

IETA Comments to Competition Bureau of Canada: Proposed Guidelines Regarding Environmental Claims

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For over 25 years, the International Emissions Trading Association (IETA) has been the leading global business voice on robust market solutions to tackle climate change while driving clean finance at scale. We represent a broad group of 300+ corporate and NGO members who are engaged in climate markets across Canada and globally. IETA welcomes this opportunity to share input with the Competition Bureau on its “[Environmental claims and the Competition Act](#)” guidance published on 23 December 2024. We greatly appreciate the Bureau’s willingness to engage through publication of its draft guidance, which is an important step in providing transparency for industry. **However, the guidelines continue to lack the necessary clarity and fall short in notable key areas, continuing to place an outsized burden on companies seeking to make environmental claims.**

IETA’s comments to the Bureau are structured as follows:

- 1. Importance of Clarity and Transparency:** IETA reiterates still-relevant overarching aspects of our comments submitted on 27 September 2024 in response to the prior Competition Bureau public consultation relating to the Greenwashing Provisions.
- 2. Concerns with Proposed Guidelines:** While welcoming the draft guidelines as a beneficial step forward, IETA highlights parts of the guidance that require further refinement and clarification.

In Annex 1, we provide supplementary information for understanding the environmental claims regulation in the of current domestic and global regulatory landscape.

Section 1: Importance of Clarity and Transparency

As discussed in IETA’s initial submission on 27 September 2024 for the Bureau’s [Public consultation on Competition Act’s new greenwashing provisions](#), without adequate enforcement guidance, **these provisions could have negative consequences on private sector climate action and investments**. It is vital that the Bureau’s final enforcement guidance addresses these concerns by enabling, rather than hindering, climate action across the business community. IETA supports the intent to require accurate and verifiable environmental claims, but greenwashing can be addressed without significantly harming Canada’s climate ambitions – an outcome that is a very real possibility given the current legislative language and the Competition Bureau’s current draft guidance.

Fundamentally, voluntary climate action is attractive for the private sector because it informs consumer/investor decisions while contributing positively to the climate crisis. Without the necessary clarifications to address the risks and uncertainties associated with the new Greenwashing Provisions, many good-faith actors would opt to remove or greatly reduce their climate communications. **Restricting private sector actors from communicating their climate action due to overly restrictive legislation — also known as “greenhushing” — inherently reduces the benefits of private climate action, impacting the private sector’s willingness to voluntarily reduce emissions and fund climate action domestically and abroad.**

Further, Canadians rely on public-facing information to make informed decisions. If there is an unwillingness for companies to communicate climate action incentives due to the currently overly restrictive greenwashing provisions, this would negatively impact Canadian consumers and investors. Such market actors rely on understanding a product’s or business’s environmental claims to inform their purchasing or investment actions.

Canada — its people, corporations and government alike — understands it will need robust climate action and investment from the private sector to realize its recently announced [2035 national emissions reduction target](#). **Therefore, it is critical that the Bureau provides clear and reasonable guidance to best enable the scaling of private climate action and investment**, to achieve our shared goals of achieving Canada’s ambitious climate targets and maintaining the country’s position as a climate leader on a global stage.

Section 2: Concerns with Proposed Guidelines

IETA believes that much of the proposed guidelines lack the necessary clarity and transparency to support the widest array of corporate climate actors, which can have a chilling effect on industry climate impact and investment if not rectified. The current draft continues to place a high burden on market participants with significant uncertainty on how to proceed when making environmental claims for products or business.

While understanding that the final interpretation of these *Competition Act* provisions will rest with the courts, **IETA and its members stress the need for tangible, unambiguous interpretations in the guidance**. We understand the Bureau does not have unilateral authority on this matter and the guidelines are therefore not legally binding, but the current draft does not express confidence in many of its proposed definitions and clarifications. Words such as “likely” in the context of definition-setting — as opposed to more certain qualifications — leaves industry without the stability and certainty that are a critical part of any optimal business environment. We fear that such ambiguous language will lead to “greenhushing” or, worse yet, will contribute to the pause or termination of voluntary corporate climate actions and investments.

