

Public Comments on the Ministry of Environment's proposed revisions of the "Environmental Claims Guidelines"

Note 1: This is the English translation of the public comments ClientEarth submitted to the Ministry of Environment through the public consultation held in March. The original public comments were in Japanese.

Note 2: All the footnotes and hyperlinks herein were not included in the submissions. They are added by ClientEarth when the document is published for readers' benefits.

1. **No reflection of international greenwashing trends in the climate change context**

Relevant Pages: Chapter 1

The proposed revisions of the Environmental Claims Guidelines themselves ("the **Proposed Guidelines**") lack concrete descriptions of international debates and relevant cases, leaving it unclear what types of environmental claims are regarded as greenwashing globally. As a result, even if businesses follow the Proposed Guidelines, they may struggle to meet the strict scrutiny applied overseas. The Proposed Guidelines merely cite the existing government guidelines and cannot be considered comprehensive in covering international cases or discussions.

The Proposed Guidelines should become more robust by reflecting and incorporating global trends in strengthened greenwashing policies such as the regulations in EU to be discussed below in detail. In this way, the Proposed Guidelines can protect consumers from misleading environmental claims, ensure fair competition for genuinely sustainable companies and reinforce the competitiveness of Japanese firms in global markets.

2. **Environmental claims on carbon offset**

Relevant Pages: pp.18-20

The Proposed Guidelines add content on carbon offsets, which is commendable as it reflects international trends. However, the cited existing government guidelines¹ assume that carbon credits can offset emissions and achieve net zero or carbon neutrality. This is a premise inconsistent with international discussions that regard reductions outside the supply chain as non-equivalent and incapable of offsetting product or service-related emissions. Globally, offset-based claims such as “carbon neutral” are seen as misleading. For example, the EU explicitly prohibits such claims (Please see Article 4c, Annex I of the amended by EU Directive 2024/825/EC²).³

Therefore, the Proposed Guidelines should remove references to the existing offset guidelines, warn that offset-based carbon neutral or net zero claims are misleading and establish guidance aligned with international standards and interpretations.

3. Future representation including net zero targets

Relevant Pages: pp.37-38

While more Japanese companies are adopting net zero targets, the Proposed Guidelines does not address how future oriented corporate statements should be presented. Internationally, lawsuits and regulatory investigations over net zero claims are increasing, yet the Proposed Guidelines cite no such examples (for examples, [the Australian case against Santos which is the first litigation in the world over net zero targets](#);⁴ [the French case which was judged as an illegal](#)

¹ [“On the Approach to Carbon Offsetting in Japan \(Guidelines\) Ver. 4”](#) (Ministry of Environment, revised on 6 March 2024), [“Carbon Offset Guidelines Ver3.0”](#) (Ministry of Environment, revised on 6 March 2024) and [“Carbon Foot Print Representation Guidelines”](#) (Ministry of Environment and Ministry of Economy, Trade and Industry, February 2025). All of them are available only in Japanese.

² [Directive \(EU\) 2024/825 of the European Parliament and of the Council of 28 February 2024 amending Directives 2005/29/EC and 2011/83/EU as regards empowering consumers for the green transition through better protection against unfair practices and through better information](#) (“EU Directive (2024/825)”), Annex (2).

³ In particular, Article 12 of Whereas clauses of EU Directive (2024/825) prohibits the use of terms such as “climate neutral”, “CO₂ neutral certified”, “carbon positive”, “climate net zero”, “climate compensated”, “reduced climate impact” and “limited CO₂ footprint”. This clause explicitly states that “[s]uch a prohibition should not prevent companies from advertising their investments in environmental initiatives, including carbon credit projects”. This means that companies can indicate their contribution to environmental projects and related activities, through the purchase of carbon credits, provided this is done independently of the transaction of their products or services.

⁴ *Australasian Centre for Corporate Responsibility v Santos Limited* [2026] FCA 96. The outcome of this case was that ACCR lost the case, with the court ruling that Santos’s net zero target was based on reasonable grounds.

[advertising](#);⁵ and [the Canadian case against RBC which was investigated by the competition regulator](#)⁶). The amended EU Directive 2005/29/EC provides that future environmental claims lacking detailed, realistic and verifiable implementation plans are misleading (Please see Article 6, Para 2(d) of the amended 2005/29/EC by EU Directive 2024/825/EC)⁷. Additionally, [Australia's ACCC similarly warns making ambitious targets without legitimate plans](#).

Thus, the Proposed Guidelines in the “Corporate Conduct” section should specify the requirements of future environmental targets. As guidance, future environmental targets must require: (i) clear, objective, publicly accessible and verifiable implementation plans; (ii) supporting evidence such as budgets and technological development are required; and (iii) independent third-party verification and periodic audits of progress.

