

SEC NEWGATE

# *Global ESG Monitor*

What the community expects from corporates on ESG

**COLOMBIA 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 issues 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.

## 1,001

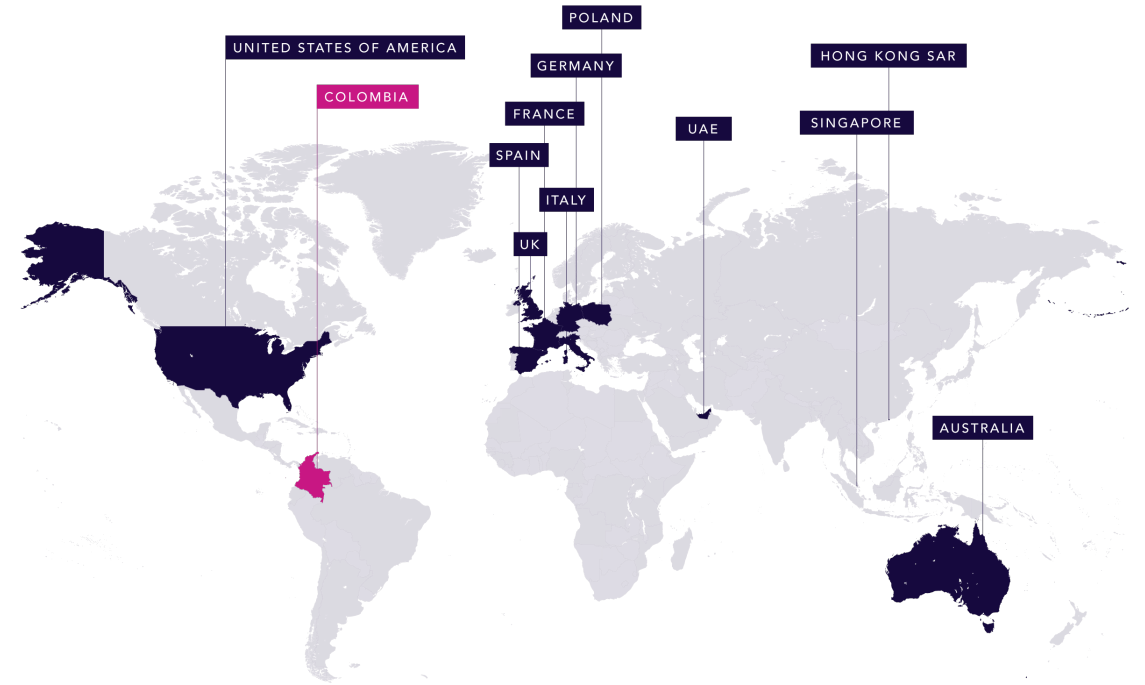
Sample of **n=1,001** from **Colombia**

## 12,080

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

This research is part of a global study, and this report presents the findings from Colombia. 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).

*Part 3.*

# Summary of key insights



# Summary of key insights

**In 2023, community expectations for organisation's action on ESG in Colombia remain strong. 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 awareness of ESG (48% aware, up 5% since last year) and NetZero (33% up from 25% last year) and interest in ESG issues remains strong, with 81% rating their interest at 7 or more out of 10. This is impacting people's decisions in a range of areas - like who they vote for, the types of food they eat, and types of investments they make.
- **The community wants corporates to take action on ESG issues.** In 2023 87% agreed it was important for corporates to take action on ESG issues, and this was consistent with 2022 (88%). Further, the majority agreed (80%) that companies should speak out on issues that are important to their employees and customers.
- **We are seeing improvements in performance ratings for companies and government on ESG overall and on most underlying metrics in.** There have also been notable improvements in performance ratings for individual industries this year, in particular the agriculture, education and training, and healthcare sectors.
- **These findings come against a backdrop of increased pessimism and ongoing (and increasing) concerns around crime and violence.** Six in ten people in Colombia believe that their country is heading in the wrong direction (60%) and this has risen significantly since 2022 (54%). When asked to select the top three issues for their country or territory's future, the main priorities remained reducing crime and violence (40% up from 33% in 2022), ensuring quality, affordable education (29%), and improving pay and conditions for workers (28%).
- **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.
- **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.
  1. Firstly, the community wants companies to communicate their ESG efforts more clearly but most are not actively searching for this information.
  2. Secondly, trust remains a massive issue in ESG communications and this makes it difficult for companies to get cut-through. Of note is that Colombia had the highest proportion of people saying that Greenwashing was a big problem among companies in their country (77% vs. 63% among the global total).



