



Climate Cooling: Economics and energy shape the ESG agenda

A quarterly review of ESG thought leadership themes in the media

Summer 2022

lutherpendragon

Executive Summary

Luther's fourth quarterly review of Environmental, Social and Governance (ESG) thought leadership in the media reveals that, despite much of the world's attention shifting from climate change to the cost of living, ESG issues continue to dominate the narrative and shape how organisations communicate.

Our AI-powered analysis finds that Q2 of 2022 yielded the highest volume of ESG thought leadership coverage seen in the last year, with over 2,180 individual stories. Strikingly, Q2 saw environmental coverage reach its highest level in 12 months, despite the global focus on the COP26 Climate Summit throughout Q3 and Q4 of last year.



Overall, the share of coverage taken by each subject area has remained similar across all four quarters over the last year. Changing markedly, however, is the distribution of coverage among topics within these subject areas.

Our Q1 report, *From Sustainability to Security*, showed the Ukraine crisis causing energy security to replace climate change across much of the thought leadership agenda. Fast forward to Q2, and the landscape has developed further, with the cost-of-living crisis starting to play a dominant role in environmental, social and governance-related thought leadership.

Topping the bill: costs rise up the agenda

Thought leadership coverage in Q2 of 2022 saw rising prices take centre stage, as the cost of living began to bite for consumers across the Western World. Governments rushed to bring energy bills under control by tapping the full spectrum of power sources – often regardless of environmental impact. While the number of references to ‘climate change’ dropped, the number of stories on ‘natural resources’ and ‘renewable energy’ therefore increased accordingly.

The cost-of-living crisis also drove coverage of thought leadership on social issues. EDI stories continued to dominate, but there was a key shift among them: many began to focus on financial inclusion.

Governance remained the least-covered subject area in Q2. However, coverage of the topics within it altered tellingly: stories on ‘tax transparency’ increased fivefold (albeit from a low base). In part, this was driven by the government’s controversial windfall tax on energy companies, used to fund cost-cutting measures for households. With the ongoing Conservative leadership race focused taxation policy, as well as the personal financial affairs of leading contenders, organisations must use thought leadership to position themselves at the forefront of this crucial issue.

Into the future

Organisations who want to get their insights noticed must get out in front of the ever-shifting media narrative. Cost-of-living issues will remain firmly under the spotlight for the second half of the year as central banks fight to get inflation under control. Thought leaders will need to strike a balance between identifying topics that are high on the news agenda, and discussing issues that others have not yet explored. Those looking to draw attention to their research must seek to lead the way with timely and well-targeted thought leadership.

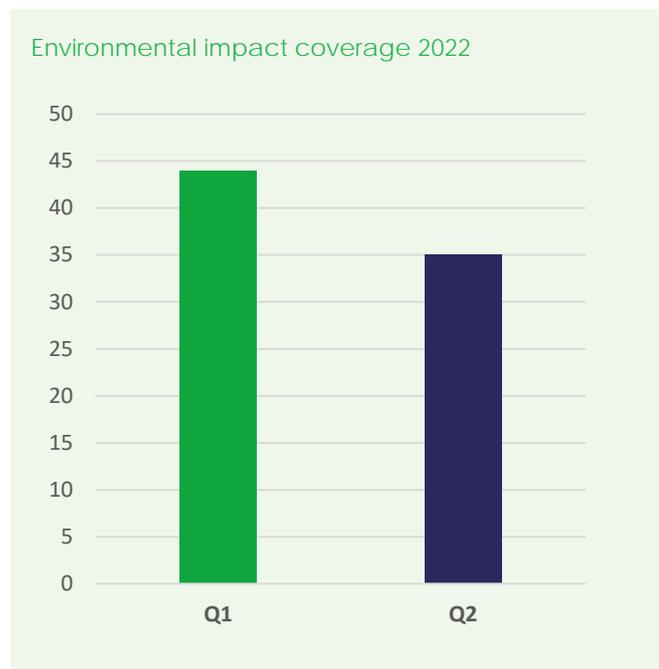
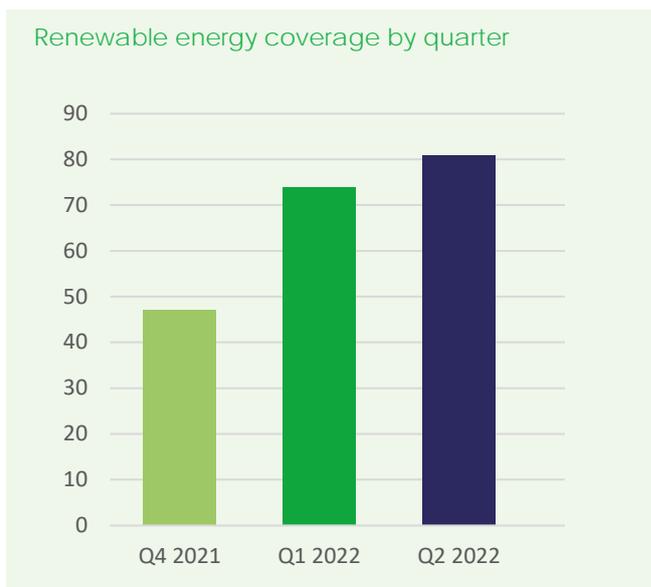
Environment

