



# VCMI's Statement on EU Green Claims Directive - Trilogue Process

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The European Union is finalising the Green Claims Directive (**GCD**), a legislative framework aimed to combat greenwashing, harmonize environmental claims, and empower consumers. Currently in **trilogue negotiations** (the final phase where the European Commission, Parliament, and Council reconcile differing positions), the GCD aims to set rigorous standards for companies making sustainability claims.

While the Directive's core focus is consumer protection, its provisions will also profoundly shape Voluntary Carbon Markets (**VCMs**). VCMs play a vital role in closing the global emissions gap by channelling private finance to climate projects, particularly in Emerging Markets and Developing Economies, where over 75% of carbon credits originate. The GCD's rules for substantiating climate-related claims—including those tied to carbon credit use—will directly influence corporate willingness to invest in VCMs and, by extension, the flow of finance to Emerging Markets and Developing Economies.

VCMI commends EU's leadership in advancing the GCD to eliminate misleading claims. To maximize its impact, the Directive must avoid inadvertently restricting corporate investments in VCMs or sidelining EMDE priorities. By aligning with international best practices—such as **VCMI's Claims Code** and the **ICVCM Core Carbon Principles (CCPs)**—the GCD can ensure robust consumer safeguards while fostering high-integrity VCMs that accelerate equitable climate progress.

To ensure the GCD strengthens consumer trust and enables corporate climate leadership, **VCMI recommends the European Commission, Parliament, and Council:**

### **Permit both 'contribution' and 'offsetting' claims under robust guardrails (in line with the Council's General Approach)**

- **Contribution claims**, meaning “an explicit environmental claim related to climate, where the trader claims to have contributed to [...] climate action by purchasing carbon credits, but without using those carbon credits for balancing out a share of its emissions” (Article 2.19f); and
- **Offset claims**, meaning “an explicit environmental claim [...] related to climate, where the trader claims to have balanced out [...] a share [...] of its emissions by purchasing carbon credits; [...]” (Article 2.19e).

If either claim type is prohibited or overly restricted, companies may retreat from voluntary climate-finance commitments, cutting critical capital for mitigation and adaptation projects—especially in EMDEs.

### **Recommendations**

- Retain both claim categories as **Explicit Environmental Claims (EECs)**.
- Require disclosures on credit quality, project type, retirement dates, and alignment with science-based reduction trajectories.

- Mandate independent verification and pre-approval under recognised integrity frameworks (e.g., VCMi Claims Code).

### **Confirm eligibility of VCMi's Carbon Integrity Claims as a GCD-aligned Environmental Labelling Scheme (ELS) to give companies confidence to act/ make claims with integrity**

**now:** The 18–36-month transposition period for EU legislation risks creating a credibility gap: without a trusted framework now, companies may delay communications—or default to making no disclosures—while awaiting detailed secondary rules.

#### **Recommendations**

- Formally acknowledge VCMi's Carbon Integrity Claims as an ELS that meets the GCD definition.
- Provide near-term Commission guidance confirming that use of VCMi labels will be deemed **presumptively compliant** once the Directive takes effect.
- Encourage Member States to reference VCMi in national guidance to ensure consistency across the Single Market.

**Allow use of high-integrity international carbon credits:** Limiting accepted credits to EU-based mechanisms would shrink supply, elevate costs, and starve EMDE projects of finance—undermining global mitigation potential and the EU's own climate-finance objectives

#### **Recommendations**

- Explicitly permit credits—both reductions and removals—that are validated by ICVCM and conform to their Core Carbon Principles.
- Require transparent disclosure of host country, Article 6 correspondence status (where relevant), and safeguards for biodiversity and human rights.
- Encourage Member States to facilitate, not impede, cross-border credit retirement and recognition.

### **Table: VCMi's Carbon Integrity Claims: Alignment with GCD Requirements for Environmental Labelling Schemes (ELS):**

The GCD (per Art 1) applies to “*explicit environmental claims made voluntarily by traders about products or about traders, [...], and to environmental labelling schemes that allow for the use of the corresponding environmental labels, in business-to-consumer commercial practices.*”

As per Council's General Approach: “*environmental labelling scheme*” means a certification scheme that [...] certifies that a product, a process or a trader complies with [...] certain requirements and that allows for the use of a corresponding [...] environmental label.”

Therefore, VCMi awarding Carbon Integrity Claims falls under the definition of an environmental labelling scheme.



<b><i>VCMI complies with the [current draft] GCD's requirements as 'environmental labelling scheme' in that:</i></b>	
<b>a.i</b>	VCMI's Claims governance procedure is geared towards transparency, openness and fairness;
<b>a.ii</b>	VCMI's Claims Code was developed through a global, multi-stakeholder collaborative process and builds on the requirements of other leading climate change initiatives;
<b>a.iii</b>	VCMI clearly sets out its process for handling issues of non-compliance, including its right to suspend or revoke any issued VCMI Claim;
<b>a.iv</b>	VCMI Claims are only issued if the claimant company demonstrates compliance with objective requirements, as assessed by an independent third party which bases its competence on international, Union or national standards. Traders applying for a VCMI Claim consent to their data being shared to third-party verifiers and being made publicly available on the VCMI Claims Dashboard; and must notify VCMI if they should become aware of any significant errors, inconsistencies, misleading information, misrepresentations or omissions in the data submitted in their application.
<b><i>VCMI is capable of awarding environmental labels which comply with the [current draft] GCD's requirements, insofar as VCMI:</i></b>	
<b>b.i</b>	provides (free of charge) details of its governance structure, ownership and decision-making bodies;
<b>b.ii</b>	clearly sets out its objectives, requirements and procedures to monitor compliance;
<b>b.iii</b>	has proportionate conditions for companies to be awarded claims; and
<b>b.iv</b>	has a complaints and dispute resolution mechanism.
<b><i>VCMI applies the relevant requirements in terms of substantiation of its environmental labels, as VCMI Claims:</i></b>	
<b>c.i</b>	specify the aspects of traders' activities which the label relates to (i.e. companies' contribution to climate action through the purchase of carbon credits);
<b>c.ii</b>	are evidence-based and take into account relevant methods and international standards;
<b>c.iii</b>	demonstrate that environmental characteristics that are subject to the claim are relevant and significant;
<b>c.iv</b>	are made voluntarily;

<b>c.v</b>	do not harm other environmental objectives; and
<b>c.vi</b>	include an identification of traders' total greenhouse gas emissions reductions, future performance, specification of whether credits relate to emission reductions or carbon removals, or are offset claims; to ensure that consumers are well informed about the use of carbon credits and their effects.
<p><b><i>By awarding labels on the basis of clear, consistent, science-based requirements, VCMI thus supports traders in credibly making voluntary use of carbon credits as part of their climate commitments, and in communicating to consumers their use of those credits in a transparent and non-misleading way, in line with the objectives of the GCD.</i></b></p> <p><b><i>In doing so, VCMI carries out the functions of an existing environmental labelling scheme; and VCMI Claims should be included in the list of environmental labels allowed to be used in the Union market, envisioned under Article 8(7) of the GCD.</i></b></p>	