



#NORDIC DIALOGUE

***Building capacity for the
voluntary carbon market***

Workshop on Green Claims

4.9.2024



Funded by
Nordic Council of
Ministers



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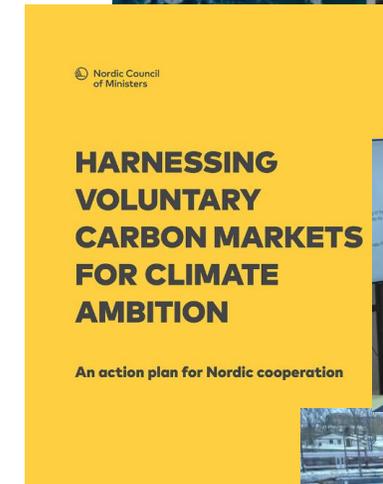
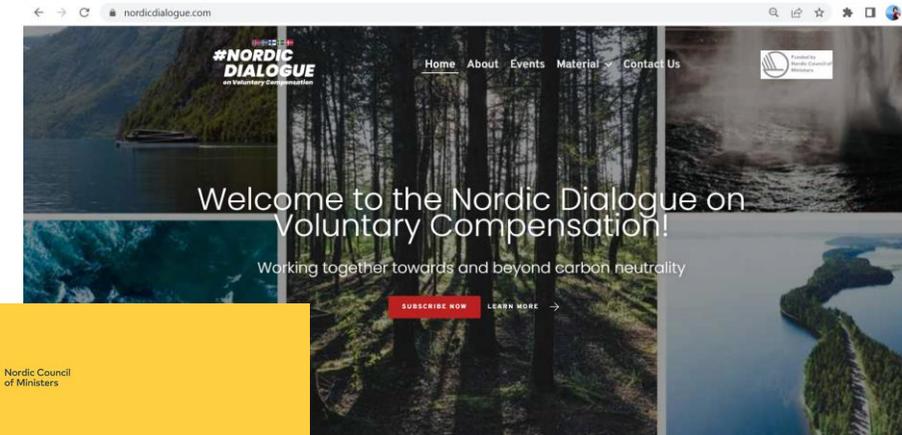
***Building capacity for the
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Welcome

Hanna-Mari Ahonen, Perspectives Climate Research

Nordic Dialogue and capacity building events

- 2021-2022: Nordic Dialogue on Voluntary Compensation convened Nordic stakeholders to develop a **Nordic Code of Best Practice for the voluntary carbon markets and recommendations for further Nordic cooperation**
- Best practice guidance and regulation **continue to evolve**
- 2023-2024: Nordic Dialogue's team organises a series of **capacity building** events to help Nordic stakeholders **understand and align with best practices** and provide a **platform to discuss their implementation**
- The **Nordic Dialogue website and mailing list** provide information on these events
- **Final webinar** on 11 Sep 2024, **final report** in Oct 2024





