

Guardrails to Prevent Greenwashing

24 MARCH 2026

This report examines the expanding legal, regulatory, and reputational scrutiny of corporate environmental claims—focusing on product-level statements, third-party certifications, carbon offset use, company-wide claims, and forward-looking climate goals—and outlines governance guardrails to reduce exposure.

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- Greenwashing scrutiny has expanded from isolated marketing claims to include enterprise-wide climate targets and investor disclosures, with environmental statements potentially carrying legal and financial consequences comparable to regulated disclosures.
- Product-level claims such as “recyclable” and “sustainable” are a frequently litigated form of alleged greenwashing, and even technically accurate statements can prompt price-premium class actions if a plaintiff alleges they are misleading.
- Third-party sustainability certifications can enhance credibility, but companies remain accountable for ensuring that logos and marketing language do not imply environmental benefits beyond the scope of the certification.
- Carbon neutrality claims can expose companies to scrutiny based on challenges to the scientific integrity and permanence of the underlying carbon offsets.
- Company-wide claims, such as “we are a sustainable company,” are increasingly treated as enterprise-level representations that can influence purchasing and investor decisions, making consistency and substantiation across disclosures essential.
- Forward-looking climate goals such as “net zero by 2050” are a growing area of greenwashing exposure, with legal scrutiny focused on whether companies had a reasonable, evidence-based foundation for these targets when they were announced.

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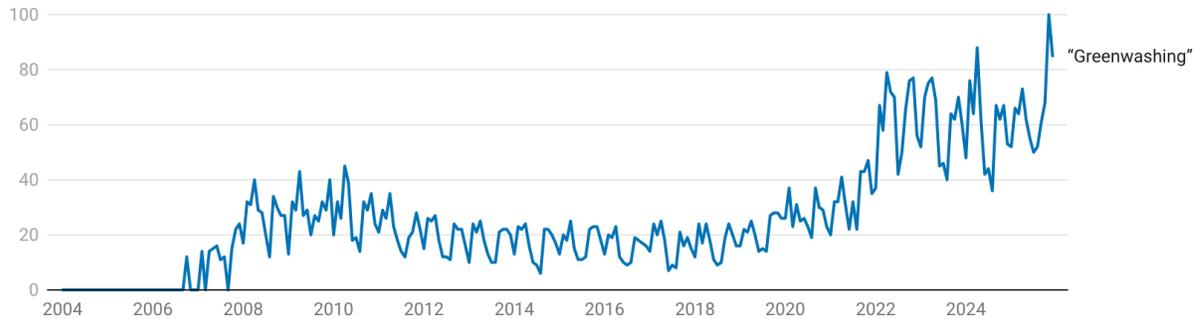
Weil

Greenwashing: A Growing Area of Scrutiny

Figure 1

Public awareness and scrutiny of greenwashing have expanded significantly over the past decade

Google search intensity, “Greenwashing” (United States), 2004–2025



Note: Data are current as of December 31, 2025.

Source: [Greenwashing – United States](#), Google Trends, accessed January 2026

At its core, “greenwashing” refers to allegations that environmental claims—explicit or implied—overstate performance, omit material limitations, rely on weak substantiation, or create a misleading overall impression. These claims can arise across a range of corporate communications, including product packaging, advertising, websites, sustainability reports, SEC filings, earnings calls, procurement responses, investor presentations, executive statements, and participation in industry coalitions. Courts increasingly assess such claims holistically.

