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**IAB EUROPE'S  
GUIDE TO  
SUSTAINABLE BUSINESS  
DECISION-MAKING**

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## Introduction

The rapid rise of terms such as 'sustainable', 'green', 'net-zero', and 'carbon-neutral' to describe technology, services and products in the digital advertising industry has made it increasingly important for businesses to understand the validity of such claims. Whilst the motivation of companies selling products and services under these terms may be legitimate, it can be challenging to determine where to begin when evaluating the validity and applicability to your own business.

Yet it is crucial for individuals and organisations to exercise due diligence when making decisions based on sustainability claims, especially as government regulators intensify their focus on combating greenwashing practices. Prime examples of this regulatory shift include the guidance provided by the French agency for the ecological transition [ADEME](#) on carbon neutrality claims and the proposed [EU Green Claims Directive](#).

IAB Europe's Sustainability Standards Committee has developed this guide to assist individuals and organisations in evaluating sustainability claims from potential partners. The guide aims to provide general orientations for areas that should be explored in the initial stages of assessing sustainability claims. By following this guide, businesses can hope to make more informed decisions and contribute to a more sustainable future for our industry.

## Economic Considerations for Business Decision-Making

With increasing regulator and civil society scrutiny of Greenhouse Gas (GHG) emissions arising from digital advertising, it is crucial for companies in the industry to prioritise the environmental impact of their activities when making business decisions. To truly make a difference, organisations must look beyond the delivery of digital ads and the products used for delivery and broaden their perspective to consider their company-level sustainability strategy and impact in the value chain. Companies should ensure that they are aware of, and adhere to, relevant European legislation and guidelines pertaining to sustainability and greenwashing (for specific examples, see below). By doing so, businesses can ensure that their operations align with the principles of environmental responsibility.

### Company-Level Environmental Strategy

To make informed business decisions, companies should ask questions and gain an understanding of at least the following areas when engaging with potential commercial partners or considering investing in particular solutions:

1. Does the organisation have a plan for achieving its own climate objectives? If so, what specific activities are included in that plan and have they carried out their own carbon emissions audit? If yes, what aspects does this encompass?
2. Does the partner assess which scopes are relevant to their business and take the most inclusive view possible? This would be to consider advertising from creative production to ad delivery, and the emissions associated with advertised products or services.
3. Has the partner prioritised waste reduction, energy conservation, and GHG emissions reduction in connection with its own activities rather than relying solely on offsetting measures? In some countries, such as France, companies cannot claim to be green if this practice is solely based on offsetting, (as outlined in the [ARPP's Sustainable Development Code](#)). Best efforts must be made to reduce or avoid carbon emissions directly.
4. What methodology has been used to measure the impact on your partner's sustainability? Preferably this is open-sourced and based on proven scientific research or existing industry frameworks, such as the [IAB France/SRI reference framework and open data base](#).

5. Has the partner gained independent verification of any environmental performance claims it makes? If not, has the partner at least collected and made available the data that would be required for such independent verification?
6. Are there any potential “rebound” effects of using the partner, such as an increase in low-quality ad volumes delivered due to cost reduction, without an increase in overall outcomes?
7. Does the partner ensure that communication and marketing efforts are transparent and adhere to anti-greenwashing principles, in line with the expected content of upcoming legislation such as the EU's proposed [Directive on Green Claims](#)?
8. How transparent are the partner’s ESG activities? In the digital advertising space this could include IAB certification or participation in a local code of conduct, like the Programmatic Advertising [Code of Conduct in Germany](#).

## European Legislation and Guidelines

All companies should adhere to existing EU legislation and be aware of new proposed rules concerning sustainability and greenwashing. Current legislation includes:

1. [The European Green Deal](#): A set of policy initiatives aimed at making Europe climate neutral by 2050.
2. [The EU Taxonomy Regulation](#) and its [Delegated Acts](#): A classification system establishing a list of environmentally sustainable economic activities.
3. The [Corporate Sustainability Reporting Directive \(CSRD\)](#) that expands and standardises the existing rules on non-financial reporting and seeks to increase the comparability of data covering ESG topics.
4. The proposed [Directive on Corporate Sustainability Due Diligence, \(CSDDD\)](#) that includes obligations for companies in ensuring that they address the environmental and human rights adverse effects of their actions, including in their value chains inside and outside Europe.
5. The proposed [EU Directive on Green Claims](#), which aims to ensure that environmental claims made by companies are clear, accurate, and reliable. Other horizontal legislation like the [EU Directive on Unfair Commercial Practices \(UCPD\)](#) include examples of unfair business practices such as showing to consumers untruthful information.

