the lae charter for Greenwash Prevention





Strategic guidance for truthful advertising about sustainability, environmental protection, and climate action Since its inception, the Institute for Advertising Ethics (IAE) has worked with market leaders, civil society, and governmental entities to deliver pragmatic solutions for addressing urgent and complex ethical issues facing the advertising industry.

The IAE Charter for Greenwash Prevention advances our efforts with a focus on actions needed now from advertising agencies and advertisers in order to avoid the deceptive communications practice known as greenwashing and improve the integrity of environmentally themed advertising. This initiative is designed to integrate well-established social science frameworks into the advertising industry's business practices, thus enabling advertising professionals to mitigate risks and better align with the Paris Agreement's 1.5-degree global warming target.



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1 INTRODUCTION



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According to the recent Intergovernmental Panel on Climate Change (IPCC) report, "corporate advertising and brand-building campaigns" that contain ambiguous environmental rhetoric, exaggerated climate care statements, and false or misleading scientific information serve as "major barriers" to climate action with "negative implications for climate policy."¹ A growing body of peer-reviewed research examines the role that large-scale PR and advertising efforts have played in influencing climate change politics.²

"Every moment of delay costs lives... There must be no room for greenwashing."

António Guterres United Nations Secretary-General In 2022, United Nations Secretary-General António Guterres summarized the problem in his introductory speech for the IPCC report's findings: "Some government and business leaders are saying one thing but doing another. Simply put, they are lying. And the results will be catastrophic."³ At the 2023 United Nations Climate Change Conference, otherwise known as COP28, he declared that "every moment of delay costs lives...There must be no room for greenwashing."⁴

With 2023 recorded as the hottest year on record, this is a pivotal moment for the advertising industry to address the scientific community's concerns and reaffirm our commitment to the goals of the Paris Agreement. Furthermore, it is time for the many advertising professionals committed to climate action to lead the industry's response and produce the ethical climate communications necessary for a sustainable future. Greenwashing confuses consumers, erodes trust, and undermines the public's ability to be well-informed. It also creates reputational and legal risk for those who engage in it. According to the Grantham Research Institute on Climate Change and the Environment, twenty-six "climate-washing" lawsuits were filed against companies in 2022, compared with fewer than ten in 2021.5

Within the advertising industry, several efforts are tackling the industry's contributions to the climate crisis by reducing and offsetting operational emissions, but fewer initiatives address the nature and impacts of the communication products (i.e., messages) we produce and distribute. Going forward, there is a need for a more balanced approach that addresses *both* carbon footprints and any potentially obstructive or misleading messages contained within environmentally themed communications.

The IAE Climate Consortium (IAECC) is an interdisciplinary panel of exemplary experts from leading corporations, consumer advocacy groups, academic institutions, industry auditors, law firms, and advertising agencies that works to ensure the highest integrity in environmental and climate communications. The IAECC offers the advertising industry's gold standard in greenwash prevention by bringing together leading-edge social science, in-depth subject matter expertise, and practical skills training into one accessible program. We serve as a bridge between the scientists and researchers tracking greenwash and climate disinformation, and the marketing and advertising professionals who can put these research findings into action.

The IAE Charter for Greenwash Prevention is the first step in the IAECC's ongoing educational process, as it explores the anatomy of modern greenwash and the related challenges facing advertisers and agencies. It also introduces a clear solution—the IAE Green Shield Certification Program-that helps marketing practitioners apply the skills needed to ensure the accuracy and integrity of environmentally themed communications. Future updates and a comprehensive body of resources will explore related topics such as legal and regulatory risks, and new standards and best practices. Our goal is to foster a well-prepared and highly engaged advertising community.

While we recognize that not everyone will agree on every point made across this document, one belief unites us: We all want to see the advertising and public relations industry exercise its vast potential to help create a more sustainable and thriving future. By prioritizing greenwash prevention training and following the latest climate and social science, advertising industry leaders can build trust and uphold the highest standards in ethical communications.

The IAE Green Shield Certification Program helps marketing practitioners apply the skills needed to ensure the accuracy and integrity of environmentally themed communications.



