

SEC NEWGATE

Global ESG Monitor

What the community expects from corporates on ESG

SPAIN REPORT

2023 RESEARCH FINDINGS

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Part 1.

Foreword





Foreword

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

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

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

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

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

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

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

Fiorenzo Tagliabue

GROUP CEO, SEC NEWGATE

Presentation

The application of ESG reporting has become increasingly important in recent years, as investors and consumers increasingly trust companies that care about the environmental and social impact of their operations.

Companies that properly manage environmental, social and governance challenges can have a competitive advantage in the market and can have better long-term financial performance. Furthermore, companies that take these criteria into account can mitigate legal and reputational risks.

This is the first time that SEC Newgate Spain is participating in the Global ESG Monitor, which includes 11 other countries. The conclusions are relevant and clear answers are provided in this report on what the community expects on issues such as global response to climate change. It is clear that consumers also want companies to demonstrate clear evidence that they practice what they preach.

Companies need to make an effort to raise awareness of ESG initiatives and implement policies to meet these objectives. In this respect, the SEC Newgate Global ESG Monitor is an essential tool for our clients to be aware of the situation and act accordingly.

Javier de Mendizábal

CEO SEC NEWGATE SPAIN



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.

1,008

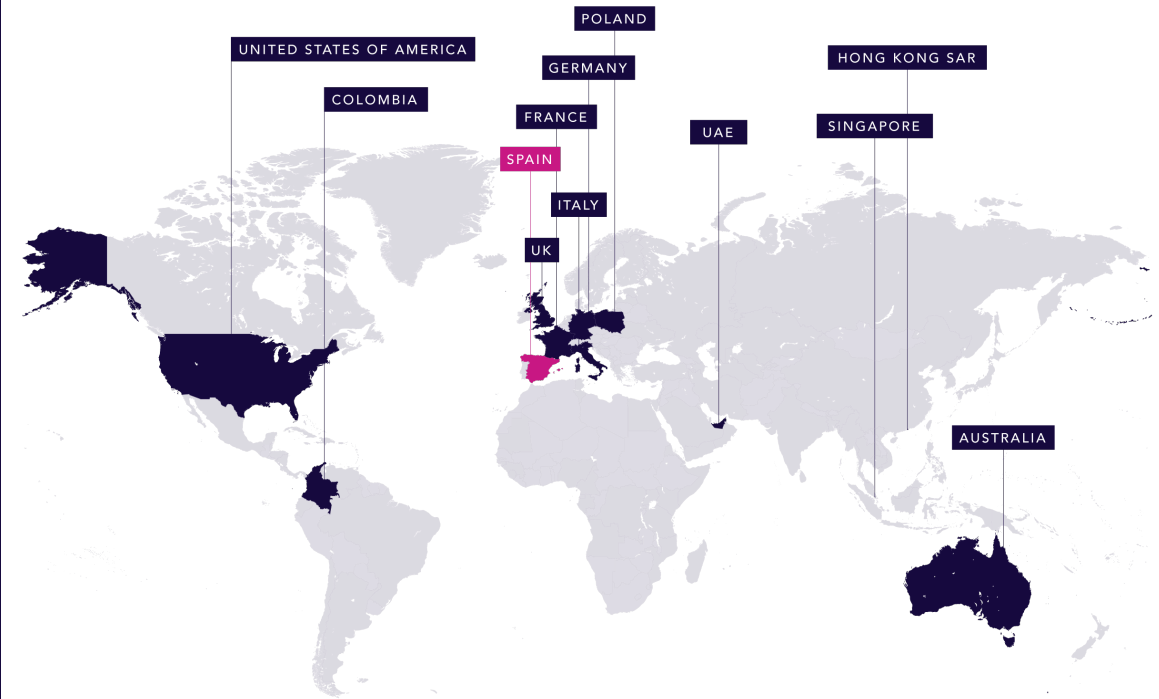
Sample of **n=1,008** from **Spain**

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 Poland. 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.

Part 3.

Summary of key insights



Summary of key insights

In 2023, the Spanish community has high expectations for an organisation's actions on ESG, with a focus on economic contributions not enough to meet expectations.

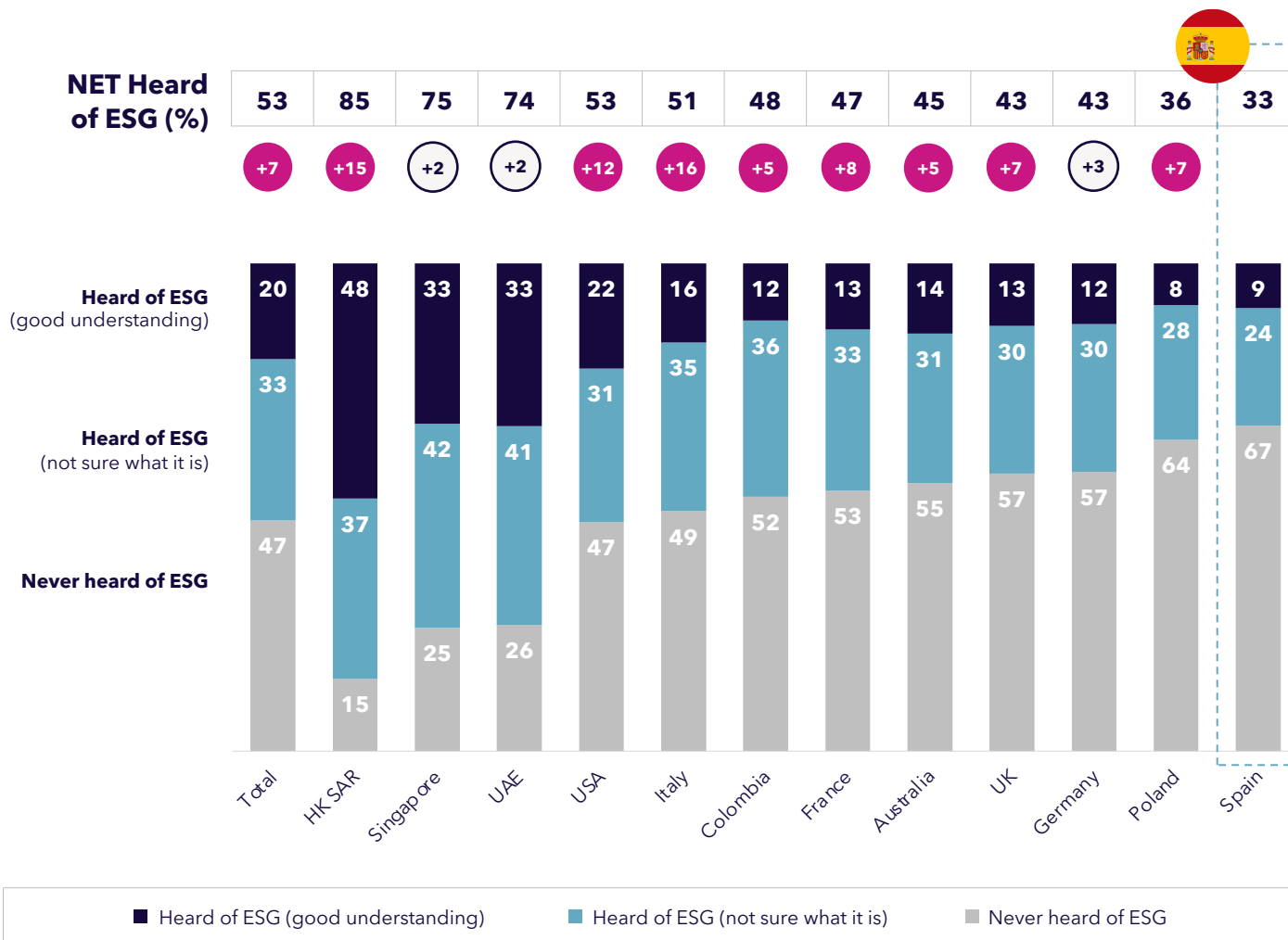
- **People are interested in ESG issues despite low awareness of it.** Results show that awareness of ESG is lowest in Spain (33%, compared to the global total of 53%) and awareness of NetZero is even lower (27%, compared to the global total of 54%). However, interest in ESG issues is high, with 69% rating their interest at 7 or more out of 10, which is slightly higher than the global total.
- **The community wants corporates to take action on ESG issues.** 74% agreed it was important for corporates to take action on ESG issues and 72% agreed that companies should speak out on issues that are important to their employees and customers.
- **We're seeing low performance ratings for companies, government, and not for profit organisations and on many underlying metrics.** Overall ESG ratings of the government and both large and small companies are low, with not for profit organisations performing slightly better. Industries are similarly receiving low performance ratings, but healthcare, education and training, and agriculture are amongst the better performing industries.
- **These findings come against a backdrop of ongoing concerns around affordable healthcare, work conditions and cost of living.** When asked to select the top 3 issues for their country or territory's future, the main priorities remained delivering high quality, affordable health care (selected by 41% of people in Spain), improving pay and conditions for workers (32%) and addressing cost-of-living pressures (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.
- **ESG issues are influencing decisions in a wide range of areas in Spain.** In particular, more than half thought ESG issues were a relatively important consideration in deciding who they would vote for, the types of products they buy and the types of foods they will eat.
- **Only one in four in Spain have heard of the term 'greenwashing'.** However, around two times as many think it's a real problem once they see the definition.

