

## Climate Change Update—24 June 2008

### The pitfalls of promoting green

Recently Kensington Swan hosted 'The Pitfalls of Promoting Green' Seminars in Wellington and Auckland. The presenters, Greg Shaw and Michelle Yardley, outlined how businesses making 'green claims' (such as being 'carbon neutral' or 'green') ran the risk of being investigated by the Commerce Commission if they were in anyway misleading or deceiving in their claims. Due to the novel nature of the 'green marketing trend' few business had been investigated by the Commission at the time the seminars were presented.

The Commerce Commission has recently confirmed that they are going to take an active interest in green claims and that this is likely to be an area of future investigation. *Wellington Combined Taxis* has, in recent weeks, been reprimanded by the Commission over its claims to be 'New Zealand's first certified carbon-neutral taxi company'. The Commission found that the company's 'going green' campaign breached the Fair Trading Act, due to false information on its website about fuel efficiency and reducing carbon emissions.

The website claimed its LPG taxis reduced carbon emissions by up to 25%, but after investigation the Commission found the firm could not back up the claims, with at best a 20% reduction in emissions. The Commission also found the taxi firm was misleading the public by claiming its *Nissan maxima* 3.5 litre V6 petrol engine CVT transmission was 20% more fuel-efficient than traditional automatic transmissions. Recent AA tests showed the difference was in fact minimal.

The Commerce Commission's Director of Fair Trading, Adrian Sparrow has said 'The growing trend to greenwashing by businesses is cause for concern if the green, eco-friendly or sustainability claims are false or misleading. In fact, the Commission has identified this as a new focus area, due to the proliferation overseas of such claims in marketing hype.'

'Businesses need to be careful to ensure they can back up their claims. Consumers are increasingly aware of environmental issues, and may be influenced to purchase from one company ahead of another based on claims about sustainability, or carbon neutrality, or eco-friendliness. If those claims are false or over-inflated, not only has the consumer been misled, but businesses that have lost trade to the business making the claims, have also been harmed,' said Mr. Sparrow.

This warning from the Commission highlights that 'pitfalls in promoting green' are real and are something that businesses need to be very conscious of. The climate change team at Kensington Swan have all the necessary tools and experience to assist businesses avoids such pitfalls. If you are unsure of what 'greenwashing' entails and what it could mean for your business contact one of our experts today.

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June 2008