



COP-Out: Is ESG falling from favour?

A quarterly review of Environmental, Social
and Governance issues in the media

2024

lutherpendragon

Executive Summary

Luther Pendragon's new, AI-driven research finds declining media interest in ESG thought leadership, with overall coverage hitting an all-time low since our analysis began. Yet a closer look at the numbers reveals opportunity aplenty for organisations to win the battle for public opinion with quality thought leadership insights.



London Business School's Alex Edmans says ESG is under attack:

“Advocates and critics have become so caught up in cheerleading and criticizing ESG, that they’ve lost sight of the shared goal to create long-term value”

Alex Edmans, London Business School, January 2024.¹

By the end of last year, US investors had removed a record \$5 billion from ESG funds. Globally, more money is now being pulled out of such funds than put into them². This scepticism is not confined to the business community: criticism of ESG is fast becoming an article of faith amongst right-wing politicians on both sides of the Atlantic. Republican lawmakers in New Hampshire, for example, are seeking to impose a 20-year prison sentence for those who use ESG in state funds.³

1. pp. 5-6, Edmans, Alex, *Rational Sustainability* (January 20, 2024).

2. *Morningstar*, 2024

3. *Bloomberg*, *toxic-attacks-on-esg-lead-wall-street-to-mount-a-new-defense*, 2024

Backlash against ESG has intensified. Yet the controversial COP-climate conference that took place in December, hosted by a country where oil is the largest export, illustrates how these issues are more relevant than ever.

With an increase in stories mentioning ‘environmental impact’, for example, our analysis reveals an intensifying microscope on the carbon footprint of ultra-wealthy individuals. During Q4, several national newspapers ran headlines about research measuring pollution emitted by King Charles and Rishi Sunak’s private jets to COP.

Luther Pendragon’s latest research explores evolving media interest in ESG, using AI-powered analysis to preview how organisations can use thought leadership to shape the conversation in 2024.

We examine how research on the environment, society and corporate governance was viewed by national media in Q4, demonstrating how thought leadership can attract attention and drive value going forward.

Uncool climate

Look at any major corporation’s website, and ESG themes – particularly climate change – will likely be highlighted with urgency as a major issue for 2024.

But if ESG issues are more urgent than ever, why does the news environment not treat them as such? This gap, between importance and attention, was most effectively illustrated by the COP conference which just took place in Dubai.

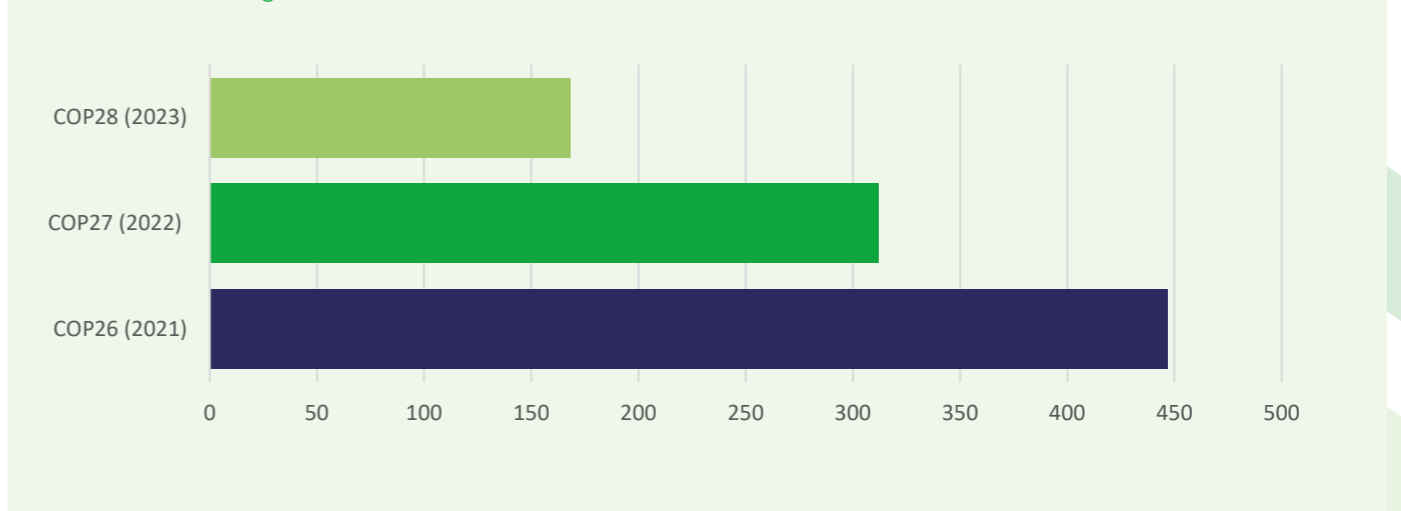
Our research finds that last December’s COP28 attracted less attention than the previous two editions of the conference. The formulaic and familiar architecture of these summits, and the discourse around them, appears not to grab headlines quite like it used to.

