



ESG on Fire:

Awareness and Narratives on
One of Corporate America's
Most Incendiary Topics

Introduction

2023 is poised to be a pivotal year for environmental, social and governance (ESG) investing. A set of long-awaited reporting regulations from the Securities and Exchange Commission is expected to be finalized soon to address the comparability and reliability of corporate climate-related disclosures — and the prospect of bolder anti-ESG legislation looms larger than ever. Against this backdrop, USC Annenberg’s Center for Climate Journalism and Communication sought to gain an enhanced understanding of the narratives — and narrators — gaining traction in the ESG conversation, with a particular emphasis on the “E.”

Though more than 90% of S&P 500 companies release reports outlining their efforts to tackle ESG issues, ESG reporting is generated without a standardized measurement framework or any significant direction, intervention or enforcement from the federal government. As a result, the content of ESG disclosures varies widely — and the utility of these documents for gauging sustainability efforts has been called into question. Beyond concerns relating to reporting, ESG investments are dogged by criticism about financial underperformance, with some lawmakers increasingly calling for divestment from ESG funds.

Commissioned research from Zignal Labs — a company that leverages proprietary artificial intelligence/machine learning (AI/ML) capabilities to transform disparate data into actionable knowledge — revealed that big names are driving awareness of ESG. But that awareness equates with wariness. Greenwashing — the pretense of environmentalism — is the ESG narrative gaining the most media traction. These insights and others, along with continued research and collaborations, will shape the center’s program development at the intersection of business communications and climate change in the months and years to come.

greenwashing

[grəʊn-wash-ing] / *verb*

the act or practice of making a product, policy, activity, etc. appear to be more environmentally friendly or less environmentally damaging than it really is.

source: Merriam-Webster

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Key Insights

1

Awareness of ESG is increasing

The ESG conversation on Twitter has continued to increase year over year since 2017. While the level of discussion on ESG disclosures is not on par with conversations regarding typical annual reports, the upward trend suggests a developing media environment with an increasing number of new voices, rising levels of news coverage, and the potential for positive and mal-aligned narratives to spread.

2

Emerging negative narratives

In the pre-regulation context of this report, **greenwashing** — the pretense of environmentalism — topped the list of emerging negative narratives.

Overall, most key words in the emerging ESG conversation are negative in sentiment, with 284,000 mentions across media of words like “scam” and “hypocrisy” as well as 31,000 mentions of “great reset,” which is tied to global conspiracy narratives.

3

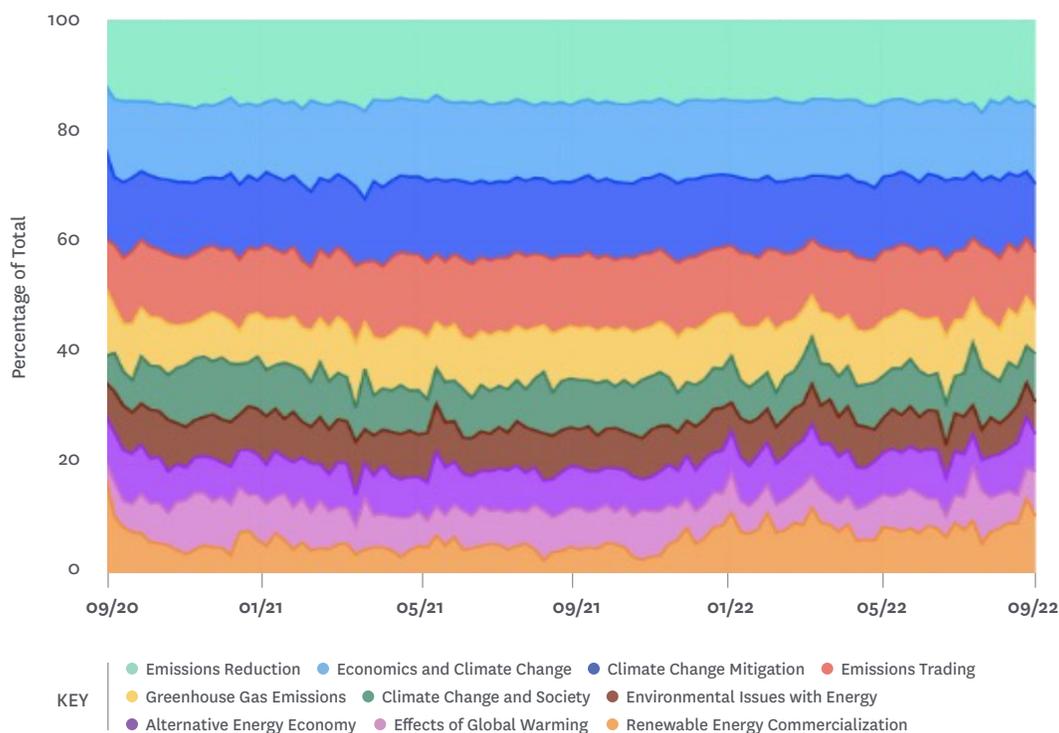
Big names drive the conversation

Notables such as President Joe Biden, entrepreneur Elon Musk and climate activist Greta Thunberg show that a single tweet from someone with millions of social media followers can drive — and transform — the conversation.

