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ESG Media Audit

October 2019

JPES Partners surveyed the views of 12 leading financial journalists, with a view to assessing their current attitudes towards ESG-focused content that is being produced by asset managers.

To ensure we covered all relevant end-audiences, we spoke to a diverse range of journalists across institutional, wholesale, and wealth management channels, with a total circulation of over 2 million.

The report analyses how managers are communicating around the topic of ESG and whether or not this is proving to be effective to reach UK and Pan-European media audiences.

- 12 journalist responses
- Editors / Deputy Editors / Features Editors / Reporters
- An average of 10+ years' experience in Financial Journalism
- Readership of over 1.75 million
- Survey and interviews conducted between 14th May and 11th June
- Equal spread between institutional, wholesale and national titles

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INTRODUCTION

The roots of responsible or ethical investing can be traced back for decades in various guises. The term Environmental, Social & Governance (ESG), however, was only first used in 2005 by the UN Global Compact in a publication entitled “Who Cares Wins”.

While nearly fifteen years have passed since that publication, it is in recent years that ESG as a concept has truly come to the forefront of the asset management industry. In fact, today it can be argued to be the single most influential theme currently driving the investment industry.

The ESG investment universe is growing at a significant pace. A Financial Times article from last year highlighted that the number of mutual funds that invest based on ESG criteria has passed $1tn, marking a more than 600% increase over the past six years. This explosion in demand shows no sign of abating either, with more ESG focused products being launched all the time.

In addition to this focus on new products, managers are also keen to be seen ‘thinking green’. This was evidenced in JPES Partners’ most recent **Asset Management Trends report** which highlighted that managers plan to produce far more content on the subject in the next 12 months.

The following report analyses the growth in ESG as a theme for asset managers and how the media are perceiving this new trend, looking at both the quantity of material being produced, but also critically the quality of that material.

KEY FINDINGS

- Journalists receive an average of **36** pieces of ESG content per month (excluding event invites and interview opportunities)
- **92%** of media surveyed expressed concern about greenwashing by the asset management industry
- All media expect to write the same amount or more about ESG in the next 12 months
- Only **25%** of media are positive about the quality of ESG content they receive
- **33%** strongly trust the content they receive, **45%** are neutral and **18%** rarely trust the content

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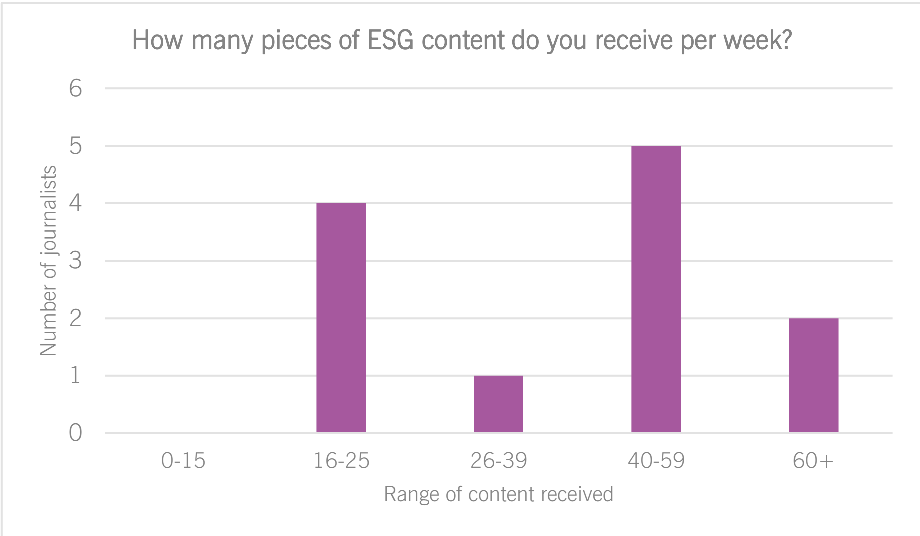
QUANTITY OF CONTENT

Asset managers have become engine rooms for content generation in recent years, with the end result that they are sending reams of unsolicited content to the media in a search for more column inches. The tide of ESG content in particular has gained serious momentum in the last year.