The latest edition of the UN Summit featured seismic policy announcements. For the first time, countries agreed on the need to “transition away from fossil fuels in energy systems”. Yet our analysis shows that stories on environmental thought leadership declined in December, the month when the Summit took place, and in 2023 overall.

With insights that make the effects of global warming relatable by measuring how it impacts people’s day-to-day lives, organisations can help to drive home the existential importance of climate change.

Thought leadership original enough to attract media attention could turn the tide in the ongoing battle to get green issues noticed - but what caused the drop?

COP summit coverage



COP-Out: Is ESG falling from favour?

Distinctions in diversity

When it comes to thought leadership on social issues, Luther’s analysis finds that insights on under-explored areas of the EDI debate, such as economic diversity, attract greater attention than more traditional studies on gender and racial inequality.

Our analyses have found that ‘set-piece’ events like the upcoming International Women’s Day generate heightened awareness around these issues, so to get their insights covered, thought leaders must take note.

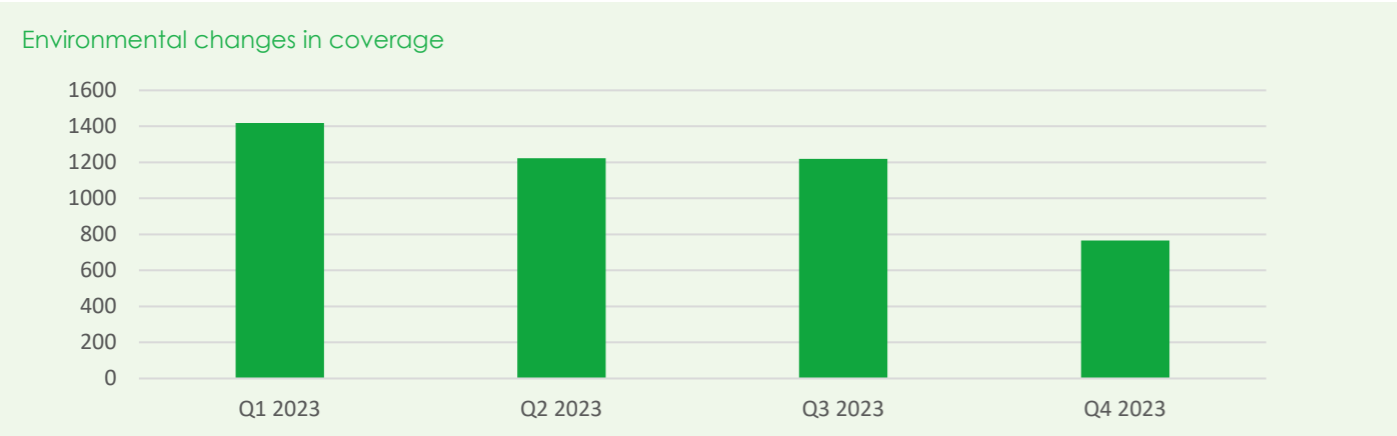
Is executive pay enjoying its hey-day?