Part 4.

Key findings



Unprompted awareness of ESG by country or territory (%)



● +15 ● -15 Significantly higher/lower than 2022 (number in circle = change in percentage points)

+2 No significant change since 2022 (number in circle = change in percentage points)

Key finding 1.

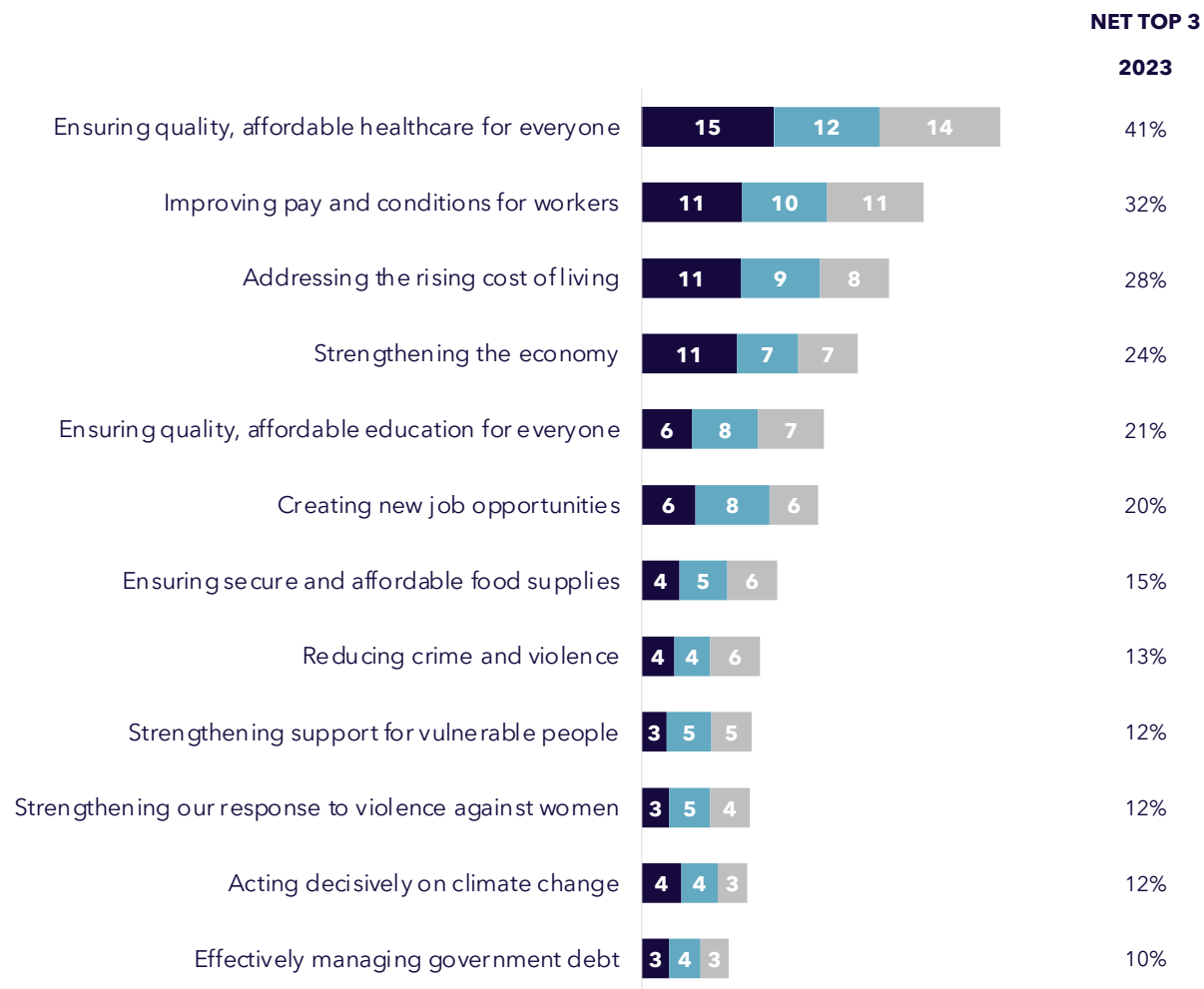
Overall recall of the term ESG is the lowest in Spain compared to all other countries, with two in three never hearing of the term before.

Awareness of Net Zero (total average 54%)

Top 3	Bottom 3
Hong Kong SAR (85%)	France (22%)
United Kingdom (85%)	Germany (25%)
Australia (76%)	Spain (27%)

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

Most important issues for Spain's future (%)



Key finding 2.

