



Understanding and Preventing Greenwash: A Business Guide

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About this Report

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About BSR

A leader in corporate responsibility since 1992, BSR works with its global network of more than 250 member companies to develop sustainable business strategies and solutions through consulting, research, and cross-sector collaboration. With six offices in Asia, Europe, and North America, BSR uses its expertise in the environment, human rights, economic development, and governance and accountability to guide global companies toward creating a just and sustainable world. Visit www.bsr.org for more information.

About Futerra

Futerra is the award winning global communications agency. We have bright ideas, we captivate audiences, build energetic websites one day and grab opinion formers' attention the next. But the real difference is that Futerra has only ever worked on corporate responsibility. From Microsoft to Newscorp, Royal Dutch Shell to Greenpeace, the United Nations to Ben and Jerry's, Futerra has built a unique expertise in corporate responsibility and communicating sustainability. We are committed to world class learning in this field; visit www.futerra.co.uk for our other publications.

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What is Greenwash?

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Greenwash is Bad for Business

Do you trust business?

If you answered “yes,” consider yourself unusual. According to a 2009 Edelman study of more than 20 countries, global trust in business is at an all-time low and diminishing, with people less trustful of all sources of information about companies.¹ The “Edelman Trust Barometer,” an output of this research, shows trust in advertising is down to 13 percent from 30 percent, and trust in company websites is down to 21 percent from 30 percent.

Paradoxically, other studies show that demand for environmentally low-impact products remains high. The 2009 “Cone Environmental Survey,” for example, found that attitudes toward environmentally responsible products remain strong despite a weak economy.²

So, people want products that they believe are better for the environment, but they are skeptical of messages when they come in the first person. From a business standpoint, demand for environmentally sensitive products is growing, but communicating accurately and credibly is becoming more challenging.

On top of this conundrum, the consequences of getting it wrong and being seen as purporting a fraud—or, “greenwashing,” a term now in the lexicon of most industries—are growing. Whether real or perceived, when consumers see greenwashing, they are likely to punish companies with less sales. When NGOs see it, they are motivated to drive negative campaigns and press. And when regulators see it, they can determine that an environmental claim is a “deceptive practice” and fine companies.

The problem should be a concern to all companies, because even if your company is not singled out, greenwashing by your competitors hurts your industry. The more companies are seen as greenwashing, the less likely customers are to trust environmental-related claims in general, and the more likely regulators are to step in and impose restrictions.

Ultimately, greenwash is a barrier to developing a sustainable economy. It can slow down sustainability efforts by making more people skeptical of environmental initiatives. Greenwash also impedes consumers from understanding the impacts of their purchasing decisions as they struggle to differentiate between valid and invalid claims. Fighting greenwash uses time and resources that could be better spent on initiatives with positive environmental impacts.

Some companies proactively invest in environmentally conscious action, while others focus on claims. One way to visualize this through the matrix below.

Types of Greenwash



Misguided Greenwash

This category includes companies that have made substantial efforts to improve the environmental performance of their products and processes but are unable to communicate these efforts effectively. These companies may be making sweeping generalizations in their claims to try to sound “environmentally friendly,” or they may be using language that turns off potential customers. They have the potential to move towards the “Effective Environmental Communications” quadrant by focusing their messages accurately on key impacts backed up with data.

Unsubstantiated Greenwash

At first glance, these companies seem to be doing commendable work and providing data to back up their claim. However, a deeper dive shows that the company does not deserve as much credit as it seems. It may be lobbying against the very environmental policies it claims to uphold, or it may be putting more resources into its communications than its actual initiatives. False efforts will eventually be uncovered as the public becomes more educated and sensitive to greenwash, and it is only a matter of time that these companies will be sent to the “Greenwash Noise” quadrant.

Greenwash Noise

In cases where a company says, “we’re green,” but does not have much to back up this claim, these messages are not compelling to consumers. Much work needs to be done to move these companies to the top right quadrant, but it is feasible. By assessing the company’s impacts throughout the value chain, developing and implementing an environmental strategy, and then communicating these efforts accurately, these companies can create a path to the “Effective Environmental Communications” quadrant.

Effective Environmental Communications

This is the goal we have for all companies. These businesses are improving the environmental and social performance of their products and aligning these efforts throughout various functions within the company. They are able to communicate their efforts so that consumers clearly understand the impacts and other businesses look to these companies for leadership.

This guide is designed for companies to better understand where they fall in this matrix and how to get to the top right quadrant of “Effective Environmental Communications.” Note that this guide focuses on environmental initiatives due to the availability of information on these trends, but many of the recommended strategies apply to the broader field of sustainability that emphasizes the well-being of society and the environment as an integrated system. Identifying greenwash is not always straightforward—there are shades of green—and different groups have different opinions on where the line is drawn. Whatever the type of greenwash, it must be stopped—for your business and for our world.

Defining Greenwash

In this section we look at definitions, signs and forms of greenwash.

Definitions

“Disinformation disseminated by an organization, etc., so as to present an environmentally responsible public image; a public image of environmental responsibility promulgated by or for an organization, etc., but perceived as being unfounded or intentionally misleading.”

—*Oxford English Dictionary*

“Little green lies.”

—*Lincoln Star Journal* (04/20/2008)

Different groups have different nuanced definitions, but the gist of it is the same. If you're giving the impression that you're doing more for the environment than you really are, that's greenwash.

Expected Practices

By now, it has become mainstream practice to consider the risks associated with greenwash. In “Eco-Promising: Communicating the Environmental Credentials of Your Products and Services,” BSR outlines eight areas that are becoming expected practices for shaping and delivering claims about product environmental attributes. They are:³

- 1 Know your products' biggest impacts.
- 2 Be transparent.
- 3 Bolster your claims with independent verification.
- 4 Avoid making claims “in a vacuum.”
- 5 Enable and encourage consumers to act.
- 6 Understand your customers and target different market segments in different ways.
- 7 Anticipate game-changing technology.
- 8 Participate in the rule-making.

Spotting the “10 Signs of Greenwash”

In the “U.K. Guide to Greenwash,” Futerra conducted an analysis of online, print, broadcast, and in-person communication to distill 10 signs of greenwash. The signs are intended to enable consumers to spot it, companies to avoid it, and others to prevent it.



1 Fluffy language

Words or terms with no clear meaning (e.g. “eco-friendly”).

2 Green product vs. dirty company

Such as efficient lightbulbs made in a factory that pollutes rivers.



3 Suggestive pictures

Green images that indicate a (unjustified) green impact (e.g. flowers blooming from exhaust pipes).

4 Irrelevant claims

Emphasizing one tiny green attribute when everything else is not green.



5 Best in class

Declaring you are slightly greener than the rest, even if the rest are pretty terrible.



