

Green Claims Directive

Context

The European Commission has issued a proposal for a [Directive on Green Claims](#) made by companies. This aims to stop companies from making misleading claims about the environmental merits of their products and services. The Directive is mainly targeting explicit claims made on a voluntary basis and which are not required by EU rules.

The specific objectives of the proposal include:

- Making green claims more reliable and comparable;
- Preventing greenwashing;
- Contributing towards the circular economy;
- Establishing a level playing field on the environmental performance of products.

Companies would consequently be obliged to prove their claims and abide by new EU rules on labelling.

Substantiating Environmental Claims

The proposed Directive obliges member states to ensure that traders carry out assessments to substantiate explicit environmental claims. Such assessment will include (*inter alia*) specifying whether the claim applies to the whole product or just part of it, reliance on recognized scientific evidence, and demonstration of significant environmental impacts from a lifecycle perspective. A full list of criteria for this assessment is provided in Article 3 of the Directive.



In case of claims made on final products, and where the most relevant life-cycle stage of that product is the consumer use phase, the claims made shall also include information on how consumers should use the product to achieve the expected environmental performance. For claims made about the future performance of products or traders, the timelines for improvements shall be specified.

Additional requirements shall apply for those claims which compare products or traders, such as stating that a particular product or trader has a lower negative environmental impact than another:

- Requirements that the information used to make this assessment is equivalent (and sourced in an equivalent manner) for each product or trader;
- Comparisons should cover the same stages along the value chain;
- The most significant environmental aspects should be taken into consideration for all products and traders;
- Assumptions should be set at an equivalent manner.

Furthermore, comparative claims should not be made in cases where the product or trader is no longer active on the market, unless the improvements are significant and have been achieved in the last 5 years.

Information on the product or trader that is subject of the environmental claim, as well as its substantiation, shall be made available in a physical or digital form (e.g., weblink or QR code). Such information will include (*inter alia*) aspects such as a reference to any EU or international standards being used, the underlying calculations, how the improvements are achieved, and the certificate of conformity (see below). Member states will be obliged to ensure traders review and update the information relating to their claims within the 5 years that it is provided, and when circumstances may affect the accuracy of these claims.

Microenterprise will be exempt from these requirements unless they request verification.

Labelling Requirements

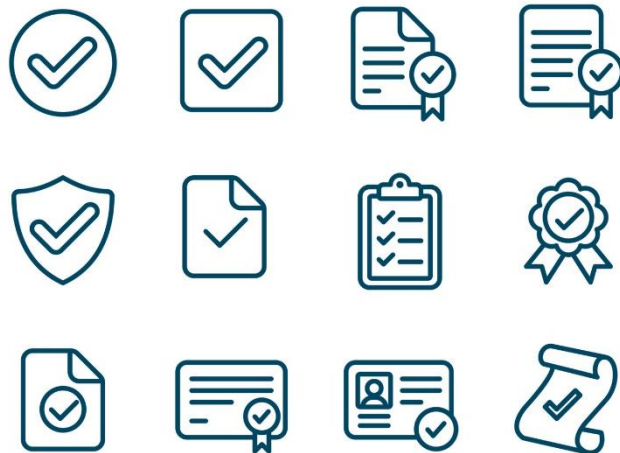
Labels which include a score or rating for a product or trader shall only be allowed in cases of environmental labelling schemes established under EU law. The proposed Directive sets out several requirements which environmental labelling schemes must comply with, such as (*inter alia*) providing accessible information on the scheme owners and decision-making bodies, accessible information on the objectives of the scheme, and information on the conditions of joining the scheme.

Member states will not be allowed to create new environmental labelling schemes after the transposition of this proposed Directive. In the case of existing schemes, these shall be maintained if they abide by the requirements set out by the Directive. Schemes created in third countries shall be subject to Commission approval before entering the EU single market. Finally, private environmental labelling schemes shall only be approved if they provide added value in terms of their environmental ambition.

Verification of Environmental Claims & Labelling Schemes

Member states will be obliged to set up procedures to verify the substantiation of environmental claims. Such verification will be performed by a nationally accredited third-party conformity assessment body. The assessment body will be required to adhere to several requirements, such as (*inter alia*) being independent from the product it is verifying, having the necessary equipment and infrastructure to carry out verification, and having enough qualified personnel. Upon successful verification, the verifier will provide a certificate of conformity to demonstrate that the claim complies with the Directive.

SMEs may face difficulties in complying with the requirements set out in the proposed Directive. To this end, member states shall take the appropriate measures to assist in the form of financial support and access to finance, training programs, and technical assistance.



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Compliance & Penalties

The designated competent authority within member states will be empowered to carry out regular checks of environmental claims and labelling schemes. Natural or legal persons, as well as organizations, will be able to submit complaints to competent authorities against a trader when they believe the Directive is being breached. Applicable penalties in cases of non-compliance will be calculated according to various criteria, such as the gravity of the infringement, whether it was intentional or negligent, the financial strength of the infringer, and the economic benefits derived from the infringement, among other aspects.

The full texts of the Commission proposals may be accessed [here](#).

For questions or more detailed information please contact Head of Brussels Operations & EU Affairs Manager Daniel Debono and Manager – EU Policy (Sustainability) Gabriel Cassar on infobrussels@mbb.org.mt

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