

SEC NEWGATE

Global ESG Monitor

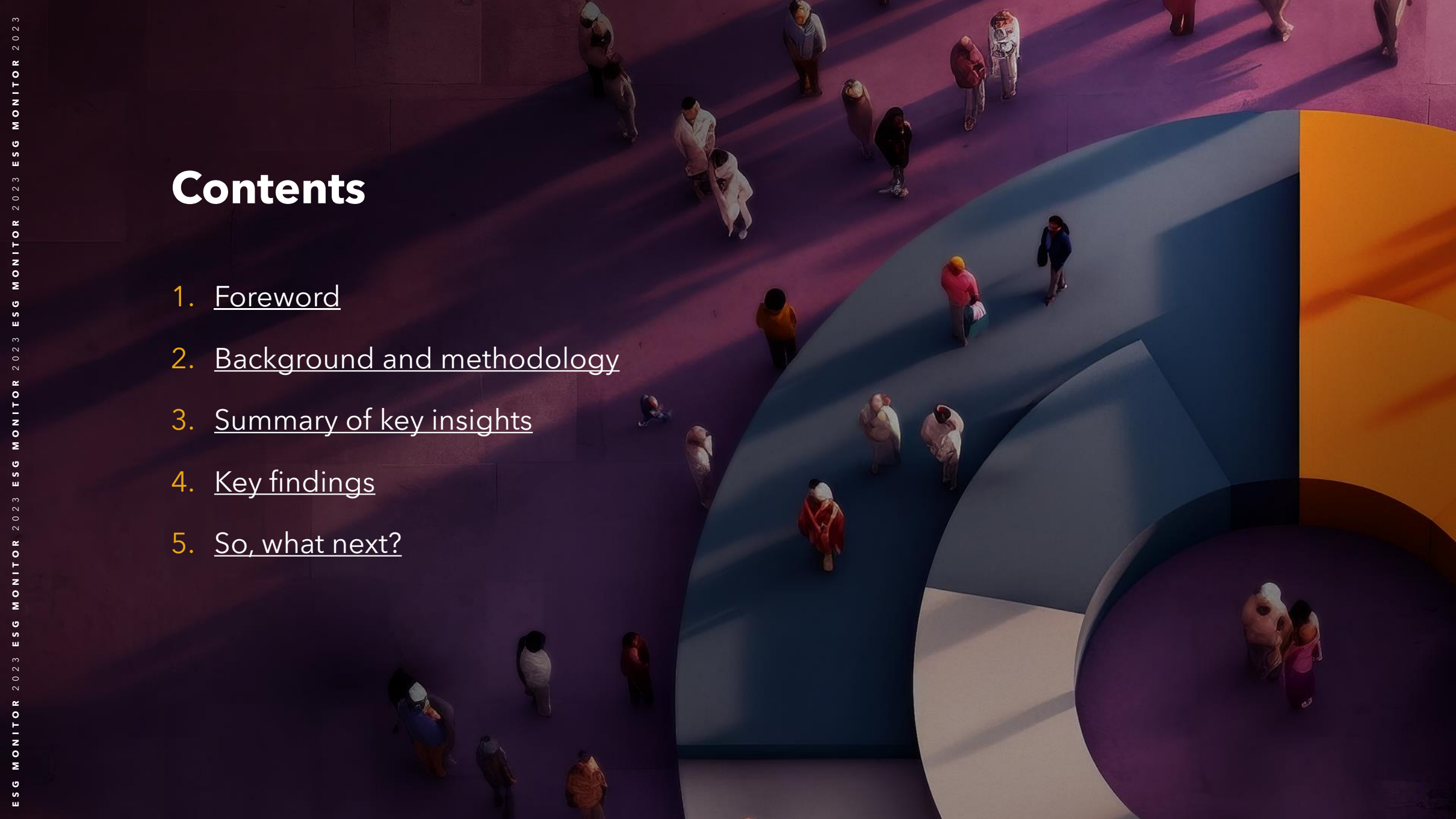
What the community expects from corporates on ESG

AUSTRALIA REPORT

2023 RESEARCH FINDINGS

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Part 1.

Foreword





Foreword

We have been working with many of our clients to help better understand where they have 'permission to play' in terms of making a positive difference, if they're communicating about the right initiatives, and whether their communications is getting cut through.

As public awareness and interest in ESG issues continues to grow, companies are increasingly concerned that their ESG initiatives may be seen as insincere, labeled as 'greenwashing' or, on the flip-side, open them up to attacks of 'wokeism'.

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 feelings 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, their impacts and community priorities, the risks they need to mitigate, and how to weave this into a compelling and authentic narrative.

We hope this latest report helps deepen your understanding of how these community perceptions could be impacting the reputation of your organisation.

Sue Vercoe

MANAGING DIRECTOR, SEC NEWGATE RESEARCH

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.

1,015

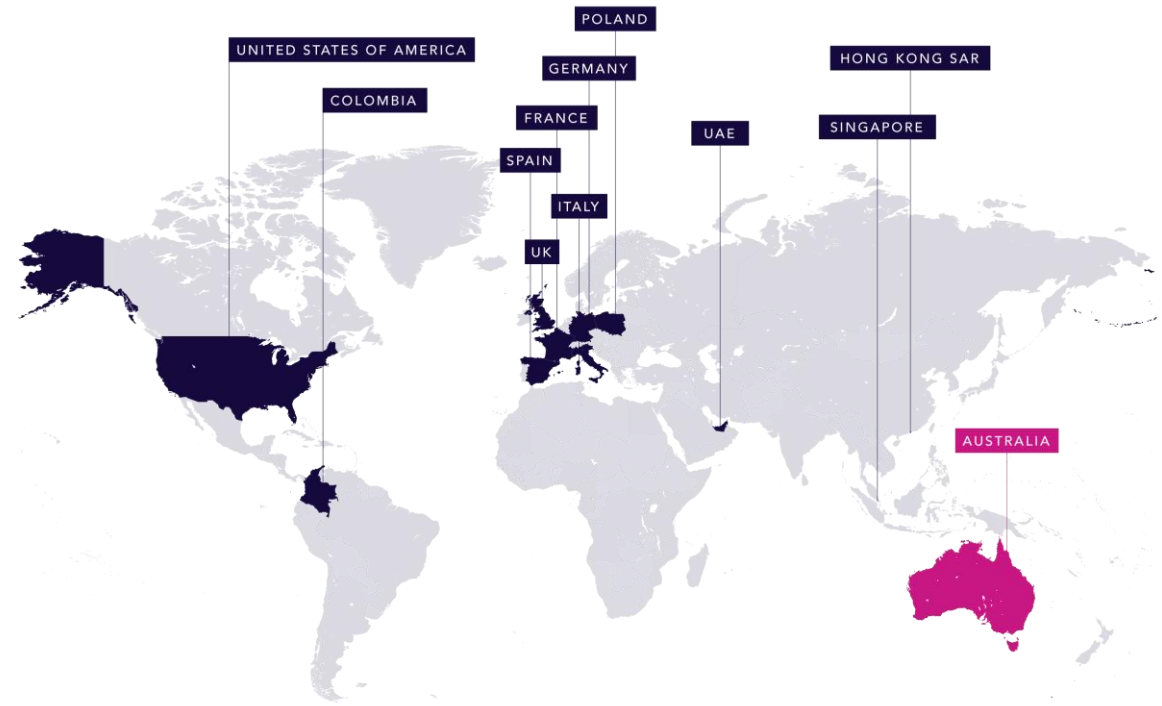
Sample of **n=1,015** from **Australia**

12,080

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

The research is part of a global study, and this report presents the findings from Australia. 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.



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) and Baby Boomers (born 1964 or earlier).

Part 3.