6 Just not credible

“Eco friendly” cigarettes, anyone? “Greening” a dangerous product doesn’t make it safe.

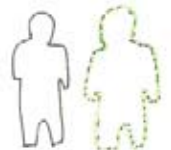


7 Jargon

Information that only a scientist could check or understand.

8 Imaginary friends

A “label” that looks like third party endorsement—except that it’s made up.



9 No proof

It could be right, but where’s the evidence?

10 Out-right lying

Totally fabricated claims or data.

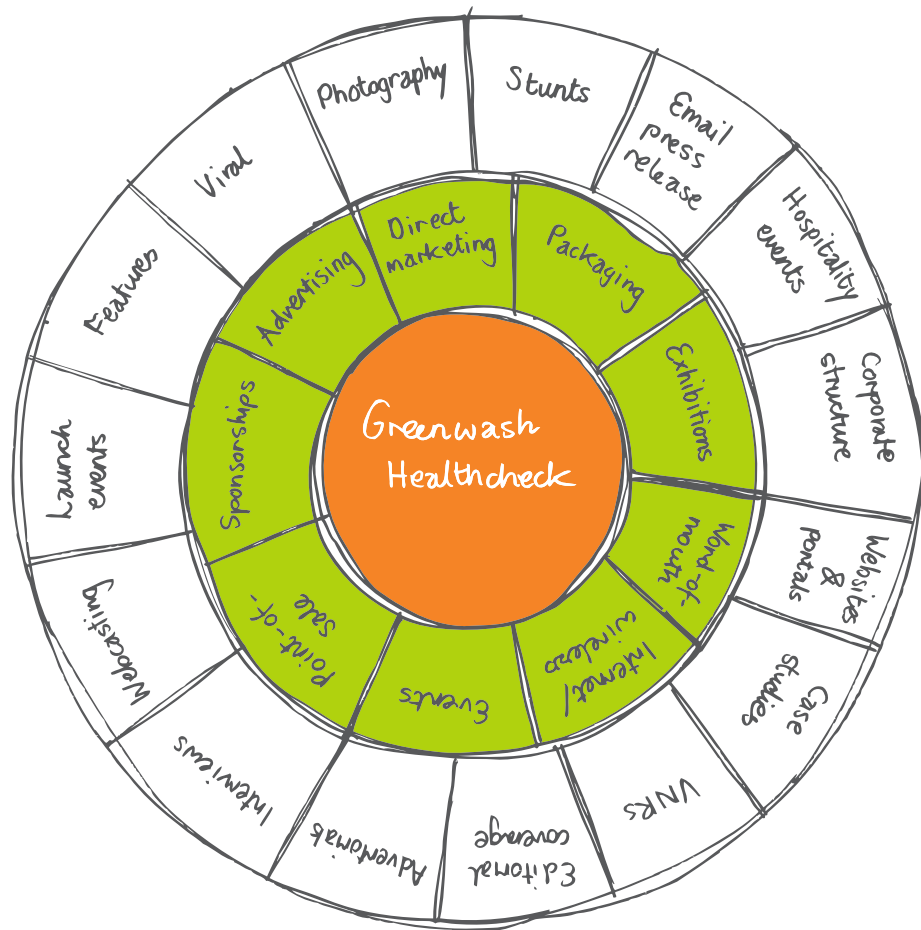


Forms of Greenwash

Greenwash can take shape through various channels of communication.

The environmental claim could be with regard to a product, an initiative, a person, or a company. A few moments thought, and you can probably remember hearing at least two or three advertisements or announcements that made you feel skeptical.

Communication Channels Susceptible to Greenwash



“Companies have recognized the importance the environment plays for their longterm business operations, whether it’s manufacturing, product development, marketing and communications, or employee satisfaction. There are many avenues of conveying environmental leadership to consumers and constituents. But because everyone has become more aware and sophisticated in understanding environmental issues, whatever form the message takes, it needs to be authentic.”

—Claudia Malley
Vice President, Global Media and Publisher
National Geographic Magazine

Why is Greenwash Growing?

Although companies are paying it more attention, greenwash continues to grow. This is due largely to a growing demand for green-related products—and to the fact that the companies attempting to respond to that demand lack either the ability or the willingness to decipher and act on what is expected.

Five drivers are especially important.

1 Consumer demand for more environmentally responsible products is growing

Once confined to a small market of environmentalists, consumers who choose green products over other options now represent 40 percent of the American market, according to Cone's "Green Gap 2008 survey."⁴ In 2007, that translated to roughly US\$230 billion,⁵ with significant growth forecasted ahead.⁶ This trend is global; National Geographic and Globescan's "2009 Greendex," which surveyed consumers in 17 countries, found a rise in environmentally friendly consumer behavior around the world.⁷

2 Sales of environmentally oriented products have increased

According to a CBS News report, major U.S. manufacturers launched 328 products labeled as "environmentally friendly" in 2007, up from just five in 2002.⁸ The organic industry has nearly tripled since 1997, accelerating seven times faster than the average food category.⁹ Sales of organic personal-care items, such as shampoo, toothpaste, deodorant, and cosmetics, reached US\$350 million in 2007, up 24 percent from 2005.¹⁰ Sales among the top three natural personal-care brands—Burt's Bees, Jason Natural Cosmetics, and Tom's of Maine—brought in US\$155 million alone.¹¹

3 Demand remains strong despite the economic downturn

While many wonder whether the economic downturn will decrease the demand for environmental products, studies have indicated that they remain a priority for many consumers. The 2009 "Cone Environmental Survey," which was conducted by Opinion Research Corporation with 1,087 U.S. adults, found that attitudes toward environmentally responsible products remain strong with the state of the economy.¹² 34 percent indicate they are more likely to buy environmentally responsible products today, and another 44 percent indicate their environmental shopping habits have not changed as a result of the economy.

4 Regulation and government action is pending

Recent analysis by HSBC of the economic stimulus packages that have passed or are pending in 15 nations found that US\$3 trillion is planned to stimulate their economies over the next decade.¹³ Much of this will support environmental objectives—the U.S. stimulus packages promises to double clean energy capacity and is expected to create around 2.5 million green jobs. A key result of this is that lobbying is on the rise. For example, the number of climate change lobbyists in Washington rose to 2,430 last year—an increase of 300 percent over the previous five years, or about four lobbyists for every member of the U.S. Senate and House of Representatives.¹⁴ In turn, companies sometimes pursue tactical opportunities that are out of sync with their messages about environmental friendliness elsewhere.

“Public policy advertising has actually increased ... We have certainly seen an increase in ads related to fuel economy. On the public policy side, we have seen a lot related to energy and environmental issues.”