2.1: Non-Promotional Public Representations

In response to the **Introduction** section regarding public claims outside the purview of these guidelines, captured below, **IETA would like to better understand what public representations the Bureau refers to.**

“an environmental claim is any representation related to the environment that has been made for the purposes of promoting a product or any business interest. The Bureau is concerned with representations made to the public for the purposes of marketing and promotion, rather than representations made solely for a different purpose”

It is hard to imagine public communication from a company that would not be for the purpose of marketing or promotion for a product or business interest. Therefore, **we recommend the Bureau provide a more explicit definition and/or provide examples** of what would fall under the “different purpose” category. Although the Bureau has made a point of differentiating investor/shareholder communications from those targeted at the public, it would be helpful to see specific guidance indicating that representations to the government (both advocacy and reporting) are also not in scope.

2.2: “Internationally Recognized” Methodologies

The proposed guidance defines internationally recognized methodologies as the following: *“The Bureau will likely consider a methodology to be internationally recognized if it is recognized in two or more countries. Further, the Bureau is of the view that the Act does not necessarily require that the methodology be recognized by the governments of two or more countries.”*

Although it is helpful for the Bureau to confirm that the methodology *does not* need to be recognized by governments, it remains unclear whether a methodology simply needs to be in use in two or more countries to be considered “recognized”. This definition places a significant burden on companies to determine where certain methodologies are in use (to meet the 2+ country threshold) while still leaving room for the Bureau or the courts to decide that may not be enough. Aside from reaffirming the need for methodologies to be internationally recognized in the first place, companies remain unsure of how to comply with the definition. As a helpful next step, **we suggest the Bureau provide explicit examples of standards or frameworks that would likely constitute an internationally recognized methodology, along with examples of those that would not.**

To aid in this process, **Annex 1** lists high-quality VCM guidance the Bureau can and should leverage. **IETA finds significant alignment in the standards with the Bureau’s principles and existing guidance and therefore believes the Bureau should accept the following initiatives as internationally recognized claims under the *Competition Act*.**

Additionally, IETA urges the Bureau to clearly **affirm methodologies that have been developed and approved by the Canada federal, provincial or territorial governments as “internationally recognized”**. There are novel methodologies specific to Canada that cannot be recognized by other countries and would likely fail to meet this definition of “internationally recognized,” yet have already been seriously vetted and include significant localized co-benefits for Canada. Insofar as other countries recognize the legitimacy of the Canadian government, IETA believes such methodologies should be “internationally recognized” when recognized by the Canadian government and/or Canadian provinces.

For example, consider Environment Canada and Climate Change (ECCC)’s methodology for improved forest management (IFM) on private land as part of Canada’s compliance GHG Offset Credit System. The IFM on private land methodology went through significant public

consultation and input, and the local benefits of improved forests for humans and the environment are numerous and well-researched. However, no other country has a need for the same methodology in their own jurisdiction, making this methodology specific to Canada. Under the Bureau’s definition, companies could potentially – or even “likely” – be disqualified from purchasing these compliance-grade credits created by a project using nationally adopted methodology given its single-country approval. **IETA strongly supports changing the internationally recognized definition to accept all methodologies created by Canadian federal, provincial, or territorial governments.**

2.3: Clarifications for “Clear Plan” Requirements

Another area of ambiguity arises from the example provided in the provision “**Claims about the environmental benefit of a business or business activity.**” By stating that a hypothetical company “*failed to take steps to substantiate its claim in accordance with internationally recognized methodology, and did not develop a concrete plan to identify and mitigate its greenhouse gas emissions.*” the Bureau implies that companies need to have concrete plans toward 2050 for climate goals, along with internationally recognized methodologies for target development. The former is the first mention of such a requirement and requires serious attention and additional clarity.

Some guidance for what constitutes a “clear plan” is provided in Principle 6, but **IETA requests more information around what constitutes a “clear plan”**. More details are needed about what a “concrete, realistic and verifiable plan” looks like, aside from claims being “well-founded,” “adequately and properly substantiated,” and “in accordance with internationally recognized methodology.”

