



Social Climber: Why are social issues rising up the agenda?

A quarterly review of ESG thought leadership themes in the media

Summer 2023

lutherpendragon

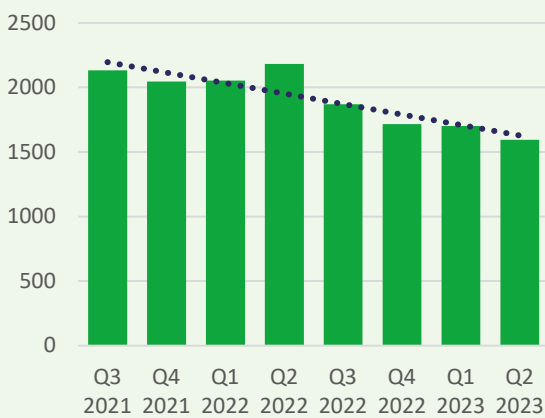
Executive Summary

The eighth edition of Luther Pendragon's AI driven research finds that the volume of media coverage of ESG thought leadership declined for a fourth consecutive quarter, to its lowest-ever level, despite a significant increase in coverage of social issues.

Overall, media discussion of ESG thought leadership fell to 1594 articles in Q2 2023, down from 1701 in the previous quarter and 2181 in Q2 2022. In this report we look at why this decline in coverage has taken hold, and how thought leaders can respond to ensure that their analysis remains relevant, and addresses the issues that engage the media.

The need for organisations to think about, and act on and address, the issues relating to the environment, society and corporate governance has not diminished. Indeed, much of the evidence suggests that organisations remain engaged with these issues, and that the media continues to have a strong interest in insights that move the ESG debate forwards. It may be that they are having to couch their approach in different language – so when it comes to ESG, have the terms of engagement changed?

ESG thought leadership coverage



Environmental collapse

Coverage of environmental thought leadership fell sharply in the quarter, accelerating a trend highlighted in previous reports, of a decline in environmental thought leadership coverage.

A crowded media and political agenda means that the environment has had to compete for media attention. Nonetheless, some reports did generate significant attention, showing that there remain numerous opportunities for firms to set out their thinking on this issue. Insights that were able to describe the direct, measurable effects of climate change tended to cut through more than others.

Within the environment topic, 'carbon footprint' was one of few categories to see a rise in media coverage. Insights looking at some of the methods organisations use to reduce their climate impact, and the technologies that can accelerate this transition, tended to do well in the media. As schemes such as carbon offsetting come under more scrutiny, this is a conversation that organisations can look to influence.

Counter-cultural

Social thought leadership bucked the overall trend by rising significantly this quarter.

This was mostly driven by coverage of issues on racial equality and inclusion. The quarter was bookended by reports on racial discrimination within rugby and cricket, which generated a lot of discussion about the culture within their respective professional bodies. However, it also sparked discussion of these issues in other contexts, showing how organisations adapt to the news agenda to ensure that insights reflect the leading issues of the day.

The potential societal and economic impacts of new technologies, such as artificial intelligence, continue to gain media attention. Organisations that can bring these issues into their analysis of broader social problems, like inequality and inclusion, are likely to do well in the media.

Let's get ethical

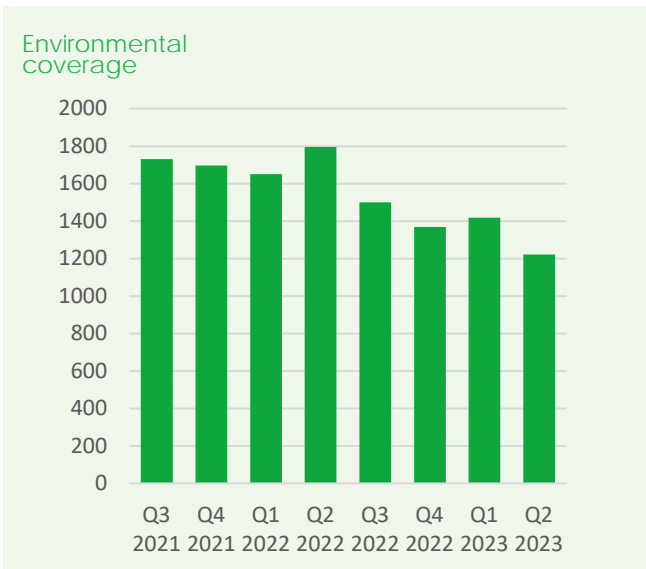
Media coverage of thought leadership on governance issues rose in the quarter, meaning that it took up a larger share of overall ESG coverage – over 4%, its highest ever share.

