

UNLOCKING DEMAND IN VOLUNTARY CARBON MARKETS THROUGH SAFE HARBOUR MECHANISMS:

A RECOMMENDATION TO GOVERNMENTS



FOREWORD	Pg 5
01 EXECUTIVE SUMMARY	Pg 6
02 ABOUT	Pg 7
03 INTRODUCTION	Pg 8-9
04 RECOMMENDATION – SEVEN FOUNDATIONAL PILLARS	Pg 10-12
05 CONCLUSION	Pg 13
06 APPENDIX	Pg 14-22
A) MARKET ENGAGEMENT	
B) RESEARCH: CLAIMS INTEGRITY – EXISTING GUIDANCE	
C) RESEARCH: CARBON CREDIT INTEGRITY – EXISTING FRAMEWORKS	
D) LITIGATION SUMMARY	
E) ECO-LABEL EXPLAINER	
F) CALIFORNIA AB1911 BILL	

The Coalition To Grow Carbon Markets

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Since 1999 IETA has been the leading voice of business on ambitious market-based climate change solutions and driving net zero. IETA advocates for trading systems for emissions reductions and removals that are environmentally robust, fair, open, efficient, accountable and consistent across national boundaries. Representing more than 300 leading international organisations, IETA is a trusted partner in developing international policies and market frameworks to reduce greenhouse gas emissions at the lowest cost while building a credible path to net zero emissions. See www.ieta.org for more information. **The views expressed by guest authors are solely their own and do not constitute an endorsement of the content of the full report.**

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FOREWORD

The transition to a net-zero economy requires ambitious action across both the public and private sectors. Carbon credit markets, along with other carbon pricing mechanisms, have an important role to play in mobilising private sector finance and achieving global net zero. However, as The Coalition to Grow Carbon Markets has heard consistently from businesses, greater clarity, consistency, and confidence are needed if companies are to engage in high-integrity carbon markets at a greater scale. In particular, companies reported that enhanced protection against legal and reputational risk is required.

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This report makes an important contribution to offering this certainty and responds directly to the priorities we have heard from the business and investor communities. It examines practical policy options for implementing safe harbour approaches which can help address concerns around enforcement, litigation, and reputational risk. By setting out the choices available to policymakers, it provides a valuable basis for governments to consider how national frameworks can support responsible corporate participation while maintaining high standards of environmental integrity and transparency.

We warmly welcome this work and thank the International Emissions Trading Association (IETA) for leading its development and for engaging with businesses and other stakeholders to understand the barriers they face. This work builds on IETA's broader contribution to developing practical frameworks for the use of high-integrity carbon credits.

As Co-Sponsors of the Coalition's Market Infrastructure and Functionality workstream, we commend this report to our fellow Coalition members. We encourage governments to consider its findings as they develop policies that can give businesses the confidence to invest in high-integrity carbon credits, helping to unlock private finance and accelerate climate action.



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01 EXECUTIVE SUMMARY

‘Carbon credit markets are an under-utilised tool to drive investment into the global low-carbon transformation and put a value on the greenhouse gas (GHG) emissions reduced and removed’, The Coalition to Grow Carbon Markets, Shared Principles.

Many companies stand ready to deliver corporate climate action,^{1 2} and to utilise carbon markets to help meet their climate goals and drive private capital into decarbonisation.^{3 4} What has become apparent from market engagement undertaken for this paper (Appendix A), is that companies seek protection from litigation and reputational risk when using high integrity credits and clear guidelines on how to communicate legitimate climate action.

In this IETA paper, we set out approaches for a defence - ‘safe harbour’ - to legal action brought against companies for ‘green-washing’⁵ when using high integrity carbon credits alongside decarbonisation in their climate mitigation strategy.

A safe harbour does not, in itself, confer immunity from all liability, or exempt a company from other applicable regulation, or make any guarantees in respect of the integrity or value of carbon credits. The protection it offers depends on the scope of the safe harbour and the relevant eligibility criteria.

The development of safe harbours should take into consideration that the majority of litigation is brought under consumer protection or competition law (Appendix D); accordingly defences should be considered by the relevant government departments and embedded in such laws.

The following key findings are based on research into litigation involving the use of carbon credits; discussions with companies on what protection is required to reduce risk and build confidence in the use of carbon credits and, finally, research into approaches already in use by governments. These key findings have guided the development of this paper and the recommendation to governments.

Clarifying the role of Corresponding Adjustments in voluntary market claims

Governments can take varying approaches to the role of Corresponding Adjustments (CAs) under national frameworks. CAs are a UN climate accounting tool under the Paris Agreement. Host countries are not required to authorise and apply corresponding adjustments for voluntary use of carbon credits but may choose to do so under Article 6 of the Paris Agreement. It is acknowledged at the same time that governments may set the scope and criteria of a safe harbour provision under a domestic system at their discretion, incorporating criteria as they deem fit.

Effective protection requires two cumulative elements:

1. credit integrity - the credit must come from a recognised, high-quality crediting programme; and
2. claim integrity - the wording of the claim must not be misleading. A safe harbour that only covers credit quality will not protect a company whose claim wording is found to be misleading (courts have penalised claim wording even where the credits were sound).

Existing credit-integrity criteria should not be reinvented

- it is recommended that governments endorse existing criteria (PACM, CCP and/or CORSIA rules) and, if deemed appropriate, a government could also include credits from any other domestically-approved programmes or methodologies, including those already eligible for domestic compliance schemes. These criteria should be periodically updated at the discretion of governments recognising best practise.

An authoritative, maintained list of criteria for eligible credits should be published

where a jurisdiction chooses to establish its own eligibility list - leaving this to the determination of the buyer or court discretion generates litigation risk.

- **Not all claim types warrant the same treatment** - under consumer protection legislation across jurisdictions, contribution/support claims (e.g. “we financed X tCO₂e of reductions”), are found to be safer. Company-level “net zero” or “CO₂-neutral” claims are conditionally safe with a credible roadmap/transition pathway. Product-level “carbon neutral” claims are prohibited in the EU and EFTA (Switzerland, Norway, Iceland, and Liechtenstein). In each jurisdiction, a safe harbour cannot protect a claim type which domestic consumer-protection law prohibits.

- **Three implementation tracks are recommended for consideration by governments.** A jurisdiction may select a single track or sequence more than one.

1. Government guidance (fastest, non-binding, signals enforcement priorities - good for jurisdictions not yet ready to legislate);
2. Government-endorsed eco-label/certification scheme (typically does not require legislation).
3. Statutory defence, for example, California Assembly Bill 1911 (currently being held in committee) that amends consumer protection legislation to provide a rebuttable presumption of legality where specified conditions are met (eligible credits used, verified claims made).



02 ABOUT

IETA⁶ produced this paper on safe harbour for The Coalition to Grow Carbon Markets⁷ (the Coalition). It supports the Coalition's goal, set out in its Shared Principles⁸, of unlocking demand and private investment in the voluntary carbon market (VCM). The Coalition is a government-led initiative specifically designed to strengthen corporate demand for high-integrity carbon credits.

IETA was appointed as an International Partner to the Coalition in 2025 along with the World Bank, the World Business Council for Sustainable Development (WBCSD), International Chamber of Commerce (ICC), the Voluntary Carbon Market Integrity Initiative (VCMI), and the Integrity Council for the Voluntary Carbon Market (ICVCM)⁹. With over 300 members, IETA sits at the forefront of carbon market and policy development and has brought member insights and firsthand corporate experience into the formation of

this work. To this end, we held three market roundtables during 2026 at the European Climate Summit (Barcelona), London Climate Action Week, and the Asia Climate Summit (Hong Kong).¹⁰

Furthermore, the paper draws on research conducted by Herzog Fox & Neeman: "Safe Harbors for Corporate Green Claims: Building Legal Certainty for Carbon Markets" (June 2026);¹¹ the draft California Assembly Bill 1911 (Appendix F); papers developed by EDF, including 'The Climate Action Certificate' (Appendix E); and analysis of litigation related to carbon credits (Appendix D).

03 INTRODUCTION

High-integrity carbon credits can play a key role in channelling climate finance to important projects that reduce or remove emissions.¹² These markets could channel ~USD\$30–140 billion annually in debt-free climate finance to projects delivering verified emissions reductions while providing broader benefits to communities and countries.¹³

Considerable work has gone into building high-integrity carbon credit markets, through voluntary initiatives and standards, Article 6 of the Paris Agreement, and action by national governments.

