



Coming up to COP

A quarterly review of the challenges and opportunities for ESG issues in the media

Autumn 2023

lutherpendragon

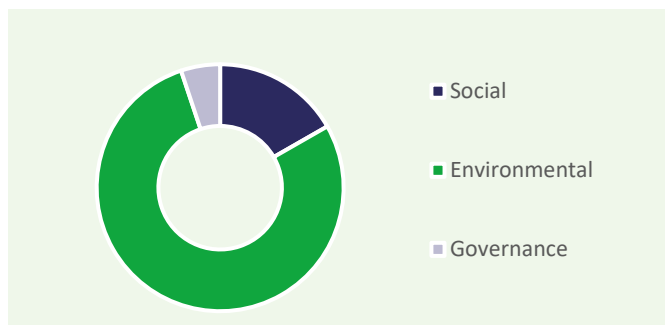
Executive Summary

The Chief Executive of Glencore, one of the largest companies listed on the London Stock Exchange, recently accused European investors of being too focused on ESG. Former British Prime Minister Liz Truss, meanwhile, criticised the ESG agenda for “imbuing woke culture into our business” in a speech to the Conservative US thinktank, the Heritage Foundation, this spring.

As we head towards the year’s end, one thing for sure is that the debate on ESG issues is evolving at pace. The patterns identified in this report, the ninth edition of Luther’s AI-powered review, give a sense of this direction. The analysis carries crucial implications for organisations who want to shape the narrative around some of the key issues of our time.

We preview the opportunities available to thought leaders in the coming period, with the COP climate summit, energy price shocks¹ and Black History Month on the horizon – giving the chance for organisations to engage on important issues and cut through to audiences with original and well-targeted insights.

Consistent climate



In Q3 of 2023, the distribution of coverage across the three subject areas comprising ESG remained broadly consistent with our previous analyses. The environment continues to attract the highest volume of thought leadership coverage, followed by social and then governance.

Quarterly comparisons for each of those subject areas, however, tell a different story, revealing significant shifts with crucial implications for organisations providing thought leadership on ESG.

Stories relating to thought leadership on governance increased by 25% since the previous quarter, with social coverage dropping by 16% in the same period. Environmental coverage, however, remained at broadly the same level, decreasing by just one percentage point since the last quarter.

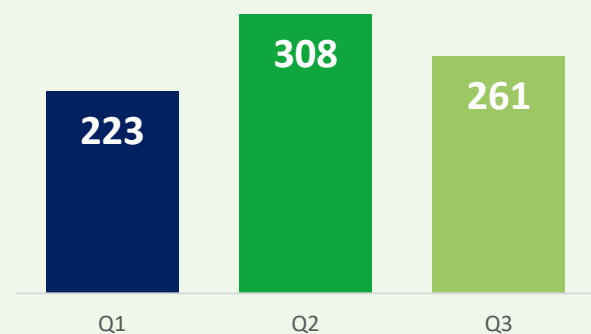
The rise in media coverage of thought leadership on corporate governance is partly due to an intensified focus on corporate governance and business ethics following the ‘debanking’ row sparked by Coutts Bank’s decision to close Nigel Farage’s account.

The media scandal that ensued caused stories on financial inclusion to peak at the end of September. Going into Q4, though, it is racial inclusion that is likely to drive an expected increase in social coverage, owing to Black History Month in October.

This would represent a continuation of the pattern noted in Luther’s previous reports: a spike in coverage of social issues around ‘set-piece’ events like International Women’s Day and, in the coming quarter, Black History Month.

However, the subject area expected to receive the biggest proportionate increase in thought leadership coverage during Q4 is the environment. COP28, due to be held from late November to early December, is one reason why.

Social 2023



COPs and robbers: Policing the polluters

As the upcoming COP will take place in the UAE, a country where oil is the largest export commodity, this year’s edition of the summit is likely to attract significant media interest and possibly more than previous conferences. As a focal point for debate around climate change, thought leaders will likely capitalise on this extra attention with original and well-timed insights.

