

SEC NEWGATE

Global ESG Monitor

What the community expects from corporates on ESG

GLOBAL REPORT

2023 RESEARCH FINDINGS

Contents

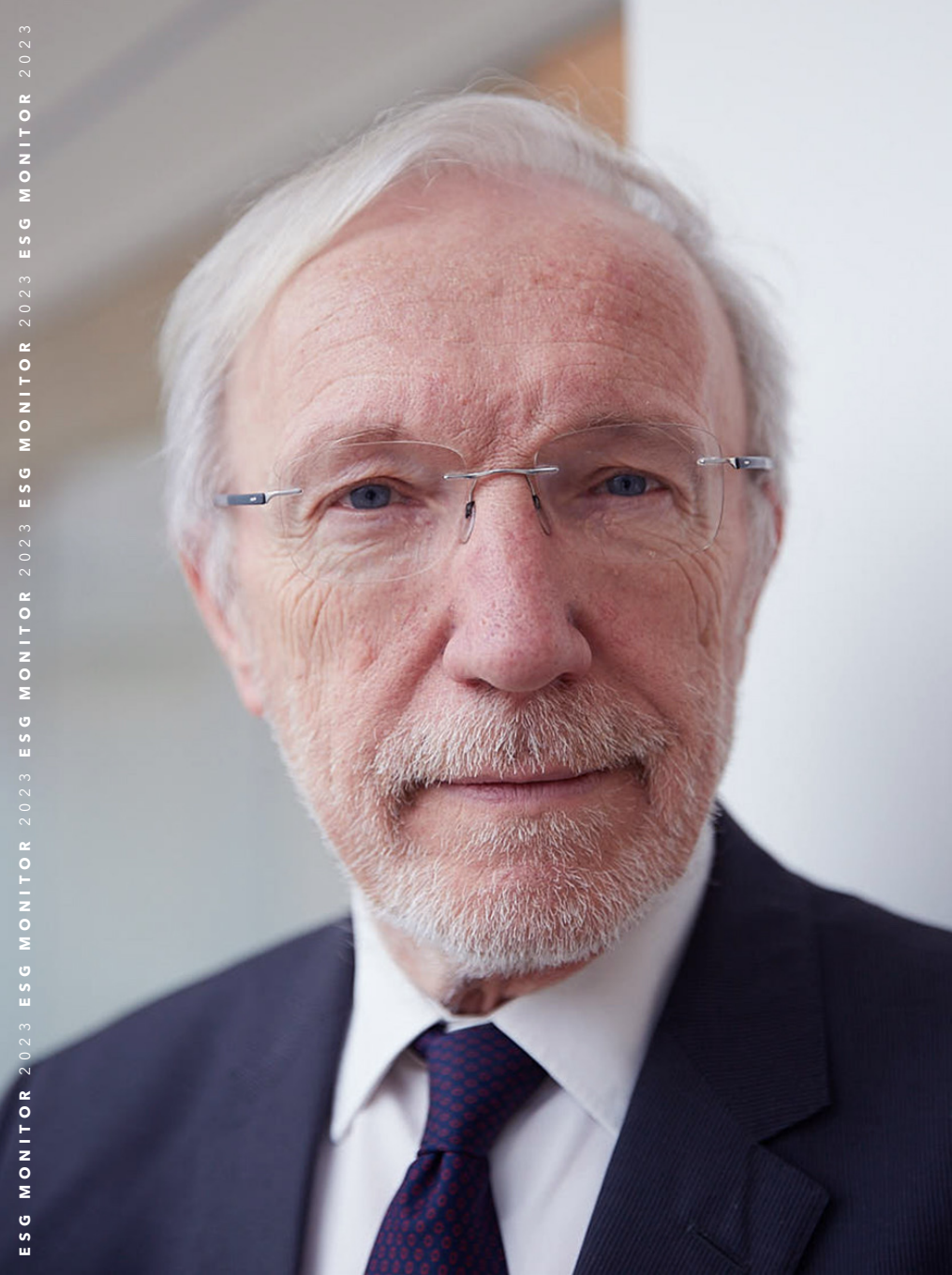
1. [Foreword](#)
2. [Background and methodology](#)
3. [Summary of key insights](#)
4. [Key findings](#)
5. [So, what next?](#)



Part 1.

Foreword





Foreword

Many of our clients seek answers to questions including "Which of our ESG actions should we talk about?", "Are we talking about too many or the right things?" and "How do we make sure our investment in ESG is cutting through?"

As public awareness and interest in ESG issues continues to grow, companies are increasingly concerned that their ESG initiatives are seen as insincere, labeled as 'greenwashing' or attempts to ride the 'wokeness' wave.

The SEC Newgate Global ESG Monitor offers a unique perspective by objectively examining community expectations and identifying what influences the public perspective of corporate ESG authenticity.

ESG initiatives significantly impact a company's reputation. Despite growing societal concerns about the cost of living, the public still expects companies to demonstrate genuine corporate citizenship and authenticity in their ESG efforts.

We often see organisations making decisions on which ESG actions to take, which to communicate and how to go about it, based on gut feeling and intuition, leaving them vulnerable to public scrutiny and unable to authentically communicate their impact.

This research builds on SEC Newgate's growing body of thought leadership work in this space, providing a clear evidence base to help you bridge this gap.

We help clients understand how community expectations are changing, what ESG actions they should be leveraging in their communications based on their reputation, their impacts and community priorities; the risks they need to mitigate; and how to weave this into a compelling and authentic narrative.

Fiorenzo Tagliabue

GROUP CEO, SEC NEWGATE

Part 2.

Background & methodology



Background & methodology

For the third year running, SEC Newgate has conducted research to understand community awareness and perceptions around Environmental, Social and Governance (ESG) issues and actions by corporates in this space.

15-minute

online survey

12,080

Sample of **n=12,080** across **12 countries and territories**.

Participants were sourced from global panel provider PureProfile, with questionnaires translated and completed in-language in Colombia, France, Germany, Hong Kong SAR, Italy, Poland, Spain and United Arab Emirates (UAE). Fieldwork was conducted from late July to early August 2023.

Quotas were set by age, gender and location to ensure a nationally representative sample of citizens aged 18+, and the final results were weighted by the actual age and gender proportions within each country or territory. For the 'total' results, each country is given equal weighting.

Country / Territory	2023 (n=)	2022 (n=)	2021 (n=)
Australia	1,015	1,003	1,000
Colombia	1,001	1,018	1,039
France	1,005	1,000	1,010
Germany	1,005	1,003	1,014
Hong Kong SAR (HK SAR)	1,002	1,004	NA
Italy	1,002	1,005	1,006
Poland	1,009	1,000	NA
Singapore	1,010	1,008	1,027
NEW IN 2023 Spain	1,008	NA	NA
United Arab Emirates (UAE)	1,002	1,009	NA
United Kingdom (UK)	1,009	1,006	1,017
United States of America (USA)	1,012	1,001	1,031

Other methodological notes to keep in mind

1. Survey questions and sample sizes are shown at the bottom of each page. Unless otherwise specified, questions were asked of all participants.
2. Results may not always total 100% due to rounding or questions allowing multiple-responses.
3. Where possible, results are compared to the 2022 and 2021 survey results for each country, as well as the 'global total' i.e. for all 12 countries and territories included in the 2022 and 2021 studies.
4. Down ↓ and up ↑ arrows show where results are statistically significantly lower / higher than the previous year (95% confidence level).
5. Generational comparisons have been included through the report. These have been defined as follows: **GenZ** (born 1995 to 2009), **GenY** or **Millennial** (born 1980 to 1994), **GenX** (born 1965 to 1979), **Baby Boomers** (born 1964 or earlier).

Part 3.

Summary of key insights



Summary of key insights

In 2023, community expectations for organisations' action on ESG around the world appear to have reached a tipping point. A primary focus on economic contributions is no longer enough to meet expectations and genuine action to mitigate impacts on people and the planet is a baseline expectation.

- **People are increasingly engaged with ESG issues.** Results show a significant increase in both awareness of (53% aware, up from 46% last year) and interest in ESG issues, with 67% rating their interest at 7 or more out of 10, up 11% since 2022. This is impacting people's decisions in a range of areas - like the type of food they eat and products they buy.
- **The community wants corporates to take action on ESG issues.** In 2023 77% agreed it was important for corporates to take action on ESG issues.
- **We're seeing improvements in performance ratings for companies and governments on ESG overall and on most underlying metrics in many countries.** At a global level, overall ESG ratings of companies, governments and not for profit organisations have increased over the last year, as have ratings of many industries. This was evident in all countries except for in Australia, the UK and the USA.
- **These findings come against a backdrop of pessimism and ongoing concerns around cost of living, affordable healthcare and the state of national economies.** Globally, 49% say that things in their country are heading in the right direction but in nine out of the 12 countries and territories surveyed the majority felt things were heading in the wrong direction. When asked to select the top three issues for their country or territory's future, the main priorities were addressing cost-of-living pressures, delivering high quality, affordable health care, and strengthening the economy.
- **Community expectations of corporates have changed.** Traditionally many saw corporates' primary role was to make a positive financial contribution to the economy, including providing jobs and paying taxes. It's increasingly clear that the community do not want this to come at the expense of environmental, social and ethical obligations. Most don't think they should have to pay extra and that this is just part of doing business these days.
- **The community want organisations to think of themselves as one part in a system,** with both positive and negative impacts on the environment and society. There is a strong expectation that they should take action on ESG issues and also speak out on issues that are important to their employees and customers - but not necessarily on broader environmental and social issues.
- **The community believe that good ESG performers are taking a holistic approach and demonstrating action.** They want companies to consider their environmental impacts early and ongoing, and to support and enable others. Key to this was seeing genuine efforts to demonstrate good ESG at multiple points i.e. among customers, employees, supply chain, lending decisions etc.
- **Poor ESG performers are called out for their harmful impacts on the environment** (including overuse of plastics), poor workplace culture, prioritising excessive profit over the wellbeing of customers or the community, or who are 'stuck' in a world that is moving on and is slow to transition to sustainability.
- Last year our research revealed 'The Great Disconnect' occurring in communications around ESG issues and this year we found that **the Disconnect is still occurring globally.** There remain several challenges here. Firstly, the community wants companies to communicate their ESG efforts more clearly but are not actively searching for this information; and secondly, trust remains a massive issue in ESG communications.
- **Millennials (born 1980-1994) are the most engaged generation on the issue of ESG.** They are most likely to be aware of and interested in ESG, more likely to factor ESG issues into their decision making, and willing to pay more for better ESG performance. Positively, they are more complimentary of the ESG performance of various groups and industries.

