

Whitepaper
**Navigating Green
Claims and CBAM:**
The Importance of Life
Cycle Assessments (LCAs)
and Environmental
Product Declarations





“At least £50 million in taxes for businesses... including some you may not expect to be affected.”



Approximately, **two** out of **every** five UK businesses are unaware that the sustainability of their products needs to be verified.

Just as financial data is audited, governments like those in the UK and EU are quietly introducing regulations demanding these claims are properly checked. Failing to comply could lead to penalties, loss of customers and reputation. However, the solutions to these challenges also provide businesses with ways to avoid the impact of carbon tariffs, gain recognition during audits, and ensure their products and services are truly sustainable.

There are two distinct regulatory frameworks in the UK & EU, firstly the claims frameworks, and carbon border adjustment mechanisms. These are Green Claims Code, the EU Green Claims Directive, and the EU & UK's Carbon Border Adjustment Mechanism (CBAM). Many of these regulations are starting to come into effect now and will tighten as we approach 2027. This will result in at least £50 million in taxes for businesses selling the most carbon-intensive or environmentally harmful products – including some you may not expect to be affected. It could even impact services.

With the right new tools, teams, and processes in place now, businesses can not only meet these requirements but also turn them into a competitive advantage and avoid additional costs in the future.

Life Cycle Assessments (LCAs) and Environmental Product Declarations (EPDs) are key parts in this process. When these tools are completed, and subsequently third-party verified, they provide an answer to helping businesses avoid these impacts, and ensure their products and services are truly sustainable.



Sustainability data is now required in over **50% of tenders**







Regulations - Green Claims

As sustainability is becoming a key purchasing requirement for customers and businesses, with over 50% of tenders including the requirement of sustainability data, companies, and services need to credibly demonstrate their environmental impact. Studies found the majority of these assertions to be misleading, and in response, governments and regulatory bodies have started to introduce guidelines to ensure that environmental claims are accurate, transparent, and backed by reliable data.

The UK Green Claims Code

The UK Green Claims Code, enforced by the Competition and Markets Authority (CMA), establishes clear rules for businesses on making sustainability claims, including statements about a product's carbon footprint, recyclability, or broader environmental impact.

To comply with the **requirements** under the **UK Green Claims Code**:

- Be truthful and accurate in claims with detailed reporting and data to support them. 
- The measurements must be unambiguous, and clear. 
- Claims and data must be accurate, verifiable, and presented in full context, avoiding selective information. 
- Ensure comparisons are fair and meaningful, focusing only on products intended for similar use. 
- Claims must be backed by independent audits that meaningfully measure "green" or "sustainable" impacts, covering the product's full lifecycle—from raw material extraction to disposal. 
- Complete and verify Life Cycle Assessments to confidently promote your environmental credentials and comply with the Green Claims Code. 



Over time, the scope of the **CBAM** will **broaden**, gradually encompassing more **goods** and **smaller businesses** by the decade's end

The EU Green Claims Directive

The EU Green Claims Directive expands on similar principles, providing clear guidelines for companies to substantiate claims about a product's environmental impact. It also supports creating a centralised database where these claims can be verified, enabling businesses to cross-check their assertions and offering consumers a reliable source of information.

Key aspects building on the **U.K. legislation**:

- Third-Party Verification:** Environmental claims must be critically reviewed and verified by independent experts to ensure accuracy and credibility. 
- Harmonised Standards:** The directive promotes the use of recognised international standards such as the ISO 14040 series (the lifecycle assessment standards) to ensure consistency in how environmental claims are measured and reported. 

Carbon Border Adjustment Mechanisms

1. UK

The UK's upcoming Carbon Border Adjustment Mechanism (CBAM), set to launch in 2027, will introduce a levy on carbon-intensive goods. Initially, it will apply to high-emission imports, including aluminium, cement, fertilisers, hydrogen, and iron and steel. Small businesses won't be affected at first, as the registration threshold will be set at £50,000. However, this is expected to generate around £5 million annually from larger companies once implemented, according to recent budget figures. Over time, the scope of the CBAM will broaden, gradually encompassing more goods and smaller businesses by the decade's end.