4. Strengthening regulations on fossil fuels and other highly polluting products

Relevant Pages: pp.14-31

Carbon offsets and net zero targets often become problematic when combined with fossil fuels. In Japan, the reliance on coal and LNG remains high, and marketing claims such as “[carbon offset city gas](#),” “[zero emission thermal power](#)” or “[natural gas is clean energy](#)” are common. These claims risk implying that fossil fuels are environmentally beneficial, ignoring upstream emissions including mining, manufacturing and transporting them⁸ and the technical limitations of CCS.⁹

⁵ A case in which several French NGOs sued the energy giant TotalEnergies Electricité et Gaz France. In this case, the French court ruled that TotalEnergies' marketing claims regarding its goal of achieving net zero emissions by 2050 were incompatible with the reality of its business operations, which involve increasing investment in oil and gas and that they were misleading to consumers and therefore unlawful.

⁶ In this case, the Canadian competition authority launched an investigation in 2022 into Royal Bank of Canada, a major Canadian bank, over its marketing claims that it would achieve net zero emissions by 2050.

⁷ EU Directive (2024/825), Article 1(2)(b).

⁸ For example, whilst much of the ammonia is produced from natural gas, there are issues with methane leaks during the extraction and transport of natural gas. Furthermore, when produced using the Haber-Bosch process, the manufacturing process requires a significant amount of energy. There is also a risk that ammonia combustion will emit NO₂, which is said to have a global warming potential approximately 300 times that of CO₂. For concerns regarding carbon lock-in, please refer to [Client Earth's article](#) (paywall and only available in Japanese) in Nikkei GX (Read the full article in English [here](#)).

⁹ For example, in the case of CCS used in the production of so-called blue hydrogen or blue ammonia, there are technical and economic challenges associated with the transport and storage of CO₂; it is said that the proportion of CO₂ captured and stored is far from 100 per cent. Furthermore, fossil fuels are used to operate CCS facilities and factors such as methane leakage during the extraction of the fossil fuels used as feedstock must be taken into account when considering lifecycle

Global advertising regulations are tightening.¹⁰ For example, the EU already clearly classifies fossil fuels as “highly polluting”,¹¹ and environmental claims about them are subject to strict review.¹²

The Proposed Guidelines should therefore include fossil fuel-specific examples under the items on ambiguous claims and lifecycle requirements. Then, the Proposed Guidelines should clearly warn that pairing fossil fuel terms with environmentally positive language is misleading and that claims focusing only on combustion while ignoring upstream emissions fail to consider the full lifecycle.

5. Lack of legal regulations governing corporate conduct and image advertising

Relevant Page: pp. 37-38

Under the current legislation, environmental claims that are not directly related to commercial transactions of goods or services — such as corporate conduct and image advertising — are not subject to regulation. However, issues such as the future representation discussed in point 3 above, or instances where the wording in corporate image advertising or business plans is inconsistent with their emission reduction targets or actual business practices — such as increased investment in fossil fuels¹³ — have become a matter of serious international concern. As there is no legal framework in Japan to regulate this type of

emissions. For concerns regarding carbon lock-in, please refer to [Client Earth’s article](#) (paywall and only available in Japanese) in Nikkei GX (Read the full article in English [here](#)).

¹⁰ [France took the lead by banning advertising for fossil fuels in 2022](#). At the local level, it is reported that, as of February 2026, [more than 50 cities have either banned advertising for fossil fuels or are considering doing so](#). In Japan, however, there are no calls for regulations on advertising for fossil fuels.

¹¹ European Commission, [Commission Notice – Guidance on the interpretation and application of Directive 2005/29/EC of the European Parliament and of the Council concerning unfair business-to-consumer commercial practices in the internal market](#) (29 December 2021), p.78. The Commission Notice is used to supplement the interpretation of EU Directive 2005/29/EC. Whilst it sets out guidelines regarding “highly polluting industries”, the fact that “fossil gas” is used as an example suggests that such industries involved in fossil fuels are interpreted as “highly polluting industries”.

¹² *Ibid.* It suggests that “[h]ighly polluting industries may be required by courts or authorities to make it clear to the consumer in their environmental claims that the product has an overall negative impact on the environment”.

¹³ In addition to the French case cited in footnote 5 above, there is, for example, [the case in Australia](#) where Glencore, a major coal mining company, announced a decarbonisation plan to achieve net-zero by 2050, yet in reality continued to expand its coal production. This was filed to the competition regulator, the ACCC, the corporate and financial markets regulator, ASIC, and the independent self-regulatory advertising body, Ad Standards, on the grounds that it constituted greenwashing.

greenwashing,¹⁴ there are serious concerns that greenwashing in corporate image advertising will continue to grow.

Consequently, the guidance in the Proposed Guidelines on corporate conduct and image advertising should be strengthened, and amendments should be made to the Act against Unjustifiable Premiums and Misleading Representations to ensure that these guidelines are explicitly incorporated into the interpretation of the Act.

End

¹⁴ Whilst the liability framework for false statements under the Financial Instruments and Exchange Act may apply to disclosures in securities registration statements and annual securities reports etc, it is considered difficult to regulate such advertisements under current legislation in other circumstances.

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