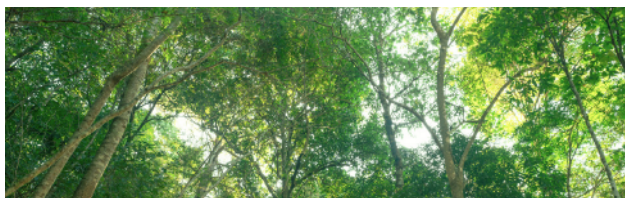


## Next-Generation Corporate Claims Guidance: The Rising Bar for Corporate Climate Claims and the Role of Corresponding Adjustments

The landscape for voluntary corporate climate claims is undergoing a fundamental transformation, moving from a self-regulated “Wild West” to an era of stricter accountability and enhanced transparency. In recent years, companies have used carbon credits to label products or entire operations as “carbon neutral” with relatively little to no regulatory oversight. However, a new era of “integrity-led” claims is in motion, driven by emerging voluntary standards and stricter enforcement of consumer protection laws, particularly across Europe and the United Kingdom.

Alongside this shift, a technical yet critical development in the implementation of the Paris Agreement’s market mechanisms has renewed the debate. This debate relates to the types of claims that can lawfully or validly be made about carbon credits (also referred to in the Article 6 context as “mitigation outcomes”) generated by projects in countries that are “Parties” to the Paris Agreement. At the heart of the debate is whether a corporate buyer’s use of carbon credits towards its voluntary targets requires those credits to be formally authorised by the host country (the country in which the underlying carbon project is located) for use by that corporate buyer. When such authorisation is provided, the host country must apply corresponding adjustments to its national greenhouse gas (“GHG”) emissions balance. This is effected by adding the volume of authorised and “first transferred” carbon credits to that balance as a means of accounting for their export and exclusion from the pool of GHG emissions reductions or removals being counted towards its own Nationally Determined Contribution (“NDC”) — that is, its national climate commitment — under the Paris Agreement.



Whilst there remains significant ambiguity in the Paris Agreement rules on whether corresponding adjustments are strictly required for use of carbon credits by corporates, the direction of travel in both host country carbon and climate laws and developing voluntary claims guidance is clear. A meaningful distinction is forming between two broad categories of claim: “contribution” claims, where a company asserts that it has supported climate action through funding a mitigation activity outside of (or in some cases, inside) its value chain that contributes to the host country’s NDC; and “compensation”, “offsetting”, or “neutralisation” claims, where a company asserts that its emissions have been “compensated” (or “counterbalanced”), “offset”, or “neutralised” on a one-to-one basis, counting GHG emissions reductions or removals towards its own targets or carbon footprint (i.e. to the exclusion of the host country). For companies seeking to make the latter type of claim, understanding the developing legal landscape in a project’s host country is no longer optional — it is a prerequisite for claim integrity and for mitigating legal and reputational risk.

### Understanding Corresponding Adjustments

Fundamentally, a corresponding adjustment is a mechanism under Article 6 of the Paris Agreement designed to prevent “double counting” between two “Parties” — that is, two countries — to the Paris Agreement.

Article 6.2 provides for a cooperation mechanism between Parties, enabling them to engage in “cooperative approaches” by trading mitigation outcomes (i.e. carbon credits) across borders in pursuit of greater NDC ambition. Carbon credits that have been authorised and “first transferred” outside the borders of the host country are known as Internationally Transferred Mitigation Outcomes (“ITMOs”), and the mechanism that governs their sale and purchase between two or more Parties typically operates through bilateral or multilateral agreements between those Parties.