The share of overall ESG thought leadership coverage taken by environmental topics has remained strikingly similar across the previous four quarters. This may come as a surprise, given that the COP26 climate summit, which dominated Q3 and Q4 of 2021, is now firmly in the rear view mirror (though COP 27 is now starting to feature on the horizon).

The consistency of this coverage demonstrates the durable salience of environmental topics, which have continued to top the media and thought leadership agenda throughout this year and last.

What has changed, however, is the distribution of coverage among topics within the broader environmental subject area. Our Q1 report found that the geopolitical aspects of the energy debate took centre stage, often at the expense of environmental ones. The report found that coverage featuring the terms ‘carbon emissions’, ‘climate change’ and ‘environmental impact’ declined from the previous quarter.

In Q2, meanwhile, these shifts were mainly driven by the cost-of-living crisis, and ensuing debates about its causes and solutions. The drop in thought leadership coverage of ‘environmental impact’ became more pronounced, falling 20.5% from the previous quarter.



There was a 62.5% increase in media coverage on thought leadership related to ‘natural resources’ from Q1 to Q2, and a 9.5% increase in coverage of ‘renewable energy’ over the same period. Over the last 12 months, the rise is even more pronounced: in Q2, there were 72% more pieces of thought leadership coverage on ‘renewable energy’ compared with Q3 of 2021 – when COP26 took place.

These increases illustrate ongoing debates about the energy transition, with governments using both renewable and non-renewable energy sources to tackle soaring customer bills and secure domestic supply. Commenting on the regulatory approval of Jackdaw, a major North Sea gas field, the Secretary of State for Business, Energy and Industrial Strategy’s tweet illustrates the point: “We’re turbocharging renewables and nuclear, but we are also realistic about our energy needs now. Let’s source more of the gas we need from British waters to protect energy security.”

Debt fret

This shift in focus from climate considerations to energy costs and security is illustrated by a Climate Action Tracker report published in June. The report found that the Ukraine crisis has prompted a fossil fuel “gold rush”, as governments seek to replace reduced Russian oil and gas supplies and control surging energy bills.

Organisations sharing thought leadership insights must take note of this prevailing trend. With the energy price cap lift set to increase UK consumer bills by 65%, and Vladimir Putin continuing to squeeze Europe’s gas supply, short-term economic and security incentives will continue to divert attention from the climate crisis.