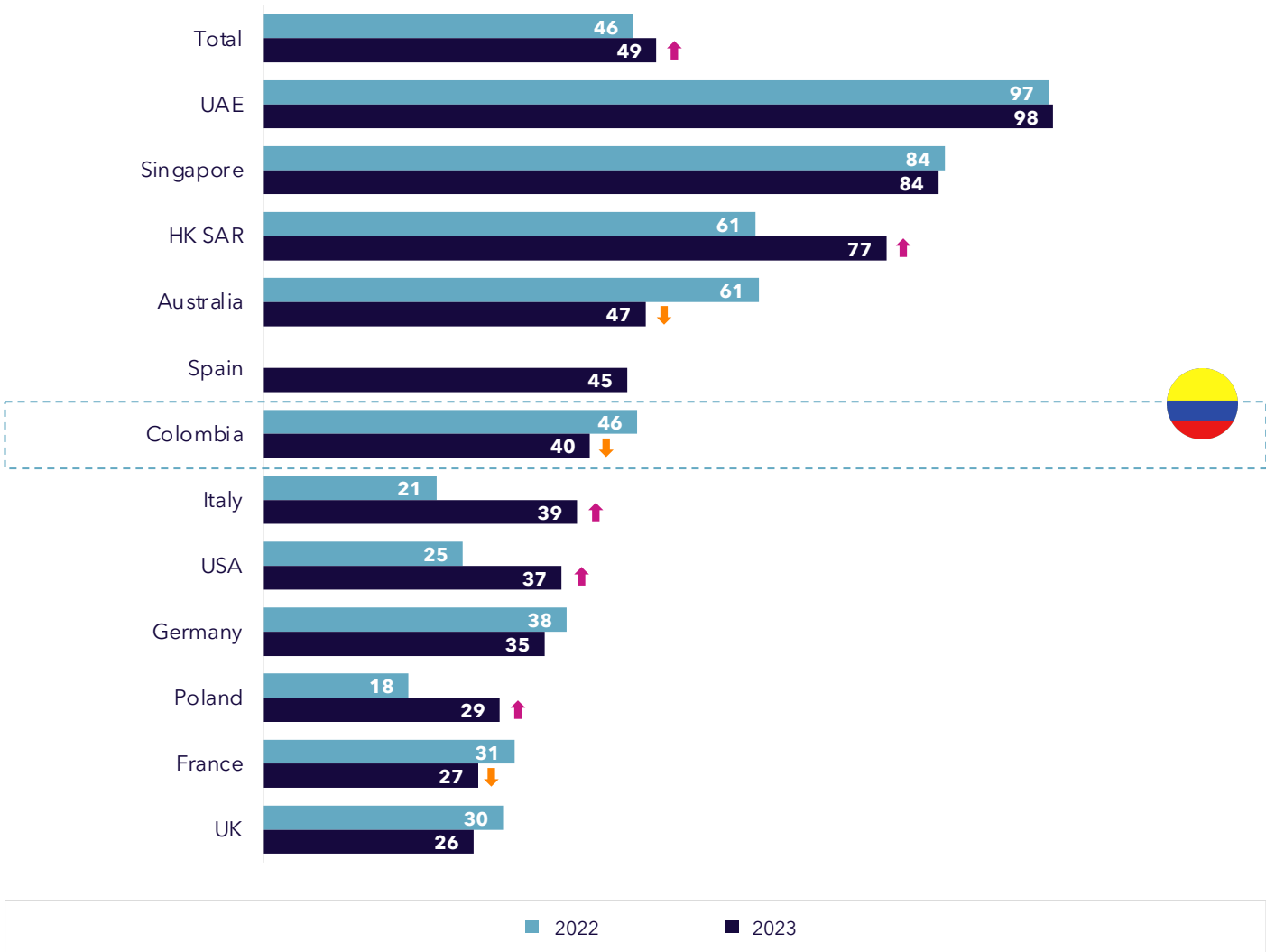
*Part 4.*

# Key findings



### Perceived direction country/territory is heading

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



*Key finding 1.*

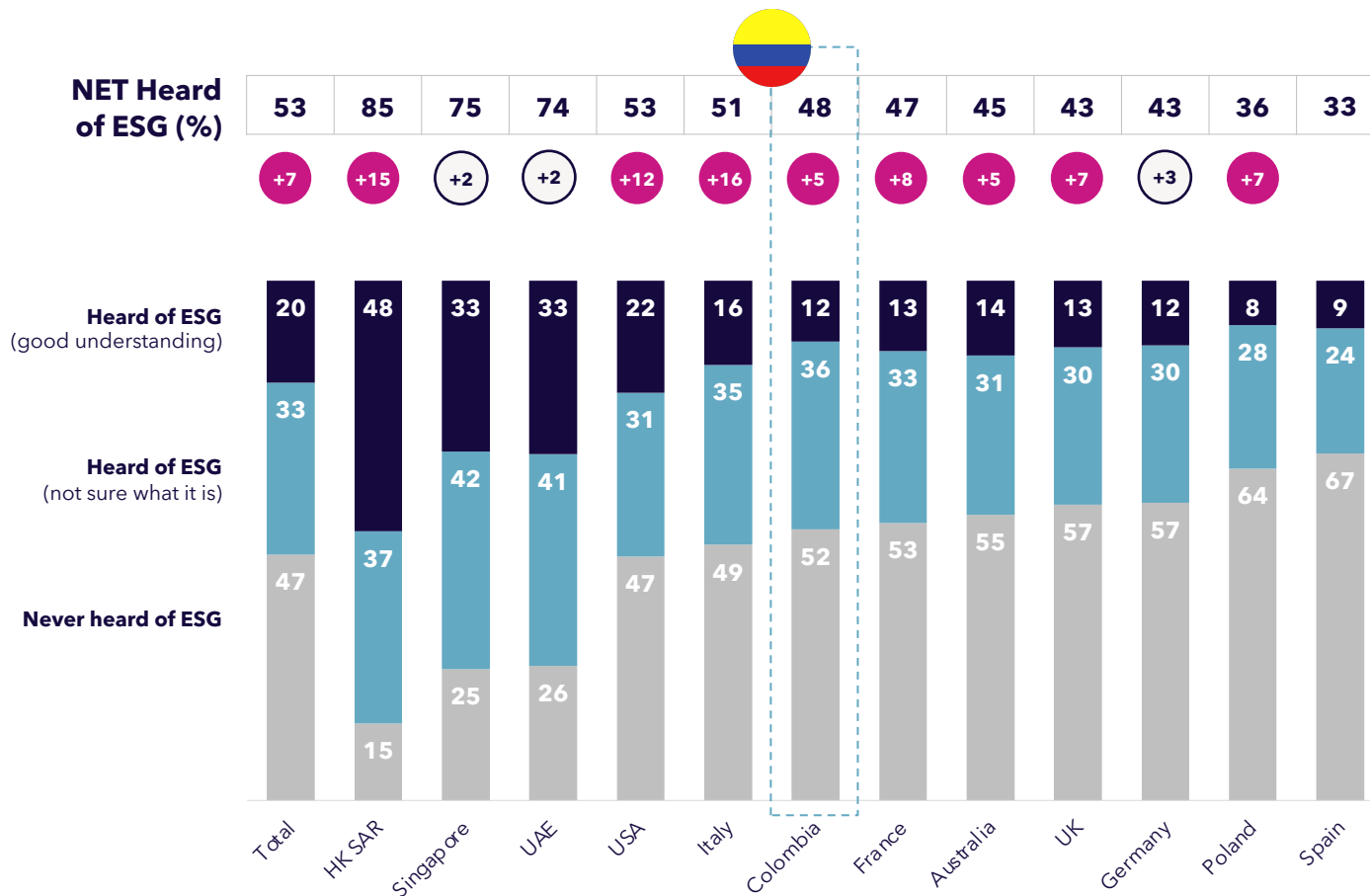
**There is a growing sense of pessimism and concern in Colombia that their country is headed in the wrong direction.**



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



### Unprompted awareness of ESG by country or territory (%)



Heard of ESG (good understanding)
  Heard of ESG (not sure what it is)
  Never heard of ESG

+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 2.*

**Overall recall of the term ESG has significantly increased, with 48% aware of it, up from 43% last year.**

**We have also seen a significant increase in awareness of NetZero (33% up from 25% last year).**

#### Awareness of Net Zero (total average 54%)

*Top 3*

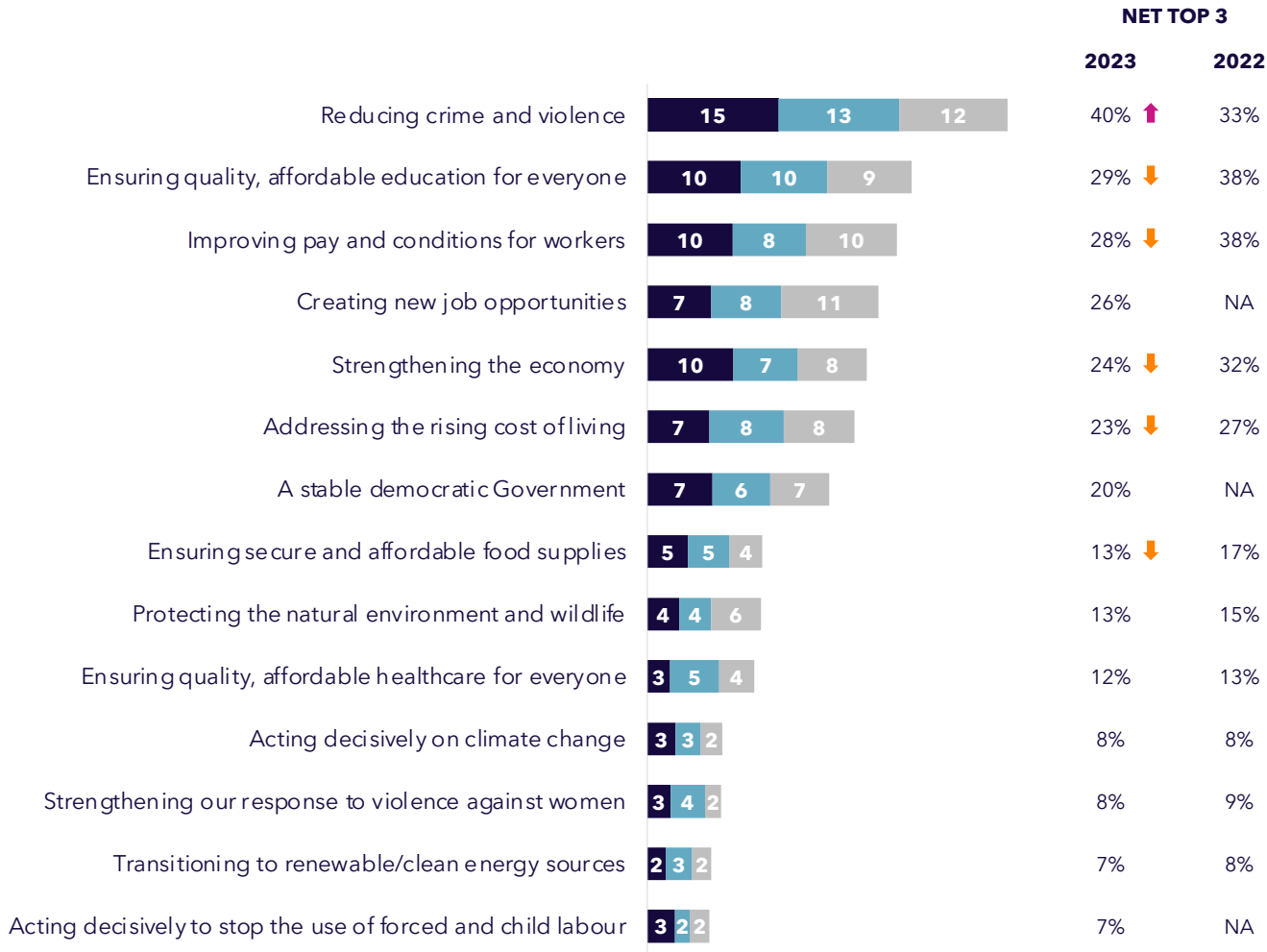
- Hong Kong SAR (85%)
- United Kingdom (85%)
- Australia (76%)

*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)"?

