

# Business and Politics 2024

GSG / SEC Newgate US ESG Monitor

# Contents

1. Introduction
2. Background and Methodology
3. Summary of Key Insights
4. Survey Findings
5. Recommendations



# Introduction

With increasing public scrutiny, political headwinds, and legal attacks on environmental, social, and governance (ESG) initiatives in the United States, it's imperative companies and organizations have the data and insights to navigate this rapidly evolving landscape.

For nearly a decade, Global Strategy Group has produced an annual report on the state of business and politics in America. This research builds upon that work and incorporates global insights from our partners at SEC Newgate, who operate 43 offices around five continents.

In this year's Business and Politics Report, we examine how the United States compares to other countries when it comes to public sentiment research on ESG, an analysis of what the public and stakeholders expect of the companies they engage with, risks in the current political environment, and recommendations about how to communicate effectively about ESG.





# Summary of key insights

## Our data finds that...

- 1 Most Americans remain unfamiliar with the term ESG. However, when it's explained ESG is popular.
- 2 Even as extremist Republicans work to generate political backlash to ESG, its underlying initiatives remain important to Americans.
- 3 Many Americans wouldn't hesitate to divest from companies found to be acting unethically.
- 4 Most Americans want stakeholders like employees and customers (not just shareholders) to drive business decisions.
- 5 Pursuing ESG remains a smart strategy for companies in America, especially relating to issues that employees and customers care about.

These findings come amidst a backdrop of political backlash to ESG, especially in the lead-up to the 2024 presidential election in the U.S.

# Background & methodology

**For the fourth year running, SEC Newgate has conducted an international survey to better understand perceptions around ESG issues.**

We conducted a 15-minute online survey of **14,352 people across 14 countries and territories.**

Participants were sourced from global panel provider PureProfile, with the survey translated and completed in-language where appropriate. Fieldwork was conducted between July 4 -19, 2024.

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.

Country / Territory n=	2024	2023	2022	2021
Australia	1,034	1,015	1,003	1,000
<b>(NEW IN 2024) Brazil</b>	1,019	NA	NA	NA
Colombia	1,028	1,001	1,018	1,039
France	1,043	1,005	1,000	1,010
Germany	1,009	1,005	1,003	1,014
<b>(NEW IN 2024) Greece</b>	1,056	NA	NA	NA
Hong Kong SAR (HK SAR)	1,027	1,002	1,004	NA
Italy	1,013	1,002	1,005	1,006
Poland	1,007	1,009	1,000	NA
Singapore	1,022	1,010	1,008	1,027
Spain	1,028	1,008	NA	NA
United Arab Emirates (UAE)	1,017	1,002	1,009	NA
United Kingdom (UK)	1,036	1,009	1,006	1,017
United States of America (USA)	1,013	1,012	1,001	1,031

## 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.



# 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 practices that organizations 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.

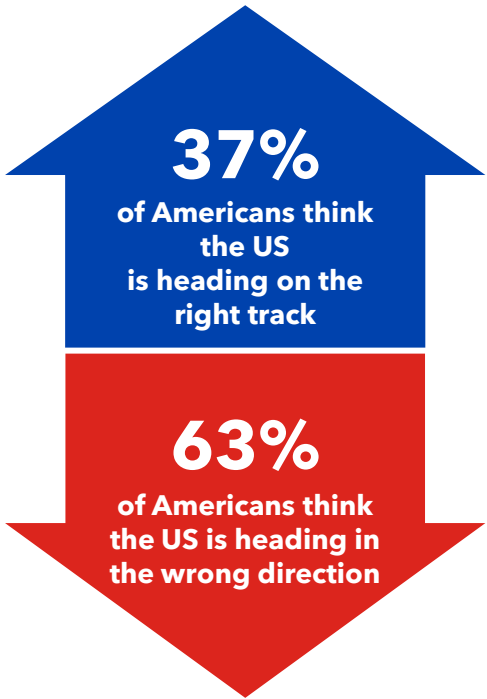
## Governance

Ethical standards, transparent reporting, responsible policies and procedures, board diversity, data protection and privacy, risk management, etc.

