

SEC NEWGATE

# *Global ESG Monitor*

What the community expects from corporates on ESG

**ITALY REPORT**

2023 RESEARCH FINDINGS

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*Part 1.*

# Foreword



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Corporates need to be aware of the responsibility they have to the planet, to their people and to the wider communities in which they operate.

**Fiorenzo Tagliabue**

GROUP CEO, SEC NEWGATE

## 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.

*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.

## 1,002

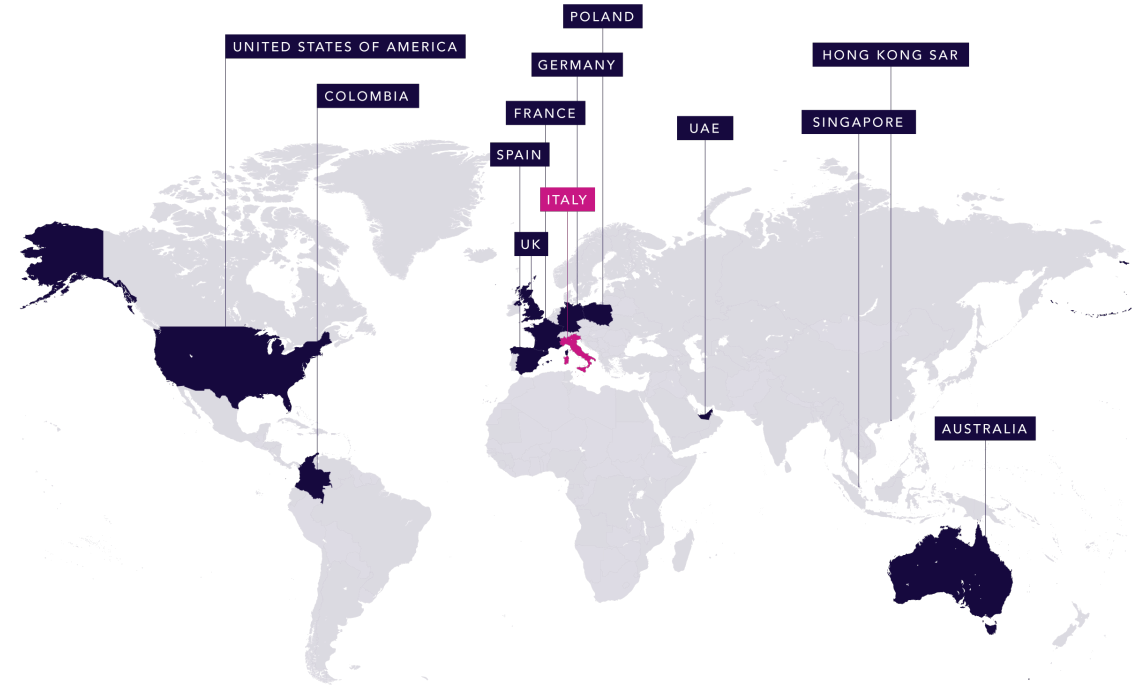
Sample of **n=1,002** from **Italy**

## 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 Italy. 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 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 and territory 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), 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 in Italy 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.**

- The results from Italy are consistent with the global results and the changes are particularly evident in this market.
- **In Italy, there is a backdrop of pessimism and ongoing concerns around healthcare, pay and conditions for workers and cost-of-living pressures.** In Italy, more than 6 in 10 (61%) say the country is headed in the wrong direction, although there has been a significant increase in the proportion who say the country is on the right track, up from 21% last year to 39% in 2023. When asked to select the top three issues for their country or territory's future, the main priorities remained quality affordable healthcare (38%), improving pay and conditions for workers (30%), and addressing cost-of living pressures (27%).
- **Despite this, there is increased engagement with ESG issues.** In Italy we have seen the highest jump in awareness of the term ESG up 16% from 2022 to 51% this year. We have also seen a sharp increase in interest in ESG in Italy, up 10% since 2022 to 82% this year. This is impacting people's decisions in a wide 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 86% agreed it was important for corporates to take action on ESG issues (up 3% since 2022).
- **We're seeing improvements in performance ratings for companies and the government on ESG overall and on most underlying metrics in Italy.** The performance of many industries is also rising, particularly technology and telecommunications (45% rating 7 or more out of 10, up significantly from 37% in 2022).
- **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.



# Summary of key insights

**In 2023, community expectations for organisations' action on ESG in Italy 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.**

- **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 in Italy.** 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.
- **Globally, Millennials (born 1980-1994) are the most engaged generation on the issue of ESG.** In Italy, they are most likely to be aware of ESG are more complimentary of the ESG performance of the national government and large companies.