2 IAE PRINCIPLES OF ADVERTISING ETHICS RELATED TO GREENWASHING

The nine Principles and Practices of the Institute for Advertising Ethics listed on our <u>website</u> constitute the foundation upon which the IAE was created.⁶ They are based on the premise that all forms of communication, including environmentally themed advertising, should always do what is right for consumers, which in turn is right for business. Although we live in an era of unparalleled change, this overriding truth never changes.

Here, we highlight five IAE Principles that are particularly relevant to the greenwashing and climate disinformation conversation:



Principle 1

Advertising, public relations, marketing communications, news, and editorial all share a common objective of truth and high ethical standards in serving the public.

Based on "The Journalist's Creed" as enunciated by former Missouri School of Journalism Dean Walter Williams, Principle 1 cuts to the heart of our integrity and values as an industry.7 As professional communicators, we should write and publish only what we know to be true. Deliberate suppression of the truth for any consideration other than the welfare of society is indefensible. While truthful commercial speech is protected under the First Amendment, dishonest advertising is not. As argued in the seminal paper, "Greenwashing and the First Amendment," greenwashing skews public understanding and undermines democracy: "Misleading and deceptive claims about emissions reductions and climate-friendly business strategies can muddy the waters of what firms are actually doing to address climate change. Consumers and investors, who are often information-dependent upon firms to shed light on their practices and strategies, may be misled into taking actions within the marketplace that are inconsistent with achieving either personal or societal climate goals. And they may not demand the political action they might, were they to know more clearly what the private sector is (or is not) doing to mitigate climate change."8

Principle 3

Advertisers should clearly distinguish advertising, public relations, and corporate communications from news and editorial content and entertainment, both online and offline.

Principle 3 addresses the current digital landscape, where the line between commercial communications and news, editorial, and entertainment content can be blurred. Given the dramatic explosion of native content or advertorials co-produced and hosted even by the most respectable news outlets, the blurring of commercial and editorial content is more of an issue today than it ever was in Walter Williams' time. As Boston University's Climate Disinformation Initiative notes: "large corporations engaged in native advertising are using the medium to affect public attitudes toward climate."9 A 2018 study conducted by a member of their research team noted that fewer than one in ten participants were able to recognize the difference between native advertising and genuine journalistic articles.¹⁰ New analysis from the Intercept, the Nation, Drilled, and DeSmog analyzed hundreds of climate-themed advertorials, as well as ad data from Media Radar, and similarly found that major news outlets are pushing "misleading climate claims to trusting readers" as the sponsored content "often directly contradicts the news articles."¹¹ If consumers cannot distinguish the fact that a "news" website, editorial, podcast, or video they are consuming is actually advertising, then they are being misled and treated unethically.

Principle 4

Advertisers should clearly disclose all material conditions as well as the identity of endorsers, all in the interest of full disclosure and transparency.

Third-party mobilization strategies in which individuals or groups are engaged to advocate for corporate positions can mislead consumers and serve as an obstacle to climate progress when the relationship between the advertiser and the third party is not clear to consumers. Of particular concern is the unethical tactic known as "astroturfing," which produces the illusion of grassroots community support for a corporate position by engaging individuals or groups—be they think tanks, contrarian scientists, actors, influencers, or fake social media accounts-without clearly disclosing who is paying for the activity. These tactics leave consumers unsure as to who is endorsing on their own and who is being compensated or is even part of the brand, company, or sponsoring organization.

Principle 5

Advertisers should treat consumers fairly based on the nature of the audience to whom the ads are directed and the nature of the product or service advertised.

Content marketing can also present ethical issues, especially in cases where sponsored content targets children. According to the Children's Advertising Review Unit (CARU), young children are especially vulnerable by virtue of their inexperience, immaturity, susceptibility to being misled or unduly influenced, and lack of cognitive skills to evaluate the credibility of advertising. In its Self-Regulatory Guidelines for Children's Advertising, CARU calls out unsafe and inappropriate marketing to children including via in-app or in-game advertising, stating that: "advertisements, apps, or games should not use unfair, deceptive, or other manipulative tactics." It further warns: "The overall or net impression of the entire Advertisement must not be misleading to Children, considering, among other things, the express and implied claims, depictions, any material omissions, and the overall format."¹² A number of public interest groups including Media Matters for America¹³ and the Center for Public Integrity¹⁴ also note the trend of marketing high-carbon products, including fossil fuels, to younger audiences via ads placed in schools, video games, and on popular streaming platforms. Such ads, if they do not include truthful messages that are understandable to the age of children to whom they are directed, may mislead the next generation about the environmental challenges we face as well.