—Marc Rosenberg
Sales Manager, Corporate, Public Policy, and Advocacy Advertising Team,
Washington Post

5 There are generally not industrywide standards for communicating environmental messages

In interviews carried out with communications agencies and media sellers, the U.S. Federal Trade Commission (FTC) was frequently characterized as an insufficient mechanism for overseeing advertising practices, given the organization’s breadth of responsibility and slow response rate. But advertising spending on green continues to rise:

“This is not just a fashionable thing. We’ve turned a corner and it is part of doing business now. That’s not going to go away.”

—David Mallen
Associate Director, National Advertising Division (NAD)



Stakeholder Perspectives

- » What do Stakeholders Think?
- » Stakeholder Perspectives: Customers
- » Stakeholder Perspectives: Enforcers
- » Stakeholder Perspectives: Activist NGOs
- » Stakeholder Perspectives: Media

What do Stakeholders Think?

Definitions of Greenwash

“Used to describe the act of misleading consumers regarding the environmental practices of a company or the environmental benefits of a product or service.”

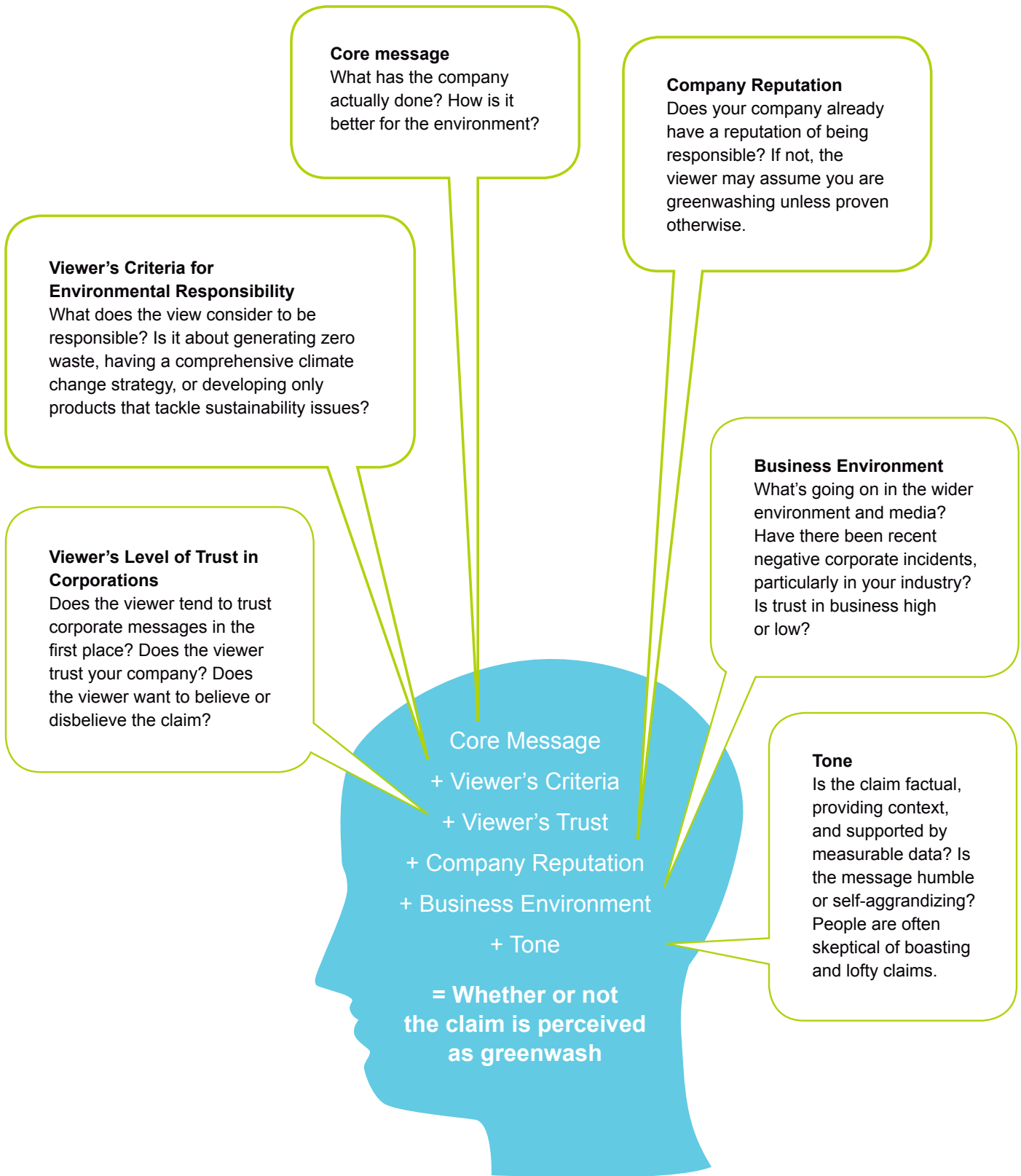
—Greenpeace
(www.stopgreenwash.org)

The rise in greenwash has incited a range of reactions from stakeholder groups. In the following section, we provide greenwash perspectives from: Customers; Regulatory, enforcing, and mediating bodies; NGOs; Media: journalists, bloggers, and media sellers.

While not an exhaustive list, these groups of stakeholder groups are common to most companies and can provide a picture of different influential perspectives.

It All Adds Up

Ideally, companies want clear, measureable criteria about what constitutes greenwash so they can be sure whether their communications pass the test. But the reality is that every individual has different ideas on what is and isn't greenwash. These conclusions are based on the preconceived notions that people have regarding company behavior as well as the actual content of the message. An individual may consider the following range of factors in determining whether a particular claim is greenwash.



While every individual will ultimately have a unique opinion on what constitutes greenwash, it may be helpful to categorize some common factors into stakeholder groups. The following stakeholder snapshots provide you with nuanced differences related to how various groups perceive and act against greenwash.

Stakeholder Perspectives

Customers

People today are inundated with products, news stories, advertisements, and reports on environmental change—an overload that has helped raise awareness and concern regarding environmental issues, but that has done little to win consumer trust. Research shows that greenwash has boosted confusion and distrust.

How Customers Stop Greenwash

Customers have the power to put their money where their mouths are. People who care about the environment will not buy products from a company they feel is greenwashing. They can also participate in initiatives against greenwash and shape the public discourse.

Customers Don't Trust Environmental Claims

In a January 2009 survey of more than 20,000 consumers worldwide, Havas Media found that 64 percent saw sustainability as a “marketing tool” and often did not trust brands’ claims.¹⁵ The same study revealed that almost half of the surveyed group would pay 10 percent more for more sustainable products, despite the state of the economy. In other words, the very customers who want these products do not trust the messages that promote them.

Customers Feel Bombarded by Green Messages

According to a poll by the Natural Marketing Institute, 34 percent of the general population say they are constantly surrounded by talk about the environment.¹⁶ If every company is claiming to be “green,” then being green is no longer a differentiating factor. Companies need to qualify and quantify their claims to give them substantial meaning.