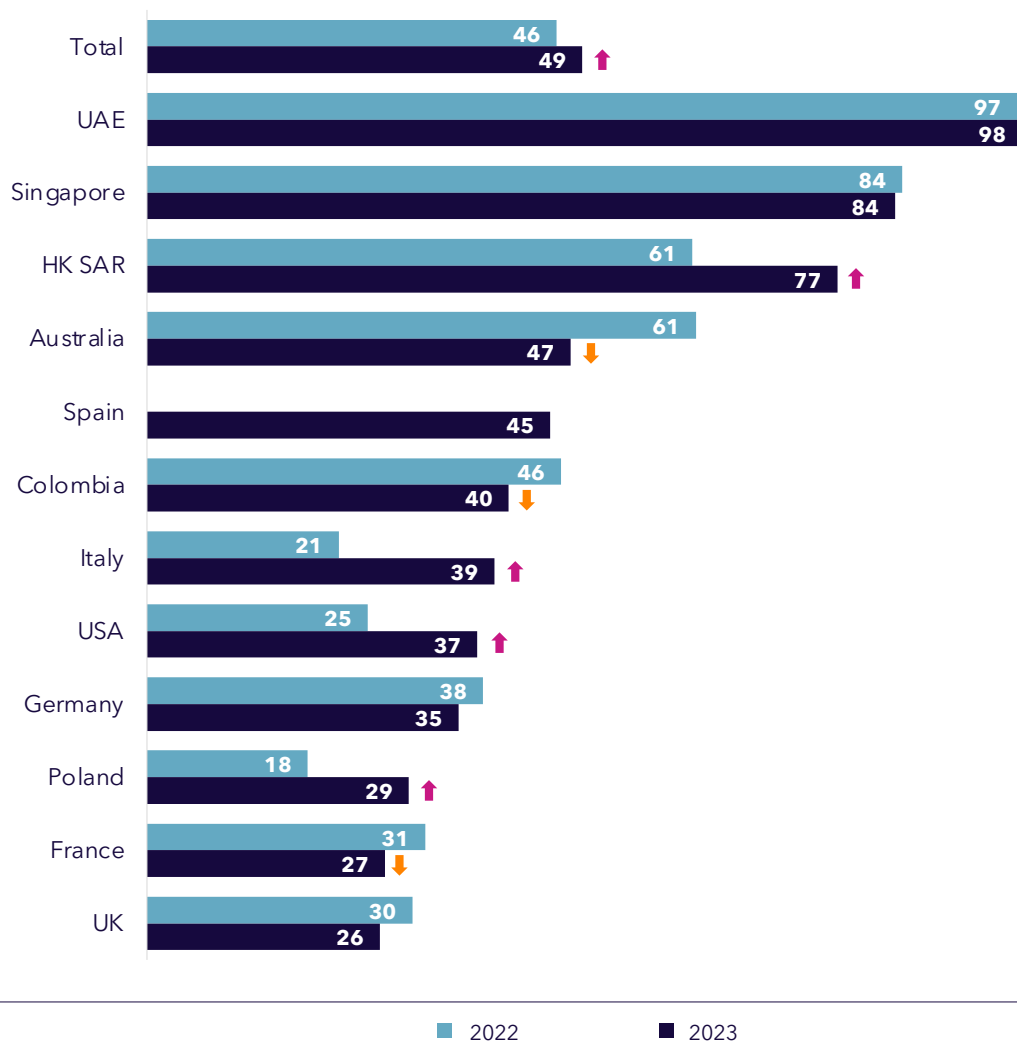
Part 4.

Key findings



Perceived direction country/territory is heading

(% WHO SAY IT'S ON THE RIGHT TRACK)



Key finding 1.

There remains a sense of pessimism and concern amongst many that their country is headed in the wrong direction.

While we saw slight improvements in optimism overall (up 3 percentage points compared to the 2022 study), this was largely driven by increases in Italy, Hong Kong SAR, USA and Poland.

In nine out of the 12 countries and territories surveyed the majority felt things were heading in the wrong direction. This was particularly true in Europe (incl. UK) and USA, even though sentiment in some of these had improved since 2022.

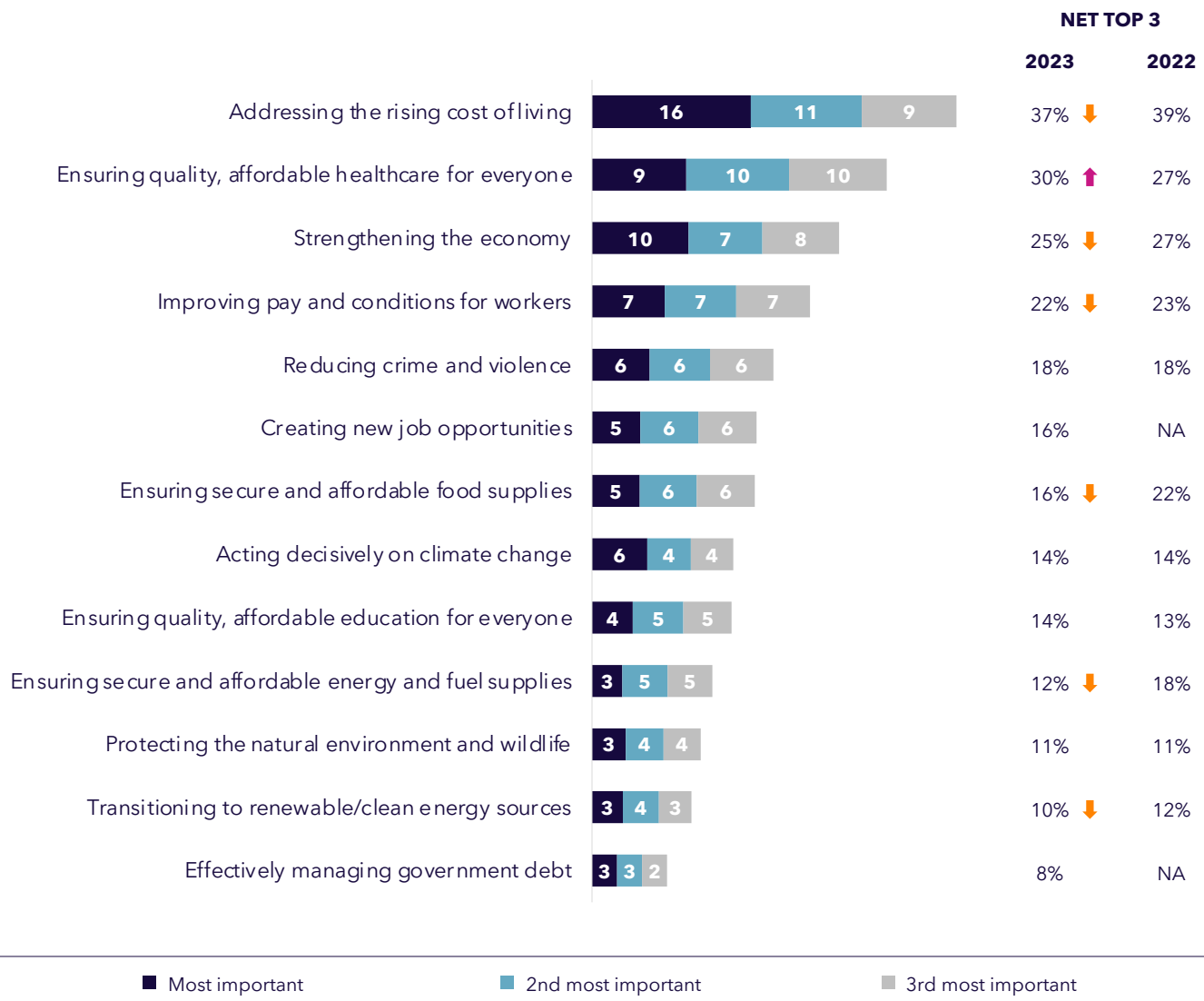
Further, the level of pessimism grew in three of the countries surveyed, with the largest jump recorded in Australia, rising 14 percentage points to 53%.

Spotlight on generations

Globally, **Millennials** and **GenZ** were more optimistic (54% right track) than older generations (45% right track).

Q1. Overall, do you think that things in [country or territory] are heading on the right track or in the wrong direction?

Most important issues for country's/territory's future (%)



Key finding 2.

Community priorities at a global level are addressing cost-of-living pressures, delivering high quality, affordable health care and strengthening the economy.

From a social perspective, improved pay and conditions for workers comes in at number four on the list, with one in five people (22%) selecting it as a top three issue.

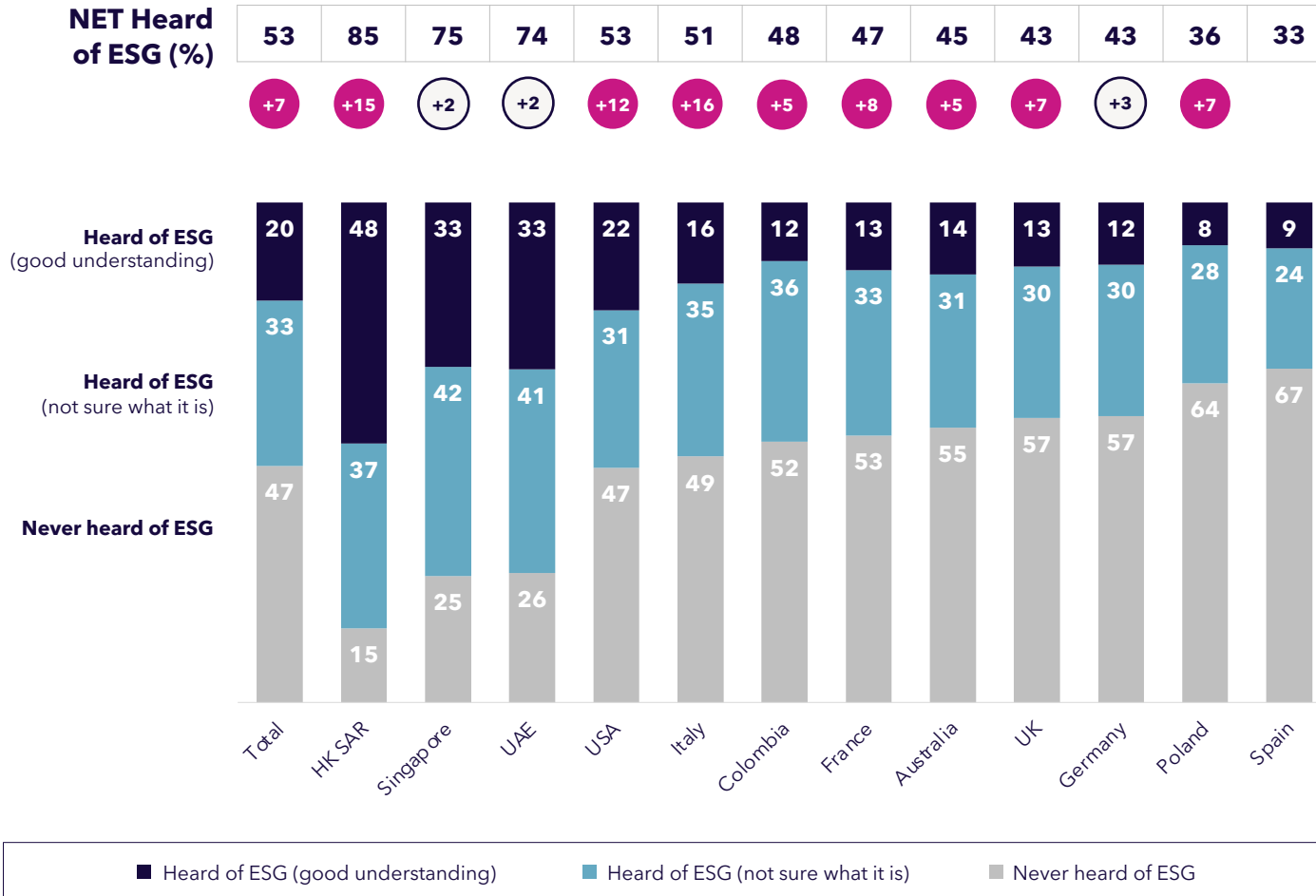
The relative importance of focussing on environmental issues - acting decisively on climate change and protecting the natural environment and wildlife - has remained unchanged in the face of ongoing cost-of-living pressures.