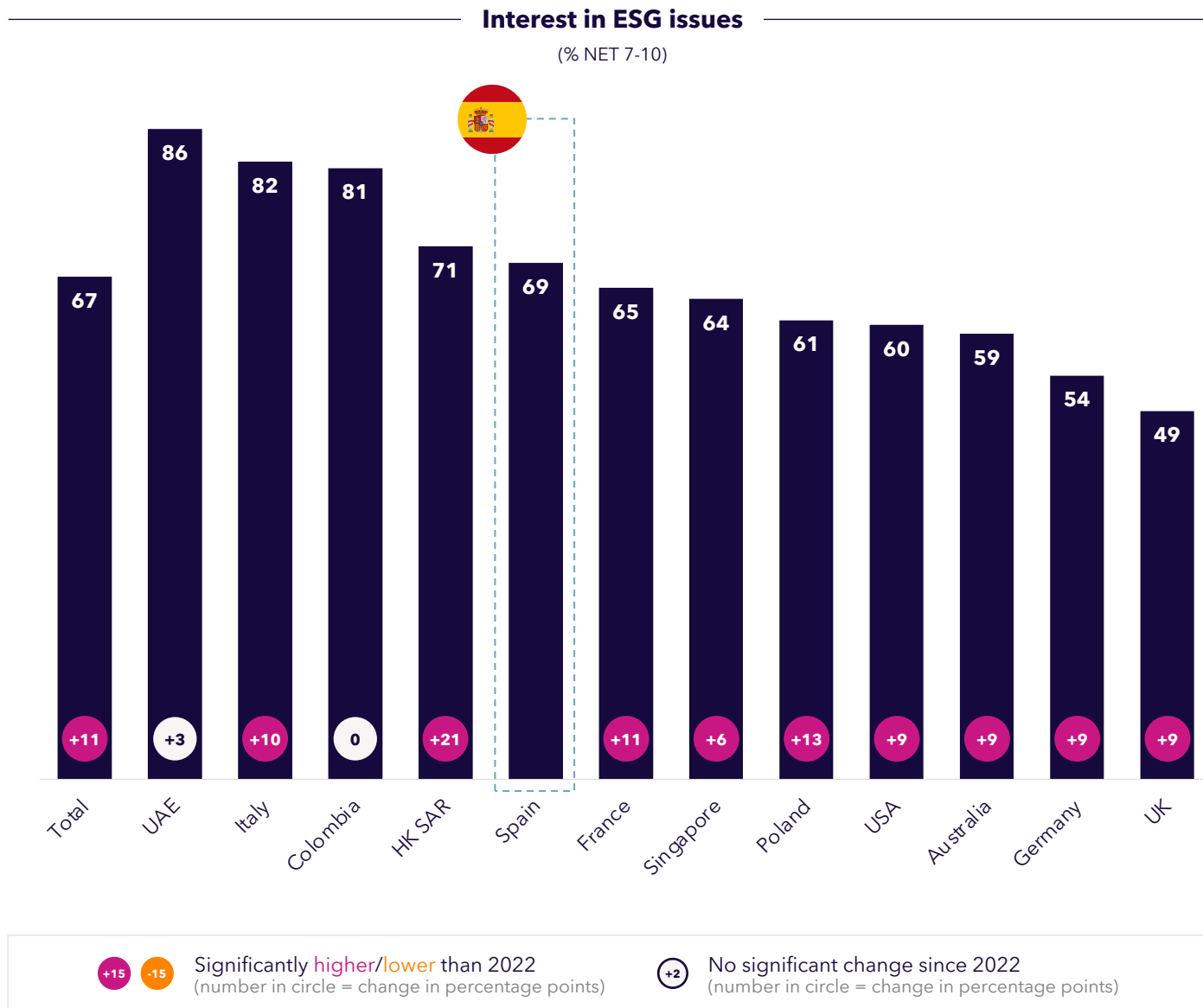
Community priorities at a national level are delivering high quality, affordable health care, improving working conditions, and addressing cost-of-living pressures.

■ 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 Spain'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 12 issues shown in chart*

Key finding 3.

Interest in ESG issues in Spain is relatively high.



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

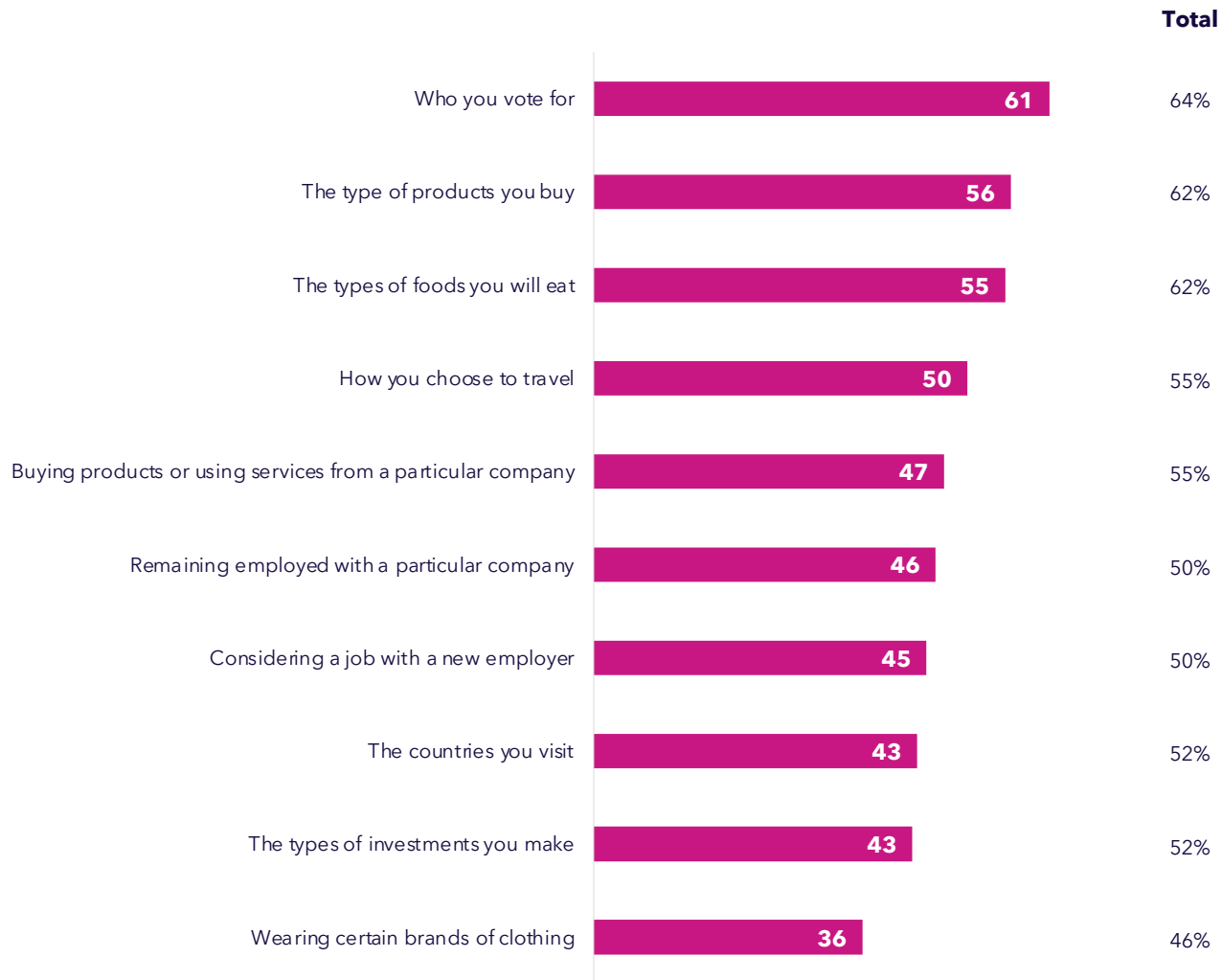
* See [page 32](#) for a full definition