While the overall level of coverage for thought leadership on social and governance issues was down, Q4 did offer a spike in stories looking at executive pay. This continues a pattern noted in our previous reports, as public outrage and shareholder activism over big bosses’ pay-packets continues to intensify amid the cost-of-living crisis.

As consumer price inflation continues to decline, driving down the cost of food and other essentials, will this trend continue throughout 2024? We preview the opportunities, and the pitfalls, that the fresh scrutiny creates.

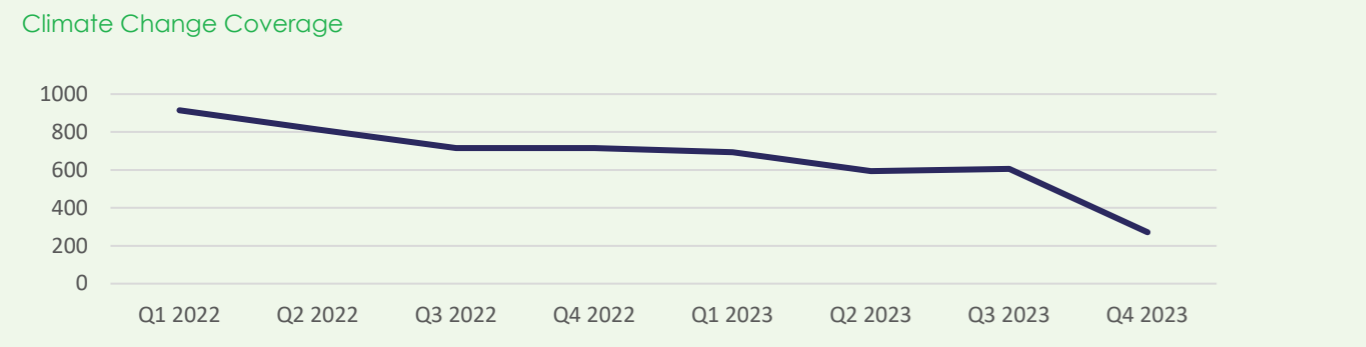
Environment

Media coverage of thought leadership on the environment fell dramatically in the last quarter of 2023, down by a third (37%) compared to Q3 2023. This marks a departure from trends in previous two quarters, when coverage levels remained consistent. During the quarter, December saw the most significant drop in coverage, to 168 pieces from 296 in November.



The data is surprising, given the greater media focus afforded to environmental issues by the COP28 climate conference in Dubai, which took place in early December. Thought leaders often use events such as this as a 'hook' to make their research timely and relevant. By and large, it appears that either organisations elected not to use this opportunity, or that the media were not interested in covering those that did.

Within the environment topic, some issues did better than others. Coverage of insights on natural resources achieved similar levels to previous quarters, while stories focusing on environmental impact continued their trend upwards (by 42%) from the previous quarter. The fall in coverage was driven mainly by thought leadership focused on climate change, which suffered a precipitous drop to 272 pieces of coverage, compared to 605 for the previous quarter.



