

# Rolling out the Green Carpet: Sustainability in the Media Industry

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Awards season is upon us. From music to movies to theatre, the world's media is weighing in on who is hot and who is not. But, in the ratings of good and green, how does the media industry rate?

In this brief we analyze the environmental, social and governance performance of 81 companies in movie production, publishing, broadcasting, and advertising.

## SUMMARY OF FINDINGS

Our findings address four distinct areas.

1. **Climate Change** - Our data suggest that the media sector is split with respect to the issue of climate change with some media firms leading the race to the top, and others leading the race to the bottom.
2. **Philanthropic and Political Contributions** - Although community giving is relatively common among media firms, much of it has a political agenda. Media firms should consider using corporate foundations to maintain stronger independence and formalize policies on political contributions.
3. **Editorial and Advertising Guidelines** - The majority of firms lacked editorial and ethical advertising guidelines as well as policies on conflicts of interest.
4. **Environmental Monitoring and Waste Reduction** - The publishing sector leads the way in environmental performance; others in the media could follow suit.

Below we review our findings in greater detail.

### MEDIA SECTOR SPLIT ON CLIMATE CHANGE

The media industry appears split on how to address issues of climate change, with some firms taking significant action to manage and report on their GHG emissions and others ignoring the issue altogether.

The media sector is polarized on how to address the issue of climate change. Close to half the media firms in our sample disclose their carbon emissions - taking seriously their role in climate change - yet others are opting out completely. This split appears to be paralyzing progress in terms of climate change as there has been little change in the number of firms reducing or increasing their carbon intensity since 2009.

The polarization over the climate change issue in the media industry is evidenced in recent events. On the proactive side, James Cameron, the director of Titanic

and Avatar, has been a vocal opponent of the rate and scale of exploitation of the Alberta oil sands. Cameron has called the oil sands a “black eye” on Canada’s environmental record.<sup>1</sup> Cameron, along with other Hollywood personalities including Edward Norton,<sup>2</sup> Leonardo DiCaprio<sup>3</sup> and Robert Redford<sup>4</sup> to name a few, are speaking out vociferously about climate change.

At the other extreme, reporters with Fox News continue to cast doubt on even the existence of climate change in spite of supporting scientific evidence.<sup>5</sup> In a leaked memo sent December 8th 2009, Fox News employees were instructed not to discuss global warming theories without immediately pointing out that climate change data has been called into question.<sup>6</sup>

<sup>1</sup> <http://www2.macleans.ca/2010/10/04/judgment-day/>. Accessed February 13th, 2011.

<sup>2</sup> <http://www.worldwildlife.org/who/media/press/2010/WWFPresitem15755.html>, Accessed February 19th, 2011

<sup>3</sup> [http://www.theinsider.com/news/181626\\_Leonardo\\_DiCaprio\\_Follows\\_Al\\_Gore\\_on\\_Climate\\_Change](http://www.theinsider.com/news/181626_Leonardo_DiCaprio_Follows_Al_Gore_on_Climate_Change), Accessed February 19th, 2011

<sup>4</sup> [http://www.huffingtonpost.com/robert-redford/why-we-need-a-bold-vision\\_b\\_245550.html](http://www.huffingtonpost.com/robert-redford/why-we-need-a-bold-vision_b_245550.html), Accessed February 19th, 2011

<sup>5</sup> <http://www.ipcc.ch> Accessed February 19th, 2011

<sup>6</sup> [http://www.huffingtonpost.com/2010/12/15/fox-news-climate-change-email\\_n\\_796963.html?ir=Green](http://www.huffingtonpost.com/2010/12/15/fox-news-climate-change-email_n_796963.html?ir=Green), Accessed February 13th, 2011

## PHILANTHROPIC & POLITICAL CONTRIBUTIONS

The majority of firms in the media sector have guidelines for philanthropic activities

More than half the firms in our sample have developed guidelines for philanthropic giving. Strong guidelines are those that specifically target meeting basic needs, such as the community's food, clean water, and shelter. The publishing and movie production subsectors had the strongest guidelines, likely because these sectors cover the human condition through news or storytelling. Guidelines for philanthropic giving were weakest in the advertising and broadcast subsectors.

