5 March 2025

GREEN CLAIMS DIRECTIVE: SAFEGUARDING CREDIBLE CLIMATE CLAIMS WHILE DRIVING DEMAND FOR PERMANENT CARBON REMOVALS

Dear MEP Delara Burkhardt and MEP Sandro Gozi,
Dear Mr Arkadiusz Pluciński, Deputy Permanent Representative of Poland to the EU,
Dear Commissioner for Environment Jessika Roswall,

As trilogues on the EU Green Claims Directive proceed, we, the undersigned, underscore the importance of creating clear rules to tackle greenwashing whilst also enabling the necessary private investments in permanent carbon dioxide removal (CDR), a sector that is critical to getting companies and the EU to net-zero.

In addition to steep emission reductions, we will need to be removing up to 10 gigatonnes a year of CO_2 by 2050 globally[1]. Currently we stand at 2 gigatonnes a year, with less than 1% coming from permanent CDR[2]. For the EU, up to 568 megatonnes of both conventional and novel removals will be necessary each year to reach climate neutrality by 2050[3]. To achieve sustainable net-zero and to ultimately get to net-negative, **CDR needs to be rapidly and responsibly scaled up**.

In addition to the climate need for CDR, the sector holds great economic potential. By 2050, the European carbon removal industry is expected to grow to EUR 220 bn a year and generate 670,000 jobs[4].

Nevertheless, the permanent CDR sector currently is in its nascent stage. With little public financial support and while waiting for the introduction of dedicated policies at national and EU level to drive demand, the voluntary carbon market (VCM) serves as one of the few available funding mechanisms, allowing producers to sell carbon removal credits. The Green Claims Directive, which aims to address how companies engage with the VCM and make related climate claims, must create a **supportive environment for these emerging businesses** while ensuring that climate claims related to carbon credits are **transparent, credible, and trustworthy**.

To achieve these goals, we call on you as the leading EU negotiators to ensure that the final Directive respects the following three essential conditions:

1. **Compensation claims should not be limited to neutralising residual emissions with carbon removal only at the point of net-zero. The EU must clarify the rules that companies should follow to make compensation claims prior to that point.** Companies cannot claim to be "net-zero" until they have achieved the highest level of decarbonisation possible and have neutralised their residual emissions, in line with "net zero targets" and safeguards as defined by European Sustainability Reporting Standards (ESRS) under the EU CSRD.

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[1] IPCC 6th Assessment Report (2023)
[2] State of CDR report (2024)
[3] ESABCC, Scaling up carbon dioxide removals – Recommendations navigating opportunities and risks in the EU (2025)
[4] BCG & DVNE, Carbon dioxide removal: Europe and Germany's role in Catalyzing a Trillion-Euro Industry (2024)

However, a rigid interpretation which limits compensation only to the point of net zero, as in the European Parliament's current position, would delay corporate engagement with the permanent CDR sector, depriving companies of critical funding and severely jeopardising the EU's ability to scale up carbon removal efforts.

Furthermore, clarity is needed on what compensation claims companies can make when neutralising emissions with CDR prior to that point, as long as they are making progress on their internal decarbonisation pathway. **The EU should clarify through secondary legislation how compensation claims could be expressed prior to net-zero and define sectoral decarbonisation pathways, taking into account the specificity of different sectors and highlighting the role of CDR to reach net zero.** These aspects are key to providing clarity to all actors on the market (notably consumers) and ensuring that companies remain on track with emissions reductions.

2. **Enshrine the "Like-for-Like" principle of carbon storage in the Directive to ensure a durable compensation of emissions, while allowing for a gradual implementation.** It is imperative that compensation claims are robust and maintain climate integrity. Fossil fuel emissions, such as those from aviation, persist in the atmosphere for centuries to millennia. To ensure climate integrity and limit global temperature increase, it is essential that these emissions are compensated through permanent carbon dioxide removals[5] (as per the European Parliament position[6]). Meanwhile, biogenic emissions (e.g., from agriculture), which have a shorter carbon cycle, may be neutralised using temporary removals. Adhering to this principle is the only way to achieve '**durable net zero'** – a state where a balance between carbon sources and sinks is sustained over matching time scales[7].

   Given the current limited supply of permanent CDR, the Directive should allow for a **gradual implementation of the Like-for-Like principle**. Further details on the application of this **principle to compensation claims could be introduced through a delegated act**. **Companies claiming to have compensated their residual emissions at the point of net zero must fully apply the Like-for-Like principle.**

3. **In the context of carbon removal credits, ensure that only *ex-post*, high-quality carbon removal credits are permitted for compensation claims.** A first clear condition for compensation claims is that only retired removal credits should be allowed, avoiding reliance on future CDR that may not materialise. The Carbon Removal and Carbon Farming Certification Framework (CRCF) establishes an EU benchmark for high-quality carbon removal credits produced in Europe. While this is a welcome development, the use case of CRCF credits, in particular in the context of the VCM and climate claims remain unclear. In addition, given the limited availability of permanent CDR in Europe at this stage, allowing the use of international credits is essential for meeting demand, while ensuring these credits are of equivalent quality.

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[5] See also scientific literature: Fankhauser et al. (2022); Allen et al. (2022)
[6] Article 3 – paragraph 3 b (new)
[7] Oxford Net Zero – 'What is Net Zero?'

Therefore, the Directive, or following delegated acts by the EU Commission, should **require the use for CRCF or equivalent credits** that comply with the same minimum quality standards (e.g., ICVCM CCP approved), as well as **clarify the link with the recently approved Article 6.4 of the Paris Agreement**. This would help encourage investment in CDR by EU-based companies and align the EU with international standards.

By implementing these measures, the Green Claims Directive can both safeguard the integrity of climate claims and support the growth of the permanent carbon removal sector, ensuring that the EU remains on track to achieving its net-zero and net-negative goals.

Best regards,