Summary of key insights



Summary of key insights

- **We appear to be at a tipping point.** In 2023 community expectations for company action on ESG in Australia appear to have reached a tipping point, suggesting genuine action on this front is no longer up for debate. Australians' expectations have changed but it seems the response by Australian companies is lagging their international peers.
- **Australians are increasingly interested in ESG issues.** Results show a significant increase in interest in ESG issues, with 59% rating their interest at seven or more out of ten, up from 51% in 2022. This is having an impact on their day-to-day decisions, particularly who they vote for, the types of food they eat, and the products and services they buy.
- **The community wants corporates to take action on ESG issues.** In 2023 75% of Australians agreed it was important for corporates to take action on ESG issues. Seven in ten (69%) agreed that companies should speak out on issues that are important to their employees and customers.
- **There appears to be less action by corporates in Australian than in other parts of the world over the year.** In most of the 12 countries and territories we surveyed, the community gave significantly higher ESG ratings this year compared to last year on the performance of large corporates and governments, a broad range of industries and on many underlying metrics. This was starkly different in Australia where we saw a drop in ratings in these areas.
- **Cost of living pressures may be playing a role in sentiment here, with many blaming corporates as well as governments.** Cost of living pressures remain the issue that Australians are most concerned about, and the community is increasingly critical of corporate behaviour.
- **We're seeing declines in perceived performance of many industries where cost pressures are most evident.** These include supermarkets (42% rated them a seven or more down from 49% in 2022), energy and utilities (31% down from 38%), and the real estate and property industry (28% down from 33%).
- **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 Australians don't want this to come at the expense of environmental, social and ethical obligations. They want corporates to think of themselves as one part of a broader ecosystem and look closely at both the positive and negative impacts they have on the environment and society. Nearly seven in ten (69%) agree they should speak out on issues that are important to their employees and customers. Most don't think they should have to pay extra for this sort of focus and that this is just part of doing business these days (62% agree).
- **When asked what makes a good ESG performer, Australians talk about companies who take a holistic approach and are demonstrating action in multiple areas.** They point to companies that consider their environmental impacts early and ongoing, who take a systems-thinking approach and find ways they can empower others. They also talk highly of companies who they see working to ease cost of living pressures, who are focused on inclusion and fairness, living their values, and demonstrating innovation.
- **Poor ESG performers are called out for their harmful impacts on the environment** (including overuse of plastics), as well as poor workplace culture, prioritising excessive profit over the wellbeing of customers or the community, and a slow transition to sustainability. In Australia, corporate conduct was also in the spotlight due to a year of significant incidents which exposed a lack of good corporate governance.
- **The Great Disconnect continues.** Last year our research revealed 'The Great Disconnect' occurring in communications around ESG issues and this continues. There remain several challenges here. Firstly, the community wants companies to communicate their ESG efforts more clearly but most are not actively searching for this information. Secondly, trust remains a significant issue in ESG communications and this makes it difficult for companies to get cut-through. Our research shows how people make judgements about corporates actions in this space and provides a pathway forward.

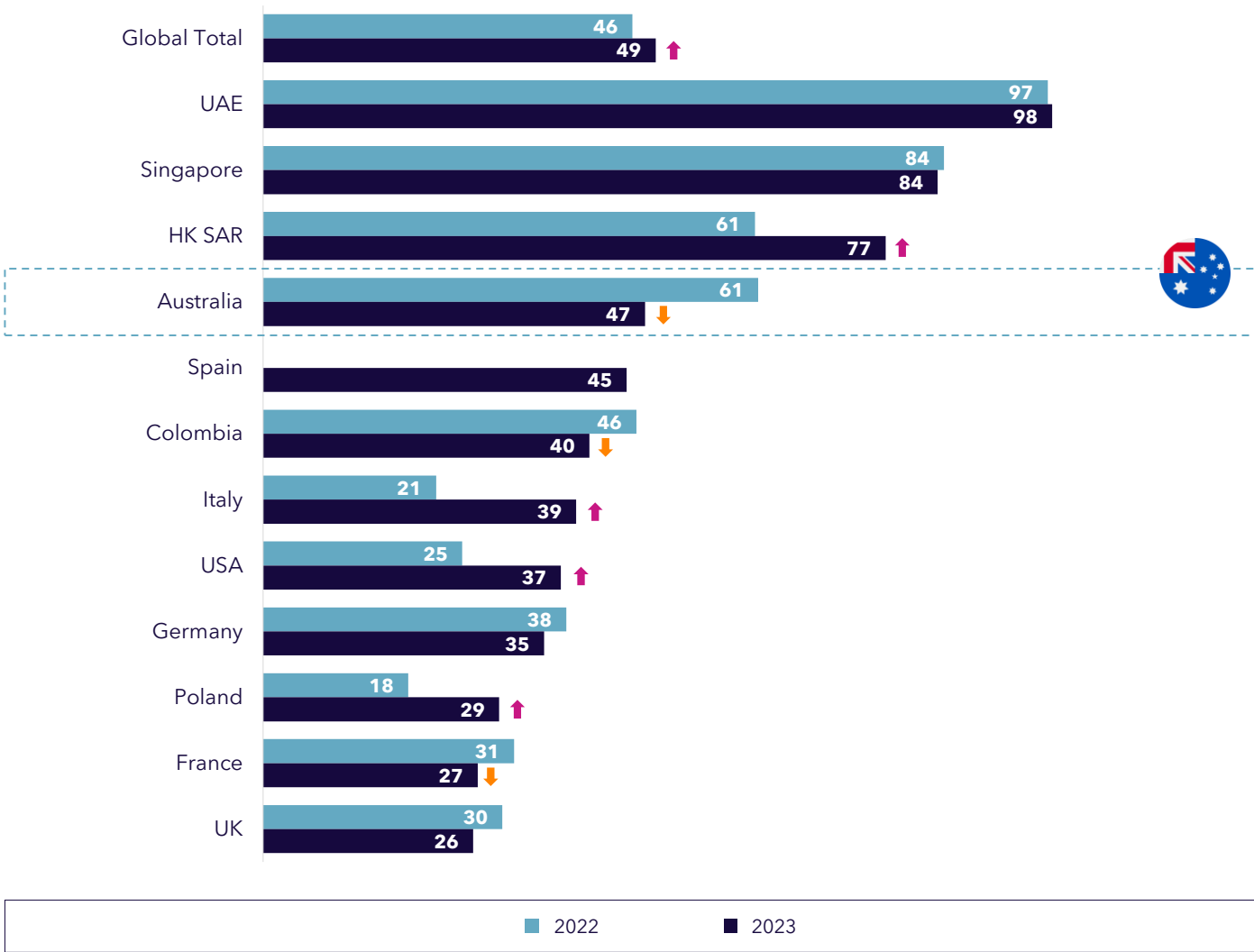
Part 4.

Key findings



Perceived direction country/territory is heading

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



Key finding 1.

Australians are significantly more pessimistic this year.

The proportion who say that Australia is heading on the right track has decreased significantly this year, down to 47% representing the lowest score recorded in Australia since the start of the survey (54% in 2021).

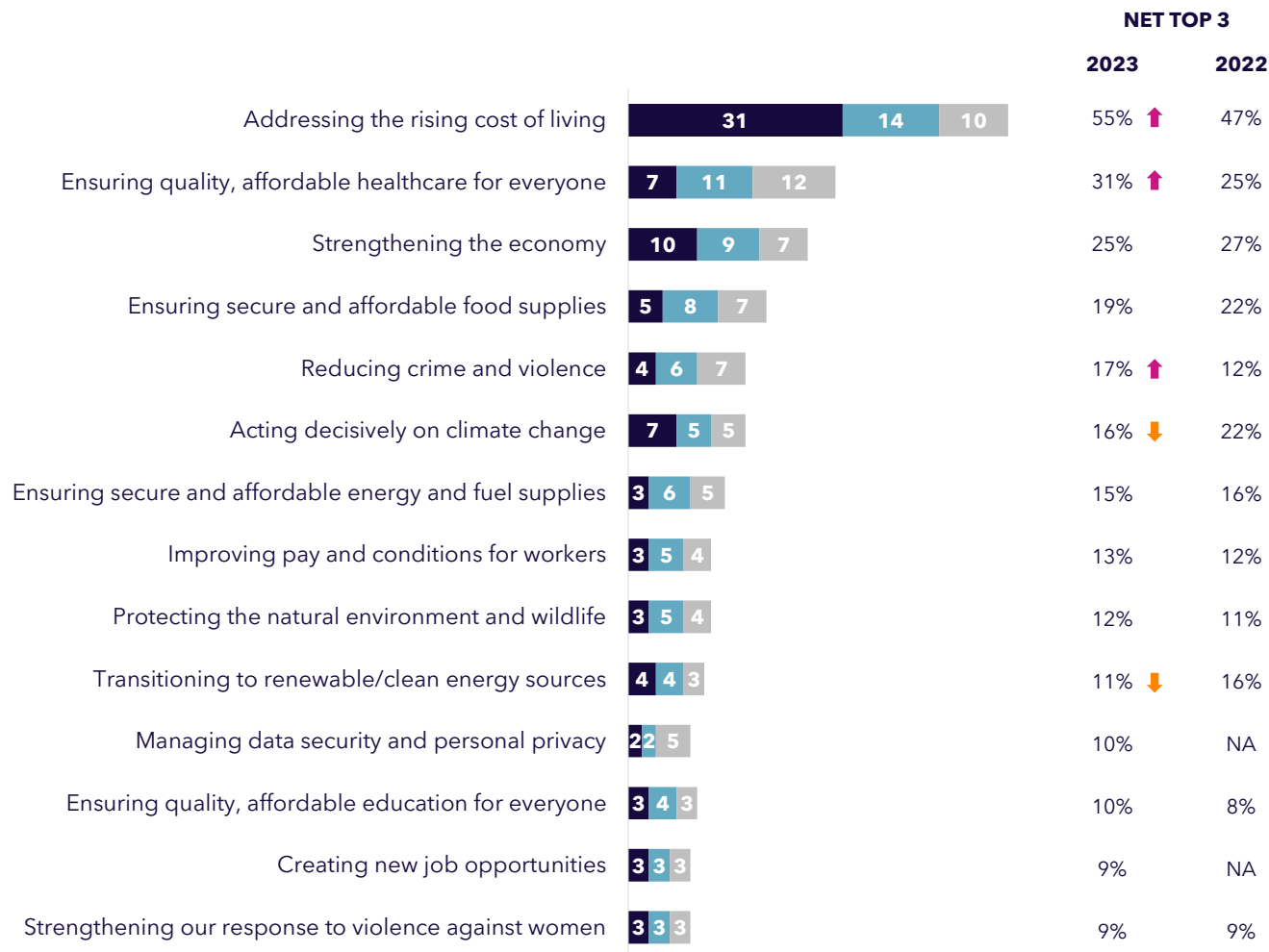
Despite this, Australians remains more optimistic than many other countries and territories included in the survey, particularly in Europe, USA and the UK.