Financially, the CBAM is expected to generate revenue by levying a fee on imports based on their embedded carbon emissions. The charge will account for the carbon cost difference between the UK and the country of origin.

Additionally, the UK CBAM's design will mirror the EU's CBAM to ensure consistency in climate efforts and minimise trade disruptions, particularly as many UK businesses also operate within the EU's CBAM regime. However, with the EU's CBAM starting earlier and being applied more broadly (fully effective in 2026), it is a good leading regulation to examine to better understand the impacts.



EU CBAM toll reforms drive emissions accountability

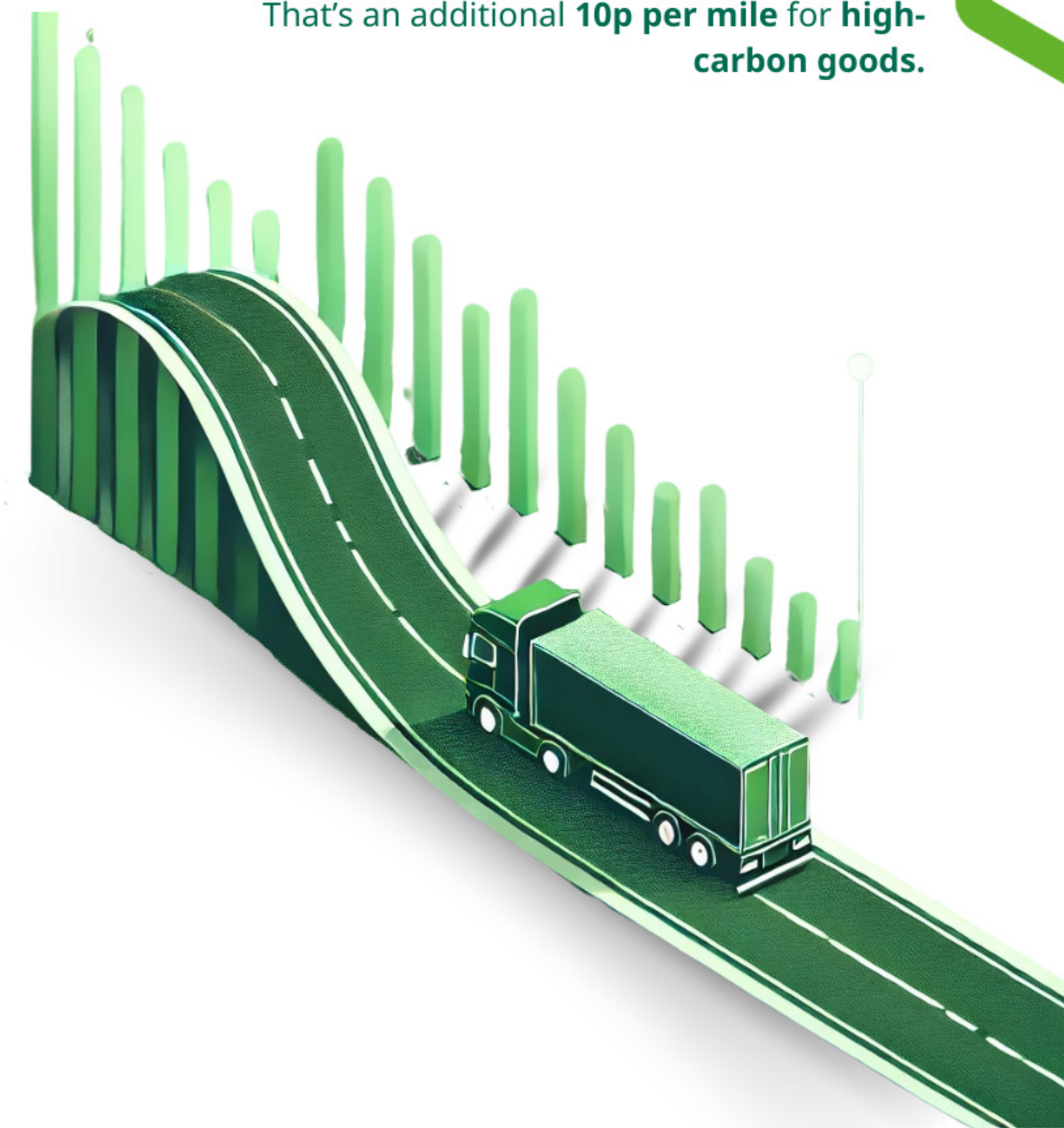
1. EU

Set to take effect in 2026, the EU's CBAM introduces a carbon price on imports of high-carbon goods, such as steel, aluminium, and cement. This mechanism encourages businesses to reduce their carbon emissions by accounting for the carbon footprint of their products at every stage of the supply chain.