Customers Don't Know Which Claims Belong to Which Company

A 2008 report by the Climate Group, Sky and Lippincott showed that despite tremendously well-publicized climate initiatives, most Americans can't name any brands taking the lead in the battle against climate change. Of the 1,000 Americans questioned, 65 percent couldn't identify mainstream companies taking a significant stance to curb greenhouse gas emissions.¹⁷

There are Many Shades of Green Customer

It is important to keep in mind the variations within this stakeholder group when considering customer perceptions. The Natural Marketing Institute's 2008 U.S. consumer segmentation model identified the following groups:



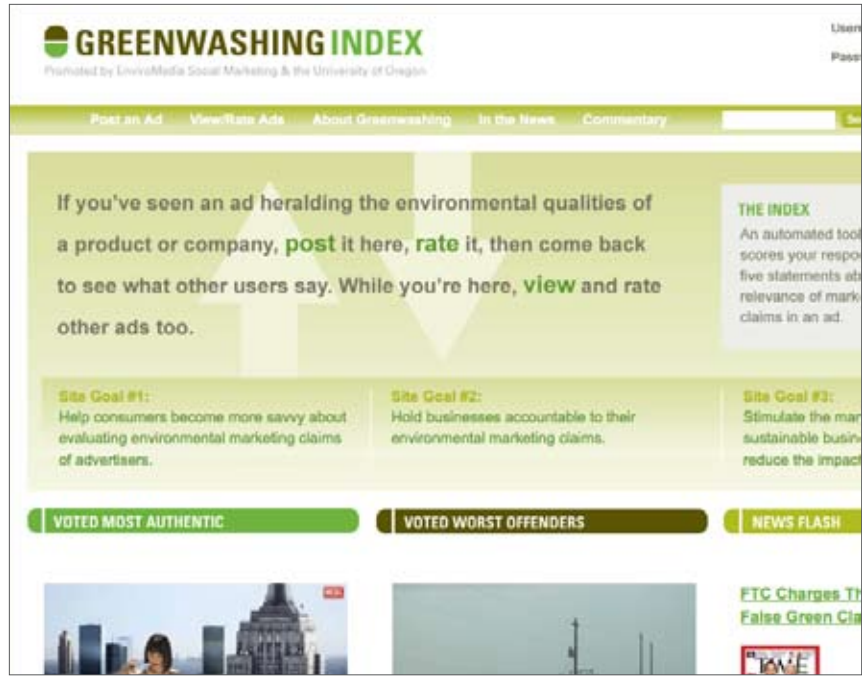
- LOHAS (Lifestyles of Health and Sustainability) 17 percent**
Purchase green goods and are active in environmental stewardship.
- Naturalites 17 percent**
Focus on health and organic goods but are not politically active in environmentalism.
- Drifters 24 percent**
Have good intentions but various factors other than the environment influence their behavior.
- Conventionals 26 percent**
Do not have “green attitudes” but take mainstream actions, such as recycling and conserving energy.
- Unconcerned 16 percent**
Do not conduct behavior that prioritizes the environment or society.

Takeaway for Companies

While the green market may be growing, customers are growing tired of green messages and are becoming more educated regarding environmental impacts of products. In other words, saying, “we’re green” is no longer enough to appeal to this market. You need to make sure you are achieving significant impact and communicating it accurately and effectively to gain their trust.

Greenwashing Index

www.greenwashingindex.com



The Greenwashing Index is a website developed by EnviroMedia Social Marketing in partnership with the University of Oregon School of Journalism and Communication that allows people to upload, rate, and discuss green advertisements.

Users rate ads on a scale of 1 to 5 for each of these criteria:

- 1 The ad misleads with words.
- 2 The ad misleads with visuals and/or graphics.
- 3 The ad makes a green claim that is vague or seemingly un-provable.
- 4 The ad overstates or exaggerates how green the product/company/service actually is.
- 5 The ad leaves out or masks important information, making the green claim sound better than it is.

According to Kim Sheehan, one of the creators of the Greenwashing Index, consumers react negatively to the following:

- » Words like “green,” “eco-,” and “earth-”.
- » Images of trees, flowers, and childlike renderings.

Stakeholder Perspectives

Enforcers

Enforcing groups are tasked with judging whether a practice has been deceptive using consistent criteria for different cases. In order to avoid making a “deceptive message,” claims must be accurate and displayed very clearly and without overstating environmental benefits, explicitly or implicitly.

How Stakeholders Stop Greenwash

Enforcing bodies such as the U.S. Federal Trade Commission (FTC) and the U.S. National Advertising Division (NAD) define standards for environmental communications and help ensure that these standards are upheld. It is against the law to mislead the consumer, and offenders can be taken to court by the FTC or reviewed by the NAD.

FTC and NAD at a Glance

	FTC	NAD
Summary	Government agency	Industry association
Purpose	Declares deceptive practices unlawful	Protects the standards of industry
Processes	Lengthy and public	Quick and private
What they say	<p>“We don’t have the authority to address issues of environmental or energy regulation ... Our efforts will focus on our traditional consumer protection role addressing deceptive and unfair practices under the FTC Act.”</p> <p>Deborah Platt Majoras Chairman, FTC</p>	<p>75 percent of complaints are competitor generated. “The regulatory world could move too slowly; the NAD is filling the gap.”</p> <p>Andrea Levine Director, NAD</p>

Rulings

During the past two decades, the FTC made 37 rulings on court cases for environmental claims, though they all took place prior to 2001. Top products in these claims included aerosol products, plastic bags, automotive maintenance products, and disposable tableware.

The NAD made 28 rulings on green claims between 1988 and 2008 (with no cases, due to no complaints being filed, between 1999 and 2005). These claims notably concerned nuclear energy, household products, plastic bags, coffee filters, and plasma televisions.¹⁸

“We start by asking, what is the message the consumer is taking away? We step in the shoes of the consumers. Once we get to that point, we look into the science of substantiation.”

—David Mallen

Associate Director, National Advertising Division (NAD)

The FTC “Green Guides”

The FTC and the U.S. Environmental Protection Agency established a set of “Green Guides” (see www.ftc.gov/bcp/online/pubs/buspubs/greenguides.pdf) to provide guidance for companies to abide by the FTC Act when communicating environmental claims.¹⁹ The FTC requires the following general principles for environmental claims:

- 1 The environmental message must be clear and prominent, taking into consideration relevant language and proximity to the subject.
- 2 The environmental attribute should clearly refer to a product, a service, packaging, or a portion of any of these.
- 3 The claim should not overstate the environmental benefit, explicitly or by implication.
- 4 Any comparative claims should clearly present the basis for the comparison.²⁰

What Stakeholders are Saying

Since November 2007, the FTC has been collecting stakeholder input as they review the “Green Guides” and has received requests for further guidance in the following areas:

- » Use of the term “sustainability.”
- » Use of renewable energy and carbon offsets.
- » Consequences for noncompliance to the guides.
- » “[x]-free” (e.g. carbon-free).
- » Lifecycle assessments.
- » Guidelines for include new, frequently used terms.
- » Stricter requirements for substantiation.