Despite these efforts, obstacles still persist for voluntary buyers. Between 2023 and 2025, carbon credit use (retirement) was flat at around 190 MtCO₂e per year.¹⁴ What is required is “clear, aligned, and stable rules on how and when to use carbon credits”¹⁵ and clear guidelines on how to communicate climate action to avoid litigation.

While work is underway to develop consistent rules on the use of credits (e.g. SBTi, draft ISO 14060), this paper focusses on the challenge of litigation risk associated with claims (so called ‘greenwashing’ allegations). To discuss this and the possible solutions, several roundtable meetings were convened with companies, lawyers, and market participants (Appendix A) where anecdotes of litigation and reputational risk was shared. Many buyers reported that legal and reputational uncertainty had discouraged them from purchasing credits or communicating their use. Participants agreed that **government assurance built on existing industry guidance is missing**. (Appendix A).

Tracking of legal cases shows that companies making climate-related claims based on carbon credits face mounting exposure to regulatory enforcement and civil litigation (Appendix D). Some of these cases may be well founded. In others, companies acting in good faith have been exposed simply because there is no clear guidance on acceptable claims and credit use.

From analysis undertaken by the IETA Legal Working Group and EDF (Appendix D), the key causes of action fall under consumer protection and unfair competition statutes or under common law. Allegations hinge on claims of false advertising, fraud, unjust enrichment, misrepresentation, and breach of warranties, applied to marketing materials, product labels, and enterprise-level statements on websites.

Litigation was originally concentrated on the energy and fossil fuel sectors, but has spread to aviation, finance/investment, and consumer goods, including fashion and food. The parties bringing the claims are largely NGOs, but companies are increasingly suing each other.

At a high level, the litigation falls into three categories, all of which are addressed in this paper:

1. Challenge to the statement: e.g. “Carbon Neutral” is misleading as the scope of carbon footprint included in the neutrality statement excluded Scope 3.¹⁶
2. Challenge to the integrity of the credits: e.g. the validity, quality, additionality, permanence, quantification of mitigation, or other characteristics of the credit itself.
3. Challenge to the buyer’s conduct: e.g. the buyer should have conducted more due diligence on the project and not relied on the brand of credit, and the company should have performed or behaved differently to support ambition targets.

While appropriate scrutiny can be an important integrity safeguard, this disproportionate level of litigation risk inhibits legitimate market participation and investment. The recurring consensus at the roundtables was that non-binding guidance is not sufficient, and that government statements need legal weight to change companies’ behaviour. (Appendix A). This paper sets out the approaches for a defence, ‘safe harbour,’ to legal action brought against companies for ‘greenwashing’ when using high integrity carbon credits in their climate mitigation strategy. It also proposes policy pathways for constructing this defence.

A safe harbour is a legal provision – whether contained in a statute, regulation, or formal administrative guidance – that affords protection from legal liability or enforcement action, provided that specified conditions are satisfied.¹⁷

While a number of jurisdictions have introduced guidelines for companies on carbon markets and green claims (e.g. Singapore¹⁸ and the UK¹⁹), the specific application of safe harbour mechanisms to carbon credit-based corporate claims is an emerging and largely undeveloped area of law. To our knowledge, no jurisdiction has enacted such a mechanism. The sole legislative proposal of this kind which we have identified in the public domain is California Assembly Bill 1911 which could have created a statutory defence against misleading environmental marketing claims where the claim is based on credits from a qualifying programme. As of today, this proposed legislation has not passed but regardless could serve as basis for a template for future jurisdictional adoption.

The foundational pillars in Section 04 aim to protect companies acting in good faith from both regulatory enforcement and private litigation over carbon credit-based green claims. The scope of the safe harbour may extend to eligible use cases of credits for offsetting purposes and how to deal with circumstances such as reversal or revocation.

A safe harbour achieves this dual protective function only if it offers real, demonstrable value to participating companies compared to the status quo. That is, if it measurably reduces enforcement risk, litigation risk, and the reputational exposure that companies face. Without such measurable protection, corporations will likely not regard the mechanism as sufficient, regardless of how carefully designed the underlying legal instrument may be.

It is recognised that some jurisdictions have existing legislation or other binding legal instruments in place which determine the green claims which may or may not be made (e.g. the EU Empowering Consumer Directive's²⁰ list of prohibited claims). Other jurisdictions rely exclusively or additionally on non-binding guidance documents, such as the Swiss Federal Office of the Environment's²¹ enforcement aid, the US Federal Trade Commission's (FTC) Green Guides²², and Japan's Guidelines for Environmental Representations (revised March 2026),²³ a guidance which complements the binding Act Against Unjustifiable Premiums and Misleading Representations²⁴ and aligns with ISO 14021 (Type II self-declared claim)²⁵ (Appendix B).

The foundational pillars and model formulations proposed here are not intended to override, contradict, or be read as superseding such existing guidelines. On the contrary, any safe harbour built on this framework must be designed to operate within, and be consistent with, each jurisdiction's existing claims regime, extending protection only to claim types that are already permitted or conditionally permitted, and expressly excluding claim types that existing law already prohibits.

It follows that the recommended approaches have a degree of divergence as different jurisdictions will apply their own legal criteria, regulatory choices, and institutional mechanisms in implementing a safe harbour. This is expected, and is consistent with the jurisdiction-by-jurisdiction approach set out in these foundational pillars.

However, carbon markets are global. Credits are sourced, verified and claimed across borders, and companies often operate across many. This gives governments good reason to align, wherever possible, around credit-eligibility and claim criteria that are already recognised internationally (see Pillar 3), rather than developing national criteria in isolation.

This alignment is already emerging. The Paris Agreement Crediting Mechanism (PACM) under Article 6.4, the ICVCM Core Carbon Principles (CCPs) and CORSIA eligibility criteria increasingly share a common set of core integrity requirements. As set out in Pillar 6, the regulation of claims shows a similar trend, with jurisdictions moving towards a broadly similar split between permitted, conditional and prohibited claims.

A safe harbour that builds on this convergence, rather than creating new criteria, would be better placed to support cross-border recognition and, over time, mutual recognition between jurisdictions. This would create a level playing field for companies operating internationally and encourage greater use of the VCM.

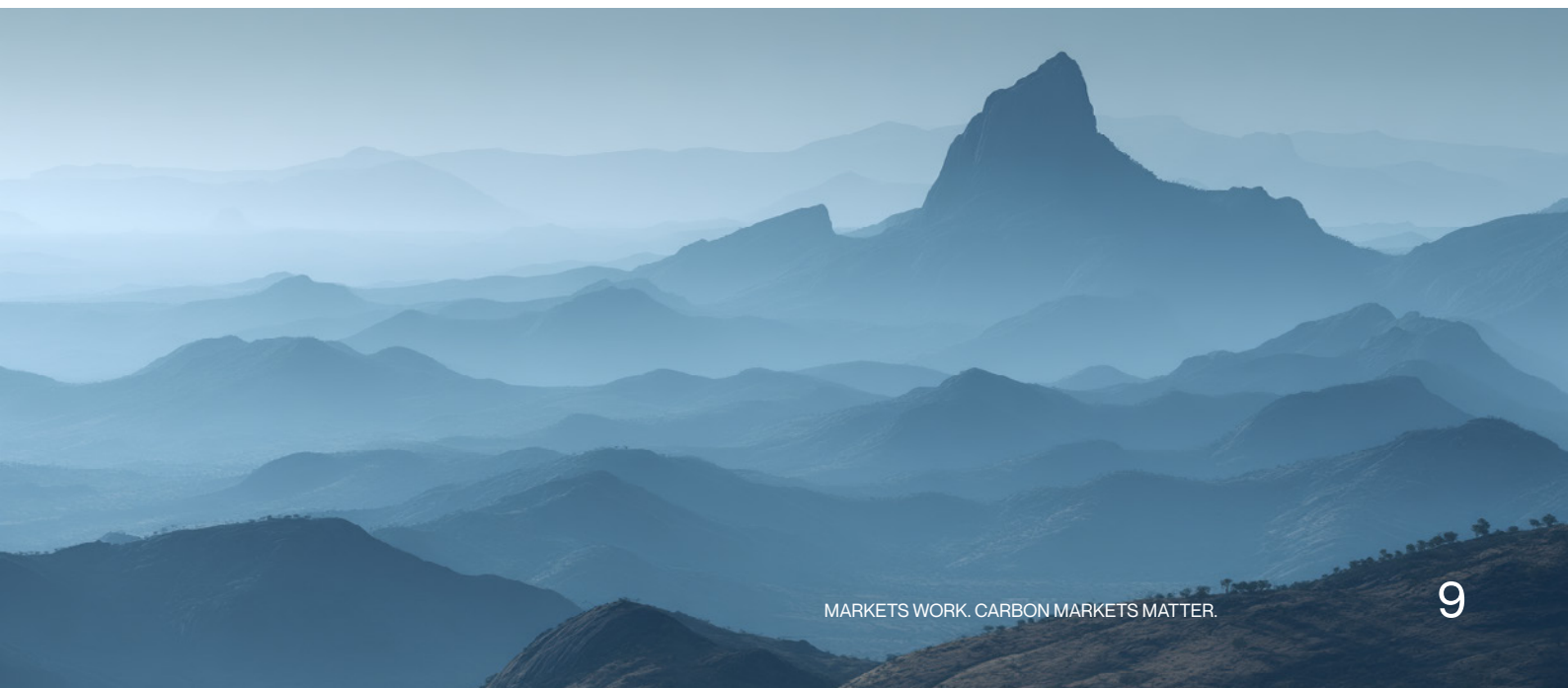
Divergence in delivery mechanism is acceptable and expected; unnecessary divergence in underlying substantive criteria undermines the cross-border interoperability that gives the safe harbour concept much of its value in the first place.