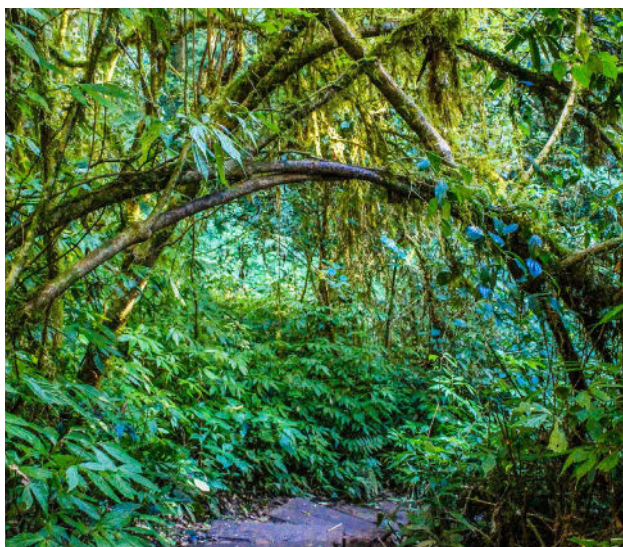
There are several instances of ambiguity in the text of the Article 6 rules. To give one specific example – despite multiple attempts to define the term “cooperative approach” across several COP<sup>1</sup> negotiations, countries could not reach agreement, with many negotiators insisting on keeping the term undefined, intentionally leaving scope for flexibility as to its interpretation. What is clear in the Article 6 rules are the use-cases for which carbon credits can be authorised by a host country – there are three of them: (i) country-to-country carbon trading (as described in the preceding paragraph); (ii) use of credits towards international mitigation purposes, such as the Carbon Offsetting and Reduction Scheme for International Aviation (“**CORSIA**”); and (iii) “other purposes” – a category which is increasingly being used by corporates acquiring credits for voluntary use.

The ambiguity around the meaning of the term “cooperative approach” has, since COP26 in Glasgow, resulted in many Parties to the Paris Agreement making the assumption that, where they do not have a bilateral agreement in place with a buying country, they can nevertheless issue a unilateral authorisation, particularly for the second and third use-case described above (i.e. “international mitigation purposes”, and “other purposes”). This assumption by sovereigns of their right to unilaterally authorise carbon credits for export has led to a flurry of regulation, legislation and/or frameworks being developed and enacted in host countries since COP26, as discussed in more detail below.

From the perspective of corporates seeking to make voluntary claims, it is the third, “other purposes”, use case that has generated the most debate. Because the Article 6.2 rules refer to “Parties” to the Paris Agreement — defined as signatory states, not private corporate entities — many have posed the question: how could a corporate making a voluntary purchase possibly be required to obtain, let alone be in a position to procure an authorisation and corresponding adjustments from a host country government?

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The answer to this is case-specific and requires consideration of multiple nuanced factors including (without limitation) the type of claim sought to be made by the corporate, the position of the host country towards issuing unilateral authorisations, the status and prescriptiveness of host country carbon or climate regulation, and whether the activity generating the credits falls within the scope of the host country's NDC target (whether conditional or unconditional), or falls entirely outside it. Notwithstanding the complex and evolving nature of these issues, and as explored in more detail below, a clear consensus is nonetheless emerging: where a corporate seeks to make a claim with high environmental integrity based on its use of carbon credits, those credits ought to be authorised and correspondingly adjusted with the agreement of (and all applicable fees paid to) the host country to ensure that the effect of the credit has a “net-positive” impact on the volume of GHG emissions in the atmosphere rather than a “net-neutral” one, as would be the case if the host country claims and accounts for the GHG emissions reduction or removal as part of the public commitment made by it in its NDC.<sup>2</sup>



### Contribution vs. Compensation

Recent guidance from a number of reputable bodies illustrates this emerging direction of travel. [The Oxford Principles on Responsible Engagement with Article 6](#), the [Coalition to Grow Carbon Markets Shared Principles guidance](#), and the [second consultation draft of the SBTi's revised Corporate Net Zero Standard v2.0 \(November 2025\)](#) all align in recommending that a corporate seeking to make a “compensation”, “offsetting”, or “neutralisation” claim should ensure that corresponding adjustments have been applied to the credits underpinning that claim in order for the claim to be true in an absolute sense. Where corresponding adjustments have not been applied, the guidance indicates that credits may or should only be used to support a “contribution” claim. In Article 6 parlance, a carbon credit of this type is known as a Mitigation Contribution Unit or an “MCU”, first conceived at COP27 in Sharm el-Sheikh, and thereafter adopted by standard-setters in the voluntary market such as the SBTi

which has increasingly emphasised the role of “mitigation contribution” approaches as a complement to value chain decarbonisation efforts.