Principle 8

Advertisers and their agencies should privately discuss potential ethical concerns, and members of the team creating ads should be given permission to internally express their ethical concerns.

As the climate crisis intensifies. a discernible ethical shift is emerging among advertising executives and within the broader advertising and public relations sectors. This includes notable changes within firms that major carbon-emitting clients frequently utilize. Holding ethics-related discussions and permitting employees to raise concerns is essential to achieving high climate integrity, ethical standards, and healthy corporate cultures. In companies where employees feel silenced, pressured, or retaliated against, a toxic workplace culture can develop, which in turn is the factor most likely to drive employee resignations across industries.¹⁵ Ideally, the mandate for enabling employees to act responsibly and speak their consciences emerges from the top and runs down throughout the company.



Institute for Advertising Ethics Core Principles

Principle 1	Advertising, public relations, marketing communications, news, and editorial all share a common objective of truth and high ethical standards in serving the public.
Principle 2	Advertising, public relations, and all marketing communications professionals have an obligation to exercise the highest personal ethics in the creation and dissemination of commercial information to consumers.
Principle 3	Advertisers should clearly distinguish advertising, public relations, and corporate communications from news and editorial content and entertainment, both online and offline.
Principle 4	Advertisers should clearly disclose all material conditions, such as payment or receipt of a free product, affecting endorsements in social and traditional channels, as well as the identity of endorsers—all in the interest of full disclosure and transparency.
Principle 5	Advertisers should treat consumers fairly based on the nature of the audience to whom the ads are directed and the nature of the product or service advertised.
Principle 6	Advertisers should never compromise consumers' personal privacy in marketing communications, and consumers' choices as to whether to participate in providing their information should be transparent and easily made.
Principle 7	Advertisers should follow federal, state, and local advertising laws, and cooperate with industry self-regulatory programs for the resolution of advertising practices.
Principle 8	Advertisers and their agencies should privately discuss potential ethical concerns, and members of the team creating ads should be given permission to internally express their ethical concerns.
Principle 9	Trust between advertising and public relations business partners, including clients, and their agencies, media vendors, and third-party suppliers, should be built upon transparency and full disclosure of business ownership and arrangements, agency remuneration and rebates, and media incentives.

3 THE ANATOMY OF MODERN GREENWASH

Stopping greenwash serves the interests of most advertisers and consumers. As Federal Trade Commission Chair Lina M. Khan spells out, "Greenwashing puts honest companies, who bear the costs of green business practices, at a competitive disadvantage. And it harms consumers who want to make conscientious decisions about what products to buy and what businesses to support."¹⁶ New research illustrates Khan's points: While 78 percent of US consumers prioritize sustainability and 30 percent are more likely to buy products with sustainable credentials,¹⁷ two thirds of global consumers are struggling to distinguish between true and false green claims.¹⁸ Further, more than half of the world's largest companies are failing to live up to their net-zero pledges.¹⁹ Clearly, resolute action is needed.

The Climate Social Science Network (CSSN) provides a working construct for defining, assessing, and avoiding modern greenwash. As an international consortium of 440 social science experts producing peer-reviewed research in universities and research centers across forty-three countries, CSSN sets the standard in academic research on the politics of climate change. Eleven CSSN working groups help to provide deeper understanding of the factors obstructing climate action around the world, including greenwashing.²⁰

CSSN's Working Group on Spinning Climate Change defines greenwashing as communications that, intentionally or not, induce false positive perceptions of an organization's environmental performance. Developed by this group, the Integrated Framework to Assess Greenwashing identifies specific types of greenwash, analyzes the quality and truthfulness of green claims, and assists in the development of communications that avoid greenwashing.²¹



THREE CATEGORIES OF GREENWASHING

To simplify our understanding of greenwash, the CSSN and other social scientists have outlined three overarching categories under which various types of modern greenwashing fall. These categories include:

- 1. Factual omissions, whereby material information is withheld;
- 2. Distortions of fact, whereby green claims are twisted, unfounded, or exaggerated; and
- 3. Denial, where established climate science is flatly rejected.²²

As CSSN researchers indicate, modern greenwash rarely includes obvious and outright lies or false claims; more often, it blends omissions and vague or ambiguous claims that are difficult to clearly define and, therefore, verify. A litmus test for modern greenwash is whether or not consumers are left with a false impression of the environmental attributes of a company's products, services, or business activities.