## Most important issues for Colombia'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 Colombia'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 14 issues shown in chart*

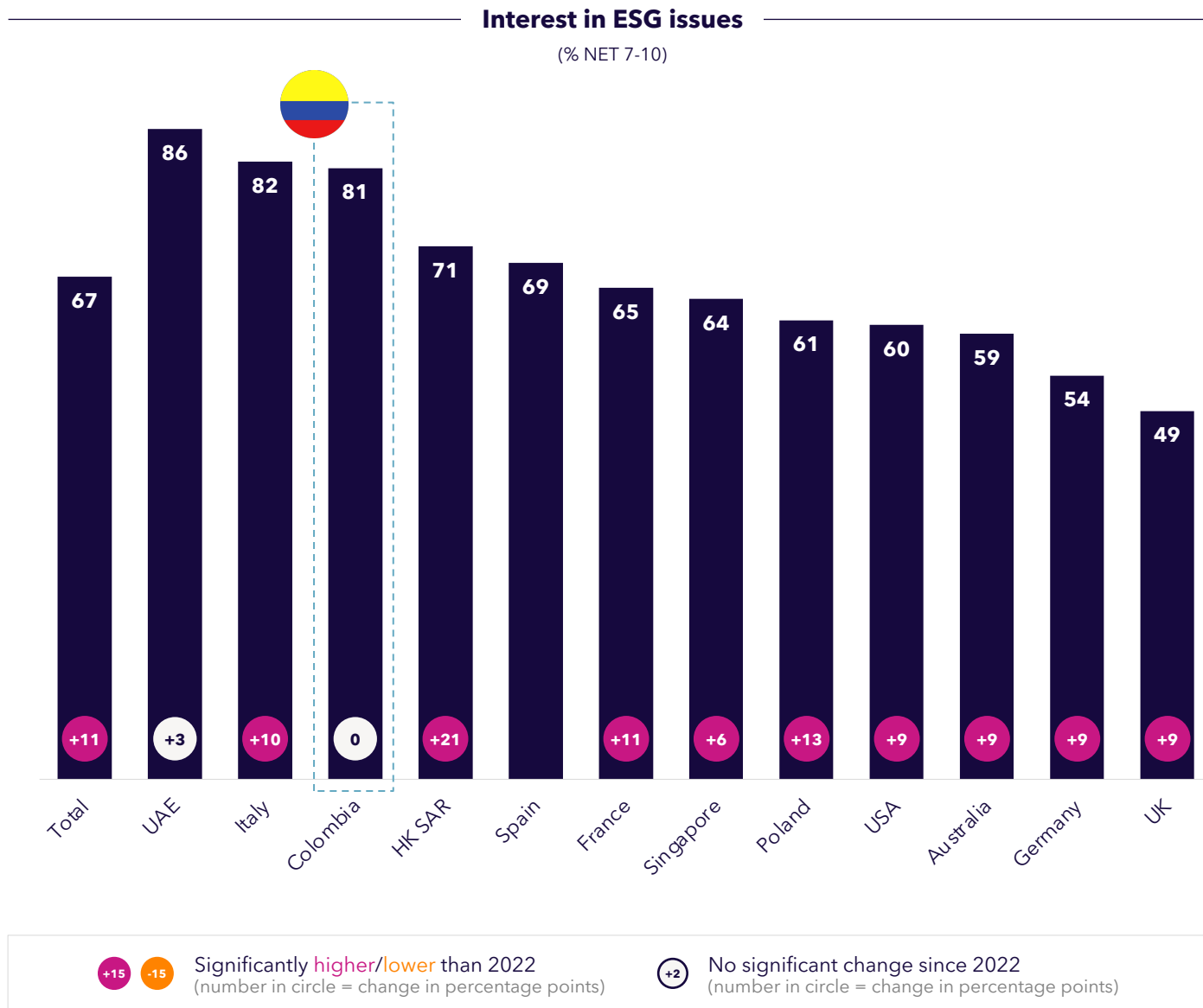
*Key finding 3.*

**Community priorities at a country level are reducing crime and violence, delivering high quality, affordable education and improving pay and work conditions.**



Key finding 4.

# Interest in ESG issues has remained high in Colombia.



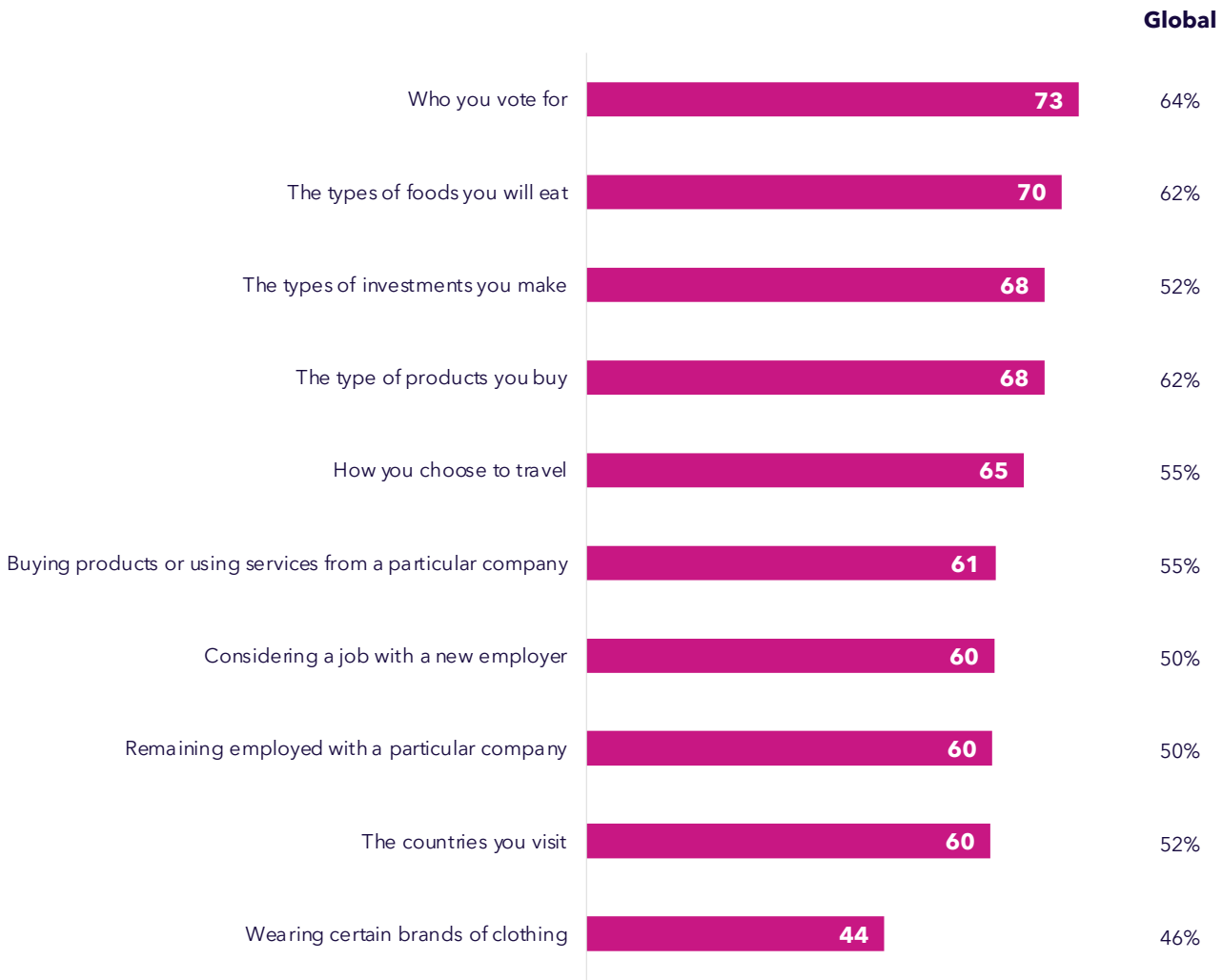
Q4. How interested are you in Environmental, Social and Governance (ESG) issues, if at all?  
 \* See [page 36](#) for a full definition

Key finding 5.