Once focused primarily on consumer marketing claims, enforcement and litigation now extend to enterprise-wide climate commitments, investor disclosures, supply chain assurances, and participation in voluntary climate initiatives. This shift reflects several structural changes:

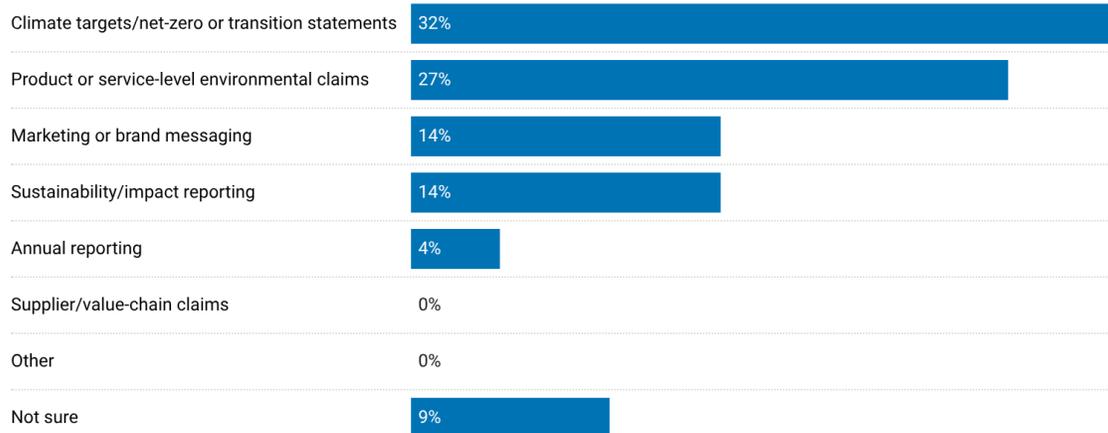
- Sustainability is viewed as financially material to some investors and lenders;
- Environmental claims can often influence consumer purchasing and procurement decisions;
- Regulatory regimes in Europe and select US states have grown more prescriptive;
- Digital transparency tools enable third parties to interrogate emissions data, offset projects, and product-level representations with greater precision.

At the same time, sustainability has become more [politically contested in the United States](#), intensifying scrutiny from multiple directions. As a result, environmental claims—whether aspirational or operational—are increasingly treated not as reputational signaling, but as representations that may carry legal, regulatory, and financial consequences.

Figure 2

Climate goals and product-level claims may be most susceptible to greenwashing allegations

Q: Which area of your company’s sustainability efforts feels most exposed to potential greenwashing scrutiny today?



Note: 33 senior corporate governance and sustainability executives responded.

Source: Center Briefing: Guardrails to Prevent Greenwashing, The Conference Board, December 2025

While the risk of greenwashing litigation spans many aspects of sustainability strategy and communications, corporate leaders ranked climate targets and transition plans as the area they view as most exposed to greenwashing claims (Figure 2). This reflects heightened regulatory scrutiny, growing investor skepticism toward ambitious “net zero by 2050” commitments, and rising litigation risk where ambition exceeds implementation. Product-level environmental claims ranked nearly as high, as they can be operationally exposed, relatively easy to verify, closely tied to consumer protection law, and frequently targeted by regulators and activists.

From a regulatory perspective, greenwashing enforcement is expanding across all major markets, with the European Union, the United Kingdom, Canada, and Australia leading the shift toward more structured and assertive oversight (Figure 3). While the US regulatory landscape remains more fragmented, enforcement risk is rising through state attorneys general and securities law, particularly where environmental claims appear in investor disclosures or consumer-facing communications. Regulators are increasingly focused not only on whether companies make sustainability claims, but whether those claims are specific, substantiated, internally governed, and supported by credible implementation plans.

Figure 3

Greenwashing enforcement is expanding across major markets

Current state of greenwashing regulation and enforcement in selected jurisdictions, as of March 2026