Scope Explanation

This safe harbour recommendation is intended for companies making claims on their use of credits. A purchase or trade of credits with no accompanying claim (or a neutral statement such as "We retired xx tonnes for trading/philanthropic purposes"), falls outside this scope.

The use of rating agencies also falls outside this recommended framework. Ratings are a valuable tool for assessing project-level risk, but using them is currently a business choice for financiers and investors who want to carry out due diligence beyond what a safe harbour requires. A jurisdiction may, however, choose to include ratings as an additional layer of assurance within its safe harbour.

Finally, for clarity, this paper does not define what is regarded as a high-integrity credit nor a credible corporate net zero pathway. Rather it focusses on how to create a safe harbour for the use of high-integrity credits and their associated claims.



04 RECOMMENDATION

The following seven foundational pillars are designed as a recommended basic structure that individual jurisdictions can adopt, adapt, or sequence according to their own legal rules and institutional capacity. They are not a single model law, but a common architecture, so that safe harbours developed in different countries remain interoperable and mutually recognisable, even where the specific mechanism (legislation, regulatory guidance, or an endorsed eco-label) differs and the factors for eligibility diverge.

1. Safe Harbour Approaches Must Address Both Credit and Claim Integrity

Legal exposure in carbon markets arises from two separate sources that both must be addressed as equal and distinct conditions within one instrument:

- **Credit integrity** - the methodological, governance, and verification quality of the underlying credits (additionality, permanence, no double counting, independent verification).
- **Claim integrity** - the accuracy, scope, wording, and consumer "net impression" of the claim being made.

Rationale: Case law confirms that safe harbours addressing credit integrity alone are insufficient. Courts have found liability arising purely from how a claim was framed and understood, independent of the underlying credits' integrity. A safe harbour that protects only credit quality leaves companies exposed on the claims side, and vice versa.

2. Safe Harbour Provisions Should Be Structured Around a Three-Stage Claims Sequence

It is recommended that the safe harbour be structured around three sequential questions, which together determine whether a company's claim about credit use is defensible:

- i. What are the parameters of the related activity including a decarbonisation pathway and/or product-level carbon footprint, and how should they be substantiated?
- ii. How, and under what conditions, may carbon credits be used to meet or support the related activity?²⁶
- iii. What statements may the company then make about its activity?

3. Building on Existing Carbon Market Foundations to Determine the Requisite Integrity Attributes of an Eligible Carbon Credit

Each jurisdiction may set its own criteria for a high-integrity carbon credit, for example through a national carbon market, emissions trading system, Article 6 strategy or other existing policy. In designing a safe harbour, governments are encouraged to endorse and reference one or more established international frameworks, such as PACM, the CCPs or CORSIA rules, rather than create new eligibility lists. This supports harmonisation, signals that these frameworks set the right threshold, and avoids duplicating institutions. Governments should review these frameworks regularly as they evolve.

Where a jurisdiction exercises a policy choice to create its own list, it should draw on the four three architectural approaches already in use internationally (Pillar 4).

4. Choosing the Credit-Eligibility Approaches

There are two methods for categorising credits within a safe harbour – an eligible or ineligible list. Drawing on comparative research conducted across nine jurisdictions and CORSIA (Appendix C), substantive common elements or criteria arise (additionality, permanence, independent verification, no double counting) across different 'eligible list' approaches. The approaches recommended are therefore eligible list approaches to build on existing criteria in jurisdictions rather than ineligible list approaches.

Adopting an eligible list is a policy choice. We recommend it for governments that already have credit-eligibility rules, or that want to go further than the international frameworks described above.

However, it is important to note that this policy choice carries additional governance burden for governments. Criteria for eligible list selection will need to be clearly defined and legally robust, and eligible lists need to be rigorously maintained and updated over time.

- **Approach 1 – Crediting Programme/Standards Body Eligible list:** the regulator approves specific standards/registries (e.g., VCS, Gold Standard, ACR, domestic, PACM) with exemptions for methodologies that it deems not acceptable (e.g. Methodology ineligible lists; CORSIA approach). A company purchasing an eligible credit should be able to rely on that determination without repeating project-level due diligence. Consideration should be given to whether the relevant crediting programmes (domestic or independent), have sufficient checks and balances in respect of project-level integrity and compliance with all host country requirements and applicable rules, laws and customs including, for example, land rights, safeguards, biodiversity, benefit sharing etc. in respect of the underlying mitigation activity.
- **Approach 2 – Methodology-Type/Protocol Eligible list:** eligibility restricted to specific pre-approved methodologies or project types. Examples include Canada's GHG Offset Credit System, and Japan's SHK system²⁷ (under the Act of Promotion of Global Warming Countermeasures), which includes a list of eligible offset credits for use in mandatory GHG reporting. Again, exemptions could be added as an additional layer to this approach, as well as add-ins to the list. Flexibility is recommended to ensure the safe harbour keeps abreast of developing technologies.



- **Approach 3 - Two-Tier Bilateral/Article 6.2 Architecture:** A government may choose to build on their institutional Article 6.2 architecture to create an 'eligible list' for VCM-buyers. This is mainly relevant for jurisdictions that already operate, or intend to operate, a bilateral Article 6.2 programme alongside a VCM-facing safe harbour.

Rationale: Buyers must be able to rely on an authoritative, published, and regularly updated approved list. Leaving buyers, litigants, or courts to interpret broad eligibility principles on a case-by-case basis is impractical, and itself generates litigation risk.

5. Corresponding Adjustments are not a Precondition to Safe Harbour Eligibility in the VCM but may be a Country Safe Harbour Requirement

Corresponding adjustment (CA) has become a standard for post-2021 compliance frameworks (CORSIA Phase 2, Korea Phase 4, Switzerland, Chile). It is, however, a UN climate accounting tool under the Paris Agreement. Host countries are not required to authorise and apply CAs for voluntary use of carbon credits but may choose to do so under Article 6 of the Paris Agreement. A domestic safe harbour framework should therefore state this distinction expressly, so that market participants assess CA status as appropriate for a valid voluntary corporate claim.

It is acknowledged at the same time that governments may set the scope and criteria of a safe harbour provision under a domestic system at their discretion, incorporating criteria as they deem fit. And further, this distinction does not prohibit buyers from choosing a CA credit should they want to make an associated claim.

The absence of a general requirement for CAs under a safe harbour framework does not, in itself, override the requirements of the host country in respect of authorisation, transfer and accounting of the mitigation outcome. Above all, eligibility criteria should take into account that issuance of the relevant credit, is in accordance with all host country requirements.