6. National legislation and guidelines, such as the French [ARPP's Sustainable Development Code](#), the United Kingdom's Competition and Market Authority's (CMA) [Green Claims Code](#), and Germany's Federal Environment Agency guidelines on environmental advertising.

## **Anti-Greenwashing Principles**

When thinking about environmental considerations it is also important to avoid greenwashing - a term used to describe a false, misleading or untrue action or set of claims made by an organisation about the positive impact that a company, product or service has on the environment.

To avoid greenwashing and ensure genuine transparency when sending a sustainable advertising message to the general public and or business partners, companies should adhere to the following guidance:

1. Avoid vagueness: All environmental claims should be well-documented and precise, detailing the scope of the claim and method of evaluation used to determine the environmental performance.
2. Disclose hidden trade-offs: Evidence supporting environmental claims should be based on a comprehensive dataset, or if limited in scope, companies should clearly disclose the limitations of the dataset or other evidence provided.
3. Refrain from using words like "sustainable," "green," "net zero," or "carbon neutral" in isolation and without context as these could fall foul of anti-greenwashing legislation. If such language is used, ensure a clear definition of what is meant by these terms is included.
4. Consider the full life cycle of the product and service.
5. Carefully consider imagery and behaviours demonstrated in the creative.

Although this list is not exhaustive, it serves as a valuable tool for organisations to avoid greenwashing practices. In the realm of environmental sustainability and responsible marketing communication, it is crucial for organisations to be aware of the [ICC Framework for Responsible Environmental Marketing Communication](#). This framework stands as a referent in the industry for evaluating and substantiating any green claims made by companies. Making environmental claims requires diligent research, a thorough understanding of local and international legislation, and collaboration with environmental and/or legal experts. This is important when considering any market communication around the topic of environmental sustainability, on products or companies.



Considering the environmental impact of business decisions and adhering to anti-greenwashing principles can help companies in the digital advertising industry create a more sustainable and transparent ecosystem. By being aware of and complying with relevant European legislation and guidelines, companies can make informed decisions that align with environmental goals and responsibilities.

## Social Considerations for Business Decision-Making

In addition to environmental considerations, businesses in the digital advertising industry should look into social aspects, ensuring that their operations have a positive impact on employees, customers, suppliers, and the wider society. A multifaceted approach to sustainability, emphasising fair business practices, inclusivity, corporate social responsibility, and data privacy, is essential to building trust and loyalty and driving business growth and innovation in our industry.

### Social Sustainability and Inclusivity

To ensure social sustainability and inclusivity, companies should adhere to the following principles and include them in their own practices and request the same of any potential partners:

1. Embed social sustainability strategies into their business values, considering the impact on employees, stakeholders in the value chain, and customers.
2. Develop and implement diversity, equity, and inclusion (DE&I) initiatives and policies, ensuring that the business promotes inclusivity and equal opportunities for all.
3. Prioritise corporate social responsibility, actively engaging in initiatives that benefit society and the environment.
4. Portray all sectors of society sensitively in advertising, including women, minorities, and individuals of diverse races, sexual orientations, and religions.
5. Adopt a flexible approach to business practices that takes local contexts and cultural sensitivities into account.
6. Ensure accessibility so that advertising content is accessible to disabled and/or foreign audiences by incorporating features such as captions, audio descriptions, and alternative text for images.
7. Ensure they address and understand fraud in particular with reference to fraud within digital advertising and its impacts on society. This should be considered at both an organisational level for business and employee practice and also in relation to engaging with the buying and selling of fraudulent ad inventory.



8. Avoid messages that contain misleading information. Companies should put their efforts into making sure their messages do not consist of any false or untruthful information.

Businesses in the advertising industry should consider both environmental and social factors when making decisions. By incorporating social sustainability strategies, prioritising inclusivity, ensuring data privacy, and adopting responsible business practices, companies can create a more sustainable, equitable, and transparent ecosystem that benefits all stakeholders.

Finally, it's also important to consider Governance, as a key component of ESG factors, when assessing potential sustainability solutions or partners. Emphasising the value of organisational governance structures, and requesting proof through reporting, in line with key standards such as the [GRI](#) or equivalent, is recommended to ensure good practice.