Key finding 4.

ESG issues are influencing decisions in a wide range of areas in Spain, in particular who they vote for, the types of products they buy and the types of foods they will eat. Notably, Spain rated all items lower than the global average.

Importance of ESG issues on decision making in Spain

(% 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 5.

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

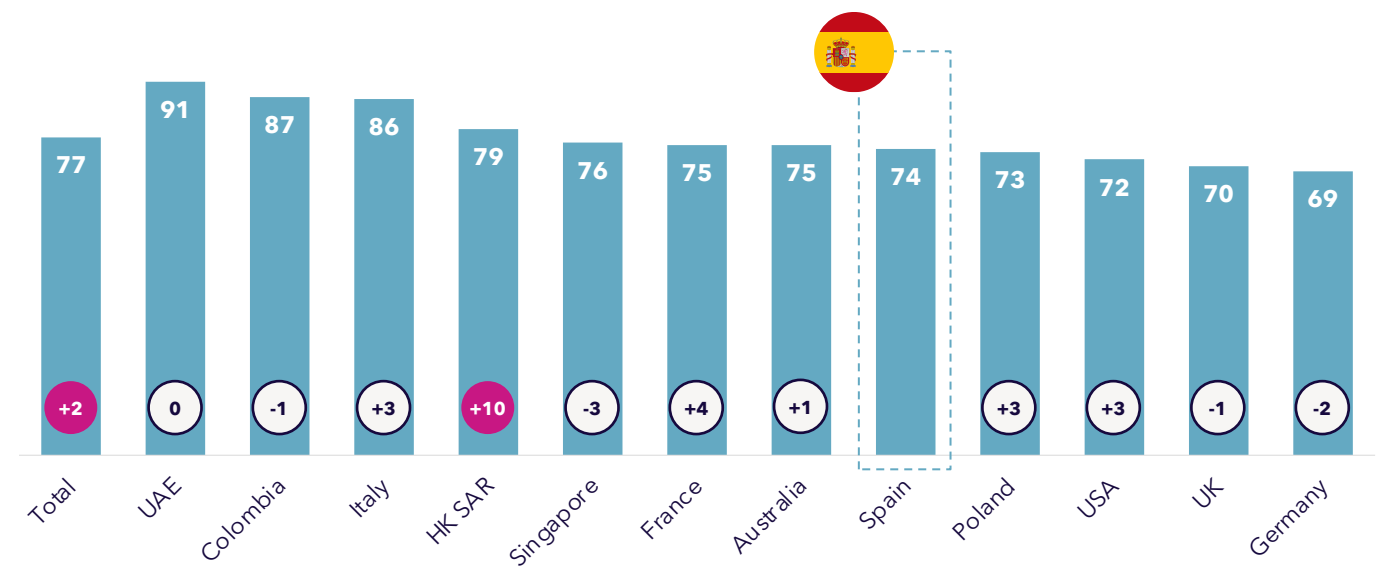
Importance of companies taking action on ESG issues

(% NET 7-10)



74%

in Spain 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 6.

A majority say companies should speak out on issues important to their employees and customers, but only a third agree they should speak out on broader issues.

Consumer expectations of companies when it comes to ESG

(% 'STRONGLY' OR 'SOMEWHAT' AGREE)

1.

2.



72% agree

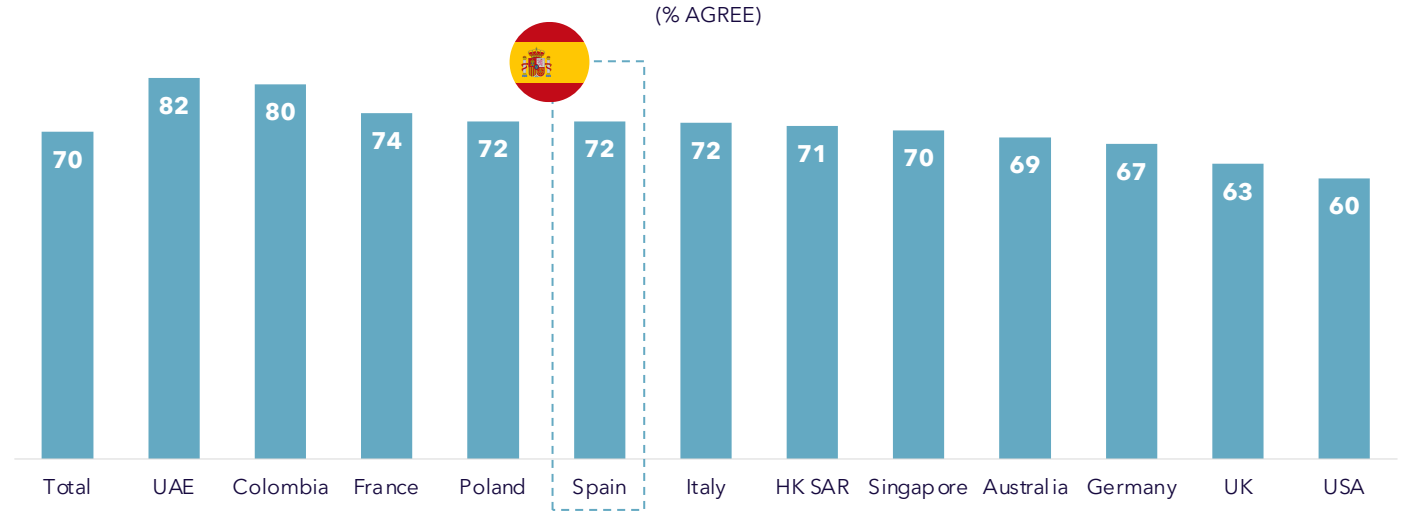
Companies **should speak out on issues that are important** to their employees and customers
(7% disagree, 21% are neutral)



35% agree

Companies **should focus on their core business** rather than trying to have broader influence on social and environmental issues
(32% disagree, 34% are neutral)

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



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

Key finding 7.