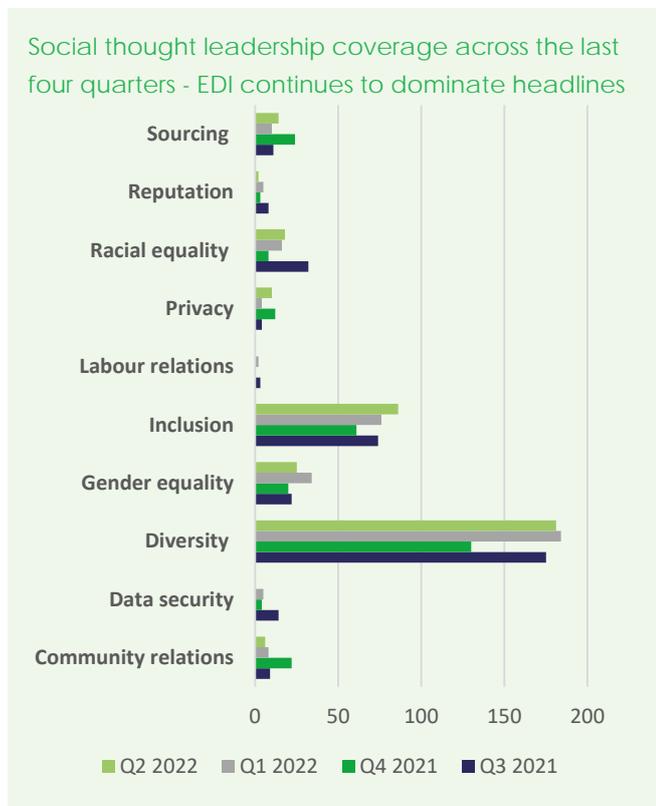
Nonetheless, it is expected that firms will be looking to get ahead of COP27, and that more climate-focused insights are likely in the second half of 2022.

Social

The volume of social-themed thought leadership content remained steady in absolute terms, with 342 pieces in the UK national media, compared to 340 last quarter. This did represent a slight drop in terms of overall ESG thought leadership coverage, however, given the increase in content related to energy and the environment.

This reflects a degree of separation between thought leadership coverage and the salience of issues in the national media, with topics like sourcing and particularly labour relations seeming markedly under-exploited. Organisations looking to get their thought leadership noticed might see this as an opportunity, and take advantage of this ‘white-space’ with new and timely insights.

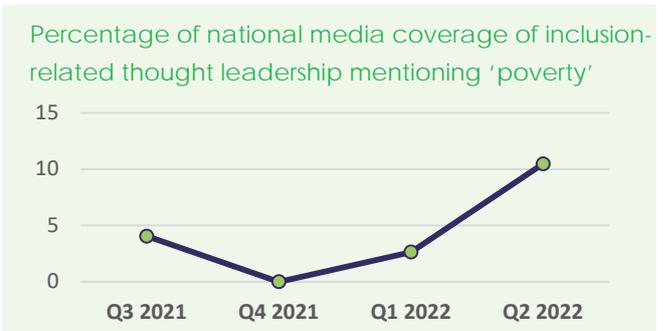
remarkable. One potential explanation is that we are seeing a lag in coverage, and if this is the case, we would anticipate an increase in mentions of labour relations in Q3, once thought leaders have had time to research and respond to current events.



Is the cost-of-living crisis driving a shift in EDI coverage?

The term EDI is most often associated with a focus on race, religion, and gender. Our analysis of data for Q2 2022, however, revealed another focus increasingly generating headlines: financial inclusion. Of the eighty-five articles covering inclusion in Q2, nine mention ‘poverty’. In Q1, the same was true of only two articles out of seventy-six.

Given that the cost-of-living crisis looks set to dominate headlines for some time, this spike might represent another area where, in the coming months, thought leadership content could be especially impactful.



Strikes out?

The absence of any strike-related content stood out from this quarter’s data. Q2 saw a number of major unions ballot their members over strike action. Barristers, rail workers, and teachers had all threatened to strike by the end of June, and the last week of the quarter saw three days of major disruption when the RMT downed tools.

As the graph above shows, ‘labour relations’ has been very rarely mentioned across the last four quarters; that this trend continued even as strikes made national headlines is