Under CBAM, companies importing carbon-intensive products into the EU will need to submit verified data on the emissions associated with the production of these goods. Life Cycle Assessments will play a crucial role in helping businesses calculate and verify these emissions, ultimately reducing their tax burden under CBAM.

In Germany, the new toll reforms require all carriers delivering, collecting, or transiting the country to pay increased toll fees. The reforms introduce new CO2 emission classes, with surcharges of up to €200 per tonne of CO2. (For UK logistics providers, this translates to higher transport costs, with toll fees rising by as much as £83). For instance, the cost can increase by over €900 for every 7,450 miles. Spread out, this toll equates to an additional 10p per mile for carbon-intensive goods carried by logistics providers.

€900 increase for every 7,450 miles travelled.
That's an additional 10p per mile for high-carbon goods.





Use **LCAs** and **EPDs** to lower carbon taxes, enhance **sustainability**, and increase **competitiveness**

How To Minimise Tax

Tools like lifecycle assessments, verified as Environmental Product Declarations (EPDs), offer a complete view of carbon emissions across all stages of a product's life cycle. This helps businesses identify opportunities to reduce the carbon intensity of their products, making them more sustainable and potentially falling below regulated thresholds.

Goods with lower environmental impacts can become more competitive in both the UK and EU markets, where lower carbon intensity is increasingly valued.

These changes can benefit carriers and customers alike by lowering costs and reducing emissions. However, adapting operations, transportation, and supply chains to incorporate these improvements may take years—so beginning this transition now is essential.

CO₂
TAX



LCA is a method used to evaluate the **environmental impact** of a product or service across its entire **lifecycle**

Types of Life Cycle Assessments (LCA)

Life Cycle Assessment (LCA) is a method used to evaluate the environmental impact of a product or service across its entire lifecycle, from raw material extraction to disposal. LCAs measure key factors such as carbon emissions, energy consumption, and water usage, often referencing additional standards, including the ISO 14040 series.

Broadly speaking, there are four types of LCAs that businesses may choose from depending on their specific goals. A simplified visual below provides an overview of these types.

External	Critically Reviewed LCA <ul style="list-style-type: none"> ISO 14044 Single Product LCA. Environmental Product Declaration. Only one reviewer needed. 	Critically reviewed Comparative LCA <ul style="list-style-type: none"> ISO 14044 Comparative LCA. Include extensive sensitivity and uncertainty analyses. Three reviewers needed.
	Screening LCA <ul style="list-style-type: none"> Hotspot analysis. High-level assessment with literature review. Assess scope for public facing study. 	Screening Comparative LCA <ul style="list-style-type: none"> Evaluate competitive advantage. Identify most promising applications/conditions. Assess scope for public facing study.
Internal	Single	Comparative

Source: DEKRA UK

Screening LCA: Often the first step, a preliminary analysis that offers a high-level view of a product’s environmental impact. This approach helps businesses identify potential risks, savings, and areas for improvement. It is quick and cost-effective, making it a popular choice for companies new to sustainability assessments. It also provides key benefits, allowing companies to identify opportunities for carbon and cost savings related to CBAM.

Critically Review LCA: A more detailed and comprehensive analysis that considers every aspect of the product’s lifecycle. Full LCAs are aligned with international standards such as ISO 14044 and provide a complete picture of environmental impact, making them ideal for businesses seeking to make strategic sustainability improvements.

Comparative LCA: This type of LCA is used to compare the environmental performance of two or more products, whether they’re different versions of the same item or a competitor’s product. Comparative LCAs help businesses stand out by showcasing their sustainability efforts. However, they require additional external reviewers, making them a more costly assessment option.

