Pale Blue Hat

Strategic communications
for responsible business

Brand Management | Business Development | Communications Counsel
Corporate Social Responsibility | Engagement | Environmental Campaigns
Event Management | Responsible Marketing | Reputation Management

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DO YOUR ETHICAL AND GREEN CLAIMS STAND UP TO SCRUTINY?

RADAR
ETHICAL & GREEN
CLAIMS TOOLKIT

Pale Blue Hat has developed a toolkit to help companies identify green claim risk areas and help reduce the risk of adverse exposure around green claims.

BACKGROUND

Environmental and ethical issues are increasingly becoming mainstream, with more companies making green claims through their advertising, messages and other communications.

GREENWASH TERMS

An abundance of vague, unsubstantiated, pseudo-scientific terms are often associated with ecological claims such as: carbon-neutral, carbon positive, environmentally friendly, ethically-produced, low carbon emissions, wholly sustainable, organic, 100 percent recycled, environmentally safe, natural, non-toxic, ozone friendly, degradable.

REGULATIONS & GUIDANCE

In 2011, the UK Government launched Defra's updated "Green Claims" Code (previously updated 2003). As well as emerging European legislation around energy products and eco-labelling, the code was updated in-light of the massive growth in the market for 'green' products and the need to support businesses to ensure environmental claims made are accurate, truthful and relevant.

This was in order to protect the consumer and boost confidence in purchasing 'green' products or services. In the same vein, the UK's advertising watchdog, the Advertising Standards Authority (ASA) updated advertising codes which complement Defra's guidance, requiring truthfulness and clarity in green claims. The intention is to promote fair business competition, as well as consumer trust and confidence.
As more companies try to appeal to the increasingly 'eco-conscious' consumer, they will have to navigate complex advertising rules and regulations and how they apply to their environmental claims.

INSURANCE PREMIUMS

The insurance industry is reviewing its criteria and small print around green claims by its clients. The liability a firm is exposed to is increasingly dependent upon what they've said. This will have an impact on insurance premiums in the future, as well as the success of claims against insurance policies.

EXAMPLE RISK

HIDDEN RISK & MISLEADING CLAIM:

A national food retailer - promotes its environmental credentials as core to its business and yet some of its food packaging is made from genetically modified plastic.
See page 5 for more

REPUTATIONAL RISKS

In this digital age of Wiki-Leaks and social media, individuals, companies and Government are coming under increasing public scrutiny by stakeholders, particularly by the media. If a claim or message is mis-represented, misunderstood, or doesn't stand up to scrutiny, this can lead to adverse publicity both on-line and in the press. People can see through 'hype' and will spot so-called 'greenwash' and lack of transparency and openness by companies. This could result in consumer backlash and loss of trust affecting a company's reputation, brand-value and share price.

All this adds up to huge potential risk with massive consequences if discovered (e.g. adverse media, loss of trust, reputational fall-out, unexpected losses, increased insurance premiums).

EXAMPLE RISK

MANIPULATED CLAIM:

Tobacco and energy companies have been exposed for 'astro-turfing', whereby fake on-line persona are created in on-line platforms in support or against a particular issue, thus manipulating the results and affecting potential outcomes.
See page 5 for more

"We can work with your CSR, sustainability, corporate affairs or PR teams to facilitate the Radar process across the business to avoid the 'silo' mentality and encourage cross-company and partnership working to reduce your risks."

Many institutions under estimate their exposure. Risk management practices around sustainable marketing and green claims need to be improved. Often the tools company directors use to deal with risk management overlap with the tools they use to take risks. Hidden risks can often be most damaging. For some companies, these issues tend not to come on their radar until an event occurs or a crisis hits! The company's public relations machine goes into crisis mode and cascading effects can result from unforeseen events.

Running the ethical and green claims gauntlet can be a tricky business! Sleeping or hidden issues, ambitious green claims and the consequences need to be managed proactively and communicated in a responsible, clear and open manner.

