

An aerial view of a large, curved architectural space with vibrant colors (purple, blue, pink, orange) and people walking. The space is divided into sections by curved walls and floors.

Global ESG Monitor:

*Understanding the landscape
around corporate social impact*

USA REPORT

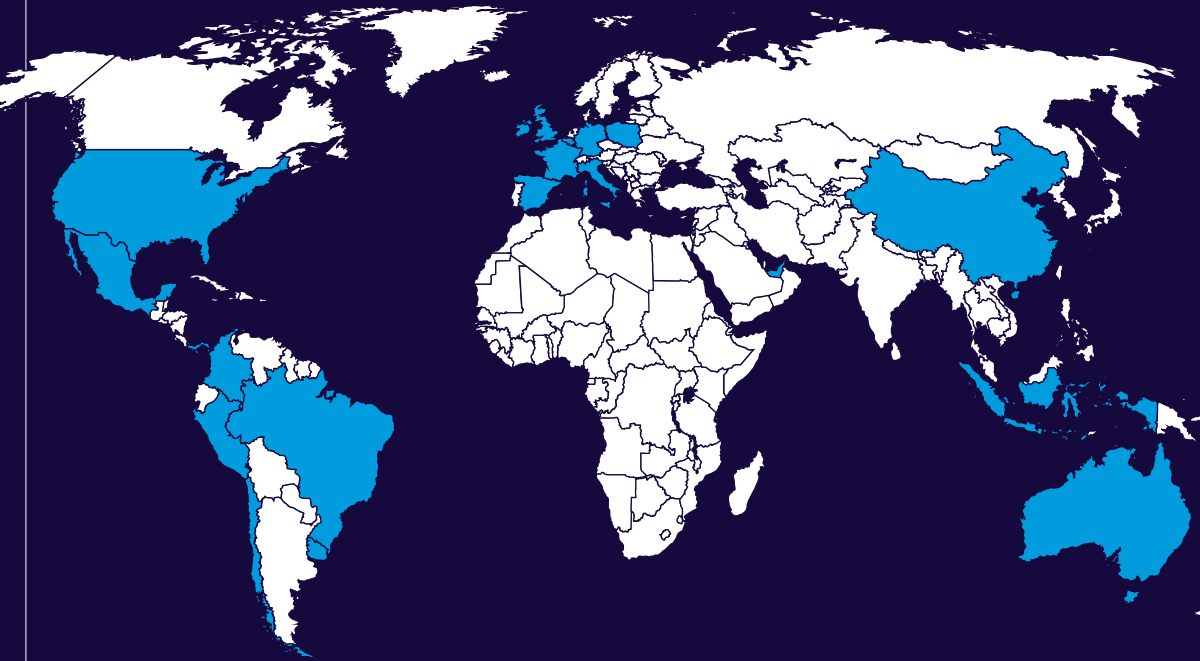
2023 RESEARCH FINDINGS

GSG
GLOBAL STRATEGY GROUP

SECNewgate
Insight. Communications. Advocacy.

Contents

1. Introduction
2. Background and Methodology
3. Summary of Key Insights
4. Key Findings
5. What's Next?



Introduction

As public awareness and scrutiny of environmental, social, and governance (ESG) issues grows, companies must be equipped with facts about how the public perceives these issues. This information empowers companies to make smarter decisions and navigate an increasingly dynamic environment.

The ESG Monitor offers an international perspective by objectively examining how the US compares to its global counterparts when it comes to ESG issues and perceptions.

We often see organizations making decisions on which ESG actions to take, which to communicate on, 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.

For more than a decade, Global Strategy Group has been producing an [annual report](#) on the state of business and politics in America. This research builds on that body of work, while incorporating the global insights from our partners at SEC Newgate, who operate 43 offices across five continents.

In this report, we aim to help clients understand: how community expectations on ESG are changing; what ESG actions they should be leveraging in their communications; the risks they need to mitigate; and how to weave ESG into a compelling and authentic narrative for your company.