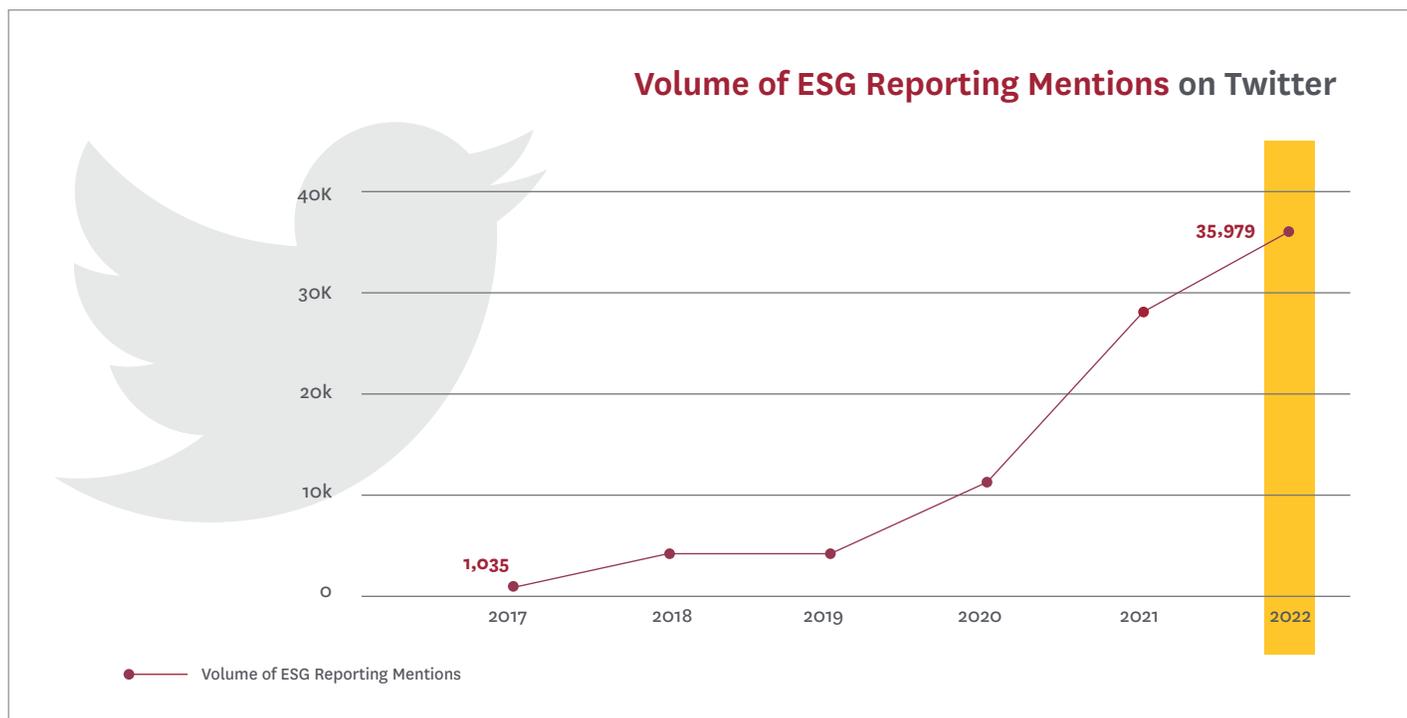
ESG Discussion *at a Glance*

The conversation surrounding ESG efforts has accumulated nearly 12M mentions across social media, broadcast, traditional media and online conversation over the past two years.

Volume of Zignal's AI/ML-identified topics within the ESG conversation



Zignal's proprietary AI and machine learning algorithm identified topics like **emissions reduction, economics and climate change** and **climate change mitigation** as some of the most frequently discussed issues within the ESG conversation.



43% of all discussion around ESG reporting since 2017 occurred in 2022 alone.

32% 

ESG Awareness
on Twitter

Discussion of ESG reporting on Twitter has increased year over year since 2017 with a **32% increase from 2021 to 2022.**

40.9K
Retweets



Elon Musk ✓
@elonmusk

Exxon is rated top ten best world for environment, social & governance (ESG) by S&P 500, while Tesla didn't make the list!

ESG is a scam. It has been weaponized by phony social justice warriors.