Spotlight on generations

Results are largely consistent by generation, although **GenZ and Millennials place a higher importance on creating new job opportunities** (20% vs. 13% among older generations), while **Baby Boomers are more concerned about ensuring secure and affordable food supplies** (19% vs. 15% among younger people).

Q20. From the following list (of 26 issues), please select the three things you personally feel are most important for [country or territory's] future. Rank them from 1 to 3 where 1 is the most important thing and 3 is the third most important thing. *Only top 13 issues shown in chart.*

Unprompted awareness of ESG by country or territory (%)



● +15 ● -15 Significantly higher/lower than 2022 (number in circle = change in percentage points)
 ○ +2 No significant change since 2022 (number in circle = change in percentage points)

Key finding 3.

Overall recall of the term ESG has increased, with 53% aware of it, up from 46% last year.

Significantly more people told us they have a good understanding of the term ESG (20% vs 15% last year). The increase in overall awareness was evident across all countries, but particularly in Italy, Hong Kong SAR and the USA. Those in Spain, a new addition to the ESG Monitor in 2023, were least likely to have heard of the term (33%).

Spotlight on generations

Millennials were most likely to have heard of ESG (60%) compared to other generations (50%) and in particular compared to the Baby Boomers (46%).

We have also seen an increase in awareness of 'Net Zero': more than half of those surveyed globally had heard of this term in 2023 (at 54%, up significantly from 50% in 2022, with increases across all the countries in the 2022 study).

These results are indicators of growing familiarity with key concepts relating to ESG commitments and actions.

Awareness of Net Zero (total average 54%)

Top 3

Hong Kong SAR (85%)
United Kingdom (85%)
Australia (76%)

Bottom 3

France (22%)
Germany (25%)
Spain (27%)

Q3. Before today, had you heard of the term "ESG" which stands for "Environmental, Social and Governance (ESG)"?

Key finding 4.

And interest in ESG issues has risen even more sharply.

After being shown a definition of ESG with some examples of what it includes*, two in three people (67%) rated their level of interest in ESG highly, giving ratings of 7 or more out of 10 on a scale where 0 meant 'not at all interested' and 10 meant 'extremely interested'.

This is a marked increase of 11 percentage points at the global sample level, with gains evident in most countries and territories surveyed.

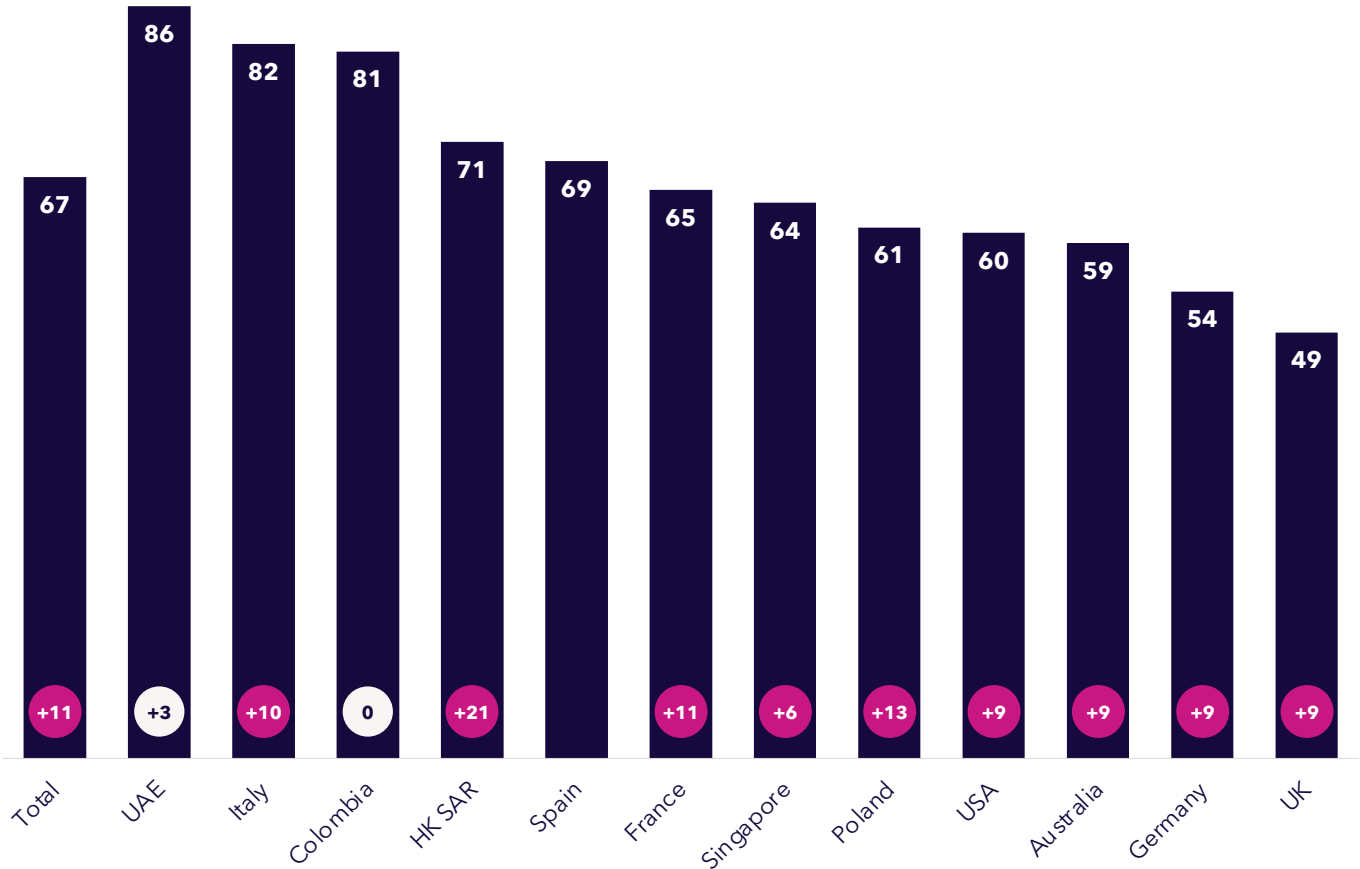
The biggest jumps were evident in Hong Kong SAR, Poland, France and Italy. Interest levels were the lowest in the UK, but on the same growth trajectory.

Spotlight on generations

Millennials were not only more aware of the term, they were also significantly more interested in ESG compared to other generations (72% rated their interest at 7 or more vs. 65% among the other generations). But is their higher engagement flowing through to their behaviours and how they assess companies on ESG?

Interest in ESG issues

(% NET 7-10)



Significantly higher/lower than 2022 (number in circle = change in percentage points)



No significant change since 2022 (number in circle = change in percentage points)

Q4. How interested are you in Environmental, Social and Governance (ESG) issues, if at all?

* See page 35 for a full definition

Key finding 5.

Most people still think it's very important for companies to take action on ESG issues

There was an overall increase in support for companies taking action on ESG issues this year, alongside modest increases within countries, reflecting salient and enduring expectations over at least the three years of this study.

Perhaps most notable is that this level of expectation is universal across the breadth of geographies and generations.

From our previous qualitative work, we know that people, irrespective of answering this question from the perspective of a citizen, employee or consumer, want companies to act as a good 'corporate citizen'. They say that ESG makes sense as a framework for covering the breadth of environmental, social and governance issues that are important to them.

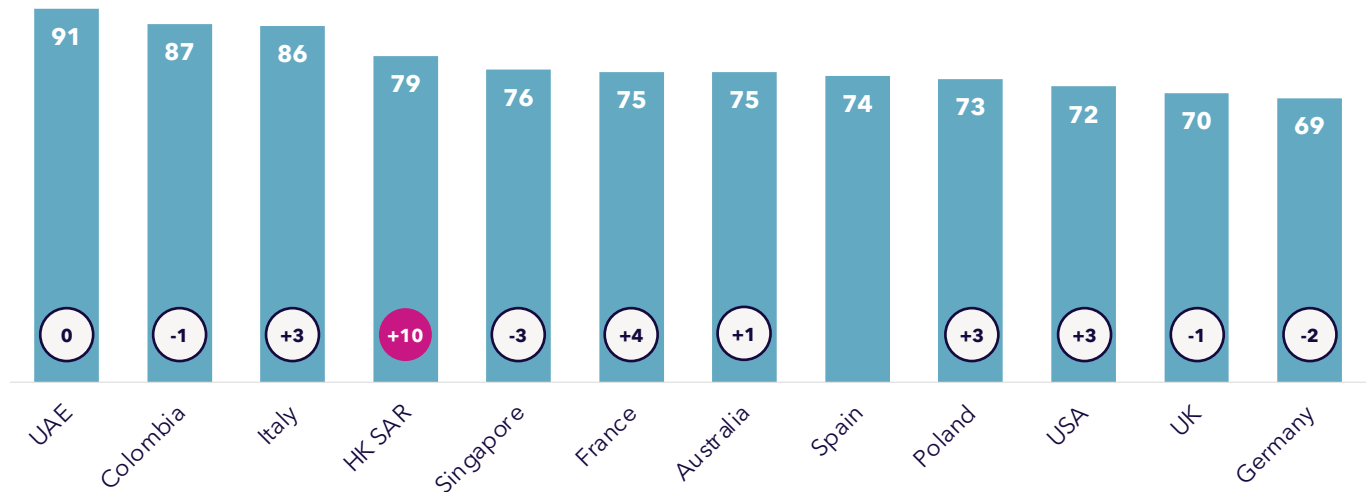
Importance of companies taking action on ESG issues

(% NET 7-10)



77%

think it is important for companies to take action on ESG issues
- up by 2% since 2022



Significantly higher/lower than 2022
(number in circle = change in percentage points)



No significant change since 2022
(number in circle = change in percentage points)

Q23. How important do you think it is for companies to take action on environmental, social and governance issues?
0=not at all important, 10=extremely important

Key finding 6.

ESG issues are influencing decisions in a wide range of areas.

In particular, ESG issues were considered to be most important when it comes to who people vote for, the types of foods they eat and the types of products they buy.