**ESG issues are influencing decisions in a wide range of areas, in particular, who they vote for and types of foods they will eat. Notably, Colombians placed higher importance on most aspects compared to the global total.**

**Importance of ESG issues on decision making in Colombia**

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

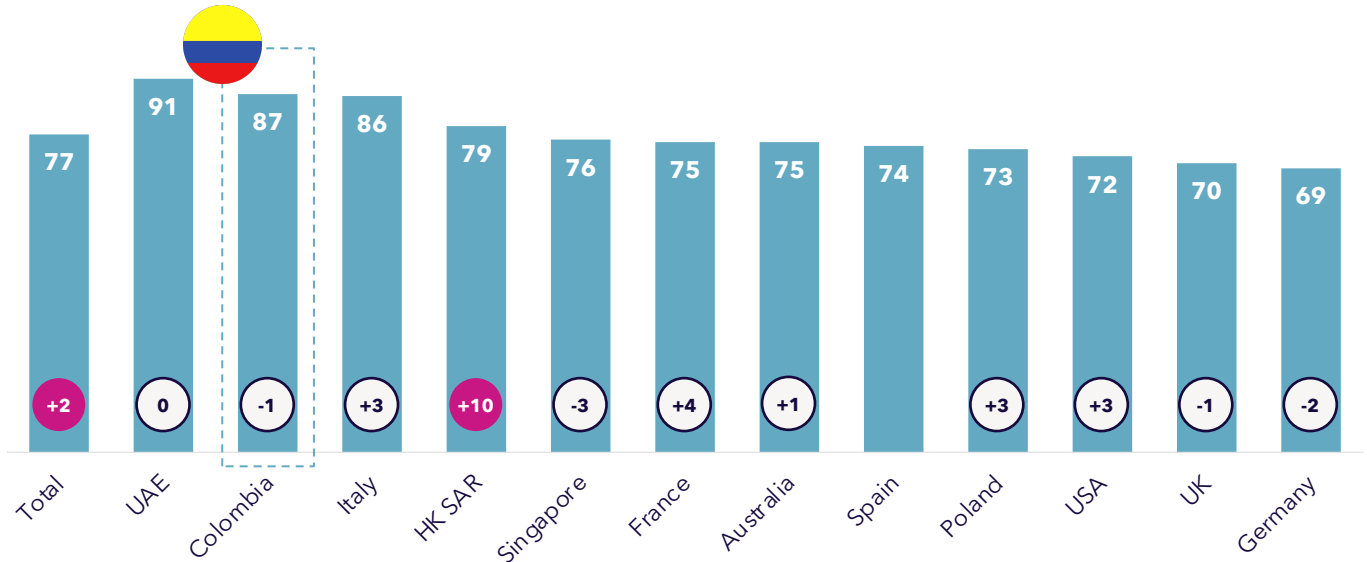
## Importance of companies taking action on ESG issues

(% NET 7-10)



# 87%

in Colombia think it is important for companies to take action on ESG issues - similar to 2022 when it was 88%



+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 they are divided on whether they should speak out on broader issues.

Consumer expectations of companies when it comes to ESG

(% 'STRONGLY' OR 'SOMEWHAT' AGREE)

1.

2.



80% agree

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

(8% disagree, 12% are neutral)



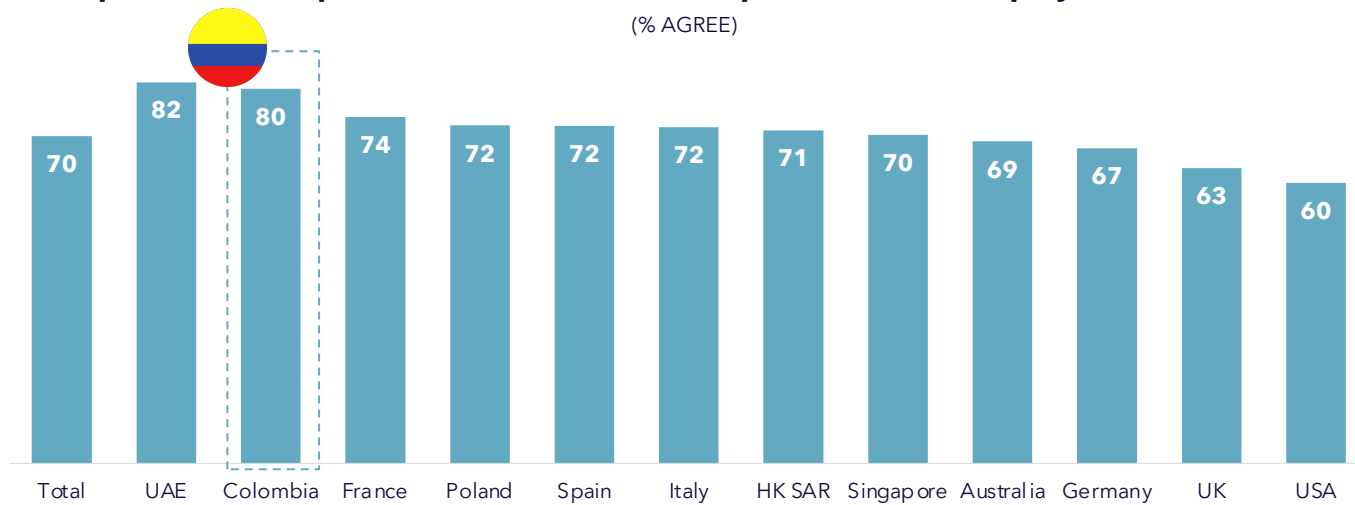
38% agree

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

(44% disagree, 18% 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, however there is some willingness to pay for better ESG performance.

Consumer expectations of companies when it comes to ESG

(% 'STRONGLY' OR 'SOMEWHAT' AGREE)

3.



79% agree -6

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

(7% disagree, 14% are neutral)

4.



61% agree -13

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

(11% disagree, 28% are neutral)

5.



61% agree -1

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

(15% disagree, 24% are neutral)

+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?





# 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 performance 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 impact 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.



#### 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.

Q29B\_2. What is it that they are doing poorly specifically?