Jurisdiction	Primary scope	Regulatory mechanism	Enforcement bodies	Enforcement reality
United States (federal)	Advertising and investor disclosures	Federal Trade Commission (FTC) Green Guides (interpretive guidance); Securities and Exchange Commission (SEC) antifraud disclosure rules	FTC; SEC	Principles-based enforcement. Highest exposure where claims appear in SEC filings, investor disclosures, or specific product claims.
United States (state level)	Consumer claims and corporate climate commitments	State consumer protection laws (Unfair or Deceptive Acts or Practices statutes)	State attorneys general (especially New York, California, Massachusetts)	Growing enforcement risk. Increasing scrutiny of “net zero,” carbon neutrality, and sustainability branding claims.
Canada	Product and corporate environmental claims	Competition Act amendments (June 2024) requiring substantiation using recognized methodologies	Competition Bureau	Significant tightening. Corporate-level claims increasingly subject to regulatory challenge.
European Union	Product claims, corporate sustainability claims, and environmental marketing	Unfair Commercial Practices Directive; Empowering Consumers Directive (2024); Empowering Consumers for the Green Transition Directive (effective September 2026)	National consumer authorities; EU-wide coordination mechanisms	Most stringent emerging regime globally. Focus on vague claims, unsupported comparisons, and offset-based carbon neutrality claims.
United Kingdom	Product claims, corporate claims, and sustainable finance products	Competition and Markets Authority (CMA) Green Claims Code; Financial Conduct Authority (FCA) anti-greenwashing rule (effective May 2024); Sustainability Disclosure Requirements (SDR)	CMA; FCA; Advertising Standards Authority (ASA)	Highly active enforcement. Strong scrutiny of climate targets, transition plans, and green-labeled financial products.
Australia	Consumer claims, product claims, and financial disclosures (including funds and listed companies)	Australian Consumer Law; Australian Securities and Investments Commission (ASIC) disclosure and anti-misleading conduct rules	ASIC; Australian Competition and Consumer Commission	Active enforcement. Focus on sustainable fund claims, carbon neutrality claims, and portfolio screening statements inconsistent with actual holdings.

Source: *Guardrails to Prevent Greenwashing*, The Conference Board, March 2026

Product-Specific Claims and Exposure

Product-level environmental claims continue to be an active area of greenwashing litigation, including statements regarding recyclability, compostability, recycled content, and broader descriptors such as “sustainable” or “environmentally friendly” used in packaging and advertising. The central legal question is whether the claim, viewed in context, creates a misleading overall impression of the corresponding product—often linked to allegations that consumers paid a price premium based on the representation.

Under prevailing consumer-protection theories, small differences in wording can materially affect risk exposure. Recent litigation reflects three consistent themes:

- **Technical accuracy may be insufficient.** Plaintiffs increasingly challenge claims that are scientifically correct but incomplete in practice—for example, “recyclable” labels where a product is technically capable of being recycled but recycling access varies in practice.
- **Absolute language increases scrutiny.** Terms such as “100%,” “fully,” or “sustainable” invite examination of whether the company can substantiate the claim in all circumstances.
- **Context and qualification influence outcomes.** Courts are more likely to dismiss claims where companies define terms clearly, explain scope, and avoid implying superiority without measurable support.

A recurring distinction is between capability and outcome—such as “recyclable” versus “will be recycled.” Where infrastructure constraints limit actual recycling rates, courts may assess whether the claim reasonably implies real-world performance rather than technical possibility. Similarly, generalized environmental descriptors are not inherently unlawful, but they become riskier when they suggest quantifiable or universal benefits without explanation.

Example case: *Swartz v. Coca-Cola Co.* (N.D. Cal. 2021)

Claim: Plaintiffs challenged Coca-Cola’s use of “recyclable” and “100% recyclable” on beverage packaging. They did not dispute that the bottles met technical recyclability standards. Instead, they argued that many bottles are not accepted or processed in practice and that “100% recyclable” would reasonably be understood as a guarantee of real-world recyclability.

Court’s decision: The court held that the term “recyclable” does not promise that a particular bottle will be recycled and was not inherently deceptive. However, it declined to dismiss claims related to a bottle being “100% recyclable,” finding a reasonable consumer could interpret this phrasing to mean every bottle aspect is recyclable. The case was later settled after partial dismissal.

Significance: The decision illustrates judicial attention to how a reasonable consumer interprets language in practical terms. It also demonstrates that using absolute language and/or qualifiers can alter the risk profile of an environmental claim.