Just as the Bureau states that businesses should have “a clear understanding of what needs to be done to achieve what is being claimed,” businesses need to have a clear understanding of what is being asked of them to remain compliant. Particularly if the Bureau is unwilling to provide examples or greater guidance on matters such as internationally recognized methodologies, perhaps clarity on how companies can demonstrate due diligence would be more suitable in practice. For instance, when the Bureau asks for “a concrete, realistic and verifiable plan”, it would be helpful to include examples of what constitutes a clear plan, beyond containing “interim targets” and “meaningful steps”.

In **Annex 1**, we provide information on Voluntary Carbon Market (VCM) crediting standards, which are protocols offering clear examples of conducting rigorous due diligence to meet climate targets. IETA would appreciate greater clarity on these matters.

2.4: “Frequently Asked Questions”

The following section outlines IETA’s reactions or concrete follow-ups to a question posed in the consultation’s Frequently Asked Questions Section.

Question	IETA Response
<p>21. My business already complies with a methodology required or endorsed by Canadian governmental programs for certain environmental claims. Is that good enough?</p>	<p>If the Bureau starts with the assumption that methodologies approved by the Canadian government are internationally recognized, would that not mean they meet the Bureau’s necessary criteria? IETA requests additional clarifications on this point. Either the Bureau believes that Canadian methodologies are consistent with internationally recognized methodologies, and corporations can therefore use them to support claims made, or they are not, and businesses would then be required to exercise due diligence to ensure they are. Given the rigorous time, effort, and stakeholder engagement put into existing methodologies supported by Canadian FPT government (and as previously mentioned in our submission), IETA believes such methodologies are sufficiently robust to be consistent with the guidance.</p>

Conclusion

On behalf of IETA's community representing 300+ business members across Canada and globally, we appreciate this opportunity to provide input on the draft guidelines for the environmental claims amendments to the *Competition Act*. Despite sharing greenwashing concerns that Bill C-59 originally intended to reduce, IETA continues to hold significant concerns about ambiguities in the draft guidance that may result in unintended and adverse consequences. If the bar for what constitutes a legitimate environmental claim is not clearly understood and defined, corporations may retract (or never even set) voluntary corporate climate targets. Doing so would limit corporate climate action and investment critical for Canada's climate goals and a net-zero future.

Once again, IETA strongly recommends revisiting our overarching concerns about the Bill C-59 and the Bureau's greenwashing approach (Section 1), while also pointing out specific guideline sections in need of change (Section 2) to support legitimate corporate climate goal setting and investment.

Should the Bureau have questions about IETA's submission, or desire follow-up information on key resources and insights shared in this document, please contact rubin@ieta.org.

Annex 1: Industry Interactions with Carbon Markets & Claims

The following annex leverages IETA's 25 years of global experience as the leading business voice market solutions to tackle the climate challenge. We outline interactions that the new *Competition Act* Greenwashing Provisions will have with existing Canadian carbon pricing and highlight resources to draw from for guidelines moving forward.

Many private businesses in Canada currently participate in carbon markets. Under federal law, every province and territory must have some form of an industrial carbon market regulatory system, which covers a broad range of emitters representing a significant portion of each province's economy, and mandates participation.

In addition to required compliance programs, many businesses in Canada participate in voluntary carbon markets (VCMs). VCM participation is voluntary, unlike compliance programs, driven by actors who want to reduce emissions with no requirement to do so. The voluntary market plays a significant role in promoting private climate ambition above and beyond the sectors that are regulated in the compliance programs while providing recognition for credible voluntary emissions reduction and removal activities.

Backgrounder: Canada Compliance Carbon Pricing

Carbon markets can exist under compliance or voluntary schemes. In Canada, compliance markets are positioned as the key policy piece to drive emissions reductions necessary to achieving Canada's climate targets. As shown in Figure 1 below, compliance carbon markets are expansive across Canada and are increasingly playing a major role in business decision-making. Compliance entities are required to demonstrate compliance with regulatory requirements – typically by achieving specific emissions reduction outcomes – to the regulator every few years depending on the program.



Figure 1. Carbon Markets Across Canada

Voluntary markets exist alongside compliance markets and enable participants to purchase carbon credits on a voluntary basis with no intended use in a compliance market. These markets provide abatement opportunities above and beyond compliance requirements and markets – by allowing the purchase of emissions reductions outside the scope of the purchasers' supply chain – and are a critical incentive for private climate action.

