



Green Claims Directive - NEP Position Paper

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The Negative Emissions Platform (NEP) is a Brussels-based partnership of European and international organisations focused on carbon removals. Our members are primarily technology companies, but also include project developers, investors, carbon marketplaces, and buyers of carbon removals. We provide a forum in which diverse like-minded organisations actively collaborate to improve political and public recognition of carbon removals.

In response to the increasing prevalence of greenwashing, the European Commission has put forth a proposal for the Green Claims Directive, aiming to combat this issue. The main goal of this Directive is to establish rules that require companies to substantiate, effectively communicate, and validate their environmental claims. With these new rules, the objective is to instill trustworthiness in environmental claims and provide consumers with reliable information, enabling them to make informed choices when buying products.

The Negative Emissions Platform (NEP) welcomes further environmental scrutiny and clear regulations coming in a harmonised way. We therefore applaud the objective of the Green Claims Directive, while expressing the desire for improved linkage with other pertinent files that are currently under discussion at the EU policy level.



Key messages

1. The Green Claims Directive should ensure that to make climate-related claims such as 'net-zero' or 'climate neutral', companies can only use permanent carbon removals to neutralise hard-to-abate emissions.
2. The Commission's proposal falls short in understanding the linkages to other key legislation, including the Carbon Removal Certification Framework (CRCF). The European Parliament and EU Member States need to swiftly address this issue to enhance the transparency and reliability of climate claims.
3. The lack of acknowledgment of linkages between the Green Claims Directive and the CRCF creates uncertainty about how CRCF certificates can be used to make environmental claims.
4. The Green Claims Directive should enable companies to make climate claims even if carbon removals took place outside the EU, as long as the claims are third-party verified by a certification body approved by the European Commission and comply with the standards set under the CRCF.
5. The EU should encourage co-claiming, which is a pre-requisite for comprehensive co-funding to help support the deployment of the CDR sector.



The role of carbon removals

The Commission's proposal says that climate-related claims, such as 'climate neutral', 'carbon neutral' or 'net-zero', are often unclear and ambiguous and therefore can be misleading for consumers. These claims are typically based on companies offsetting their greenhouse gas emissions by buying carbon credits from outside their value chain. An issue with offsetting is that it could lead to companies failing to prioritise emissions reductions and therefore does not change companies' polluting practices.

In order to ensure their integrity, climate claims should be permissible as long as they are clearly substantiated. The Green Claims Directive should guarantee that companies making climate-related statements like "climate neutral" or "net-zero" can only rely on permanent carbon removal methods to neutralise hard-to-abate emissions. When it comes to a product, it should neutralise all emissions associated with the entire life cycle of the product, including emissions produced during the product's use by the end-user and its disposal at the end of its life.

Where does the Carbon Removal Certification Framework fit in?

The proposal for a Carbon Removal Certification Framework (CRCF) was published at the end of last year with the objective of establishing a voluntary framework for certifying carbon removals across the EU. The main goal is to standardise carbon removal methodologies, enhancing their credibility in the voluntary market and thereby increasing support for carbon removal activities.



While the legislative process for the CRCF is still ongoing, it was expected that the Commission's proposal for the Green Claims Directive would be closely linked to the CRCF proposal due to the clear alignment in their objectives. By harmonising carbon removal methodologies, the CRCF would be a natural complement to the Green Claims Directive that sees claims such as 'carbon neutrality' should be backed up by a transparent and accurate methodology.

However, the lack of acknowledgment of any connections between the two initiatives creates uncertainty regarding how certifications established under the CRCF can be utilised to make environmental claims.

Under the current proposal, the Green Claims Directive falls short in understanding the linkages to other key legislation such as the CRCF. The European Parliament and EU Member States need to consider how certificates generated from the CRCF can be effectively used to make a climate claim. By recognising the value and credibility of the CRCF certificates, the Green Claims Directive could enhance the transparency and trustworthiness of climate claims made by companies.

To ensure a coherent and harmonised approach, it is important to **establish clear rules that allow for the integration of CRCF certificates within the framework of the Green Claims Directive**. This integration would enable companies operating within the EU single market to leverage the certifications obtained through the CRCF to support their climate claims.



Climate claims: carbon removals beyond the EU

Currently, the existing CRCF is limited to carbon removal activities within the EU and does not extend to activities conducted outside of the EU. As a result, if the Green Claims Directive were to be linked solely to the CRCF, companies operating within the EU single would face market restrictions in making climate-related claims to European consumers if they are purchasing carbon removals from outside the EU.

The Green Claims Directive should, therefore, ensure that companies can still make climate-related claims even if the carbon removals occurred outside of the EU. These claims should be third-party verified by a certification body approved by the European Commission and comply with the standards agreed upon under the CRCF.

Double counting, double claiming, co-claiming: clarifying key concepts

Due to the breadth of the proposal, the Green Claims Directive does not refer to 'double counting' or 'double claiming'. However, given the potential interlinkages with the CRCF, these concepts need to be clarified.

Often, double claiming and double counting are conflated and therefore misunderstood. Double counting is a mechanism that prevents multiple entities, whether two nations or two companies, from using the same efforts to use the same mitigation activity towards their respective targets—National Determined Contributions (NDCs) for countries and net-zero objectives for companies.

In contrast, in the case of double claiming (or sometimes known as co-claiming) a claim and accounting in the corporate system will also appear in the national claiming and accounting system. This scenario applies to emissions reduction and should be extended to encompass carbon removal efforts as well. In this context, a country would consolidate the actions of various economic entities within its borders.



Co-claiming based on co-funding can help support countries' climate targets. This is even more pertinent given the need for scaling up CDR whereby the combined funding from government aid and purchases by the VCM would adhere to the polluters pay principle. This can significantly expedite the deployment of permanent removals and minimise the cost for the taxpayer to bring about the CDR industry. Lowering the cost through government aid would drive a larger demand from the VCM, increasing the volume of negative emissions and helping get the sector to the capacity needed to tackle the climate crisis.

Against this background, the EU should encourage co-claiming, which is a prerequisite for comprehensive co-funding.

The EU has a real opportunity here to crack down on greenwashing and ensure that environmental and claims are transparent, reliable and substantiated. For climate-related claims, this means establishing clear rules on linking the Green Claims Directive to the CRCF, as well as ensuring that carbon removed outside of the EU is in scope if substantiated by a third-party certification body. Lastly, the EU should encourage co-claiming as an essential step toward enabling extensive co-funding for the CDR sector.