ESG feels the heat

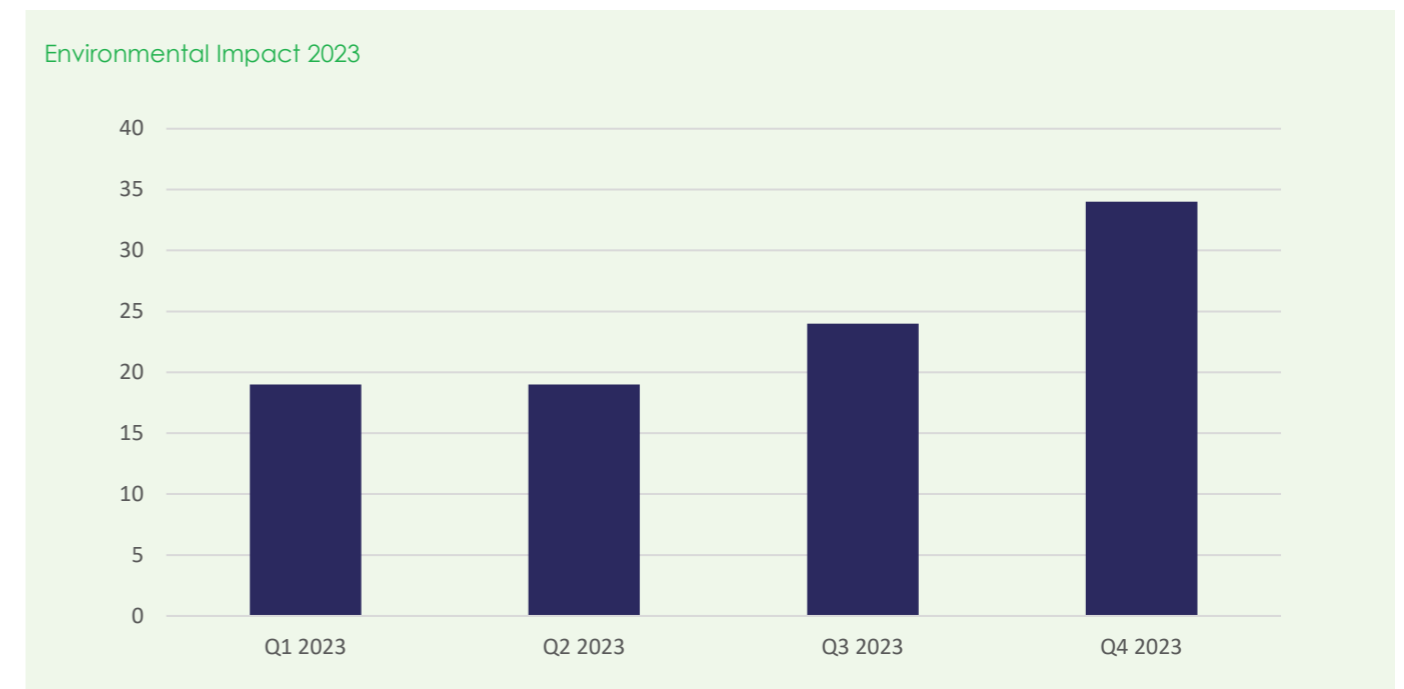
The fall in coverage suggests growing fatigue with some of the ESG agenda; as has been noted in previous quarters, it has come under greater scrutiny in recent years. The term has become increasingly politicised, and criticisms are getting louder, especially from politicians in the US.

In this climate, it is natural that companies are becoming more cautious about engaging with ESG issues. Even Blackrock, which has put a lot of effort into its ESG credentials and acted as a major advocate for green investing, is beginning to shy away. Allison Schrage at Bloomberg has noted that Blackrock's 2021 Annual Report made 63 mentions of ESG, its 2022 Report made 21, and its 2023 Report just six.⁴

Tennessee's state government is suing Blackrock, alleging that it has abrogated its responsibility to maximise returns, and thereby misrepresented funds to consumers.

There are opportunities here: while on the back foot, the environmental agenda is not going to go anywhere. Activist investors remain interested in promoting emissions reductions by firms, and reductions need to continue if nations are going to hit their climate targets.

Businesses are regularly accused of overstating their climate ambitions, so insight that offers a realistic route to cutting emissions would be well received. These remain important conversations, and thought leaders who can outline what sustainable business should look like, and what it means for the future of the ESG agenda, should do well.



Tougher environment

Depressed coverage volumes did not mean that environmental stories entirely failed to cut through. Research on the carbon emissions of 12 prominent billionaires received wide coverage, finding that their lifestyles had the same carbon footprint as 2 million homes.

This perhaps is also reflective of growing cynicism – the media is keen to point out hypocrisy and to point fingers. Nonetheless, it shows that striking statistics can still attract attention.