16.3K
Retweets



Greta Thunberg ✓
@GretaThunberg

My name is Greta Thunberg and I am inviting you to be a part of the solution.

As [#ParisAgreement](#) turns 5, our leaders present their 'hopeful' distant hypothetical targets, 'net zero' loopholes and empty promises.



Widely shared tweets in the ESG conversation

Top Twitter *Authors*

Some of the most engaged-with authors discussing ESG on Twitter included **Greta Thunberg**, **Elon Musk**, **Caroline Lucas** and President **Joe Biden**. Distrust and criticism of ESG reporting dominate the conversation.

11.5K
Retweets



Vivek Ramaswamy ✓
@VivekGRamaswamy

BlackRock and Vanguard shun the U.S. coal industry yet invest billions in a Chinese company whose name is literally "China Coal Energy Company," without saying a peep about ESG over there.

The hypocrisy is staggering.



Topics of Discussion *on Media*

Musk right to call ESG a scam

Tesla was excluded from the S&P 500 ESG index over politics

– *The Washington Times* – May 30, 2022



Elon Musk versus the Woke Cartel

– *Mises Institute* – May 27, 2022

Headlines referencing Musk and ESG among less reliable sources

In May 2022, following the removal of Tesla from S&P 500's ESG index, discussion of ESG and Musk or Tesla reverberated across online channels, with users claiming ESG is “**Marxist critical theory**” (tweet), “**greenwashing at its finest**” (Gab) and “**a scam**” (Rumble).

BASED: Elon Musk Woke ESG Ratings a ‘Clear Case of Wacktivism’

– *Media Research Center* – May 19, 2022

The response from Musk, who subsequently purchased Twitter and who has more than 130M followers, **resulted in 123K mentions discussing Musk or Tesla since the May S&P 500 announcement. His original post is the most retweeted in the conversation on ESG.**

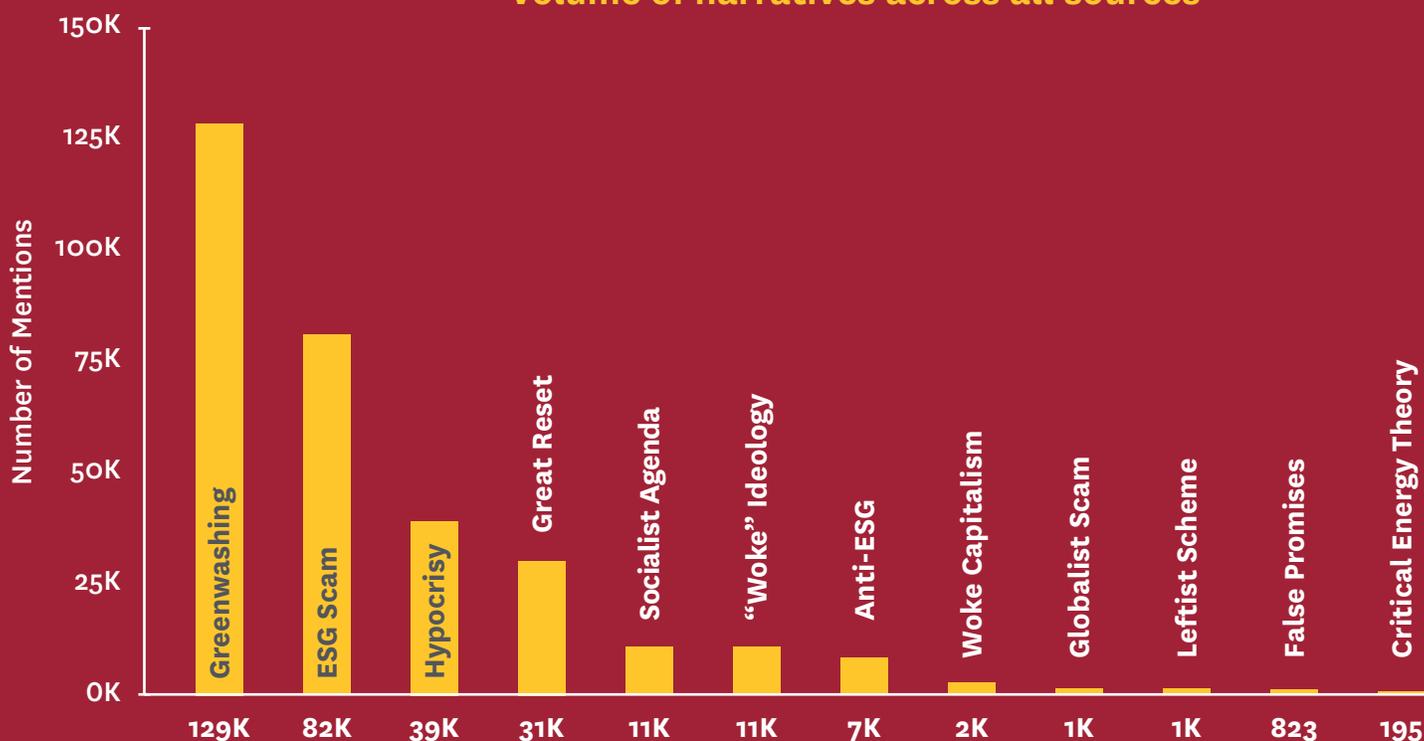
Beyond the surge of social media discussion, the ESG news about Tesla sparked numerous headlines across sources known to produce less reliable content.