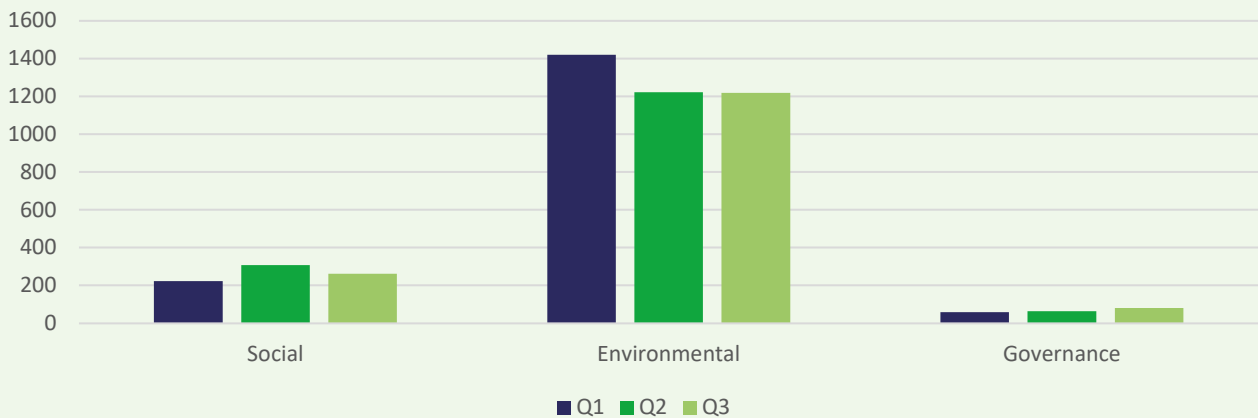
Throw in energy price shocks, likely to be caused by the newest tragic front in the conflict between Israel and Hamas, and it’s clear that the eyes of the world will turn to the nexus between geopolitics, energy and our environment once again. Organisations looking to engage in the discussions around ESG must take note.

1. FT, Oil jumps above \$90 on concerns over escalation in Israel-Hamas war, October 2023

Environment

Media coverage of thought leadership on the environment remained at a consistent level in Q3, registering a quarterly decrease of 1%. In August, however, the level of this coverage was significantly higher than any other time during the quarter. The month had 10% more stories than September, and 21% more than July.

Environmental changes in coverage



The August uptick was partly due to speculation around the UK's green pledges. This followed the Prime Minister's trailing of plans to delay the implementation of environmental commitments, including a proposed ban on the sale of new petrol cars, and to grant 100 new North Sea oil and gas licenses.

The watering down of green commitments was also a centrepiece of the frontbench speeches at the Conservative Party Conference in Manchester this October, so we expect coverage to increase in Q4. To get their environmental insights covered in the media, organisations should consider publishing research that engages directly with debates that took place in Manchester, for example after Theresa May's remarks on the green industrial revolution at a conference event.

Renewable focus

Q3 saw a marked increase in news stories on thought leadership looking at renewable energy and climate change. Press coverage of renewable energy insight was 22% higher than in Q3 2022, and 20% higher compared to Q2 of 2023. In Q3, the number of stories on thought leadership about climate change experienced a 5% quarterly increase. Mentions of both

terms again spiked in August – as did the number of stories on carbon emissions.

The rise was primarily due to the volume of articles on heatwaves and wildfires spreading across the globe, with extreme weather events hitting Canada, China, the Canary Islands and beyond this summer. Given that such events are directly caused by carbon emissions, they precipitated new stories about those emissions – and about how to reduce them by using renewable energy.

However, it was not only the frequency of these extreme weather occurrences that drove coverage – but also the location in which they took place. Luther's previous analyses measured the impact of extreme weather events globally, such as the floods that submerged large parts of Pakistan in summer 2022.