6. Anchoring the Claims Range Explicitly, and Designing Around It

Comparative analysis across seven jurisdictions (EU, Switzerland, France, UK, California, Australia, Spain – Appendix B) converge on a three-tier range of claim types. It is recommended that, consistent with its own legal and consumer-protection regime, each jurisdiction design its safe harbour to permit the broadest range of claim types that its law allows, provided that: (i) the underlying credits meet the credit-integrity criteria set out in Pillar 3 above; and (ii) the company discloses publicly how its use of credits corresponds to the related activity and how this is substantiated (Pillar 2). Applied on that basis, the following approaches are recommended for consideration, either separately or in combination with one another:

- **Permitted statements:** One approach is defining specific statements e.g. 'Carbon Neutral means emissions measured and reduced along a documented pathway with residual emissions counterbalanced by qualifying credits,' or other specific terms that the relevant jurisdiction deems appropriate. Alternatively, an eligible list could include a permitted statement that the company has voluntarily followed an existing compliance scheme.
- **Conditionally permitted statements:** (i.e. conditional upon respective on-going action and reporting) Statements are not specified, but the conditions to make the statement are. For example, 'Company-level net zero,' 'CO₂-neutral,' and partial-offset claims can only be made on condition that a credible decarbonisation roadmap is published and regularly updated, to support the target timeline embedded in the claim.
- **Prohibited statements:** inaccurate, unsubstantiated or generic statements, for example, "climate neutral" or "carbon positive."

Rationale: The safe harbour's central design tension lies in extending meaningful protection to conditional claims (as listed above), which are the claims companies most want to make and where litigation risk is high, without extending protection to claim types that a jurisdiction's own consumer-protection ineligible list already prohibits (e.g. the EU EmpCo Directive, Annex²⁸).

The use case for credits is at the heart of the design tension on claims. Companies need a business case to justify the investment in carbon projects and the procurement of credits. Results from market engagement indicate that companies want to be able to use credits as a tool to help deliver their decarbonisation goals. (Appendix A)

7. Delivery Pathways - Distinguish "Soft" From "Hard" Safe Harbours

Statutory, or 'hard safe harbour,' offers the best form of legal defence for companies; however, new regulation may take governments several years to implement. Given the urgency of climate action, and to give direction to companies, we propose a 'soft safe harbour' as a practical, fast-track option. On its own, it sends a clear, government-backed signal to courts, stakeholders and the wider market about the standard of conduct expected of companies. Soft guidance can also be aligned across jurisdictions to meet this urgent need, while each jurisdiction develops its own legislation.

It is recommended that each jurisdiction select and clearly describe one or more of the following delivery pathways, including the legal effect, eligibility conditions, responsible authority, and review process applicable to each:

1. **Hard safe harbour:** self-executing, explicit statutory, or regulatory immunity/defence once defined conditions are met. California AB1911, working in tandem with the FTC Green Guides, is a starting point: it's the first purpose-built legislative proposal of this kind and it would establish a defence to false-advertising claims based on the use of credits where the underlying credit is issued by an approved/eligible crediting programme.
2. **Soft safe harbour:** is a practical fast-track option which goes a considerable way to providing a government-backed signal to courts and stakeholders. While not a substitute for permanent legislation, soft safe harbours provide valuable guidance identifying conditions under which successful litigation is less likely, without conferring explicit immunity. "Soft" instruments should not be dismissed as legally inert. Non-binding, guidance-type frameworks issued or endorsed by governments send a strong legal signal as to the expected standard of care, and courts have been shown to give them judicial weight. In *Dib et al. v. Apple Inc.* (N.D. California, 2026),²⁹ the court applied the evidentiary framework reflected in the FTC Green Guides as one of the references to assess the sufficiency of the plaintiffs' allegations, and dismissed the complaint at the pleading stage because, amongst other things, the plaintiffs' evidence did not establish that the standard under the guidelines was not met. The degree of safety provided through soft instruments is proportionate to the degree of specificity within the guidelines.
3. **Certification/eco-label scheme (hybrid track):** Alongside the hard-regulatory and soft-guidance tracks, a government-endorsed certification or eco-label scheme can combine credit integrity, use case and disclosure requirements into preset statements in the form of labels. A certification process formalises exactly what a company must show and do in order to receive recognition and protection. A worked example is provided in Appendix E – 'Eco-labelling: Certificate for climate claims.'

Eco-labels can transform highly technical specifications and standards into simple and clear labels that consumers can easily identify and incorporate into decisions on purchasing products or engaging with and investing in companies.

An additional benefit of a label is that the criteria for awarding the label can be easily updated to keep abreast of evolving technology and standards and can differ from one jurisdiction to another to reflect the requirements of that jurisdiction, without changing the label.

A label can be self-certified if there are sufficiently clear criteria or awarded through an approved independent verifier. Such a scheme is independently defensible in litigation, even without statutory immunity, because rigorous documentation of each step taken makes it substantially harder for a litigant to sustain a misleading-claims case. Because the government endorses and sponsors the certification programme, compliance binds the regulator and provides a safe harbour from 'greenwashing' litigation for companies that use the certification mark or ecolabel.

This approach is already under consideration by some jurisdictions; for example, the EU Empowering Consumer Directive explicitly referenced "displaying a sustainability label which is not based on a certification scheme or not established by public authorities,"³⁰ indicating development of such a scheme would be welcomed.

Implementation without legislation. A further practical advantage is that certificates can be established through existing administrative machinery rather than new primary law. Eco-labels are typically created by an agency or an accredited independent body operating under standard-setting frameworks such as ISO 14024, administrative rules, and licensing contracts with certificate holders, none of which requires a statute. This significantly lowers the political and time cost of adoption.

This track is particularly suited for jurisdictions not yet in a position to legislate. An eco-label functions as a flexible vehicle through which a jurisdiction can define, and revise over time, the substantive content of its safe harbour - which credit-eligibility criteria it recognises, which claim formulations it will treat as protected, and at what evidentiary threshold - without needing to legislate each such choice individually.

Research for this paper also reviewed the SDGold³¹ Certification Programme which is operated by the Foundation Development and Climate Alliance of the German Federal Government.

05 CONCLUSION

In the process of developing this paper, it became clear that companies are seeking help from governments in order to better utilise carbon markets. They need clarity and confidence to undertake and communicate legitimate climate action.

The member governments of The Coalition to Grow Carbon Markets have committed “to collective action and to mobilise climate finance...and support companies...to increase high-integrity use of carbon credits.”³²

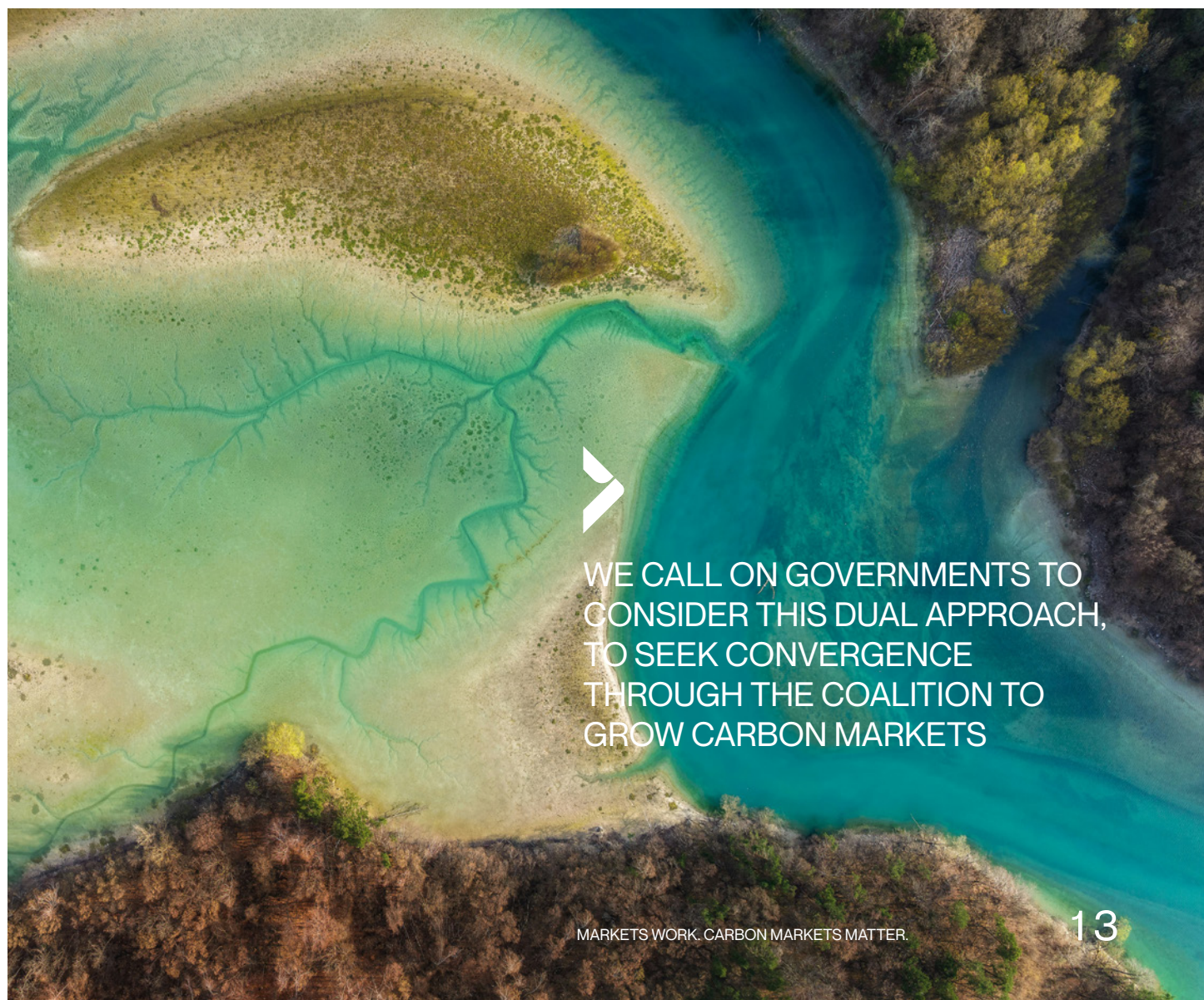
Safe harbour mechanisms hold genuine promise as tools for reducing the legal uncertainty that currently constrains demand in voluntary carbon markets. By providing conditional protection to companies that rely on high-integrity carbon credits, safe harbour can reduce barriers to market participation, increase demand for quality credits, and support the broader objective of channelling private finance toward verifiable decarbonisation activity.