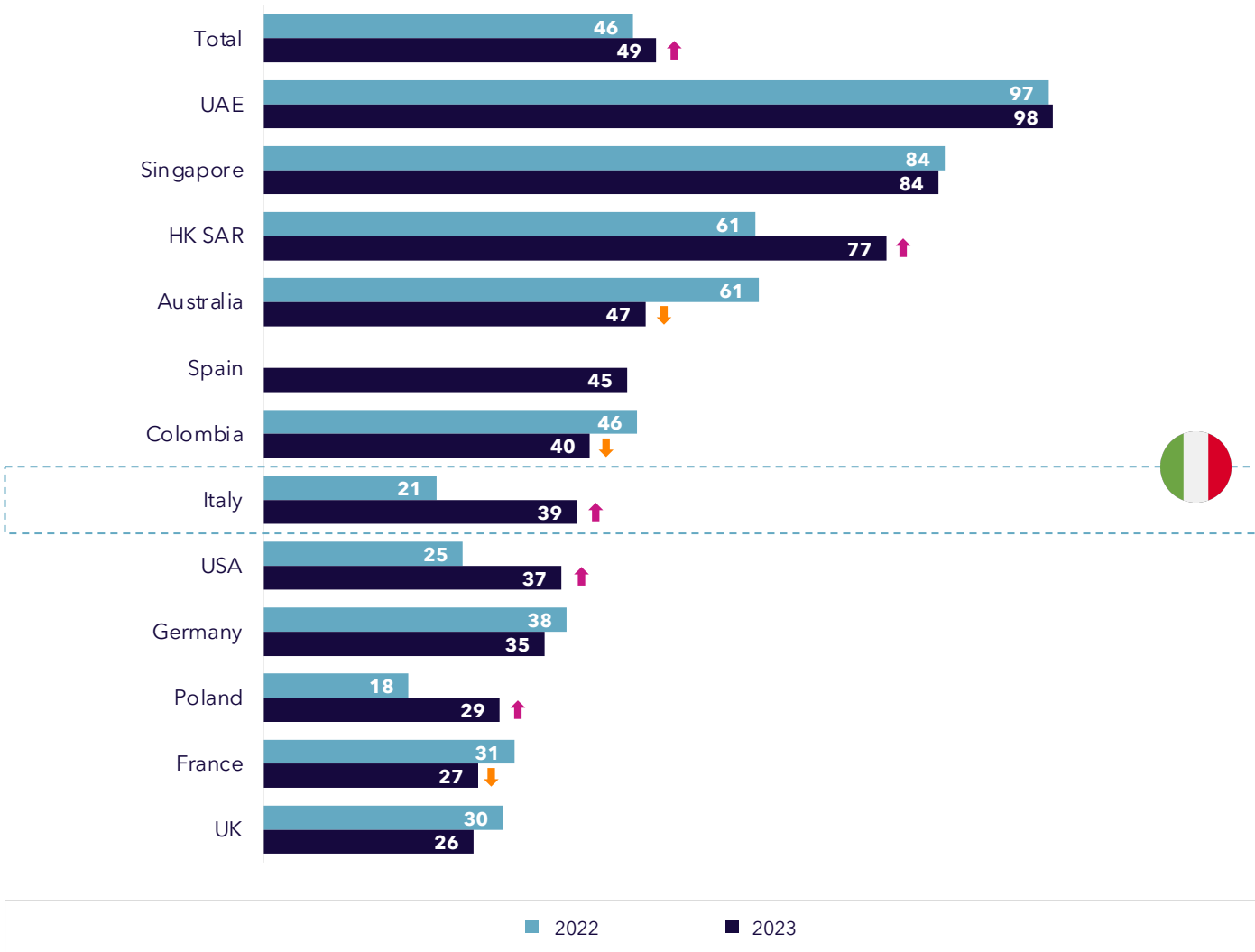
*Part 4.*

# 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.**

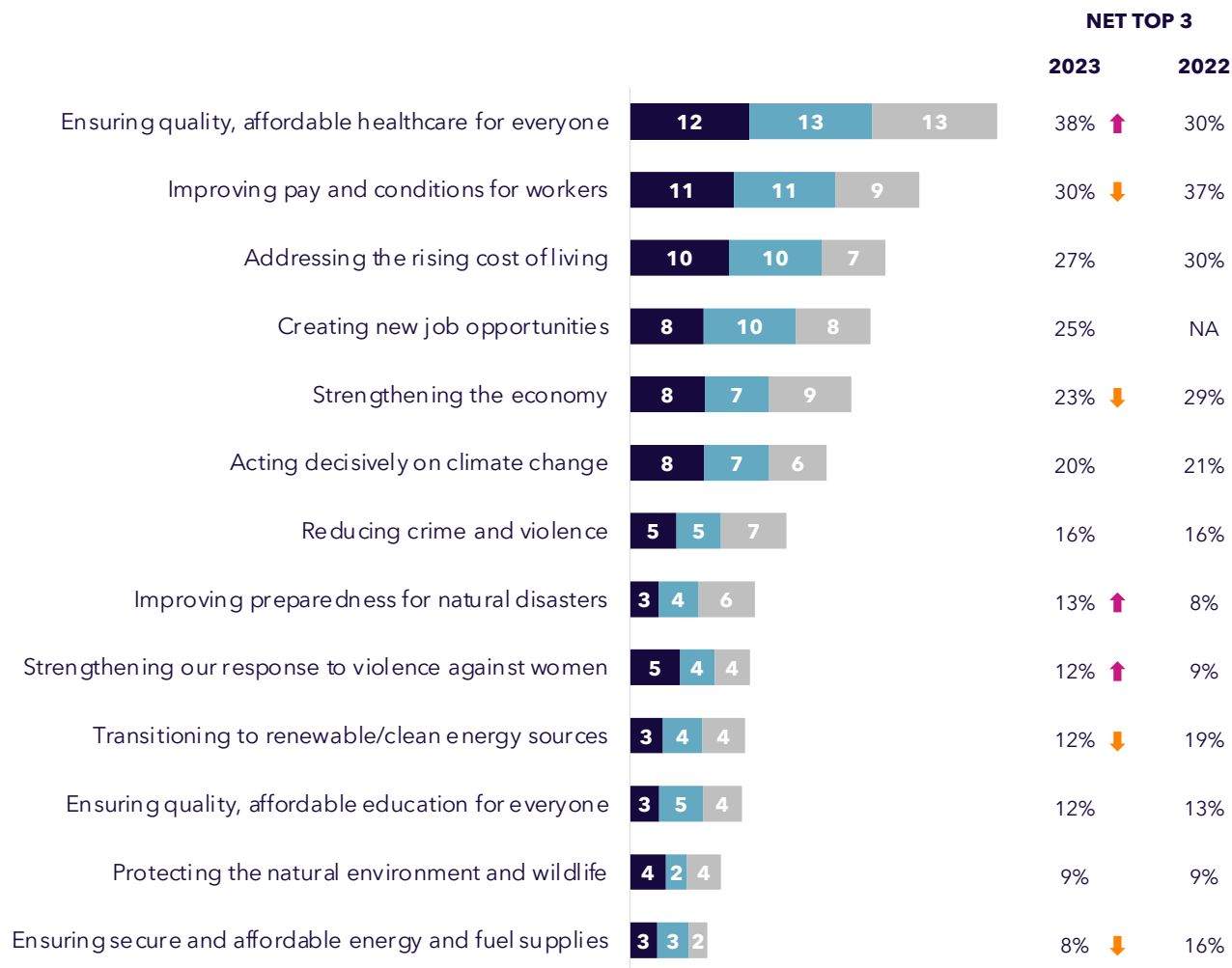
In Italy, more than 6 in 10 (61%) say the country is headed in the wrong direction. However, there has been a significant increase in the proportion who say the country is on the right track, up from 21% last year to 39% in 2023.

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



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 Italy'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 Italy'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*