Courts and plaintiffs frequently assess product claims alongside related statements in websites, FAQs, sustainability reports, and investor disclosures. Inconsistencies across these channels are often used to argue that a company created a misleading overall narrative. For example, packaging language suggesting universal recyclability may be contrasted with corporate disclosures acknowledging infrastructure limitations. This effectively integrates product-level marketing claims into the broader sustainability disclosure and litigation framework. Fragmented ownership across the marketing, sustainability, legal, and investor relations functions can further increase exposure where terminology and substantiation standards are not aligned.

To enhance governance and reduce risk, companies can:

- **Limit use of absolute qualifiers** unless substantiation supports application across geographies and operating conditions.
- **Define environmental terms with specificity**, including scope and methodological assumptions.
- **Evaluate real-world conditions**, not solely technical standards, when assessing recyclability or similar claims.
- **Establish centralized oversight** for product-facing sustainability language to promote consistency across channels.
- **Assess potential price-premium arguments** and ensure that supporting documentation would withstand litigation scrutiny.
- **Maintain substantiation records** and reinforce internal documentation discipline.

Third-Party Sustainability Certifications

Third-party sustainability certifications are widely used to signal adherence to defined environmental, sourcing, or performance standards. Labels such as Marine Stewardship Council, Forest Stewardship Council, Energy Star, Fair Trade, and the Carbon Trust provide verification in areas where claims would otherwise rely solely on company representations.

While certifications can strengthen credibility, they do not eliminate legal exposure. Litigation is increasingly focusing not only on whether a certification is valid, but on whether companies accurately communicate its scope and limitations. Two recurring risk patterns have emerged:

- **Implied scope expansion.** Plaintiffs argue that certification logos or accompanying language suggests broader environmental performance than the certification actually verifies. For example, a certification may apply to sourcing traceability or a defined operational boundary, while adjacent marketing implies overall environmental sustainability.
- **Challenges to implied rigor.** Plaintiffs sometimes argue that references to certification imply a higher level of environmental performance than the underlying standard guarantees. Courts are generally reluctant to adjudicate the adequacy of established certification regimes themselves. However, such claims can still proceed where marketing language arguably exaggerates what the certification represents.

Example case: *Sanchez v. Walmart Inc.* (N.D. Ill. 2024)

Claim: Plaintiffs challenged Walmart’s use of the Marine Stewardship Council logo and the phrase “100% Sustainably Sourced” on frozen seafood products. They did not dispute that the products were MSC certified. Instead, they argued that the combined language conveyed environmental benefits beyond what MSC certification specifically verifies, such as overall ecosystem sustainability or fishing-industry practices beyond MSC’s defined standards.

Court’s decision: The court held that accurately stating MSC certification was not misleading. Objections to the rigor of MSC standards were directed at the certifier, not the retailer. However, the court allowed claims related to the broader “100% Sustainably Sourced” phrasing to proceed, finding that absolute language could imply benefits beyond the certification’s scope.

Significance: The case reinforces a consistent legal principle: third-party certification reduces risk when accurately described, but does not provide blanket protection. Legal exposure arises when companies use certification as the basis for broader environmental claims that exceed the certification’s defined scope.

To reduce exposure, companies can incorporate certifications into a structured claims governance framework rather than viewing them solely as marketing tools. Senior leaders should:

- **Confirm scope alignment.** Ensure all public references accurately describe what the certification covers and its boundaries.
- **Avoid implied halo effects.** Do not pair certification logos with broader environmental assertions unless independently substantiated.
- **Maintain centralized oversight.** Keep a current inventory of certifications in use, including scope, renewal requirements, and approved language.
- **Conduct periodic diligence.** Reassess certifiers over time as standards, enforcement trends, and reputational conditions evolve.
- **Align cross-functional review.** Require coordinated legal, sustainability, and marketing review of certification-based claims.