Open sourcing

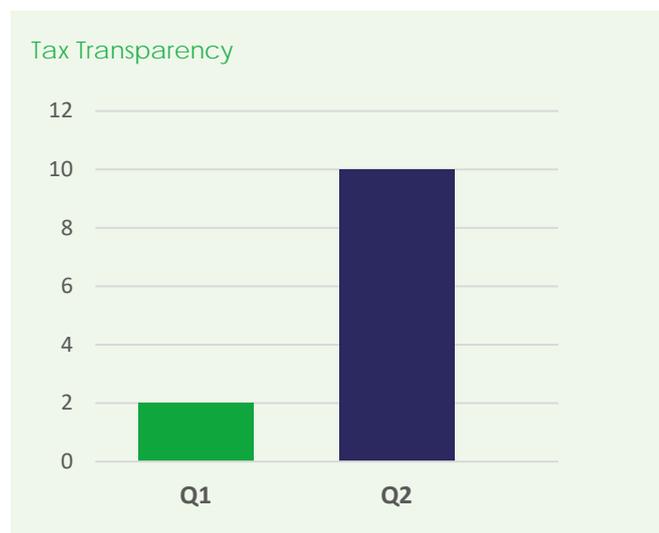
Having seen a big decrease from Q4 2021 to Q1 2022, the number of articles covering thought leadership on supply-chain sourcing jumped from ten last quarter to fourteen in Q2, 2022. Suppliers face substantial difficulties in maintaining supply chains without running afoul of public opinion, or even sanctions. None of the articles highlighted by our search considered how Western sanctions on Russia have affected sourcing, marking a potential opening in the thought leadership landscape.

Governance

As has been the case throughout the last year, governance remains the least covered part of the ESG agenda. In Q2 2022 it retained an especially low share of the coverage overall, with just 44 stories compared to 1,795 environmental stories and 342 social ones. Moreover, this is the lowest quarterly score since this research began a year ago – in Q4 2021 corporate governance featured in 63 articles, and in 65 articles in Q3 2021.

Nonetheless, this reduction in the number of voices discussing governance could be an opportunity for organisations. A number of stories which drew significant media attention during the last quarter show how there is a chance for firms to draw attention to their insights on these issues.

Tax rise



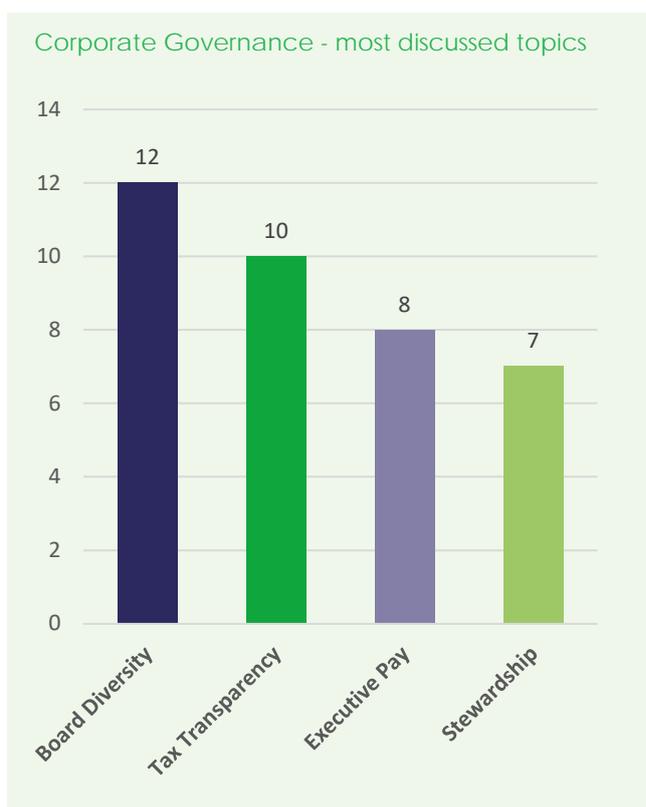
There was a large increase in coverage of thought leadership on tax transparency, up from two stories in Q1 of this year to 10 in Q2. In part, this increase was driven by media interest in tax policy generated by the revelation that Ashkata Murty, wife of then-Chancellor Rishi Sunak, held non-dom status. Since then, tax, and in particular corporation tax, has remained in the headlines as a major feature of the Conservative leadership election. It will therefore be a priority for any new Prime Minister, and so this will likely remain one of the more prominent areas of governance-related ESG thought leadership coverage.

