

SEC NEWGATE

Global ESG Monitor

What the community expects from corporates on ESG

UNITED ARAB EMIRATES 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 focusing on the right things or too many 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 feelings and intuition, leaving them vulnerable to public scrutiny and unable to authentically communicate their impact.

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

We help clients understand how community expectations are changing, what ESG actions they should be leveraging 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.

Elena Gramatica

MANAGING PARTNER, SEC NEWGATE MIDDLE EAST

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

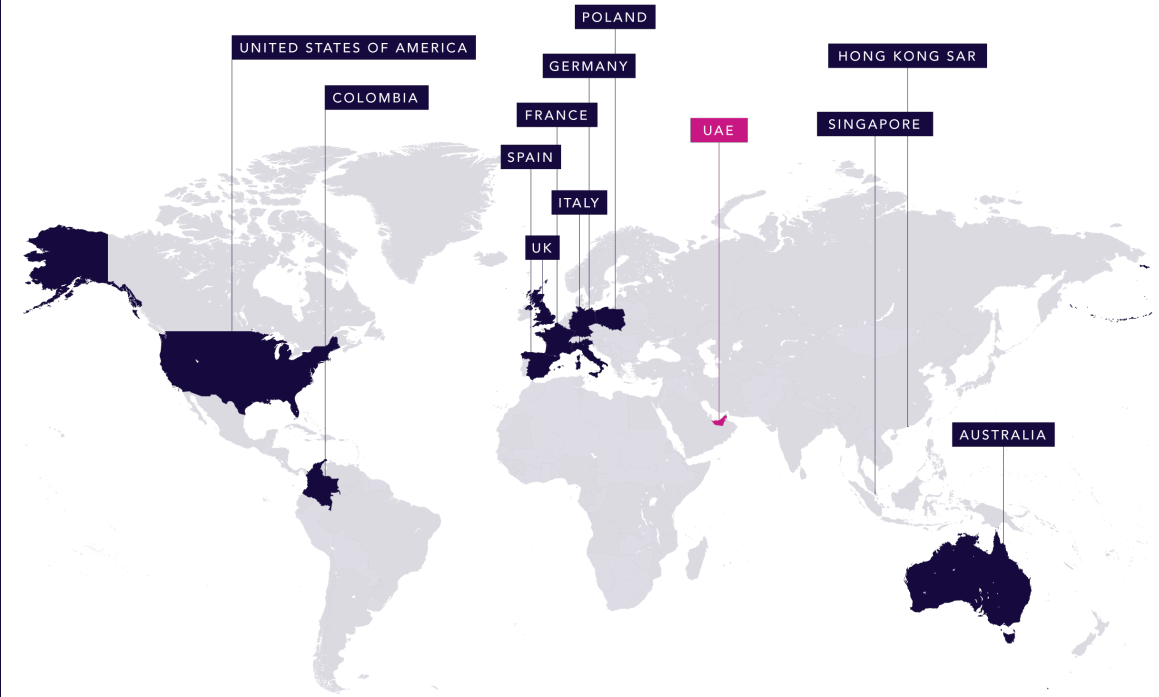
Sample of **n=1,002** from **United Arab Emirates**

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 the United Arab Emirates (UAE). 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 organisations' action on ESG in the United Arab Emirates remains 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 in the UAE remain highly engaged with ESG issues.**

- Three in four people in the UAE (74%) have heard of ESG and this is up slightly from last year (2% increase). We have also seen a significant increase in awareness of NetZero this year (61% up from 56% in 2022).
- Interest in ESG issues remains high, with 86% rating their interest at 7 or more out of 10, up 3% since last year.
- Citizens in the UAE place a higher importance of ESG issues in their day to day decision making compared to other countries. In particular, the types of foods they eat (77% vs. 62% globally), the types of products they buy (76% vs. 62%), and how they choose to travel (74% vs. 55%).

- **The community wants corporates to take action on ESG issues.** In 2023 91% agreed it was important for corporates to take action on ESG issues, and this was consistent with 2022.

- **ESG performance ratings of the national government remain strong.** Nearly nine in ten (86%) gave the national government a rating of 7 or more when it came to acting responsibly on ESG issues and this was consistent with last year. However, ratings of small companies have declined significantly this year, with slight declines also noted for large companies and not for profit organisations.

- **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 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 partly still occurring in the UAE.** The community wants companies to communicate their ESG efforts more clearly and we can see that people in the UAE are out there looking for this information, but trust remains a massive issue in ESG communications.

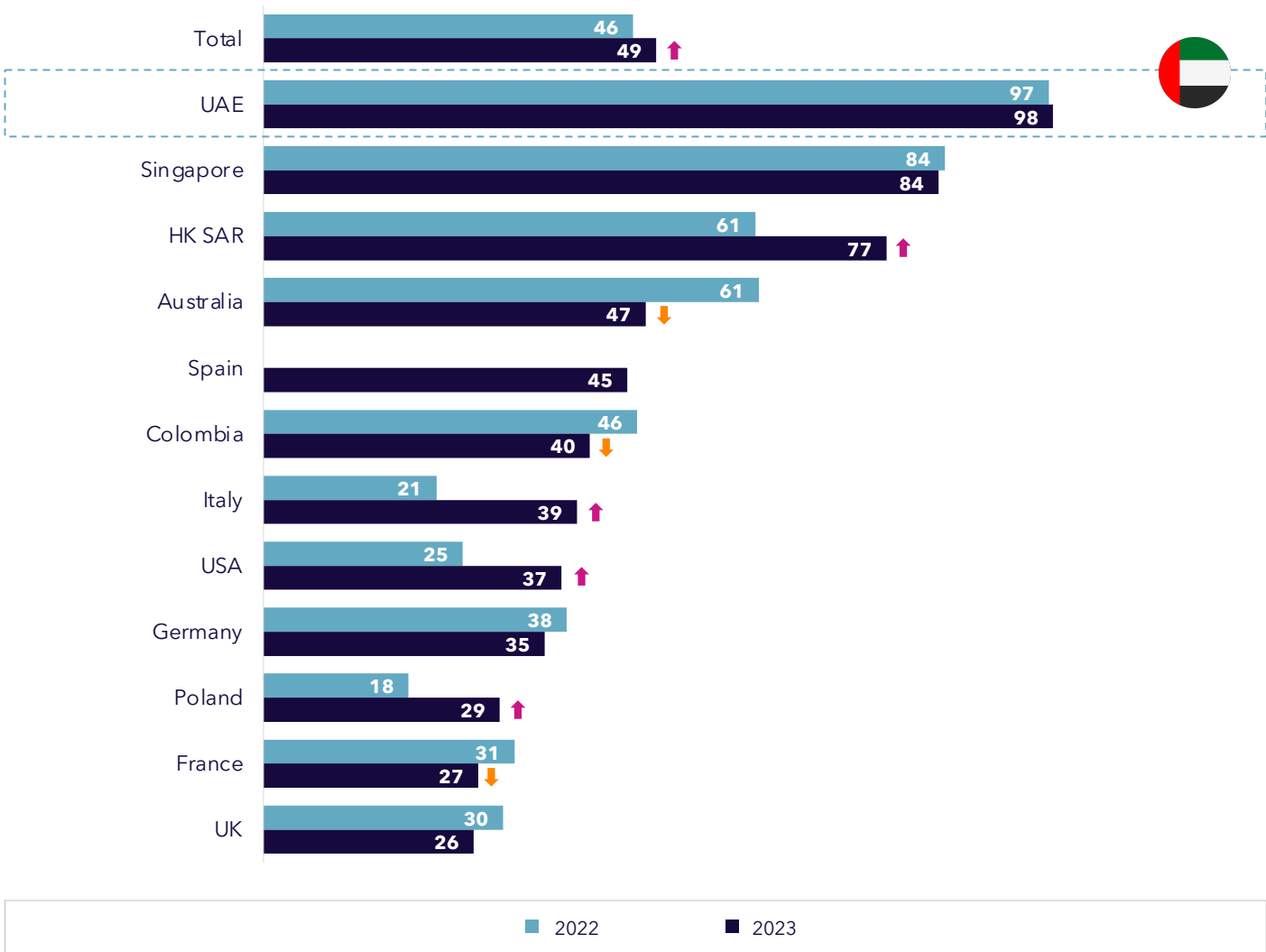
Part 4.