### Key finding 2.

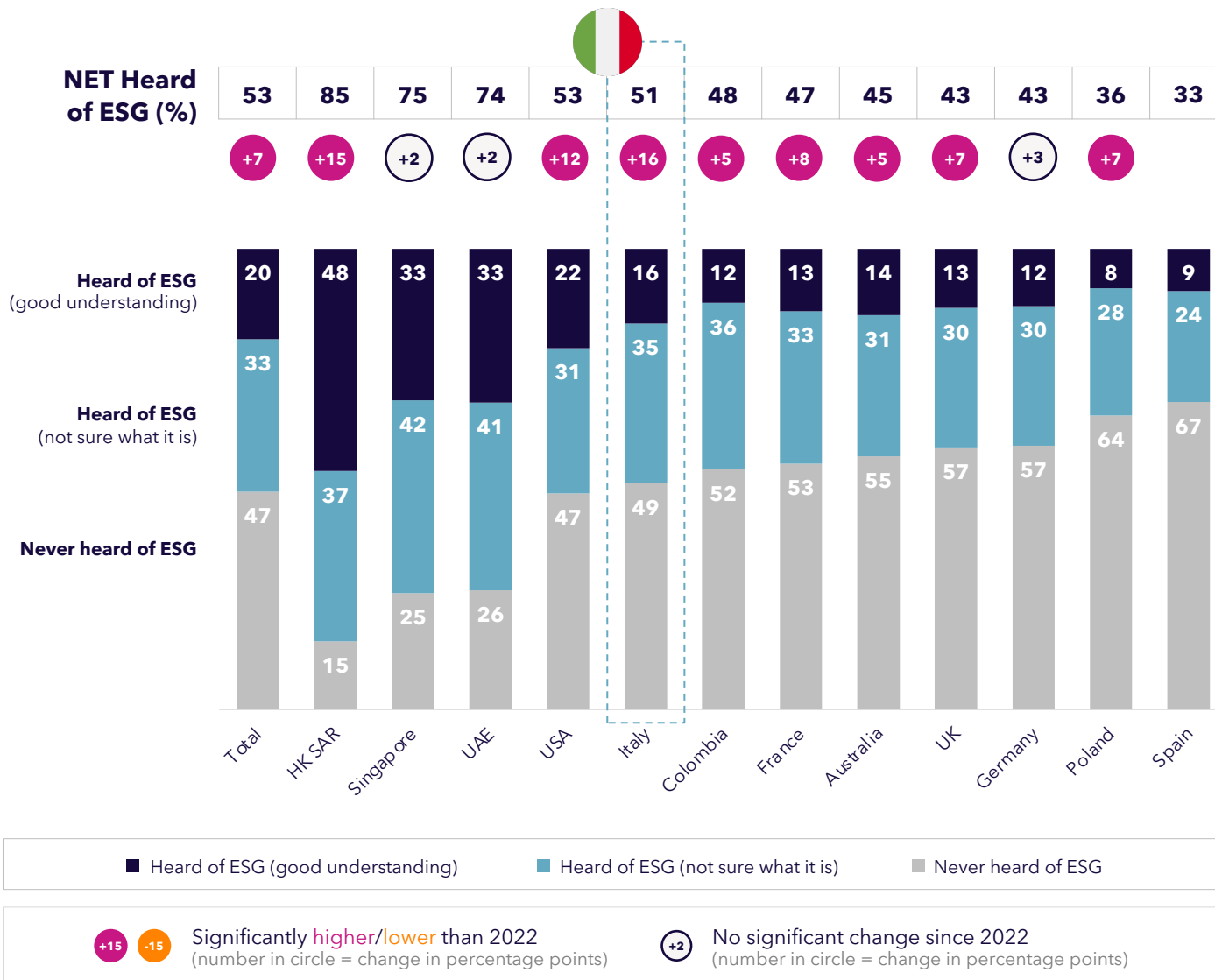
**The top three community priorities in Italy are high quality affordable healthcare, improving pay and conditions for workers, and addressing cost-of-living pressures.**

Concern about healthcare has jumped significantly, with 38% naming it as a top three issue, up from 30% last year. The results also show significant increases in concern about improving preparedness for natural disasters and strengthening the response to violence against women.

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, but we have seen a slight drop in the importance of transitioning to renewable/clean energy sources.

Globally, cost-of-living pressures were top of the list, followed by healthcare and strengthening the economy.

### Unprompted awareness of ESG (%)



### Key finding 3.

**increased more in Italy than in any other country or territory in the study - with 51% aware of it, up from 35% last year.**

**Significantly more people told us they have a good understanding of the term ESG (16% vs 6% last year).**

Millennials were most likely to be aware of ESG (59%) compared to other generations (49%).

We have also seen an increase in awareness of 'Net Zero' in all countries. In Italy, nearly four in ten had heard of this term in 2023 (at 38%, up by 11 percentage points since 2022).

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)"?

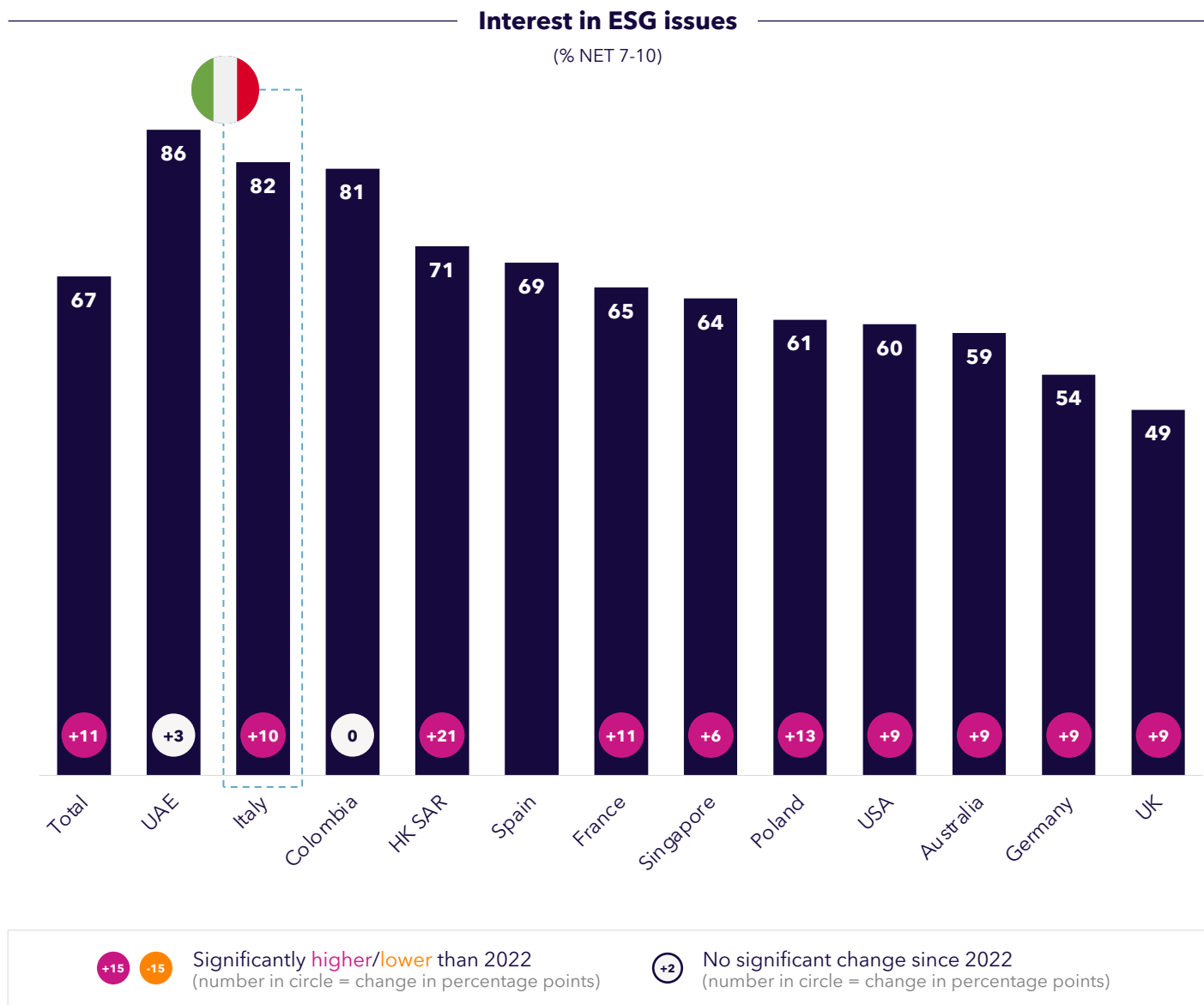
Key finding 4.