Our findings show that the journalists we spoke to receive, on average, 36 pieces of ESG content per month, and in some cases this can rise to more than 60. Clearly, this is significantly more than any journalist can realistically hope to use; but generally the sentiment from journalists remains largely positive on the volume of ESG content.

Chart 1: Volume of ESG content received on a monthly basis



Two thirds of the journalists said that they were happy with the volume of the ESG content they currently receive. That said, a word of caution remains as those who did express frustration said at times they are simply “overwhelmed”, while another said “it feels like I get a gazillion emails on the subject”. This is particularly true for those journalists who have become known as the go-to ESG aficionados at publications, as they tend to receive everything on the subject.

This is set to become a much bigger source of frustration, as our 2019 Asset Management Trends Report, published in September 2019, found that 85% of asset managers expect to write more content on ESG in the next 12 months.

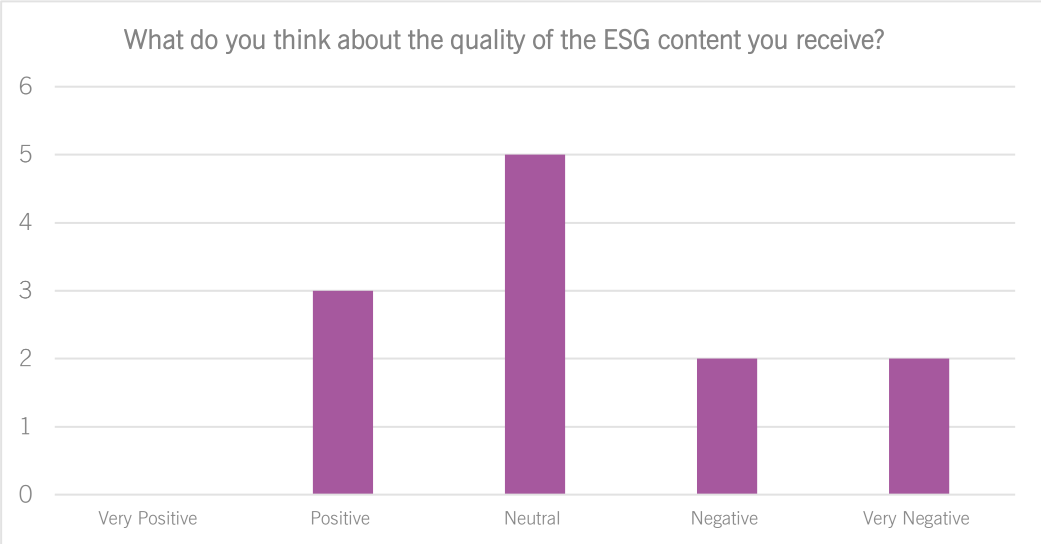
So if asset managers are planning to write more – is this being matched by increased demand from the media? The good news is that all media are expecting to write the same, or more, on ESG over the next 12 months with no journalist expecting to write less content on the subject.

QUALITY OF CONTENT

Quantity appears to be – mostly – acceptable at current levels; but the question is whether the quality of that content is sufficient. Overall, it appears that it isn’t, with an overwhelming sense of apathy from journalists when asked about it.

On the quality of the content, nearly half had no opinion at all, and a third were either negative or very negative.

Chart 2: Quality of ESG content being produced



Journalists suggested that while most of the ESG content was interesting, particularly if it was statistic-driven, there was a lot of repetition within the topic; far more so in fact, than when compared to many other when subjects.

In particular, journalists felt that 'thought leadership' often failed to add anything either new or insightful to the debate, and instead simply covered the same ground that numerous other managers had already spoken at length about. This adds to a point raised in the 2019 Asset Management Trends report, which showed that 65% of managers see themselves as innovators in ESG, which may explain why they believe that content showing why they are a great ESG manager or why it is important will be useful, when in reality it isn't.