Takeaway for Companies

It is against the law to create a message that misleads the consumer, and businesses are at risk of being taken to court under the FTC or judged by the NAD if someone finds its messaging deceptive. Understanding the FTC “Green Guides” can help a company take precautionary measures to avoid being accused of greenwash.

Stakeholder Perspectives

Activist NGOs

Definitions of Greenwash

“Using environmentally friendly programs to draw attention away from unfriendly activities.”

—*Los Angeles Times*
(10/08/2006)

For Activist NGOs, greenwash is often defined by the actions throughout the entire company, not just the accuracy of a particular message. This includes the core business, policy stances, and impacts from business operations throughout the supply chain.

How NGOs Stop Greenwash

NGOs have long played activist roles—even before the term “greenwash” existed. Such NGOs educate the public on recognizing what does and does not constitute a valid claim. As environmental messages have become popular in recent years, NGOs have developed a range of approaches to expose greenwashing. NGOs can also work with companies to help them understand issues more deeply and provide advice to ensure that they are not greenwashing.

Rainforest Action Network (RAN)

<http://understory.ran.org/tag/greenwash-of-the-week>

Greenwash of the Week: The Dirty Truth About Clean Coal

posted by Luke in [RAN General](#) on May 2nd, 2008 ([10 Comments](#))



RAN held a yearlong series featuring a weekly example of greenwash. The series began in text blog format and developed into YouTube videos featuring two RAN speakers. Each week, the speakers discussed a particular industry, company, or product, revealing undisclosed information that contradicts public perception.

“In these ads, the solution to the problems we face is simply to let the markets run their course, keep up our wasteful consumption, and trust that the companies who caused so many of these problems in the first place are working hard to develop and sell us whizz-bang technological solutions. What scares me most, however, isn’t that their message is dishonest, or manipulative, or anything like that. What scares me is the scale of these campaigns.”

—RAN

Greenpeace www.stopgreenwash.org

Greenpeace has developed a website dedicated exclusively to exposing greenwash, particularly in the energy sector. The site educates consumers about greenwash, its symptoms, and causes, and invites viewers to post and discuss greenwash examples. Below you will find a snapshot of the website's platform.

Criteria

Looking beyond the message communicated and taking into consideration the companies' actions overall, Greenpeace uses four criteria to identify greenwash:

- » **“Dirty business”**
Communicating an environmental initiative when the core business is unsustainable.
- » **“Ad bluster”**
Using advertising to exaggerate environmental benefits, spending more on the campaign than the actual initiative.
- » **“Political spin”**
Communicating environmental commitments while lobbying against environmental laws and regulations.
- » **“It's the law, stupid!”**
Communicating environmental achievements that are required by law anyway.

“As long as half-measures are sold as full solutions, corporate actions—no matter how sincere—will be nothing more than a more sophisticated form of greenwashing.”

—Greenpeace

Takeaway for Companies

To be credible with NGOs, companies need to consider not just their communications approach, but practices throughout the entire company—the impact of all their products and services, and how much is invested in the environmental initiative relative to other projects. Make sure you understand how you fit in the big picture before making a claim. It's not what you say or how you say it—it's what you actually do.

Stakeholder Perspectives

Media

Media analysis shows an exponential rise in coverage of environmentally related claims, both in print and online. Awareness of greenwash from media sellers remains fairly low, with the exception of an interesting few.

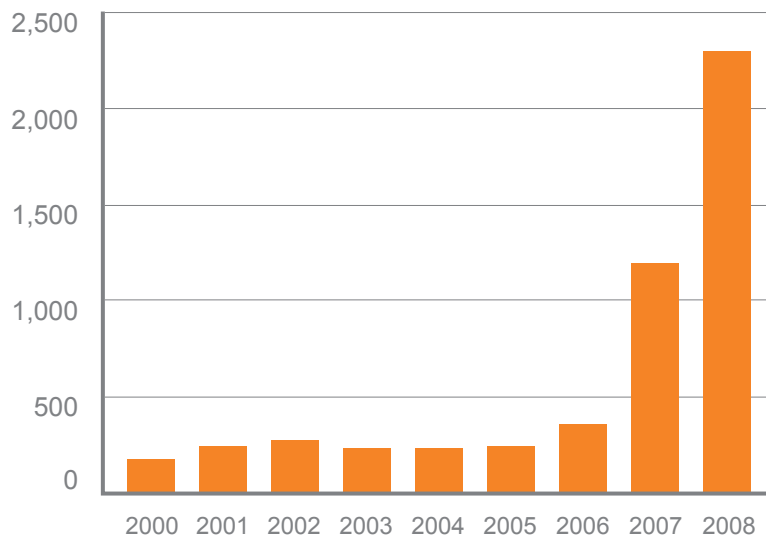
How Media Stop Greenwash

The media can amplify various stakeholder concerns on greenwash. Their coverage of greenwash can help raise awareness of the issue and call out key examples of greenwash to make business more careful about what they say.

Print Media

Since 2006, press coverage of greenwash has seen dramatic growth. Between 2006 and 2007, coverage increased more than 200 percent, with slightly smaller numbers (135 percent) for the 10 most widely read U.S. publications. In 2008, the coverage doubled, with more than 2,300 stories. Almost 950 stories on greenwash have been reported in 2009.²¹

Greenwash Press Coverage 2000-2008



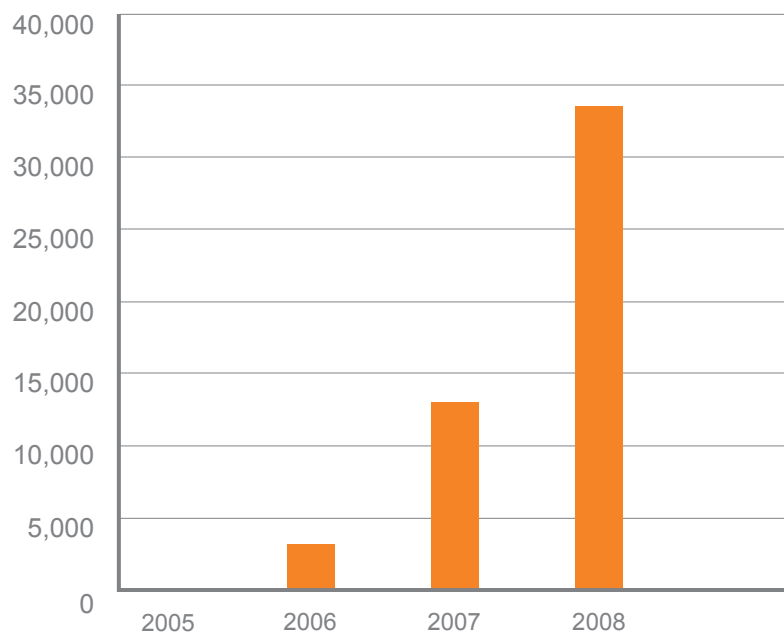
Number of articles including the term "greenwash" or "greenwashing" (region of coverage: international)

