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Let's call it what it is

by Gerry Zack, CCEP, CFE, CIA

Sometimes I think we need fewer terms to describe the same or similar things. In the environmental, social, and governance (ESG) world, much is made—rightfully so—of greenwashing, which occurs when an organization makes false claims about one or more aspects of its products or processes in connection with environmental impact. The use of the term dates to the 1980s to products that were misleadingly labeled as being “green.” More recently, common uses occur in connection with misleading statements about being “carbon-neutral,” “net zero,” and similar claims.

Another issue regarding environmental disclosures is called “greenhushing,” referring to a company that conceals or doesn’t fully disclose adverse information regarding environmental implications of its products or processes. The effect is similar to greenwashing: The public is misled into believing a company is more environmentally conscious than it really is.

A rather recent term being used with increasing frequency is “bluewashing,” which is the same as greenwashing, only with respect to issues involving social and economic responsibility. Whether it’s an issue of modern-day slavery, living wages, or ethical use of artificial intelligence, bluewashing applies to variety of misinformation.

But let’s not overlook the fact that all these acts are forms of fraud—for which there are many definitions—but what they all have three elements in common. First, fraud is intentional. There’s no such thing as accidental fraud. Next, the purpose of fraud is to deceive someone else. The third characteristic is that it confers some improper gain and/or deprives a victim of a legal right. Under any type of “washing” or “hushing,” this is exactly what is taking place.

I sometimes think “washing” and “hushing” soften the offense. These terms almost sound minor or accidental. But they are intentional and often present information that is not even close to the truth. And there are victims—many of them. From customers, shareholders, and employees to communities and the public, the damages that are suffered can vary greatly. Even in cases where no material and direct financial or health-related harm is done, people have been duped into believing a falsehood. This is fraud. Let’s call it that.

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