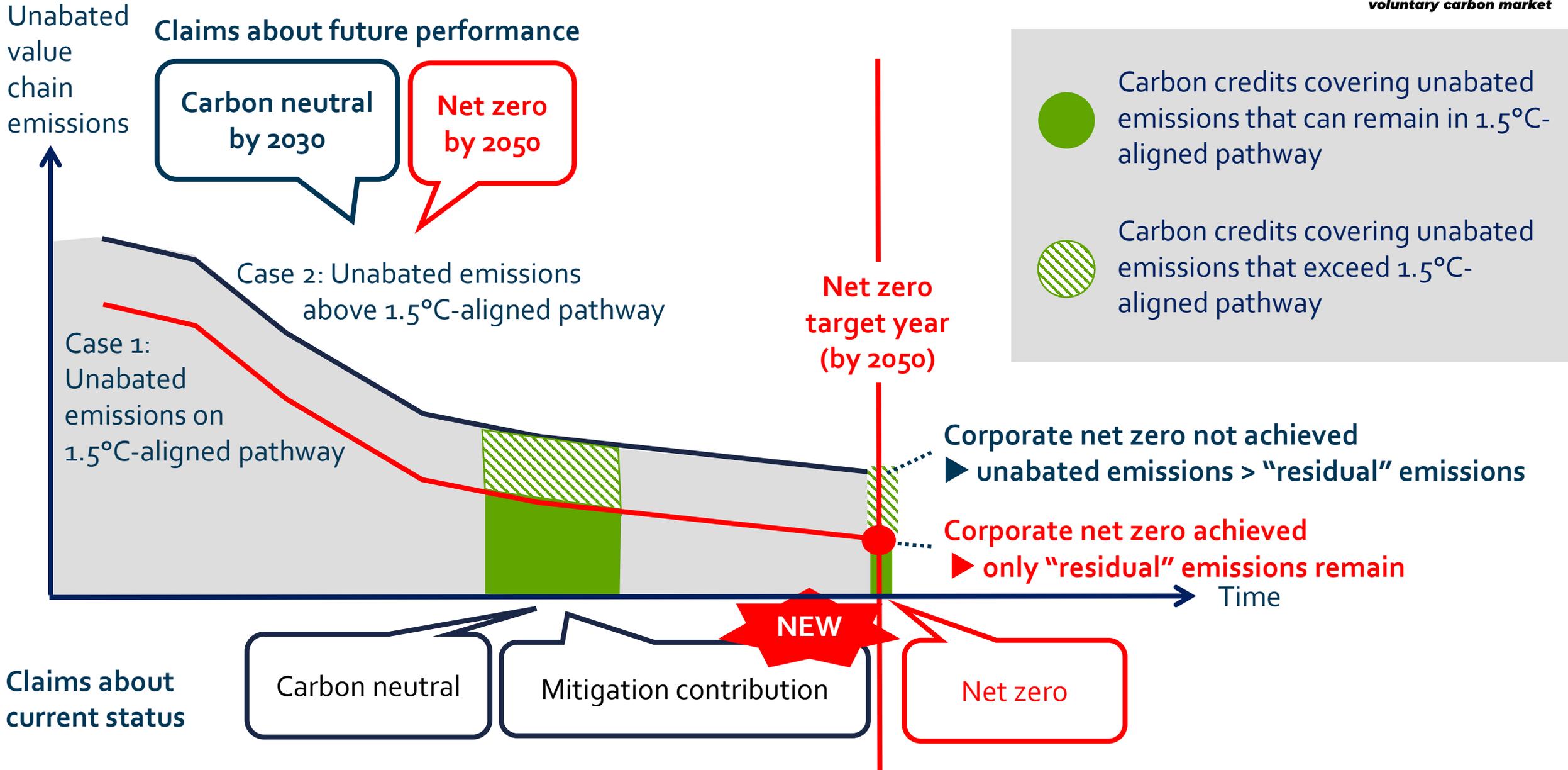
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Taking stock: Status of green claims guidance and EU legislation

Hanna-Mari Ahonen, Perspectives Climate Research

Key terms and common claims



Offset and contribution claims

Organisations can voluntarily **buy and retire carbon credits** to support **beyond value chain mitigation**

Two types of climate claims based on carbon credits:

- **Offset claims** convey that this support has **counterbalanced** the organisation's own emissions so that the **combined impact on global net emissions is zero** (e.g. "carbon neutral", "net zero")
- **Contribution claims** convey that this support **contributes** to global/national mitigation efforts. Unlike offset claims, contribution claims **do not imply that these outcomes counterbalance** the claimants' remaining value chain emissions. (e.g. "contribution to global mitigation")

Ongoing debate: Should double claiming be avoided? If yes, how?

- Credible claims require avoiding double claiming, according to ISO, Gold Standard, Carbon Market Watch, etc.
 - Credible **offsetting** requires a **unique claim** to mitigation outcomes, i.e. mitigation outcomes used for offsetting should not be claimed by any other entity, incl. any governments towards NDC
 - **Contribution claims** is a way to avoid double claiming when using carbon credits that are **based on mitigation that counts towards national targets** (e.g. NDC)

Key issues in claims based on carbon credits

- Anti-greenwashing regulation requires claims to be **truthful, clear, not misleading** and **understandable** to the consumers targeted by the claim
- What does this mean for **climate claims based on carbon credits**?
 - **What claims** can be made based on carbon credits?
 - **Types:** Offset claims, contribution claims, claims regarding future performance
 - **Levels:** Product level, organisation level
 - **Who** can make these claims?
 - All organisations?
 - Only organisations that also reduce their own emissions?
 - Only organisations that have net zero targets?
 - Only organisations that are making progress towards their net zero targets?
 - **How** should these claims be substantiated?
 - **General criteria:** E.g. reporting emissions, credits, standards, avoiding double claiming
 - **Specific criteria** for specific claims: E.g. offsetting: net zero target, mitigation beyond NDC

There is lots of guidance and regulation!