Key findings



Perceived direction country/territory is heading

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



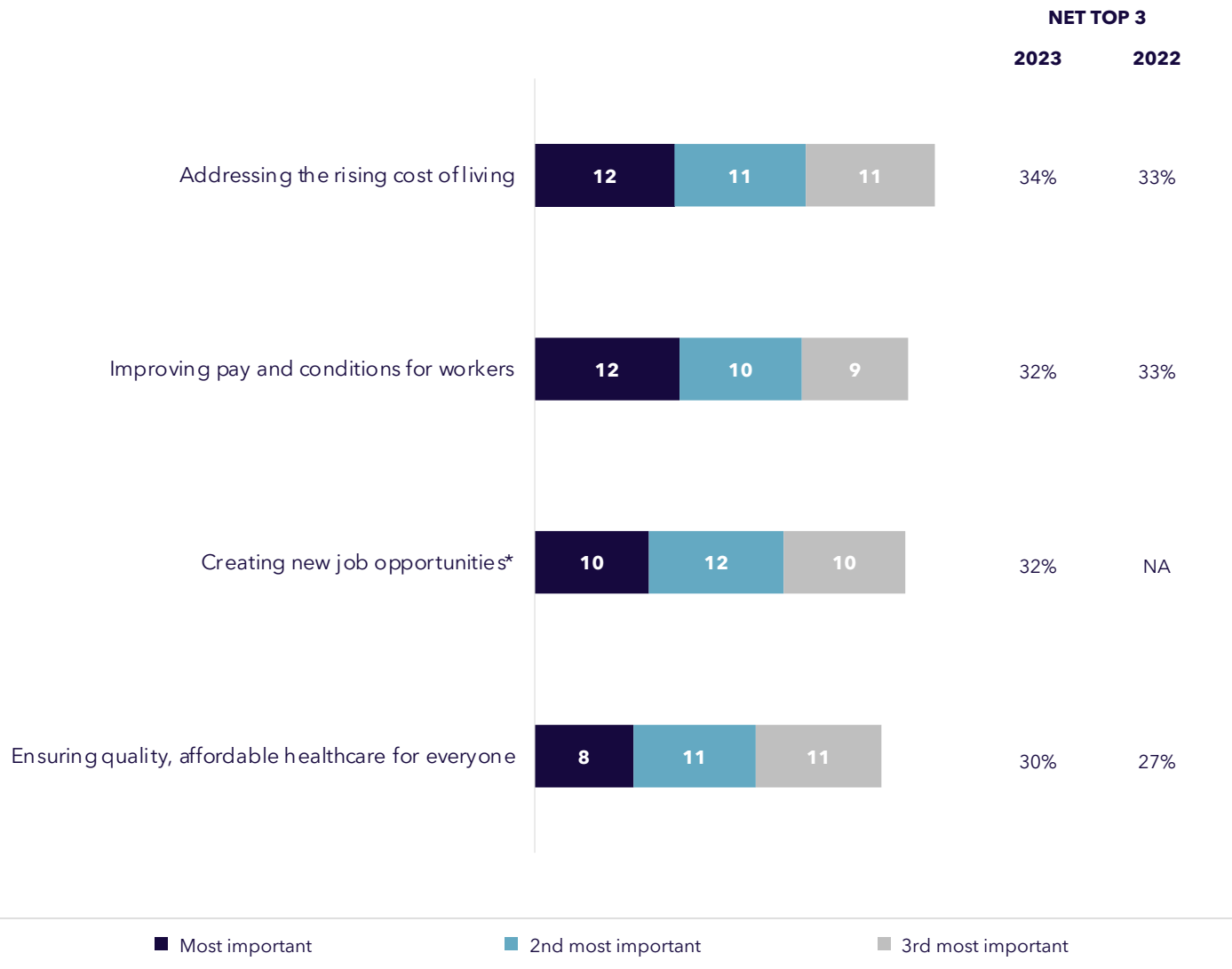
Key finding 1.

There remains a sense of optimism amongst the vast majority in the UAE that the country is heading on the right track.

	Right track (%)	Wrong direction (%)
	98	2

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 the UAE's future (%)