The distinction between “compensation” and “contribution” claims is intended to preserve the integrity of claims and avoid double-claiming (being a form of double-counting) — a scenario in which the same GHG emissions reductions or removals are counted both by the host country towards its NDC and by a corporate towards its own targets.

Claims guidance issued by [Gold Standard](#) and recent Article 6 Label Guidance issued by [Verra](#) both contain references to authorisation (and therefore corresponding adjustments) in relation to the use of carbon credits for “other purposes” under Article 6.2 of the Paris Agreement as being appropriate in certain contexts. Notably in Verra's [Buyer Guide to Choosing the Right Article 6 Label](#), for voluntary corporate users of carbon credits, Verra suggests as an example that those wishing to support high-integrity claims or achieve SBTi-aligned positioning should purchase credits with “Article 6 Authorized” or “Correspondingly Adjusted” labels.

In March 2026, this principle moved from voluntary guidance into binding law in Switzerland. The Swiss Federal Office for the Environment (BAFU) published the [Swiss BAFU Enforcement Aid \(UV-2561\)](#) (the “Enforcement Aid”) which provides a framework for authorities and companies to ensure that climate-related marketing and communications comply with the Swiss Unfair Competition Act (UWG). The primary goal of the Enforcement Aid is to prevent greenwashing by establishing that all climate-related claims must be clear, true, and objectively verifiable. Since 1 January 2025, Swiss law (Art. 3 Abs. 1 Bst. x UWG) requires that any statement regarding a company's or product's climate impact must be backed by objective data and recognised standards. Critically, the Enforcement Aid states that if a company uses carbon credits that do not involve a netting of emissions or that lack corresponding adjustments, it may only claim to be making a “climate protection or mitigation contribution” — rather than a “compensation”, “offsetting”, or “neutralisation” claim.

This development is significant. As far as we are aware, it is the first example of this type of requirement being enshrined in statute. As the Paris Agreement mechanisms mature, we are likely to see further jurisdictions following suit and setting analogous criteria around “compensation” claims.

The emerging consensus — reflected across the “soft” and “hard” law sources referenced above — is that where a carbon credit has not been the subject of a corresponding adjustment that has been applied to the host country's national GHG emissions balance (as evidenced through the country's Biennial Transparency Report), the corporate buyer cannot claim to have “compensated for”, “offset”, or “neutralised” its impact. Instead, as a fallback, the credit should only be reported as a “contribution” to the host country's NDC.

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As the SBTi V2.0 consultation draft states:

*“In the absence of such [corresponding] adjustment, the activity may only be reported as a contribution under the Ongoing Emissions Responsibility recognition framework, not as neutralization”.*

As alluded to above, many host country jurisdictions are developing carbon and climate laws and frameworks that require project developers to register all mitigation activities falling within a category covered by that country’s NDC with the relevant government authority (which is typically the Designated National Authority). One driver for this wave of regulation is the assertion by host countries of their right to unilaterally authorise carbon credits (enabled by the textual ambiguity in the Article 6 rules mentioned above), necessitating the enactment of laws, regulations and/or frameworks to enable the exercise of this right. These laws, regulations, and/or frameworks create processes for countries to, amongst other things: (i) take stock of GHG emissions reductions and removals occurring within their borders, enabling them to create comprehensive national GHG inventories by requiring all projects to register with national authorities as a matter of first order, (ii) exercise their sovereign right to charge levies and collect fees for project registration, approval and authorisation, (iii) enhance NDC ambition by charging fees for corresponding adjustments (with a view to redeploying capital raised towards other NDC-contributing mitigation activities), and (iv) perhaps most importantly, establish firm rules around benefit sharing with local stakeholders. There are many examples of countries where these developments are occurring at pace - Indonesia, Tanzania, Nigeria, and Ghana, amongst others.