A major criticism raised by several respondents was the use of jargon. With a key principle of ESG being transparency, it appears that this is not always reflected within asset managers' content, with many reporters being put off by research that is excessively long and complex.

This is not to say that longer pieces of content are not wanted by journalists; however, they need to have the necessary depth to justify going into such detail.

"They all seem to have the same angle: 'Why ESG investing is important.' We all know, I think the story needs to be moved on."

WHAT JOURNALISTS WANT

So what do journalists want to see more of in the ESG content that they receive?

- **Statistic-driven content**: Most requested is a clear demand from journalists to provide evidence rather than sentiment. While this is the case for most subjects, within ESG there is a real need for managers to provide practical evidence.
- **Case studies**: Tangible examples are also critical in order to bring the subject to life. Theorising on the benefits of engagement versus divestment can only go so far. Journalists have instead been asking for examples of how managers engage, and at what point one draws a line to disinvest.
- **New approaches / areas of focus**: Journalists highlighted a demand for content that introduced a different approach, or a new idea into the ESG debate, whether through expanding coverage of ESG in a new asset class such as infrastructure, or through new vehicles such as blue bonds.

- **Broader industry focus / unbiased content**: Journalists also noted that much of the content they see is often focused around a firm's individual business and why they are 'the leaders' in ESG. Quite rightly, journalists feel this is not usable as it is self-serving, marketing material.

> *"Don't just give me headline figures from your annual report. There's nothing I can do with the number of engagements you've had or the number of times you voted against a board. Well done but it's not an angle."*

GREENWASHING

While it appears that there are clear areas that need to be addressed in terms of both the quantity and quality of content that journalists are being sent by asset managers, we must also ask: to what extent do journalists trust the content they are receiving?

The results show that most journalists are open to trusting ESG content, with the caveat that this is influenced by a firm's track record. Those who have a longer history with regards to ESG, as opposed to those who have only recently started to integrate it into their investment process, are more likely to be trusted.

However, it should be noted that many journalists are approaching ESG material with a greater level of scrutiny and have been told by their editors to dig far deeper into firms who claim to be ESG experts.

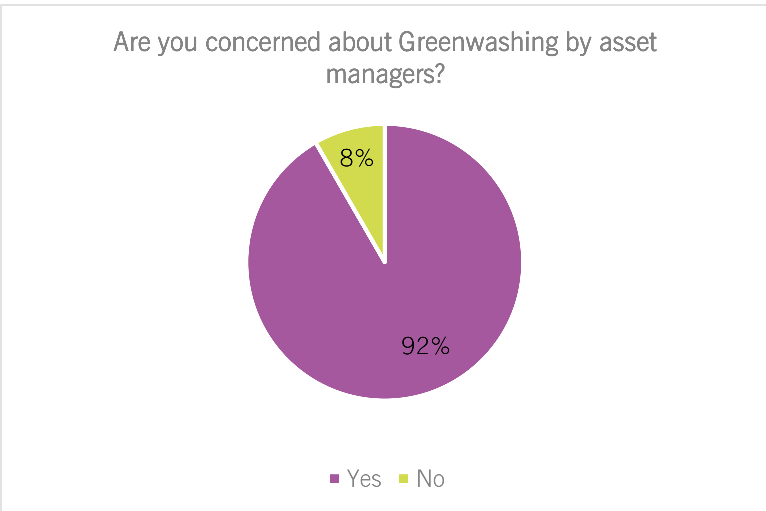
It is this fear of greenwashing that is driving a greater scepticism, which is increasingly being written about by the media.

> ***"Trust? Well, no. My editor always pushes very hard to question research that we are offered. He is always concerned about it just being marketing in disguise."***

A Factiva analysis of the UK investment media highlights the degree to which this being more frequently discussed, with a 45% rise in the number of articles specifically on the topic of greenwashing in the first six months of 2019 compared to the previous period in 2018.