Environmental Product Declaration (EPD): An Environmental Product Declaration (EPD) is an externally verified and published document that provides transparent and comparable information about the lifecycle environmental impact of a product. EPDs follow international standards such as ISO 14025 and are backed by a recognised institution for harmonising these standards and publications.



EPDs boost credibility, procurement preference, and compliance with **green claims regulations**

For businesses, an EPD is more than a report; it serves as a mark of credibility. In the UK, certain schemes, like BREEAM, offer additional recognition and scoring for products with an EPD, making these materials more desirable for selection and promoting the use of sustainable options. EPDs are increasingly required in contracts and procurement—a trend spreading beyond construction to other initiatives, such as EcoVadis. The key benefits of EPDs include:

Market Differentiation: Having an EPD shows that a business is serious about sustainability, which can enhance its reputation and competitiveness.

Supply Chain Credits: Many buyers now prefer or even require suppliers with EPDs, offering additional credits and incentives in procurement processes.

Compliance with Green Claims Regulations: An EPD serves as evidence of a product's environmental impact, ensuring compliance with the UK Green Claims Code and EU Green Claims Directive.





Third-party verification strengthens sustainability claims, ensures compliance, and enhances market credibility

The Role of Third-Party Verification in LCAs and EPDs

As the regulatory landscape around environmental claims tightens, third-party verification is becoming increasingly mandated for companies to validate their sustainability claims. While internal assessments may provide useful insights, they do not carry the same weight as an impartial, external review. Third-party verification ensures that the data used in LCAs and EPDs is accurate, credible, and aligned with international standards, making it an essential part of a company's sustainability strategy.

Why Verification Matters

Third-party verification adds an extra layer of trust and reliability to environmental claims, preventing greenwashing and ensuring compliance with national and international regulations. Without independent validation, a company's sustainability efforts could be questioned, leading to reputational risks and legal penalties.

The process of **third-party verification** involves several key steps:

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Critical Review of Data: A qualified third-party verifier reviews the data collected during the LCA to ensure that it is accurate, complete, and aligned with the relevant standards (such as ISO 14044 for LCAs and ISO 14025 for EPDs).
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Verification of Results: The results of the assessment are checked to confirm that they accurately reflect the product's environmental impact and are free from errors and comply with the ISO standards.
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Certification: Once the review is complete, the verifier issues a certification that confirms the assessment's validity. In the case of an EPD, this certification is published alongside the declaration.

For more complex assessments, such as comparative LCAs, multiple organisations may be involved in the verification process to ensure the highest level of scrutiny. While this can add to the complexity and cost, it is essential for businesses that wish to differentiate their products.

In summary, third-party verification is more than just a regulatory requirement—it's a powerful tool for reducing carbon and costs while enhancing credibility and a company's market position.

With DEKRA's expertise in LCA and EPD verification, businesses can navigate the complex regulatory landscape with confidence, enhancing product sustainability and any related sustainability claims ensuring they are both accurate and impactful.



Verified assessments aid **decision-making**, ensure **compliance**, and protect **reputation** from greenwashing

Benefits

1. Enhanced Decision-Making to Cut Waste, Carbon and Cost: Complete assessments deliver detailed insights into the environmental impact of a product or service across its entire lifecycle. By examining everything from raw material extraction to end-of-life disposal, businesses can identify inefficiencies, carbon hot-spots, waste, and areas for improvement. These insights are invaluable for making informed decisions that align with a company's sustainability strategy.

For example, through a verified LCA, a business might discover that a particular stage of production generates an excessive number of emissions. This allows them to target that specific area for improvement, leading to better return on investment in sustainability initiatives, more efficient resource use, and reduced environmental impact.

2. Compliance with Regulatory Requirements: One of the most immediate benefits of verified LCAs and EPDs is ensuring compliance with complex and evolving environmental regulations. As governments and regulatory bodies around the world introduce stricter guidelines on sustainability, businesses are required to back up their environmental claims with verifiable data. Failure to do so can result in fines, legal challenges.

3. Risk Reduction and Reputation Management: Verified assessments help mitigate the risks of greenwashing—where businesses make unfounded or exaggerated environmental claims. Independent verification can ensure there is always an answer if claims are called into question, preventing loss of trust, damaged brand reputation, and customer backlash.