Spotlight on generations

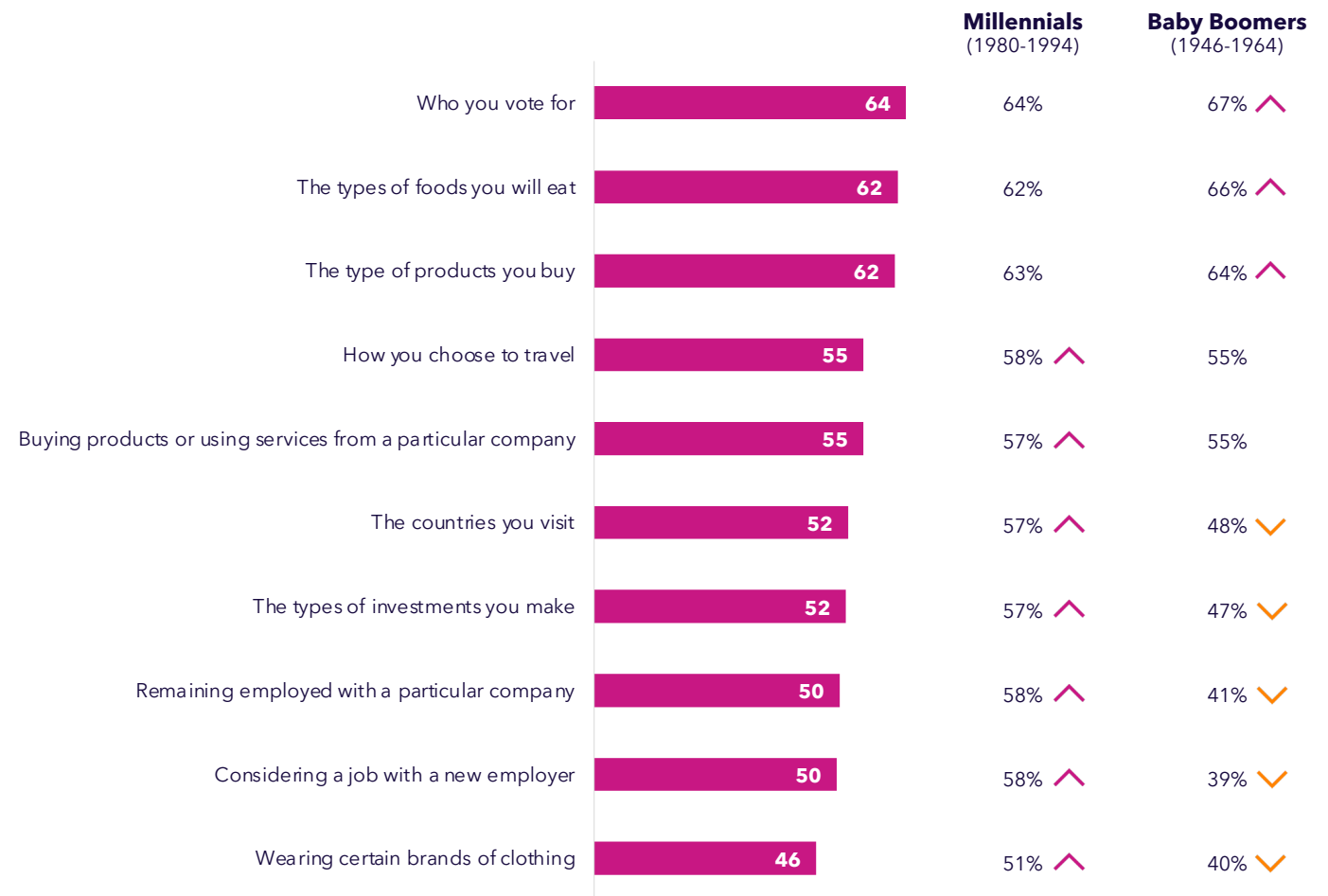
There are some differences between generations, with **Millennials** factoring ESG into their decision-making the most overall. **They are the most likely to consider ESG when making employment decisions** (58% for both remaining employed and considering a new employer) **or making investments** (57%).

Similarly, **GenZs** and those who have higher levels of education (university/bachelor degree and above), **were also more likely to consider ESG when making investments** (55%; 59% respectively).

Meanwhile **Baby Boomers were most likely to say that ESG issues influence who they vote for** (67% vs. 63% among younger people).

Importance of ESG issues on decision making

(% NET 7-10)



^ Significantly higher than other generations v Significantly lower than other generations

Q30. How important are ESG issues to you personally when it comes to making decisions about the following?
0=not at all important, 10=extremely important

Key finding 7.

Most say companies should speak out on issues important to their employees and customers, but they are divided on whether they should speak out on broader issues.

Organisations often wonder whether they should be speaking out on issues, and if so, which ones? Where should they draw the line?

Results show a preference for focussing on the issues that are important to each organisation’s employees and customers. Our qualitative results back this up – they want companies to speak on issues where it’s authentic and relevant for them to do so and where they effectively have permission to play.

Around four in ten (42%) indicated they wanted to see companies focus on their core business rather than seeking broader influence on social and environmental issues.

Those in Hong Kong SAR (55%), UAE (51%) and USA (51%) were more likely to agree with this. By contrast, European countries such as Italy (32%), Spain (35%) and Germany (38%) were less likely to agree i.e. more people expected companies to have a broader influence on social and environmental issues.

Consumer expectations of companies when it comes to ESG

(% 'STRONGLY' OR 'SOMEWHAT' AGREE)

1.



71% agree

Companies **should speak out on issues** that are important to their employees and customers

(7% disagree, 22% are neutral)

2.



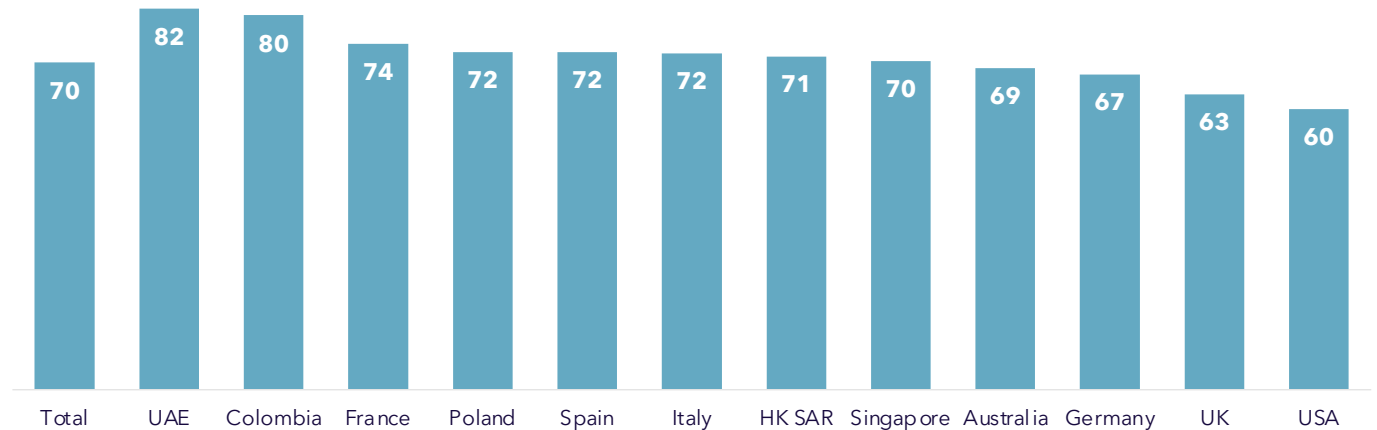
42% agree

Companies **should focus on their core business** rather than trying to have broader influence on social and environmental issues

(27% disagree, 30% are neutral)

Companies should speak out on issues that are important to their employees and customers

(% AGREE)



Q15. To what extent do you agree or disagree with the following statements?

Key finding 8.

Most people think companies can be profitable while also performing well on ESG

Nearly 7 in 10 (69%) agree that companies can be profitable while performing well on ESG and only 7% disagree.

Two thirds agree that companies should not pass on the cost for better ESG performance to their customers (64%); many just want companies to embed it in the way they operate.

Just under half (45%) say they would be prepared to pay more for products or services from companies with stronger ESG performance. However, we know that they're not prepared to pay much and that it varies significantly based on the type of product or service, with food being the area where they're willing to pay the most. Preparedness to pay more is dropping, possibly in line with cost of living concerns.

Spotlight on generations

Millennials and GenZ are significantly more likely to be prepared to pay more (51%) compared to older generations (39%). Those with higher education levels (university/bachelor degree and above) are also more likely (53% compared to 37% among those with lower levels of education).

Consumer expectations of companies when it comes to ESG

(% 'STRONGLY' OR 'SOMEWHAT' AGREE)

3.



69% agree -3

Companies **can be profitable** while also performing well on ESG

(7% disagree, 25% are neutral)

4.



64% agree -2

Companies **should not pass on the cost for better ESG performance** to their customers

(9% disagree, 27% are neutral)

5.



45% agree -7

I'd be **prepared to pay more for products or services** from companies with stronger ESG performance

(22% disagree, 33% are neutral)



Significantly **higher/lower** than 2022 (number in circle = change in percentage points)



No significant change since 2022 (number in circle = change in percentage points)



So, what do people think good and bad ESG performance looks like?

What is expected from corporates?

The community values corporates operating a profitable business, providing employment and returns to shareholders, but the way they get there is equally important.

The community wants companies to be thinking about their impacts on society and the environment in their decision-making processes. A primary focus on economic contributions is not enough to meet expectations anymore. This reflects a shift towards a more holistic 'systems thinking' lens which recognises the interconnectedness of all parts of a system.

Key finding 9.

The 'best' ESG performers consider their environmental impacts from the outset, enable others to make a difference and have ESG genuinely embedded in multiple points of their operations.

Survey participants were asked to describe what specific actions companies they see as performing well on ESG are doing.

Qualitative analysis of the verbatim comments reveals there is a consistent theme of 'action'. By far the most frequently mentioned initiatives were things that limit negative environmental impacts.

Other key themes included supporting and enabling others, showing good ESG practices in multiple points of the organisations practices and genuinely trying.

What actions characterise companies who are seen to do a good job on ESG?



Environmental impacts are considered early, and ongoing

Strong performers find ways to minimise their company's impact from the start - from embracing renewable energy sources, to using recyclable packaging materials or natural ingredients in products, and safely disposing of their waste.



Multiple points of evidence

People are increasingly citing multiple points of evidence rather a single, flagship program when making an assessment.

These ranged from treatment of customers and employees, to the manufacturing and sales processes it uses, through to recycling activities and lending decisions.



Multiply impact by enabling others

Philanthropic donations, and grassroots community initiatives are the more established ways of demonstrating good ESG performance.

Increasingly people are interested in how companies can have a bigger impact by making it easier for others to take practical action that makes a difference.



Genuinely trying

Demonstrating action behind ESG commitments is being noted - even if not to a gold standard or perfect, people like seeing *some* action (rather than none).

Being flashy can lead to scepticism.