4 IAE GREEN SHIELD CERTIFICATION

The IAE Green Shield Certification Program is purpose-built to protect consumers and serve professionals and organizations committed to climate integrity. Guided by the latest social science, including CSSN's Integrated Framework to Assess Greenwashing, the Green Shield curriculum comprises four educational modules that help develop the skills needed to uphold the highest ethical communications standards. The program starts by clearly defining greenwashing. Then, across the modules that follow, we examine the various categories and types of greenwashing, highlighting examples of potentially misleading ads as well as industry-leading examples that demonstrate how to best convey environmental progress and goals in an ethical and responsible manner.

In the modules on factual omissions and distortions, we include cases where the UK Advertising Standards Authority (ASA) and the US Federal Trade Commission (FTC) have considered whether advertisers' environmentally themed advertising is truthful or misleading. For example, in 2022, the ASA upheld a complaint against HSBC, determining that its ads that omitted material information were misleading. It warned the bank to "not omit material information about its contribution to carbon dioxide and greenhouse gas emissions" in future ads.²³ Again, in November 2023, the ASA upheld complaints involving airline ads in Britain partly because they omitted material information. The ASA stated that the companies' advertised sustainability commitments did not demonstrate the

Green Shield Certification Program



impact airlines actually have on climate change and, therefore, misled consumers about their true environmental impact.²⁴

Each Green Shield training module ends with a list of indicator questions provided by the Integrated Framework to Assess Greenwashing that can continually be used to evaluate the potential for greenwashing within the context of advertisements and other communications. As the Framework's developers explain, "Some questions will be irrelevant to the claim, in which case they can be ignored. Others may not be known or publicly available to the person doing the assessment (e.g., the marketing budget of a corporation). Thus, these questions can be answered with an 'unknown.'... In the end, if any question is answered with a 'yes' in the framework, the organization is already to some extent involved in greenwashing."²⁵ The full Framework is available <u>here</u>.







"The ads omitted material information and were therefore misleading."

Advertising Standards Authority ruling October 2022

> A key message contained within the Green Shield curriculum is that companies don't have to have perfect climate credentials to be credible or ethical. But they do have to approach related communications with candor, follow up claims with verifiable actions, and continually strive to improve their environmental performance.



"The ads misled consumers about the airlines' true environmental impact."

Advertising Standards Authority ruling December 2023

As the authors of the Framework also explain, "the tool is meant to be a dynamic, living framework that needs to be fine-tuned and revised regularly as more and more claims are being tested. It cannot be a one-time product but needs to evolve alongside various environmental communication strategies and practices."²⁶ For IAE members, Green Shield represents an ongoing opportunity to align our industry with the latest social science and the highest ethical standards related to sustainability and environmental communication strategies and practices. By completing the Green Shield program, graduates gain access to additional resources, tools, and a supportive community that helps to ensure that they stay prepared and engaged.

Factual Omissions

Greenwash Assessment indicator questions

Nemes et al., 2022

Core business omission	Is the organization's green claim based on a limited number of features that leaves out others and/or neglects to mention the organization's big picture environmental impact?
Selective disclosure	Does the organization claim to have "net-zero" emissions but doesn't explain what goes into that net-zero calculation?
Over-indexing	Is the marketing budget set aside for promoting the green initiative larger than the resources invested in the initiative itself?

5 CONCLUSION AND PRIORITY ACTIONS

The IAE and thousands of IAE Certificants across the advertising industry support the idea that as professional communicators, we all share a common objective of honesty, transparency, and high ethical standards in serving the public. Similarly, modern consumers and employees increasingly demand transparency from the companies they work for or buy from. To this end, we have summarized below priority actions that will accelerate climate integrity progress across our industry. These can be applied office- or agencywide and may also be relevant for a range of business decision-makers.