A focus on transparency has also been driven by a continued focus on the need to reform Companies House, and the use of companies by Russian oligarchs to avoid taxes, hide wealth and protect assets. This issue is likely to remain high on the agenda over the next few quarters, especially if the Economic Crime and Corporate Transparency Bill is introduced to Parliament as expected.

The discussions around disclosure, transparency and verification will be a strong opportunity for organisations to offer insight into what is necessary and how sufficient safeguards can be put in place.

The cost-of-living crisis means that executive pay remains one of the most salient aspects of corporate governance, making up 17% stories in Q1 and 18% in Q2. In the first quarter of the year, media discussion on executive pay was driven by the disclosure of numerous high-profile executive pay packages, including that of P&O Ferries' CEO.

Far from being a remote, abstract problem, corporate governance increasingly resonates with the public, and this is reflected by the themes being highlighted within this topic. Organisations will need to have something to say about their transparency, their pay structures and their safeguards against money laundering and crime. Those who do are increasingly likely to be heard by the media.



Conclusions and opportunities

Our fourth quarterly analysis shows ESG thought leadership continuing to climb the media agenda in 2022. With the right approach, organisations can use it to reach a wide audience and shape the narrative around prominent global issues.

By tapping into ‘white spaces’, where new insights can be added to topics of public interest, organisations can ensure their voice is heard in a noisy media landscape. Below, we set out a series of conclusions and recommendations for attracting attention to thought leadership insights.

Environment

- > Q2 2022 saw the discussion shift further from the environmental imperatives of the energy transition, and towards its impact on energy bills amid a global cost-of-living crisis
- > To ensure their thought leadership is noticed by a broad audience, organisations must position themselves at the forefront of the intersection between the environmental and financial cost of the energy transition
- > From Holland’s Groningen gas field to Britain’s Sizewell C nuclear plant, governments will continue to grapple with the use of both renewable and non-renewable energy sources to tackle surging consumer prices. Organisations can attract attention and impact the debate with original and incisive thought leadership that assesses the environmental, financial, and security implications of these key decisions
- > The lead up to COP27, and the increasing incidence of natural catastrophes in Europe, likely means that the climate will come to the fore again in these debates

Social

- > Equality, Diversity and Inclusion will continue to dominate much of the conversation around social issues, with financial inclusion coming into sharper focus as consumer price inflation reaches a fourty-year peak
- > Industrial action represents a potential ‘white-space’ in thought leadership content, as organisations seek to develop and share insights on an issue where media attention will remain focused – with strike action on the cards for rail, bus and postal workers in Q3
- > As a relatively untapped area of thought leadership coverage, supply-chain sourcing is another potential opening for well-targeted insights, with brands coming under pressure to comply with restrictions such as the US’ new ban on imports from Xinjiang

Governance

- > The cost-of-living crisis will remain as one of the most important political issues in Q3, meaning it is likely that taxation will be a topic that continues to climb both the news and thought leadership agenda
- > Strike action and the cost-of-living crisis will continue to drive the increasing salience of executive pay, making the topic fertile ground for new and relevant insights

Methodology



Luther Pendragon uses an AI-powered media monitoring platform to analyse all UK national media online and print output during the set period, identifying thought leadership on ESG. Each category was divided into ten subcategories, which covered the spectrum of ESG topics and have all been reported on during the set period.

To identify relevant articles, all UK national media output is monitored using a custom thought leadership filter, which identifies articles focusing on the publication of new research. Qualifying articles must refer to one of the 30 ESG subcategory terms in the headline or opening paragraphs, indicating that the subcategory in question is relevant to the article. The media monitoring platform uses artificial intelligence to build an understanding of the search it is executing, and exclude articles which are not relevant.

Environmental	Social	Governance
Carbon footprint	Gender equality	Corporate governance
Climate change	Racial equality	Board diversity
Carbon emissions	Diversity	Stewardship
Climate finance	Inclusion	Tax transparency
Pollution	Community relations	Business ethics
Biodiversity	Labour relations	Legal compliance
Sustainability	Data security	Accountability
Environmental impact	Privacy	Stakeholder relations
Natural resources	Reputation	Executive pay
Renewable energy	Sourcing	Corporate behaviour

Have a question about communications and thought leadership around the ESG agenda?

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