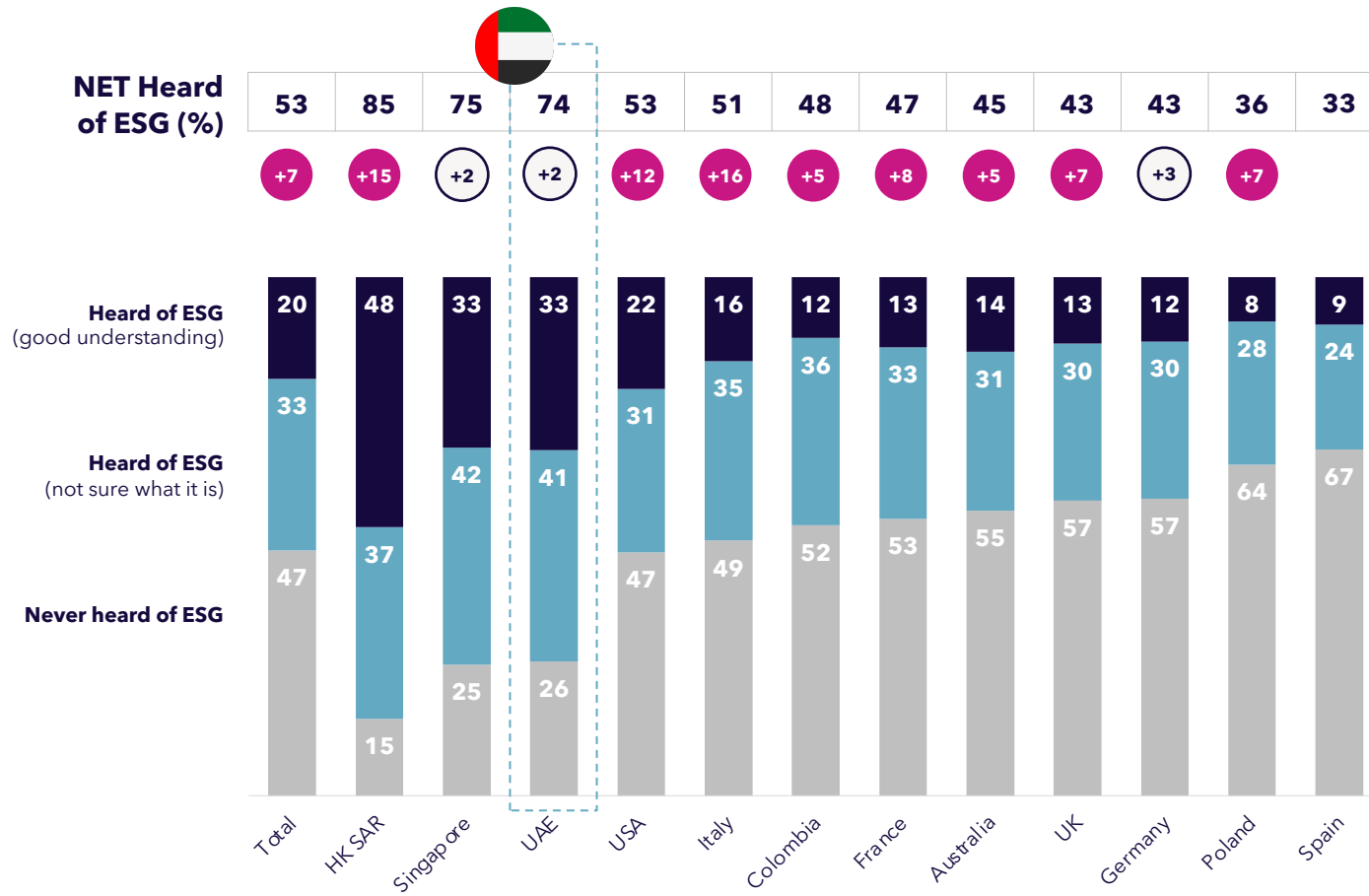


Key finding 2.

Community priorities in the UAE are addressing cost-of-living pressures, improving pay and work conditions, creating new job opportunities and ensuring quality, affordable healthcare. This year we are also seeing higher importance placed on climate change and reducing emissions.

Q20. From the following list (of 26 issues), please select the three things you personally feel are most important for the UAE'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 4 issues shown in chart*

Unprompted awareness of ESG (%)



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 3.

Overall recall of the term ESG has remained consistent, with 74% aware of it.

We have seen a significant increase in awareness of NetZero this year (61% up from 56% in 2022).

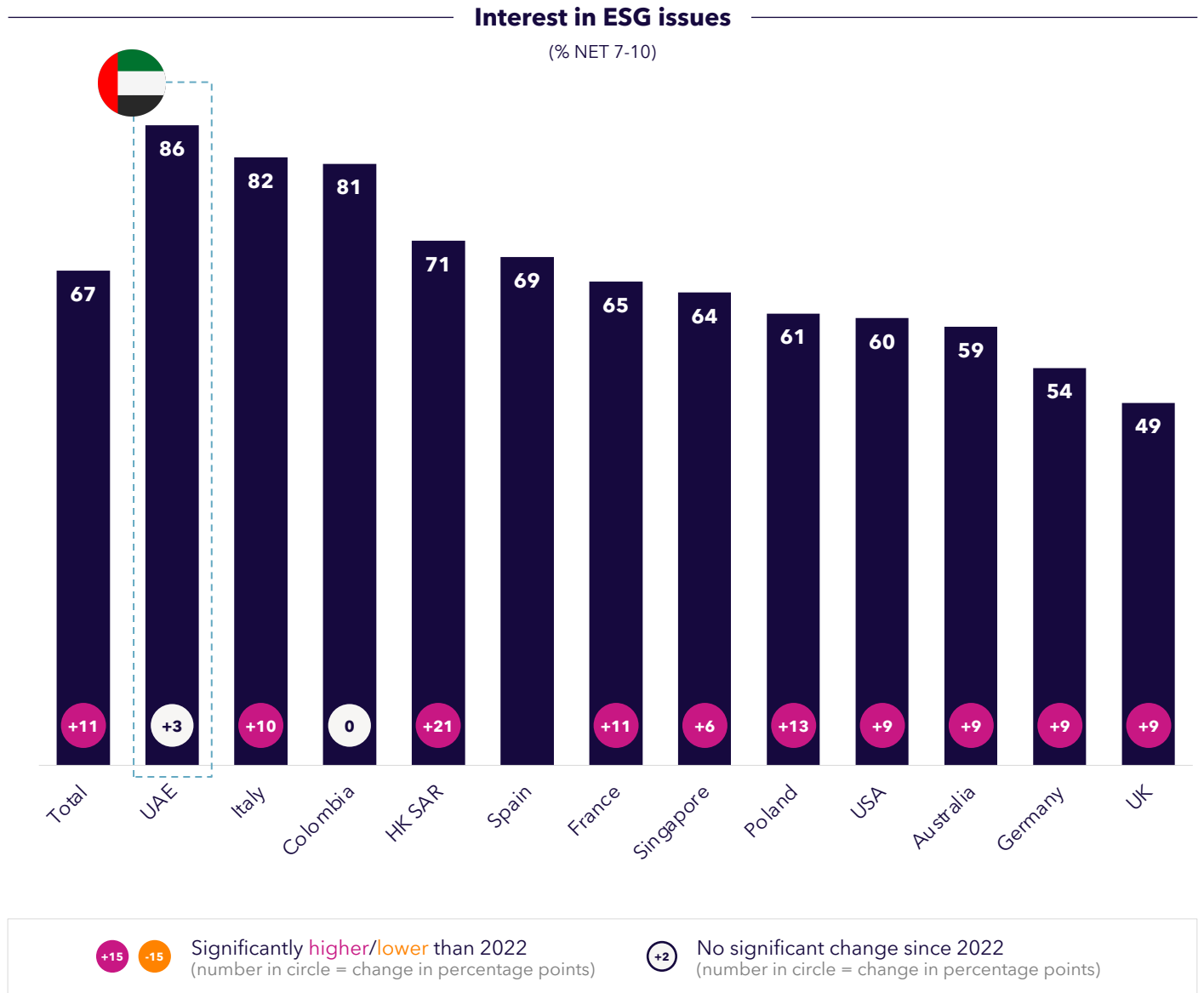
Awareness of Net Zero (total average 54%)

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)"?

Key finding 4.

And interest in ESG issues in the UAE has also remained high, on par with last year.