It is understood that implementation of a hard safe harbour will take time. Considering the urgency for action, it is recommended for governments to pursue a dual path:

1. in the near term, develop a coordinated soft safe harbour, capable of adoption across legal systems and/or an eco-labelling system; and
2. simultaneously, build on the agreed soft safe harbour or eco-labelling system to develop its own hard safe harbour

Together, these tools can provide a foundation for credible, legally robust climate claims, enabling carbon markets to function as the instruments of decarbonisation they are designed to be.

We call on governments to consider this dual approach, to seek convergence through The Coalition to Grow Carbon Markets, and urgently enable companies to play their part in the achievement of the Paris Agreement goals.



WE CALL ON GOVERNMENTS TO
CONSIDER THIS DUAL APPROACH,
TO SEEK CONVERGENCE
THROUGH THE COALITION TO
GROW CARBON MARKETS

APPENDIX

A. Market engagement	Pg 14 - 15
B. Research: claims integrity – existing guidance	Pg 16
C. Research: carbon credit integrity - existing frame	Pg 17
D. Analysis of litigation involving the use of carbon credits and associated claims	Pg 18 - 19
E. Eco-label explainer	Pg 20
F. Draft California assembly bill 1911	Pg 21 - 22

A. MARKET ENGAGEMENT

Round Table Discussions

A series of round tables were held in 2026 with companies and market participants to understand the nature of the challenge and what solution is required. Over 150 people participated in this process including IETA members, the Coalitions' Business Advisory Group and some of the Coalition member governments.

The following is a summary of the key points raised:

I. Regulation, not 'just guidance':

There was strong, recurring consensus that non-binding guidance may not sufficient, and that government statements need real legal weight to change corporate behaviour.

A political signal from governments, sooner rather than later, is more urgently needed than a technically perfect framework — though the safe harbour must not simply repackage existing legal ambiguity under a new label, which would relocate rather than solve the litigation problem.

II. Safe Harbour Mechanism Options: options for delivering safe harbour were identified and discussed, alongside a recurring "two-eligible list" proposal.

1. Soft safe harbour — Government Guidelines: Non-binding guidelines (analogous to the existing Swiss framework) that signal government endorsement and may be persuasive to courts, but may not create a legal defence. Insufficient on its own but signals direction.
2. Regulation: In developing new safe harbour regulation California AB 1911 (draft safe harbour bill) was cited as the leading model. Amending consumer protection legislation to provide a rebuttable presumption of legality where specified conditions are met (eligible credits used, verified claims made). Further options to consider are financial regulation and securities law routes which may be achievable without new primary legislation.
3. Eco-Label/ Government Certification Scheme: Such a scheme under which companies meeting specified criteria receive a certification label, is a good option. SDGold (operated by the Foundation for Development and Climate Alliance, funded by the German Federal Ministry for Economic Cooperation and Development) is a working example designed with safe harbour objectives in mind.
4. Eligible list Proposal: A practical framework inviting governments to produce two eligible lists: (i) approved credit types/standards, anchored e.g. in broadly adopted CORSIA or Article 6.2 bilateral agreements (if a government accepts credits for its own NDC, it cannot credibly deny them for company's use); and (ii) permissible claim expressions for specific scenarios. Buyers must be able to rely on an authoritative approved list; discretion left to individual buyers generates, rather than reduces, litigation risk.

III. Claims: Hierarchy, Types and Scope: Three questions must be answered in sequence before a company can make a defensible claim: (1) how does a company set its decarbonisation pathway/targets; (2) how, and under what conditions, may credits be used to meet or support that pathway; (3) what statements can the company then make about its action. This three-stage framework was proposed to structure safe harbour design.

Three claim types matter in particular: net zero, enterprise-level carbon neutrality, and product-level carbon neutrality. Claims could be graded by risk to steer companies. Research presented claims in three buckets – largely Permitted; Conditional and Prohibited.

Contribution claims are the natural ceiling for safe harbour protection in most jurisdictions, though they do not meet the commercial needs of most companies and currently have no clear use case (see VII). Buyers have different reasons for purchasing credits, so desired claims vary e.g. claims at product level, enterprise level, or both.

Draft ISO 14060 provides the first set of international claims for companies on progress towards net zero potentially a foundation for safe harbour claim-setting rules.

- IV. **Carbon Credit Quality and Eligibility:** Strong consensus that the integrity debate on high-quality carbon credit has been largely resolved (ICVCM CCPs, CORSIA) and should not be reinvented; definitions should align with existing standards to avoid proliferating competing standards. Governments should endorse and reference these frameworks rather than create new eligibility lists. ICVCM validates at programme/methodology level, not individual project level. Whether credit rating agencies project-level assurance could be reflected in legislation, was raised as an area warranting further work. Corresponding adjustment has become a de facto standard for post-2021 compliance frameworks (CORSIA Phase 2, Korea Phase 4, Switzerland, Chile, Singapore) but should not be required for voluntary market activity
- V. **Litigation Experience and Case Studies:** Companies shared evidence of litigation and confirmed the dampening effect on use of carbon credits. Participants agreed that what is missing is government assurance built on existing guidance; government silence compounds the chilling effect. Defining what constitutes a valid, high-integrity credit is the necessary first step — claims substantiation criteria will follow. A number of examples were shared of the challenge of making carbon credit-linked product claims and negative press. Examples were also shared of companies who followed a government-run programme (Australian) that provided both guidance on process and permissible claims, yet they still faced litigation. Lessons drawn: (1) government programmes don't necessarily keep pace with litigation risk; (2) government programmes need to align internally with other regulation in the same jurisdiction, e.g. consumer protection law. The basis for legal action differs by jurisdiction: in Australia, cases have turned on how claims are communicated and whether an ordinary consumer understands the language used; in the US, the focus has been more on the quality of the underlying process and credit integrity.
- VI. **Legal Risk & Reputational Risk:** A safe harbour can only help if a dispute reaches court — it cannot protect against reputational damage in the court of public opinion which occurs regardless of the legal outcome. What can address this kind of exposure remains an open question. This points toward an immunity-style approach (e.g. AB 1911) that reduces the likelihood of litigation being brought at all. Companies want to stand together around best-in-class rules to manage reputational as well as legal risk, which increases the importance of clarity on what safe harbour looks like.
- VII. **The Business Case and the Role of Governments:** Safe harbour reduces barriers but does not create demand. Even with zero legal risk, companies need a genuine business case — a use case that justifies the cost of credits to boards and management. safe harbour is a defence mechanism; the underlying incentive to participate must exist independently.
- VIII. **Build on Existing Standards:** Recurring theme across all three meetings to not redefine credit quality or claims criteria — use and reference what already exists (ICVCM, VCMi, CORSIA, SBTi, ISO 14068). ISO and SBTi can provide a foundation, but are not sufficient as a stand-alone defence in the absence of safe harbour regulation. National net zero/transition pathways should also be recognised in defining claim criteria, since not all sectors can follow SBTi (e.g. no SBTi pathway exists for the oil & gas sector); criteria should also require disclosure of transition plans.
- IX. **Jurisdictional and Regional Alignment:** A key challenge for multinationals is maintaining consistent product claims across borders when safe harbour regulation differs by jurisdiction. Alignment with regional initiatives already underway would help — e.g. the ASEAN Common Carbon Market Framework. Ideally jurisdictions should reference international standards (eg. Canada's recent 'greenwashing' legislation), examples are ISO and GHG Protocol. .