The topic of greenwashing was one of the most decisive of the survey, with 92% of journalists expressing concern, while several highlighted that it was a theme they planned to cover more frequently over the coming months. One respondent went as far as comparing some ESG products to collateralised debt obligation (CDO) products prior to the 2008/09 crisis.

Chart 3: Greenwashing



RECEPTION AMONGST READERSHIPS

A further critical area to consider is what the general reception is to ESG-focused articles amongst end-audiences, as well as journalists. The findings of our research show that the answer to this question varies significantly depending on the investor type.

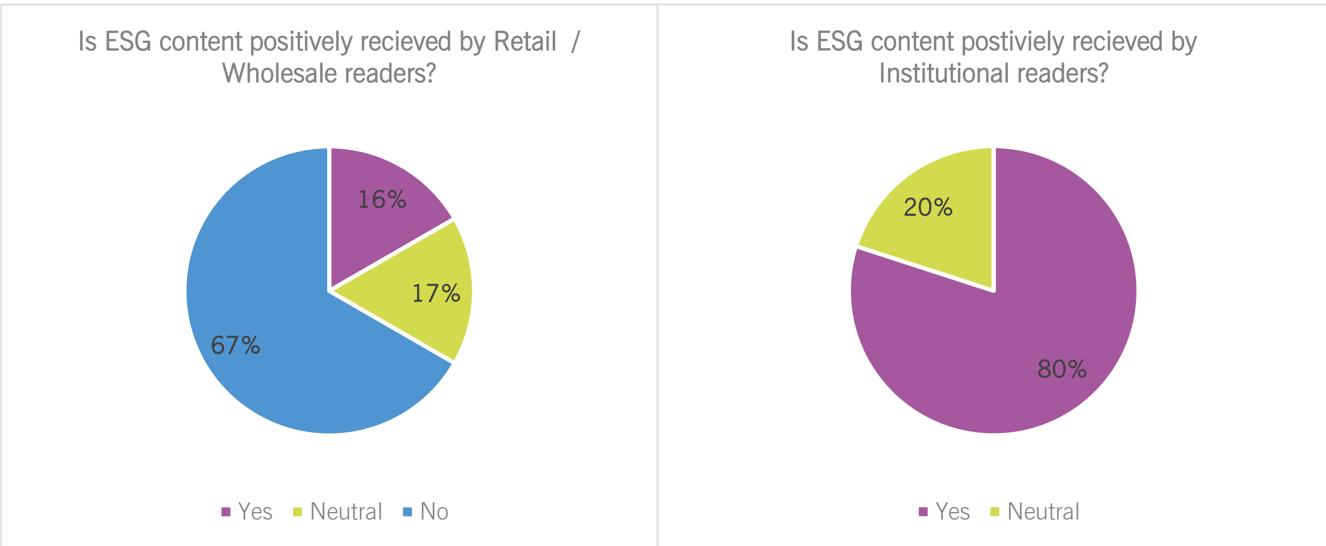
- **Wholesale**: The wholesale market gave a largely negative response to how well-received ESG articles were, with 67% of respondents outlining that their content often had poor click-through numbers and would not generate as much interest as other topics covered.

- **Institutional**: In contrast to the wholesale media, institutional journalists surveyed were far more positive about the reception of their ESG content, with 80% of respondents outlining that the articles on the subject receive a high level of click-through when compared to other industry topics.

Clearly there are external factors involved in this disparity including regulatory pressures on an institutional audience which means they need to start considering to what extent scheme's assets are exposed to ESG risks as part of their fiduciary responsibility.

Ultimately, this simply emphasises the importance of a tailored approach when speaking to the media, to ensure that insights being provided are relevant and useful for that investor base.