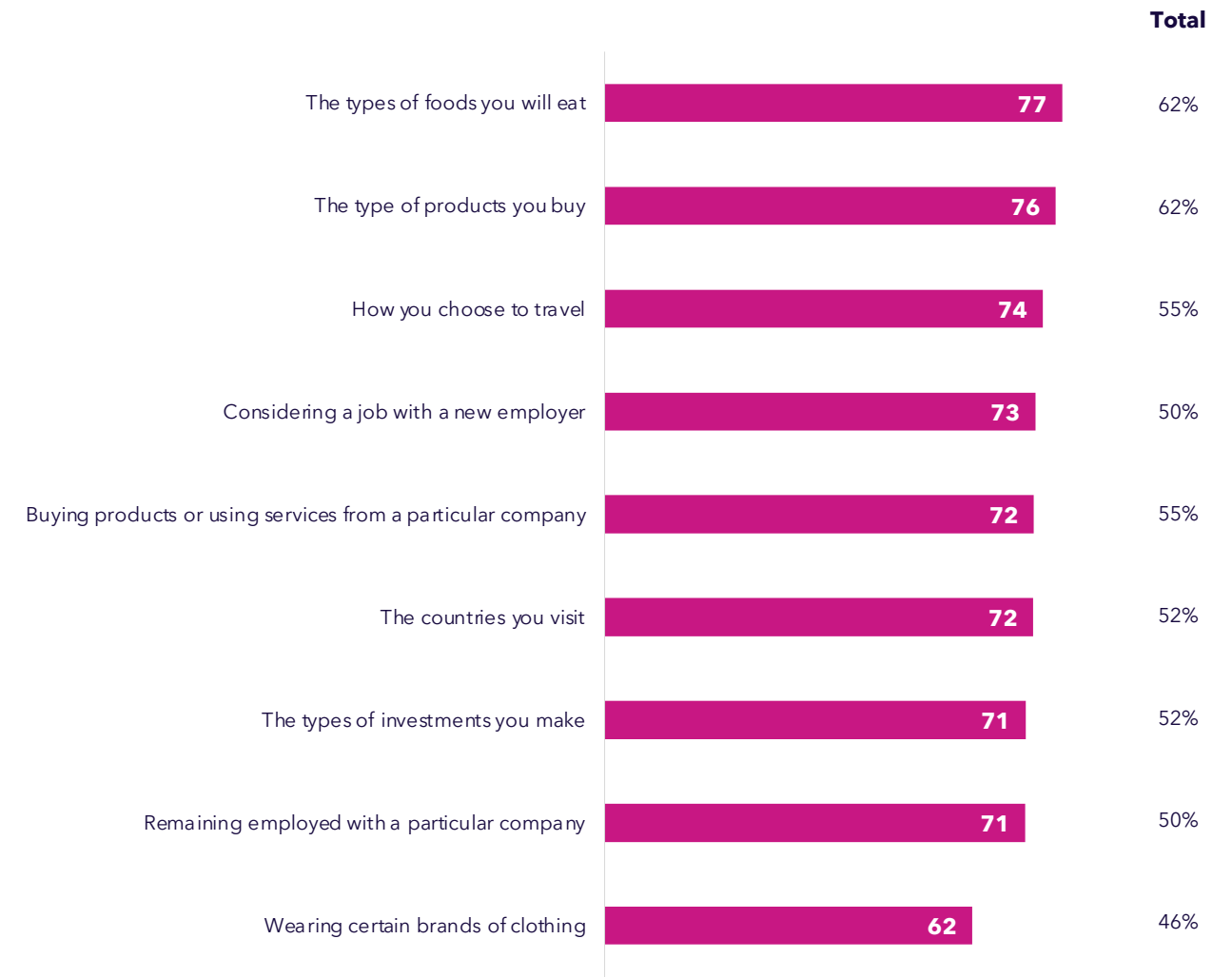
Q4. How interested are you in Environmental, Social and Governance (ESG) issues, if at all?
 * See [page 30](#) for a full definition

Key finding 5.

ESG issues are influencing decisions in a wide range of areas, particularly the types of foods and products they buy, and how they choose to travel. Citizens in the UAE place higher importance on ALL aspects compared to the global result.

Importance of ESG issues on decision making in the UAE

(% 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.

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

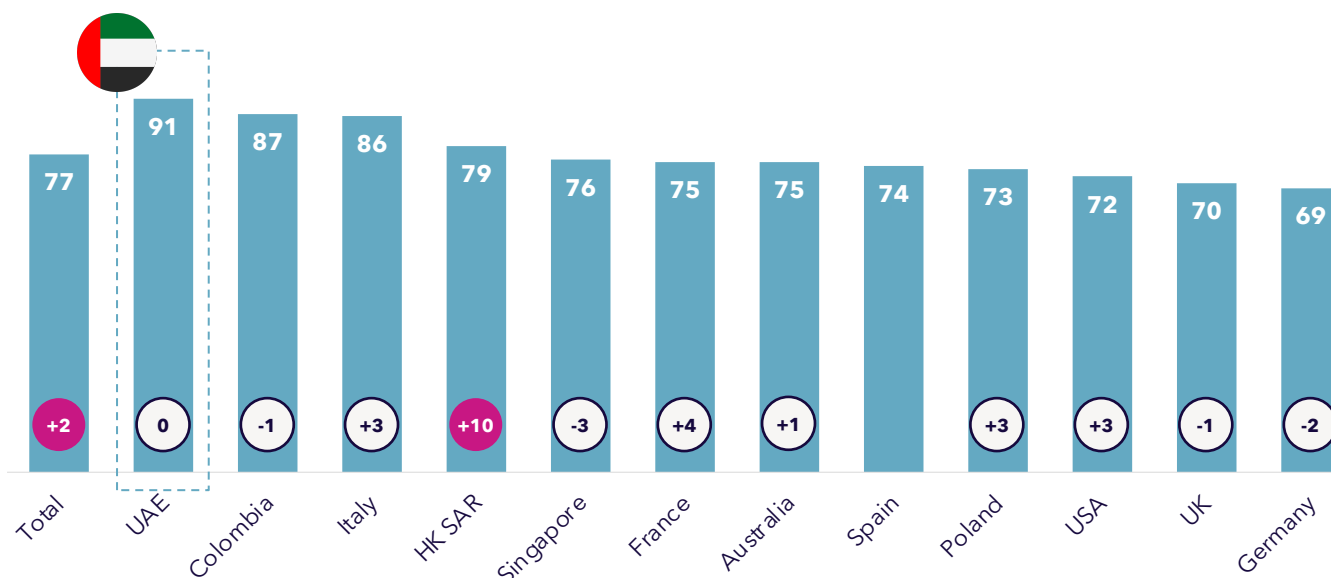
Importance of companies taking action on ESG issues

(% NET 7-10)



91%

in the UEA think it is important for companies to take action on ESG issues, similar to 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

Consumer expectations of companies when it comes to ESG

(% 'STRONGLY' OR 'SOMEWHAT' AGREE)

Key finding 7.

Most people think companies can be profitable while also performing well on ESG, however there is some willingness to pay for better ESG performance.

1.



77% agree -4

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

2.



64% agree -9

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

3.



