

Regulation of Climate Communications

Implications for Business

Brunswick Climate Hub

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Regulation of Climate Communications: Implications for Business

Overview

Regulatory interventions related to corporate climate communications are on the rise in 2022, with no signs of slowing. Multiple companies have recently been hit with decisions by the US Securities and Exchange Commission and the UK's Advertising Standards Agency, and within the European Union, companies are dealing with enforcement of EU regulations by domestic agencies. In France, a recent legal amendment extended the threat of imprisonment and hefty fines for those found to have perpetuated "greenwashing."

Although these interventions have so far focused chiefly on brand advertising and product marketing, expectations on climate across stakeholder groups – such as investors, NGOs and consumers – continue to increase, with a focus on company statements being accurate and reflective of overall impact, irrespective of communications channel.

Implications for business

Companies will still be expected to communicate on climate issues, both to demonstrate their progress in aligning with stakeholder attitudes and to report on their net-zero roadmap, advocating for necessary system change.

This increase in regulation presents **four core principles** for corporate climate communications:

1. Statements should be substantiated, verifiable and supported by accurate, credible, relevant and up-to-date evidence.
2. Statements should accurately reflect a company's policies, processes and practices.
3. Statements should be accompanied by appropriate disclaimers or context (making traditional "above-the-line" advertising increasingly difficult).
4. Statements, once made, should be followed by appropriate monitoring and verification to ensure they remain accurate and that the company is meeting its stated commitments.

Preparing for future climate communications

For climate action to be delivered and demonstrated over the long term, it must exist in a robust communications framework that helps maintain the credibility of a company's actions, while managing the inevitable reputation risks that a company faces when it speaks out.

This should be accompanied with equally robust human judgement, which provides a final check on the appropriateness and likely impact of communications. In looking to plan for and operationalize a corporate climate communications framework, Brunswick recommends considering several immediate actions:

1. **Assess the reputation risk level of different categories of climate communication and put in place proportionate review and oversight.**

Based on the external environment and current focus on the accurate portrayal of company strategies and products, paid advertising and product marketing in the area of sustainability could be considered highest risk, with other related company announcements and proactive media activity (such as corporate campaigns) medium risk, and, in most cases, owned-channel activity, internal

communications and speaking engagements considered low risk.

2. Undertake an audit of live and planned climate communications.

This should give the business full confidence that it has visibility of all relevant activity and can triage communications into risk-based categories, as set out above, to assist further evaluation and messaging development.

3. Put in place core, agreed-upon climate messaging, which becomes the starting point for the company’s most important climate communications.

This should be created between subject-matter experts and relevant business units and reviewed and kept up to date regularly. Greater levels of discretion can be used in lower-risk communications, within the boundaries set by agreed-upon guidance. This is an opportunity to facilitate appropriate external engagement on company statements and ambitions.

4. Put in place robust checks that acknowledge the materiality of photography and other corporate content issued alongside, or as part of, company statements.

With regulators paying attention to the overall impression given to audiences, the imagery that accompanies corporate statements must also be reviewed carefully, through close integration with brand and marketing functions, with care taken to avoid cultivating an overly simplistic sense of a company’s current impact.

5. For senior staff, define and build staff familiarity with core principles of climate communications.

These principles should underscore the fact that climate communications are increasingly subject to higher degrees of regulatory, political and media scrutiny than comparable corporate statements. Brunswick’s four principles on the previous page can be used as a starting point for internal conversations.

6. For communications teams, provide explicit “dos” and don’ts” for drafting climate content.

These should be being more accessible and practical than company-wide legal advice, ideally providing a checklist, particularly for communications deemed high- and medium-risk.

***Brunswick’s Climate Hub** brings together senior expertise from across the connected worlds of finance, policy and society, to help companies engage meaningfully with the full range of stakeholders on climate change.*

To continue the conversation:

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