

# How Companies Can Better Communicate Their Climate Performance

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## Companies between Sustainability and Greenwashing

What is sustainable? In recent years, sustainability has become a buzzword, used excessively and often defined vaguely. Even among the serious definitions, diversity prevails (see Ott 2021). Particularly in the current German debate, sustainability is increasingly equated with climate protection. In times of climate crisis, measures taken by entire economies, specific sectors such as transportation and energy production, and various organizations to achieve climate neutrality (exact definition in section 4) are playing an increasingly important role. This includes companies. Some are subject to stricter regulation, thereby being motivated by the government to protect the climate, such as mandatory participation in national and European emissions trading. The other, larger part of companies is also affected by relevant government regulations (e.g., CO<sub>2</sub> pricing) but enjoys greater freedom to define their own climate strategy.

Many companies act sincerely, having developed well-thought-out climate strategies and consistently implementing them. Others, however, use the public's attention and sympathy for sustainable action for targeted "greenwashing," making statements and taking actions that refer to the company as a whole, specific manufacturing processes, and individual products to enhance the ecological and/or social image of a company under false or at least distorted pretenses. "Climate neutral" has become a label as popular as "sustainable" or "organic."

## Deutsche Telekom and Other Case Studies

Whether highly reputable or somewhat dubious, companies have done a lot in terms of sustainability and climate protection in recent years – and usually communicated this proactively. This includes Deutsche Telekom. “We have been setting strategic climate goals since the 1990s and have been reporting very extensively on them for almost ten years,” says Melanie Kubin-Hardewig, responsible for sustainability at the Bonn-based company (Kubin-Hardewig 2023). The topic is anchored at the executive level, and Telekom aims to be “at the forefront.”

In October 2022, Deutsche Telekom hosted its first “Sustainability Day,” attended by all board members, where new climate goals were announced. According to company sources, the event was well received by employees and investors – the media response, however, was sparse. This is not an exception but rather a structural phenomenon, as observations and analyses show.

Here’s another Telekom example. At the annual general meeting on April 5, 2023, in Bonn, more than 2,000 shareholders attend. It quickly becomes clear that sustainability is a major focus, at least from management’s perspective. On stage is a large Telekom logo, the “T,” but instead of the usual magenta red, it is adorned with green plants on the front.

The one-hour speech by Telekom CEO Timo Höttges revolves around sustainability, with the term serving as a kind of bracket and standing for strategic, long-term action. Despite this dramaturgical ploy, Höttges primarily addresses ecologically and socially relevant topics. Telekom plans to purchase its mobile phones based not only on price but also on climate-neutral production. Höttges mentions other projects, some with specific figures, others without. In the subsequent general debate, most shareholders address Höttges’ remarks or

comment on other aspects of the company's sustainability and climate strategy, albeit always alongside other topics.

In the subsequent reporting on the Telekom Annual General Meeting, the topic of sustainability is only mentioned by a few media outlets – and if so, only marginally (see info box on methodology). Most media outlets almost completely ignore Höttges' key speech. However, a brief statement by him, woven into his speech about the now-completed majority acquisition of T-Mobile USA, is almost universally picked up. Understandably, this is the news of the day, albeit a minor one. The second major topic is the politically sensitive collaboration with Chinese network equipment supplier Huawei – a perennial media focus. About a week before the AGM, Telekom published its annual sustainability report, which also received no response from the mainstream media.

It almost seems as if the 2,000 Telekom shareholders and the reporting business journalists attended two completely different events. Without a doubt, it is in the spirit of press freedom that media and journalists can independently select topics and content deemed publicly relevant. However, it appears that there is a certain sender-receiver problem between companies/PR on one side and journalists/media on the other, especially regarding sustainability. The Telekom AGM 2023 is by no means an isolated case. A study (Frühbrodt 2023) observed, categorized, and evaluated another annual general meeting (Energie Baden-Württemberg/EnBW) and four balance sheet press conferences of Deutsche Telekom, Deutsche Bahn, EnBW, and the industrial group Würth-Gruppe in 2023.

## **Methodology**

The author of the study "Integrated Business Reporting: Corporations in Climate Check" (Frühbrodt) attended all six events – whether in person or virtually (23.2.-4.5.2023) – as an observer. He recorded the course of each event and assigned categories: whether management speeches, journalists'

questions, shareholders' questions and comments, and management's responses have an ESG (Environmental/Social/Governance) reference – or not. The respective press release and the company's annual report were also evaluated. In a second step, a media resonance analysis was carried out. It analyzed which aspects of the topics were picked up by national daily newspapers (Süddeutsche Zeitung, Frankfurter Allgemeine Zeitung, Welt, Handelsblatt, Börsenzeitung) and regional daily newspapers from the direct geographical vicinity of the company headquarters.

What did the evaluation of the six events reveal? The individual results for the four balance sheet press conferences are shown in Figure 1 for the respective companies. They coincide with the evaluation of the two annual general meetings. In summary, the following statements can be made:

- The reporting is clearly dominated by financial metrics (revenue, profit/loss, dividend amount, etc.) and strategic issues (business realignment, company acquisitions and sales, etc.). Thus, it follows patterns that have been established for decades.
- Qualitative aspects of ecological sustainability play only a subordinate role. They are mostly addressed by managers and shareholders, but hardly at all by media representatives.
- Quantitative eco-indicators, especially in the form of greenhouse gas (GHG) emissions, are hardly mentioned at the annual financial press conferences, and only marginally at the Annual General Meetings (AGMs). This applies to the statements of management, the questions of journalists and shareholders, and especially to the reporting.
- There is no doubt that business journalism generally addresses sustainability issues. However, it primarily deals with individual aspects or single events. What is

lacking, however, is a more systematic approach based on measurable parameters. This would create the prerequisites for business journalists to report on sustainability and climate protection based on solid data and from a comparative perspective (e.g., companies within an industry), similar to financial reporting.

The findings of the empirical analysis could be soberly interpreted as a communicative decision by the involved actors. Nevertheless, it can also be argued that this type and focus of media reporting is no longer up-to-date. Nowadays, companies are no longer seen in economic sciences as mere transaction organizations for profit maximization, but as social structures that, in addition to their economic function, also bear societal responsibility (Minssen 2009, pp. 247-254). This holistic view of a company has initially been reflected in the CSR concept (Corporate Social Responsibility) and has evolved into the ESG approach (Ecological/Social/Governance) in recent years. Especially at the instigation of investors – and thus also by many companies themselves, which more or less aggressively carry their own sustainability initiatives and measures into the interested public.