Importantly, these laws and frameworks typically set out clear rules governing the process for procuring an authorisation for export of carbon credits under Article 6 of the Paris Agreement. Many of these rules, laws and frameworks either expressly state or imply that, where authorisation is not sought and the activity falls within the country’s NDC target, the mitigation outcomes generated by the activity would automatically count towards that target. The framing of a claim to be made by a corporate buyer for a credit without an authorisation and corresponding adjustment (in effect, an MCU) therefore merits careful consideration. Corporates need to conduct due diligence on the applicable host country laws and frameworks in order to better understand the scope of options at their disposal in relation to the claim they wish to make (see also our section below on *Practical Considerations to Mitigate Greenwashing Concerns*).

Some market commentators hold the view that corresponding adjustments are not needed for voluntary claims. The central thesis behind this point of view is that corresponding adjustments are intended to prevent double counting between “Parties” to the Paris Agreement and since corporates do not have national GHG inventories (i.e. emissions are typically accounted for by corporates at the sub-national level in accordance with the GHG Protocol) and are not signatories

to the Paris Agreement, the Article 6 rules do not apply to them. This perspective is logical when considering the matter through the lens of GHG accounting in isolation.

However, other commentators struggle to reconcile this with the fact that, as mentioned above, many countries have asserted their right to unilaterally authorise carbon credits for export for the “international mitigation purposes” or “other purposes” use cases and that therefore, the right to determine whether authorisation is required sits squarely with the host country.

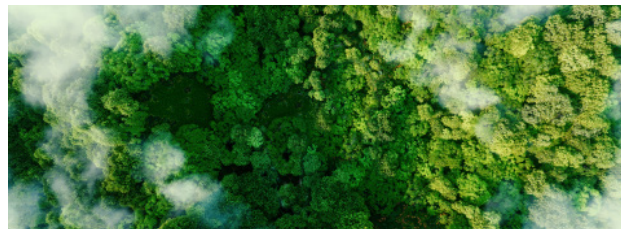
Whether a corresponding adjustment is “required” is not a question to which there is a single, universal answer. The determination is necessarily case-specific and nuanced, sitting at the intersection of two distinct but interrelated considerations: the requirements and expectations of the host country in which the underlying carbon project is located on the one hand, and the nature, specificity, and intended use of the corporate’s climate claim on the other. The interaction of these considerations will vary depending on the facts, and any assessment ought to be approached with that variability in mind. In addition to this, careful consideration of consumer protection laws in the jurisdiction in which the claim is being made is also required, as discussed further below.

The importance of understanding the applicable legal landscape and framing claims carefully is underscored by the rapidly evolving greenwashing enforcement environment, which is placing ever-greater scrutiny on the use of carbon credits to underpin voluntary corporate claims.

### Greenwashing scrutiny and increasing litigation

The push for corresponding adjustments to be applied to credits underpinning voluntary corporate claims is, in large part, a response to a significant rise in greenwashing scrutiny and litigation, and a growing appetite for high-quality, substantiated claims.

Whilst most jurisdictions do not provide a statutory definition of “greenwashing,” legal frameworks typically focus on prohibiting “misleading environmental claims” or “unfair commercial practices,” describing the unlawful conduct in those terms rather than using the term “greenwashing” directly. Much competition and consumer protection legislation now places strict parameters around environmental claims and broadly restricts unsubstantiated assertions such as “carbon neutral” where they are achieved solely through the “offsetting” of GHG emissions outside a product’s value chain.



