PRESS RELEASE

STOP TO GREEN CLAIMS DIRECTIVE RISKS LEAVING THE EU BEREFT OF MUCH-NEEDED GUIDELINES FOR CORPORATE CLIMATE CLAIMS

Brussels, 23 June - After more than two years of negotiations, the fate of the proposed Green Claims Directive (GCD) is now more uncertain than ever. This impasse undermines the EU's efforts to protect consumers from greenwashing practices and support companies committed to real climate action. By prolonging uncertainty on corporate climate claims, **a lack of agreement would also negatively impact the scale-up of the European carbon dioxide removal (CDR) sector in the short term**, given its strong reliance on purchases from the voluntary carbon market (VCM).

Why is this delay alarming?

After a continuous constructive engagement with EU negotiators to help develop clear and credible rules for climate claims, Carbon Gap warns that such a setback would have **serious consequences on three critical fronts**:

1. **No use case for CRCF-certified credits.** Without clear rules on how companies can use carbon removal credits to make claims, the EU Carbon Removals and Carbon Farming Regulation (CRCF) will be left hanging. The CRCF is essential to clearly distinguish between emissions reductions and carbon removals, and to define eligibility criteria for high-quality CDR. However, without the GCD, how those credits should be recognised or used in corporate climate strategies becomes unclear.

2. **Lack of guidance on climate claims and the role of CDR.** The GCD was created to complement the Empowering Consumers Directive, filling the gap on what kind of climate claims are allowed and how they should be substantiated. As it stands, the GCD also misses a key opportunity to clarify the role of high-durability CDR credits to integrate companies' decarbonisation efforts on their way to net zero.

3. **Patchwork regulation continuing.** In the absence of EU-level rules, member states will continue to introduce divergent national guidelines for environmental claims, or leave it to courts to rule on what is permitted. This lack of union-wide regulation creates confusion and legal uncertainty for companies operating across borders, who will face inconsistent expectations.

A possible blow to EU's climate leadership

The likely halt of this file is one in a series of troubling signals that the EU is backsliding on its Green Deal ambitions, undermining the credibility of its climate leadership at home and on the global stage.

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"This ongoing stalemate is hard to understand and risks producing a huge missed opportunity for Europe's environmental goals. The GCD could provide companies with long-overdue guidance on how to make credible climate claims. This clarity is critical to sustain short-term demand for durable CDR as part of corporate net zero strategies," said **Matteo Guidi**, Associate Policy Lead. *"We will continue to support the EU institutions to find solutions to close this policy gap."*

Next steps

The final trilogue, set to happen today, was postponed at the last minute following opposition from right-wing political groups in the Parliament, led by the EPP. To add confusion to the matter, the Commission has issued contradicting statements in the last days on potentially withdrawing the proposal altogether.

Despite the setback, Carbon Gap stands by its core recommendations: for compensation claims, companies should exclusively use carbon removal credits, increasingly relying on permanent CDR in line with the "Like-for-like" principle of carbon flows.

We urge the co-legislators and European political groups to remain faithful to their negotiating mandate for the Green Claims Directive and secure an agreement which is fair to both consumers and companies. A strong GCD will enable more robust climate claims and will accelerate the necessary scale-up of CDR in Europe.

With the EU exploring the integration of CDR into the EU ETS, launching public purchasing programmes, and member states crafting national CDR strategies, **credible guidelines for CDR use remain an urgent missing piece**.

About Carbon Gap

Carbon Gap is a dedicated climate NGO committed to transparent analysis and advocacy for robust climate policies. Through rigorous research and collaboration with stakeholders across Europe, Carbon Gap aims to drive forward effective solutions for a sustainable future.

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