These results align closely with SEC Newgate’s most recent Mood of the Nation poll conducted in August 2023 where many cited the cost of living, housing affordability and interest rates as the main issues facing Australians without prompting.

| | Right track (%) | Wrong direction (%) |
|---|-----------------|---------------------|
|  | 47 | 53 |

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 Australia's future (%)



■ Most important

■ 2nd most important

■ 3rd most important

Q20. From the following list (of 26 issues), please select the three things you personally feel are most important for Australia future. Rank them from 1 to 3 where 1 is the most important thing and 3 is the third most important thing. *Only top 14 issues shown in chart*

Key finding 2.

Community priorities are addressing cost of living pressures, healthcare, and strengthening the economy.

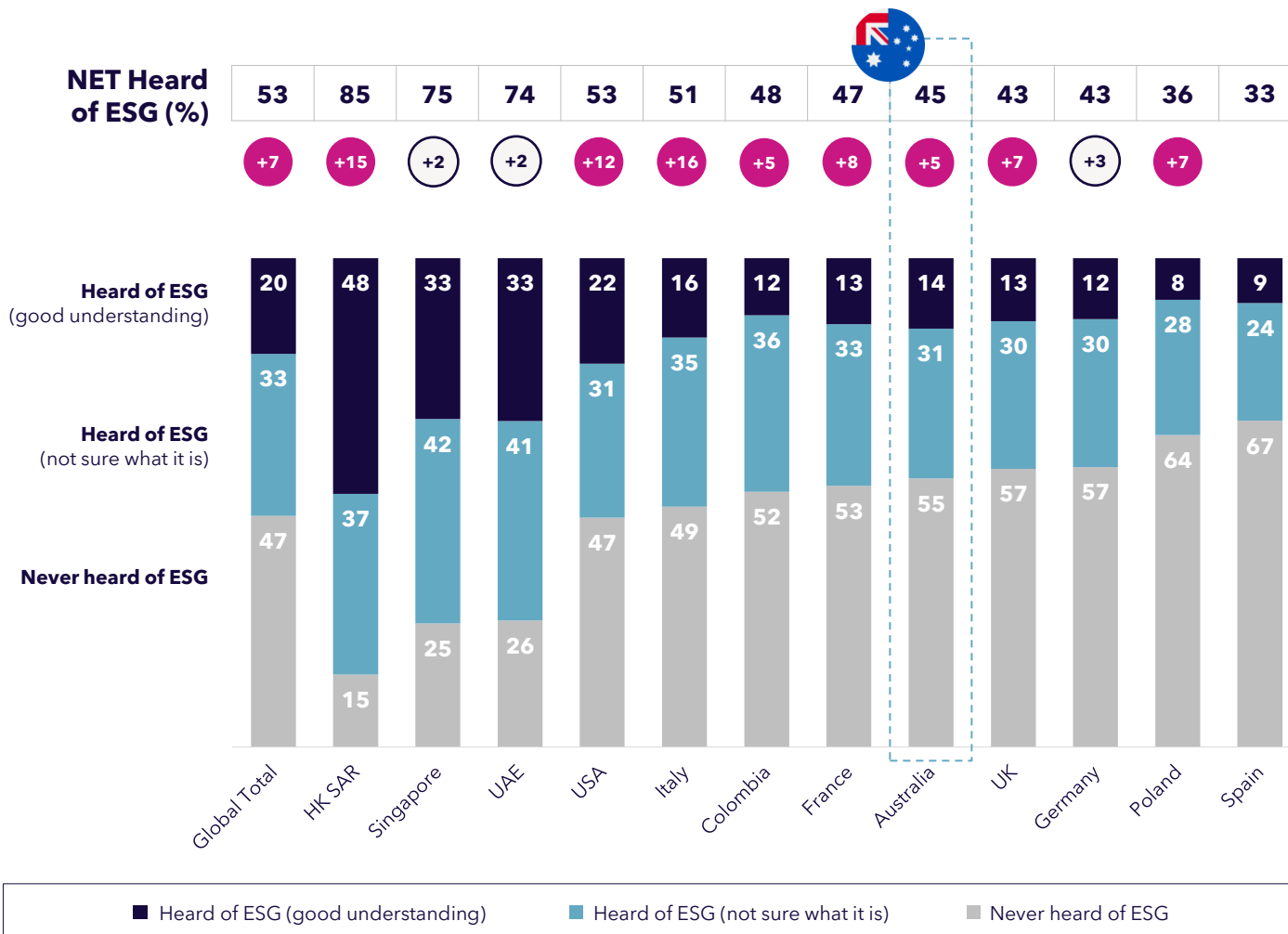
Cost of living pressures remain a key concern in Australia and is up significantly since 2022 (55% selected it as a top three issue, up from 47% in 2022).

Ensuring quality, affordable healthcare for everyone also remains a high priority for Australia's future, selected by 31% (up from 25% in 2022).

Concern about environmental issues such as acting decisively on climate change, protecting the natural environment and wildlife, and transitioning to renewable energy sources remain fairly high on the list. Note however that the relative importance of climate and clean energy has dropped significantly in the face of more immediate pressures.

From a social perspective, we have also seen a significant increase in the proportion who selected reducing crime and violence (17% up from 12% in 2022).

Unprompted awareness of ESG (%)



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

Key finding 3.

Overall recall of the term ESG has increased significantly in Australia, with 45% now aware of it, up from 40% last year.

However, the number of people who have a good understanding of the term ESG remains similar to last year (14% vs 12% in 2022).

Despite the increase, Australians were still less likely to have heard of the term compared to many other countries in the survey.

Note however that when it comes to awareness of the term 'Net Zero', Australians were more likely to have heard of it than those in many other countries (76% vs. global average of 54%).

Awareness of Net Zero (total average 54%)