On the back of COP, a number of national newspapers published research on individual behaviours, and how

they impact the climate. These included one report on the trend towards larger cars, and another on the impact of plastics not being recycled properly.

These smaller-scale studies carry significant interest in the media. They are often more relatable and immediate than those with a wider scope, and which may have failed to attract attention during a COP.

As players leave the field, a white space is opening in the environmental discourse. Organisations that are creative, and learn the lessons from the success of human-interest stories, will continue to cut through with environmental thought leadership.

4. [The Decline of ESG and DEI Signals the End of the Virtue Economy - Bloomberg](#)

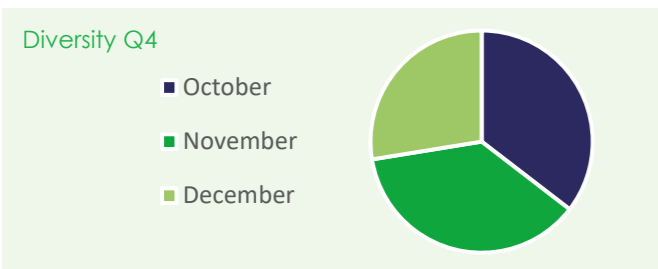
Social

Whilst coverage of both environmental and governance suffered reductions in Q4 2023, social coverage was buoyed by diversity stories in October and November. Marking a return to its usual high levels of coverage in Q4, diversity rose by 29% from Q3. Overall, the quarter saw some high profile thought leadership achieve widespread national and international coverage by shedding light on under-reported aspects of EDI.

It all comes out in the wash

The quarter started out with RepRisk, the world's largest ESG data science company, publishing data revealing that globally, cases of corporate greenwashing and social washing are often interlinked, causing a spike in diversity's coverage. 31% of UK companies and 44% of US companies linked to greenwashing between 2018 and 2023 were also linked to social washing.

The study found that the most commonly occurring form of social washing across the US and UK was 'human rights abuses and corporate complicity', sparking a wider debate about corporate responsibility and oversight of supply chains.



A class act

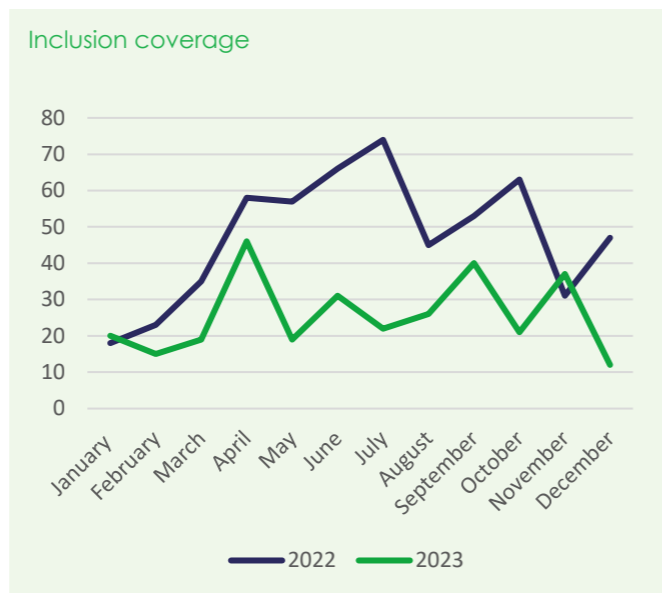
Progress Together released a report at the beginning of November which indicated that across financial services, class diversity was a neglected aspect of EDI policies.

The data, featured in the Financial Times, revealed that employees from working-class backgrounds were disadvantaged in their progression to senior roles, and that within these statistics, women were at a double-disadvantage, with a 21% progress gap into senior roles than their peers, compared with a 13% gap for male colleagues from similar backgrounds.

The FT reported that class disadvantage had been left behind by the finance sector in its post-financial crash drive for more 'group think'-proof EDI policies.

With the Labour Party setting class as a key battleground for 2024's looming election, this kind of inequality and its impact on the workplace will attract even more attention.