64% agree -1

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



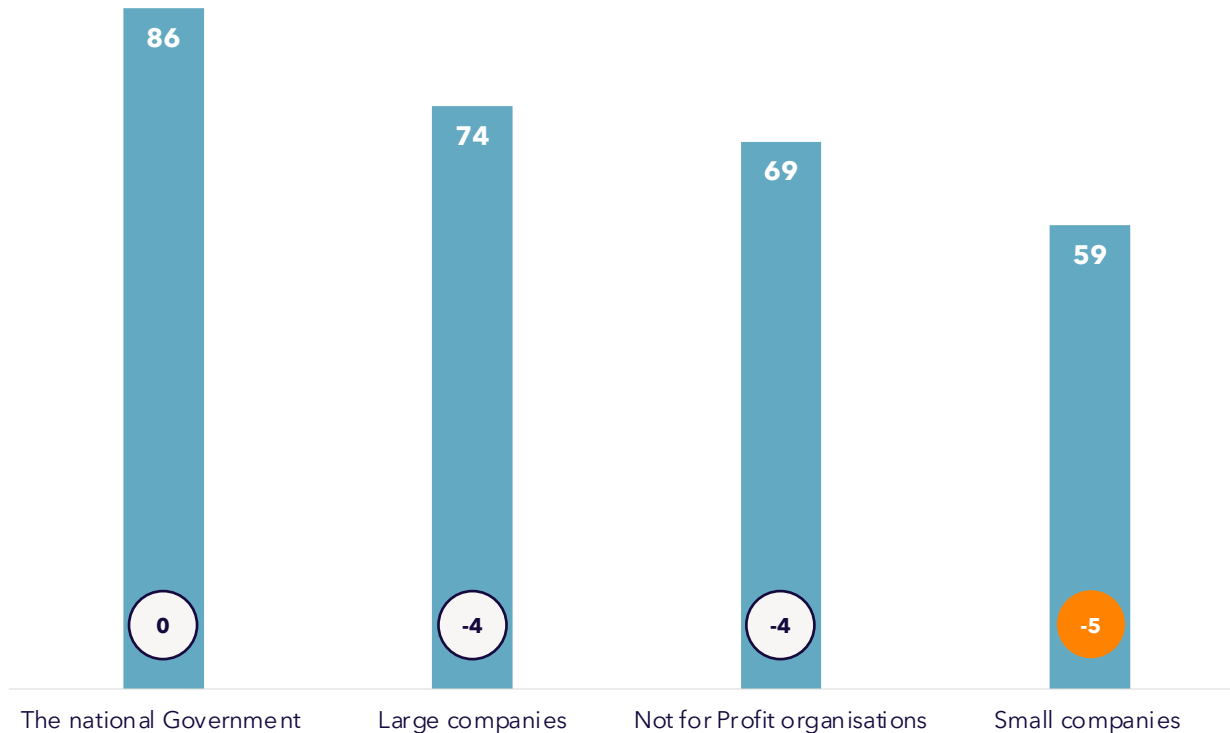
Significantly **higher/lower** than 2022 (number in circle = change in percentage points)



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

Performance of various groups in the UAE when it comes to ESG

(% 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)

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 8.

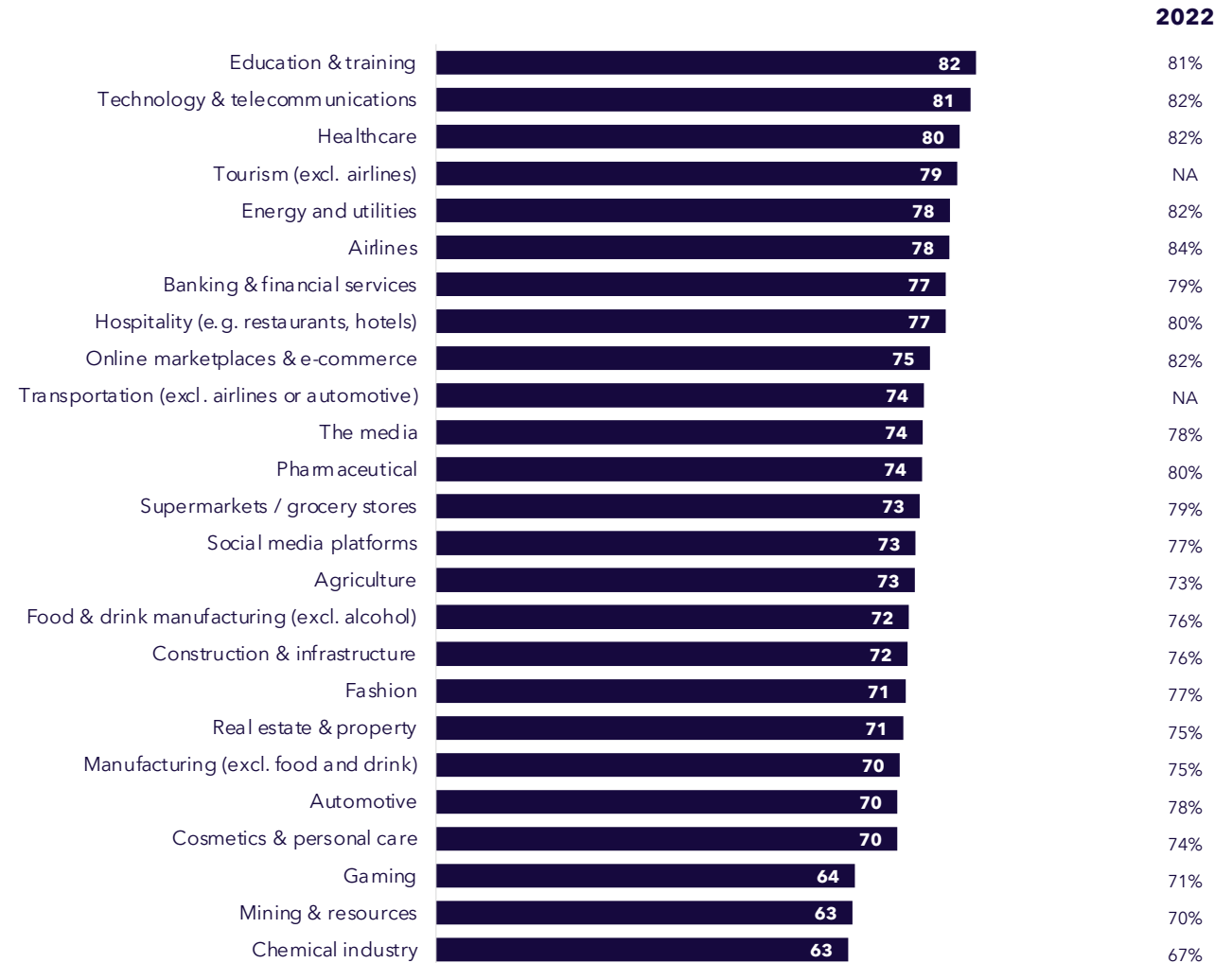
Overall ratings of the performance of small companies on ESG have declined significantly this year, with slight declines also noted for large companies and not for profit organisations. Government performance has remained strong.

Key finding 9.

ESG performance ratings across all industries have also remained the same this year, with education and training, technology and telecommunications, and healthcare receiving the highest ratings.

Ratings of industry ESG performance in the UAE

(% NET 7-10)



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

Ratings of all granular ESG actions have decreased slightly

Ratings on company performance on various ESG aspects in the UAE

(% NET 7-10)