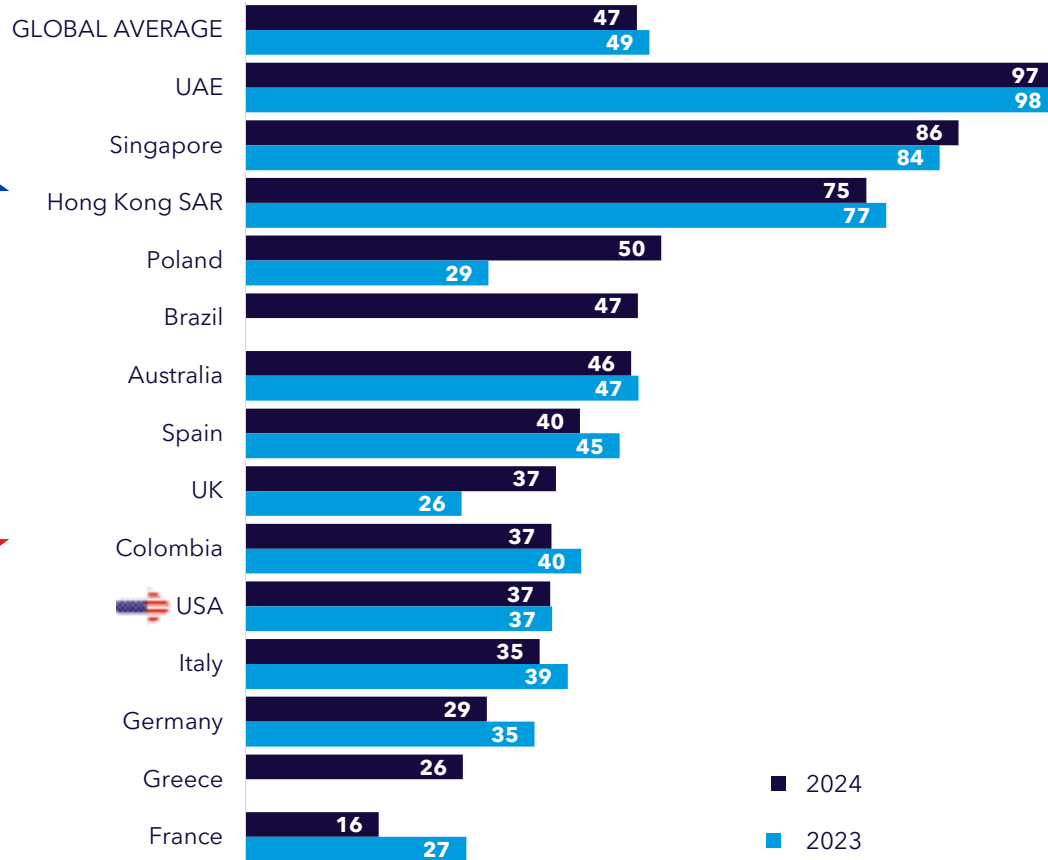
# Survey Findings



Perceived direction country/territory is heading in



Those who feel their country is on the right track...



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

# Americans' pessimism about the direction of the country is higher than the global average.

In America, 63% reported thinking that the country is on the wrong track, indicating a pervasive negative sentiment, likely driven by economic concerns – particularly the cost of living.

Levels of optimism are similar to 2023 in about half of the countries surveyed, while there are significant increases in the UK and Poland, and a stark decline in France.

\* Note all chart measurements are in percentages.



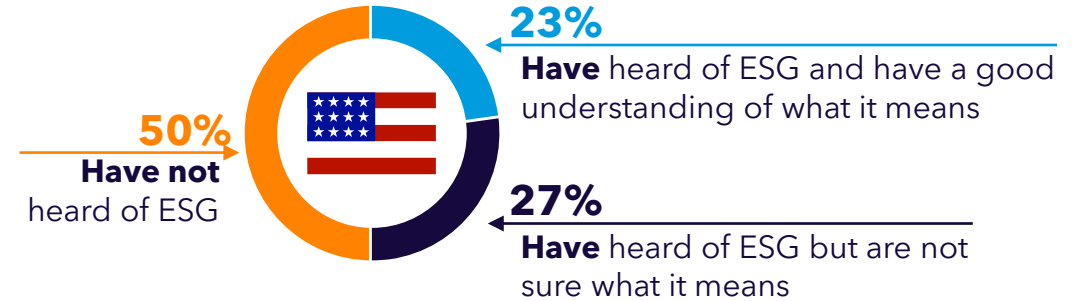
# Half of Americans don't know what ESG is, and among older populations the figure climbs to more than 60%, exposing a generational gap in the understanding of this term.

Global salience of the term "ESG" remains very low. Only a little over half of respondents have heard of it - but most are unsure of what it is. Only one in five people out of all the countries surveyed felt they had a good understanding of ESG.