All-inclusive

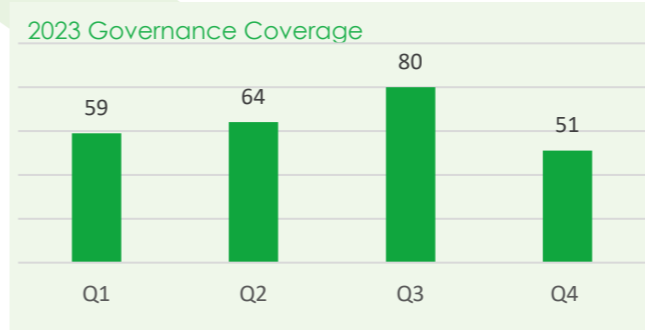


Reflecting the trend of the previous two quarters, coverage of inclusion faced a reasonable decrease, standing at 80% of what it was in the previous quarter. Exceptionally high coverage in the same quarter of 2022 meant that inclusion thought leadership dropped by just over half compared to a year ago. Nonetheless, taking a longer view reveals that this quarter's results were fairly typical, and saw coverage volumes return to normal.

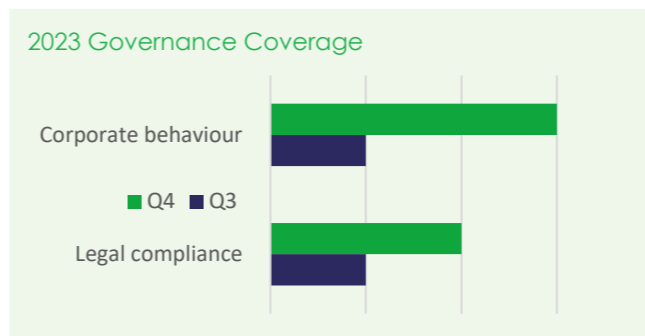
Well-publicised thought leadership reports buoyed November's figures by achieving widespread national coverage. The Chartered Institute of Personnel and Development released a report finding that 69% of women aged 18-60 in the UK are negatively impacted at work due to menstrual symptoms, whilst only 1 in 10 said that there was workplace support available for matters relating to this. Health and its implications on inclusion in the workplace is a continuing debate, marked by the widespread discussion sparked by this research.

Governance

Q4 2023 saw a marked decline in governance coverage, registering 35% fewer stories than in Q3 – the lowest number to date.



Despite the significant decrease overall, there were some thought leadership topics within governance that received more attention. Coverage of legal compliance and corporate behaviour notably expanded – at double and triple the levels seen in Q3 respectively. This suggests a growing interest in potential misdemeanours by organisations, while public anger at issues like the Post Office Horizon IT Scandal mean that these issues are likely to stay high on the media agenda.



Executive Pay on the rise

Executive pay remained firmly on the agenda in the last quarter of 2023 with a report from the High Pay Centre making headlines. The attention-grabbing finding was that the average ratio of FTSE 100 chief executive pay to average salary of their employees was 80-to-1, and 57-to-1 across the FTSE 350. The report highlighted the fact ratios narrowed slightly during the coronavirus pandemic, as a number of bosses took voluntary pay cuts during the crisis, however the recent figures bring the ratios back to pre-pandemic levels. Some executives continue to complain that pay deals in Britain are too meagre to attract top talent, especially when compared to the bumper deals handed to American bosses.

However, a candid interview from Chris O'Shea, CEO of Centrica, in which he told the BBC his pay last

year of £4.5m is "impossible to justify", went viral in early 2024, reinforcing public scepticism of excessive executive remuneration. Thus, timely executive pay insights that capture and comment on the mood among City figures as opposed to the public will have strong impact in 2024.

Boards Behaving Badly

Further analysis of FTSE 100 firms was published in December by the 25x25 initiative, which is backed by companies including Unilever, BP and Morgan Stanley International. The research found that a lack of women in positions from which FTSE 100 chief executives are typically recruited, means underrepresentation in top corporate jobs is set to continue, even at companies that employ a large proportion of women overall.