In Q3 of 2023, however, many of these climate-linked catastrophes took place in Western holidaymakers' favorite destinations, like the Greek island of Rhodes and Tenerife in Spain. It's no coincidence, then, that there was more coverage of them in the UK media this time around. Thought leaders who wish to draw attention to their insights must learn from this pattern, for example by focusing research on the impact climate change has on regions nearby to their target audience.

Climate Change Q3 2023



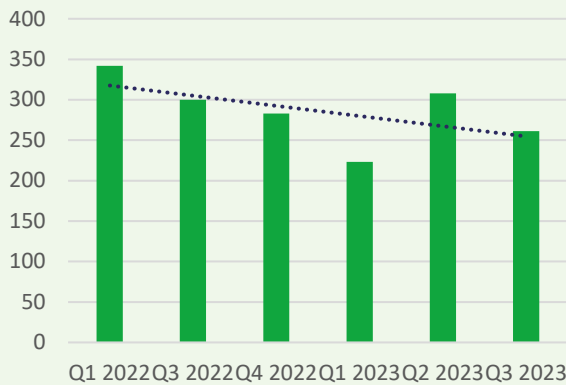
Good COP, Bad COP

We can expect coverage of thought leadership on renewable energy to continue increasing during Q4, because the COP28 climate summit is due to start in the United Arab Emirates in late November.

Social

Social coverage experienced a dramatic change during our Q3 monitoring, decreasing by 16%. Diversity and inclusion, the mainstays of coverage on social issues, remained in the top positions, though both topics' coverage was diminished.

Decline in Social Coverage



Diversity Drops

Diversity coverage dropped to a record low in Q3, having fallen by 30% overall since Q2. Indeed, this quarter's figures are just 57% of what they were in Q3 2022, with coverage levels consistently low across the third quarter of 2023.

A report² from the US-based executive search firm Spencer Stuart received coverage in August. The report, examining diversity across S&P 500 firms, found that the percentage of new directors who come from an ethnic minority had fallen in 2023.

Despite an investor-led drive for board diversity, the report found that in times of geopolitical and macroeconomic uncertainty, minority-background executives were more likely to be overlooked in the hiring process. Insightful thought leadership on diversity and racial equality should be better amplified in October, with the advent of Black History Month.

A sporting chance

In September, the Great Run Series published research³, finding that four in ten disabled adults are passionate about sports, but do not feel confident enough to take part in sporting events. Coverage exploring diversity across sport has remained low, but consistent in Q3. As preparations for the 2024 Summer Olympics and Paralympics begin, diversity debates are likely to amplify.

Bank on this

It is notable that coverage of inclusion thought leadership was lower than usual in Q3, by 8%, given the Coutts debanking scandal in July. However, coverage spiked in late September, when the Financial Conduct Authority released their report⁴ on the matter. They found no evidence of political-motivated account closures between July 2022 and June 2023.

The report noted that evidence had been gathered at speed, with further analysis necessary. Therefore, the conversation surrounding banking and inclusion remains highly unlikely to subside in Q4. Insights exploring the interaction between the public and private spheres should be well-received.

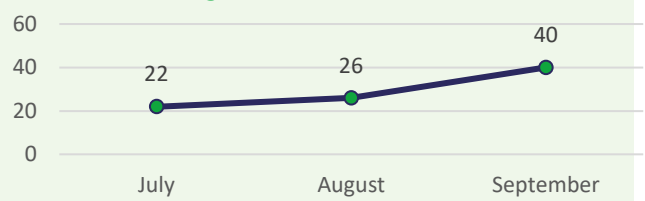
It's about time

Coverage of gender equality thought leadership peaked in July, providing 66% of overall coverage in the quarter. July saw the House of Commons Women and Equality Committee publish their inquiry report, 'Attitudes towards women and girls in educational settings'⁵. The report, initiated in Q2 2022, explored the cause and effect of harmful gender imbalances across educational institutions in the UK.