Nordic examples

- Nordic Code of Best Practice for the Voluntary Use of Carbon Credits (2022) [link](#)
- Iceland's Carbon offsetting standard ÍST 92:2022 (2022) [link](#)
- Finland's good practice guide (2023) [link](#)
- Nordic consumer authorities' statement on compensation claims in marketing (2024) [link](#)
- Recommendations by e.g. [Finnwatch](#), [WWF Finland](#), [Ecolabelling Finland & Consumer's Union of Finland](#)

EU examples

- Empowering Consumers for the Green Transition Directive (ECGTD) (2024) [link](#)
- Green Claims Directive (GCD) (ongoing) – [Commission proposal](#), [Parliament position](#), [Council position](#)
- Relevant: [European Sustainability Reporting Standards \(ESRS\)](#), [carbon removal & farming certification \(CRCF\)](#)
- Joint Statement on Voluntary Carbon Market: The Claims Side, by NL, BE, DE, FR, ES, FI & AT (2024) [link](#)

International examples

- Corporate net zero targets: e.g. SBTi (2021, revision 2025), ISO (guidelines 2022, standard expected 2025)
- Beyond value chain mitigation (BVCM): e.g. SBTi (2024), [Gold Standard](#) (2024)
- Carbon credit quality: [PACM](#) (ongoing), [CCQI](#) (2022), [ICVCM](#) (2023), [CORSA](#) (update 2024)
- Carbon neutrality (offsetting) claims: [ISO 14068-1](#) (2023), [Gold Standard](#) (2022)
- Other (contribution) claims: [VCMi](#) (2023), [Gold Standard](#) (2024)

What does the Nordic Code recommend?

Key issues	Nordic Code of Best Practice
What claims can be made based on carbon credits?	<p>Types:</p> <ul style="list-style-type: none">• Offset claims• Non-offset (i.e. contribution) claims<ul style="list-style-type: none">• Overall mitigation in global emissions (OMGE)• National mitigation contribution <p>Levels: Product level and organisation level</p>
Who can make these claims?	<ul style="list-style-type: none">• All claims (best practice): Organisations reduce their own emissions consistently with a 1.5°C pathway and use carbon credits only to complement these reductions• Note: Best practice is aspirational – organisations are encouraged to strive towards best practice, i.e. also organisations without net zero targets are welcome to use carbon credits.
How should these claims be substantiated?	<ul style="list-style-type: none">• All claims: Detailed reporting of own emissions, targets, action, progress and carbon credits used; use only carbon credits that meet high integrity criteria; no double claiming• No double claiming: Offset and OMGE claims based on mitigation that is not counted towards national targets; National mitigation contribution claims based on mitigation that counts towards national targets

What has the EU already decided?

Key issues

Directive on Empowering Consumers for the Green Transition (Feb 2024)

What claims can be made based on carbon credits?

- **Offset claims:**
 - Product level: prohibited under all circumstances
 - Organisation level: not prohibited
- **Contribution claims:** Not mentioned but states that “advertising investments in carbon credit projects should not be prevented, as long as traders provide such information in a way that is not misleading and also complies with the requirements laid down in Union legislation”
- **Claims about future performance:** prohibited, following case-by-case assessment, when based **solely** on offsetting or **are not supported** by clear, objective, quantified, science-based and verifiable **commitments** and **targets**, including detailed and realistic **implementation plan** to achieve this future performance

*Claims based on GHG emissions **offsetting**, that a **product**, either a good or service, has a neutral, reduced, or positive impact on the environment in terms of GHG emissions, should be **prohibited under all circumstances** as they **mislead** consumers by making them believe that such claims relate to the product itself, or the supply and production of that product, or as they give the **false impression** to consumers that the **consumption of that product has no environmental impact, while this is not the case.***

What does the Commission propose?

Key issues	Commission's proposal for a Green Claims Directive (March 2023)
What claims can be made based on carbon credits?	<ul style="list-style-type: none">• Offset (incl. future performance) claims: possible• Contribution claims: Not mentioned
Who can make these claims?	<ul style="list-style-type: none">• Traders should prioritise effective reductions of emissions across their own operations/value chains. Any resulting residual emissions will vary by sector-specific pathway in line with the global climate targets and will have to be addressed through removals enhancements.
How should these claims be substantiated?	<ul style="list-style-type: none">• Address "offset" quality, accounting and trader's own value chain emission reductions transparently• Assessment: Member States shall ensure that traders carry out assessment to substantiate explicit environmental claims, including specific provisions for climate-related claims based on "offsets"• Reporting: Separate any "offsets" used from own GHG emissions, specify share of total emissions addressed through offsetting, whether offsets relate to emission reductions or removals, how these offsets are of high integrity and accounted for correctly to reflect the claimed impact on climate• Further guidance: The Commission may specify further criteria for substantiation of certain claims (e.g. climate-related claims, including claims about offsets, "climate neutrality" or similar)

What does the Parliament propose?