Gain **supply chain** insights, future-proof **finances**, and boost **competitive advantage**



Benefits

4. Supply Chain Transparency and Collaboration: Businesses are increasingly held accountable for the environmental impact of their entire supply chain. Such assessment provides a start-to-end view of the product or services environmental performance of not only the company's operations, but also those of its suppliers and partners. By selecting a few key products, a company can focus deeply into the risks in their supply chain in compliment to sustainable procurement and supply chain initiatives. Many buyers and procurement teams now require suppliers to provide verified environmental data as part of their contractual obligations.

5. Future-Proofing Against Carbon Pricing and Taxes: As carbon pricing mechanisms like the Carbon Border Adjustment Mechanism (CBAM) are introduced, businesses must prepare for the financial implications of their carbon emissions. Verified LCAs provide the data needed to accurately calculate the carbon footprint of a product, helping businesses anticipate and manage future costs associated with carbon taxes or border adjustments. By proactively reducing carbon emissions and validating this reduction through third-party assessments, businesses can minimise the financial burden of these regulations.

6. Competitive Advantage in the Marketplace: Consumers and B2B partners are more likely to engage with companies that can prove their environmental performance, and third-party verification is one of the most credible ways to do so. By differentiating your products with verified environmental claims, you can attract environmentally aware customers, secure partnerships, and win contracts that prioritise sustainability.



Ensure credible green claims, regulatory compliance, and sustainability leadership with **DEKRA's verification services**

Conclusion

As sustainability regulations continue to evolve and consumer awareness of environmental impact grows, businesses must take proactive steps to ensure their green claims are accurate, credible, and verifiable. Life Cycle Assessments (LCAs) and Environmental Product Declarations (EPDs) provide an internationally recognised framework for veraciously understanding and communicating the environmental performance of products.

Third-party verification, as highlighted throughout this whitepaper, is essential for businesses seeking to reduce environmental impacts, compliance risks and build market credibility. Verified assessments not only ensure alignment with regulations such as the UK Green Claims Code, the EU Green Claims Directive, and the Carbon Border Adjustment Mechanism (CBAM), but they also offer powerful marketing tools that can enhance a company's reputation and position it as a sustainability leader.

DEKRA's expert services in LCA and EPD verification help businesses drive their product sustainability with credibility and confidence. Whether you are looking to comply with green claims regulations or reduce your carbon footprint, DEKRA offers a comprehensive suite of services to support your sustainability journey.

To learn more about how DEKRA can support your business with such assessments, **contact us today** to schedule a consultation. Together, we can help you achieve your sustainability goals with confidence and credibility. **Visit our website** for more information.





About the **author**



William **Soper**

William is the Head of Sustainability Services and is responsible for leading the sustainability services in the UK and Ireland. He is also Chartered Engineer and Sustainability Technical Advisory Group member at the Institute of Chemical Engineers (IChemE).

William has over a decade of experience in delivering sustainability initiatives across various organisations, encompassing companies, products, and people. William has extensive experience working in both the public and private sectors in the UK, EU, US, and Asia with key knowledge in sustainability regulations such as the CSRD, UK SDS, and many others.

As part of his role, William has also provided professional coaching, mentoring and learning and development for clients. His achievements have garnered excellent client feedback.

DEKRA Sustainability Services Contact

At DEKRA, our Sustainability Services are designed to guide and support businesses in their journey towards a more sustainable and environmentally responsible future. Our comprehensive suite of services focuses on delivering tangible sustainability improvements, helping organisations to effectively manage their environmental impact, enhance their corporate social responsibility, and ensure compliance with global sustainability standards. Whether it's through carbon footprint analysis, sustainability reporting, or developing and implementing bespoke sustainability strategies, our expert team is committed to facilitating measurable and meaningful progress. We leverage our global expertise and local insights to deliver solutions that not only meet the immediate needs of our clients but also pave the way for long-term sustainable success.

We are a service unit of DEKRA SE, a global leader in safety since 1925 with over 49,000 employees in 60 countries and five continents. As a part of the world's leading expert organisation DEKRA, we are the global partner for a safe world. We have offices throughout North America, Europe, and Asia.

For more information visit
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