Despite the significant insight offered in this seminal report, its short-lived coverage highlights the benefit in well-timed thought leadership publication. Coverage peaked in July, but failed to ignite further debate, with gender equality coverage remaining low for the rest of the quarter. This marks a contrast with the success of gender equality thought leadership released in conjunction with International Women's Day in March, as noted in this report's Q1 edition.

The overall drop in social over Q3 suggests the relevance of 'set-piece' events within social thought leadership. Insight is better-received when focused on key events, and well-timed reports and studies that engage with key events, rather than general themes, tend to be better rewarded.

Inclusion coverage across Q3



2. Spencer Stuart, 2023 S&P 500 New Director and Diversity Snapshot, August 2023

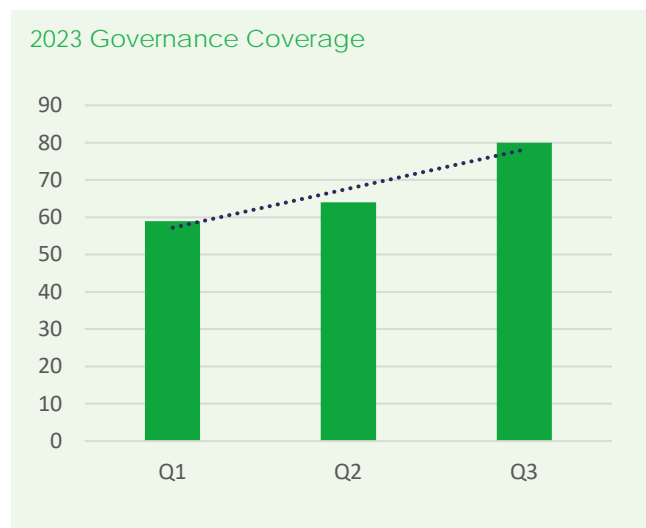
3. OnePoll commissioned by Nissan, Supported Runner Project, September 2023

4. FCA, Initial findings on bank account access and closures, September 2023

5. UK Parliament, Attitudes towards women and girls in educational settings, July 2023

Governance

In contrast to the decline in ESG coverage overall, Q3 saw a significant increase in governance coverage – registering 25% more stories than there were in Q2.



This uptick follows an increase of 8% in Q2 in a subject area that was previously the least covered thought leadership category consistently. The amplification of governance issues reflects consistently high board diversity coverage, alongside increases across executive pay and corporate governance this quarter.

A diversity dichotomy

Coverage of board diversity thought leadership remained consistently high, again taking the top spot across governance, remaining well-covered due to the ongoing conversation around diversity in cricket, as noted in our Q1 and Q2 analysis.

The debate was furthered through a report published by Quilter Cheviot calling on investment trusts to improve the diversity and succession planning of their boards given failings on ethnic and gender diversity targets, labelling them 'too cosy and clublike'.

Q3 also saw a new study targeting hedge funds, released by Rotterdam School of Management, which revealed a positive correlation between board diversity and the likelihood of being targeted by activist hedge funds.

The study found that whilst diverse boards tend to be more effective, they also tend to be slower at decision-making as unity may be lower, and thus are more at risk. The study has important implications in safeguarding the advantages of board demographic diversity and presents an intriguing new angle for thought leaders to consider.