Many companies across the globe make environmental claims involving the use of voluntary carbon offset credits. For example, it is entirely possible – and accepted by global best practices under specific circumstances – for companies to claim emissions reductions by retiring voluntary offset credits corresponding to verified reductions claimed. In addition to

claims involving the use of voluntary offset credits, Canadian offset project developers likely fall under the new Greenwashing Provisions as they fundamentally advertise a product (the offset) representing a determined level of greenhouse gas reductions.

Most voluntary crediting standards (i.e., bodies responsible for developing protocols and/or issuing VCM offset credits) have strong guardrails and practices in place to ensure offset credits issued have a high level of environmental rigor and transparency.

These existing standards and guardrails should be recognized by the Competition Bureau's forthcoming guidance related to the validity of environmental claims that include voluntary offset credits. For example, third-party involvement and verification are a main feature across the leading VCM crediting standards. Before credits are issued, the VCM standards require that a qualified third-party firm must conduct a verification audit to assure that all the methodological criteria have been met. Like many existing compliance markets, VCM crediting standards employ **requirements for validation and verification bodies (VVBs)**.

IETA strongly recommends that the Bureau lean heavily on numerous existing global voluntary multi-lateral initiatives and industry best practices to inform the final enforcement guidance. Relying on existing guidance will remove a significant burden on the Bureau, help to align with other jurisdictions globally, and provide private actors with much-needed certainty based on existing and accepted practices.

To aid in this process, we provide below a series of sub-annexes listing high-quality VCM guidance that the Bureau can and should leverage. They are not intended to represent a complete or fixed list of initiatives or definitions, as IETA recognizes this is an evolving landscape and other quality standards may emerge. However, **IETA finds significant alignment in the following standards (Annex 1.1) with the Bureau's principles and existing guidance (Annex 1.2) and believes that the Bureau should accept the following initiatives (Annex 1.3) as internationally recognized claims under the *Competition Act*.**

Annex 1.1: Examples of High-Quality VCM Guidelines and Initiatives

Initiative Name	Status/Utility for Bureau
Integrity Council for the Voluntary Carbon Market (ICVCM)	<p>The ICVCM is an independent global governance body for the VCM, with a purpose to reform the VCM and scale up finance toward climate action, sustainable development and nature.</p> <p>The ICVCM has released its, long-awaited, Core Carbon Principles (CCPs), a global standard for high-integrity that sets a rigorous, science based threshold for carbon credit standards. Programs and methodologies are currently being assessed against the CCPs through the assessment framework to ensure their carbon credits generate real, additional, and verifiable climate impact with high environmental and social integrity.</p>
Voluntary Carbon Markets Integrity Initiative (VCMI)	<p>The VCMI is a multi-stakeholder platform to drive credible, net zero aligned participation in the VCM.</p> <p>VCMI issued a new Claims Code of Practice on 28 June 2023 offering a tiered structure to guide credible, voluntary use of carbon credits and associated claims. VCMI focuses primarily on demand side of the VCM, providing guidance on claims involving the use of VCM offset credits.</p>
International Carbon Reduction and Offset Alliance (ICROA)	<p>Through ICROA’s Code of Best Practice and Accreditation Program, best practices in voluntary carbon management and offsetting are promoted in the market, enabling climate leadership of corporates and governments ahead of – and beyond – regulation. ICROA’s Code of Best Practice provides rigorous guidance mandating use of carbon credits to the highest standards of environmental integrity, in support of the Paris Agreement goals.</p> <p>ICROA’s Carbon Credit Endorsing identifies offset providers that generate high-quality carbon credits registered to credible internationally recognized standards and which promote the delivery of the UN Sustainable Development Goals (SDGs). ICROA’s Carbon Credit Endorsing requirements could serve as a useful foundation for the Bureau when evaluating the quality of Canadian voluntary offset credits.</p>
IETA’s Guidelines for High Integrity Use of Carbon Credits	<p>Released April 2024, designed to help companies globally to responsibly and credibly incorporate high-quality carbon credits into their broader climate strategy encompassing setting a net zero ambition, and near-and long-term decarbonization targets. Can be leveraged to support evaluation of environmental claims involving the use of VCM offset credits.</p>
Carbon Offsetting and Reduction Scheme for International Aviation (CORSA)	<p>CORSIA is the first global market-based measure for any sector and represents a cooperative approach that moves away from a “patchwork” of national or regional regulatory initiatives. CORSIA has strict restrictions, outlined in the Emissions Unit Eligibility Criteria to ensure the environmental and social integrity of the CORSIA Eligible Emissions Units.</p> <p>CORSIA’s Emissions Unit Eligibility Criteria could serve as a useful foundation for the Bureau when evaluating the quality of credits.</p>