Background & Methodology

Now in its third year, Global Strategy Group and SEC Newgate have conducted research to understand international perceptions around Environmental, Social and Governance (ESG) issues and actions by corporates in this space.

1,012

Sample of **n=1,012** from **USA**

12,080



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

This report presents the findings from the United States of America (USA). For access to the global study, click [HERE](#).

Participants were sourced from global panel provider PureProfile, with questionnaires translated and completed in-language in Colombia, France, Germany, Hong Kong SAR, Italy, Poland, and Spain. 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 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 for each country are 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), Millennials (born 1980 to 1994), GenX (born 1965 to 1979), Baby Boomers (born 1964 or earlier)

Summary of Key Insights



This year's *Global ESG Monitor* takes a deeper look at how the United States compares to other countries when it comes to...

- Overall economic, political, and social sentiment;
- Awareness of and interest in ESG;
- Performance ratings for industries and sectors; and
- Importance of tailoring ESG initiatives for customers and employees.

Our data shows that...

- 78% of Americans still have not heard of ESG or aren't sure what it is.
- Despite this low awareness, most Americans say they do consider ESG factors when making political and consumer choices.
- Those most impacted by ESG initiatives (e.g., women, people of color, and LGBTQ+ individuals) rank their employers "poor" when it comes to pay equity and promotion of diversity and inclusion.
- There is evidence of an emerging "Trust Gap" between what most Americans think companies *ought* to be doing on ESG and what they *see or believe* companies are actually doing.

These findings come against a backdrop of rampant political scrutiny of ESG and ongoing public concern around cost of living, affordable healthcare, and the state of national economies.

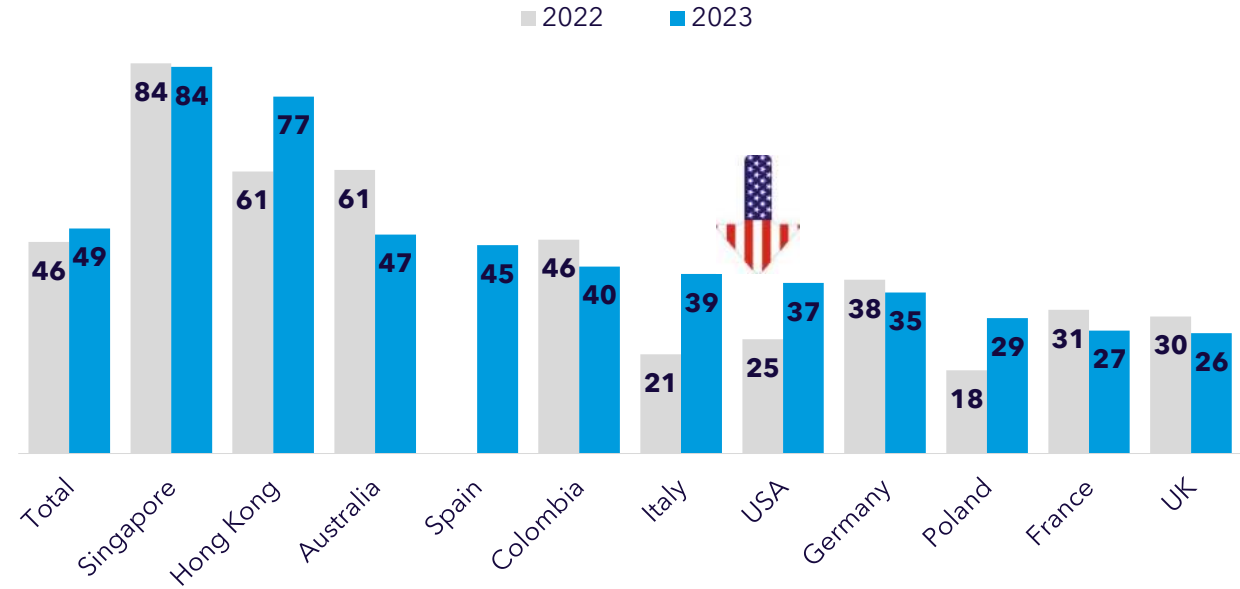
Key Findings

There remains a sense of pessimism and concern among many Americans that we're headed in the wrong direction.