Executive pay, which has been high on the agenda in recent quarters, began to recede as an issue. Much like for social thought leadership, some coverage was driven by the reports into sports' cultures. Many used this as a springboard to discuss the diversity of, and culture within, boards in sectors outside of sport. This analysis was picked up by much of the media, showing that it can be an effective approach to link current affairs to ESG themes.

However, the biggest driver of governance media coverage were scandals relating to misconduct by senior executives. Analysis of how complaints of misconduct were handled by both the companies themselves and regulators, received a lot of media coverage.

Environment

Environmental coverage fell significantly over the quarter, and in almost every sub-category. Coverage dropped from 1,419 in the first quarter of the year, to just 1,222. In the second quarter of 2022, thought leadership coverage was as high as 1,795.



The decline in overall ESG coverage was driven by a reduction in coverage of environmental topics, and could reflect the increased political scrutiny of the ESG agenda. Blackrock CEO Larry Fink, who has previously pushed for companies to adopt ESG, has recently expressed his concern that it has been weaponised by sections of the media and politicians. He says that he will abandon using the term as a result.

The changing shape of coverage on the environment also reflects the scrutiny around how organisations transition to net zero. This was reflected in reports looking at organisations’ use of carbon offsetting schemes, warning that they were potentially causing more harm than good. Offsetting, which uses environmental projects and carbon capture and storage to cancel out emissions, is being relied on by a number of firms as they set out their plans for achieving net zero by 2050. The role of offsetting in the net zero transition is likely to remain a contested area and those who can contribute their analysis on its efficacy are likely to be picked up in the press.

One of the biggest falls was in coverage of thought leadership on climate change, which fell from 693 the previous quarter to 593 – a drop of 15%. Year-on-year, the drop is even more stark: 35%. While coverage of climate change is declining, it still represented 49% of all environmental coverage this quarter. It is a popular and highly-saturated issue, and decreased media interest may represent a growing fatigue.

However, there were a number of reports that did pick up significant coverage, with some of the most prominent media stories focusing on a report which found climate change is

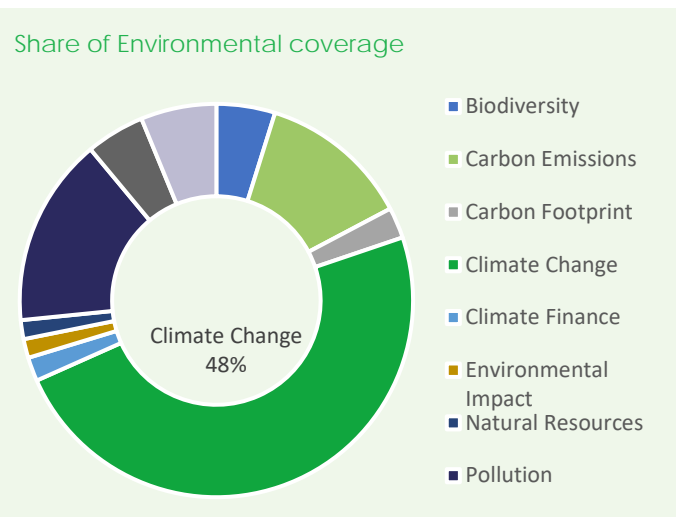
impacting water supply. The report found that more than half the world’s lakes have shrunk since the 1990s. Another report that received significant media attention looked at the relationships between rising temperatures and wildfires in Asia. The study found that a heatwave in April was made 2°C worse by climate change, contributing to forest fires and increased cases of heat stroke. Where thought leadership is able to show cause and effect of environmental issues, by highlighting the tangible impacts of climate change, it can still draw significant attention.

Don't get offset

One of the few environmental categories that received more coverage than the last quarter was ‘carbon footprint’, with the media often focusing on organisations’ attempts to reduce their environmental impact, as well as on the methods they employ.