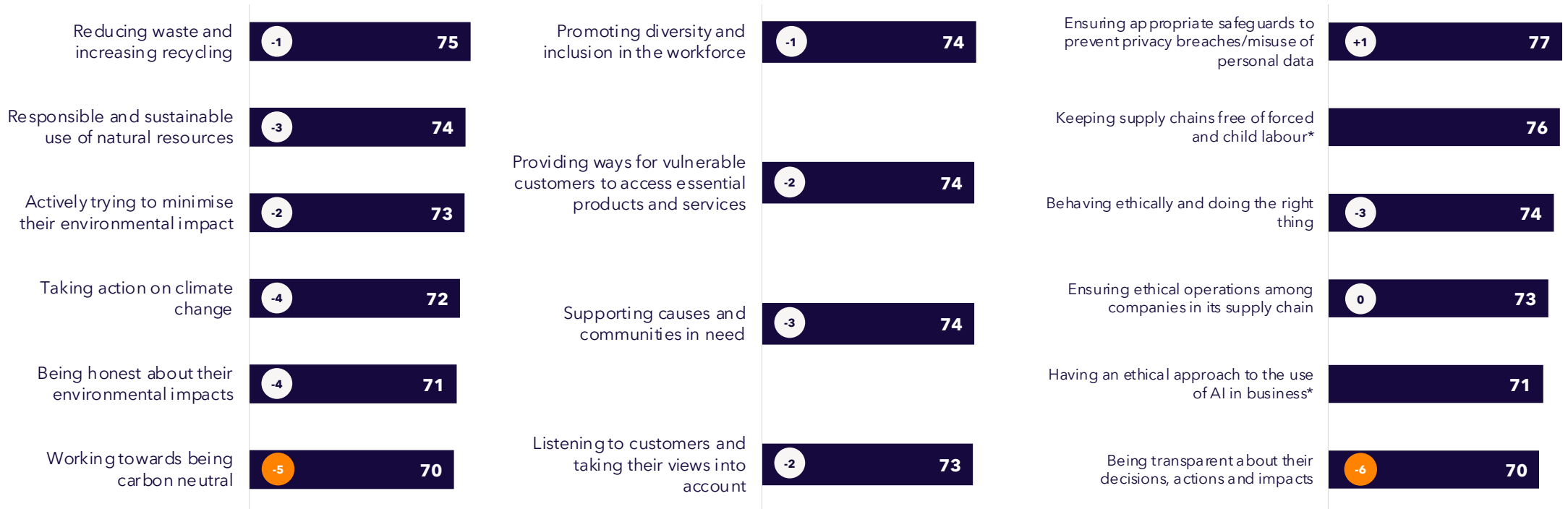
Environmental



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)

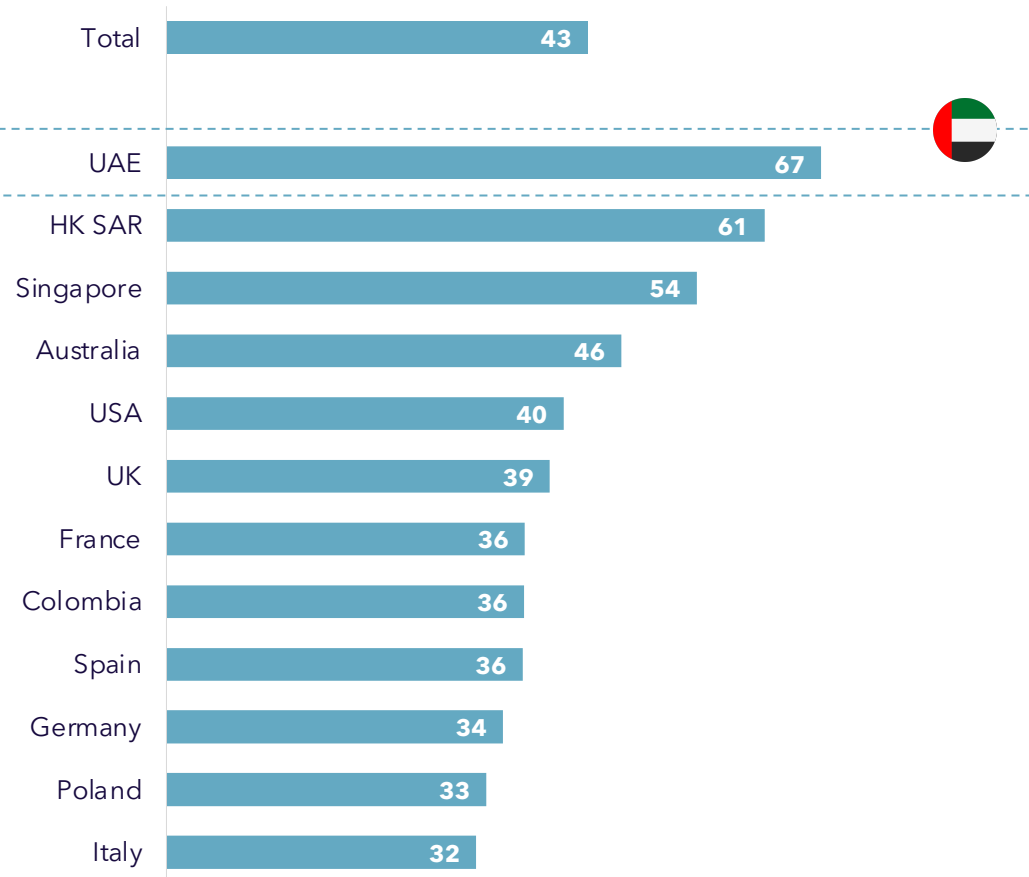
*Not asked in 2022

Q13. In general, how would you rate the performance of companies in the UAE 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'



Key finding 11.

In the UAE around two in three agree that corporates are behaving ethically.



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.

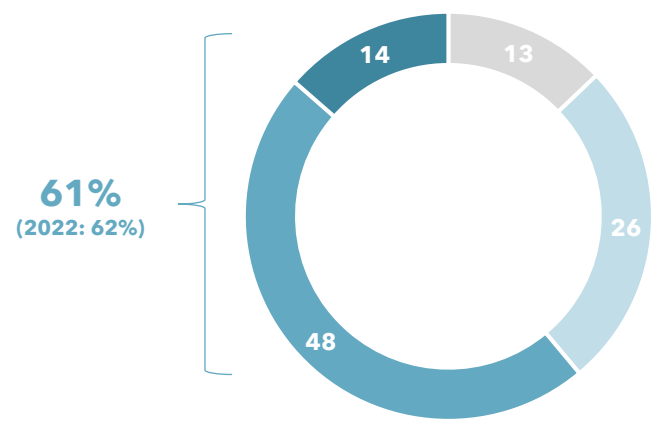
Part 1 of 'The Great Disconnect'
- Communications expectations and frequency of looking for ESG information



77% agree

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

And...



And 61% are looking for information on companies' ESG activities and performance.



Key finding 12.

In the UAE the community wants corporates to clearly communicate what they are doing, and many are looking for this information, BUT...

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 the UAE

(% 'STRONGLY' OR 'SOMEWHAT' AGREE)



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



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

Key finding 13.

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.

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

*Not asked in 2022

Key finding 14.

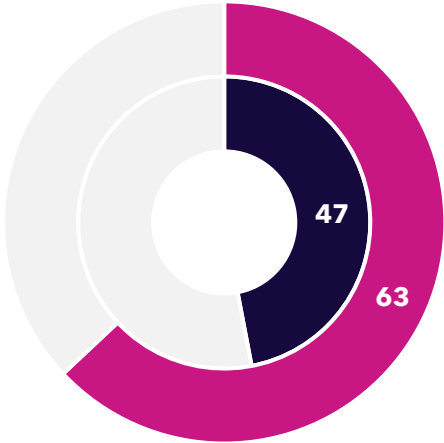
Around three in five in the UAE have heard of the term 'greenwashing' and once they see the definition a similar proportion think it's a real problem among companies in the UAE.

"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 (%)

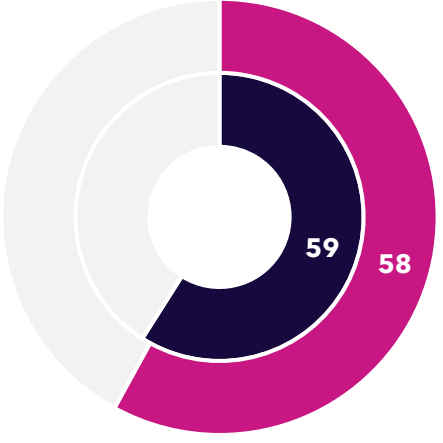
1.