The gap widens

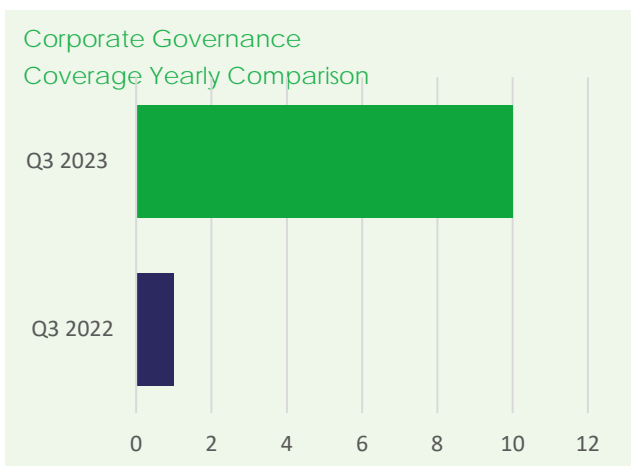
Executive pay coverage increased in Q3 following reports that FTSE 100 bosses received average pay rises of 16% whilst median wages struggled to keep up with inflation. TUC General Secretary Paul Nowak said the numbers show Britain to be 'a land of grotesque extremes'.

The increased scrutiny of executive pay structures this quarter has given rise to new corporate policy ideas around elected worker representation on remuneration committees. For the right organisation, the continuing tensions and shifting debates on pay is one area where greater understanding of the issue can elevate the quality of discourse.

Skepticism builds

Corporate governance coverage in Q3 was fuelled by the debanking scandal surrounding Nigel Farage and Coutts. Reports that banks were closing accounts based on their customer's political beliefs prompted widespread public concern and raised questions over bias embedded within corporate governance practices. Abuses of power at some of the 'Big 4' accounting firms have also raised questions, with an internal review accusing PwC's 'rainmaker' partners of pursuing profits ahead of ethics.

Corporate governance coverage is set to shape Q4 following announcements of large fines for failures and misconduct at both KPMG and Barclays. With heightened public scepticism of remuneration and conduct at some of Britain's largest financial institutions, the ground is ripe for thought leadership on related issues in Q4.



6. FT, UK investment trusts urged to improve diversity and governance, September 2023

7. Organization Science, The Corporate Opportunity Structure for Shareholder Activism: How Activist Hedge Funds Exploit Board Demographic Diversity, 2023

ESG under fire:

Conclusion and Recommendations

This analysis illustrates how, in a rapidly changing world, organisations can seize control of the news agenda with eye-opening new ESG insights. Before doing so it is crucial to understand the developments and conversations driving the agenda – or disrupting it. Below, we set out our key recommendations for organisations to frame the terms of the debate around the most important issues of our time – from energy security to racial equality.

Environmental

- > COP28, will attract more media attention than previous COPs because of the contentious circumstances surrounding it – it is being hosted by the UAE, one of the world's most CO2-polluting countries per capita.
- > Recognising that issues of contention attract coverage, organisations should consider direct engagement with greenwashing debates if they want to draw attention to their research.
- > In Q3, media coverage of environmental thought leadership remained at a broadly consistent level with the previous quarter. In Q4, however, there is likely to be an uptick in media interest around environmental issues, caused by debates on the impact of the UK Government's row-back on its green commitments at the end of Q3.
- > Organisations looking to get their insights noticed should engage with these debates by exploring the specific impact of the Government's announcements.

Social

- > Coutts Bank's decision to close Nigel Farage's account caused a firestorm of media criticism. Substantive and detailed analysis of the evidence around "politically motivated" bank account closures, however, has been sparse. To offer a new angle on a subject of intense media interest, organisations should consider bridging this gap.
- > One of the clearest patterns noted in Luther's previous reporting is the prevalence of thought leadership on social issues published to coincide with 'set-piece' calendar events such as International Women's Day. This October is Black History Month and organisations need to be aware that, in such a congested information landscape, standing out from the crowd with insights that bring something genuinely new to the discussion is more important than ever.

Governance

- > Board diversity coverage remained at a consistently high level in Q3. With Black History Month taking place in Q4, it will likely increase even further.
- > To stand out from the crowd, thought leaders should consider publishing insights which go beyond just measuring the level of ethnic minority representation on corporate boards, by exploring how we can improve racial inclusion in the upper echelons of the business world.

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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