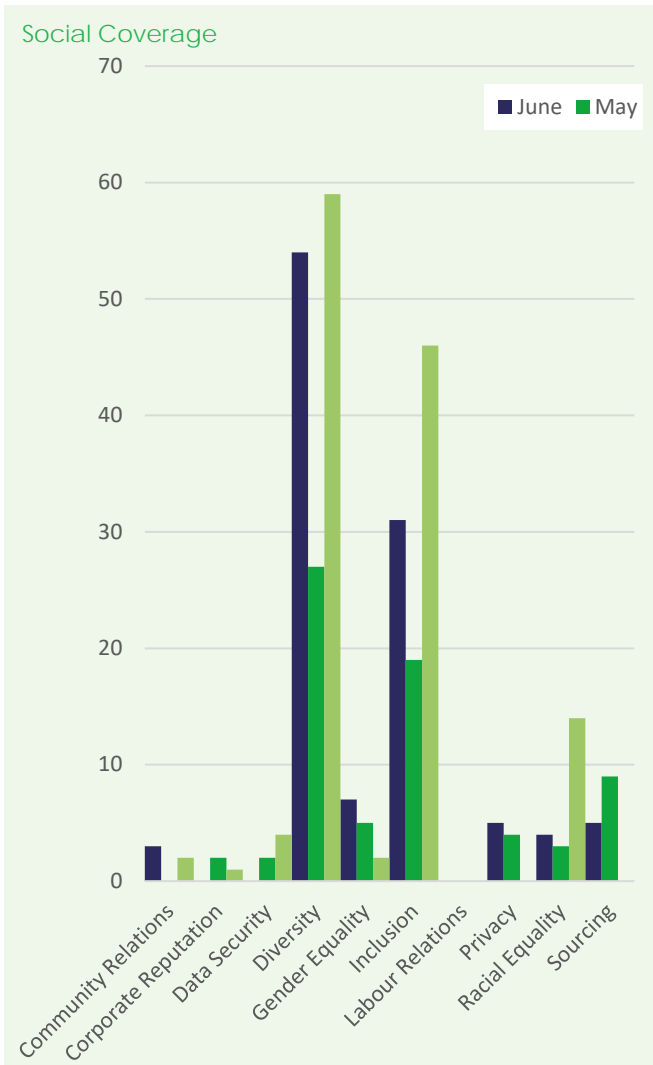
A highly-covered report looked at the use of single-use plastics in the NHS, and the impact that healthcare provision has on the environment. It found that the majority of the NHS’s footprint comes from single-use plastics – and offered some immediate solutions: improved waste management and more reusable items where possible.

Other media articles looked at a report on the carbon emissions associated with lab-grown meat, which is often touted as a solution to intensive farming. It raised significant questions about the efficacy of this approach, providing a useful resource for the media to hold organisations and innovators to account for their progress on combatting climate change.



Social

General coverage of social issues has risen markedly in Q2; figures are up by 38% from Q1. This is promising news; whilst the trend in previous quarters has been downwards, general social coverage has now recovered to 90% of what it was in Q2 2022. Topics with the highest coverage this quarter are diversity, inclusion and racial equality, with a spike in gender equality also noted in June.



Diversity remains, by some margin, the most highly covered topic across social issues. Inclusion was the second-most discussed category; across social coverage, it's possible to see that audience interest and amplification of debates is tentatively returning to last year's levels.

Racial equality

Much of racial equality's coverage spike took place in April and June, and three high-profile reports. The Guardian in April detailed the inequalities faced by members of the Gypsy, Roma and Travelling communities. Research from Universities of St Andrews, Manchester, and Kings College London explored racial discrimination experienced across the workplace, education, housing, and policing.

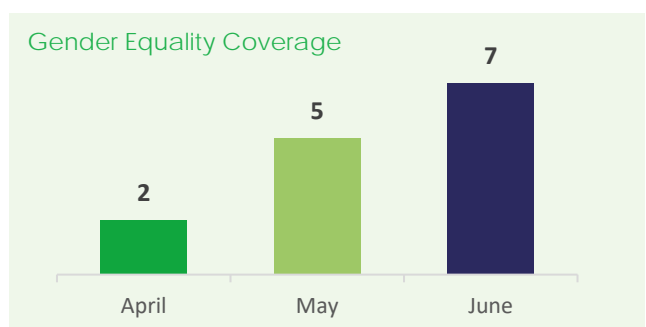
The Rugby Football Union's self-commissioned report found extensive racism and classism in rugby, and most recently, the Independent Commission for Equality in Cricket (ICEC) published a censorious report of racism, sexism and elitism across cricket in England and Wales. It remains true that inclusionary insights will continue to be well-received.