Top 3

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

Bottom 3

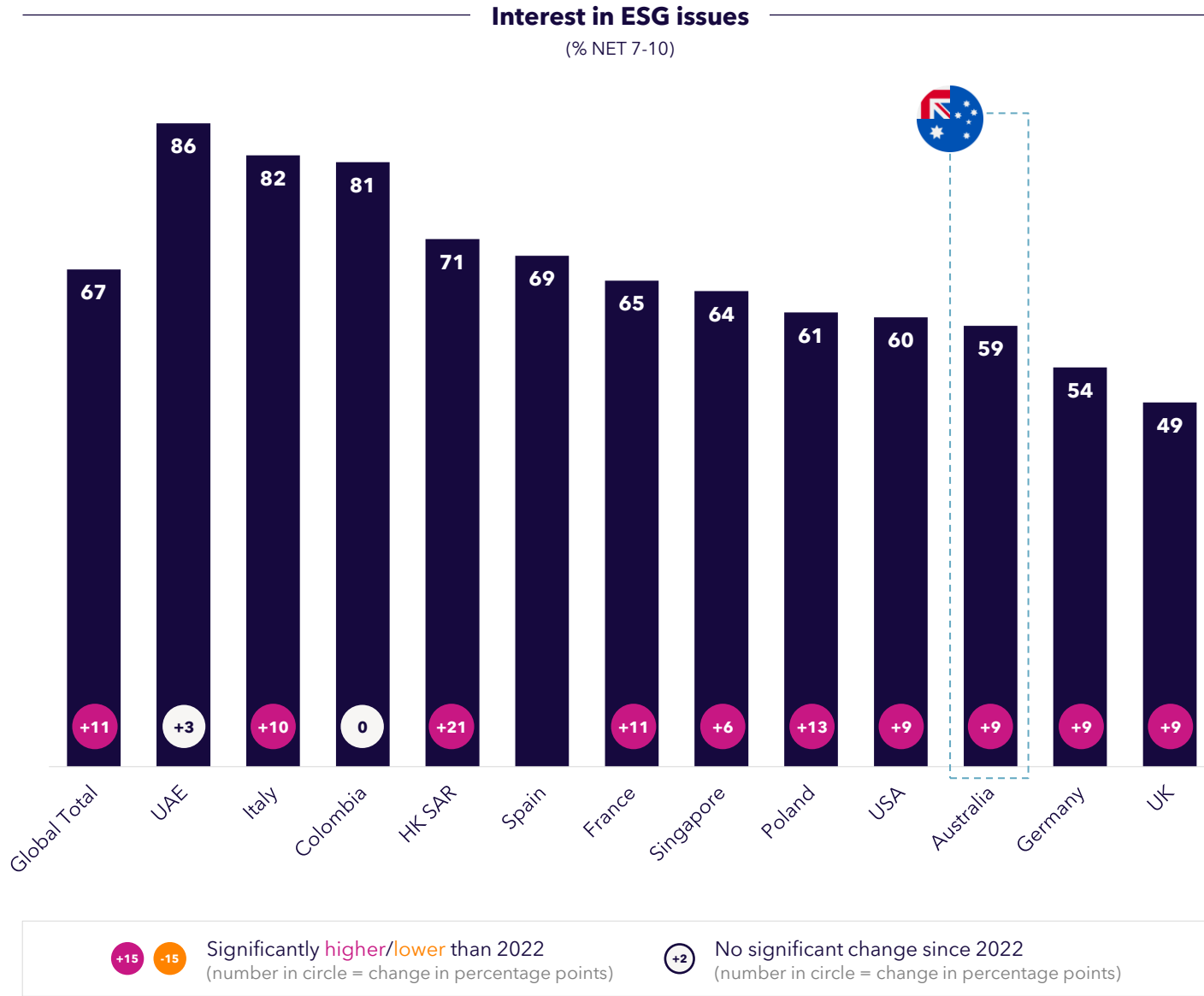
France (22%)
Germany (25%)
Spain (27%)

Key finding 4.

Interest in ESG issues has risen even more sharply.

After being shown a definition of ESG with some examples of what it includes*, **three in five Australians (59%) 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'.

Though this is a marked increase of nine percentage points from last year, interest in ESG issues in Australia remains comparatively lower than in many other countries surveyed.



Q4. How interested are you in Environmental, Social and Governance (ESG) issues, if at all?
 * See [page 31](#) for a full definition

Key finding 5.

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

Australians are most likely to consider ESG issues when it comes to who they vote for (66%), the types of foods they eat (57%), and the types of products they buy (56%).

With the exception of who they would vote for, Australians were less likely to consider ESG issues in their day-to-day decision making compared to the global total. In particular, Australians placed a lower importance on how they choose to travel compared to global (45% vs. 55%), perhaps reflecting lower availability of electric vehicles and Australian’s higher reliance on air transportation for travel.

Those who said they would vote for the Greens or the Australian Labor Party were much more likely to factor ESG into their decision-making compared to those who said they would vote for the Liberal Party or the National Party. Similarly, women were more likely to place a higher importance on ESG issues than men. GenY (born 1980-1994) and GenZ (born 1995-2009) were more likely to consider ESG issues when it came to considering a new employer (52% vs. 38% of younger Australians) and remaining employed with a company (49% vs. 40%).

Importance of ESG issues on decision making in Australia

(% NET 7-10)



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 6.

The majority still think it's very important for companies to take action on ESG issues.

Three in four Australians (75%) said it is very important for companies to take action on ESG issues, consistent with 2022. This reflects enduring expectations over time.

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'. Or more simply, 'to do the right thing'.

They say that ESG makes sense as a framework for covering the breadth of environmental, social and governance issues that are important to them - even if it's not the term they'd naturally use themselves.

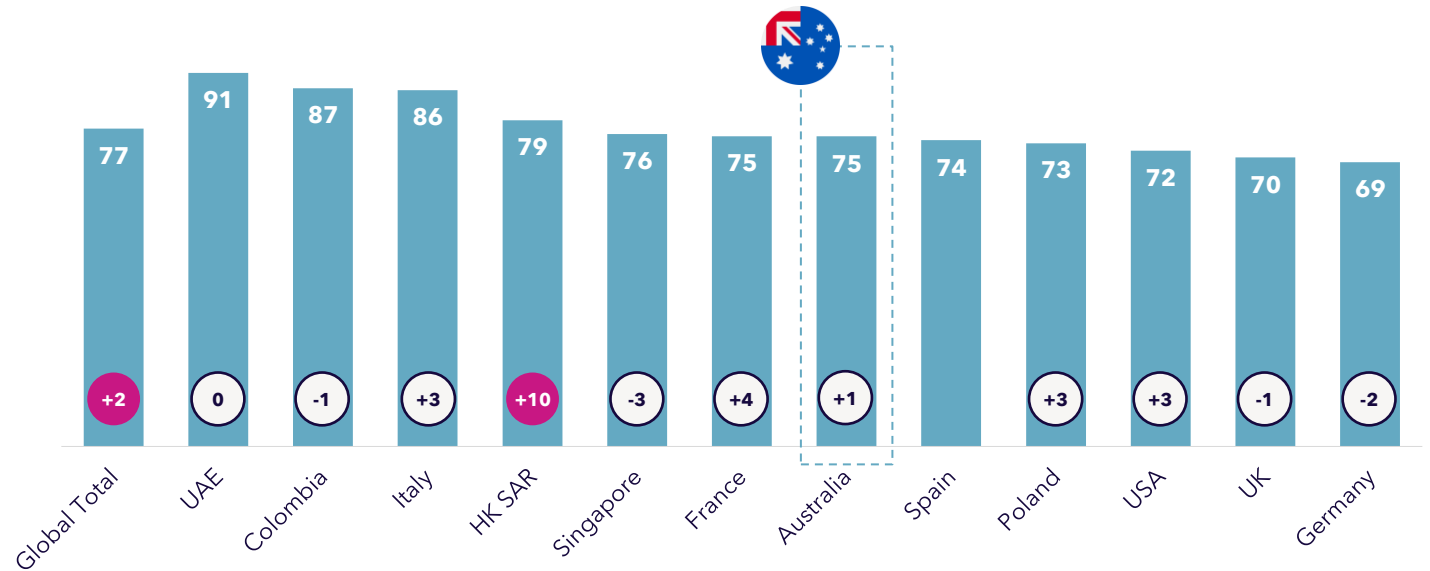
Importance of companies taking action on ESG issues

(% NET 7-10)



75%

of Australians think it is important for companies to take action on ESG issues



+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)

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 7.

Most say companies should speak out on issues important to their employees and customers – but there is less agreement on whether they should speak out on broader issues.

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

These results show a preference for focussing on the issues that are important to each organisation’s employees and customers rather than broader social and environmental issues.

Our qualitative results back this up – Australians want companies to speak on issues where it’s authentic and relevant for them to do so.