Key issues	European Parliament's position on Green Claims Directive (March 2024)
What claims can be made based on carbon credits?	<ul style="list-style-type: none">• Compensation (i.e. offset) claims: product level prohibited, organisation level possible• Contribution claims: possible• Future performance claims: possible
Who can make these claims?	<ul style="list-style-type: none">• Compensation claims: Only organisations that have “residual” emissions remaining?<ul style="list-style-type: none">• Within [1 year], Commission to adopt method to define “residual emissions”, based on 1.5°C-compatible emission reduction pathway, taking into account technological feasibility and in consultation with European Scientific Advisory Board on Climate Change
How should these claims be substantiated?	<ul style="list-style-type: none">• All claims: Identify own GHG emissions separately from carbon credits used; specify whether carbon credits relate to emission reductions or removals• Compensation claims: May only be made in respect of the residual emissions of a trader (to be defined by Commission); use credits issued under CRCF or equivalent (recognised by Commission); use credits based on permanent removals if used to compensate for fossil emissions; indicate share of residual emissions expressed as a share of base-year emissions, the share of biogenic and fossil emissions within these residual emissions and quantity and type of activity (as defined in CRCF) associated with the credit; provide evidence of retirement of credits from the registry of the certification scheme• Contribution claims: Ensure no financial contribution is used to claim an improved climate or environmental impact of the product/trader; report any financial contributions separately• Future performance claims: Comply with ESRS; use CRCF credits/equivalent

What does the Council propose?

Key issues	Council's position on Green Claims Directive (June 2023)
What claims can be made based on carbon credits?	<ul style="list-style-type: none">• Offset claims: product level prohibited, organisation level possible<ul style="list-style-type: none">• Definition: Trader claims to have balanced out a share of its emissions by purchasing carbon credits• Contribution claims: possible<ul style="list-style-type: none">• Definition: 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 emission• Future performance claims: possible
Who can make these claims?	<ul style="list-style-type: none">• Offset claims: Only traders that have a net zero target and are on a decarbonisation pathway to meet the target (ref: ESRS)
How should these claims be substantiated?	<ul style="list-style-type: none">• All claims: Report own GHG emissions separately from own reductions, future performance and carbon credits used; specify carbon credit quantity, whether they relate to emission reductions or removals (permanent or temporary), whether these represent contribution to the reduction of GHG emissions in the host country, under which scheme the credits were verified and certified, and by which registry they were issued (ref. quality standards in ESRS)• Offset claims: Disclose % of total emissions balanced out with carbon credits for a specific time period• Further guidance: By 31.12.2027, Commission adopts more detailed rules on demonstrating quality and integrity of the credits used, considering different types of claims (e.g. contribution and offset claims; recognising that different requirements are appropriate for different types of claims); sectoral decarbonisation pathways (ref ESRS); relevant international standards; Paris Agreement Article 6

Comparing Nordic Code with EU positions

	Nordic Code	Parliament position	Council position
What?	<ul style="list-style-type: none"> Contribution & offset claims Product/organisation level 	<ul style="list-style-type: none"> Same as Nordic Code + future performance claims Product-level offsetting prohibited; organisation level possible 	
Who?	<ul style="list-style-type: none"> Best practice: Organisations reduce own emissions consistently with 1.5°C 	<ul style="list-style-type: none"> Offset claims: Same as Nordic Code Contribution claims: 1.5°C-aligned own action not required 	
How?	<ul style="list-style-type: none"> Reporting: Report emissions and carbon credits separately; report further details 	<ul style="list-style-type: none"> Reporting: Similar to Nordic Code (some differences in required and recommended information) 	
	<ul style="list-style-type: none"> Credit quality: Use credits that meet high-integrity criteria 	<ul style="list-style-type: none"> Credit quality: Use CRCF units or equivalent 	<ul style="list-style-type: none"> Credit quality: Specify methodologies, schemes and registries (ref: ESRS recognised quality standards)
	<ul style="list-style-type: none"> No double counting: All claims shall avoid double issuance, double use and double claiming 	<ul style="list-style-type: none"> No double counting: Avoid double counting via registry; No explicit requirement to avoid double claiming; (note that use of CRCF units may lead to double claiming with EU NDC) 	<ul style="list-style-type: none"> No double counting: Ref to ESRS includes no double counting; No explicit requirement to avoid double claiming

Potential timeline for Green Claims Directive

- End of 2024: Political agreement expected?
- 2025: Entry into force?
- 2026: Commission implementing act on “residual emissions” (EP position)?
- 2027: Implementation in national law?
- 2027: Commission implementing act on specific claims (Council position)?
- 2032 (transposition + 5 years): Review?



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Before you go...

We'd really appreciate your feedback!



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Thank you for participating!

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