

GREENWASHING: MEET RISK WITH ACTION

Here are five actions you can take to ensure your sustainability strategy is resilient to greenwashing



1. REVIEW YOUR SUSTAINABILITY STRATEGY REGULARLY

- Are claims backed by the latest scientific thinking?
- Is your sustainability strategy purpose-led and relevant?
- Are all internal stakeholders aligned with key components of your strategy?
- Formulate clear goals which are measurable, objective, capable of achievement and easily tracked
- Select goals which are consistent with your strategy



2. SET UP A CLEAR GOVERNANCE STRUCTURE

- Review who has oversight of sustainability e.g. Board or a sub-committee
 - If it has been delegated to a committee, has this been done coherently?
- Is there sufficient management and board-level visibility of what is being communicated and how that is substantiated?
- Consider:
 - A rolling review of governance frameworks to ensure there is sufficient Board-level accountability and oversight
 - Greenwashing considerations within risk management policies and procedures
 - A skills audit of the Board and below to identify any training and awareness needs
 - Regular ESG Horizon & Scanning and risk planning exercises with your professional advisor
 - Treat ESG disclosures in the same way as a prospectus, with a clearly defined process for drafting, verification and management/board approval



3. USE VOLUNTARY FRAMEWORKS WISELY

- Alongside mandatory requirements, consider applying voluntary frameworks such as:
 - Global Reporting Initiative Standards
 - UN's Principles for Responsible Investment
 - International Sustainability Standards Board's climate and sustainability standards (once finalised)
 - EU's Corporate Sustainability Reporting Directive (if not otherwise within scope)
- Care must be taken to ensure that any voluntary disclosures do not contradict or misrepresent mandatory information and that such disclosures are consistent with overall strategy
- Explanation should be given if any aspects of certain frameworks are not complied with



4. ENSURE YOUR DATA IS OF THE HIGHEST QUALITY

- Consider whether you need any new processes or systems to collect high-quality data, both from within the business and across your supply chain
- Indices and metrics should be defined, transparent and relevant to your strategy
- Keep data services and processes under regular review



5. BE CONSISTENT ACROSS ALL YOUR CORPORATE COMMUNICATIONS

- Be deliberate and precise with your communications and focus on key messages
- Engage with investor relations, communications and external advertising agencies to limit any ESG 'sales speak'
- Consider bespoke disclaimers to ensure all disclosures are accompanied by the appropriate level of detail and context
- Apply a similarly rigorous approach to ESG statements as to financial disclosures
- Monitor and manage overseas subsidiaries, third party providers and those in your supply chain companies to ensure statements are not undermined or contradicted
- Use terminology consistently, and consider defining commonly used ESG terms