This feeling is consistent globally - in nine out of the 11 countries surveyed the majority felt things were heading in the wrong direction. This is particularly true in America, even though that sentiment has improved since 2022 - an increase driven by men (42%), college-educated Americans (49%), and Democrats (57%).

Youth (Gen Z, 71%) and older generations (Boomers, 71%) are particularly pessimistic about the direction of America. Non-college educated (73%), Republicans (78%), Independents (73%), and Latinos (71%) are also driving this dissatisfaction.

Perceived direction country/territory is heading (% who say it's on the right track)



Right track (%)

37

Wrong direction (%)

63

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 (%)



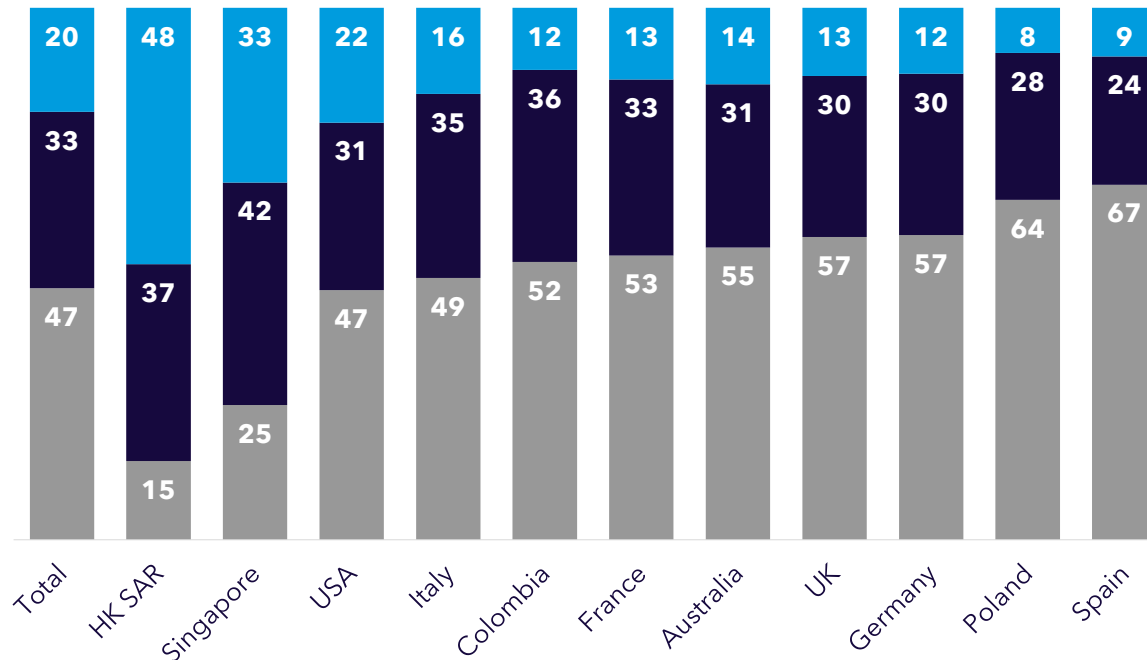
NET Unfamiliar with ESG (not sure what it is + never heard, %)

80	52	67	78	84	88	86	86	87	87	92	91
-5	-23	-3	-7	-5	-1	-2	-2	-1	+3	0	

■ Heard of ESG (good understanding)

■ Heard of ESG (not sure what it is)

■ Never heard of ESG



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

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

Most Americans are not familiar with ESG.

Only 22% of respondents say they have a good understanding of what ESG is. This is up from 15% in 2022. The groups who are more likely to have heard of ESG are men (65%), Millennials (68%), college-educated Americans (69%), and Republicans (61%). We see increased awareness of the term, particularly among ultra-conservatives.

Women, older generations, non-college educated, Independents, and people of color are the least likely to have heard of the term before (Women 58%, 65+ 63%, non-college 60%, Independents 56%, and people of color 56%).