MARKET SURVEY

A survey was also undertaken with the market and here follows a selection of key findings from 28 companies/ respondents:

1. What risks are you seeking protection from? Top 3 responses: 1) Litigation risk (e.g. green washing claims); 2) Reputational risk from public challenge to climate claims and 3) thirdly regulatory enforcement risk (e.g. from competition, advertising or financial conduct authority)
2. Which activities most need protection? Top 2 responses: 1) Use of specific language to describe your use of carbon credits; 2) Public claims such as 'carbon neutral', 'net zero aligned' or 'climate positive'
3. What form of government recognition would be most valuable?:
 - 69% favoured a form of hard safe harbour either with formal regulation (36%) or eco-label (33%)
4. What credit quality standard should apply?
 - 46% Quality label eligible list: credits carrying a recognised quality label, such as CCP (ICVCM) or CORSIA (CEEU)
 - 25% As above + PACM issued credits

B. RESEARCH: CLAIMS INTEGRITY – EXISTING GUIDANCE

Extract of research conducted by Herzog Fox & Neeman. The full paper can be read [here](#), see pages 31-34.

The table below summarises the regulatory status of key green claims across the jurisdictions reviewed. “Carbon credits” refers to voluntary carbon market credits (VCM) unless otherwise specified.

Permitted Green Claims - The Regulatory Range of Claims

CLAIM		REQUIREMENTS / NOTES
PERMITTED	Climate / Carbon Contribution Claim	Safest formulation across all jurisdictions. Company finances GHG reductions outside its value chain without netting them against own emissions. Must clearly state it is a contribution, not a compensation.
	"We support / invest in carbon projects"	Permitted universally as long as the communication does not imply direct compensation for own emissions. Must be framed as a climate contribution.
CONDITIONAL	Net Zero [Year] (company-level)	Requires credible, public reduction roadmap with measurable interim targets. Future state must be clearly communicated (EmpCo Art. 6(2)(d); Swiss FOEN §2.4).
	CO ₂ -Neutral / GHG-Neutral (company-level)	Only for company-level (not products). Requires maximum in-chain reductions + residual hard-to-abate emissions offset exclusively by negative emissions. Standard VCM avoidance credits insufficient (Swiss FOEN §2.4).
	50% Offset / Partially Offset	Permitted at company level where quantitative scope is clearly stated and credits meet quality standards: additionality, permanence, no double counting, independent verification.
PROHIBITED	Carbon Neutral (product-level)	Prohibited in EU (EmpCo) and Switzerland (FOEN) when based on offsets. Conditionally permitted in France (ISO 14067 + trajectory), UK (recognised scheme + verification).
	Climate Neutral / CO ₂ Positive / Carbon Positive	Not verifiable under current scientific standards. Prohibited in Switzerland and EU EmpCo across all levels.

“Carbon Neutral” product claims is one of the most litigated claims with varying rules across jurisdictions.

JURISDICTION	STATUS	KEY CONDITIONS / REQUIREMENTS
EU (EmpCo Directive)	PROHIBITED	Offset-based product neutrality claims blacklisted (Annex I, no. 4a)
Switzerland (FOEN UV-2561)	PROHIBITED	Product-level claim prohibited; company-level conditional (§2.4)
France (Decree 2022-539)	CONDITIONAL	Full lifecycle GHG report (ISO 14067) + annual reduction trajectory + detailed offset disclosure required
California (AB 1305)	CONDITIONAL	Permitted with full website disclosure of offset methodology, registry, project details
UK (CMA146)	CONDITIONAL	Offset scheme must be based on recognised standards and capable of objective verification (§3.72–3.73)
Australia (ACCC 2023)	CONDITIONAL	Disclose specific offset projects; verify no double-counting; annual cancellation records; opt-in pricing must be transparent

C. RESEARCH: CARBON CREDIT INTEGRITY - EXISTING FRAME

The following table provides a snapshot of the research into the legal mechanisms by which national and international compliance systems determine which carbon credits are eligible for regulatory use.

The full research by Herzg Fox & Neeman can be found [here](#), see page 21 – 30.

For each jurisdiction, the tables sets out the type of eligibility mechanism applied (whether a programme eligible list, a bilateral agreement framework, or a domestic protocol system), the standards or programmes currently recognised, whether Article 6 alignment and corresponding adjustments are required as a condition of eligibility, and the principal substantive restrictions applicable to credits used for compliance purposes.

JURISDICTION	MECHANISM	ART. 6 / CA REQUIRED?	GEOGRAPHIC SCOPE
CORSIA (ICAO)	Programme Eligible Lists	Yes (host-country attestation)	International
Singapore	Country-Programme Eligibility List	Yes (G2G Implementation Agreement)	International (bilateral)
South Africa	Registry / Standard Eligible Lists	Not explicitly (pre-Paris framework)	International
Korea (K-ETS)	Domestic + Art. 6-compliant (Phase 4)	Yes for international credits	Domestic + International (Ph.4)
Canada (OBPS)	Protocol / Project-Type Eligible Lists	N/A — international credits excluded	Domestic only
Chile	Standard Eligible Lists + Art. 6.2 Bilateral	Yes (ITMO framework)	Domestic (carbon tax); bilateral (Art. 6.2)
Colombia	Standard Eligible Lists	Not required (domestic carbon tax)	Domestic only
Japan (JCM)	Country-specific Methodology Eligible Lists	Yes by design (bilateral crediting)	Bilateral partner countries
Switzerland	Project-Type Eligible Lists + Bilateral Agreement	Yes (CA via bilateral agreement)	Partner countries with bilateral IA

This work led to the recommendation of a Three Architectural Approaches to credit eligibility frameworks.

Credit Eligibility Frameworks - Three Architectural Approaches

APPROACH 1	APPROACH 2	APPROACH 3
PROGRAMME / REGISTRY ELIGIBLE LISTS	PROJECT-TYPE / PROTOCOL ELIGIBLE LISTS	TWO-TIER BILATERAL ARCHITECTURE (ART. 6.2)
The most widely used model. Regulatory body approves specific standards such as VCS, Gold Standard, and ACR.	Eligibility restricted to specific methodologies or project types, often tied to domestic protocols.	Most developed post-Paris framework. Requires: (i) G2G bilateral agreement; (ii) project authorization; (iii) corresponding adjustment; (iv) NDC delimitation.
Used by: CORSIA, South Africa, Singapore (programme tier).	Used by: Canada (4 federal protocols), Japan (JCM country-technology lists).	Used by: Switzerland, Chile.

D. ANALYSIS OF LITIGATION INVOLVING THE USE OF CARBON CREDITS AND ASSOCIATED CLAIMS

Data and Analysis by the IETA Legal Working Group and EDF

Summary of pattern of litigation related to use of carbon credits

The risk of litigation related to the use of carbon credits is a significant disincentive to companies investing in the purchase of carbon credits. At a high level the litigation falls into three categories:

1. **Challenge to the statement:** e.g. “Carbon Neutral” is misleading as the scope of carbon footprint included in the neutrality statement excluded scope 3³³.
2. **Challenge to the integrity of the credits:** e.g. the validity, quality, additionality, permanence, quantification of mitigation or other characteristics of the credit itself.
3. **Challenge to the buyer's conduct:** e.g. the buyer should have conducted more due diligence on the project and not relied on the brand of credit.