Resigned to resignations?

Late this quarter, PricewaterhouseCooper published a study of the global workforce, noting the continuation of 'The Great Resignation' trend in firms around the world; one in five workers plan to leave their jobs in the next year. 65% of workers discuss social and political issues at work, but this figure for younger workers is at 69%, and 73% for workers from ethnic minorities. With only 30% of employees in general finding their company supportive in facilitating such conversations, this emphasises that organisations doing more to foster inclusive and constructive debates on social issues in the workplace may not only provide a benefit to employees from minority backgrounds, and encourage inclusivity, but may also generate media interest.

Does paternity pay

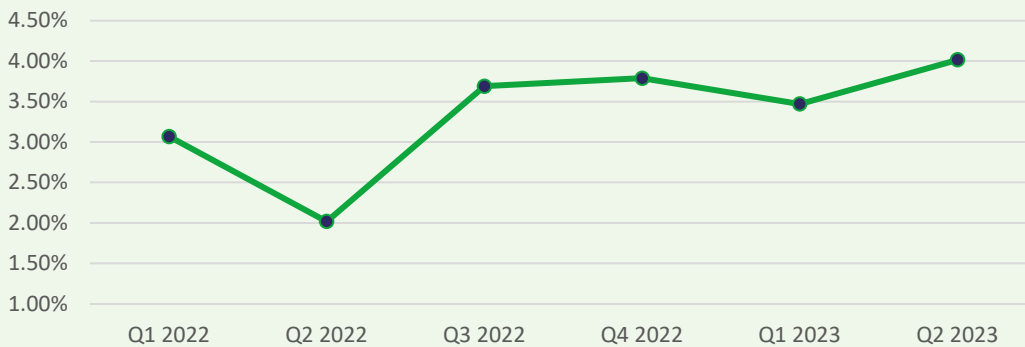
Gender equality remained at a level consistent with last quarter, and particularly peaked around Father's Day in June. Timely research from think tanks and campaign groups explored how improved paternity leave policy would reduce the gender pay gap, continuing the conversation noted in this report in Q1. With findings that 62% of working fathers would take more paternity leave if statutory pay were increased, alongside the finding that one in five fathers would take no paternity leave at all, it is clear that debates on how to foster gender equality outcomes through corporate policy are certainly far from over.



Governance

Coverage across governance in Q2, in contrast with an overall drop across ESG coverage, rose by 8%. This reflects a gradual but consistent amplification across governance topics; this year's Q2 coverage is up 45% from Q2 2022. Board diversity and business ethics garnered particular attention in the last quarter, whilst discussion of executive pay dropped markedly.

Governance as a Percentage of Total ESG Coverage



Sticky wicket

Since Luther's coverage began, board diversity has remained the most covered topic within governance per quarter, a trend which has continued into Q2. Coverage was particularly elevated in late June. As mentioned above, the Independent Commission for Equality in Cricket (ICEC) were highly critical of the racism, sexism and elitism found to exist in cricketing bodies across England and Wales. The England and Wales Cricketing Board (EWCBC) avowed to address the ICEC's 44 recommendations within the next three months.

In Q1's report, it was noted here that by taking a new approach to board diversity, Cricket Scotland were able to address allegations of institutional racism made against them in an October 2022 report. This demonstrated the influence that board diversity can have on adjusting reputational outcomes and influencing change.