This data comes out at a time when anti-ESG rhetoric is taking mainstage in the Republican presidential primary and well-funded anti-ESG campaigns are being launched against major corporations.

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

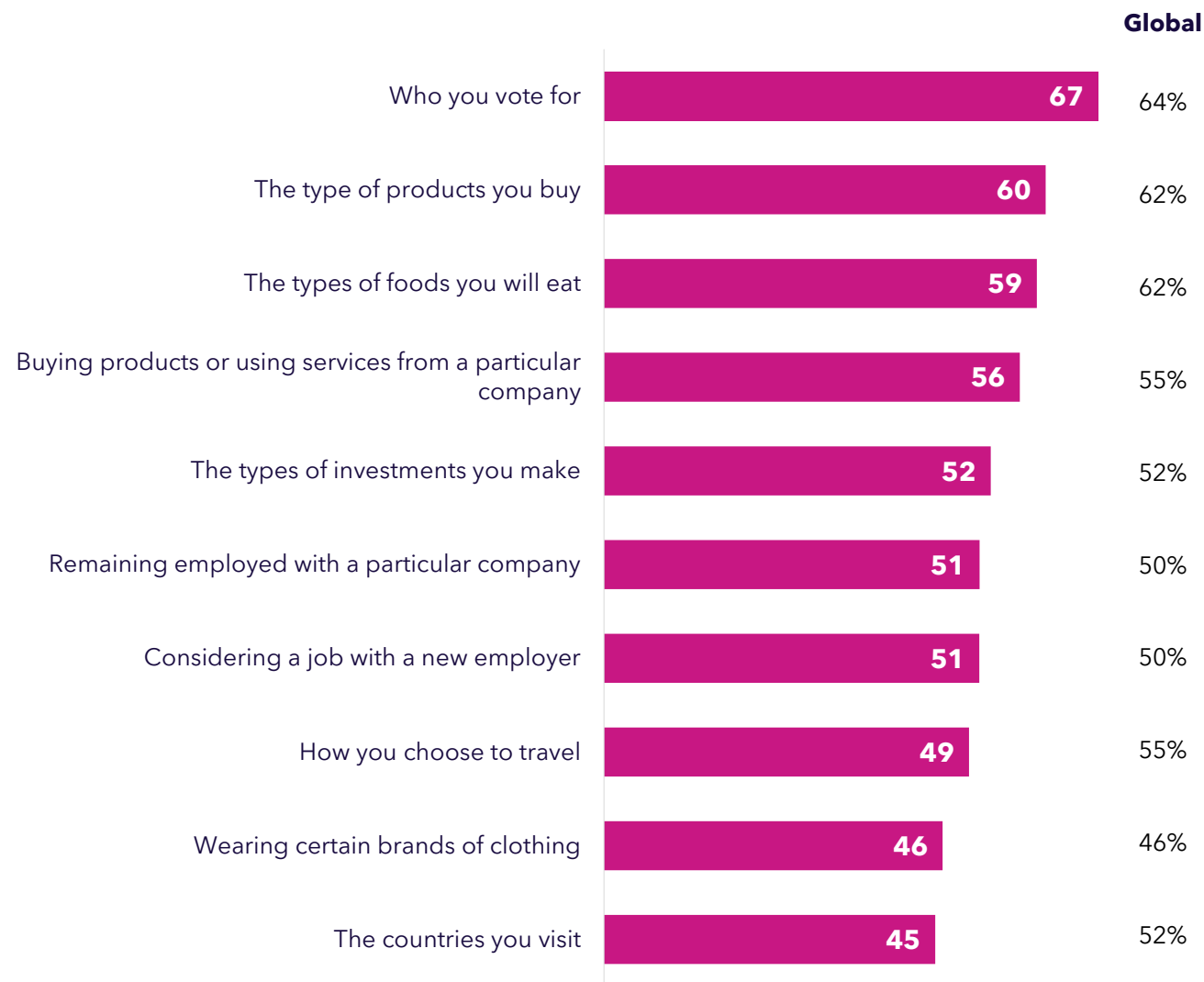
While awareness of ESG is low, Americans say it impacts their political choices more than their lifestyle.