Most people think companies can be profitable while also performing well on ESG. However, only a minority agree they'd be prepared to pay more for products or services from companies with stronger ESG performance.

Consumer expectations of companies when it comes to ESG

(% 'STRONGLY' OR 'SOMEWHAT' AGREE)

3.



68% agree

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

(6% disagree, 25% are neutral)

4.



60% agree

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

(9% disagree, 31% are neutral)

5.



40% agree

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

(22% disagree, 38% are neutral)

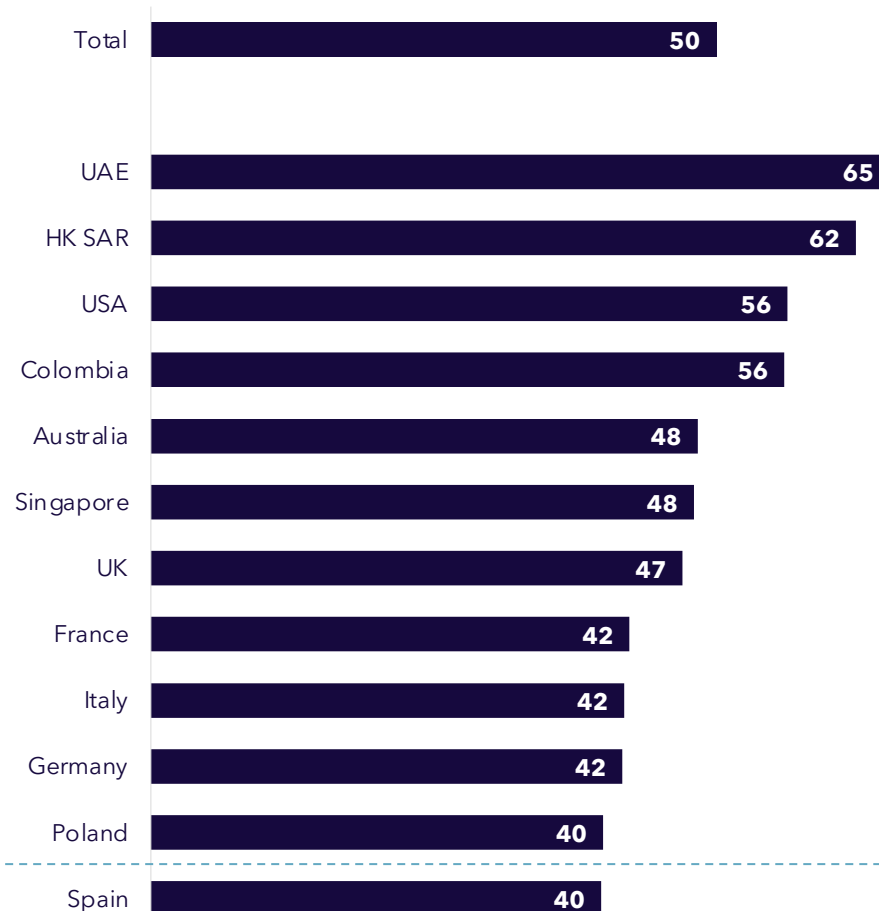
Q15. To what extent do you agree or disagree with the following statements?

Key finding 8.

Among those who are employed, only two in five believe that their employer is genuinely trying to do the right thing when it comes to ESG - the lowest amongst the countries sampled.

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

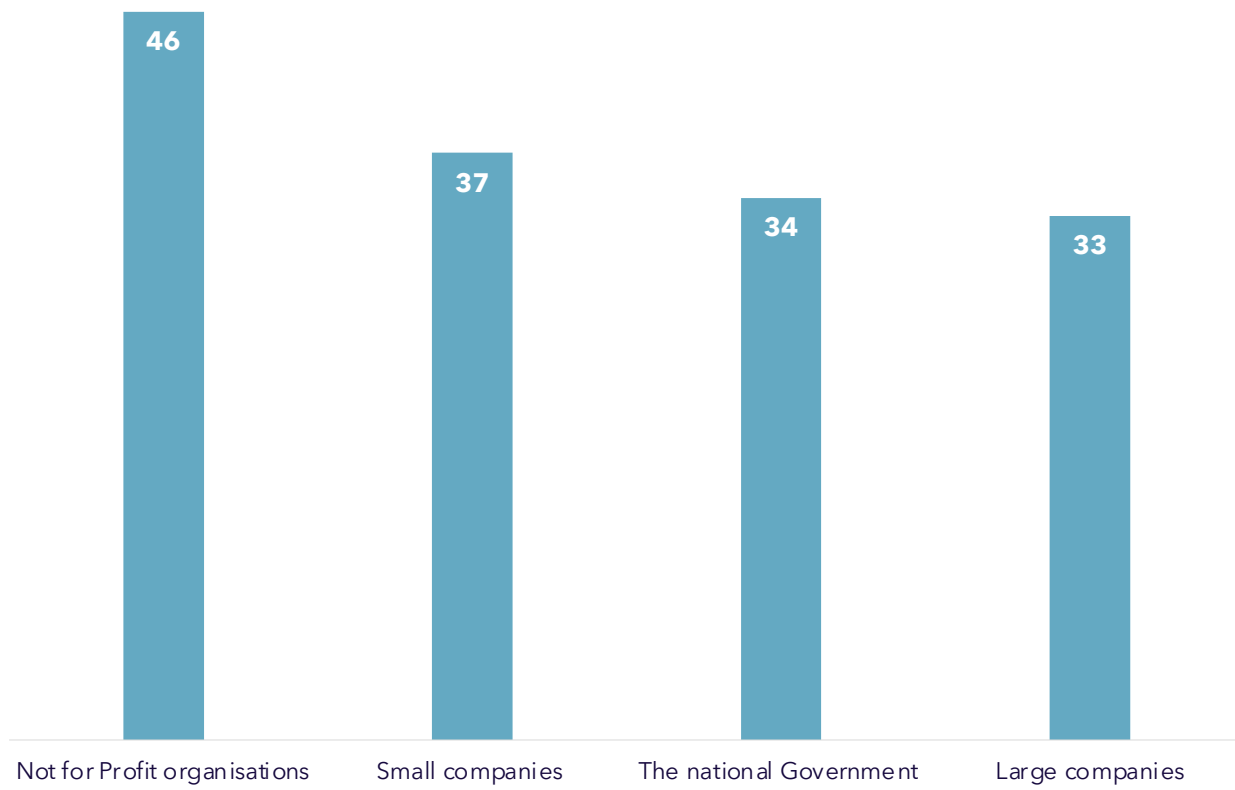
(% 'STRONGLY' OR 'SOMEWHAT' AGREE)



Q15. To what extent do you agree or disagree with the following statements. Base: Those who are employed, Global n=7,969; Spain n=634

**Performance of various groups in Spain
when it comes to ESG**

(% NET 7-10)



Key finding 9.

