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Article

The disclosure pendulum: how to find balance in a shifting trade landscape

Wayne Imrie • November 10, 2025

While tariffs have long been part of global trade, today they are reshaping business strategy in ways few anticipated. One area introducing new challenges is the growing risk of tariff washing, a disclosure dilemma that swings between overexposure and strategic silence. Say too much, and you risk misleading investors, triggering legal scrutiny and risking securities litigation exposure. Say too little, and you may be accused of withholding material information.

The disclosure pendulum swings between overexposure and opacity, leaving companies, particularly those in manufacturing, tech, retail and energy, navigating a narrow corridor of compliance, reputation management, and strategic ambiguity.

Tariffs: swinging between disclosure and risk exposure

Tariff washing isn't new, but its implications are evolving. Traditionally, it referred to operational missteps – like double invoicing or failing to declare assists – that skirt tariff regulations and present a clear D&O exposure. But today, a more nuanced risk is emerging: how companies publicly disclose the impact of tariffs on their operations and financials.

Industry comment has typically centred on the changing US tariff approach and the global response to it, however this topic is timely for any international businesses, whether they have an equity listing in the US or not. The ripples of changing tariffs have the capacity to reshape entire supply-chains, often in unexpected and unprecedented ways. The desire to downplay the magnitude of the impact or to keep the narrative to a rational sounding 'wait and see' approach is not-uncommon – however this approach is not without risk.

With global tariffs in flux, companies are under pressure to consider when and how they comment on costs, demand shifts, inflation and mitigation strategies. Yet, these disclosures are being made in real time, often before the full impact is understood. As trade policies settle in the coming years, today's statements will be scrutinised – by investors, regulators, and increasingly, by AI-powered legal teams.

The pendulum's two extremes: Overstatement vs. silence

The pendulum swings in two directions:

- **Over-disclosure:** In an effort to be transparent and allay concerns, some companies may overstate the impact of tariffs or their resilience, before fully understanding what the final landscape will look like. This can lead to investor panic, share price volatility, and future accountability if predictions don't materialise.
- **Under-disclosure:** Others may choose silence or downplaying risks, hoping to avoid premature commentary. But failing to disclose material impacts – especially those affecting financial guidance – can result in legal exposure and reputational damage.

Words matter. And in a world where much is beyond a business's control, what you choose to say (or not say) remains firmly within it. The challenge is knowing when to speak, and when to wait.

Striking the right balance

So how can firms find equilibrium? It's time to embed some best practices:

- **Model first, speak later** - Amidst the pressure of today's 24/7 news cycle, before making public statements, particularly when disclosure isn't time-sensitive, take a step back and run financial and operational impact modelling. If the impact is material, disclosure is necessary. If not, it may be wiser to wait for quarterly or annual filings.
- **Transparency over spin** - When disclosure is necessary, be clear about actions taken and the rationale behind disclosure choices. Markets will reassess today's statements with tomorrow's clarity – and companies that mislead, exaggerate or obscure are likely to be held accountable.
- **Guard against AI memory** - Today's statements are tomorrow's evidence. AI tools can track executive commentary over time, and shareholders are increasingly using this data to call executives to task on their predictions. Consistency and caution are key.

Tariff washing joins the disclosure lexicon

Like AI washing and greenwashing before it, tariff washing is becoming part of the broader conversation around corporate transparency – after all trade is a continually evolving situation for global businesses right now. The stakes are high, and the pendulum is in motion. Executives must learn to navigate its swing – avoiding both extremes and aiming for the steady middle.

Final thought

If they aren't already, organisations should be syncing up more closely with their brokers and insurers on tariff risk disclosures to help businesses find that middle. When they don’t, the issue moves beyond just a communications gap – it’s a legal risk that’s entirely avoidable.

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