The importance of ESG for Americans outstrips the global average when it comes to voting decisions, especially - but is roughly on-par or lower than the global average when it comes to impacting consumer decisions and personal choices.

There are some differences between generations, with Millennials factoring ESG into their decision-making the most overall. They are the most likely to consider ESG when making employment decisions (58% for both remaining employed and considering a new employer) or making investments (57%). Similarly, Gen Z and those who have higher levels of education (university/bachelor degree and above), were also more likely to consider ESG when making investments (55%; 59% respectively).

Meanwhile, Baby Boomers were most likely to say that ESG issues influence who they vote for (67% vs. 63% among younger people).

Importance of ESG issues on decision making in USA (% 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

**Consumer expectations of companies
when it comes to ESG in USA
(% 'strongly' or 'somewhat' agree)**



60% agree

Companies should speak up when it comes to issues that are important to their employees and customers

Including...



72%
**of Hispanic/Latino Americans
Gen Z
Democrats**

**Importance of companies taking action
on ESG issues (% NET 7-10)**



72% in USA think it is important for companies to take action on ESG issues

Companies should speak out on issues if they can show it's important to their employees and customers.

Since 2022, more Americans (3%) think it's important for companies to take action on ESG issues.

Only 7% think that companies should not speak out on issues important to their customers and employees.

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

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

When it comes to actual performance on ESG metrics, however, Americans evaluate most industries either the same or worse than last year.

The best-performing industries, consistent with years past, are agriculture, education, and grocery stores. The worst-performing industries are mining, chemical, alcohol, and airlines.

Women and non-college educated people tend to have more negative views across both the best-performing and worst-performing industries, consistent with their overall views on ESG broadly.

Ratings of industry ESG performance in USA
(% NET 7-10)

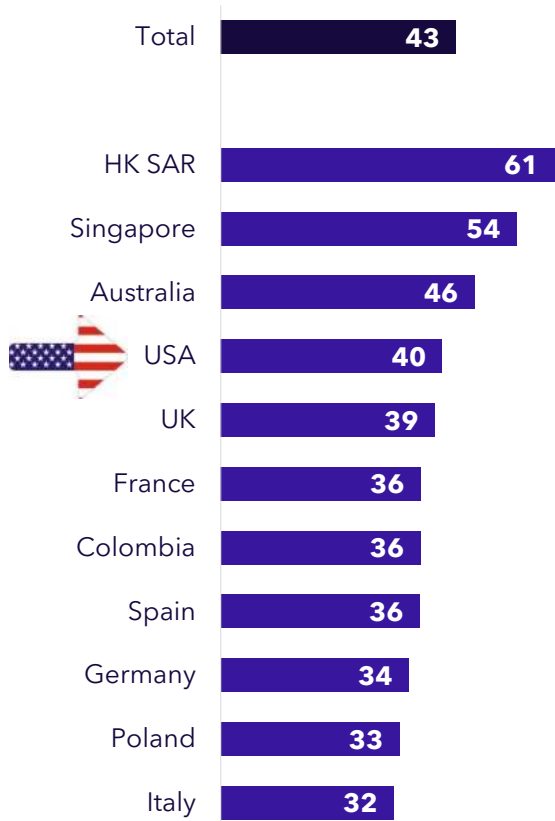


Q11. How would you rate the performance of the following industries operating in USA when it comes to acting responsibly on Environmental, Social and Governance (ESG) issues

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

Views on company behaviours in general - NET Agreement
(% 'strongly' or 'somewhat' agree)

