

PRESS RELEASE

EUROPEAN PARLIAMENT'S REPORT IMPROVES RULES ON ORGANISATIONAL CLIMATE CLAIMS

Key takeaways:

- The ENVI and IMCO Committees report on Green Claims is a significant step towards clearer EU rules on organisational climate claims.
- MEPs require climate-related compensation claims to be used for balancing the residual emissions of an organisation through carbon credits certified under the EU Carbon Removal Certification Framework (CRCF) or other schemes recognised by the Commission.
- Organisations can only compensate fossil fuel emissions with permanent removal credits as defined by the CRCF, in line with the like-for-like principle and the natural carbon cycle.

Brussels, 14 February 2024 – Today the European Parliament's Committees on Environment (ENVI) and Internal Market & Consumer Protection (IMCO) jointly adopted their report on the [EU Green Claims Directive](#) with 85 votes in favour, 2 against and 14 abstentions.

The report, led by MEPs Cyrus Engerer (S&D, Malta) and Andrus Ansip (Renew, Estonia), improves the European Commission proposal on climate claims and the use of carbon credits in several aspects, aligning it with scientific consensus. The adopted amendments provide more clarity on the conditions to make climate claims, preventing them from becoming a tool for companies to continue business as usual.

"We welcome the clarity and additional requirements on climate claims introduced by the Parliament. Following the ban on misleading claims on products under the Empowering Consumers Directive, the EU needs clear rules for companies willing to make proper climate claims. Claims can support climate action and the transition towards a higher integrity voluntary carbon market, as long as they do not hinder emissions reduction efforts and are based on high-quality carbon credits", said **Matteo Guidi**, Associate Policy Lead at Carbon Gap.

The adopted report allows organisations to make climate-related compensation or emission reduction **claims only for their residual emissions**, in accordance with the [European Sustainability Reporting Standards](#). It also specifies that the **carbon credits used to substantiate such claims must be certified under the proposed EU Carbon Removal Certification Framework (CRCF)**. Carbon credits other than those certified under the CRCF may be used only in duly justified cases where those schemes are recognised by the Commission.

Crucially, the report requires that organisations, including private companies, **can only balance their fossil fuel emissions with permanent removal credits as defined by the CRCF**. Also called the [like-for-like principle](#), this rule precludes companies from claiming that their fossil CO₂ emissions have been offset by short-term removals such as planting trees. This would enable the EU to pursue a sustainable state of net zero.

"Enshrining the like-for-like principle into EU law would be a major win for the climate and the beginning of the end for unsustainable compensation practices. Companies would not be able to continue offsetting their fossil fuel emissions with cheap and low-durability credits, and will



*therefore have to cut them and compensate the residual part with permanent removals. We hope the European Parliament adopts this principle in plenary and that the Council also comes on board.” commented **Rodica Avornic**, Associate Policy Director at Carbon Gap.*

MEPs also introduced rules on **contribution claims**. These rules allow companies to communicate **climate mitigation financial contributions beyond their value chain** so long as these are not used to claim an improved climate impact of their product or the company.

With the CRCF in its final stage of trilogue negotiations, Green Claims will be key to complement it by establishing EU rules on how certified carbon removal units can be used. We therefore welcome the Parliament’s proposal that only residual emissions can be balanced when making compensation claims. As a next step, we now **call on the EU to set up a transparent process for defining and classifying residual emissions**, based on impact assessments and multi-stakeholder consultations.

Next steps

The report will now be discussed and voted on in one of the next Parliament plenary sessions. If approved, the report will constitute the Parliament's position in view of the trilogue negotiations with EU member states in the Council. The Council is expected to agree on its position before the end of the Belgian presidency in June 2024. Trilogue negotiations among the co-legislators and the European Commission could start in the last quarter of 2024 or early 2025 at the latest.

NOTES FOR EDITORS

[Carbon Gap](#) is an independent, philanthropically funded non-profit organisation focused on responsibly scaling up carbon dioxide removal in Europe, as an important complement to emissions reductions.

Useful resources:

- [Carbon Gap reaction to Green Claims Directive proposal](#)
- [Climate claims: what’s the latest in EU policy? \[Infographic\]](#)
- [Carbon credits and compensation claims: the state of the VCM \[Infographic\]](#)

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