Consumer expectations of companies when it comes to ESG

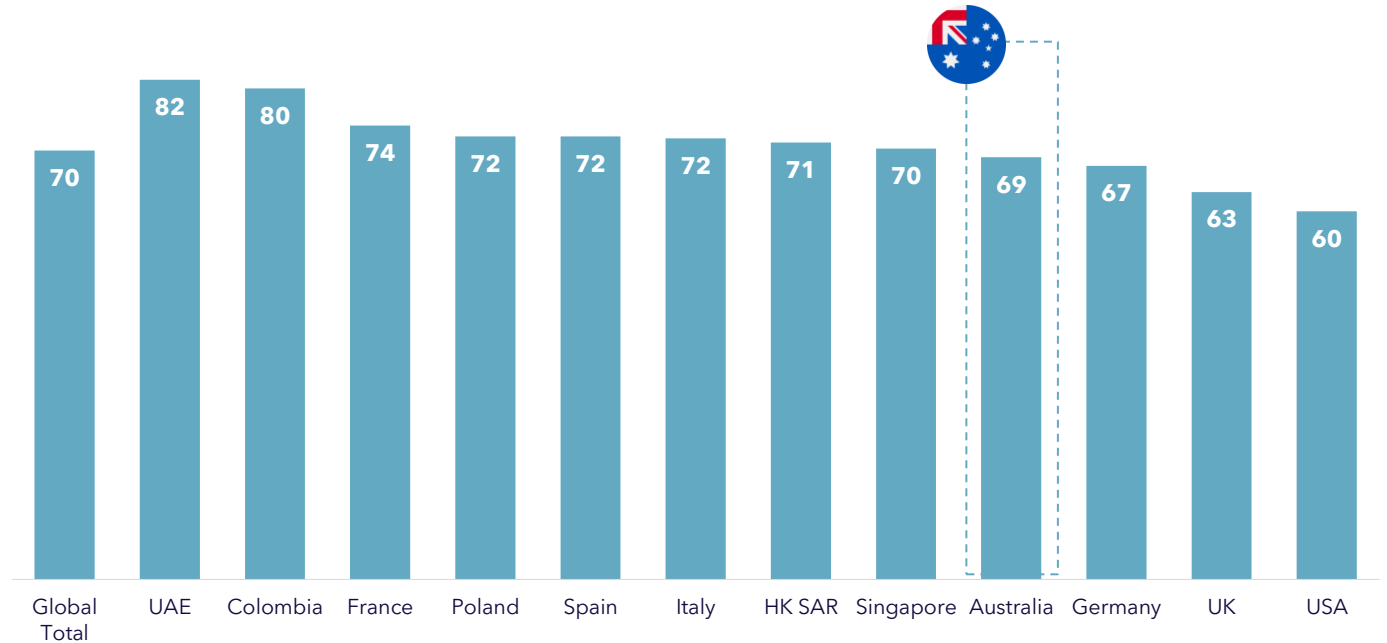
(% ‘STRONGLY’ OR ‘SOMEWHAT’ AGREE)



69%

of Australians agree that companies should speak out on issues that are important to their employees and customers

(9% disagree, 22% are neutral)



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

Key finding 8.

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

Seven in ten (70%) Australians agree that companies can be profitable while performing well on ESG and only six percent disagree.

They don't really want to have to pay extra for it. Nearly three in five (62%) agree that companies should not pass on the cost for better ESG performance to their customers; they just want companies to embed consideration for these issues in the way they operate.

Just under two in five (37%) 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.

Of note is that preparedness to pay more for products or services was lower in Australia compared to the global total (45% agreed) and has fallen 4 percentage points since 2022.

Consumer expectations of companies when it comes to ESG

(% 'STRONGLY' OR 'SOMEWHAT' AGREE)

1.



70% agree -4%

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

(6% disagree, 24% are neutral)

2.



62% agree -4%

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

(11% disagree, 27% are neutral)

3.



37% agree -4%

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

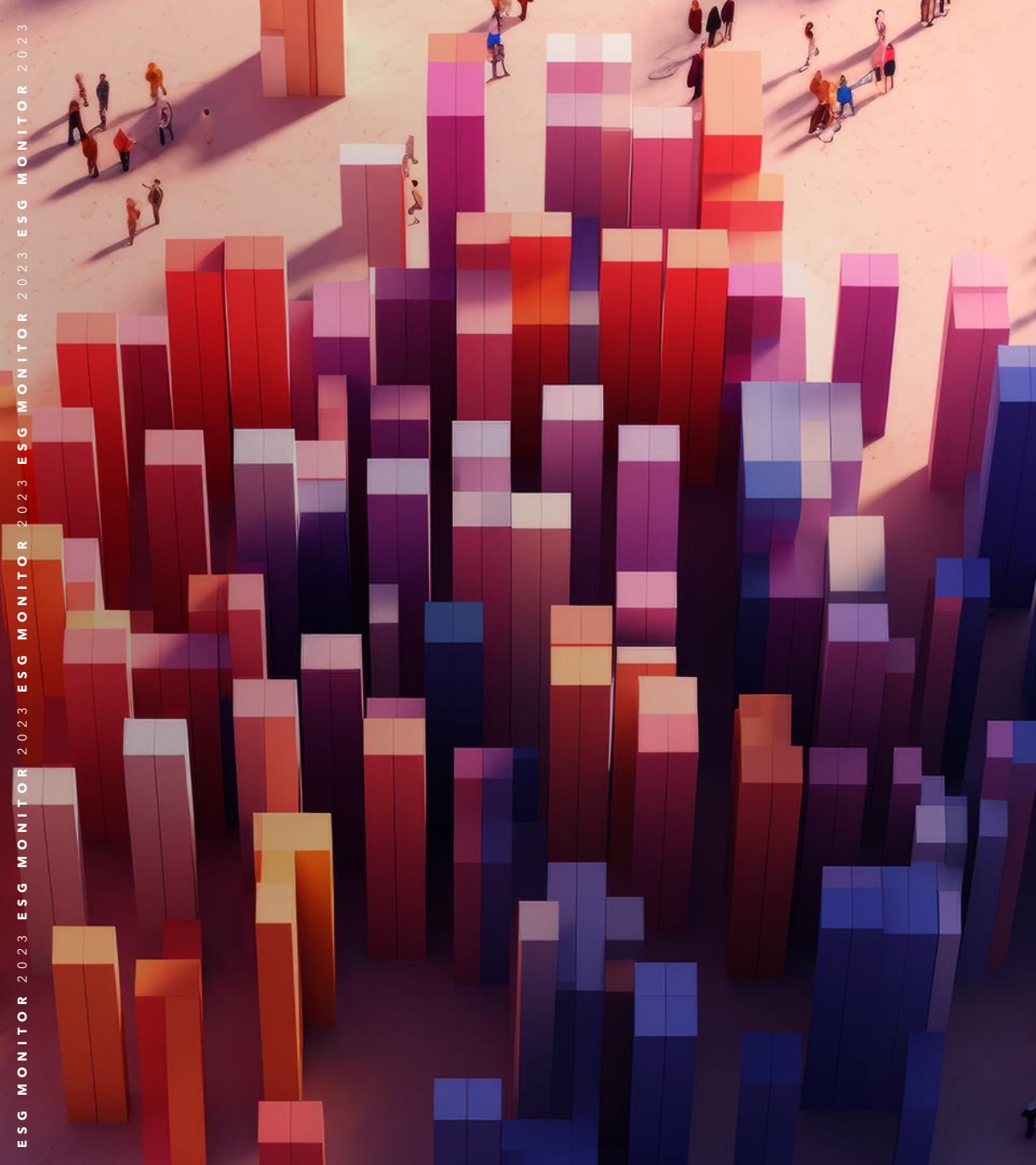
(29% disagree, 34% are neutral)



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 look 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.

Australians want companies to be thinking about their impacts on society and the environment in their decision-making processes. This reflects a shift towards a more holistic 'systems thinking' lens which recognises the interconnectedness of all parts of a system.

Key finding 9.

Our analysis shows that the companies doing a good job on ESG are taking a holistic approach and demonstrating action.

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 organisation's practices, and genuinely trying to do the right thing.

Specific to the Australian responses were themes of companies helping to ease the cost of living, being active in fostering equality in workplaces and society, and contributing economically, socially and environmentally through innovation. In addition, companies who have set themselves apart by taking a stand and staying true to their values are also associated with good ESG performance.

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



Environmental impacts are addressed meaningfully and ongoing

Finding ways to minimise their company's impact from the start - from renewable energy, to recyclable packaging, using natural ingredients, and waste disposal.



Help to ease cost of living

Showing they understand the financial pressures on customers by demonstrating how they're keeping prices low or providing affordable products.



Values-led

Consistently grounding their approach in their corporate purpose and values.



Multiply impact by enabling others

Magnifying impact in established ways through philanthropic donations and partnering with charities, but also by making it easier for others to take practical action.



Inclusion & fairness

Demonstrating support and action for equal opportunity and pay in the workplace and society.



Contributing through innovation

Delivering new products that deliver benefits to customers or the Australian economy, often related to the environment.



Multiple points of evidence

Taking a range of actions, - not just one. These include things like fair treatment of customers and employees, manufacturing and sales processes, recycling activities and lending decisions.



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).

Key finding 10.

The 'worst' companies are those causing harm to the environment, treating employees or customers poorly, or are seen as 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.

In Australia, conduct was also in the spotlight due to a year of significant incidents which exposed a lack of good corporate governance.

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



Harmful impacts on the environment

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



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.



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.



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.



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.