Key finding 10.

The 'worst' companies are those causing harm to the environment, treating employees or customers poorly, or are slow to act on ESG issues.

Survey participants were asked to describe what specific actions companies they see as performing poorly on ESG are doing.

The environmental lens reigns supreme in the minds of the community when assessing ESG performance, and many can name companies that have mismanaged their environmental impacts or are a drain on natural resources.

Poor performers are also called out for a lack of care or concern for their employees and customers, poor workplace culture or prioritising excessive profit over the wellbeing of customers or the community. This is when people see the financial performance of a company prioritised over environmental, social and ethical obligations.

What actions characterise companies who are seen to do a **bad job on ESG?**



Harmful impacts on the environment

Frequent mentions of excessive pollution, contributing to deforestation, exploitation of natural resources and generally lacking environmental responsibility.



Worker exploitation and bad conditions

Unfair treatment of workers, including poor pay, working conditions or hours and job instability. Lack of diversity and inclusion was also mentioned.



Too much plastic

Companies that manufacture plastic and use excessive or non-recyclable plastic packaging are seen as significant contributors to a broad (and growing) range of environmental issues.



Excessive profits, price gouging and promoting overconsumption

Putting their own needs and profits above all else. Charging high fees and prices and making a massive profit during a cost-of-living crisis. Also promoting over-consumption and producing poor quality products.



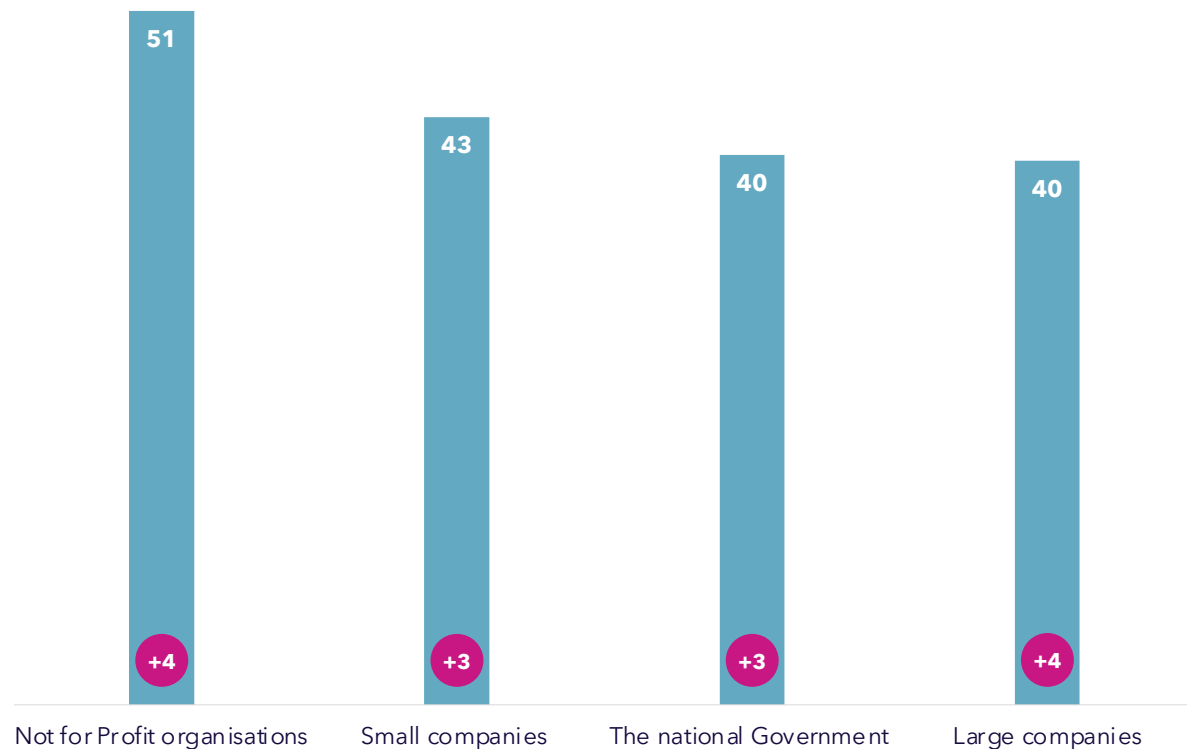
Slow transition to sustainability

A lack of commitment to sustainability, including a slow, inadequate or non-existent transition to green energy and reducing their carbon footprint, and/or not offering environmentally-friendly products.

Q29B_2. What is it that they are doing poorly specifically?

Performance of various groups when it comes to ESG

(% NET 7-10)



Significantly higher/lower than 2022
(number in circle = change in percentage points)

Q6. Overall, how would you rate the performance of the following groups when it comes to acting responsibly on Environmental, Social and Governance (ESG) issues? 0=very poor, 10=excellent

Key finding 11.

Ratings of the overall performance of companies, governments and not for profits on ESG have increased over the last year.

While this suggests some momentum is building and the community is increasingly taking notice, there is still substantial room for improvement in how well the community thinks different types of organisations are performing on ESG issues overall.

Not surprisingly, not for profits retain the best ESG reputations over other types of organisations.

Spotlight on generations

GenZ and Millennials were more complimentary of the various groups.

For example, 50% of **GenZ** and 47% of **Millennials** gave small companies a score of 7 or more compared to just 38% of **GenX** and 39% of **Baby Boomers**.

Similarly, 43% of **GenZ** and 46% of **Millennials** gave large companies a score of 7 or more compared to just 37% of **GenX** and 34% of **Baby Boomers**.

Key finding 12.

There have been notable improvements in ESG performance ratings across most industries this year.

The education and training and healthcare industries continue to receive the highest ratings when it comes to acting responsibly on ESG issues.

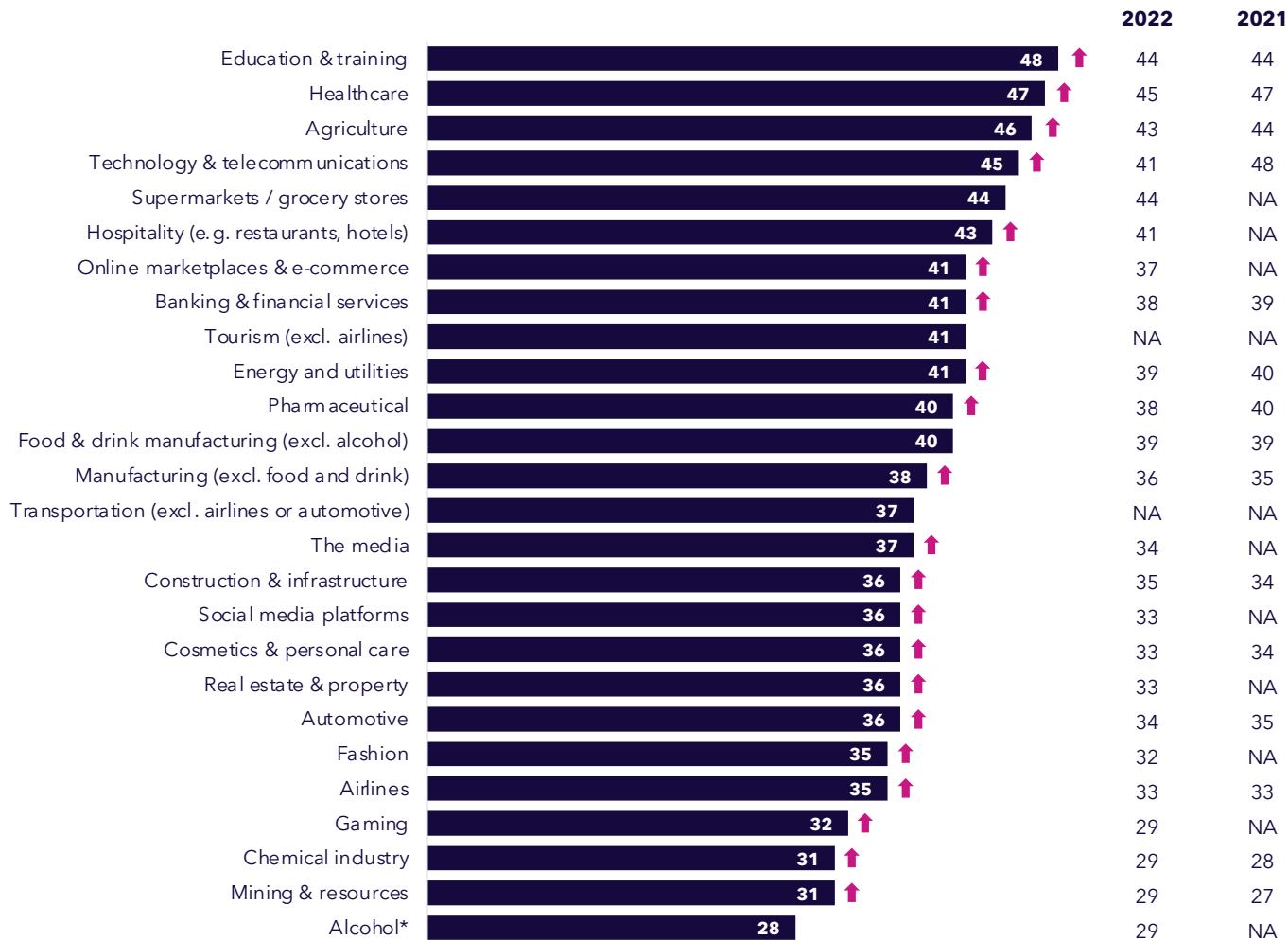
By comparison, the alcohol (*not asked in UAE), mining and resources, chemical and gaming industries continue to receive the lowest ratings.

Spotlight on generations

Once again, **GenZ and Millennials were more complimentary of the various industries**, whereas the **Baby Boomers** consistently **gave the lowest ratings**.

