



Green Claims Directive

Balancing consumer protection and business viability

HOTREC's views for a compromise in trilogue negotiations

HOTREC, the European association of hotels, restaurants and cafés¹, takes note of both the European Parliament report on a proposal for a Directive on Green Claims (COD) approved in March 2024, as well as the Council General Approach (11312/24) on the same topic, formally approved by the Environment Council in June 2024.

HOTREC supports the Commission's intention to strengthen consumer protection against false environmental claims. Consumers should be reassured about the products and services they purchase. Businesses, however, should be recognised and rewarded by consumers if they showcase sustainability efforts. A proportionate and balanced system should be found: one that allows companies to easily apply new rules and provide consumers with informed choices.

Our main priorities are the following:

- A simplified procedure is needed to substantiate the claims and ease verification procedures by third parties.
- Micro-enterprises must be exempted from the scope of the Directive.
- Measures to help SMEs comply with the Directive must be made compulsory in all member states.
- Penalties should respect subsidiarity.

¹ HOTREC - the voice of European hospitality and the umbrella association of hotels, restaurants, bars, cafés, and similar establishments in Europe - brings together 47 national associations in 36 European countries. HOTREC's mission is to represent and champion the interests of hospitality businesses towards the EU and international institutions, foster knowledge sharing and best practices among its members to further promote innovation, and act as a platform of expertise for the sector.

Simplification of substantiation procedures + verification of the substantiation
Art. 3a (Council text) + Art. 10 (EP text)

We very much welcome the fact that both co-legislators defend simplification of the substantiation procedures, including the verification of the substantiation by a third party. Nevertheless, the language of the simplification procedures should be clear and understandable to all consumers.

HOTREC supports the following main measures):

- The Commission to adopt delegated acts (as proposed by the European Parliament) specifying types of explicit environmental claims that, given their nature, typically do not require substantiation and verification of the green claim (**self-declaration system**) – mechanism proposed by the Council.
- Examples of such claims could include (as specified by the EP – Art 12/a/new):
 - Environmental claims that are very common in nature (e.g. “this restaurant follows a policy of waste management improvement”).
 - Environmental claims based on standards (e.g. life cycle analysis).
 - Certification of environmental claims and labels based **on sectoral category rules**.
- The Commission should develop a database with **recognised standards and methodologies** that might benefit from simplified procedures.

We fully welcome that the Directive explicitly mentions that companies holding an **environmental label are exempted** from **substantiating** each of their claims (Council approach).

Justification

- Companies in the sector are willing to develop a sustainable marketing strategy that is compliant with EU legislation, avoids greenwashing or misleads consumers when accessing information.
- HOTREC calls on the EU to propose a mechanism that is **simple, workable, proportionate, with a low cost for companies to substantiate their claims, and that facilitates the verification procedures by a third-party**.
- Companies who have developed sustainability action plans **might feel demotivated to continue doing so**, in case the procedures become more bureaucratic or more costly (e.g. each statement needs to be substantiated; third party verified in view of substantiation).
- It might be difficult for companies to present **proof of the substantiation**, except if the data is easy to collect (e.g. present electricity or gas receipts).
- Companies will need to have **deep legal and environmental knowledge** to be able to comply with the legislation (e.g. to know if a statement is a green claim or not, if the green claim needs to be verified and frequently reviewed or not).
- **Delegated acts** allow for associations such as HOTREC to be consulted. Implementing acts only allow Member States to decide (stakeholders are not part of the consultation procedure). The hospitality sector hopes to be able to be consulted and therefore suggests delegated acts to be deployed (**instead of implementing acts**).

Micro-enterprises must be exempted from the scope of the Directive
Art. 3/3 + Art. 4/3 + Art. 5/7

The Commission had exempted micro-enterprises from the scope in its proposal.² This **provision must be kept unchanged**, as per the European Parliament position. Alternatively, we suggest that **micro-enterprises are part of a presumption of conformity**.

Justification

- As explained in the Commission proposal, the requirements on substantiation and communication of environmental claims, subject to third party verification, will bring **additional costs and burden on traders** willing to present such claims.
- The impact on small businesses will be higher than on larger companies. Therefore, micro-enterprises should be exempted, or should at **least be part of a presumption of conformity**.
- For instance, the statement: “Our restaurant is free from disposable plastic”. How can a company substantiate the green claim?