### Independence in philanthropy and political giving

Although it is important for a media firm's daily operations to be at arm's length from its philanthropic endeavours, only 38% of the firms in our sample channel their philanthropic donations through corporate foundations. Foundations are legally separated entities that manage an organization's philanthropic giving. These corporate foundations play an important role in mitigating potential conflicts of interest and ensuring a firm's objectivity is not compromised. The broadcasting, movies and publishing subsectors employ corporate foundations more than other media subsectors, which likely allow them greater latitude in the work they produce.

Similarly, political giving should be at arm's length to the firm's reporting activities. Only 25% of media firms make political contributions, but only 10% of the firms in our sample have policies outlining appropriate political involvement and

contributions. This lack of clear policy means the political activities of individuals can leave firms vulnerable to allegations of bias. In a clear effort to deflect such allegations, MSNBC recently suspended Keith Olbermann, host of Countdown, for making undisclosed political contributions to Democratic candidates.<sup>7</sup>

## EDITORIAL AND ADVERTISING GUIDELINES

Media firms are weak on ethical and professional guidelines and policies.

Fewer than 30% of firms had corporate-wide editorial guidelines, which are important for objective and professional reporting. Further, over 90% of firms in our sample lacked strong conflict of interest policies, and 40% had no policy at all. Finally, more than 70% of our sample had no public policy statements pertaining to ethical advertising, opening the door for further conflicts of interest and confusion between advertisements and sponsoring. Taken together, these findings cast doubt on the rigour with which media firms pursue ethically and professionally crafted messages.

<sup>7</sup> [http://www.msnbc.msn.com/id/40028929/ns/politics-decision\\_2010/](http://www.msnbc.msn.com/id/40028929/ns/politics-decision_2010/), Accessed February 19th, 2011

## ENVIRONMENTAL MONITORING AND WASTE REDUCTION

The publishing sector is leading the charge in environmental monitoring and waste.

Publishing firms have embraced the use of recycled papers and are at the forefront of adopting stringent Forest Stewardship Council certifications governing how paper, such as newsprint, is made. This is in stark contrast to the advertising sector, where the use of recycled paper is rare and commitment to certification is weak.

Further, while 50% of media firms have adopted an environmental management system (EMS) to monitor and improve its

environmental performance, only two firms have certified more than half of their systems to external standards. Despite this low rate of monitoring, the media sector is performing well in this regard since only three firms in our sample have received environmental fines or sanctions and only a couple have been involved in operations-related controversies.

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The Richard Ivey School of Business ([www.ivey.ca](http://www.ivey.ca)) at The University of Western Ontario is Canada's leading provider of relevant, innovative and comprehensive business education. Drawing on extensive research and business experience, Ivey faculty provide the best classroom experience, equipping graduates with the skills and capabilities they need to tackle the leadership challenges in today's complex business world. Ivey offers world-renowned undergraduate and graduate degree programs as well as Executive Development at campuses in London (Ontario), Toronto and Hong Kong.

## ABOUT JANTZI-SUSTAINALYTICS DATA

The Jantzi-Sustainalytics dataset tracks firm performance according to environment, social and governance (ESG) themes for more than 2,500 companies from 32 countries. Included are data pertaining to environmental impacts, community relations, employee relations, supply chain management, products and services, corporate governance and business ethics.

The data used in this brief is current as of January 2011 and resulted in a sample of 81 firms geographically distributed across 18 countries including the United States, France, Canada, and Japan.

Jantzi-Sustainalytics is the North American regional arm of Sustainalytics. This global firm has headquarters in Amsterdam and local offices in Toronto and across Europe. The company provides environmental, social, and governance research and analysis; sustainability consulting; and responsible investment services.

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