Ratings of industry ESG performance

(% NET 7-10)



↑↓ Arrows indicate results that were either significantly higher/lower than 2022

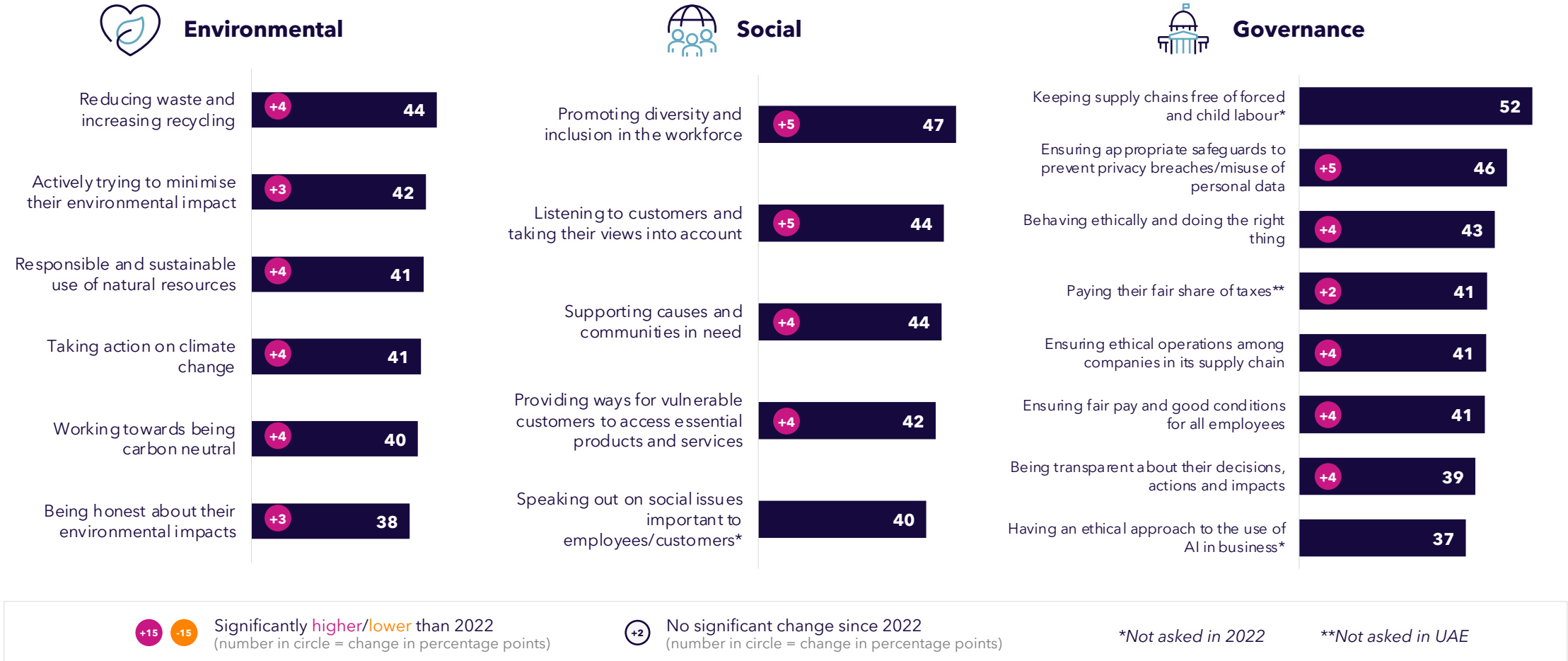
*Not asked in UAE

Q11. How would you rate the performance of the following industries operating in [country or territory] when it comes to acting responsibly on Environmental, Social and Governance (ESG) issues

Ratings of many granular ESG actions have also increased

Ratings on company performance on various ESG aspects

(% NET 7-10)

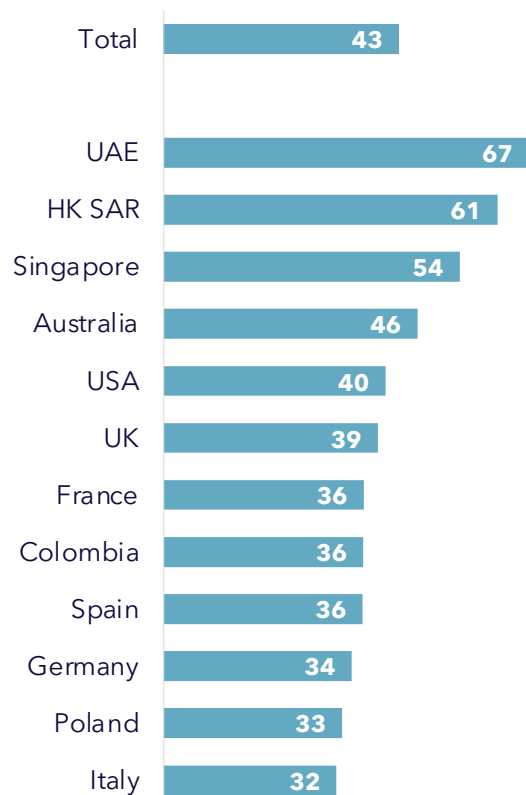


Q13. In general, how would you rate the performance of companies in [country or territory] on the following things? 0=very poor, 10=excellent

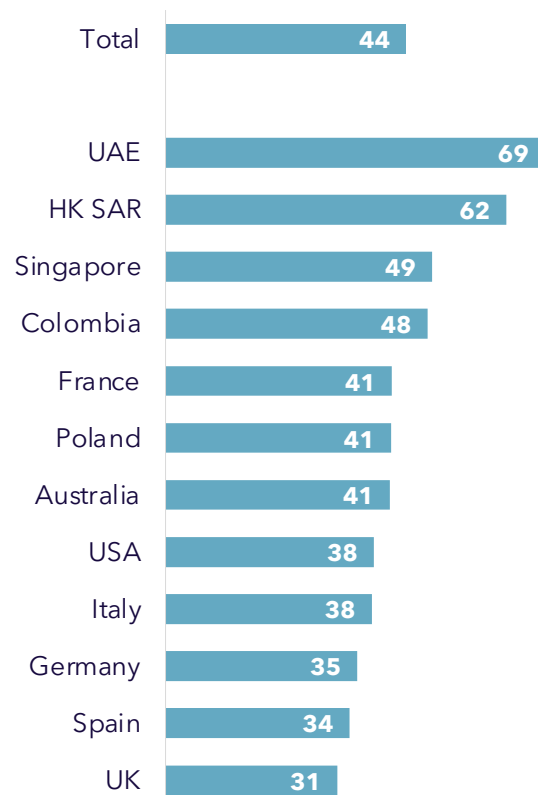
Views on company behaviours in general - NET Agreement

(% 'STRONGLY' OR 'SOMEWHAT' AGREE)

'Companies are generally behaving ethically and doing the right thing'



'Companies are using their power and influence to create positive change'



Key finding 14.

There remains much room for improvement for corporates to demonstrate their ethics and positive influence

Our qualitative research found that many people interpret good ESG as fundamentally 'behaving ethically and doing the right thing'.

While we found three in four (77%) think it is important for companies to take action on ESG issues, only four in ten believe that companies are currently 'behaving ethically and doing the right thing' (43% agreed). So there is plenty of room for improvement.

Our qualitative research also shows that many increasingly expect companies to 'use their power and influence to create positive change'. This year just 44% agreed that companies in their country are doing this.

Key finding 15.

Modelling shows that taking action on climate change is by far the biggest driver of a good ESG performance in large companies.

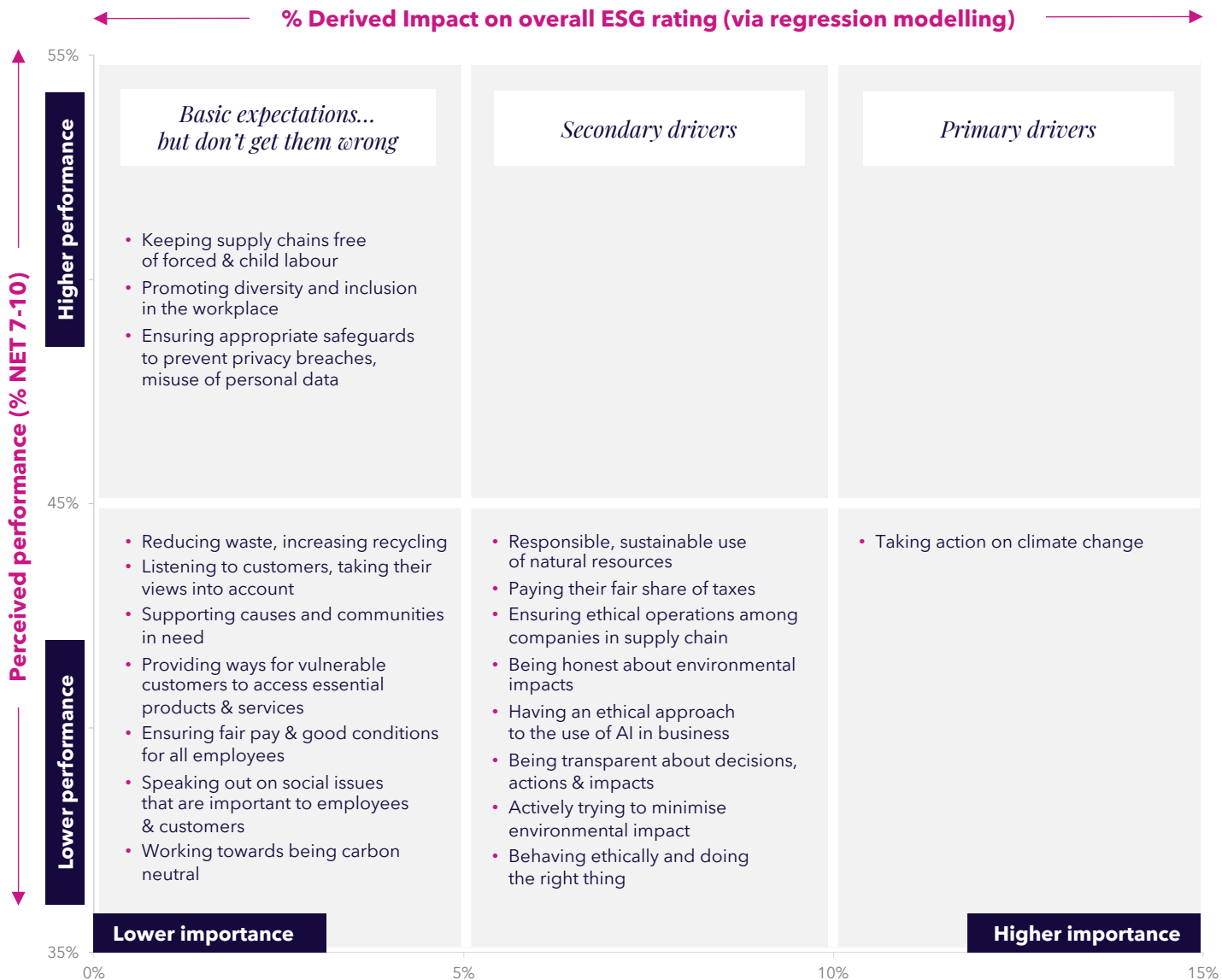
Driver analysis was conducted to understand how performance on specific ESG metrics influence community perceptions of large companies. The strongest driver by far is taking action on climate change, then action on behaving ethically and minimising environmental impacts.

With fewer than half of those surveyed rating companies' general performance in these areas highly (at 7 or more out of 10), these are areas for improvement with the most potential to shift opinions.

Secondary drivers are action on transparency, supply chain ethics, fair payment of tax, environmental responsibility and honesty and ethical AI. A range of other factors had relatively low derived importance scores of less than 5% and can be considered 'hygiene' factors.

Analysis of what's driving perceptions of ESG factors amongst smaller companies revealed a much stronger focus on responsible and sustainable use of natural resources and supporting causes and communities in need, in addition to minimising environmental impacts.

Factors driving overall ESG ratings of large companies





What does the community think about *ESG communications from companies?*

In 2022 our research revealed 'The Great Disconnect' occurring in ESG corporate communications. We saw the community wanting companies to communicate their ESG efforts, while being very passive in consuming this information and, more concerningly, not trusting them.