# And interest in ESG issues has risen sharply.

After being shown a definition of ESG with some examples of what it includes\*, four in five people (82%). In Italy 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 10 percentage points compared to 2022 and makes Italy the second most interested country or territory in our sample after the UAE.

At the global sample level gains were evident in most countries and territories surveyed, with big jumps in interest also occurring in Hong Kong SAR, Poland and France. Interest levels were the lowest in the UK, but on the same growth trajectory.



Q4. How interested are you in Environmental, Social and Governance (ESG) issues, if at all?  
 \* See [page 35](#) for a full definition

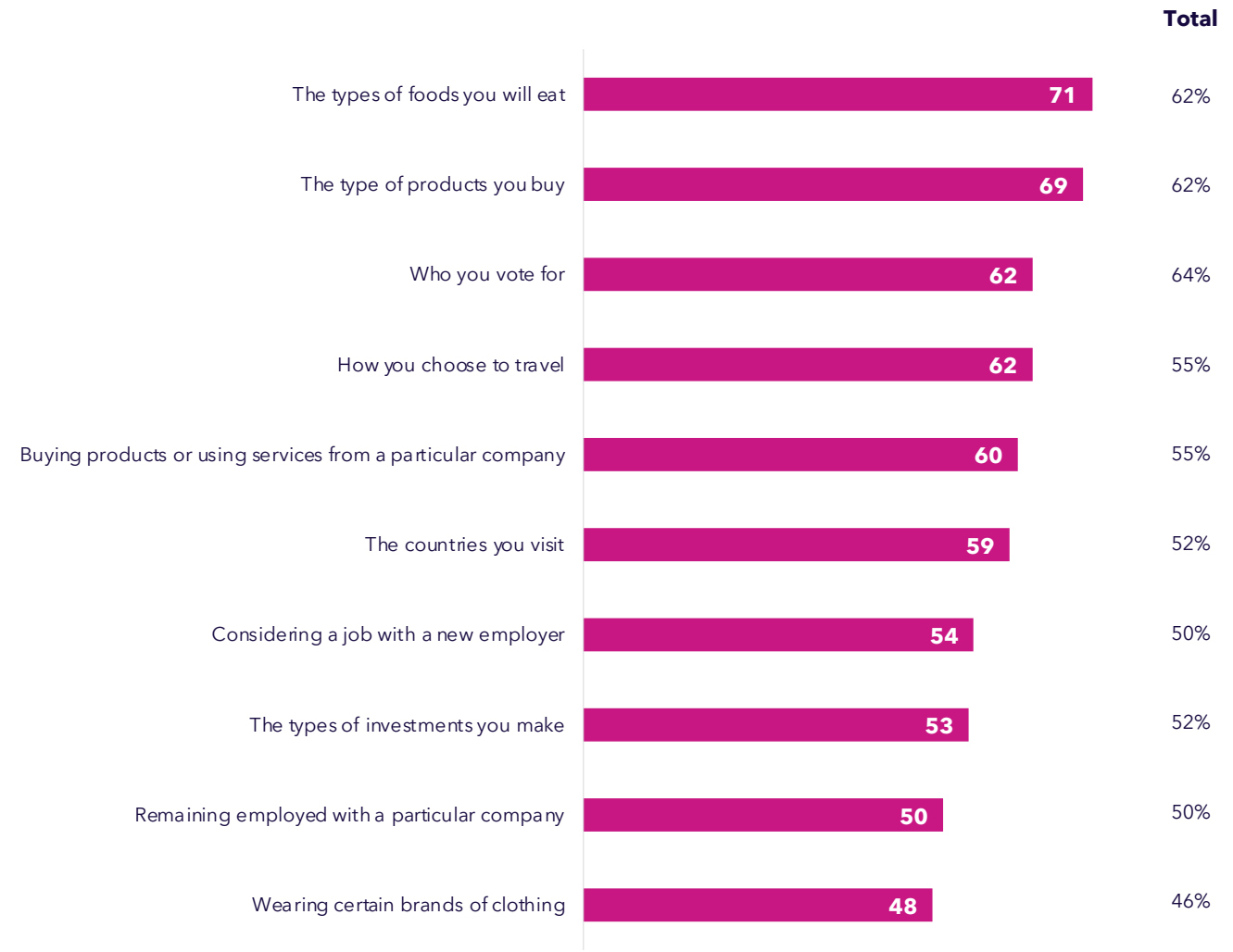
Key finding 5.

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

In Italy ESG issues were considered to be most important when it comes the types of foods people will eat and the types of products they will buy. These were significantly more important in Italy than the overall global sample.

## Importance of ESG issues on decision making in Italy

(% 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.

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

Globally we saw an overall increase in support for companies taking action on ESG issues this year, 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.

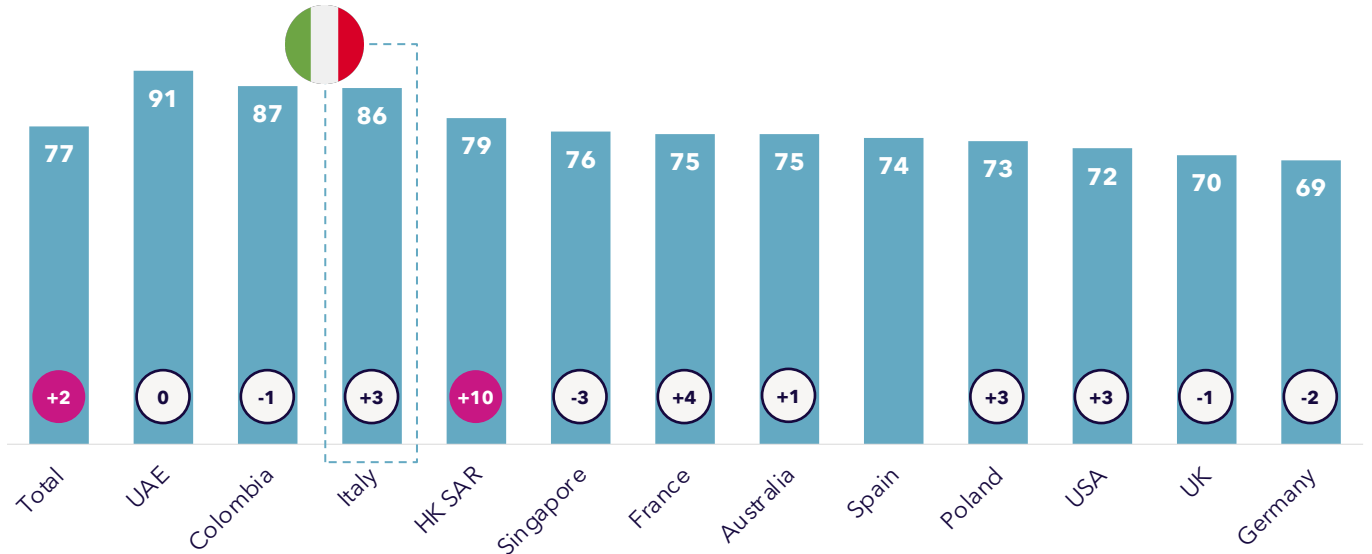
## Importance of companies taking action on ESG issues

(% NET 7-10)



# 86%

in Italy think it is important for companies to take action on ESG issues - **slightly up by 3% 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 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.