## Performance of various groups in Colombia when it comes to ESG

(% 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)

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.*

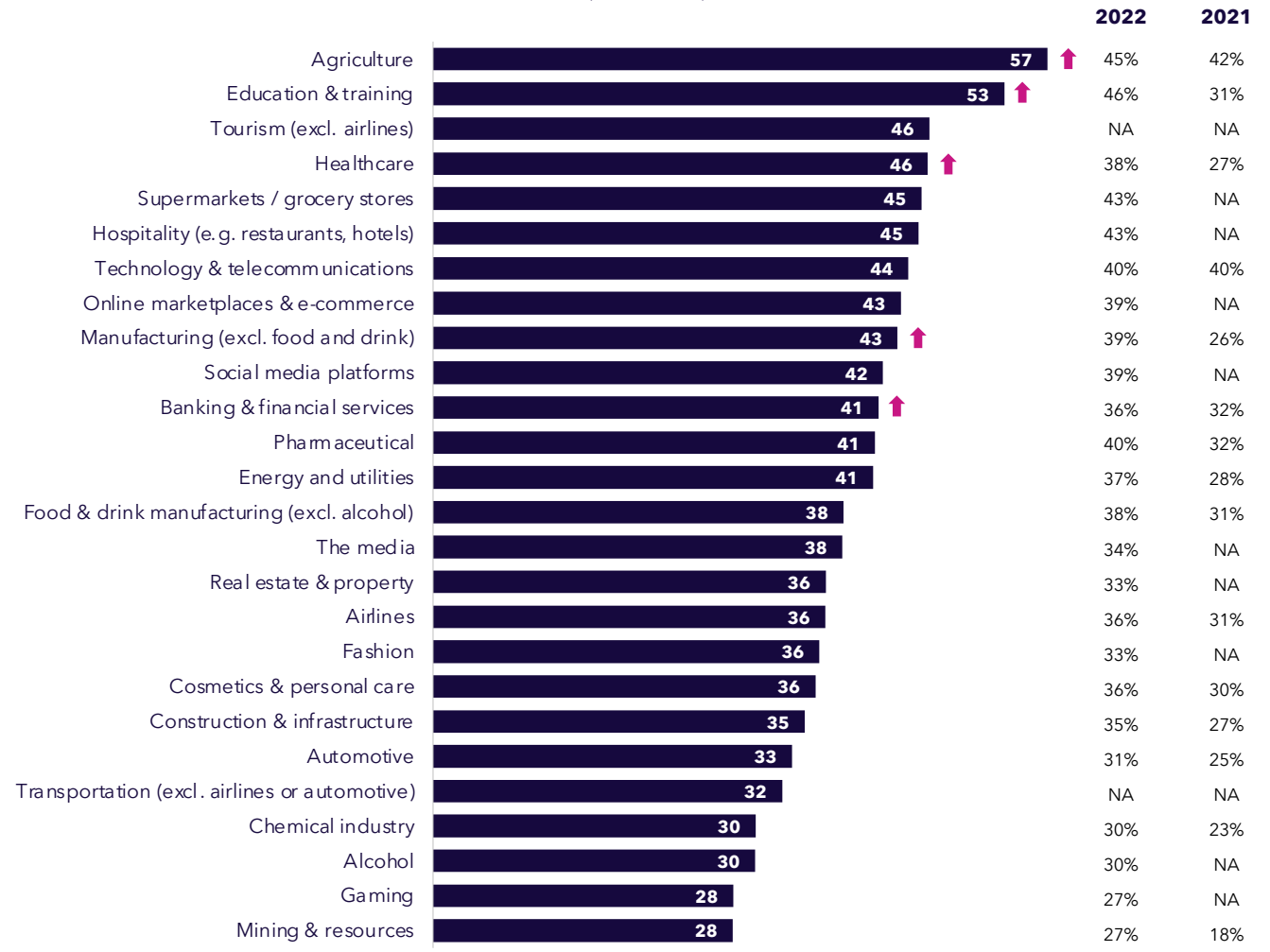
**Overall ESG ratings of large companies and government have significantly improved over the last year, with small companies and not for profit organisations also demonstrating modest increases.**

*Key finding 12.*

**There have been notable improvements in ESG performance ratings across some industries this year, in particular the agriculture, education and training, and healthcare sectors.**

**Ratings of industry ESG performance in Colombia**

(% NET 7-10)



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

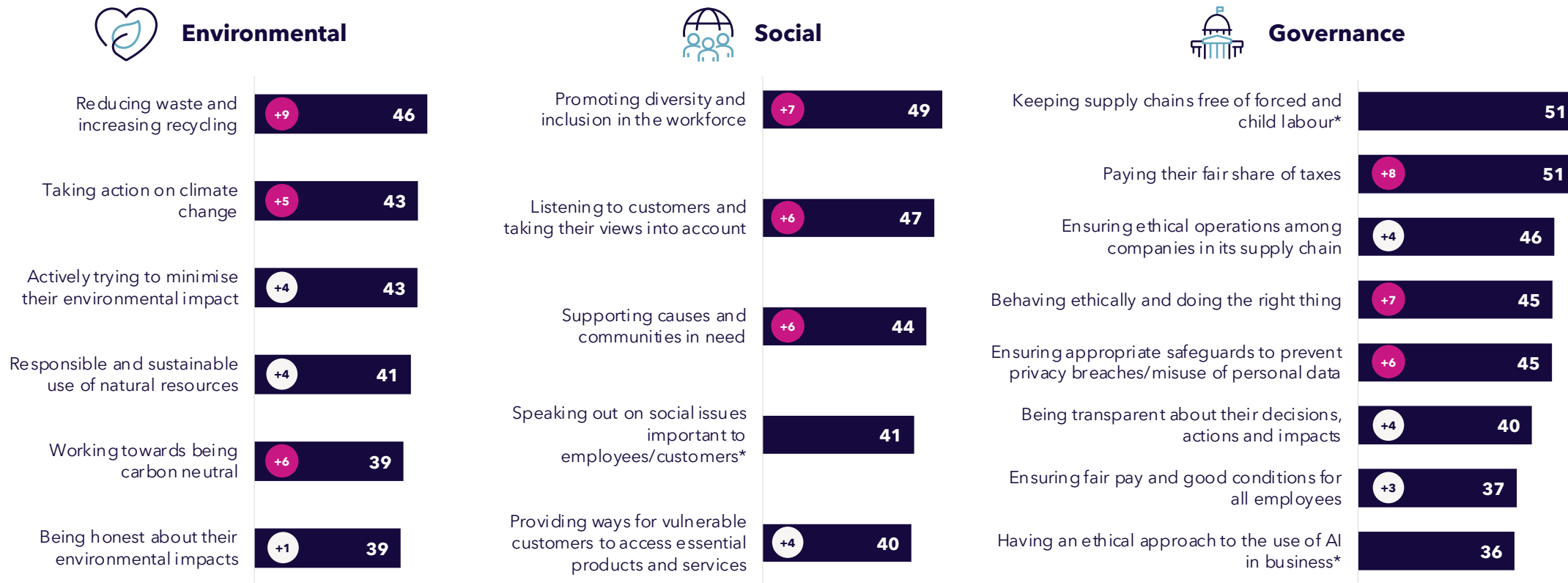
Q11. How would you rate the performance of the following industries operating in Colombia when it comes to acting responsibly on Environmental, Social and Governance (ESG) issues

Key finding 13.

# Ratings of all granular ESG actions have also increased

## Ratings on company performance on various ESG aspects in Colombia

(% 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)

\*Not asked in 2022

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



Key finding 14.

Modelling shows that having responsible and sustainable use of natural resources is by far the biggest driver of perceptions of large companies.