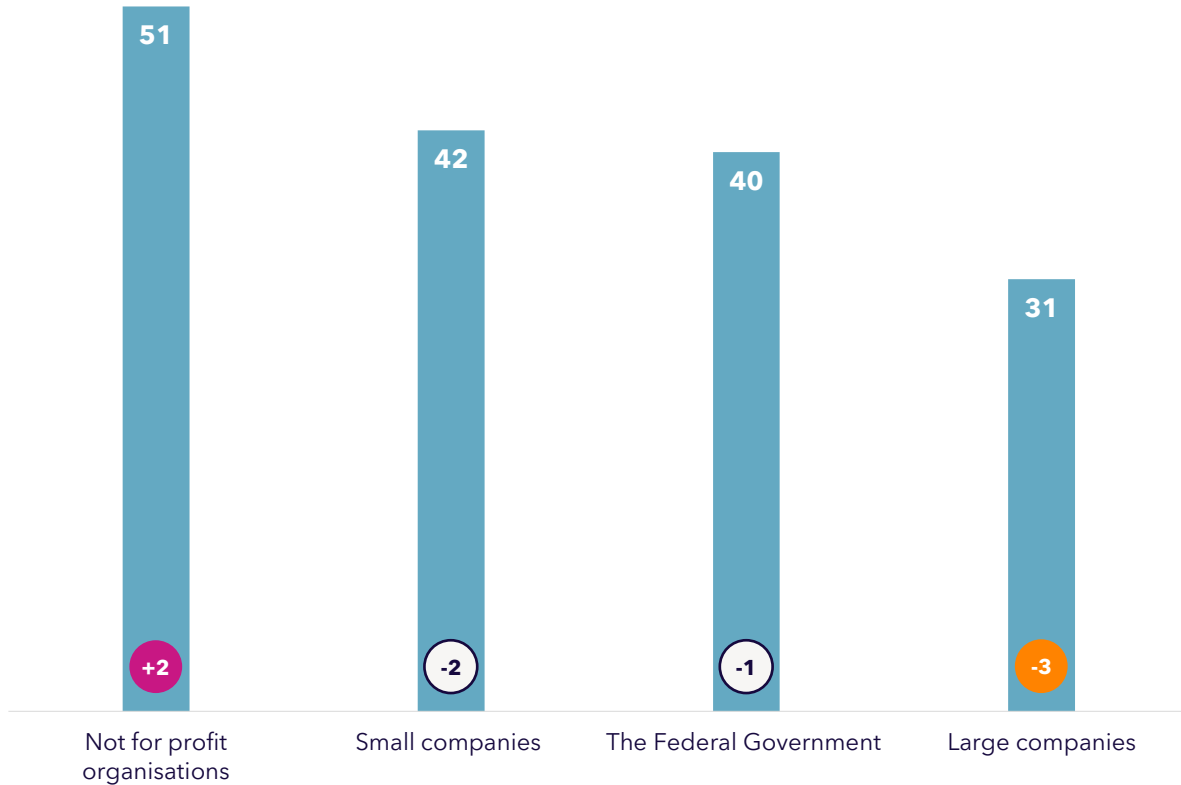


Dishonest conduct or lacking governance

Fraudulent activity, unethical behaviour or insufficient governance structures in place.

Performance of various groups in Australia when it comes to ESG

(% NET 7-10)



+15 **-15** 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.

While ratings of overall ESG performance of not for profits have increased over the past year, ratings of companies and governments have decreased.

Consistent with the global results, not for profits retain the best ESG reputations over other types of organisations.

In Australia only 31% rated the performance of large companies on ESG issues at seven or more out of 10, and this has dropped three percentage points since 2022.

This is quite a contrast to the global average of 40% which was up four percentage points.

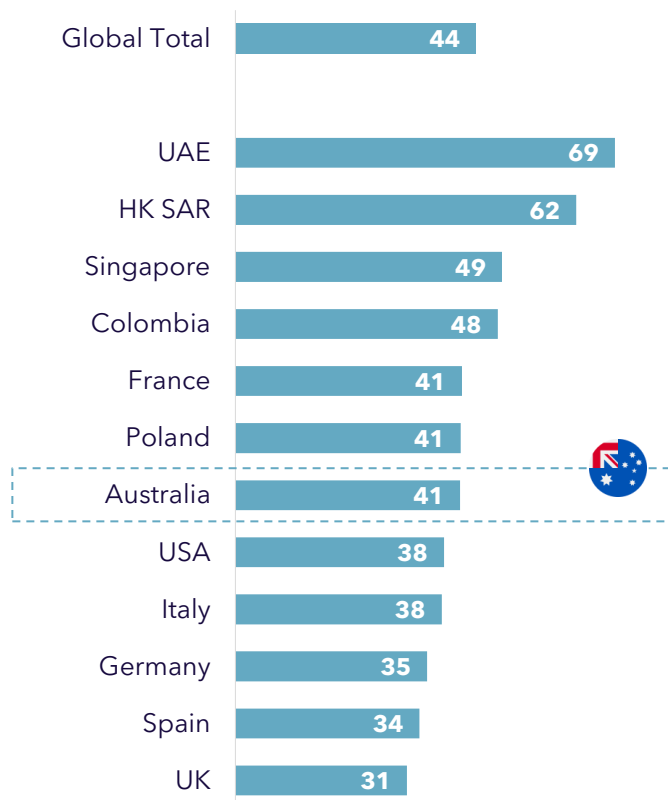
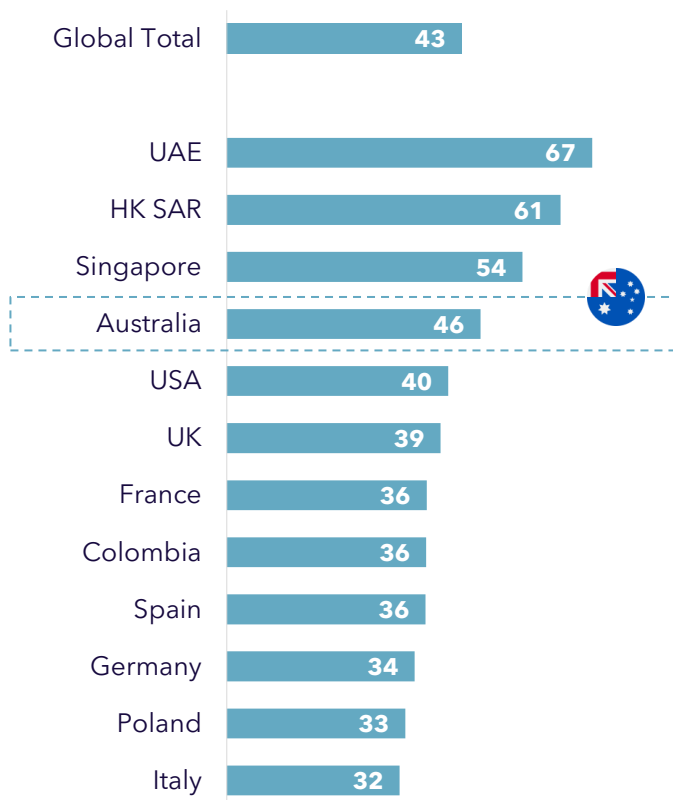
Note also that the global results show positive momentum in all these four categories while Australia only shows this in the not for profit space.

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 12.

Australians are also not convinced that companies are behaving ethically and using their power for good.

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 of Australians (75%) think it is important for companies to take action on ESG issues, less than half believe that companies are currently behaving ethically and doing the right thing (46% 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 41% agreed that companies in Australia are doing this.

Key finding 13.

There have been notable declines in ESG performance ratings for many Australian industries this year.