Carbon Offsets and Neutrality Claims

“Carbon neutral” claims communicate that a product or company’s net greenhouse gas (GHG) emissions equal zero over a defined period. In practice, these claims typically rely on a combination of direct emissions reductions, as well as carbon credits to offset remaining residual emissions.

Carbon neutrality claims present distinct legal exposure because they depend on technical assumptions, future performance, and third-party carbon offset projects. The integrity of offsets varies significantly based on additionality, permanence, verification, and the risk of double

counting. Public scrutiny of offset quality has also increased sharply in recent years, driven by academic research, investigative reporting, and advances in satellite-based monitoring. As a result, neutrality claims are increasingly subject to technical, evidence-intensive legal challenges.

Example case: *Dib et al. v. Apple Inc.* (N.D. Cal. 2025)

Claim: Plaintiffs challenged Apple’s marketing of certain products as “carbon neutral,” alleging that the carbon credits used to support those claims did not deliver the claimed emissions reductions. They relied in part on independent analysis of the underlying offset projects, including satellite imagery, to argue that credited emissions reductions did not occur as represented.

Court’s decision: On February 20, 2026, Judge Noël Wise concluded that plaintiffs had not plausibly alleged that Apple’s claims of carbon neutrality were false. Judge Wise noted that Weil had “raised a plethora of persuasive arguments in its motion to dismiss and at the hearing,” and then focused on the complaint’s lack of any allegation that the plaintiffs’ satellite-based assertions were “reasonable or accurate, let alone more reasonable, or more accurate than the body of science” underpinning Apple’s investments in carbon credits. Judge Wise also emphasized that “every layer of Plaintiffs’ allegations about Apple’s sales of Apple Watches are based on unsubstantiated assumptions.” Because plaintiffs “failed to allege that the methodology underlying their work is accepted in any scientific circles, or that anyone else – scientist or otherwise – has endorsed the accuracy of their work,” the complaint did not plausibly state a claim, and the court granted Apple’s motion to dismiss, without prejudice. On March 5, the plaintiffs indicated they would not amend the complaint and requested final judgment.

Significance: Challenges are moving beyond whether credits were purchased to whether the underlying projects produced real, additional, and durable emissions reductions. If courts begin requiring companies to independently verify offset projects beyond registry certification, existing corporate neutrality frameworks may require substantial redesign.

European authorities and courts are applying particularly strict standards to neutrality claims. In *Deutsche Umwelthilfe v. Apple* (Germany, 2024), a German court prohibited marketing of the Apple Watch as “CO₂-neutral.” The court concluded that reliance on a forestry offset project—where much of the land was secured through short-term leases—did not provide sufficient assurance of long-term carbon storage. Absent demonstrated permanence, the neutrality claim was found to violate consumer protection law.

Carbon neutrality claims operate in a rapidly evolving legal and regulatory environment. As scrutiny increases, the evidentiary threshold supporting such claims is likely to rise accordingly. To stay ahead, senior leaders should evaluate:

- **Substantiation standards.** Confirm that neutrality claims are supported by documented methodologies, boundary definitions, and verification records.

- **Offset due diligence.** Assess the level of review applied to offset projects and whether reliance on registry certification is sufficient given evolving litigation risk.
- **Geographic exposure.** Consider differing regulatory expectations across jurisdictions, particularly in the European Union.
- **Disclosure clarity.** Ensure that consumer-facing materials explain how neutrality is calculated and the role of offsets.
- **Contingency planning.** Evaluate how claims would be defended if challenged with independent technical analysis.

Company-Wide Representations

Company-wide representations—such as “sustainable company” and “carbon neutral business”—raise legal considerations distinct from product-specific claims. Because these statements apply to the company, plaintiffs may argue that they influence purchasing decisions across the entire portfolio and support allegations of brand-level price premiums.