Small and medium-sized enterprises
Art. 12

We fully support all measures put forward by the EP’s proposals to support SMEs to comply with the legislation, namely:

- **Measures such as financial support and access to finance, financial support for specialised management and staff training, and organisational and technical assistance, must be made mandatory** in all EU member states.
- Member states shall ensure that the **cost of the verification and certification considers the complexity of the claim substantiation, and the size and turnover of traders, especially micro enterprises and SMEs**.

We also support the Council approach which suggests that member states shall **provide guidance on financial support** available through existing EU programmes. In addition, we also consider positive the Council suggestion for the Commission to take appropriate measures such as making **available digital tools, such as life cycle assessment calculation including relevant data inventories, adopting guidelines**, and taking **awareness-raising** measures for facilitating the application of this Directive by SMEs. On top of guidance, specific funding must be made available to allow companies, especially the smaller ones, to comply.

Justification

The cost, administrative burden, and lack of legal and technical knowledge should not be a reason for SMEs to feel demotivated to put forward green claims. Otherwise, they would be in a less competitive position.

² [COM 2023 166 final](#)

Penalties

Art. 17

HOTREC fully supports the Council general approach regarding penalties, as Art 17/3 has been deleted³. Penalties will need to consider the nature, gravity, extent and duration of the infringement. But they also need to be proportionate and balanced.

Justification

- Art 17/3 as proposed by the Commission was too strong, especially for SMEs.
- Penalties should be set up by member states. Subsidiarity should prevail.

Environmental labels

Art. 8

New labelling schemes (both private and public) should be rigorously assessed to ensure they deliver real benefits, both in terms of their environmental ambition and their effectiveness at driving change. We would like to highlight that **innovation and quality should not be hindered** and, therefore, new public and private labels should be allowed.

For these reasons, we propose that:

- **Art. 8/3 is deleted** (as per the EP proposal), allowing new public labels to be put forward.
- **Art. 8/5:**
 - **HOTREC's preferred option: the expression "added value" is deleted**, allowing for new private labels to be developed.
 - **HOTREC's second option:** the expression "added value" needs to be clearly explained. Companies need to understand what "added value" means.

We also welcome Art. 8/5 as edited by the European Parliament: **environmental labelling schemes established by private operators prior to that date may continue to award environmental labels**, which are to be used on the Union market, provided they meet the requirements of this Directive.

Justification

- Private environmental labelling schemes have the potential to play an important role in promoting sustainability and reducing the environmental impact of goods and services.
- New private and public labels might be more affordable, display new relevant criteria, or contain new ideas for businesses to become more sustainable.
- Competition in this area is relevant to avoid high costs, to help move the industry forward, and to support the green transition.
- Previous legally established schemes should continue being displayed, as they have passed all the verification procedures needed.

³ Art 17/3 of the Commission proposal stated that the penalties that can be infringed on companies can include confiscation of revenues, temporary exclusion from public procurement processes, or exclusion from access to public funding. It also mentioned that fines can reach up to 4% of the trader's annual turnover.

Transposition

Art. 25

HOTREC fully welcomes that both the European Parliament and the Council agree that the transposition period shall be longer than usual, to allow companies and member states time to adapt and comply with the legislation.

We agree that companies in general shall have 36 months of transitional period to comply with the legislation (Council position⁴). SMEs shall have 42 months to adapt (EP position).

We consider that micro-enterprises should be exempted from the scope (see previous point). If not, an extended transposition period of 50 months is acceptable.

Other relevant points

- Scope (Art. 1): the concepts “explicit environmental claims” and “environmental labels” should be cleared separated.
- Communication of explicit environmental claims and environmental labels (Art. 5/6/d/a+b): digital format should be made possible.
- A consultation forum would be welcome, involving the European Commission, member states, stakeholders, and businesses.

Nota bene:

With the aim of summarizing as much as possible, HOTREC expressed only its main concerns. In case of doubt, please contact Marta Machado (marta.machado@hotrec.eu), HOTREC’s Deputy Director General.

HOTREC is willing to continue discussions with both co-legislators, to find a compromise that makes it feasible for companies, especially SMEs and micro-enterprises to comply with the upcoming revision of the Directive.

⁴ The European Parliament proposes a transition period of 30 months.