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

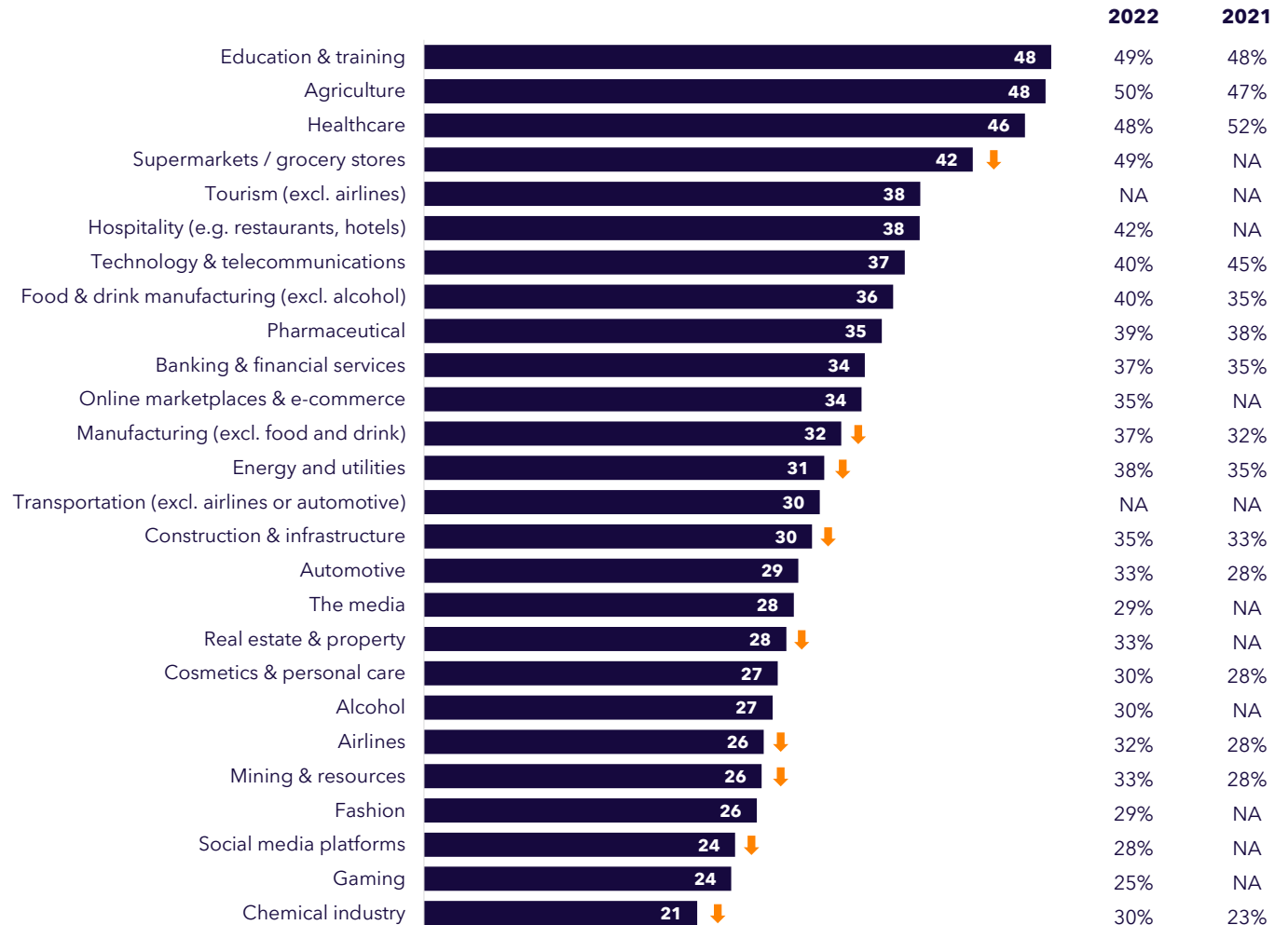
By comparison, social media platforms, gaming and chemical industries receive the lowest ratings, with the chemical industry in particular significantly declining since last year.

Potentially reflecting the ongoing cost of living frustrations, the performance of supermarkets and grocery stores have significantly dropped since the previous wave and is no longer amongst the top three performing industries in Australia. Similarly, we have seen a substantial decline in ratings of energy and utilities.

Note that in the global study virtually every industry showed significant increases in perceived performance.

Ratings of industry ESG performance in Australia

(% NET 7-10)



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

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

Key finding 14.

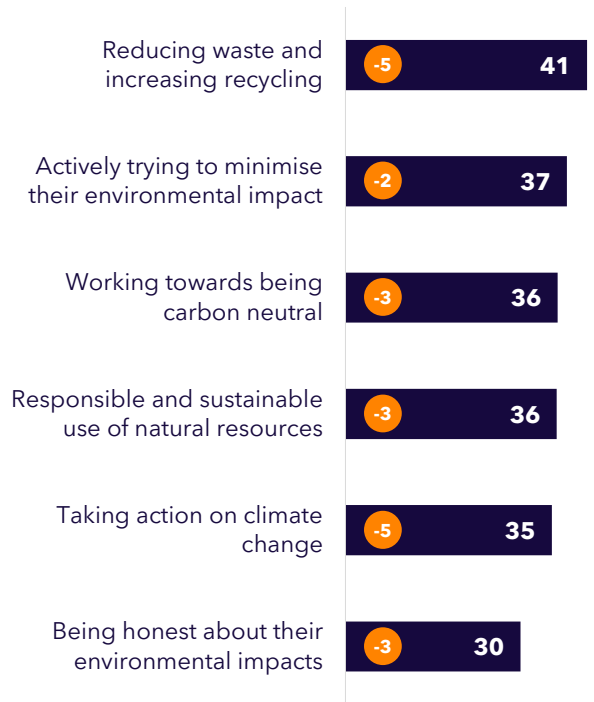
Specific ESG performance ratings are also slipping

Ratings on company performance on various ESG aspects in Australia

(% NET 7-10)



Environmental



Social



Governance



+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)

*Not asked in 2022

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

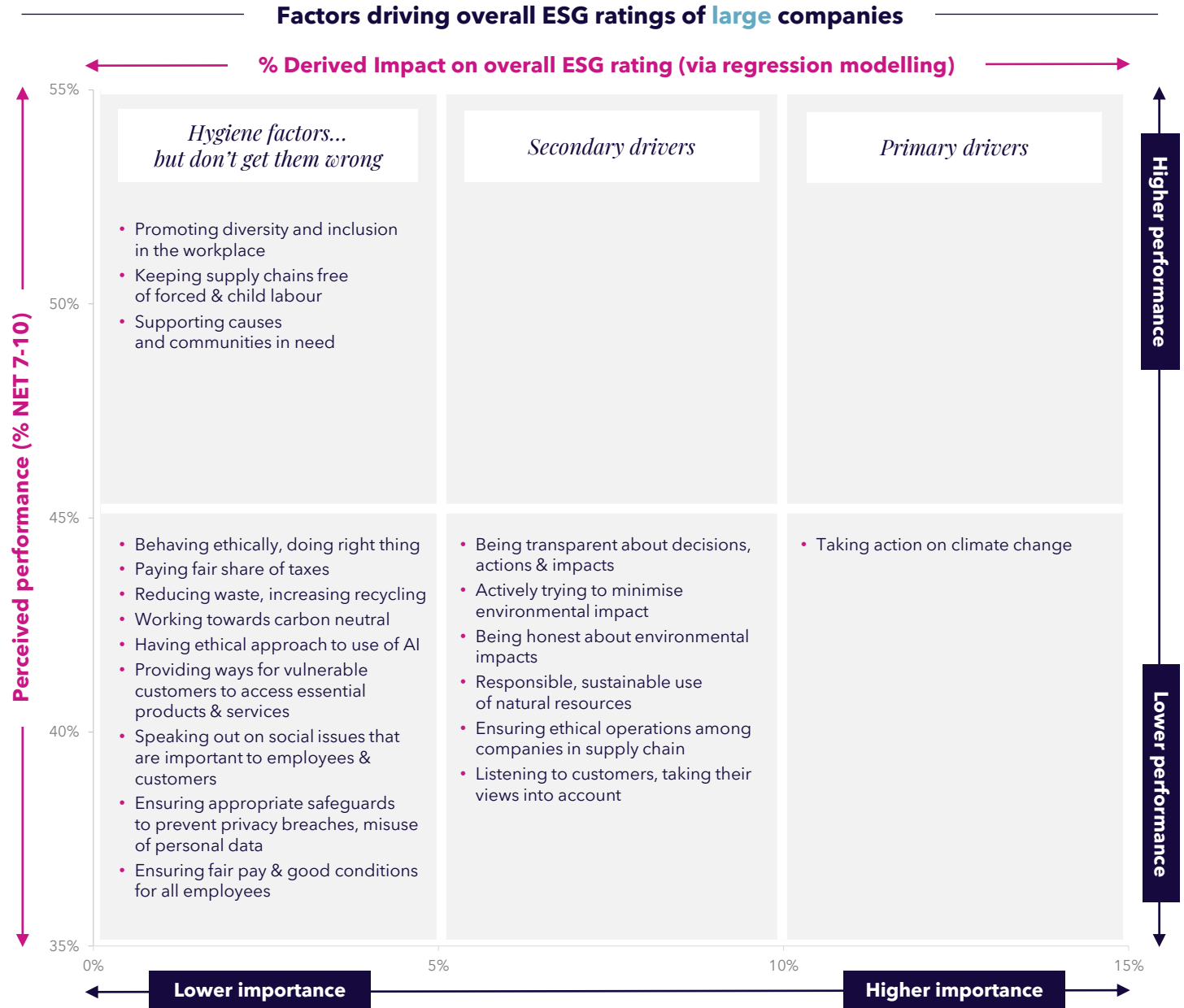
Key finding 15.