**Consumer expectations of companies when it comes to ESG**

(% 'STRONGLY' OR 'SOMEWHAT' AGREE)

1.



**72% agree**

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

(7% disagree, 21% are neutral)

2.



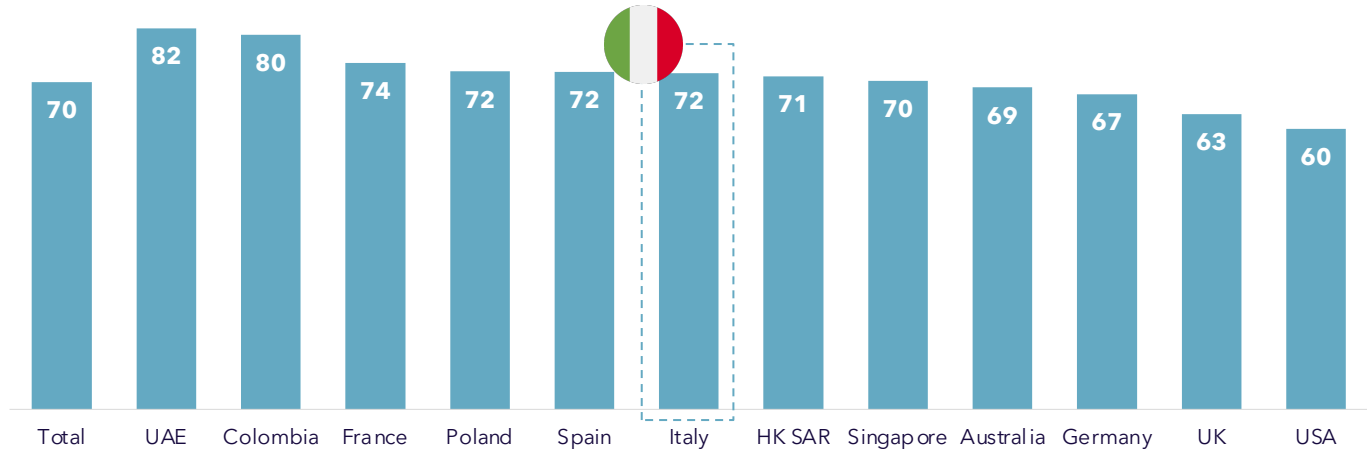
**32% agree**

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

(36% disagree, 32% 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 (67%) agree that companies should not pass on the cost for better ESG performance to their customers; many just want companies to embed it in the way they operate.

Just 4 in 10 (41%) 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.

## 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, 23% are neutral)

4.



67% agree (-2)

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

(9% disagree, 24% are neutral)

5.



41% agree (-7)

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

(22% disagree, 37% 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 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.



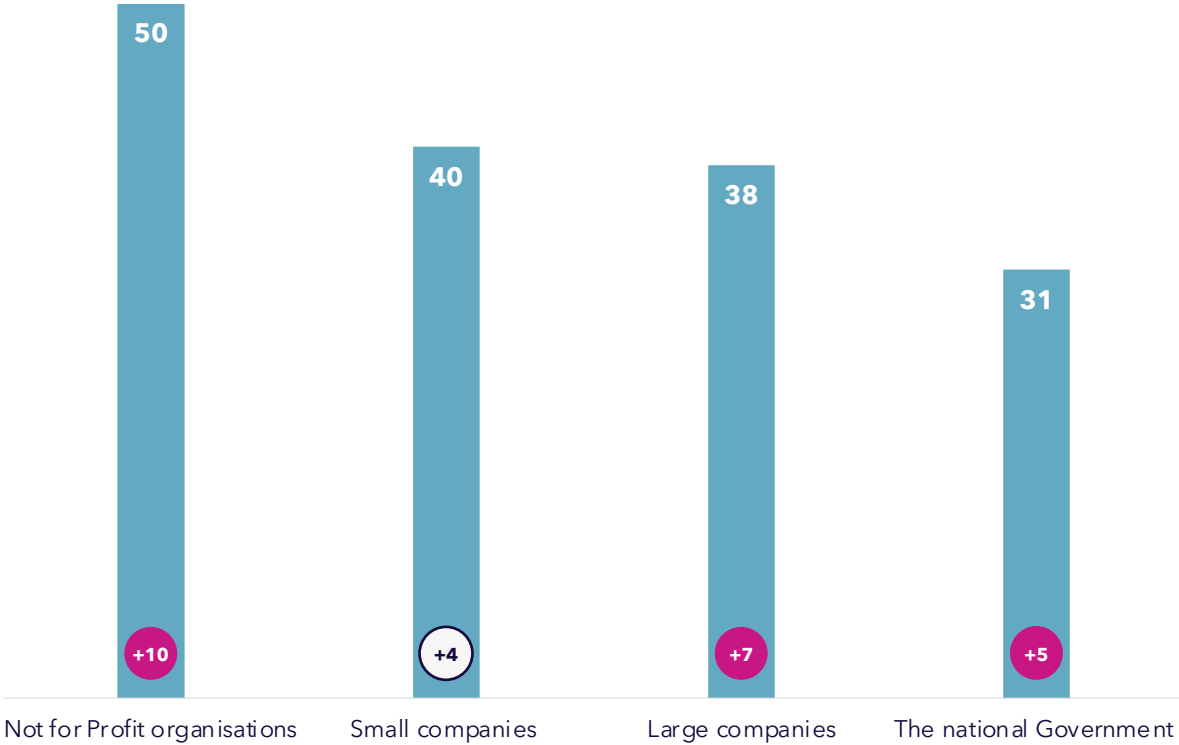
#### Too much plastic

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 Italy 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.

Ratings of the overall performance of all groups on ESG have increased when compared to 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.

Millennials were more likely to give higher ratings of the national Government (37% vs. 29% among other generations) as well as large companies in Italy (45% vs. 37%).

Key finding 12.

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

The technology and telecommunications sector received the highest ratings this year with 45% giving it rating of 7 or more out of 10, where 0 means it has very poor performance and 10 means it has excellent performance.

This is a significant jump from 37% giving a 7+ rating last year.

There have also been big increases for education and training, online marketplaces and e-commerce and energy and utilities sectors.

## Ratings of industry ESG performance in Italy

(% 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 Italy when it comes to acting responsibly on Environmental, Social and Governance (ESG) issues?