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Enforcement activity in this space is accelerating. In the United Kingdom, the Advertising Standards Authority (“ASA”) has issued [guidance on making environmental claims](#) and has banned advertisements by various entities (including financial institutions such as HSBC and major airlines including Ryanair and British Airways) for using misleading environmental claims in advertising or misleading by omission. The UK Competition and Markets Authority (“CMA”) has taken an increasingly proactive enforcement stance on greenwashing, issuing detailed guidance under its [Green Claims Code](#) and also [recent guidance related to supply chains](#) (which provides insight into who could be responsible for making misleading claims and therefore who the CMA could potentially target when deciding to take action), conducting sector-wide investigations, and deploying its consumer protection powers to scrutinise and challenge misleading environmental claims by entities in multiple industries. A similar trend is observable across Continental Europe, where courts have also found in favour of claimants against large airlines such as KLM and companies such as TotalEnergies, Apple and Katjes on the basis that the commercial practices in question were likely to mislead consumers, with the majority of successful claims being based on breaches of consumer protection laws and often brought by consumer or competition law regulators. A recurring theme across many of these cases is the omission of material information, for example highlighting “carbon neutral” products whilst simultaneously expanding high-emission operations. The above examples reflect a growing willingness by regulators to pursue greenwashing claims through formal enforcement channels.

Bearing the above in mind, corporate buyers of carbon credits should be aware that using credits that have not been the subject of a corresponding adjustment to underpin a “compensation”, “offsetting” or “neutralisation” claim is becoming an increasingly high-risk strategy from a greenwashing perspective, in relation to both litigation and reputational risk. Where a corresponding adjustment has not been applied, the emerging consensus across both “soft” and “hard” law sources is that such credits are unlikely to be of sufficient environmental integrity to support an absolute or unblemished “compensation”, “offsetting” or “neutralisation” claim, and their use for that purpose risks potentially being characterised as misleading by regulators and courts. In those circumstances, the emerging guidance suggests the credit should be used only to support a contribution claim; therefore, corporate buyers should ensure that any public-facing communications reflect that distinction clearly and accurately. Buyers should also ensure that regulations and associated guidance relating to environmental claims and the avoidance of “greenwashing” are also reviewed as part of any legal due diligence exercise.

### Practical Considerations to Mitigate Greenwashing Concerns

Given the direction of travel outlined above, we recommend the following steps:

**1. Legal Due Diligence:** Before purchasing credits for

offsetting purposes, conduct thorough due diligence on the host country’s carbon laws and regulatory frameworks, as well as any relevant legislation related to environmental claims. Some countries are proactively authorising credits for corporate use with corresponding adjustments being applied for that use (with fees raised through the application of such corresponding adjustments sometimes earmarked for other NDC-contributing mitigation); others automatically count all domestic GHG emissions reductions or removals towards their NDC, and in the latter case corporate buyers may be limited to making contribution claims only.

- 2. Audit Claims Language:** Avoid absolute terms such as “carbon neutral” or “climate positive” in a vacuum without a thorough understanding of where the carbon credits fit within both the overall climate plan of the corporate (i.e. whether an appropriate mitigation hierarchy being applied) and the host country’s NDC ambition. Imprecise language is increasingly a litigation risk.
- 3. Adopt the “Contribution” Model Where Appropriate:** Where credits have not been authorised for use under Article 6.2 of the Paris Agreement in respect of “other purposes”, or where it has not yet been confirmed whether corresponding adjustments have been applied, companies could mitigate greenwashing risk by making a “contribution” claim rather than a “compensation” claim. Consideration should also be given to whether a “contribution” claim is just as impactful as a “compensation” claim, particularly if the project sits within the corporate’s supply chain and/or the corporate has a GHG emissions footprint in the host country.
- 4. Contractual Protections:** Ensure that supply-side agreements for the sale of carbon credits include clear risk allocation provisions regarding the delivery of authorised use and corresponding adjustments. If the seller undertakes to procure that the host country to issues an authorisation and applies corresponding adjustments but ultimately fails to do so, the resulting claim may become both a legal and reputational liability. Contracts should include provisions disclaiming the seller’s liability for the buyer’s use of generated credits and clearly allocating responsibility for claim accuracy to the buyer.
- 5. Target the “Ambition Gap”<sup>3</sup>:** Corporates may choose to target mitigation activities that do not fall within the category of activities counted towards a host country’s NDC. Rather than targeting activities that contribute to NDC achievement – that is, activities that help close the gap between a country’s current policies and its NDC commitments (the “action gap”) – they may instead focus on activities that go beyond NDC achievement and address the gap between a country’s NDC commitments and the level of ambition required to meet global climate goals (the “ambition gap”).