Coverage of greenwash in the national media largely has been limited to journalistic exploration of current advertising rule violations and major corporate environmental campaigns. Articles tend to portray greenwash as the result of misguided efforts to respond to industry trends, pending regulation, consumer demands, and mounting pressure from NGOs. A small but growing number of stories began exploring the causes and solutions as coverage expanded in 2008. Solutions center on avoiding vague claims and pursuing third-party certification from reputable NGOs like the Environmental Defense Fund.

New Media

Blogging about greenwash exploded in 2007 and 2008, after receiving almost no online attention in preceding years. The number of blogs mentioning “greenwash” or “greenwashing” multiplied by 550 between 2005 and 2008, growing from 61 to 33,573 posts. In the months between January and June 2009 alone, more than 38,900 blogs explored the topic.²²

Greenwash Blog Coverage 2005 - 2008



Number of posts written in the year and including the term “greenwashing” or “greenwash” (posts written in any language).

What Bloggers are Saying

Bloggers are increasingly quick to point to consumer-generated online sources such as the Greenwashing Index for greenwash discussion. They also tend to refer to Wikipedia, TerraChoice, and SourceWatch for definitions of the term, although many bloggers use more colloquial terminology to frame greenwash as a “bogus” or “cynical” phenomenon.

Coverage often portrays greenwashing as the result of bad business ethics, especially in advertising. Nielsen reports that 25 percent of greenwash discussions on blogs in 2007 addressed “contradictory actions” by companies, while only 17 percent focused on “general suspicion.”²³

Definitions of Greenwash

“Where any effort that is even nominally environmentally friendly gets painted with a ‘green’ brush.”

—*Wall Street Journal*

Some blogs are dedicated to pointing out instances of greenwash. A few of these are produced by a group of experts, such as the Greenwash Brigade Twitter group (www.twitter.com/greenwash), and some are produced by individuals, such as the Unsuitablog (www.unsuitablog.com).

Takeaway for Companies

The media not only influence public perceptions of corporations but also provide useful information to companies on how they are perceived. Especially in this new age of user-generated information, companies have less influence over the media, but they can be aware of what people consider greenwash to avoid making mistakes. If you are concerned with whether your communications may be considered greenwash, stay on top of trends by tracking both traditional and new media coverage.



Guide for Preventing Greenwash

- » A Framework: Impact, Alignment, Communication
- » Check: Are You on the Right Path?
- » Navigating Dilemmas
- » Example Practices
- » Ways Forward

A Framework Impact, Alignment, Communication

Consumers are mistrusting, NGOs are campaigning, regulation is progressing, and the media is watching. What can a company do?

Let's revisit the "Types of Greenwash" matrix. The objective is to reach the upper right quadrant of "Effective Environmental Communications." The other quadrants are various forms of greenwash.

Types of Greenwash



Impact: Make Sure it's Real

Impact is what the vertical axis is all about. If you are communicating a message about environmental issues associated with products, it should be based on real, significant impact. If the initiative is a small portion of the company's efforts done for the sake of reputation, don't bother going on to the next two steps. If it doesn't pass this step, it's greenwash.

Definitions of Greenwash

“Misleading consumers about a product’s environmental benefits.”

—*New York Times*
(07/18/2008)

Alignment: **Build Support Internally and Externally**

Alignment is critical to both axes. An initiative with significant impact must be aligned with multiple functions throughout the company—strategy, procurement, design, government affairs, and marketing—and the best way to check its integrity is with a credible third party. Understanding stakeholder views can also help you understand what is most important to convey in your communications.

Communication: **Communicate it Accurately**

Communication is the horizontal axis. Once you’ve made it to this step, the last thing you want to do is ruin a truly effective initiative with poor communications. Focus on clarity and transparency, and drop the self-aggrandizing voice that is a turnoff. If you are working with any external agencies on communication, make sure they understand these principles as well.

Check Are You on the Right Path?

The following questions can provide guidance as to where you are on impact, alignment, and communication. While a checklist cannot guarantee that you are communicating environmental efforts honestly and effectively, it can be an easy way to call out potential risks.

Greenwashing Checklist

Impact

- Is the topic of your message a significant environmental achievement?**

This may lead to the question, “How do we know what is a significant environmental achievement?” The following questions provide guidance. You may develop your own criteria regarding what is an environmental achievement for your business, but key indicators include materiality, resource allocation, and scale of results. At the end of the assessment, if you reach the conclusion that the initiative is not making a significant change, don’t communicate it, or at least hone the scope of your message. Chances are people will see through inflated words and you will risk losing trust. Take a step back and develop an impactful initiative that is worthy of communication.

- Is the issue you are addressing material to your business?**

Make sure your impact is addressing an issue that is related to your core business and causes concern for stakeholders. Otherwise, your message may be perceived as an attempt to distract from the primary environmental issues that people associate with your business.

- Have you invested significant resources (time, funds, and people)?**

Consider how much time and resources have been spent on this particular initiative and the number of people involved. Chances are, if you have not invested considerable resources into the initiative, then it may not have a significant environmental impact that is worth communicating.

Did you spend more money on the activity than on communications?

This is a good test for greenwash. If you spent more on the communications than the actual effort, then it is likely that this initiative was driven by reputation and not by environmental impact.

Have you already achieved the results in your claim?

In some cases, it may be better to wait until you have delivered tangible results, or you may want to change your message to focus on what has been achieved. Messages that claim there may be positive impacts in the future have more potential to be greenwash than those that can accurately convey what impacts already have been achieved.

Alignment

Have you worked with multiple functions within your company?

If not, reconsider the impact of the initiative or start collaborating with other functions. Usually, an initiative that has significant impact will require collaboration of various functions, including design, procurement, strategy, sustainability, and communications.

Are other activities in your company consistent with this message?

Look at your other products, procurement practices, and public policy positions. If any of these conflict with your message, wait on these communications or see if the other activities can be changed so they are consistent with your claim. In particular, if the company's public policy activities or other products are not in line with the claim, the message could be considered greenwash.

Have you engaged stakeholders and incorporated their feedback?