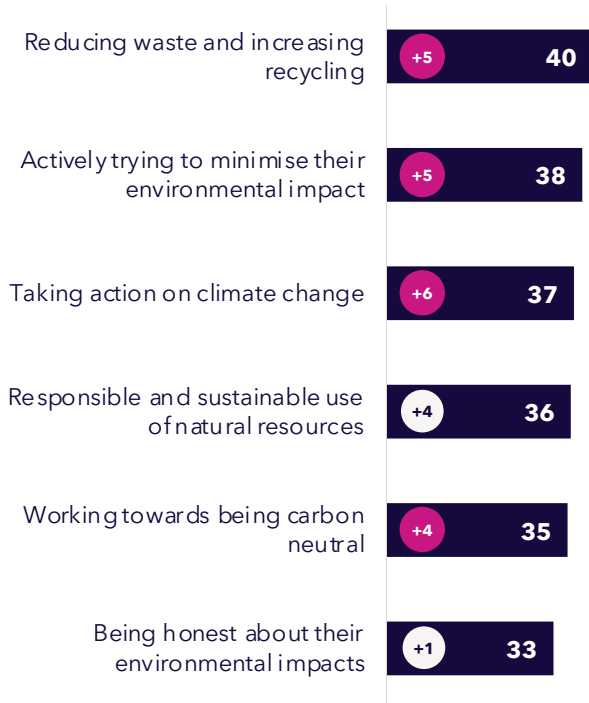
# Ratings of many granular ESG actions have also increased

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

(% NET 7-10)



### Environmental



### Social



### Governance



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 Italy on the following things? 0=very poor, 10=excellent

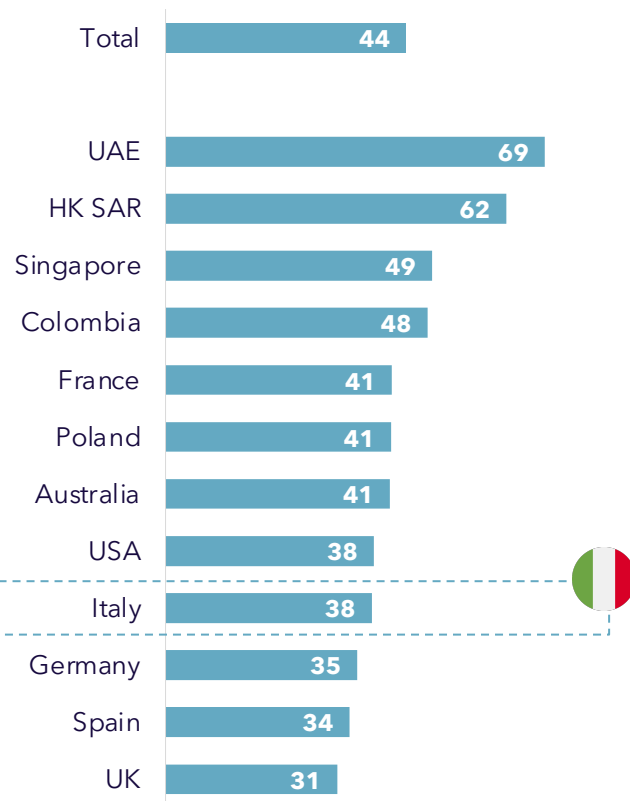
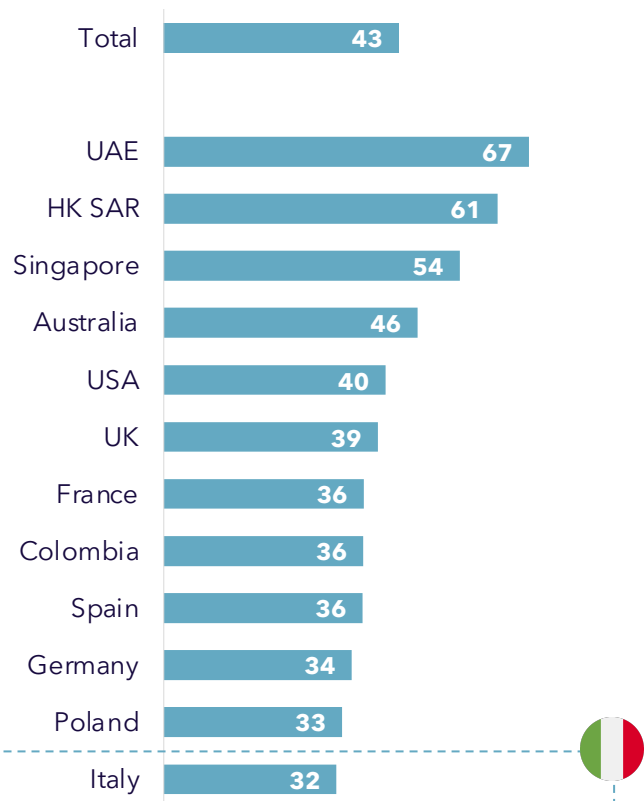


## Views on company behaviours in general - NET Agreement

(% '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 that they are doing the right thing and using their influence for positive change.**



# 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.

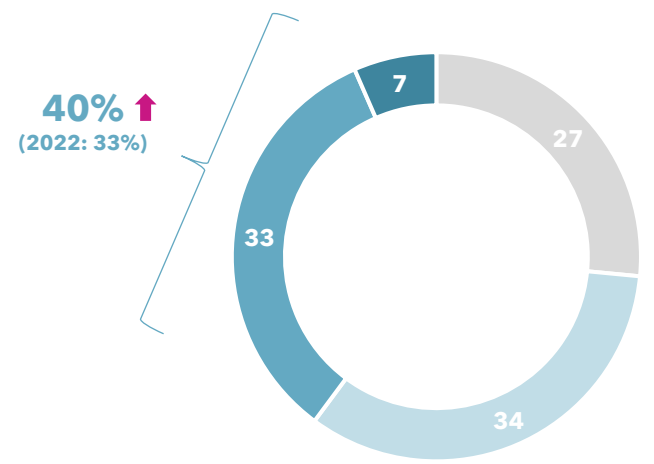
**Part 1 of 'The Great Disconnect'**  
**- Communications expectations and frequency of looking for ESG information**