Modelling shows that taking action on climate change is by far the biggest driver of a good 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.

Secondary drivers - which are also areas for improvement - revolve around transparency, taking action to minimise environmental impacts and ensuring sustainable use of natural resources in their own business and throughout their supply chain, as well as listening to customers.

A range of other factors had relatively low derived importance scores and can be considered 'hygiene' factors. Still, if companies get them wrong, they will be heavily criticised.



Key finding 16.

Analysis suggests small companies will benefit from a stronger focus on natural resources and working towards being carbon neutral.

While action on climate change is the key driver for large companies, smaller companies can focus more on a smaller canvas - sustainable use of natural resources and working towards being carbon neutral.

We see less impact from transparency and more focus on supporting causes and communities, speaking out on issues that are important to employees and customers, and trying to minimise environmental impact.





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

In 2022 our research revealed 'The Great Disconnect' between companies and the public on ESG corporate communications. The community wants companies to communicate their ESG efforts, but are passive about consuming this information and, more concerningly, just don't trust them.

This year's study found that the Disconnect endures.

Trust remains a significant 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.

The Engagement Disconnect

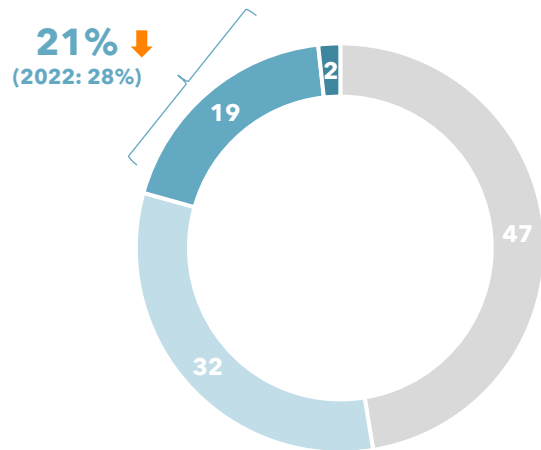


69% agree ↓

(2022: 73%)

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

But...



Just 21% are looking for information on companies' ESG activities and performance.

Global total: 35%



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

Key finding 17.

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

People want companies to take action and communicate, but they're not listening. **This is a key challenge of 'The Great Disconnect'. Corporate Australia is struggling to respond and ensure what they do gets cut-through.**

Those who look for information on companies' ESG activities and performance 'sometimes' or 'often' has dropped from an already low base by a further seven percentage points this year (21%).

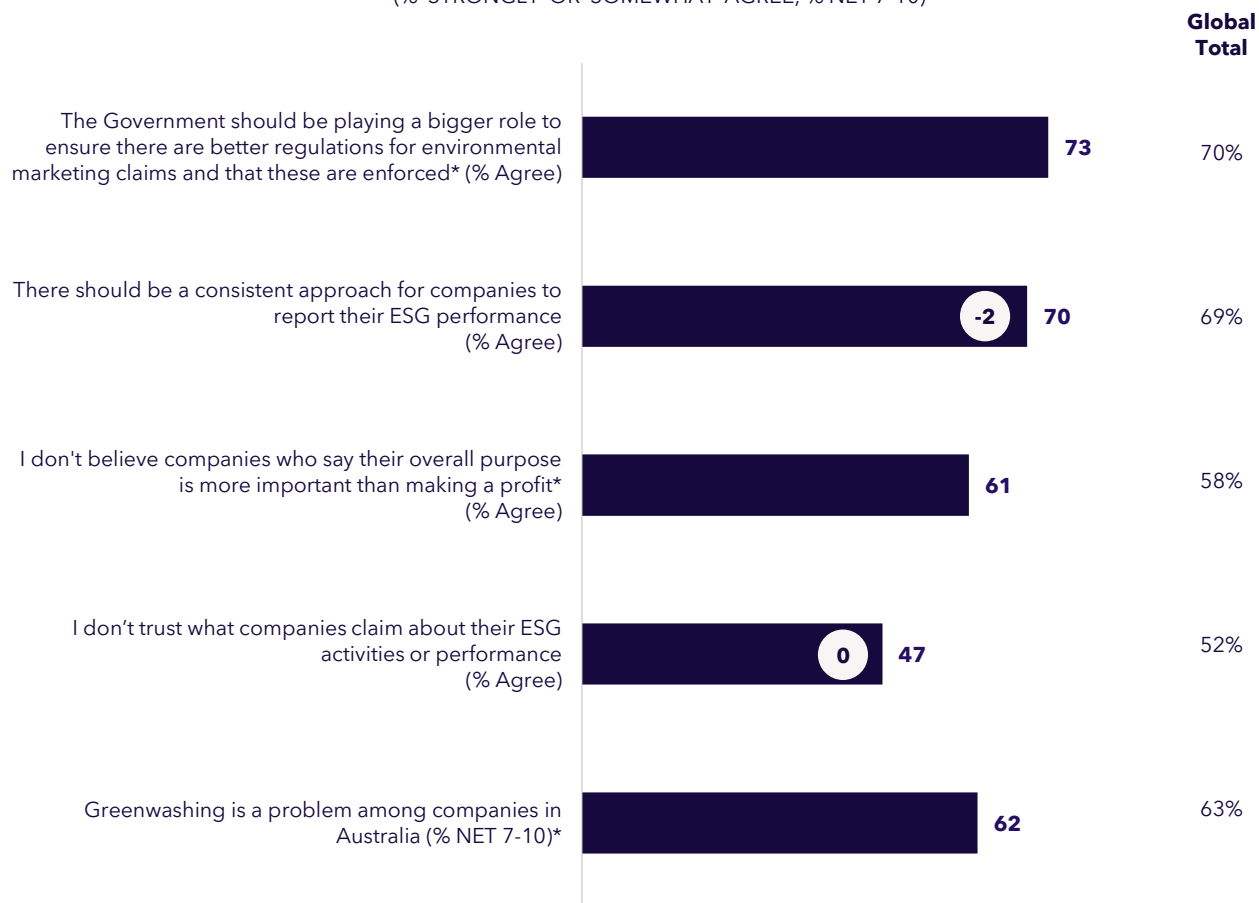
Interestingly, Australians are also much less likely to be looking for this sort of information than those in other countries (global 35%).

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?

The Trust Disconnect: Attitudes towards company claims and reporting in Australia

(% 'STRONGLY' OR 'SOMEWHAT' AGREE; % NET 7-10)



+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)

Q15. To what extent do you agree or disagree with the following statements?
Q34. How much of a problem do you think Greenwashing is among companies in [country or territory], if at all? 0=Not a problem at all, 10=Major problem

*Not asked in 2022

Key finding 18.

Distrust in what corporates claim about their ESG activities is deeply embedded and there remains a strong interest in a consistent and regulated reporting approach.

We can see just how much of a problem The Great Disconnect is 47% saying they don't trust what companies claim about their ESG activities or performance and a further 43% unsure.

In that context, it is not surprising to find that the community is supportive of government intervention to regulate what companies can claim about their environmental actions and moves to enforce this.

In line with our previous qualitative research, most people (70%) would like a really easy way to get information on a company's ESG performance and would appreciate a consistent approach to reporting.

Part 5.

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 - answer the 4 questions

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

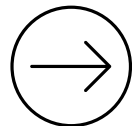
Bad news sticks. There are some things - like paying correct wages and a fair share of tax, and meeting human rights and modern slavery obligations - that people assume you'll get correct. But they'll punish you severely if you get them wrong.

Navigating the New Landscape

SEC Newgate Australia offers a deep understanding of reputation, community opinion, stakeholder priorities and their interaction with ESG.

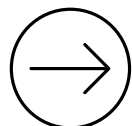
Our ESG approach is grounded in empirical data, not assumption.

Our approach is practical, actionable and fully customisable.



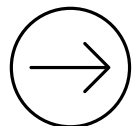
Initial Research

- Stakeholder, customer and employee research to understand underlying values, perceptions of organisation's impacts on people and planet, where they have permission to play, and which actions will have most impact on reputation



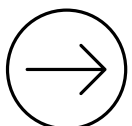
Strategy

- Stakeholder segmentation and analysis
- Review of ESG activities to identify what is likely to resonate most with customers and stakeholders based on our experience and research insights
- Narrative development, key messaging and proof points, message testing
- Issues and crisis preparedness



Implement

- Review of ESG/sustainability report drafts and editing
- Internal engagement and alignment - change communications
- Community and customer engagement
- Government, media and stakeholder engagement
- Investor communications
- Testing of campaign materials



Review

- Ongoing review of sentiment via media and social media
- Stakeholder sentiment tracking and campaign evaluation research
- Adapt to changing issues or priorities

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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