition towards real climate neutrality. Claims based on offsetting must be regulated through a robust and science-based system to prevent greenwashing.

Room for improvement

Unfortunately, the Green Claims Directive as it currently stands does not establish the necessary measures to do so:

- The Directive does not align with scientific consensus as it allows offsetting through emissions reductions and avoidance to substantiate carbon neutrality claims. The IPCC’s definition of net zero is clear: balancing emissions with physical removals. Accordingly, offsetting projects that avoid emissions, but do not physically remove and store carbon, must be barred from use in substantiating claims about net climate impacts.
- The proposal rightly requires companies to report GHG emissions separately from offsetting data, to disclose the share of their total emissions that are addressed through offsetting and whether these come from emission reductions or removals. This isn’t enough to monitor whether the claimed climate impacts are real. There is a need for more extensive disclosure on the types of carbon credits companies are purchasing (avoidance, reduction, removals), which emissions they are claiming compensation for, and the methodologies used to ensure integrity and correct accounting.
- The proposal allows all types of offsetting without any clear criteria for which emissions they can compensate for, nor which climate claims they can substantiate. However, not all carbon storage is equal in terms of capacity, duration or reversal risk. This means that long-lived fossil fuel emissions otherwise impossible to abate can only be balanced by removals with high-durability storage in the geosphere where the carbon came from. Lower-durability removal and storage of carbon into the biosphere must be accelerated for its own sake, to halt and reverse the loss of ecosystems and natural carbon stocks but cannot be eligible to compensate for fossil fuel emissions. Failing to enshrine this non-fungibility principle in EU law would allow companies to continue offsetting their long-lived emissions through shorter-term carbon storage with higher risks of reversal.
Although the Directive encourages companies to use offsetting only for residual emissions, it provides no robust definition for what constitutes these residual or ‘hard-to-abate’ emissions. Without a sector-specific and measurable definition, companies can weaken emissions cutting efforts by manipulating the boundary between ‘emissions that must be reduced’ and ‘emissions that physical removals can offset’. The EU will need to establish a transparent process for classifying emissions as difficult-to-decarbonise.

The proposal excludes from its scope environmental claims and labels substantiated by rules in the Carbon Removal Certification Framework (CRCF). However, the proposal for the CRCF has no rules for claim substantiation. Instead, the Green Claims Directive could establish guardrails for legitimate net zero claims, which could be substantiated through the purchase of high-quality carbon removal credits certified under the CRCF.

**Timeline**

11 March 2020 - The EU Circular Economy Action Plan sets out the plan to support the EU’s transition to a circular economy, including by protecting consumers

20 July 2020 - Impact assessment and public consultation on substantiating green claims

25 November 2020 - European Parliament resolution 'Towards a more sustainable single market for business and consumers'

30 March 2022 - European Commission publishes the proposal for a Directive on Empowering Consumers for the Green Transition (ECGT)

22 March 2023 - European Commission publishes the proposal for Green Claims Directive (GCD)

11 May 2023 - European Parliament adopts its position on the ECGT Directive

6 June 2023 - Deadline to provide feedback to the Commission on the GCD legislative proposal

19 September 2023 - The Council and the Parliament reached a provisional agreement on the ECGT Directive

17 January 2024 - The EU Parliament adopted the ECGT Directive

14 February 2024 - Joint report of the lead ENVI and IMCO Committees on the GCD adopted

12 March 2024 - European Parliament plenary adopted the GCD joint report

17 June 2024 (TBC) - Council to adopt its general approach on GCD

**Further reading**

- Climate claims: what’s the latest in EU policy? – Carbon Gap
- Carbon credits and compensation claims: the state of the VCM – Carbon Gap
- The EU Circular Economy Action Plan, European Commission
- Annual ‘sweep’: Screening of websites for ‘greenwashing’, European Commission
- Impact Assessment Report on Empowering Consumers, European Commission
- Recommendation on the use of the Environmental Footprint method, European Commission
- Strengthening climate-related claims: Carbon Gap response to the Green Claims proposal
- Corporate Climate Responsibility Monitor 2022, NewClimate Institute and Carbon Market Watch
- Greenwashing Factsheet, BEUC
- Sustainable consumption briefing, EPRS

**Status**

Proposed Under Negotiation

**Unofficial Title**

Green Claims

**Legal Name**

Proposal for a DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on substantiation and communication of explicit environmental claims (Green Claims Directive)
Key Institutional Stakeholders

European Commission

- **DG Environment (ENV), Unit B.1: Circular Economy, Sustainable Production & Consumption**

European Parliament

- **Committee co-responsible: IMCO**
- **Co-Rapporteur: Andrus Ansip (Renew, EE)**
- **Shadow Rapporteur: Arba Kokalari (EPP, SE)**
- **Shadow Rapporteur: Laura Ballarín Cereza (S&D, ES)**
- **Shadow Rapporteur: Kim van Sparrentak (Greens, NL)**
- **Shadow Rapporteur: Carlo Fidanza (ECR, IT)**
- **Shadow Rapporteur: Anne-Sophie Pelletier (GUE/NGL, FR)**
- **Committee co-responsible: ENVI**
- **Co-Rapporteur: Cyrus Engerer (S&D, Malta)**
- **Shadow Rapporteur: Pernille Weiss (EPP, Denmark)**
- **Shadow Rapporteur: Emma Wiesner (Renew, SE)**
- **Shadow Rapporteur: Annalisa Tardino (ID, Italy)**
- **Shadow Rapporteur: Petros Kokkalis (GUE/NGL, GR)**
- **Shadow Rapporteur: Malte Gallée (Greens, DE)**

Council of the European Union

- **Council formation: ENV**

Links to other relevant policies

- The **Empowering Consumers Directive** will ban unsubstantiated generic environmental claims. It works in tandem with the Green Claims Directive. In its current form, as amended by the IMCO Committee, climate neutrality claims for products and services based on offsetting are banned.

- The **Carbon Removal Certification Framework** (CRCF) proposes EU rules on certifying carbon removals. The Green Claims proposal excludes the CRCF from its scope. However, as the legislative process progresses, it could potentially turn into a substantiation method for climate-related claims.

- The **Corporate Sustainability Reporting Directive** increases the reporting responsibilities of companies on ESG issues. Accompanying European Sustainability Reporting Standards will set reporting requirements around transition plans, emissions, removals and accounting methodologies. This reporting and data will tie into that used for substantiating environmental and climate claims under the Green Claims Directive.