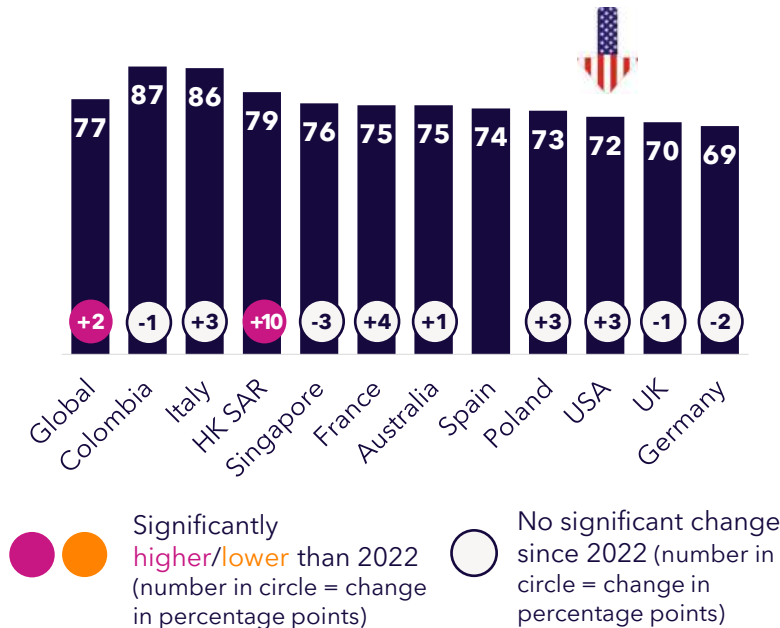
'Companies are generally behaving ethically and doing the right thing'



Importance of companies taking action on ESG issues
(% NET 7-10)



72% in USA think it is important for companies to take action on ESG issues



The Trust Gap:
There remains much room for improvement for corporations to demonstrate their ethics and positive influence.

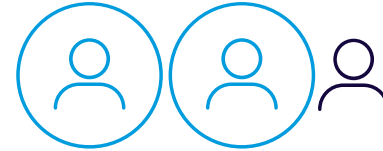
Even though Americans think it's important for companies to take action on ESG issues, only four in 10 believe that companies are currently behaving ethically and doing the right thing (40% agree), or that they are using their power and influence to create positive change (38% agree).

This demonstrates a significant "Trust Gap" between what Americans think that companies should be doing and perceptions of their actual behavior. The lower figures for the U.S. compared to international peers also suggest that American companies just aren't cutting it in the eyes of their customers.

The Disconnect: People want companies to take action on ESG and clearly communicate what they're doing - but they're not actively seeking out this information.

Only 5% of people say they often looking for information on companies' ESG activities and performance, with Millennials more likely to do so (11%).

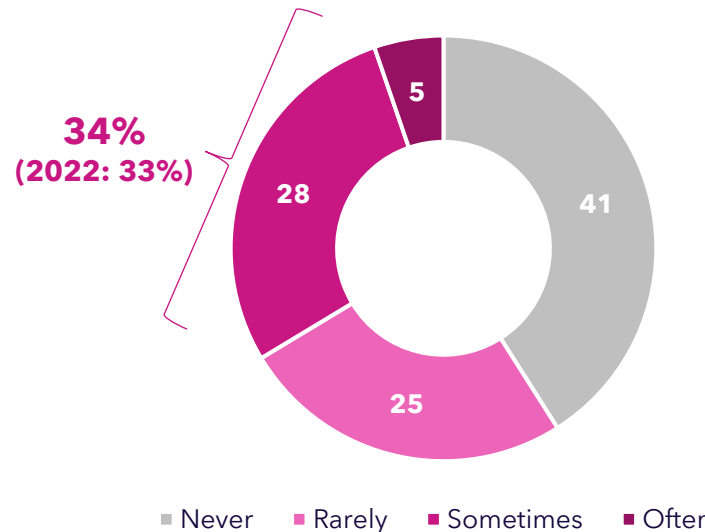
The same groups (women, older generations, non-college educated, Independents, Republicans, and people of color) who are not as familiar with ESG also spend less time searching for information about it.



67% agree
(2022: 70%)

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

But...



Just 34% are looking for information on companies' ESG activities and performance.