Global Total



2.

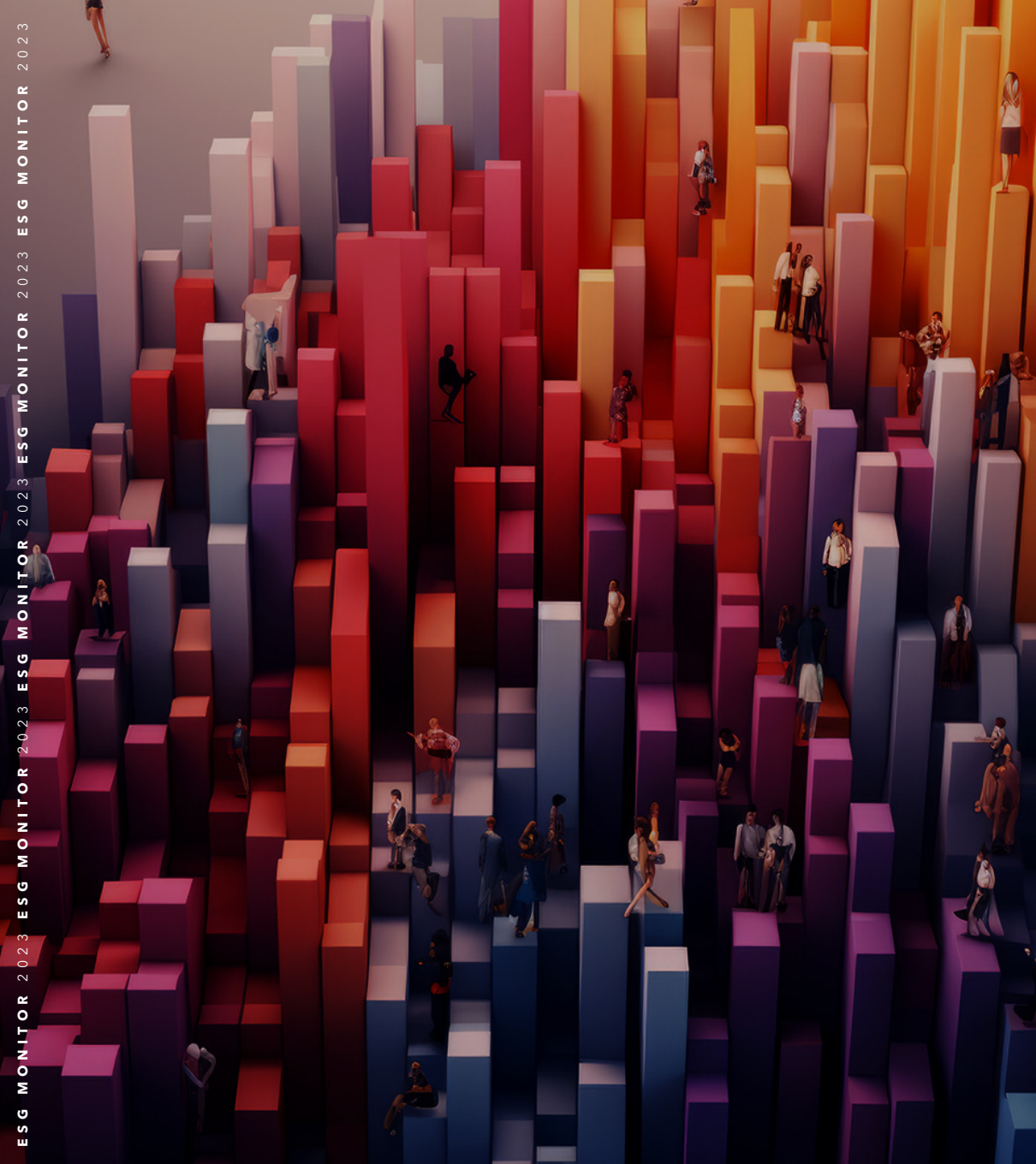
The UAE



■ 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.

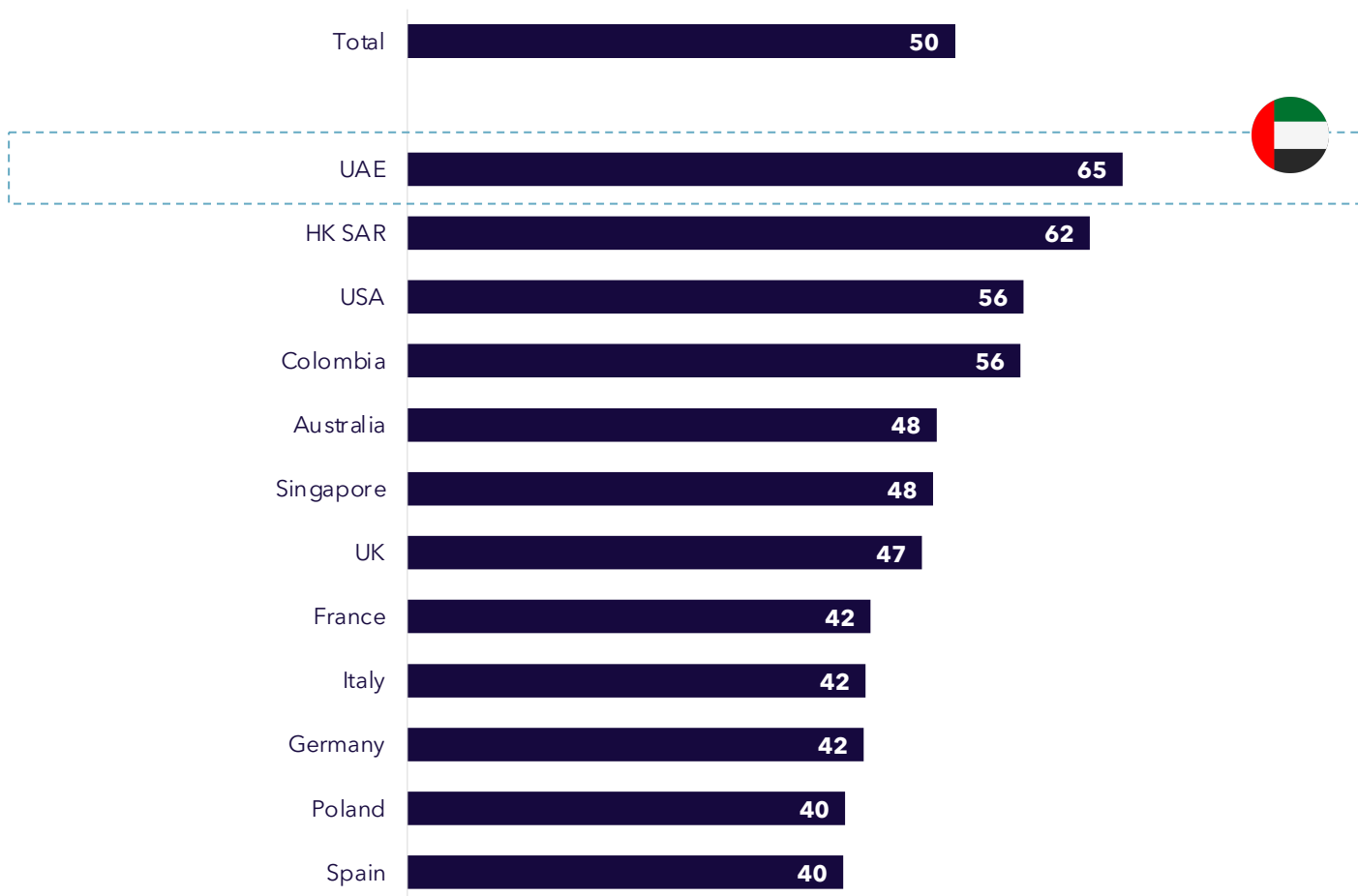
In this study we drilled down into employee sentiment. To understand how they think their employer is performing in this area and how important ESG issues are when seeking a new job.