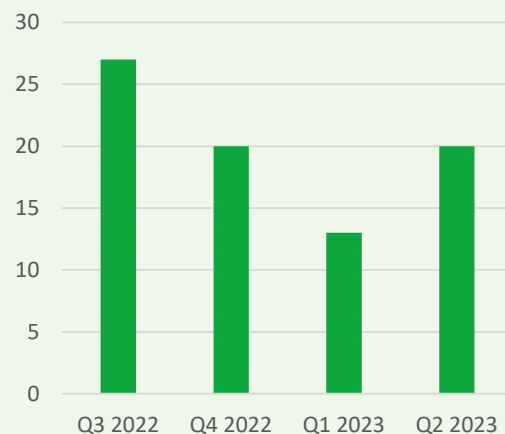
There's no business like ethical business

In May, the Financial Times outlined that almost half of the FTSE 350 index do not have publicly available codes of ethics, compared with 90% of the FTSE 100. The Director of the Institute of Business Ethics highlighted that this was a cause for concern; there is a diminishing sense of loyalty felt to firms amongst staff and customers. By viewing such statistics alongside PricewaterhouseCoopers's global survey of the workforce, continuing concern around 'The Great Resignation', and the value which employees now place on feeling supported at work, organisations' output highlighting the power of ethical thought leadership shall be well-received into Q3.

The value of well-managed, codified public codes of ethical business conduct was further drawn into focus after the extensive fallout resulting from allegations of sexual misconduct at the Confederation of British Industry in April, and Odey Asset Management more recently in June.

These events have demonstrated not only the catastrophic impact of reputational crises, but also the importance of an appropriately managed corporate culture. Business ethics coverage across Q2 indicates that whilst the language and landscape of ESG may be in flux, organisations are nevertheless prudent to remain proactive in their ethical thought leadership, rather than reactive; it is easier to maintain control of a narrative whilst on the front-foot rather than the back.

Board Diversity Coverage



Summary

Many firms are changing the way that they approach the ESG agenda, and if organisations want to position themselves among the leading thinkers on this issue they need to reflect this. Those who can add to debates with original findings or data will ensure that their thought leadership stands out.

Our analysis found a decline in ESG coverage this quarter, and a growing concern that companies' use of the ESG agenda is for political reasons. Audiences are applying greater scrutiny, so organisations should focus on thought leadership that can provide new insights, identify issues, and propose solutions.

Those that produce engaging thought leadership will find themselves shaping the public and private responses to the major social and environmental challenges we face. Going forward, organisations should be aware of the 'Fink Effect'; the Blackrock CEO, having outlined that ESG has been weaponised, has abandoned the term.¹ Our analysis found a decline in ESG coverage this quarter, but also that there is still a great deal of media interest in thought leadership that can provide new insights, identify issues, and effectively scrutinise proposed solutions.

Environmental

- > As a category, 'climate change' featured less in media coverage of environmental thought leadership. However, where it was able to show the cause and effect of climate change, by highlighting its tangible impacts, it tended to do well in the media.
- > Organisations should avoid discussing environmental issues in the abstract, instead focusing on the real and demonstrable impact of climate change.
- > This is also true of the solutions to the climate crisis. Thought leadership that analysed whether proposed high-tech solutions growing emissions were realistically feasible often attracted media interest.

Social

- > Multiple reports on the reality of discrimination in institutions have driven media interest in the issue of diversity. Many thought leaders have had success using this as a hook to talk about the policies organisations should be following.
- > Organisations can highlight the actions they have taken to facilitate inclusive and constructive conversations, adding to the discussion on how to address issues such as corporate diversity.
- > The debate on how to foster gender equality via corporate policies, alongside public policy, is likely to continue, and organisations with useful insights or thought leadership experience on the matter will be well-placed to receive media attention.

Governance

- > Governance coverage is expanding. Whilst consistently taking up the lowest share of coverage across ESG, debates around ESG are shifting, and governance as a topic is comparatively unscathed. Organisations should make note of this in Q3, with the opportunity to stand out being higher in a less crowded media landscape (for now).
- > Board diversity thought leadership enables an organisation to demonstrate top-down, effective change. It is a strong tool for corporate messaging, but must be supported by evidence based recommendations and effective internal programmes.
- > High profile misconduct cases have been widely covered in Q2. Organisations providing insightful and timely analysis of these issues are likely to attract meaningful interest and debate.

1. <https://www.thetimes.co.uk/article/blackrocks-larry-fink-stops-using-weaponised-term-esg-dkjtppc9r>

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?

Contact Keith Brookbank
Director and Head of Thought Leadership

keithbrookbank@luther.co.uk
 0207 618 9100