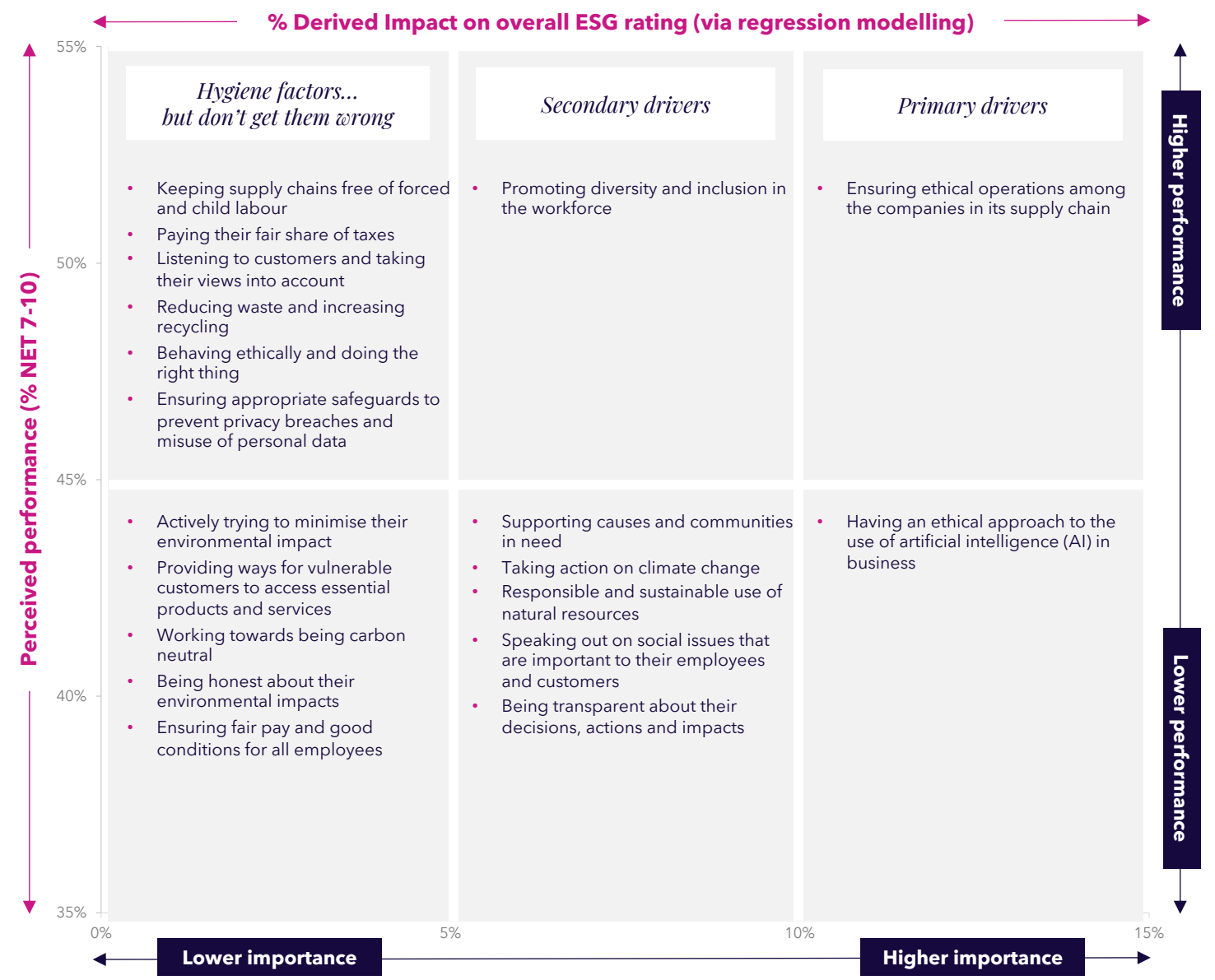
Factors driving overall ESG ratings of large companies



Key finding 15.

Analysis suggests small companies will benefit from a stronger focus on ensuring ethical operations in its supply chain and having an ethical approach to the use of AI.

Factors driving overall ESG ratings of small companies

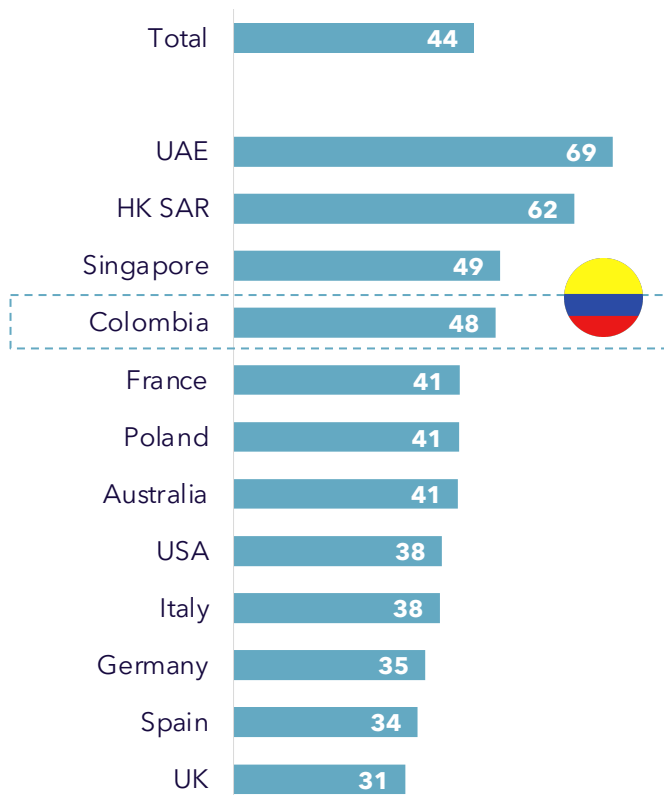
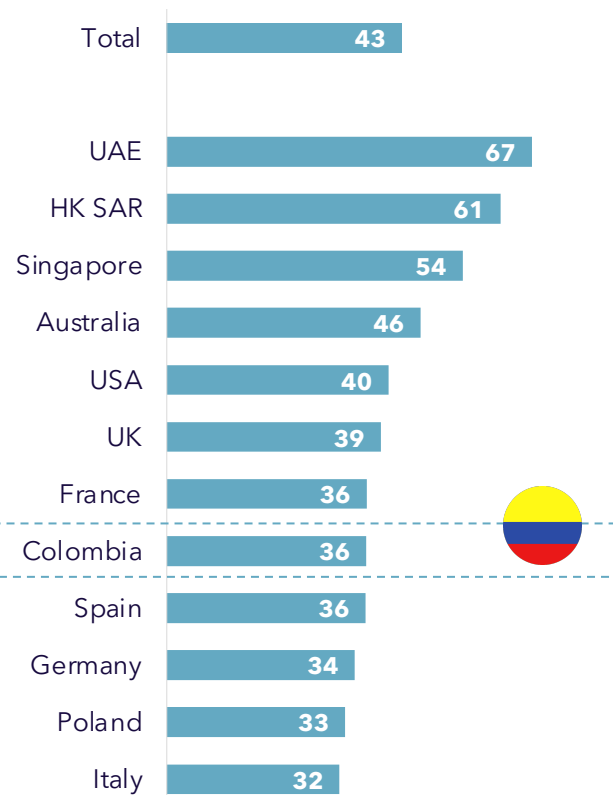


## Views on company behaviours in general - NET Agreement

(% '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 16.

**There remains much room for improvement for corporates in Colombia to demonstrate ethical behaviour and positive influence.**



# 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 not trusting what organisations say about their ESG performance and two thirds think that greenwashing is a big problem among companies in their country or territory.



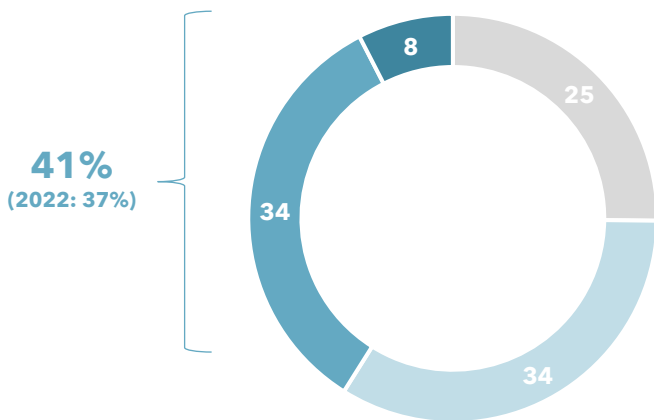
**Part 1 of 'The Great Disconnect'**  
**- Communications expectations and frequency of looking for ESG information**



**74% agree ↓**  
 (2022: 84%)

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

**But...**



**Just 41%** are looking for information on companies' ESG activities and performance.



↑↓ 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.**

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?

## Part 2 of 'The Great Disconnect'

### - Attitudes towards company claims and reporting in Colombia

(% 'STRONGLY' OR 'SOMEWHAT' AGREE)



+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 18.*

**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.**

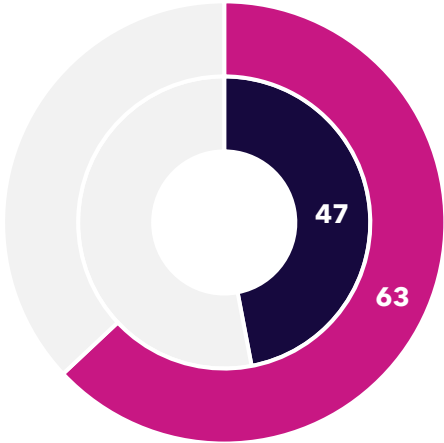
Key finding 19.