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Where activities fall outside the scope of a host country's NDC target, authorisation — and therefore the application of a corresponding adjustment — may not be required, as the host country is unlikely to count the resulting GHG emissions reductions or removals towards its NDC by virtue of the activity falling outside the scope of the target in that NDC.

That said, whether authorisation is required remains a host-country-specific question, and corporates should not assume that activities falling outside an NDC are free from any authorisation requirement without conducting jurisdiction-specific legal due diligence. Equally, where the activity falls outside the host country's NDC but is nonetheless captured in the host country's national GHG inventory, obtaining authorisation in relation to credits generated by that activity should in theory face fewer hurdles than an activity that falls within an NDC target. Because the host country is not counting those GHG emissions reductions or removals towards its own NDC commitments, granting authorisation does not carry the same risk of double-counting or jeopardising the country's climate target through over-selling, making it a lower-risk proposition for the host country to approve.

### Conclusion

The era of absolute, unsubstantiated climate claims is drawing to a close. The voluntary carbon market is becoming increasingly less voluntary as the Paris Agreement mechanisms are implemented in domestic law and as voluntary standards converge on consistent, more demanding requirements.

The developing requirement for corresponding adjustments to underpin “compensation”, “offsetting”, or “neutralisation” claims represents a new benchmark for accuracy in corporate environmental claims and accountability. Companies that fail to align their claims with developing laws and guidance may face growing exposure to, amongst other things, litigation risk, regulatory enforcement action, and reputational damage in a market where scrutiny of environmental claims is intensifying. To mitigate this, companies should: (i) conduct legal due diligence; (ii) audit their existing claims language; and (iii) as the context requires, ensure their commercial agreements properly allocate risk with respect to claims.

This article was prepared by Partner, Lev Gantly and Counsel, Dearbhla Cantwell from Philip Lee's Climate Projects Group.

For further advice on your organisation's claims strategy or on the legal implications of the developments discussed in this article, please contact our team.

### Endnotes

<sup>1</sup> Conference of the Parties to the United Nations Framework Convention on Climate Change, serving as a meeting of the Parties to the Paris Agreement.

<sup>2</sup> For further information see: (i) [Finish Guide to good practices for](#)

[voluntary carbon markets](#); (ii) [Harnessing voluntary carbon markets for climate ambition](#); and (ii) [Raising climate ambition with carbon credits](#).

<sup>3</sup>As referred to in the Perspectives Climate Group report published in March 2026 titled “Swedish Participation the Voluntary Carbon Market”: “...climate action has the potential to make contributions towards closing the “action” and “ambition” gaps (Ahonen et al., 2023; Laine et al., 2023) (see Figure 1). These two gaps, respectively, stem from countries' existing and planned policies falling short of their current targets, and countries' current targets falling critically short of the collective efforts needed to meet the Paris Agreement's goals. In addition to reducing their own direct emissions, non-state actors can contribute to global mitigation efforts by supporting mitigation (removals and emission reductions) within and beyond their boundaries or value chains, for example, by buying carbon credits...Depending on their other properties, mitigation outcomes may contribute towards meeting existing national mitigation targets (i.e., closing the “action gap”) or raising global ambition beyond existing targets (i.e., closing the “ambition gap”)...”

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