While courts are examining whether generalizing sustainability positioning implies measurable environmental performance or product-level superiority, recent decisions indicate that plaintiffs face significant hurdles in establishing concrete economic harm tied to broad messaging.

Example case: *Blackburn et al. v. Etsy, Inc.* (C.D. Cal. 2023)

Claim: Plaintiffs challenged Etsy’s statements that it “offsets 100% of carbon emissions from shipping” and operates a “carbon neutral” platform. They alleged that Etsy’s reliance on carbon offsets was misleading and that the company’s environmental positioning allowed it to charge higher fees and support price premiums across its marketplace.

Court’s decision: The court dismissed the case for lack of standing, concluding that plaintiffs failed to demonstrate a concrete economic injury attributable to the challenged statements.

Significance: The case reflects judicial insistence on a clear link between enterprise-level claims and measurable economic harm. At the same time, the litigation underscores continued scrutiny of company-wide neutrality and offset-based claims.

Even where plaintiffs face challenges establishing standing or damages, cross-document consistency remains a material risk factor. For example, describing the company as “net zero aligned” or “carbon neutral” in marketing or investor materials while separately disclosing rising emissions, heavy reliance on offsets, or incomplete transition planning may increase legal exposure. Courts and regulators increasingly assess such claims holistically, considering the totality of corporate communications rather than isolated statements.

Effective risk mitigation depends on disciplined governance and oversight. Companies can consider:

- **Centralized oversight.** Establish clear accountability for enterprise-level sustainability messaging across legal, sustainability, communications, and investor relations functions.
- **Consistent definitions.** Apply uniform terminology and boundary definitions across all public documents.
- **Periodic alignment reviews.** Conduct structured cross-channel audits to identify inconsistencies.
- **Documented substantiation.** Maintain contemporaneous records supporting material representations.
- **Board visibility.** Treat significant sustainability statements with oversight processes comparable to other enterprise risk disclosures.

Forward-Looking Sustainability Goals and Ambitions

Forward-looking commitments—particularly long-term climate targets such as “net zero by 2030,” “2040,” or “2050”—are an expanding area of greenwashing scrutiny. Courts and regulators increasingly assess whether such commitments were supported, at the time they were made, by credible transition pathways, interim milestones, and identified resources. Statements once framed as aspirational are now evaluated as representations that may influence investor and consumer decision-making.

Long-dated targets are particularly sensitive to evolving assumptions. A 2050 pledge announced in 2021 may have relied on expectations regarding technology deployment, capital availability, offset markets, regulatory support, or business growth. If those assumptions change—due to slower electrification, higher demand growth, cost inflation, delayed infrastructure, or acquisitions—the original pathway may no longer be viable. Without updated analysis and disclosure, the continued representation of the target itself may create legal exposure.

Example case: *People of the State of New York v. JBS USA Food Company* (N.Y. Sup. Ct. 2024)

Claim: The New York attorney general challenged JBS’s “Net Zero by 2040” commitment, alleging that the company lacked a credible pathway and that its emissions trajectory and operational plans were inconsistent with its stated climate ambition.

Court’s decision: JBS reached a settlement in 2024. The firm did not admit wrongdoing but did agree to cease making certain unqualified net zero claims and to ensure that future environmental statements are supported by clear disclosures and substantiation.

Significance: Regulators in influential jurisdictions are increasingly focused on whether long-term climate targets are supported by credible plans and accurate disclosures at the time they are announced.