In this year's study we found that the Disconnect is still occurring. Trust remains a massive issue in ESG communications. More than half don't trust what organisations say about their ESG performance and two thirds think that greenwashing is a big problem among companies in their country or territory.

Part 1 of 'The Great Disconnect'
 Communications expectations and frequency
 of looking for ESG information

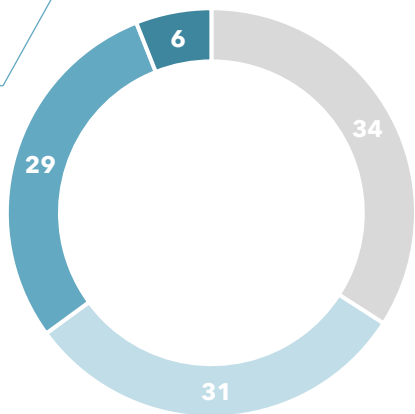


68% agree ↓
 (2022: 72%)

Companies **should communicate the results of their ESG efforts** more clearly for consumers and investors

But...

35% ↑
 (2022: 33%)



Just 35% are looking for information on companies' ESG activities and performance.

However, this *is* growing - reflecting heightened awareness and interest in ESG across the globe.



↑↓ Arrows indicate results that were either significantly higher/lower than 2022

Q15. To what extent do you agree or disagree with the following statements?

Q26. How often, if ever, do you look for information or do research on a company's ESG activities or performance?

Key finding 16.

People expect companies to take action and be transparent about it. But they're also not an 'actively engaged' audience.

So people want companies to take action and communicate, but they're not listening. This is one part of 'The Great Disconnect' and we see many organisations struggle to know how to address this issue and get cut through.

Spotlight on generations

Only 6% of people are often looking for information on companies' ESG activities and performance, with **Millennials** more likely to be doing so (8%).

Part 2 of 'The Great Disconnect'

Attitudes towards company claims and reporting

(% 'STRONGLY' OR 'SOMEWHAT' AGREE)



Significantly higher/lower than 2022
(number in circle = change in percentage points)



No significant change since 2022
(number in circle = change in percentage points)

Key finding 17.

Distrust in what corporates claim about their ESG activities is deeply embedded and there is a strong interest in governments playing a bigger role in regulating environmental marketing claims

We can see just how much of a problem The Great Disconnect is with the low levels of trust reported across several measures, including:

- General ESG claims on what companies do
- Specific environmental impacts they have
- Credibility of the information provided

Perhaps it is not surprising then to find that the community is supportive of government intervention to regulate what companies can claim about their environmental actions.

Key finding 18.

Around half of people globally have heard of the term 'greenwashing' and nearly two thirds think it's a real problem

Awareness of the term was highest in Germany, Hong Kong SAR, UAE and the UK. By contrast, just 29% of people in Spain and 30% of people in Colombia have heard of it.

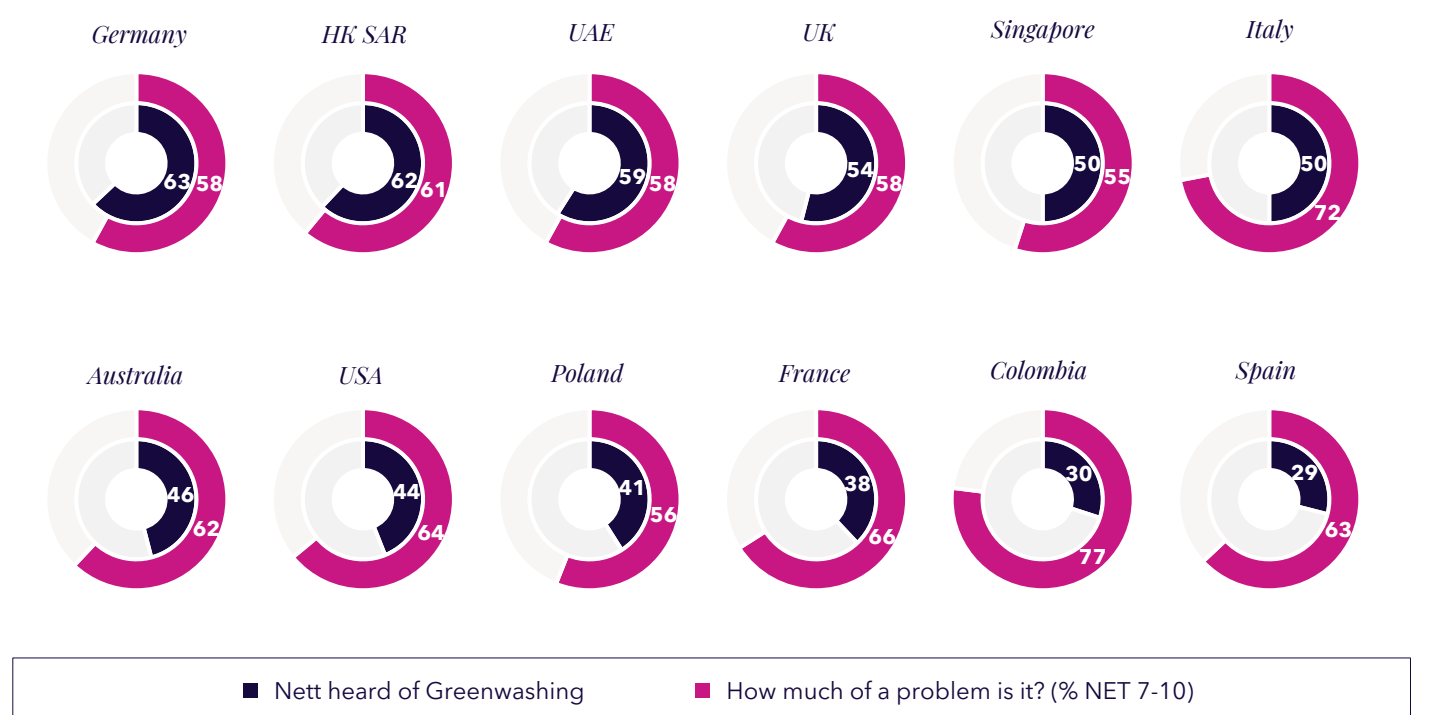
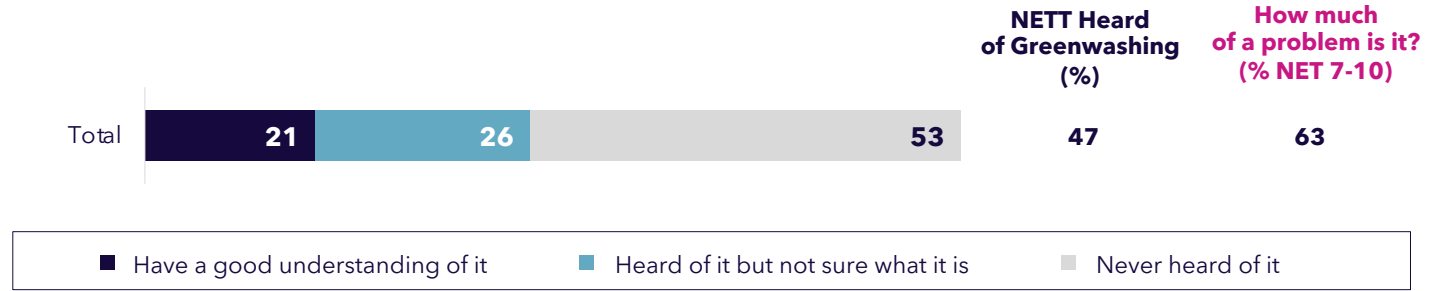
Even though many people don't know the term, the majority in all countries surveyed think greenwashing is a problem in their country. After being shown this definition...

"Greenwashing" is when a company provides misleading or false information to consumers or investors about how environmentally friendly, sustainable or ethical its products and/or operations are.

... 63% said it was a big problem among companies in their country or territory, giving a rating of 7 or more out of 10, where 10 meant it was a major problem.

The issue is strongest in countries like Colombia (30% aware, 77% think it's a big problem), Italy (50% aware, 72% think it's a big problem), France (38%, 66%) and Spain (29%, 63%).

Awareness of the term 'greenwashing' and perceived scale of the problem (%)



Q33. And before today, had you heard of the term "Greenwashing?"
 Q34. How much of a problem do you think Greenwashing is among companies in [country or territory], if at all?



Our qualitative research shows that *employees are a major audience* for ESG actions

We know that employees are the group paying most attention and that they're very quick to identify a disconnect between what is said and what is actually done. We also know that they are a highly trusted source of information on how their employer is doing more broadly.

In this study we drilled down into employee sentiment to understand how they think their employer is performing in this area and how important ESG issues are when seeking a new job.

Key finding 19.

Only half believe that their employer is genuinely trying to do the right thing when it comes to ESG

Encouragingly, this result is significantly higher than the 43% of the general community who agree that companies are generally behaving ethically and doing the right thing (see page 23).

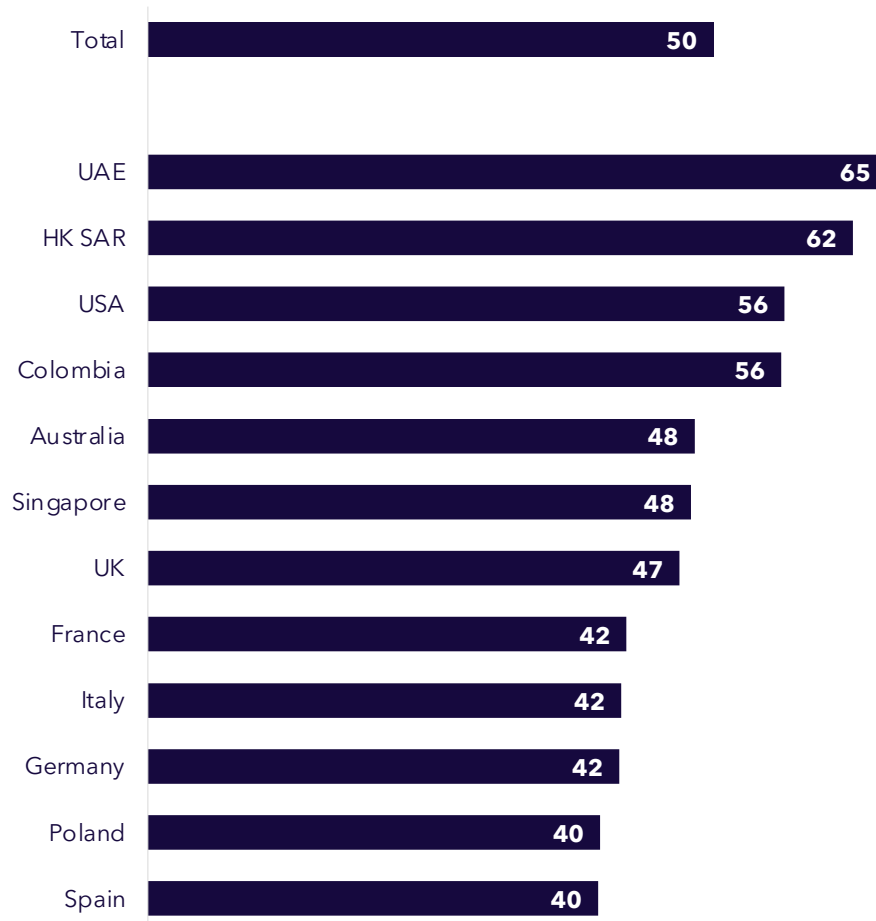
Those working in healthcare (43%) and retail (42%) were significantly less likely to agree with this statement.