Narratives *to Watch*

As specific events unfold — like the removal of Tesla from the S&P 500 ESG Index, or as leaders such as Elon Musk with large social media followings continue to discuss ESG at large — they lead to highly politicized narratives often prone to misinformation that can have a large impact across all sources.

Some widely discussed narratives worth monitoring within the ESG conversation include keywords such as **greenwashing** and **hypocrisy** as well as assertions that **ESG is a scam** and that related practices prioritize “woke” activism over the bottom line.

Volume of narratives across all sources



ESG's *Darkening Horizon*

On Jan. 17, 2023, Florida Governor Ron DeSantis and trustees of the Florida State Board of Administration (SBA) formally approved updates to the state's Retirement System Pension Plan policy and SBA corporate governance proxy-voting guidelines to ensure that ESG is prohibited from consideration when investment decisions are weighed. In an official announcement, DeSantis said,

“Corporations across America continue to inject an ideological agenda through our economy rather than through the ballot box.” And signaling that the war against ESG is just getting started, he added,

“Today's actions reinforce that ESG considerations will not be tolerated here in Florida, and I look forward to extending these protections during this legislative session.”

On the same day, Larry Fink, CEO of BlackRock, said in an interview that the asset management firm lost approximately \$4 billion in assets under management due to political backlash against ESG. Corroborating the findings in this study he said, “Let's be clear, the narrative is ugly; the narrative is creating this huge polarization.”

To navigate the political minefield in which ESG is mired — not to mention the SEC's forthcoming regulations — journalists and other communicators need to be armed with data and skills to tell the story of a revolution in business practices. As USC Annenberg's new Center for Climate Journalism and Communication builds out its programming, it will increase its commitment to practitioner training to serve this demand. For more information on upcoming ESG-related initiatives, email redhot@usc.edu or visit climatecenter.usc.edu.

ABOUT THE USC ANNEBERG CENTER FOR CLIMATE JOURNALISM AND COMMUNICATION

The USC Annenberg Center for Climate Journalism and Communication empowers professionals across media, public relations, and strategic and corporate communications to become effective storytellers who advance a deeper understanding of the consequences of climate change — from the global to the local and from the collective to the individual.

The center provides critical training to understand climate science, capture its effects — particularly in under-resourced communities — and drive action aimed at preserving the health of the planet and its inhabitants.

Leveraging USC's academic scholarship, targeted research initiatives and professional training expertise, the center designs customized programs for news and communication organizations. The center's first such program — in collaboration with ABC Owned Television Stations — is supporting local TV journalists in eight U.S. markets who are learning from experts in big data processing, ethical image selection, decision science and climate resilience.

In partnership with USC Annenberg Media, the center also created the first Earth Desk, which will engage students of all majors to cover (and consume) climate-related news — and where student journalists will learn how to incorporate climate into any story, on any beat and in any field.

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PAGE 1

S&P: <https://www.ga-institute.com/index.php?id=9128>

Ratings agencies criteria a conflict of interest: <https://news.bloomberglaw.com/esg/who-regulates-the-esg-ratings-industry>

PAGE 3

Data source: Twitter, News, Blogs, Facebook, Reddit, Video, Broadcast, Forums, LexisNexis, Reviews, Q&A

Timeframe analyzed: 8/31/2020 - 8/31/2022

Search terms: Based to a broad ESG topic profile that includes keywords such as #ESG, corporate diversity and inclusion, net-zero, etc. Full list of keywords available upon request.

PAGE 4

Data source: Twitter only

Timeframe analyzed: 8/31/2017 - 8/31/2022

Search terms: (“ESG report” OR “ESG reporting” OR “ESG reports”) OR (“Environmental, social, governance”) (report OR reporting OR reports))

PAGE 5

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PAGE 6

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Analysis among less reliable sources is derived from ratings from Ad Fontes Media. According to Ad Fontes, less reliable sources are rated within this category based on a range of reliability from “contains inaccurate/fabricated info”, “contains misleading info”, “selective, incomplete, unfair persuasion, propaganda, or other issues” to contains a “high variation in reliability within analysis or opinion-based writing”.

PAGE 7

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PAGE 8

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