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 Trust Gap' - Attitudes towards company claims and reporting in USA (% 'somewhat' or 'strongly' agree)



*Not asked in 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)

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

Addressing the Trust Gap: There remains a strong interest in a consistent and regulated reporting approach.

We can see just how much of a problem "The Trust Gap" is with the low levels of trust reported across several measures, including:

- General ESG claims
- Specific environmental impacts
- Credibility of the information provided

It is not surprising then to find that Americans are supportive of governments intervening in what companies can claim about their environmental actions. However, they are less supportive of the idea of government regulation than the international average - driven in large part by Republicans (46%) and Independents (54%).

American employees expect and want more from their own employers.

When considering a new employer there are several factors that are important, particularly how a company treats its staff, remuneration, and worker rights and conditions.

Democrats place heightened importance on salary and benefits, how a company treats its employees, and other issues like sustainability and diversity. Whereas Republicans put less emphasis on these items when choosing a new employer.

For LGBTQ+ employees, feeling like they can be themselves without judgment is of the utmost importance when looking at a potential new employer (93% very important) and even slightly outweighs salary and benefits (89% very important).

Importance of specific ESG factors when choosing a new employer in USA (% rating 7+/10 importance)



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

Employer perceptions of US companies (% NET 0-4 "poor")

Women



21% rate

Their current employer "poor" on salary, benefits, and rewards

Young workers (18-29)



1 in 3 rate

Their current employer "poor" on:

- Opportunities for **professional development** and training
- **Support** for **wellbeing**
- **Hybrid working** arrangements

Women



1 in 4 rate

People of Color



1 in 4 rate

LGBTQ+



28% rate

US companies as "poor" at promoting diversity and inclusion in the workforce

Women, people of color, LGBTQ+ individuals, and young people rate company performance low.

One in five women believe their employer is doing a poor job on salary and benefits, compared to only 12% of men. Younger workers are more dissatisfied across the board - a third of workers ages 18-29 believe their employer is doing a poor job on opportunities for professional and career development, salary and benefits, hybrid working arrangements, and support for wellbeing.

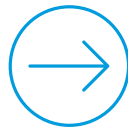
Nearly half of Americans (46%) think companies are doing well at promoting diversity in the workforce, however, groups most likely to be affected by diversity initiatives in the workplace don't feel the same way. A quarter of women and people of color (24%) and nearly a third of LGBTQ+ Americans say companies are doing a poor job at promoting diversity and inclusion (28%).

Q13. In general, how would you rate the performance of companies in the USA on the following things? Base: All participants, n=1,012

Q32. How would you rate your current employer on those same issues? Base: Those who are employed, n=583

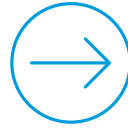
What Next?

Navigating the New Landscape



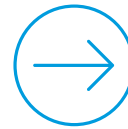
“ESG” is still largely undefined, so use specific and clear language when describing the issues you engage in.

Talk about issues that are important to your customers and employees.



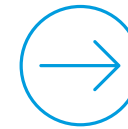
Action coupled with accountability results in successful ESG.

Americans have a strong desire for transparency and clearer reporting on key ESG metrics. Having strong ESG performance means backing up efforts with results.



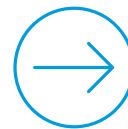
Communication is key to overcoming the “Trust Gap.”

Because very few are looking for ESG details on their own, companies must proactively communicate that information directly to key audiences - not just customers.



Address the disparities in your initiatives and impact.

Historically disenfranchised groups of Americans have more negative perceptions of how companies are performing on ESG, but also value that performance much more than more privileged counterparts. Target your communication to reach those audiences, consider launching new initiatives that align with your employees and customers, and diversify your leadership to ensure it's reflective of your audiences.



Prioritize employees - both in word and deed.

Employee perception is one of the most critical components of corporate ESG. Consider using your employees as ambassadors to tell your ESG story. Ensure your employees are bought into your ESG initiatives by asking them for their ideas and soliciting feedback.

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.



Thank you

WANT TO KNOW MORE?

www.secnewgate.com/esg-monitor