Key finding 15.

Around two in three 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; UAE n=838

Importance of specific ESG factors when choosing a new employer

(% NET 7-10)



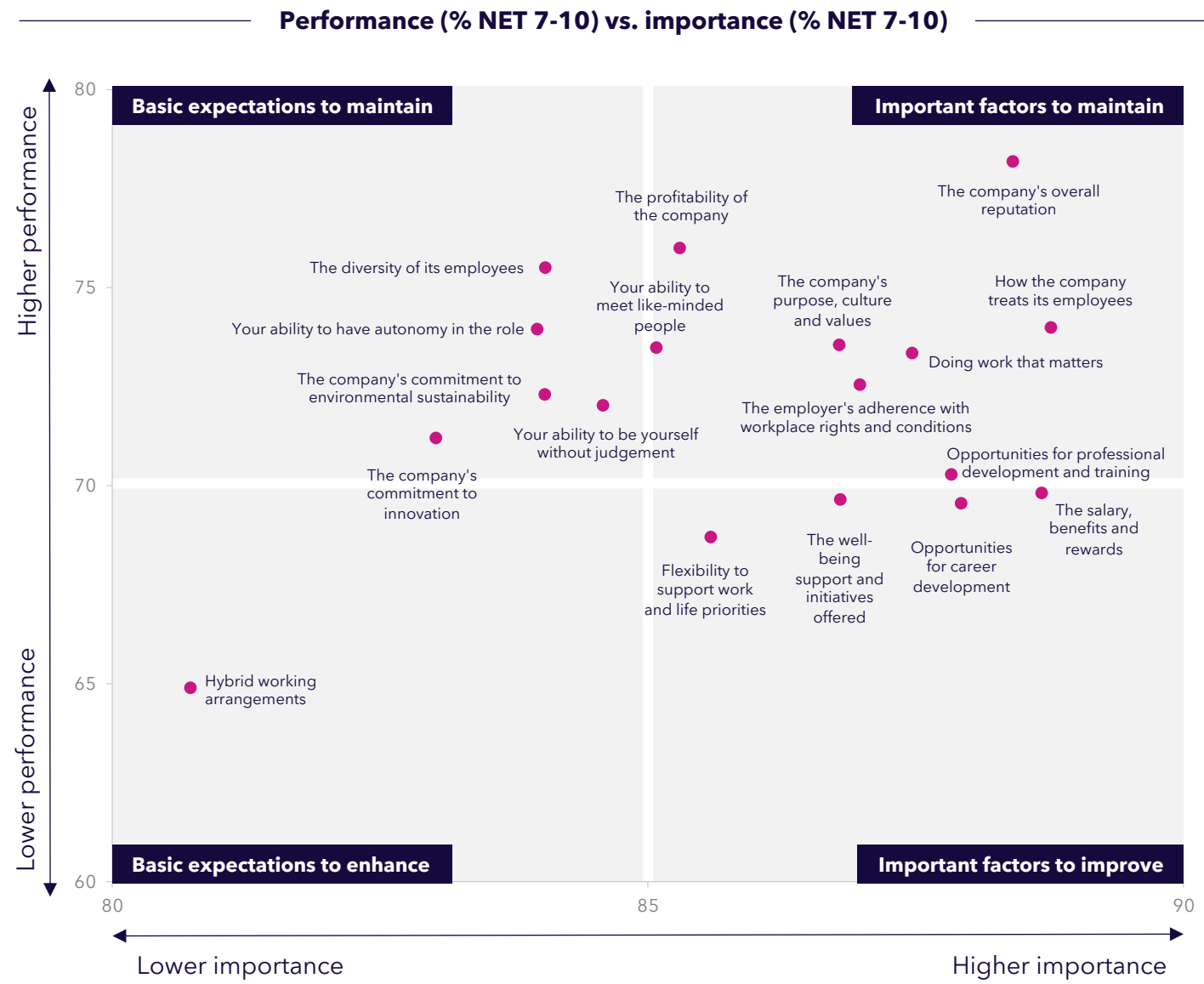
Key finding 16.

Employees have high expectations of organisations as employers, particularly in terms of how they treat staff, remuneration, reputation and opportunities for career progression.

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

Key finding 17.

There are some key gaps between what employees are looking for and how they'd rate their current employer, particularly relating to remuneration and arrangements, well-being initiatives, and career development opportunities.



Q31. If you were considering a potential new employer, how important would the following things be for you personally? Base: All participants, n=1,002
 Q32. How would you rate your current employer on those same aspects? Base: Those who are employed, n=838

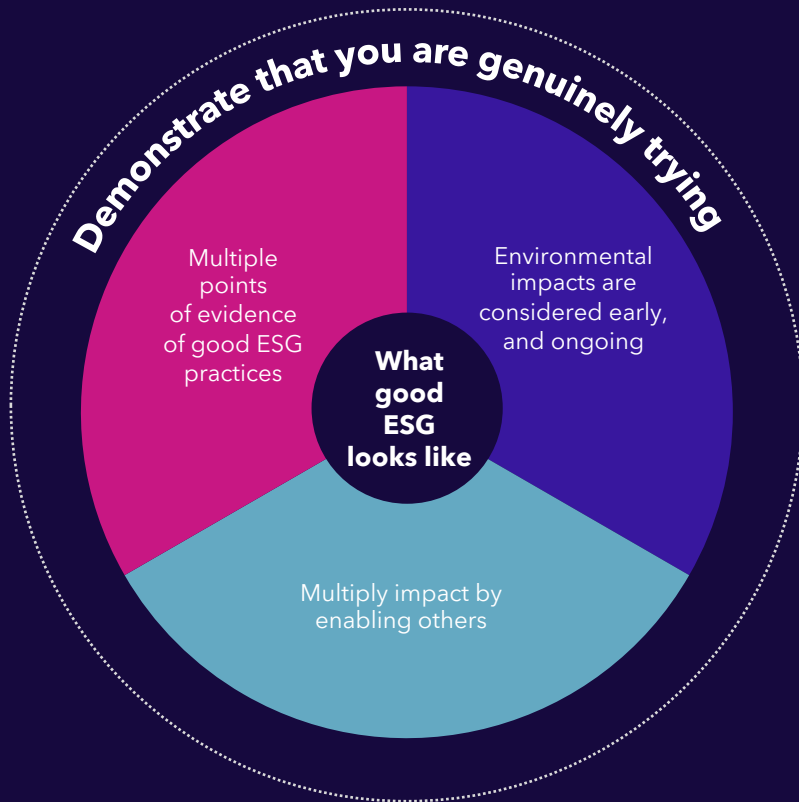
Part 5.

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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Thank you

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