The key causes of action fall under consumer protection and unfair competition statutes or common law concepts, with allegations hinging on claims of false advertising, fraud, unjust enrichment, misrepresentation and breach of warranties, applied to marketing materials, product labels and enterprise-level statements on websites. Litigation was originally concentrated on the high polluters including the energy and fossil fuel sectors, but has spread to aviation, consumer goods including fashion and food, and finance and investment. The parties bringing the claims are largely NGOs but increasingly companies are suing each other.

A safe harbour should provide a clear defence to such claims and therefore needs to address:

1. the definition of statements such as “carbon neutral” “CO₂-compensated” and the scope of emissions that should be included in the carbon accounting for such statements;
2. what type of credits (based on issuing body and methodology) that are eligible to raise a defence based on the integrity of the credit used; and
3. the extent a company can rely on the eligibility list in 2 above without needing to conduct due diligence³⁴ at a project level as well.

The following table shows a list of recent cases and the relevant cause of action, it does not show the outcome as in this context the litigation does not have to succeed to be a success for the claimant. The risk of litigation is sufficient to halt a company from purchasing credits for their own climate mitigation related activities.

CASE	CORPORATE CLAIM	CARBON-CREDIT ISSUE	PRINCIPAL CAUSE OF ACTION
Dib v Apple – US	Apple Watches were “carbon neutral”	Credits allegedly based on projects that were not additional / did not generate claimed removals	California consumer protection / false advertising / unfair competition
Berrin v Delta Air Lines – US	Delta was “the world’s first carbon-neutral airline”	Alleged unreliable/overstated offsets; plaintiffs challenged additionality and effectiveness	California Consumer Legal Remedies Act, False Advertising Law, Unfair Competition Law
Bell v R.J. Reynolds / BAT – US	Vuse products were “carbon neutral”	Third-party verified credits allegedly did not provide the claimed environmental benefit	California consumer protection laws
Deutsche Umwelthilfe v Apple – Germany	Apple Watch was “CO ₂ -neutral”	Paraguayan forestry/plantation project; questions over permanence, land rights and ecological characteristics	German competition / unfair commercial practices law
Deutsche Umwelthilfe v Eurowings – Germany	Flights could be advertised as “CO ₂ -neutral” through offsetting	Forest-protection projects allegedly incapable of providing effective compensation, including permanence concerns	German competition law / misleading advertising
GOL / IDEC – Brazil	“My Flight Offsets” / emissions neutralisation	Questions over transparency, calculation and integrity of credits purchased	Consumer protection / misleading environmental claims
Dorris v Danone – US	Product described as “carbon neutral”	Challenge to whether offsetting could substantiate the claim and to the Carbon Trust methodology	Consumer protection / misleading advertising
KLM (Netherlands) — Fossielvrij NL v. KLM	“Fly Responsibly” campaign and its CO ₂ Zero offset product,	carbon-offsetting products did not validly offset or reduce the climate impact of flying	Unfair Commercial Practices Act (Dutch implementation of EU UC PD)
Greenpeace France et al. v. TotalEnergies - France	“Net zero by 2050, together with society”; gas branded as clean/low-emission fossil fuel	Carbon-neutrality objective allegedly lacked scientific grounding — it omitted parts of Scope 1/2, excluded Scope 3 value-chain emissions, and failed to disclose reliance on carbon-offsetting mechanism	French Consumer Code Art. L.121-2/L.121-3 (misleading by action/omission), implementing EU UC PD
Deutsche Umwelthilfe (DUH) v. TotalEnergies Deutschland - Germany	Heating oil marketed as “CO ₂ -compensated”	Compensation claim based on offsets purchased from projects in India and Peru	German consumer protection law (misleading advertising)
Dutch Advertising Code Commission rulings v. Shell - Holland	“CO ₂ neutral” / “CO ₂ compensation” petrol — pay extra to offset emissions from driving	Shell could not prove its REDD+ forest-offset projects (Peru, Cambodia, Indonesia) fully offset emissions from the fuel sold	Dutch Advertising Code (self-regulatory, non-judicial)
Global Witness/ Greenpeace/ Earthworks FTC complaint v. Chevron (US, filed March 2021)	“Ever-cleaner energy” and clean-tech investment messaging	Chevron’s net-zero aspiration relied heavily on carbon capture/storage and offset schemes to “cancel out” rather than genuinely reduce emissions	FTC Green Guides complaint (regulatory, not litigation)
SK Lubricants greenwashing accusation (South Korea)	Products advertised using a carbon-offsetting project	Accused of relying on an unreliable carbon-offsetting project to advertise its products	consumer/advertising law

Collated with the help of AI

E. ECO-LABEL EXPLAINER

This concept paper is developed by the Environmental Defence Fund.

CERTIFICATES FOR CLIMATE CLAIMS

Government-endorsed certificates that allow companies to communicate verified climate action without inviting ‘greenwashing’ litigation. Summary, July 2026

The problem

Companies face a catch-22: the more they communicate about climate action, the more legal risk they carry. “Net zero” and “carbon neutral” have no settled legal meaning, so courts construe them against the advertiser. Commercial validation — an SBTi letter, an ISO verification — is evidence a court may weigh, but it has never operated as a defence, because no commercial standard binds a regulator. Generalized claims are misleading, but qualifications using technical jargon are also unlikely to resonate with reasonable consumers. The result is greenhushing, which threatens to delay essential climate action.

The solution: a government-endorsed certificate

Governments have solved this problem repeatedly in other domains like LEED, Energy Performance Certificates, France’s Agriculture Biologique, Canada’s ECOLOGO. The State defines criteria by reference to recognized standards, accredits independent bodies to verify eligibility, issues a protected mark with prescribed claim language, and maintains a public register. Complex technical performance becomes a claim consumers understand and companies can safely make. The Net Zero and Carbon Neutral certificate concept applies that model to corporate climate action.

There are two basic structures a climate certification could take: endorsement of existing standards or flexible certificate standards chosen by a jurisdiction to reflect unique climate ambitions and existing law.

Option 1 — Certificates built on established standards

Certificates keyed to an existing international standard, authorizing a precisely defined claim³⁵:

CERTIFICATE	UNDERLYING STANDARD	AUTHORISED CLAIM
Net Zero Target Certificate	SBTi Corporate Net-Zero Standard v2.0	“certified net zero target”
Carbon Neutral Certificate	ISO 14068-1:2023	“carbon neutral company”

The government adopts the SBTi and ISO standard as certification criterion. Companies gain a State-issued mark and a defined claim, while the standards bodies retain authorship of the methodology.

Option 2 — A flexible claims standard on a global backbone

Where jurisdictions differ on target ambition or carbon-credit policy, a certificate holds three elements constant and lets each government set the rest. Fixed internationally: **GHG Protocol** measurement; **TCAT TARG/MAARG** reporting, which documents what was pledged, what was done and what progress is provable, and keeps credits in dedicated statements rather than netted into inventory; and **credit integrity** — every credit must carry the **ICVCM CCP label**, be CORSIA-eligible, or be approved by the adopting jurisdiction. Each government sets its own parameters for target ambition and permitted credit use.

The options are not rivals. Because measurement, credit integrity and reporting are identical in both, Option 1 is simply Option 2 with the international standards adopted wholesale, so jurisdictions can begin flexibly and converge as consensus matures.

Why certificate holders are protected from ‘greenwashing’ litigation

The State, not the company, defines what the claim means, so the usual question of what an ambiguous term conveys to consumers is answered by the scheme rather than litigated. The certificate application process clarifies exactly what is required to substantiate a claim, and provides verification and endorsement prior to claim use. Conversely, information a certification scheme does not require is not “material information” a company can be faulted for omitting. And a public authority that has set the criteria, accredited the assessors and issued the certificate faces obvious difficulty in later contending that the claim it authorized misleads the public.

The protection is co-extensive with the mark. It covers the prescribed claim, verified within the certified scope, and nothing beyond it. Companies remain fully liable for embellishment, for claims outside the certified boundary, and for continued use after a certificate lapses.

F. DRAFT CALIFORNIA ASSEMBLY BILL 1911

Bill Text: CA AB1911 | 2025-2026 | Regular Session | Introduced | LegiScan

Section 17580.7 is added to the Business and Professions Code, to read:

(a) It shall be a defense to any suit or complaint brought under Section 17580.5 if the person's environmental marketing claim is based on the voluntary use of a carbon credit issued by a carbon crediting program that meets any of the following requirements:

1. The carbon crediting program is approved by the State Air Resources Board pursuant to Section 95986 of Title 17 of the California Code of Regulations.
2. The carbon crediting program is approved by the International Civil Aviation Organization to supply credits for use in the Carbon Offsetting Reduction Scheme for International Aviation.
3. The carbon crediting program satisfies the criteria set forth in subdivision (b).