Chart 4: ESG amongst readership



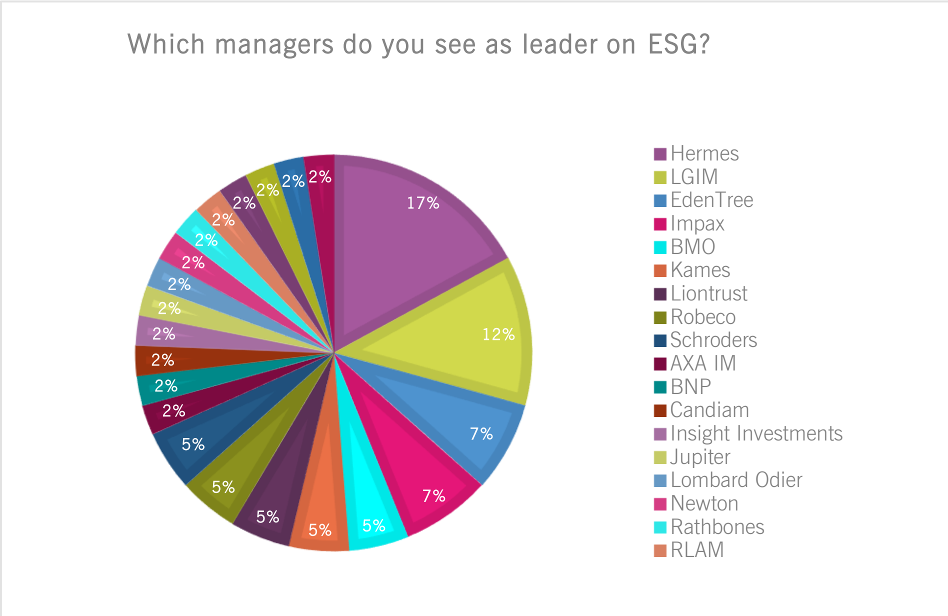
INDUSTRY LEADERS

The wholesale and institutional audiences are not only starkly contrasted in terms of their reception to ESG material, they also have very different views as to who the current leaders are within ESG.

We asked journalists to name the manager (or managers) that they believe are currently leading the debate, and while many were referenced, **Hermes Investment Managers** was most frequently cited by the wholesale market, while **Legal and General Investment Management** was cited as the leader within the institutional space. There was also no crossover in either answer from journalists.

The below graph underlines the sheer competitiveness of the ESG marketplace. The journalists surveyed produced 22 different names, and despite there being a few firms that stood out, overall it is hard for the media to choose one firm that is leading the debate.

Chart 5: Industry leaders within ESG, according to financial journalists



CONCLUSIONS

So what are the key take-aways from this report? Firstly, the feedback from the journalists we surveyed has made it abundantly clear that most of the content being produced is simply not to the required standard. While a few journalists did suggest they were broadly pleased with the overall quality of ESG content they receive, nearly all respondents accepted that there is a wealth of marketing material being produced, which ultimately adds no real value to the topic.

This report also provides a reminder as to the competitiveness of the marketplace. The media produced very different results as to who they believe is leading the debate, with more than twenty different firms referenced. This further underlines that in order to stand out in a crowded field, firms need to produce quality content that introduces a new take on ESG.

Lastly, the findings of this report outline the stark differences between the wholesale and institutional media, particularly their readerships' interest in the topic relative to other industry themes, as well as the firms seen as the leaders. This further highlights the need for managers to take a targeted approach to communications around ESG; altering content where needed to ensure it is tailored to the requirements of specific audiences, as opposed to a broad "catch-all" approach, with a view to building the necessary long-term relationships with key journalists.

Overall, asset management firms and their communications teams need to critically review the material they are using for the media, as well as the methods being employed, to ensure they are conveying their message most effectively. Ultimately, the firms that do this with a truly critical eye will be best positioned to contribute to the ESG debate with an increasingly critical eye.

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About JPES Partners
JPES Partners is a communications consultancy specialising in the investment management and commercial property sectors. We help our clients achieve their business objectives through a combination of strategic marketing and communications disciplines. Our team of consultants draws on a range of professional backgrounds including investment management, journalism, marketing, public relations and law. For more information, please visit: www.jpespartners.com