Annex 1.2: Examples of VCM Alignment with Bureau Green Claims Guidance

Bureau Criteria	Example VCM Alignment
Be truthful, and not false or misleading	IETA Guidelines, Page 14: “Companies need to be particularly vigilant when making environmental claims around products sold with carbon credits to ensure they are accurate and are not misinterpreted by consumers.”
Avoid exaggeration	VCMI Claims Code, Page 4: The VCMI Claims Code requires transparent reporting and third-party verification, ensuring that claims are truthful and not misleading.
Avoid vague environmental claims in favour of clear and specific ones	<p>IETA Guidelines, Page 14: “Companies should publicly and transparently disclose their use of carbon credits”. The Guidelines continue with a list of detailed information that should be disclosed as part of a clear and specific claim.</p> <p>VCMI Claims Code, Page 8: Companies must disclose detailed information about their carbon credits, including the number of credits purchased and retired, the certification standard, project name, and project ID.</p> <p>ICROA Code of Best Practice, Page 5: “Accredited Organisations shall provide clients that purchase carbon credits with clear and easy-to-understand communication materials”</p> <p>ICVCM Core Carbon Principles, Page 60: “Carbon-crediting program[s] shall [...] clearly define a carbon credit as one metric tonne of CO2 equivalent of GHG emission reductions or removals”</p>
Avoid aspirational claims about the future	<p>IETA Guidelines, Page 11: “All companies must set interim targets that are ambitious and <u>rooted in pragmatism</u>”</p> <p>ICROA Code of Best Practice, Page 5: “when making a compensation claim, <u>retirements shall be made in advance of such claim</u>”</p>
Substantiated and verified	VCMI Claims Code, Page 18: The VCMI Claims Code outlines a four-step process for companies to follow, ensuring that claims are based on rigorous standards and verifiable data.

*While this table provides many examples of alignment between VCM best practices and the Bureau’s Criteria, there are many additional examples that were not captured.

Annex 1.3: Offset Programs Recognized by International Best Standards

Independent Crediting Standard	ICROA Endorsed	ICVCM CCP Eligible*	CORSIA Eligible
Verified Carbon Standard (Verra)	Yes	Yes	Yes
Gold Standard	Yes	Yes	Yes
American Carbon Registry (ACR)	Yes	Yes	Yes
Climate Action Reserve (CAR)	Yes	Yes	Yes
Plan Vivo	Yes	Assessment Pending	
ART (REDD+)	Yes	Yes	Yes
Global Carbon Council (GCC)	Yes	Assessment Pending	Yes
Puro.Earth	Yes	Assessment Pending	Assessment Pending
City Forest Credits	Yes		
BioCarbon Standard	Yes		Assessment Pending
Cercarbono	Yes	Assessment Pending	Conditionally Eligible
Riverse	Yes	Assessment Pending	Assessment Pending
SocialCarbon	Conditionally Yes	Assessment Pending	
Isometric	Conditionally Yes	Assessment Pending	Conditionally Eligible
Carbon Standards Int.	Conditionally Yes		
Ecosystem Restoration Standard		Assessment Pending	
Wilder Carbon		Assessment Pending	
UNFCCC CDM Certified Emission Reductions	Yes		
Australian (Government)	Yes		
British Columbia (Government)	Yes		
Woodland Carbon CO2de (UK Government)	Yes		

Annex 1.3 is provided as an example of existing offset standards/programs that should be recognized if their credits are used as part of corporate claims. This list is far from exclusive. There are other standards/programs – existing and under development – that should be considered beyond what is listed.