Overall ESG ratings of companies and government are relatively low, with not for profit organisations performing slightly better.

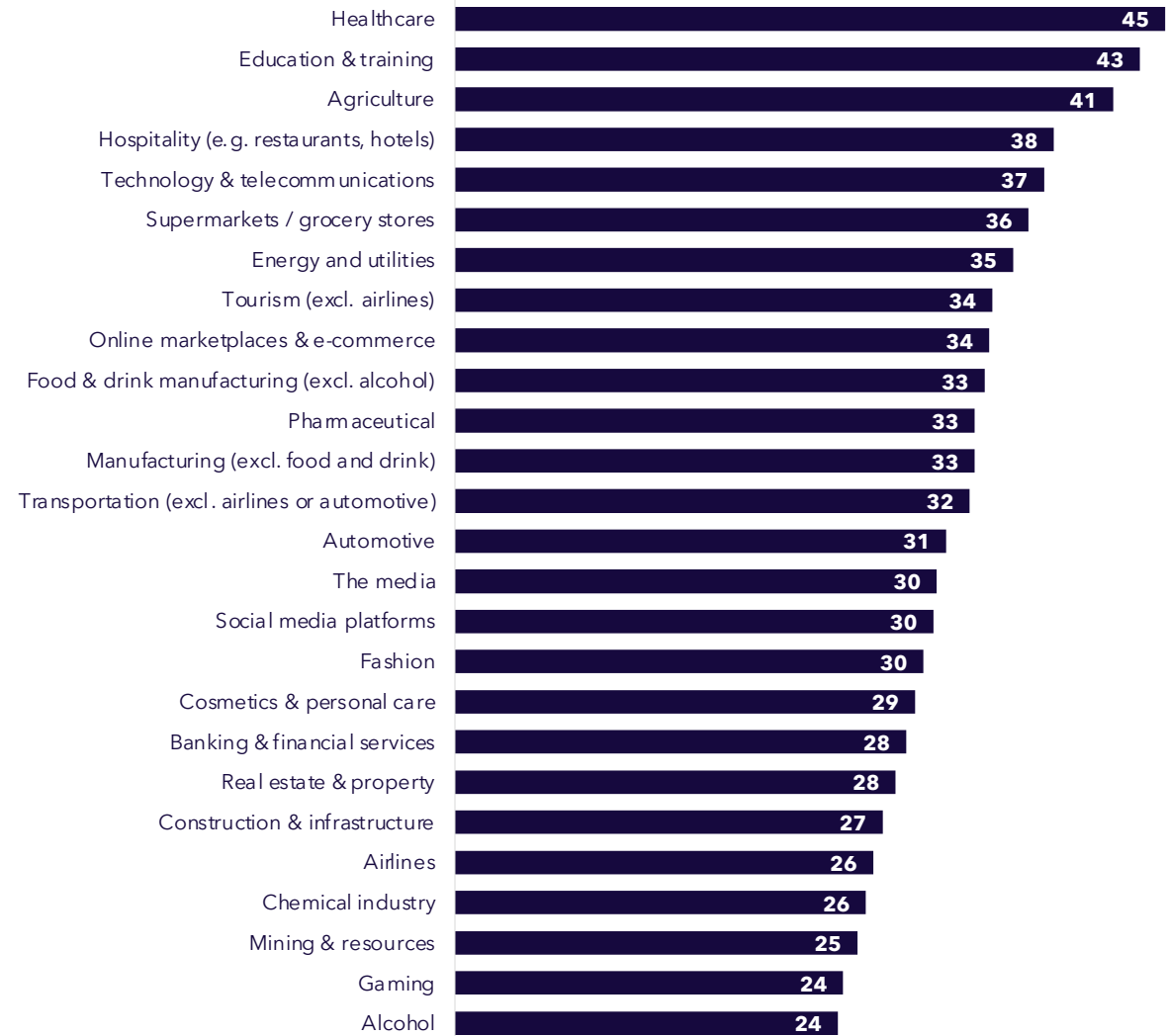
Q6. Overall, how would you rate the performance of the following groups when it comes to acting responsibly on Environmental, Social and Governance (ESG) issues? 0=very poor, 10=excellent

Key finding 10.

ESG Performance ratings across most industries are similarly low, with healthcare, education, and agriculture the highest rated.

Ratings of industry ESG performance in Spain

(% NET 7-10)



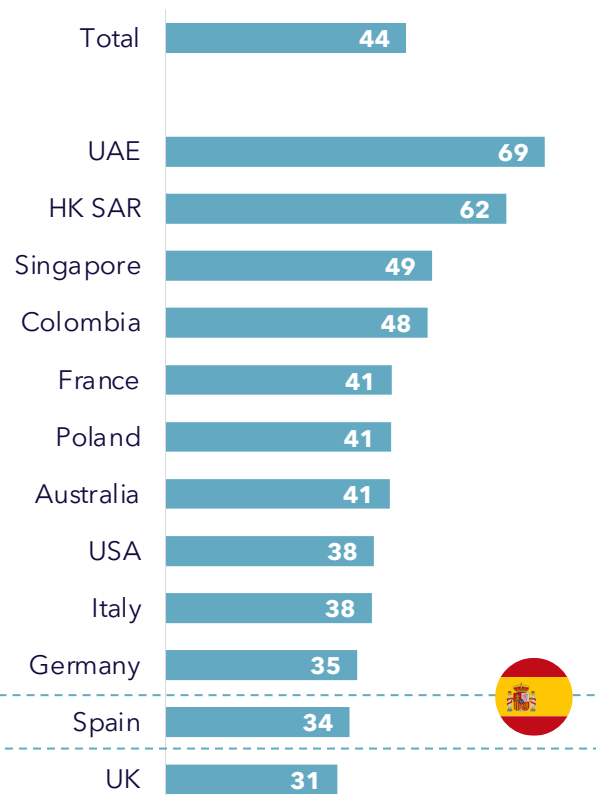
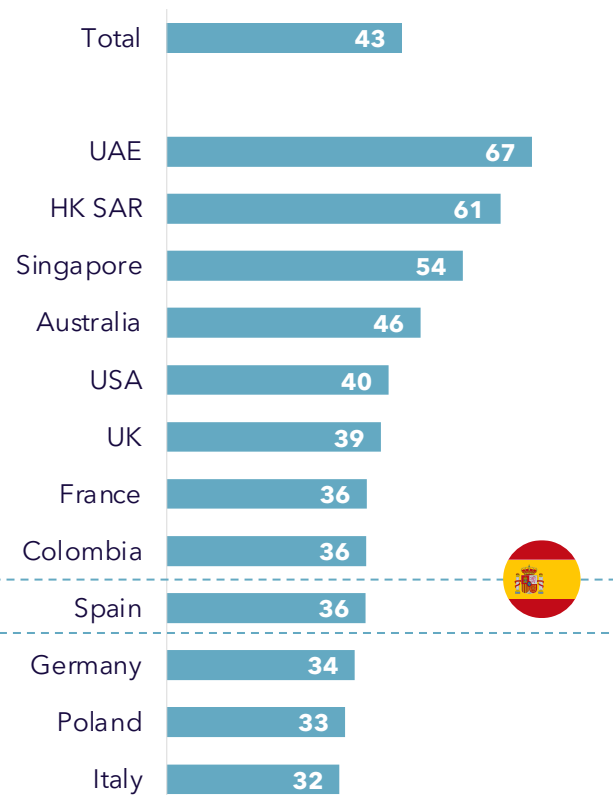
Q11. How would you rate the performance of the following industries operating in Spain when it comes to acting responsibly on Environmental, Social and Governance (ESG) issues

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.