Priority Action	Description
Educate and v equip teams	Use IAE Green Shield certification to increase organizational literacy in greenwashing and ensure high integrity in environmentally themed communications
~	Join Green Shield Connect for additional resources, tools, community, and ongoing support
Review the greenwash prevention policy	Ask: Does your company have a greenwash prevention policy?
~	If "Yes," determine any possible improvements
~	If "No," prepare a draft for review
~	Educate yourself about the law related to environmental marketing, including the FTC's Green Guides
~	Put procedures in place to stay abreast of new legal developments and FTC updates

Description
 Apply CSSN's Framework to all environmentally themed messaging and briefs
 Align climate integrity performance with business goals such as reduced risk, increased consumer trust, and talent retention
 Promote an open culture, inviting employees to freely communicate any greenwash-related concerns
 Carefully assess any potentially obstructive or misleading messages contained within communications produced
 Understand the special risks and obligations associated with working with big emitters or agencies with outsized big-emitter portfolios
 Strive for continued improvement in reducing, reporting, and transparently offsetting operational emissions

Contact IAECC@iaethics.org for more information

While we outline several priority actions here, the first and most crucial step is the direct application of peer-reviewed social science to the industry's business processes, followed by continued leadership from the advertisers and agencies that are committed to being a part of the solution to the climate crisis itself.

Advertisers and agencies can reduce their advertising-related carbon footprints, proactively respond to greenwashing and climate disinformation trends, *and* harness their immense strategic and creative resources to drive demand for responsible behaviors. Such a holistic approach is the key to influencing consumer decisions and the broader cultural narratives required to promote climate protection.

6 GLOSSARY OF TERMS

Greenwashing	Communications that, intentionally or not, induce false positive perceptions of an organization's environmental performance. ²⁷
Climate misinformation	Information that undermines the existence or impacts of climate change, misrepresents scientific data, or falsely publicizes efforts as supportive of climate goals that in fact contribute to climate warming. ²⁸
Climate disinformation	Intentionally false information that undermines the existence or impacts of climate change, misrepresents scientific data, or falsely publicizes efforts as supportive of climate goals that in fact contribute to climate warming. ²⁹
Paltering	Phrases that are based on selective truths, but that end up suggesting something that on balance is not true and not verified by science. ³⁰
Over-indexing	The disproportionate amplification of a green claim or initiative that represents only a small fraction of a company's capital expenditures. ³¹
Astroturfing	Activities intended to produce the illusion of grassroots community support for a corporate message or position while concealing their corporate funding or management. ³²
Counterfeit science	Corporate-funded science that is based on flawed methodologies and biased toward predetermined results. ³³

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ABOUT THE INSTITUTE FOR ADVERTISING ETHICS

The Institute for Advertising Ethics (IAE) is an independent nonprofit educational foundation that trains professionals in ethical advertising practices and connects them to an ethical community of practice. The IAE administers the Certified Ethical Advertising Executive (CEAE) certification for advertising professionals with an inclusive advisory council that unifies exemplary individuals from advertising corporations, government agencies, and academic institutions. Additionally, it is involved with relevant civil and government initiatives, including efforts aimed at greenwash prevention. The IAE flourishes by maintaining academic standing and independence.

The IAE's co-regulatory approach presents a progressive alternative to conventional self-regulatory frameworks, fostering more collaborative and mutually accountable solutions. Its educational programs are intended to empower a generation of ethical advertising executives who can identify and mitigate ethical risks, build trust in the marketplace, and lead with ethics in their careers, companies, and communities.

The IAE Advisory Council and the IAE Climate Consortium are intentionally diverse and exceptional groups of market participants, educators, and government officials who work together to lead industry standards and ensure the highest integrity in communications.

Innovative Co-Regulatory Approach

In collaboration with key players from civil society, government, and ethically minded businesses, the IAE amplifies impact and effectiveness through a co-regulatory strategy. This approach offers an innovative alternative to traditional self-regulation, fostering a unified, responsible platform for progress.

INDUSTRY SELF-REGULATION

Self-policing

Studies & standards

Industry codes of conduct

Representative Participants: BBB National Programs Global Alliance Responsible Media Network Advertising Initiative TikTok / Facebook / Platforms

CO-REGULATION

Certification

Government watchdogs

Future law

Representative Participants: Federal Trade Commission Procter & Gamble/Mastercard University of Missouri

GOVERNMENT REGULATION

Legislation

Executive orders

Administrative rules

Representative Participants: Federal Trade Commission Department of Justice United States Congress





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