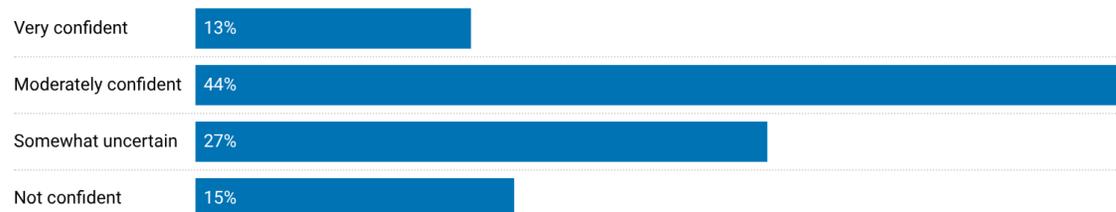
Forward-looking commitments create exposure when public targets are announced before feasibility analysis, capital planning, or operational modeling is complete. In litigation or regulatory review, internal documents may be examined to determine whether the company had a reasonable basis and credible plan to achieve the goal at the time of disclosure. Modifying or withdrawing targets also carries risk, as unexplained revisions may be cited as evidence that the original commitment lacked substantiation.

This governance challenge is reflected in a 2025 survey by The Conference Board, which found that **only 13%** of corporate sustainability leaders reported being “very confident” that their organizations would achieve publicly stated climate targets (Figure 4). This gap between public ambition and internal confidence highlights the legal and governance risks associated with forward-looking commitments.

Figure 4

Few sustainability executives expressed high confidence that their company would achieve its publicly stated climate targets

Q: How confident are you in your organization’s ability to reach its key climate/environmental targets (e.g., net zero by 2050)?



Note: 61 sustainability and ESG leaders at US and multinational companies responded.

Source: *Corporate Climate Disclosures and Practices: Risk, Emissions, and Targets*, The Conference Board, April 2025

To reduce exposure, companies should:

- **Substantiate targets at announcement.** Ensure long-term commitments are supported by defined transition pathways, interim milestones, and allocated resources.
- **Use precise language.** Clearly distinguish aspirational ambition from formal commitments.
- **Require cross-functional review.** Involve legal, sustainability, finance, and operational leaders before disclosure.
- **Maintain documentation.** Preserve contemporaneous records supporting feasibility and underlying assumptions.
- **Communicate revisions clearly.** Explain material changes and the rationale behind them.

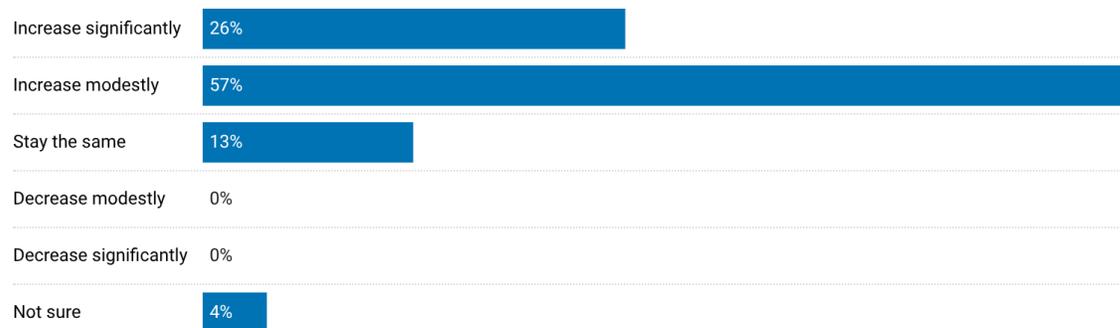
Conclusion

Greenwashing scrutiny has become a persistent enterprise risk. Regulatory regimes are tightening globally, litigation is growing more technical and evidence driven, and courts are evaluating environmental claims holistically across products, disclosures, and forward-looking commitments. Reflecting this shift, more than 80% of polled governance and sustainability executives expect enforcement to increase in the coming years (Figure 5). Environmental claims therefore require rigorous substantiation, cross-functional governance, and board-level oversight comparable to other material disclosures. Companies that embed these disciplines will be better positioned to manage legal exposure and maintain credibility.

Figure 5

Most governance and sustainability executives expect greenwashing enforcement and scrutiny to increase

Q: Over the next two years, do you expect greenwashing enforcement and scrutiny to:



Note: 33 US governance and sustainability executives responded.

Source: Center Briefing: Guardrails to Prevent Greenwashing poll, The Conference Board, December 2025

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