Overall, asking meaningful Environmental, Social and Governance questions during the onboarding process of any sustainability partners will help lead to positive economic outcomes.

## Economic Benefits of Sustainable Decision-Making

In 2023, a significant development took place in the European Union with the implementation of the [Corporate Sustainability Reporting Directive \(CSRD\)](#). This directive now encompasses a broader set of large companies, as well as listed small and medium-sized enterprises (SMEs). It aims to enforce stricter regulations regarding the reporting of social and environmental information by businesses.

Similar to [financial reporting](#) this will enable investors and other stakeholders to receive transparency and valuable insight into the environmental and social impact of companies. This means that any impact on environmental, social or governance issues will also have economic ramifications for these companies. Even if the company might not be directly responsible to report, it is important to consider the key client base. If any of your clients will be encompassed by CSRD, this means you will be required to supply the relevant information to your client. Hence, you might be impacted indirectly, and not being able to report could pose a risk of being removed from their supply chain. At the same, being able to report and drive transformation towards sustainability has tremendous potential to drive business growth.

Consumers' expectations for sustainability responsibilities from brands are increasing. Notable studies from [Kantar and BrandZ](#) have demonstrated the importance of corporate social responsibility in driving brand equity, with environmental responsibility being seen as a key driver. In the 2021 '[Meaningful Brands study](#)' by Havas 73% of participants, representing consumers, also believed that brands must act now for the good of society and the planet. Additionally, 91% of consumers surveyed in Microsoft's 2022 '[The Rise of Sustainable Media](#)' survey agreed that companies can positively impact the environment through business operations and manufacturing processes.

Even when challenged by economic pressures and rising costs of living, [consumers in 2023](#) continue to prioritise sustainable consumption. Therefore, companies should concentrate on their sustainability efforts as this remains one of the key considerations for consumers when making consumption choices.

Ideally, the joint aim of any prospective partners is to positively impact sustainability factors while positively impacting other business KPIs (Key Performance Indicators). Other areas that can impact sustainability goals positively and improve economic performance within the digital media ecosystem are:

### **Creative production:**

- Challenge the creative agency to commit to lighter ad creatives as this should have a positive impact not only on emissions per thousand but also on other quality factors such as viewability and hence, performance.
- Ask about any sustainable ad/media production guidelines the company might apply. An example is the '[Green Shooting](#)' initiative in Germany.
- You can find more support on creative production in the recently released [GARM Sustainability Quick Action Guide](#) by GARM and Ad Net Zero. This is referenced specifically on pages 21-22.

### **Ad Selection:**

- Supply / demand path optimisation. Consider if the partner helps reduce the number of ad requests, which can significantly reduce carbon emissions per ad call.
- Consider targeting methodology. Understand if you need to rely on data-based audience targeting as you require a very specific audience or whether your productor campaign is more suited for a contextually targeted campaign.
- Consider not only the phrase 'reaching the right audience at the right time' but also 'the right creative at the right time on the right device' for example, by targeting high resolution video on devices using wifi.
- You can also find more guidance on ad in key resources such as the recently released [Eco-Friendly Programmatic Media Buying Guide](#) by Alliance Digitale and [Sustainability Playbook](#) by IAB Tech Lab.

### **Measurement & campaign optimisation:**

- Ask if the partner can extend your campaign KPI metrics by emerging sustainability KPIs such as emissions per thousand ad impressions (gCO<sub>2</sub>PM)
- Include sustainable KPIs in your campaign planning and evaluation
- Once your campaign KPI's are achieved ensure the campaign is turned off

Whilst the economic factors of sustainability are not part of the “ESG” initialism, it is important to consider as it will help underpin long-lasting sustainable business changes that, if considered correctly, can drive positive environmental outcomes alongside commercial ones.

In today's constantly evolving digital landscape many of us are now faced with solutions, offerings and partnership opportunities that claim to have sustainable, green or environmentally friendly benefits. When considering these it is important that companies embark on thorough due diligence to ensure that they are partnering with and utilising products that align with the rigour of regulatory requirements around ESG reporting. As such, they should always consider the Environmental, Social and Governance elements and practices of potential partners as they can also help drive strong economic outcomes in partnerships and general business. By having a thorough process and asking the right questions, companies can mitigate risk and ensure that any organisations that are greenwashing for commercial gain are removed from our industry.

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