International Women's Day is on the horizon for Q1 of 2024, during which Luther's previous analyses have reported a rise in related thought leadership coverage. Organisations' gender pay gaps and policies will likely come under an even more intense spotlight as a result.

A lack of board diversity was a theme that received significant coverage given the findings of an independent report into the racist abuse of Essex cricket players. The Welsh Rugby Union (WRU) also came under fire as allegations of racism, sexism, misogyny and homophobia were corroborated by Dame Anne Rafferty's review.

Similarly, corporate behaviour coverage was further boosted as Cardiff Law firm, Capital Law, published a scathing report outlining a 'culture of fear' at the Welsh broadcaster S4C. The pace of such reports into corporate governance, behaviour and diversity certainly looks set to continue.

Q4 saw the introduction of new key legislation around money laundering and fraud along with Companies House reform aimed at improving transparency. Thus, as we move into 2024, the governance policy agenda is already shifting back towards considerations of legal compliance and tax transparency.

Organisations who can make such seemingly anodyne subjects understandable, interesting, and eye-catching will encourage the media to follow suit – attracting attention to their own insights along the way.

Future-Proofed: Recommendations for 2024

How can ESG themes be communicated in a way that heeds Professor Edmans' advice, creating long-term value once again? He has argued that considering long-term factors "isn't ESG investing; it's investing." ESG is no different to other intangible assets, and so it "shouldn't be put on a pedestal."

This approach offers organisations an opportunity to depoliticise the ESG debate; there is a risk that the term is actually holding back the debate, rather than helping people to engage with it. So how can firms reframe their thought leadership and encourage the media to cover it?

The first step is producing insights capable of attracting audiences that are as large, and suited to the content you offer, as they can be. Here, we set out our key recommendations for organisations who want their thought leadership to stand out in 2024.

Environmental

Our last analysis recommended that organisations engage directly with greenwashing debates, recognising that the best way to get noticed in the media is often 'picking a fight.' This report illustrates intense press interest in comparisons and eye-catching disparities in emissions between particular groups.

- > The ESG agenda remains contentious and will continue to attract attention. A recent fall in coverage means that there is plenty of white space and thought leaders have abundant opportunity to explore what is an increasingly contested topic.
- > In Q4, numerous national outlets published articles on thought leadership measuring a COP attendee's carbon footprint when travelling to the conference by private jet, against the average citizen's emissions for an entire year. Thought leadership that illustrates such dramatic inequalities through comparisons which are easy to understand will reach a large and engaged audience.
- > Firms need to think creatively about the language they choose to employ, so that it neither alienates audiences nor makes their research seem abstract and irrelevant. Humanising research to demonstrate its real-world impact has been a successful strategy for many in the last quarter.

Social

Social remains the only subject area which did not face a substantial decrease in overall coverage during Q4. The quarter was characterized by insights around emerging societal debates which are comparatively recent to the set-piece social topics and events.

- > As we move into 2024, a year which will be punctuated by polarized elections across the globe, culture clashes and 'the war on woke' are high on the agenda. The parameters of debate are likely to include issues pertinent to that discourse.
- > This is an opportunity for organisations not only to take part in national conversations, but to play a role in the electoral zeitgeist with insightful and original research findings. Hooks such as International Women's Day offer a good opportunity to attract attention.

Governance

Headlines from the viral video of Centrica CEO Chris O'Shea, in which he admitted his salary of £4.5m is "impossible to justify", featured in every national news outlet at least once during Q4, demonstrating strong media interest in aspects of corporate governance. Luther's analysis finds a range of thought leadership reports on executive pay received national coverage in Q4 of 2023.

- > Looking ahead to 2024, organisations should consider examining income inequality in depth, for example comparing the compensation received by a corporation's highest earner to its median, or even lowest-paid, employee.
- > With growing levels of coverage, those who do, will find media outlets become even more interested in the year to come, with insights more likely to attract attention during the ongoing cost-of-living crisis.

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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