**72% agree**  
 (2022: 73%)

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

**But...**



**Just 40%** 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 15.*

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

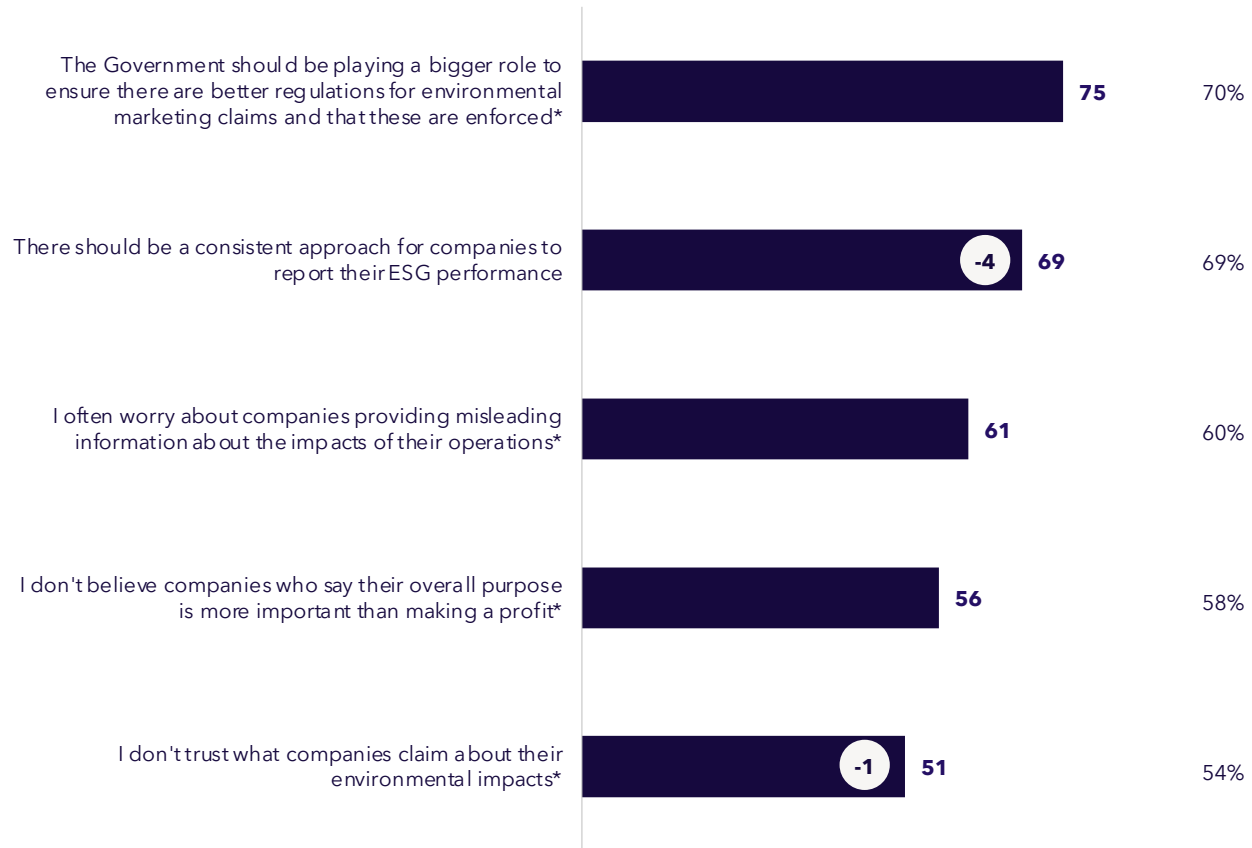
So people want companies to take action and communicate, but they're not listening. This is one part of 'The Great Disconnect' and we see many organisations struggle to know how to address this issue and get cut through.

Importantly though, Italians look to be increasingly interested in this information, with 40% saying they look for it sometimes or often, up from 33% last year.

## The Trust Disconnect: Attitudes towards company claims and reporting in Italy

(% 'STRONGLY' OR 'SOMEWHAT' AGREE)

Total



+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 16.

**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 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 governments intervening in what companies can claim about their environmental actions.

Key finding 17.

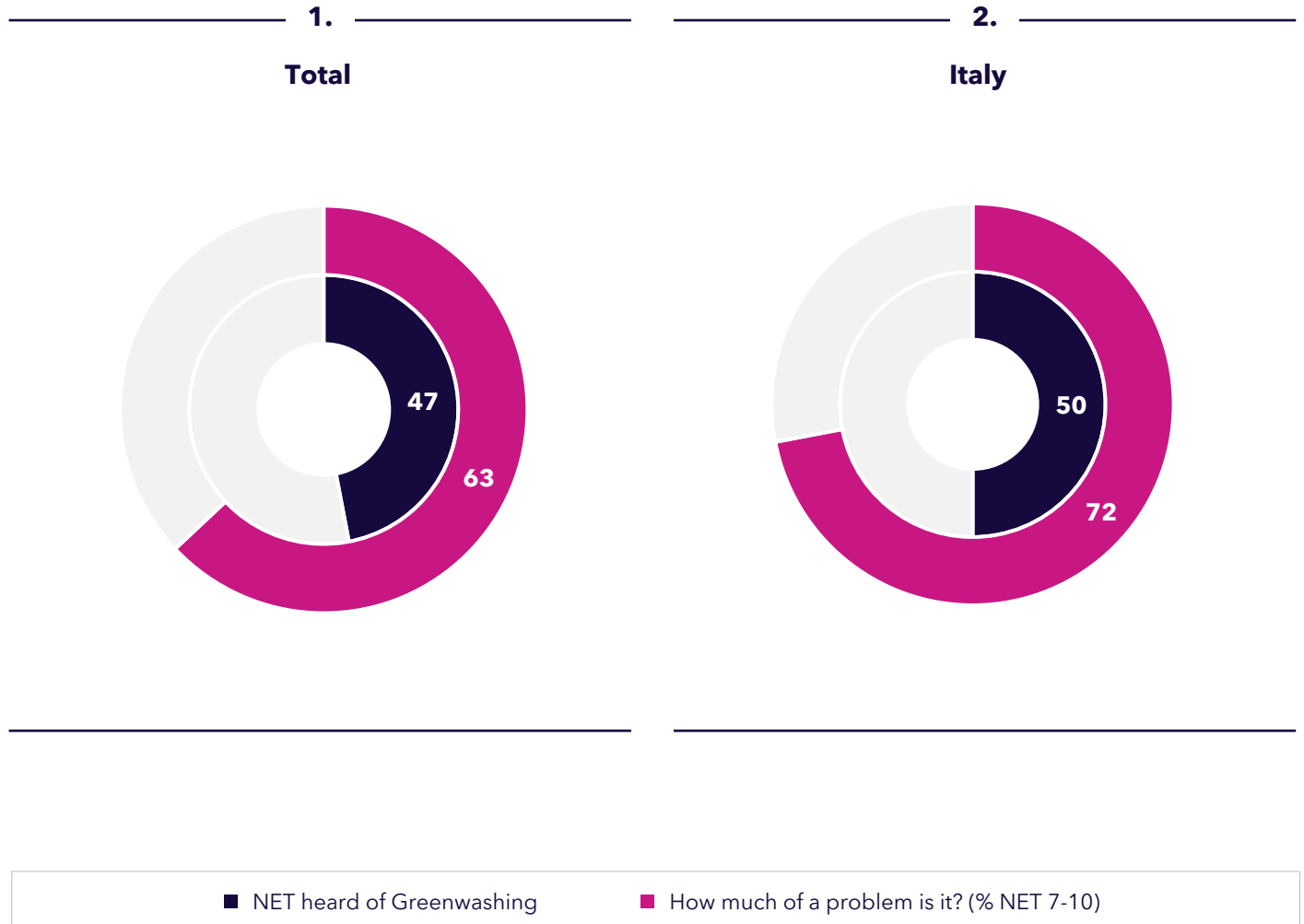
# In Italy one in two people have heard of the term 'greenwashing' but nearly three quarters think it's a real problem

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.*

... 72% 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. Note that Italy was second only to Colombia (77%) in saying they felt this was a big problem.