Stakeholders will be able to provide perspectives that would be hard for you to see and can help not only make the initiative more impactful but also provide guidance on accurate communications. These engagements can be group discussions or one-on-one meetings.

Could your claim be supported by a credible third party?

Consider finding a credible group who can provide feedback. Checking your claim with a third party can help with identifying signs of greenwash that may originally have been overlooked. A credible source can also provide advice to make sure that the initiative is as effective as the claim suggests.

Communication

Is it easy for people to understand your claim and its significance?

Clarity is critical in communicating your message accurately. Even if the claim provides true data, if people don't understand it easily, it's ineffective.

Do people consider your company trustworthy?

If not, be careful. Even if you have a good initiative, people may start with the assumption that it is greenwash, and it will take time and effort to prove them wrong. Companies that already have built up credibility through past environmental initiatives have less justifying to do.

Do you have data to back up your claim?

Try to implement practices to measure impact, or see if you can substantiate your message on actual data. Not having data doesn't necessarily mean your initiative is fake, but it does make it difficult to communicate its impact effectively. If your initiative is called into question, data will help back up the claim. Data will also enable you to measure performance against objectives and set a baseline for future improvement. However, the data should not be manipulated to make it sound better than it is.

Are you conveying your understanding of the big picture?

When describing a product, companies often highlight an individual feature ("lightest"), but the environment is an integrated system and focusing on one attribute ("energy-efficient") may lead the viewer to question others ("What about the production process? What about waste? What consumer behavior does it encourage?"). Overemphasis on a particular attribute could lead to skepticism of the others.

Is the message honest and not self-glorifying?

Bragging is a turnoff in any situation, but especially so in this space. The sustainability of our planet is a tremendous issue and trying to take too much credit can make you sound like you don't understand the gravity of the situation.

Navigating Dilemmas

While it would be ideal to have a clear way to define what is and isn't greenwash, the answer is usually not obvious, because different stakeholder groups have different views.

The following are common dilemmas and suggestions on how to reduce the risk of greenwash.

Best of the Bad

“We’re the best in our industry, but then again, our industry isn’t so green.”

Sometimes, an entire industry may be perceived as unsustainable because its products and practices have harsh impacts relative to other industries. With some stakeholders, you may never win their approval, because according to their criteria, if the core business is damaging to the environment, then claims of being sustainable are false. With others, you may be considered to be an industry leader that is making a substantial effort to make standard practices cleaner.

To reduce the risk of greenwash:

- » Communicate the measurable benefits of specific initiatives rather than sweeping comments that attempt to paint the company in a positive light. Efforts in the latter category may come across as disingenuous.
- » Work with the industry to see how the whole industry can improve practices and standards to reduce harmful impacts, and especially explore opportunities to advocate for policies that would encourage step-changes in technology.
- » Engage with stakeholders—both so that you can better understand the key concerns that should be addressed in their opinion, and so that they can understand the range of issues that you face in implementing environmental initiatives.

One Green Product

“We’ve got one green product; just don’t mention the others.”

If your company is making its first attempt to incorporate environmental criteria into a product, keep in mind that this is a good first step, but it is a first step. The temptation may be to create the impression that the whole company is green because of this product, but the audience hasn't forgotten your other products. Be honest in your communications about that product, but don't try to take more credit than that.

To reduce the risk of greenwash:

- » Be clear about the environmental benefits of the product, but do not infer the generalization that the entire company is green if your other products do not support this claim.

- » If this is a first step in a new direction and there are clearly defined upcoming activities, it may be helpful to communicate that this product is one piece of a larger initiative.
- » Make more than one green product.

Bad Reputation

“We screwed up in the past, so will they every trust us?”

If your company already has a reputation for harming the environment, it will take a long time before people will come to trust you, no matter how much you transform your practices. Under these circumstances, assume that your audience is starting with the belief that your claim is false. By all means, make changes that improve sustainability performance and continue to communicate them, but be humble.

To reduce the risk of greenwash:

- » Take a hard look at your practices. Understand why you have a negative reputation in the first place and whether your environmental efforts are truly making a difference.
- » Take your time. Turning around a reputation from negative to positive, even if you are doing everything right, can take a long time. (Although it can go the other way quite quickly.) Persistent two-way dialogues with key stakeholders are critical for communicating the evidence of change.
- » Be humble in your message. A grandiose green campaign is likely to elicit a negative reaction if there is mistrust in the first place.

Business As Usual

“People just don’t appreciate how much we’ve already done.”

If your core business is dependent on having characteristics associated with environmental performance anyway, it may be difficult to make a case that your company is a leader in environmental stewardship. The reaction to your claim may be, “Of course you’re energy-efficient, you have to be.”

To reduce the risk of greenwash:

- » Continue to make strides in environmental performance. While it may be difficult to get the “green glow,” maintaining a solid reputation can reduce the risk of being damaged by negative campaigns or other actions against your company.
- » Use metrics. It may be helpful to clarify your environmental impact through comparisons with alternatives.
- » Set a standard and encourage others to meet it. If you’re already good, then break new ground for business on how to be even better.

Partly Green

“The product is green, until you use it.”

Different parts of the product’s lifecycle may have different levels of impact on the environment. For example, the raw material may be organic but then processed in an inefficient and wasteful manner. Or your sourcing and manufacturing may adhere to sustainability criteria, but the product use phase or disposal may carry a heavy impact.

To reduce the risk of greenwash:

- » Before deciding to communicate its benefits, consider the entire lifecycle and value chain of the product or service, including (where applicable) extraction through production, use, and post-use. If you learn that it wasn't as environmentally friendly as you thought, then don't make a big deal of it, because others will reach the same conclusion.
- » Be clear about what part of the product lifecycle was developed with environmental considerations. Do not use the results or intention from one part of the lifecycle to describe the entire process.
- » If you do find a part of the lifecycle that is more harmful, see what you can do to improve performance in that phase.

Greenhush

“We're scared of greenwashing, so let's not say anything.”

Since the rise in greenwash and the corresponding rise in complaints about it, a new phenomenon has emerged: “greenhush.” When a company chooses to stay quiet about its environmental activities—often from fears of greenwash accusations—it's “greenhushing.” There are multiple issues with this: Customers aren't aware of their choices and their sustainability impacts, industry leaders don't challenge their peers, and businesses aren't getting due credit.

To reduce the risk of greenhush:

- » Understand why you are choosing not to communicate your efforts. If you are concerned that your claim may be considered greenwash, test it out on stakeholders who can provide you with perspective and guidance.
- » Clarify your audience. Determine who needs to know about your sustainability performance and what the most effective way is to communicate with them—a big public campaign may not be what you need.
- » Start small. Communicating sustainability efforts accurately and effectively is an acquired skill, and it may be helpful to try out a lower-profile initiative first so you can learn from your mistakes.