The Radar Toolkit

Radar is a toolkit to help companies identify green claim risk areas and help reduce the risk of adverse exposure around green claims. The ASA's guidelines are mechanistic in nature, whereby a check-list type tool could be developed. However the Radar toolkit will go beyond this:

- Radar helps to work out the 'weak points' and assess the potential risks/consequences
- It enables you to develop systems for managing and mitigating future risks and create a framework (e.g. checklist, system & process, embed, build capacity) for the company to take forward and to apply across the business (e.g. apply to development, processes, new products)

"The skills and package combined is what makes Radar unique - it's a structured process, a combination of desktop research, analysis, interviews, engagement and the reconciliation of all the phases in the process."

THE RADAR PROCESS

RISK DIAGNOSTIC	• Audit - message analysis, competitor positioning, gaps & weak points • Risk identification, risk register analysis & development	PHASE 1 INVOLVE TEST LEARN
RISK ASSESSMENT 1	• Risk/perception interviews (internal/external) • Scenario development (future) • Sense check & verification • Workshops & data collection (test)	
RISK ASSESSMENT 2	• Control identification • Process enhancements • Risk transfer (insurance, law suit, general/ product liability) • Framework (process, embed, build capacity) Risk strategy/register	PHASE 2 ADAPT CHANGE ENHANCE

Aims & Benefits

AIMS

- To identify and highlight key risk areas which are most likely to give rise to reputational risk issues
- To identify where changes should be made in order to reduce the potential reputational risk and misinterpretation by stakeholders

BENEFITS

- A 'sense-check' to understand risks, stakeholder perceptions and explore the 'hidden' assumptions behind your green claims and marketing activity
- Enables you to test the validity of ethical and green claims and to manage potential risks proactively and avoid mis-leading customers
- Guidance system and due diligence for 'connected marketing'
- Reduction of reputational fall-out of mismanaged events, situations and associated consequences (financial, reputational, compliance, consumer backlash, etc)
- Reduce risk of having to make contingent expenditure
- An opportunity to test concepts with stakeholders and gain a new perspective that informs your company's strategy (research, product development, production processes and communications)
- An opportunity to encourage cross-company working, innovation and learning to inform more responsible marketing and your company's sustainability imperative

Example Risks

EXAMPLE RISK
UNSUBSTANTIATED OR MISLEADING/FALSE CLAIMS:

A high street retailer - promotes itself by putting the environment & sustainability at the heart of its business. On food packaging such as sandwich wrappings which are made up of cardboard and plastic, the recycle marque is displayed and yet, in this country, there are currently no facilities to recycle such material

EXAMPLE RISK
SLEEPING/HIDDEN RISK:

A well-known clothing brand - despite a strong commitment to corporate social responsibility and a responsible supply chain was caught off-guard by a newspaper exposé highlighting the issue of children playing on neighbouring land where hazardous waste from the factory was being dumped, causing serious pollution and potential health risks

EXAMPLE RISK
MISLEADING CLAIM:

A national energy company's advert and its "carbon zero" claims misled the public by implying that its fuel did not produce any carbon dioxide. The claim had been a play on words - the company had offset the emissions, producing a net effect on the atmosphere of zero. However, the ASA ruled that this was not made clear enough

EXAMPLE RISK
MISLEADING CLAIM:

Several car companies - suggest that their vehicles are low emission in the main advertisement footage. However, hidden in the footnotes they admit the vehicle simply has lower emissions than other vehicles in that class (which is one of the more high impact polluting classes anyway)

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Find out more

Do you want someone to check and help evaluate the reputational risks associated with your ethical and green claims?

To find out more about the Radar Toolkit and how Pale Blue Hat can help please contact:

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Small print
This exercise assesses some of the risks areas that may be contained within your business - in the public domain & hidden risks. This may not stop media and other stakeholders misinterpreting, taking out of context or misrepresenting your business now or in the future. This is where a pro-active reputational management strategy comes into play in protecting your company's positioning. It is recommended that your business plans a continual review of all web and other materials for reputational risk.

It is also recommended that you consult with your Public Relations and other communications advisers to develop and enhance existing reputational management strategies and crisis communications plans (including the development of a robust and dynamic system which provides early warning of developing issues). This exercise should not be considered in isolation. You are advised to consult with your business advisors, legal advisers and insurers. This process does not replace other verification systems or provide insurance cover.

recycle