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

Key finding 13.

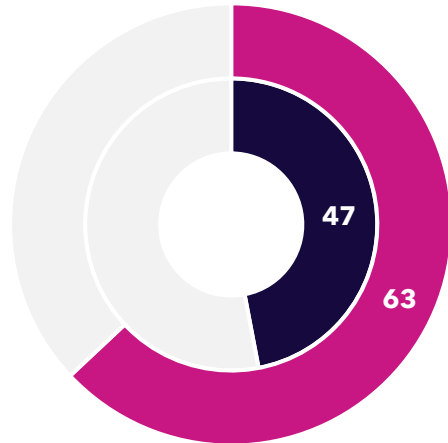
Just over one in four in Spain have heard of the term 'greenwashing', but around two times as many think it's a real problem once they see the definition.

"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.

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

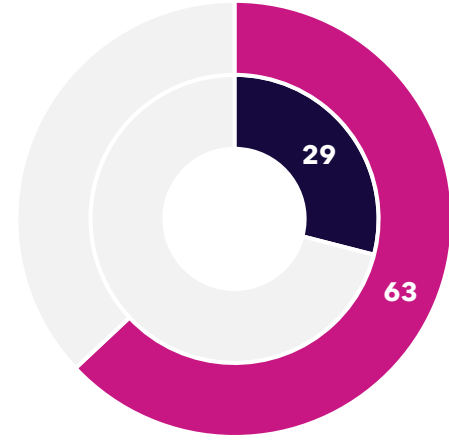
1.

Total



2.

Spain



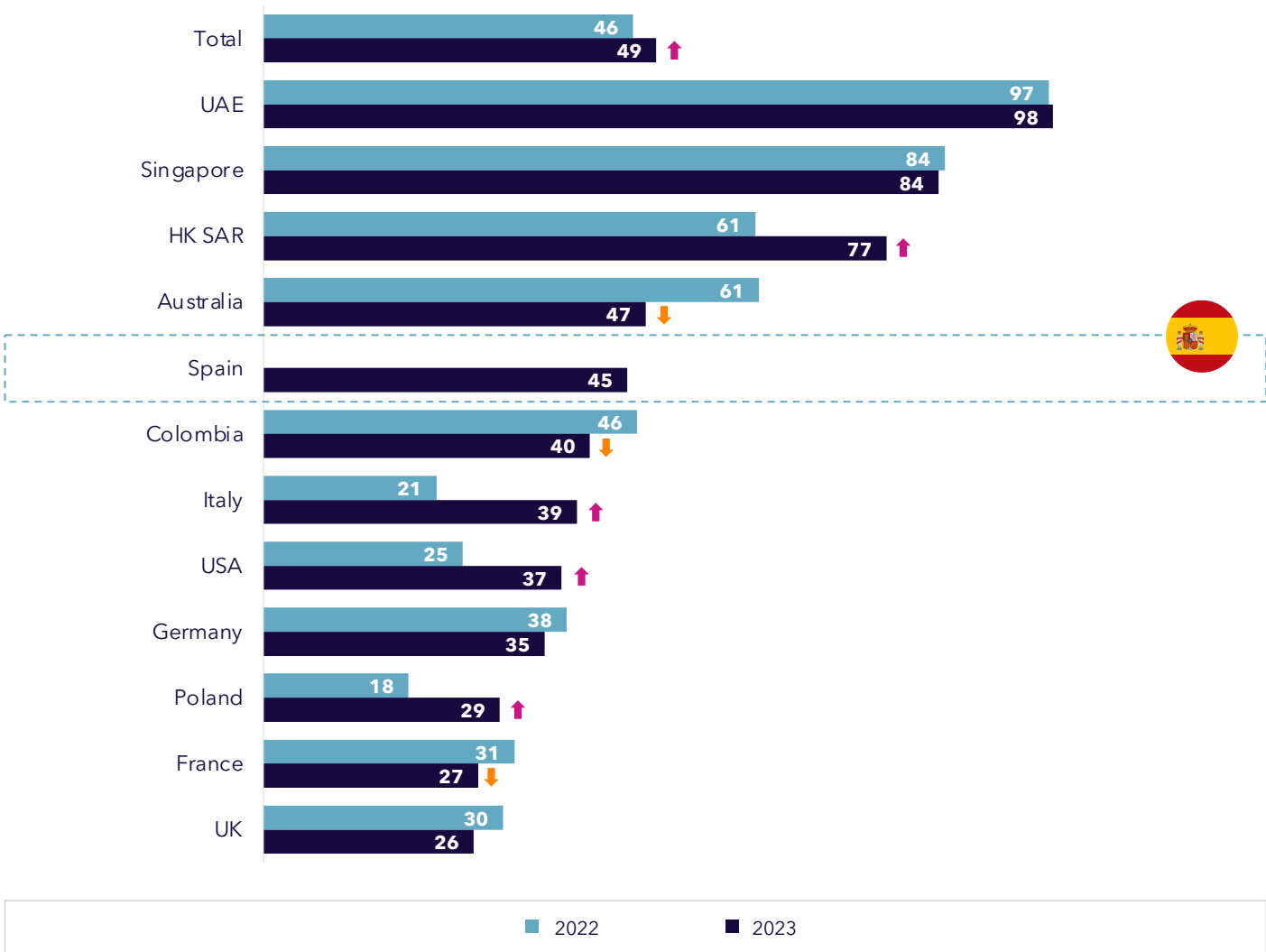
■ NET heard of Greenwashing

■ 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 Spain, if at all?

Perceived direction country/territory is heading

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



Key finding 14.

People in Spain are divided over perceptions about whether their country is on the right track, with just over half believing it is headed in the wrong direction.

	Right track (%)	Wrong direction (%)
	45	55

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



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 15.

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 16.

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.



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 thinking that greenwashing is a big problem among companies in their country or territory.