Example Practices

The following are examples of company practices that can reduce the risk of greenwash.

Lifecycle Analyses (LCA) and Metrics

Even if a company has implemented its own processes to improve environmental performance, the true impact of a product can be assessed only by considering its entire lifecycle. Even robust and well-communicated sustainability programs can be discredited by impacts generated during procurement, transportation, and disposal. Making a claim that is based on LCA and measurable data can reduce the chance of your message being considered greenwash.

Example: Levi Strauss & Co.

Levi Strauss & Co. conducted a full LCA on their top-selling products and found that one of the phases with the most negative environmental impact was during use, when users wash their jeans. As a result, Levi Strauss is communicating to customers—through their labels, promotions, and store staff—that the jeans should be washed in cold water. This is a case in which the company is using LCA and communications in order to improve their products' environmental performance.²⁴

Traceability

Companies are now held responsible not only for their own practices but for those of their suppliers as well. While the first step is to have a set of policies in place that show your company's criteria for suppliers, the next step is to provide the customer with information that enables them to trace the various parties involved along the supply chain.

Example: Marks & Spencer

Marks & Spencer provides information to customers, not only about their own practices but about the places from where their products are sourced.²⁵ For example, they have an “egg tracker” website, where a customer can enter the identification number of the eggs that were purchased to learn more about the farm they are from.²⁶

Internal Communications

Cross-functional meetings and interactive internal communications (among executives and members of sustainability, procurement, product strategy, communications, sales, and other teams) can foster enthusiasm and align departments on sustainability issues. Aligning departments can help companies avoid greenwash that results from a discrepancy between what one group is communicating and another group is doing.

Example: Deloitte

As part of its “Greening the Dot” sustainability initiative, Deloitte invites its offices to choose from 37 different greening projects. To assist in execution, each office is provided with a “Greening Toolkit” that includes instructions for implementation and communication. In six months, the program engaged more than half of the workforce in more than a thousand greening projects across nearly 100 offices. The result was reduced energy, water, and paper use; reduced travel; increased recycling; and positive feedback from employees.²⁷

Multi-Company Collaboration

Multi-company and multi-stakeholder initiatives can raise industry standards, facilitate unified action, and establish participating companies as drivers of improving practices. Through these initiatives, companies can collaborate on defining communication guidelines to avoid greenwash.

Example: REI

REI participates with approximately 60 companies through the Outdoor Industry Association to develop collaborative, voluntary industry standards for environmental assessment. The initiative, called “Eco-Index,” aims to produce environmental guidelines, environmental performance metrics, and a comparative scoring system. A key outcome of this initiative is likely to be a shared understanding of common problems, and in turn, more consistent messages to stakeholders.

NGO Partnerships

Companies that engage in continuous dialogue with NGOs often gain broader understandings of the issues—and, in consequence, stronger and more durable environmental communications. An NGO with a sharp eye for effective environmental initiatives can help you identify greenwash before you communicate with the public. A note of caution: NGO logos are not necessarily seals of approval. Make sure the environmental claims can stand on their own.

Example: McDonald’s and Conservation International

McDonald’s has a long-standing partnership with Conservation International, and has regular meetings with them to work on a range of sustainability issues, from biodiversity conservation initiatives to supplier environmental scorecards. Long-term relationships are especially useful because the organization is aware of the history of initiatives and can provide guidance to build upon them, leading to a more robust, long-term environmental strategy rather than a series of short, disjointed projects.²⁸

Communicating with the End in Mind

“Look what we’ve done!” is where most companies start, but this is often a key ingredient to cynical stakeholders. A less-explored, albeit promising approach, is to set bold and credible goals, and then communicate progress in terms of what remains to be done. For example, instead of saying that you have achieved 20 percent improvement, say that you have 80 percent left to reach the target. The claim is the same, but the message is likely to be perceived as more virtuous, for many reasons: Activist NGOs appreciate the framing of public goals, journalists have less to pick at when you err on the side of modesty, and the deal makes more sense to customers if you can describe impact in terms of where your relationship with them is going (instead of where it has been).

Example: British Telecom

British Telecom has developed a scheme for communicating progress on greenhouse gas emissions called the “Climate Stability Index.” This initiative turns traditional reporting, which emphasizes metric tons of carbon equivalents, on its head, by committing to a goal commensurate to the company’s share of emissions reduction needed to stabilize the climate, and then states progress in those terms. According to Director of Sustainable Development Chris Tuppen, this approach, which starts with the end in mind and goes across boundaries, is consistent with basic systems thinking.

For Big Problems, the Big Picture

It is often traditional to address problems locally and directly, but some problems require a different approach. A chief one is climate change, which is driven by widespread market failures. Most experts agree that the most important climate change solution is the development of domestic policies combined with a robust international treaty. Here, it may be beneficial to commit to reducing a company's own emissions directly, but if the message centers on what you are doing to *stop* climate change, then it should also include engagement with policy.

Example: Aspen Skiing Company

More companies are realizing their most important effect on climate change is through policy, which can't be parsed out by product like local efforts such as direct emission reductions. But Aspen Skiing Company Executive Director of Sustainability Auden Schendler says that product-linked purchases, like carbon offsets, can be wide open to criticism, especially if not matched with the company addressing the big picture.

Ways Forward

As the one-year mark of the global financial crisis draws near, this is a critical period for reshaping the relationship between business and society. Trust in corporations has plummeted, and business has a key role in shaping whether that trust will continue to diminish, or instead be reshaped.

Whether companies make or break trust can be greatly influenced by how they develop and communicate their role in environmental stewardship. If more companies step up their performance and effectively communicate their efforts, people may see that businesses do indeed have a strong role in improving the state of the planet, possibly leading to renewed trust. On the other hand, continued greenwash where people are flooded with unsubstantiated messages that say, “we’re green—buy us!” is likely to erode trust in business even further.

Moreover, there are indications that sustainability efforts may be correlated with better business performance during these difficult economic times. A February 2009 study in which AT Kearny looked at 99 companies across 18 industries found that companies focused on sustainability efforts outperformed in the financial markets compared to those that have not during the economic crisis. The study revealed common characteristics among more sustainability-focused companies that may have led to better performance. These include:

- » A focus on long-term strategy, not just short-term gains.
- » Strong corporate governance.
- » Sound risk-management practices.
- » A history of investment in green innovations.²⁹

This is a critical moment in redefining the role of business in society. While each company may be interested in improving its own environmental reputation, greenwash by an individual company not only harms that particular entity, but adds to the deteriorating trust of businesses overall. Therefore, companies collectively must end greenwash—wherever they may fit in the matrix—in order for the business sector to establish a new role in society where it is stewarding efforts towards a more sustainable planet and earning trust as a result.

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