## 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 Italy, 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 are 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.

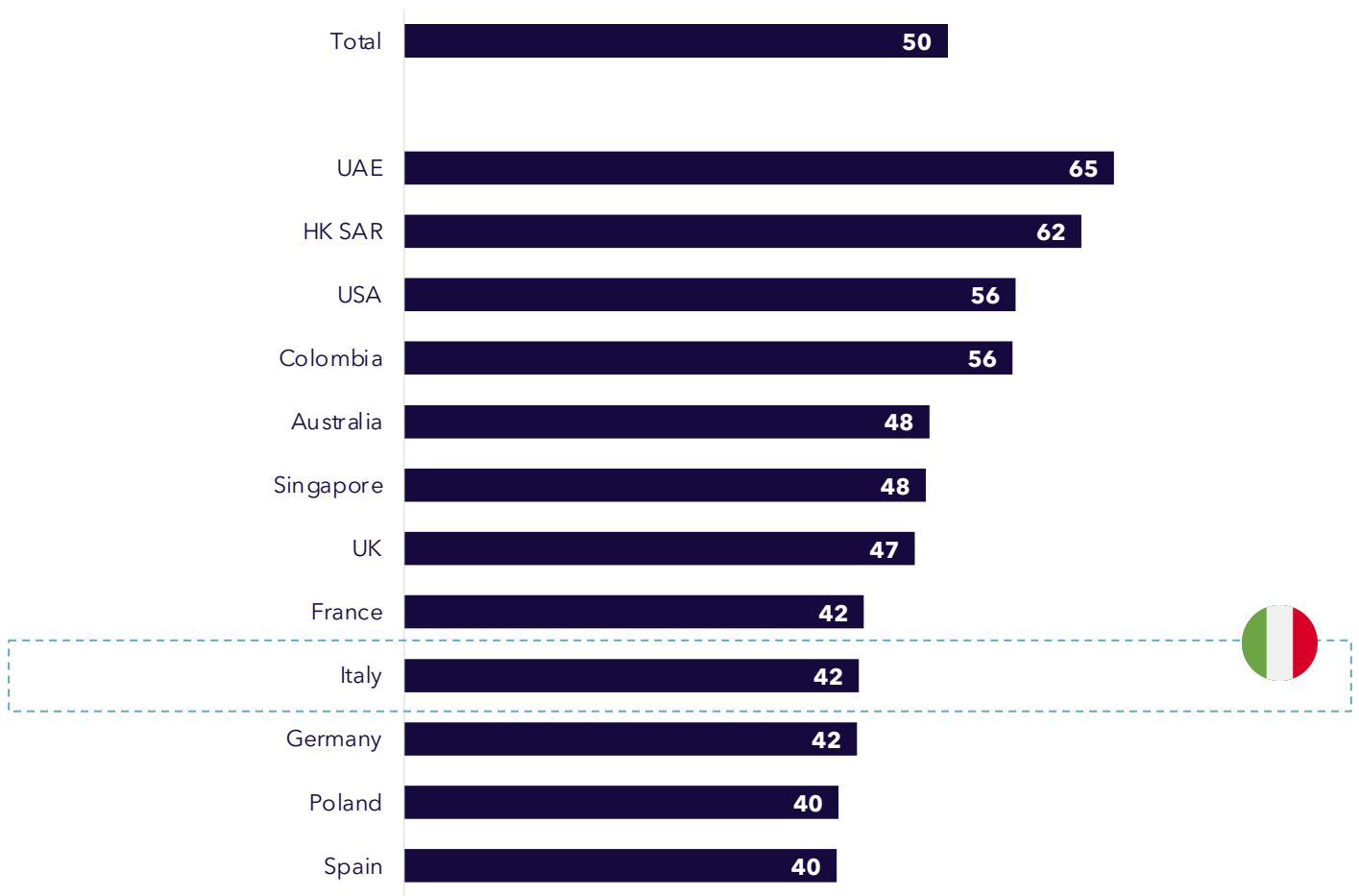
In this study we drilled down into employee sentiment to understand how they think their employer is performing in this area and how important ESG issues are when seeking a new job.

Key finding 18.

**Just over 4 in 10 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, Italy: n=555

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

(% NET 7-10)



*Key finding 19.*

## Employees have high expectations of organisations as employers.

When considering a new employer there are several factors that are important, particularly the salary, benefits and rewards; how it treats its staff; and worker rights and conditions.





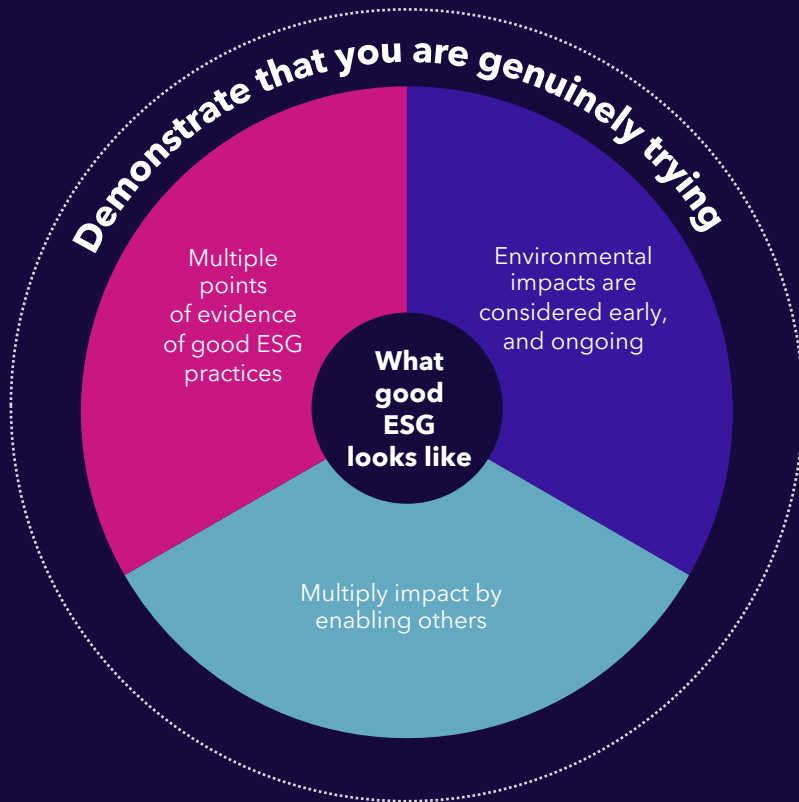
*Part 5.*

# 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 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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