Less than a third in Colombia have heard of the term 'greenwashing', but once they see the definition over three in four think it's a real problem - significantly higher than the global total.

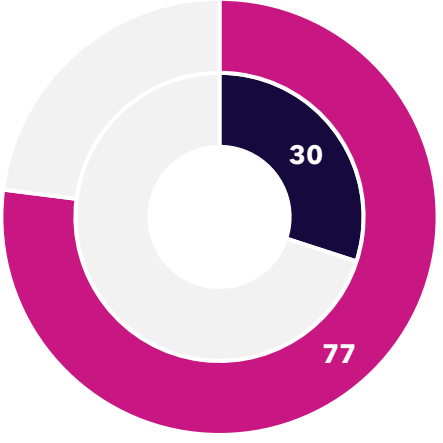
*"Greenwashing" is when a company provides misleading or false information to consumers or investors about how environmentally friendly, sustainable or ethical its products and/or operations are.*

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

1. Global Total

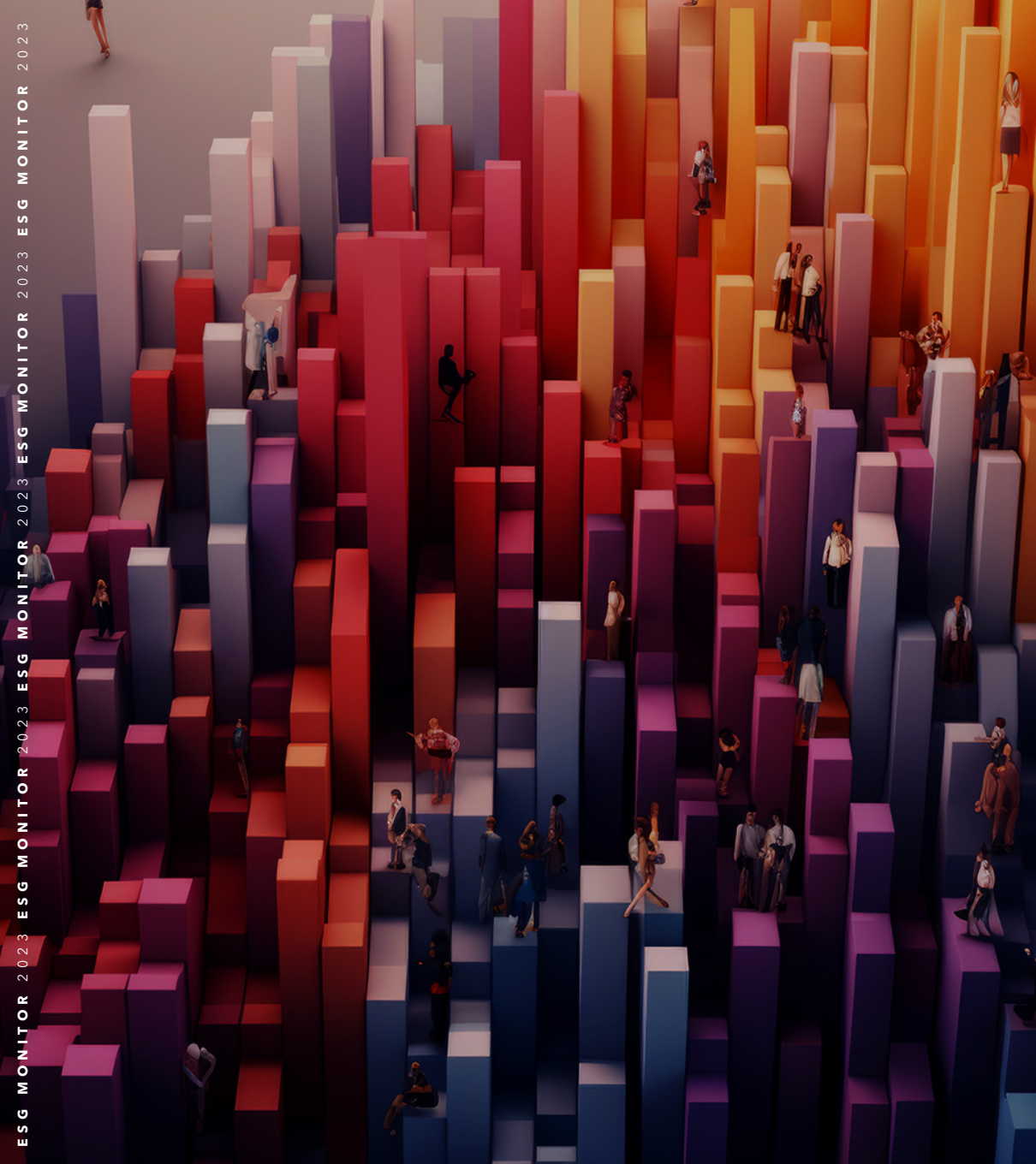


2. Colombia



■ NET heard of Greenwashing      ■ How much of a problem is it? (% NET 7-10)

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.

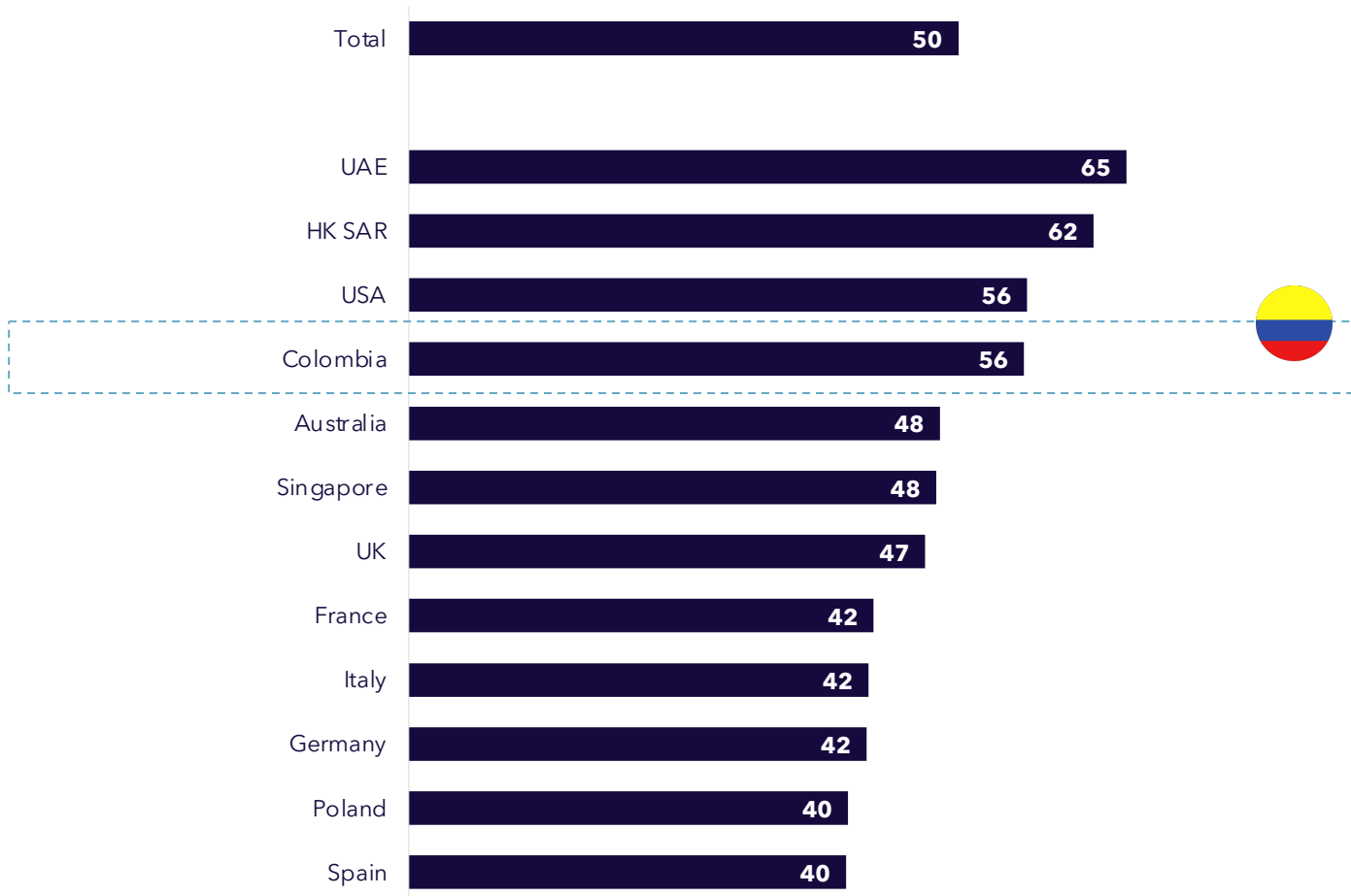


Key finding 20.