(b) A program shall qualify as a carbon crediting program for purposes of paragraph (3) of subdivision (a) if it does all of the following:

1. Adopts clear methodologies and protocols with transparent development processes that accommodate public input, and publicly discloses all approved quantification methodologies.
2. Defines and publicly discloses the level at which activities are allowed, for example project based, program of activities, and eligibility criteria for each type of credited activity.
3. Establishes and publicly discloses procedures for how carbon credits are discounted, issued, retired or canceled, and the length of the crediting period.
4. Has mechanisms and procedures to do all of the following:
 - (A) Track units in a publicly accessible registry.
 - (B) Individually identify units through serial numbers or other unique identifiers.
 - (C) Provide a secure registry.
 - (D) Clearly identify unit holders.
5. Has in place program-level requirements for robust independent third-party validation and verification of mitigation activities, including the establishment and enforcement of oversight standards for validation and verification bodies that comply with the requirements of subdivision (d) and perform an annual examination of a representative sample of project validations and verifications.
6. Has and discloses an effective program governance structure that ensures transparency, accountability, and continuous improvement and the overall quality of carbon credits, and has a program governance structure that meets all of the following criteria:
 - (A) It has a board comprising independent board members who assume a fiduciary responsibility for the organization and operate according to robust bylaws and have established processes for addressing conflicts of interest.
 - (B) It publishes an annual report containing the organization's revenues, expenses, and net assets.
 - (C) It has robust anti-money laundering processes in place and follows practices consistent with robust antibribery and anticorruption guidance and regulation.
7. Publicly discloses in an electronic format accessible to nonspecialized audiences all of the following:
 - (A) What information is captured and made available to different stakeholders.
 - (B) Local stakeholder consultation requirements.
 - (C) Public grievance and consultation provisions and requirements, and how they are considered.
8. Has clear guidance, tools, and compliance procedures to ensure mitigation activities conform with or go beyond widely established industry best practices on social and environmental safeguards while delivering positive sustainable development impacts.
9. Provides information on how it addresses double counting and double issuance and double claiming in the context of evol-

ing national and international regimes for carbon credit markets and tracking.

10. Has provisions that ensure the mitigation activity shall be permanent or, where there is a risk of reversal, have measures in place to address those risks or compensate for reversals.
 - (C):
 - (1) Within ____ days of January 1, 2027, the State Air Resources Board shall publish and maintain a list of carbon crediting programs that satisfy the requirements of subdivision (b).
 - (2) Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code does not apply to the publication and maintenance of the list pursuant to paragraph (1).
 - (D) An entity shall qualify as a third-party credit validation and verification body for purposes of subdivision (b) if it satisfies either of the following:
 - (1) Any of the accreditation requirements set forth under Sections 95132 and 95978 of Title 17 of the California Code of Regulations.
 - (2) All of the following requirements:
 - (A) Be accredited by an International Accreditation Forum (IAF) Multilateral Recognition Arrangement recognized accreditation body for International Organization for Standardization (ISO) 14065 and ISO 14064-3 in the applicable sectoral scope to conduct validations or verifications, or both, or under an equivalent approved accreditation body covering the scope of that regulation under the most current version of ISO 14065 in the applicable sectoral scope to conduct validations or verifications, or both.
 - (B) Be competent to carry out validation and verification under the requirements of the respective carbon crediting body.
 - (C) Have policies in place to identify and mitigate financial and all other conflicts of interest and is not a mitigation project developer or proponent, the owner of a mitigation project developer or proponent, or be owned by them.
 - (D) Have adequate professional insurance for the geographic market in which it is operating, including a minimum of two million dollars (\$2,000,000) of professional liability insurance if operating in the United States.

ENDNOTES

1. [Fortune Global 500 Climate Commitments | Climate Impact Partners](#)
2. [10,000 companies in 10 years: Companies leading the net-zero transformation - Science Based Targets Initiative](#)
3. [A-Confident-Carbon-Market-Business-Perspectives.pdf](#)
4. [MS_ISI_Carbon_Markets_report_final.pdf](#)
5. 'Greenwashing': refers to false or exaggerated claims about the environmental benefits of a product, service or company strategy
6. [IETA](#)
7. [Coalition to Grow Carbon Markets](#)
8. [Shared Principles | The Coalition To Grow Carbon Markets](#)
9. [About us | The Coalition To Grow Carbon Markets](#)
10. [Events | IETA](#)
11. [Safe Harbors for Corporate Green Claims: Building Legal Certainty for Carbon Markets](#)
12. [Coalition statement](#). USD\$1.3 trillion is the estimated increase in climate financing needed in emerging markets and developing economies by 2035, based on IHLEG analysis.
13. [Cross-border carbon market flows to emerging market and developing economies, excluding China. See IHLEG, Delivering an integrated climate finance agenda in support of the Baku to Belém Roadmap to 1.3T \(2025\)](#). Based on analysis by Bloomberg NEF, MSCI/Trove, Fastmarkets, AlliedOffsets, Oliver Wyman and IETA.
14. [World Bank, State and Trends of Carbon Pricing, 2026, https://www.worldbank.org/en/publication/state-and-trends-of-carbon-pricing](#)
15. [A-Confident-Carbon-Market-Business-Perspectives.pdf](#)
16. [FAQ.pdf](#) The GHG Protocol Corporate Standard classifies a company's GHG emissions into three 'scopes'. Scope 1 emissions are direct emissions from owned or controlled sources. Scope 2 emissions are indirect emissions from the generation of purchased energy. Scope 3 emissions are all indirect emissions (not included in scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions.
17. [What Does Safe Harbor Mean in a Legal Context?, LegalClarity, https://legalclarity.org/what-does-safe-harbor-mean-in-a-legal-context/](#)
18. [Singapore's 'Guidance on Role of Carbon Credits in Corporate Decarbonisation', NCCS, MTI, Enterprise Singapore](#)
19. UK: ['Greenspeaking with confidence – Environmental claims in advertising'](#), July 2026, and ['Environmental claims: a quick checklist'](#)
20. [https://eur-lex.europa.eu/eli/dir/2024/825/oj/eng](#)
21. [https://www.bafu.admin.ch/en/enforcement-aid-uca](#)
22. [https://www.ftc.gov/sites/default/files/documents/federal-register_notices/guides-use-environmental-marketing-claims-green-guides/greenguidesfrn.pdf](#)
23. [https://www.env.go.jp/policy/hozen/green/ecolabel/guideline/guideline_eigo.pdf](#)
24. [https://www.japaneselawtranslation.go.jp/en/laws/view/2303/en](#)
25. [https://www.ftc.gov/sites/default/files/documents/federal-register_notices/guides-use-environmental-marketing-claims-green-guides/greenguidesfrn.pdf](#)
26. At the time of writing, various corporate decarbonisation pathways that include how credits may be used, are available or in development e.g. SBTi, ISO 14060 and national pathways. There are also government schemes setting out company use of credits (e.g. Japan). Further, many companies believe the use of credits for corporates should be aligned to existing government policy and/or Article 6 of the Paris Agreement rules. The Coalition could work to develop a harmonised position to support safe harbour regulation.
27. [https://policies.env.go.jp/earth/ghg-santeikohyo/qa.html](#)
28. [https://eur-lex.europa.eu/eli/dir/2024/825/oj/eng](#)
29. [https://www.govinfo.gov/content/pkg/USCOURTS-cand-5_25-cv-02043/pdf/USCOURTS-cand-5_25-cv-02043-0.pdf](#)
30. [EU EmpCo Annex I, point 2a of Directive 2005/29/EC \(as amended by Article 1\(4\) of Directive \(EU\) 2024/825\)](#)
31. [The SDGold Seal - Stiftung Allianz für Entwicklung und Klima](#)
32. [Shared Principles | The Coalition To Grow Carbon Markets](#)
33. [Scope 3 emissions are all indirect emissions \(not included in scope 2\) that occur in the value chain of the reporting company, including both upstream and downstream emissions. FAQ.pdf](#)
34. [E.g. Ratings agency or own DD https://www.bafu.admin.ch/en/enforcement-aid-uca](#)
35. Certificates / and claims would need to be permitted within local law.

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