Spotlight on generations

Millennials and GenZ are more likely to agree that their employer is genuinely trying to do the right thing when it comes to ESG (52%) compared to older generations (48%).

My employer is genuinely trying to do the right thing when it comes to ESG

(% 'STRONGLY' OR 'SOMEWHAT' AGREE)



Q15. To what extent do you agree or disagree with the following statements. Base: Those who are employed, n=7,969

Importance of specific ESG factors when choosing a new employer

(% NET 7-10 IMPORTANCE)



Key finding 20.

Employees have high expectations of organisations as employers

When considering a new employer there are a range of factors people take into account. Naturally most of these reflect the social elements of ESG.

At the top of the list is how a company treats its staff, remuneration and worker rights and conditions. Reflecting this, in our qualitative research we found that any reputational issues associated with underpaying staff were particularly damaging to the organisation's reputation.

The company's overall reputation features fairly high on the list, along with 'doing work that matters'. Environmental issues are well down.

Q31. If you were considering a potential new employer, how important would the following things be for you personally?

Key finding 21.

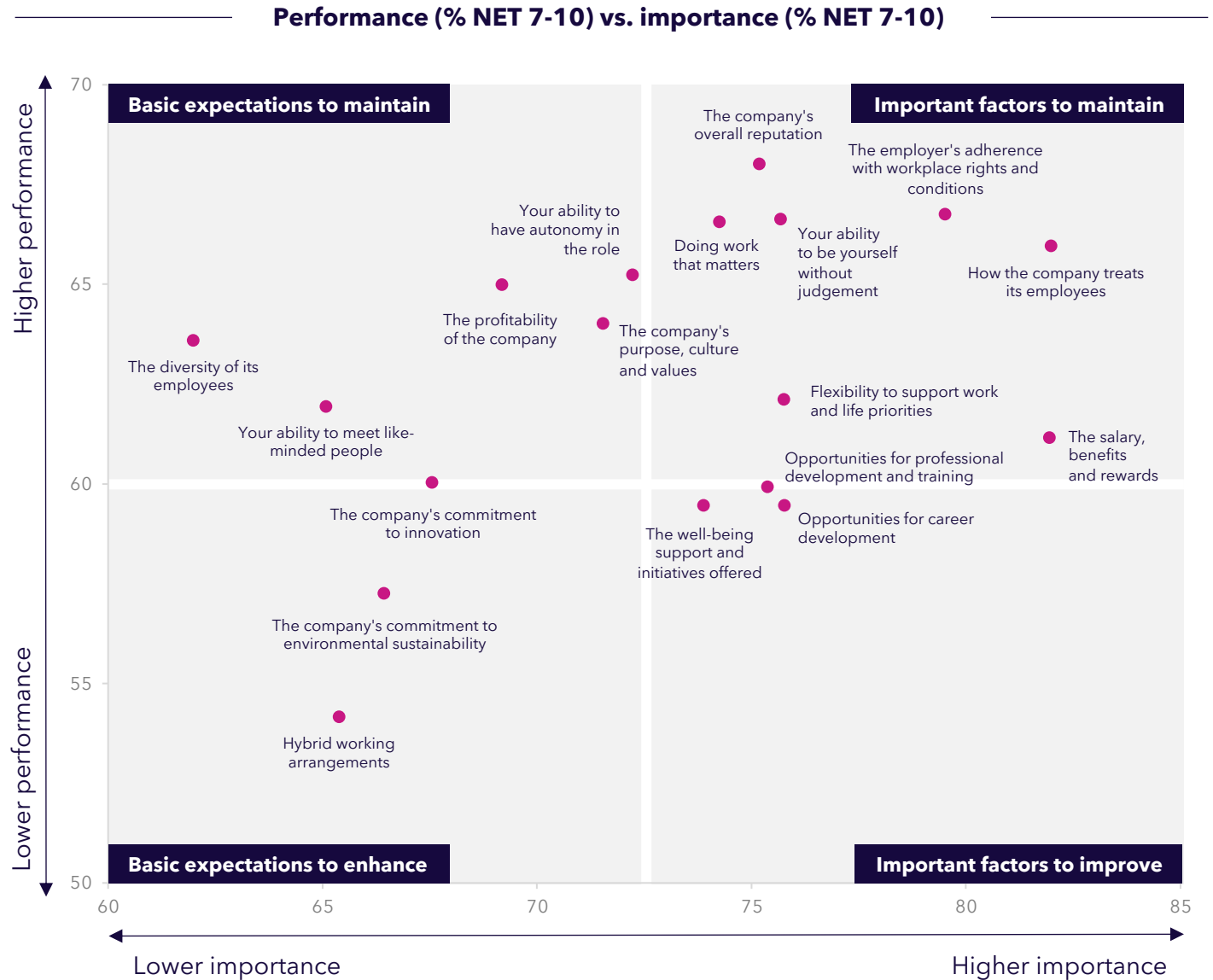
There are some key gaps between what employees are looking for and how they'd rate their current employer.

We asked those who are employed to rate the performance of their current employer on the same set of metrics they used to rate the importance of certain factors when considering a potential new employer. We then identified the biggest gaps.

The most important gaps are:

- **Opportunities for career development** (16% gap)
- **Opportunities for professional development and training** (15%)
- **Well-being support and initiatives** (14%)

There are also significant gaps in terms of hybrid working arrangement and company's commitment to environmental sustainability and innovation - but these appear to be less important than other factors when making a decision on where to work.



Q31. If you were considering a potential new employer, how important would the following things be for you personally?

Base: All participants, n=12,080

Q32. How would you rate your current employer on those same aspects? Base: Those who are employed, n=7,969

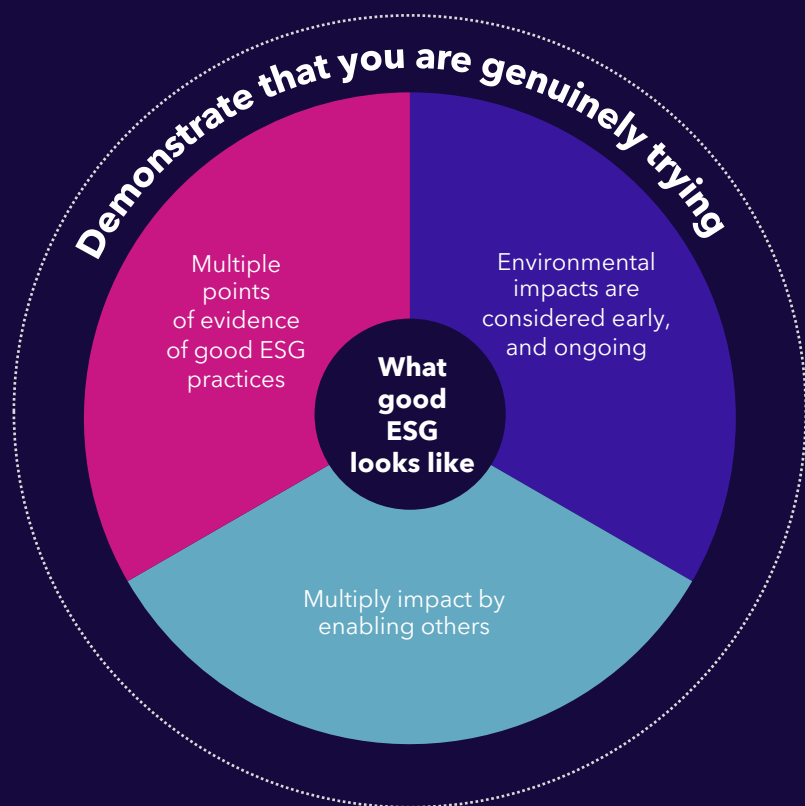
Part 5.

So, what next?



So, what next?

Key Take Outs



1. Consider and act on all impacts on people and the planet

Expectations have changed and the community now expect organisations to think about their impacts on the planet (first and foremost) and people from the outset.

2. Think carefully about which actions you highlight

Start by reflecting on the impacts your organisation has and how this aligns with the values in the communities you operate in. Make sure you have permission to play in that space and assess whether your actions are simply seen as 'what's expected' or whether it's 'going the extra mile'.

3. Tell a story and include specific details to build trust

It's hard to get cut through as people are busy and highly sceptical of greenwashing. People respond to good stories that align to their values and have solid proof points. They want to know your actions are genuine, will actually make a difference, that you're committed, and they want to see the evidence-base.

4. Provide multiple proof points for overall impact

Increasingly people require multiple points of evidence that a company is 'doing the right thing'.

5. Don't go it alone - join forces with others and empower your customers

Consider the multiplier effect. Look at how you can work with staff, partner organisations and government to find solutions to complex problems. People want to be empowered to play their part - if you can make it easy for them.

6. You don't have to be perfect - just try

People anthropomorphise companies and talk about them as if they're people. It's okay to be human. They don't expect you to be perfect from the outset - they just want to see you genuinely trying. Apologise if you don't get it right, course correct and keep trying.

7. Gen Z and Millennials show the way

These generations are strong supporters of ESG initiatives so can be targeted with tailored messaging now. They can also help you future-proof your strategy. Employees in this generation also have specific information needs.

8. Focus on addressing these issues before they become a problem

Bad news sticks. There are some things - like paying correct wages and a fair share of tax, and meeting human rights and modern slavery obligations - that people assume you'll get correct. But they'll punish you severely if you get them wrong.

Appendix

How we defined ESG in this study

The issue of terminology in a study like this is fraught with difficulty and we're aware that the term ESG has particular connotations in different countries.

We investigated the use of different terms in focus groups in 2022 but found similar issues or limitations with other phrases. For example, many felt the term sustainability referred primarily to actions that protect the environment.

On balance, most liked the use of ESG as a framework for companies to use to hold themselves to account on the issues that matter most to the community.

After asking participants whether they had heard of the term ESG, which we said stands for 'Environmental, Social and Governance', they were shown the text below.

As you may already know, the term "ESG" refers to standards, policies and behaviours that organisations have in relation to **Environmental, Social** and **Governance** issues.

Some examples of these issues include:



Environmental

Action on climate change, use of natural resources, waste management, pollution, toxin free environments and the preservation of habitats and living creatures.



Social

Human rights, working conditions, health and safety, social equality, diversity and inclusion, contributing to the local community, speaking out on social or political issues.



Governance

Ethical standards, transparent reporting, responsible policies and procedures, board diversity, data protection and privacy, risk management etc.

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