**Just over half believe that their employer is genuinely trying to do the right thing when it comes to ESG.**

**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, Global Total n=7,969; Colombia n=601

## Importance of specific ESG factors when choosing a new employer

(% RATING NET 7-10 IMPORTANCE)



*Key finding 21.*

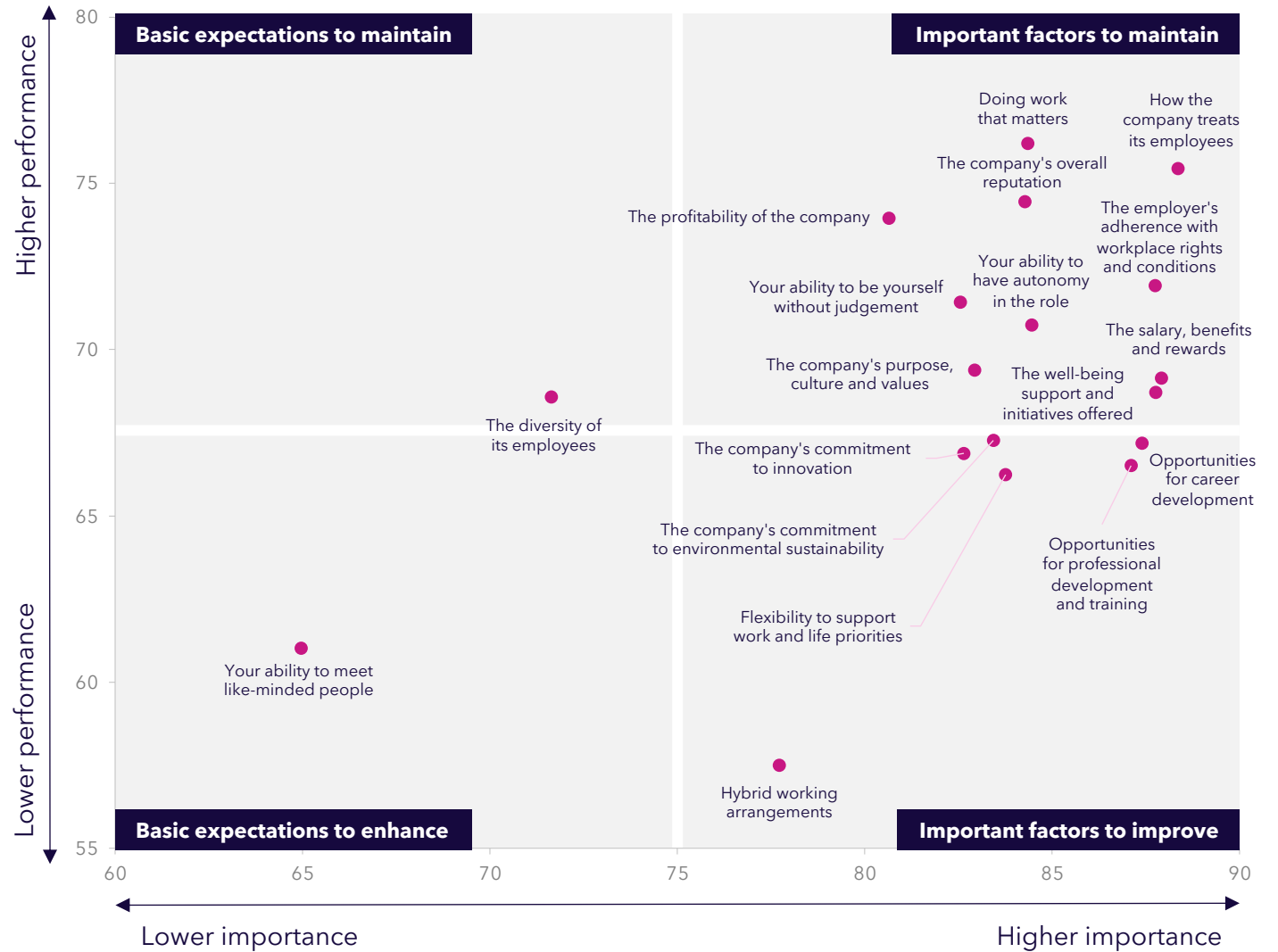
**Employees have high expectations of organisations as employers, in particular, how they treat staff, remuneration, well-being support, and adherence to workplace rights and conditions.**

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

Key finding 22.

There are some key gaps between what employees are looking for and how they'd rate their current employer, particularly relating to career and professional development opportunities, and flexible working arrangements, sustainability and innovation.

Performance (% NET 7-10) vs. importance (% NET 7-10)



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=601

*Part 5.*

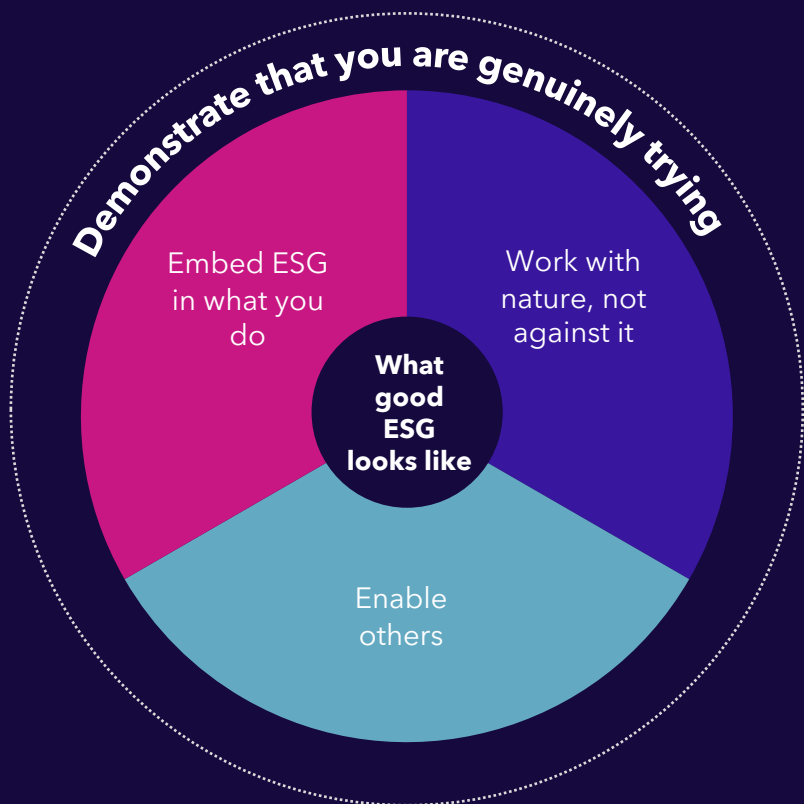
# So, what next?





So, what next?

# Key Take Outs



## 1. The community expects holistic action on ESG issues

Expectations have changed and the community now expect organisations to think about their impacts on 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

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 Y 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. Crisis management is becoming even more critical

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.

# *Contacts*

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