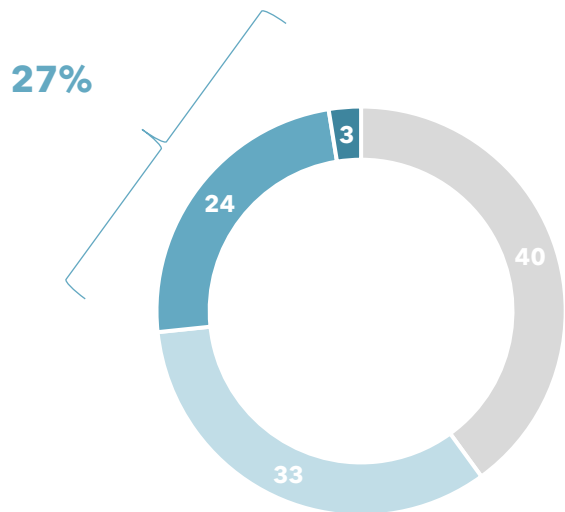
Part 1 of 'The Great Disconnect'
- Communications expectations and frequency
of looking for ESG information



63% agree

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

But...



Just 27% are looking for information on companies' ESG activities and performance.



Key finding 17.

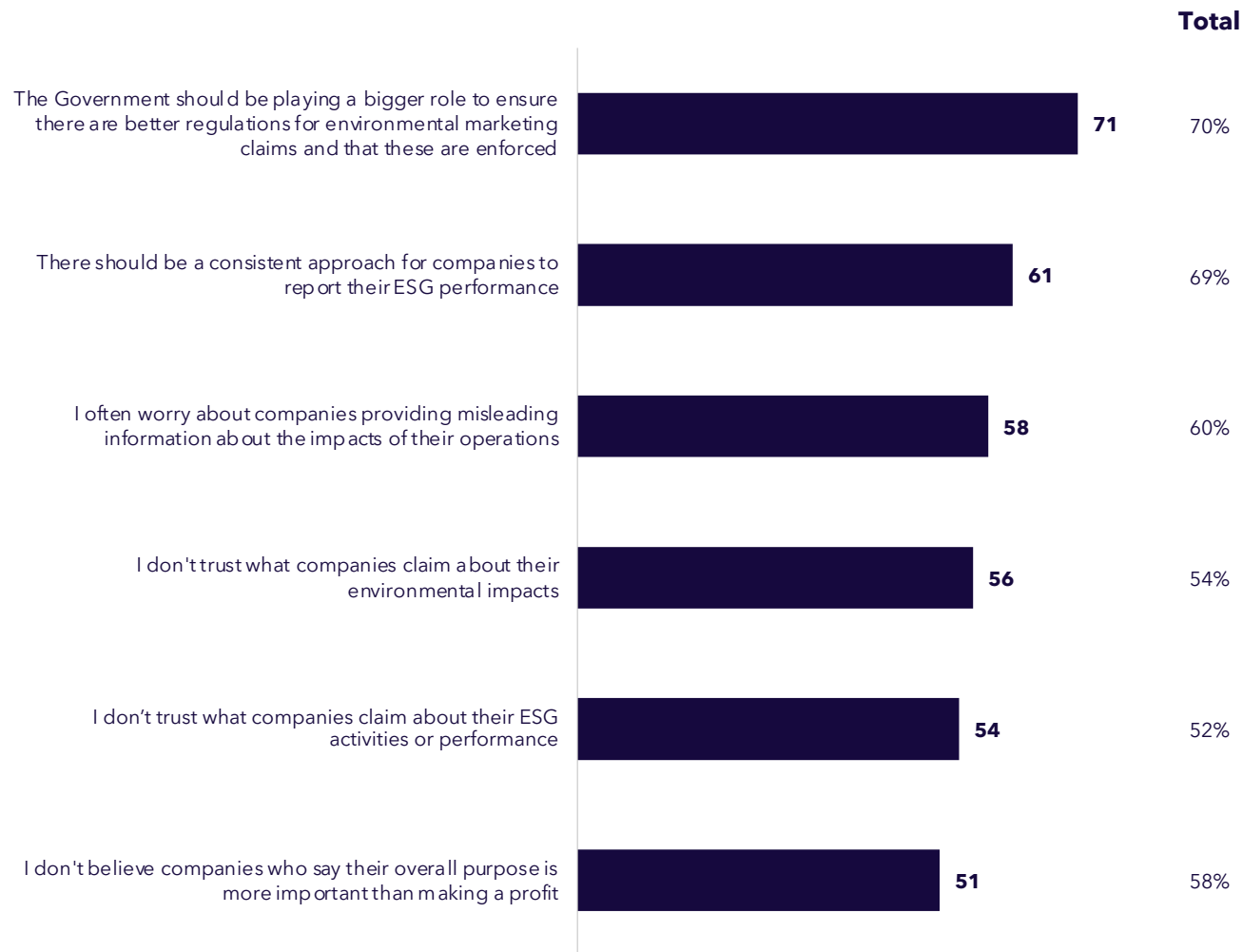
People expect companies to take action and be transparent about it. But they're also not an 'actively engaged' audience.

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 Spain

(% 'STRONGLY' OR 'SOMEWHAT' AGREE)



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.

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

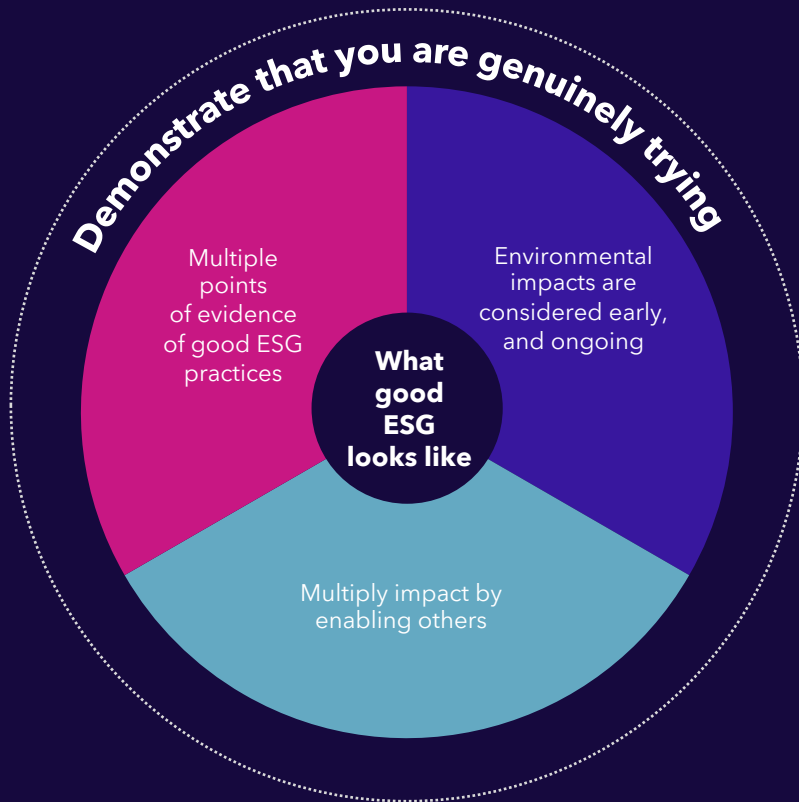
Part 5.

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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