Consistent with last year's findings and other publicly available research, half of all Americans report either having heard of ESG and having a good understanding of ESG or having heard of ESG but not knowing what it means. In contrast, the other half of all Americans report not having heard of ESG.

The vast majority of Americans (62%) who reported being unfamiliar with ESG were over the age of 50, indicating a significant generational split.

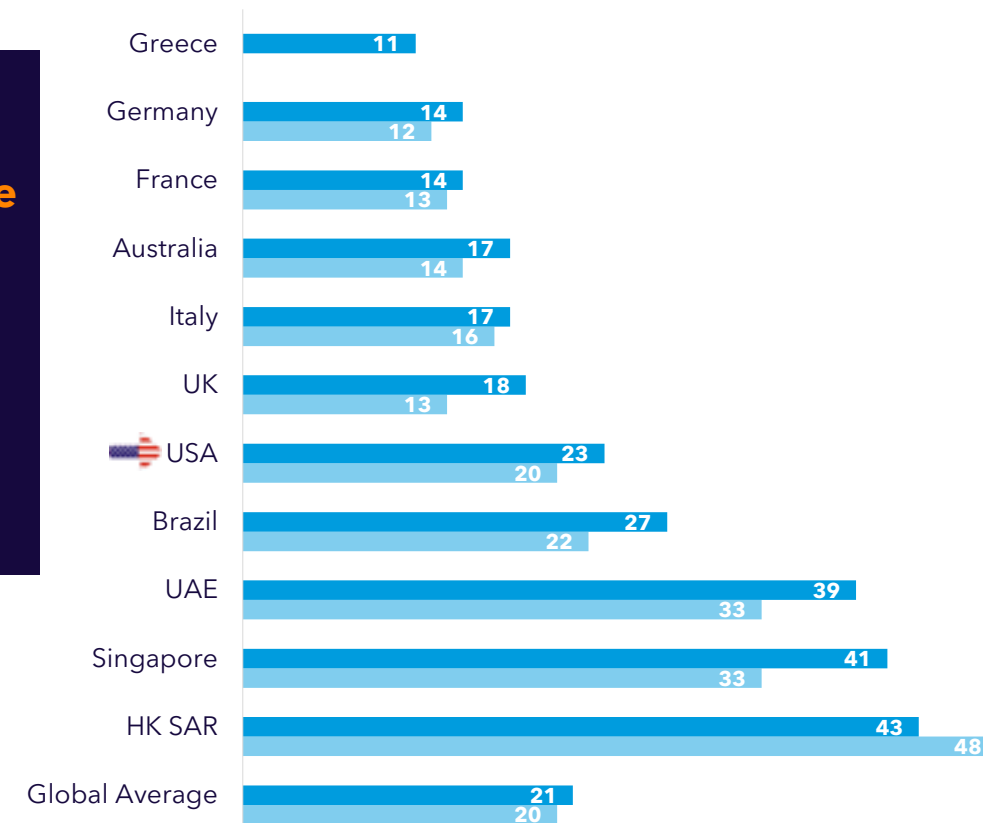
## Awareness and understanding of ESG



### Global Perspective

Have heard of ESG and have a good understanding of what it means (%)

■ 2024 ■ 2023



## Importance of factors in investment decisions

		Dem	Ind	GOP	18-49	50+
The anticipated financial return	59	56	67	58	52	75
The growth prospects of the company	54	52	61	50	51	60
The company's overall reputation	50	55	54	40	48	56
The risk profile of the company or investment	47	52	47	39	45	51
Ethical decision making and practices	47	<b>55</b>	42	<b>37</b>	47	47
Its industry	40	42	40	38	40	39
Sustainability and environmental factors	39	<b>47</b>	37	<b>29</b>	42	33

Q43. For each of the following factors, please indicate how important each is to you personally when making a decision to invest in a company. BASE: Investors only

## There is strong partisan divide surrounding the importance of considering ESG in investment decisions.

55% of Democrats say "ethical decision making and practices" are important as they make investment decisions, drawing a stark political contrast with 37% of Republicans.

Both parties and independents agree (Democrats 56%, Republicans 58%, 67% Independents) that financial returns are the most important consideration when making an investment.

While half of all Americans consider a company's overall reputation when making investment decisions, only 40% of Republicans feel this is important. Only 29% of Republicans say sustainability and environmental factors should be considered when making an investment. This number jumps to 47% among Democrats.

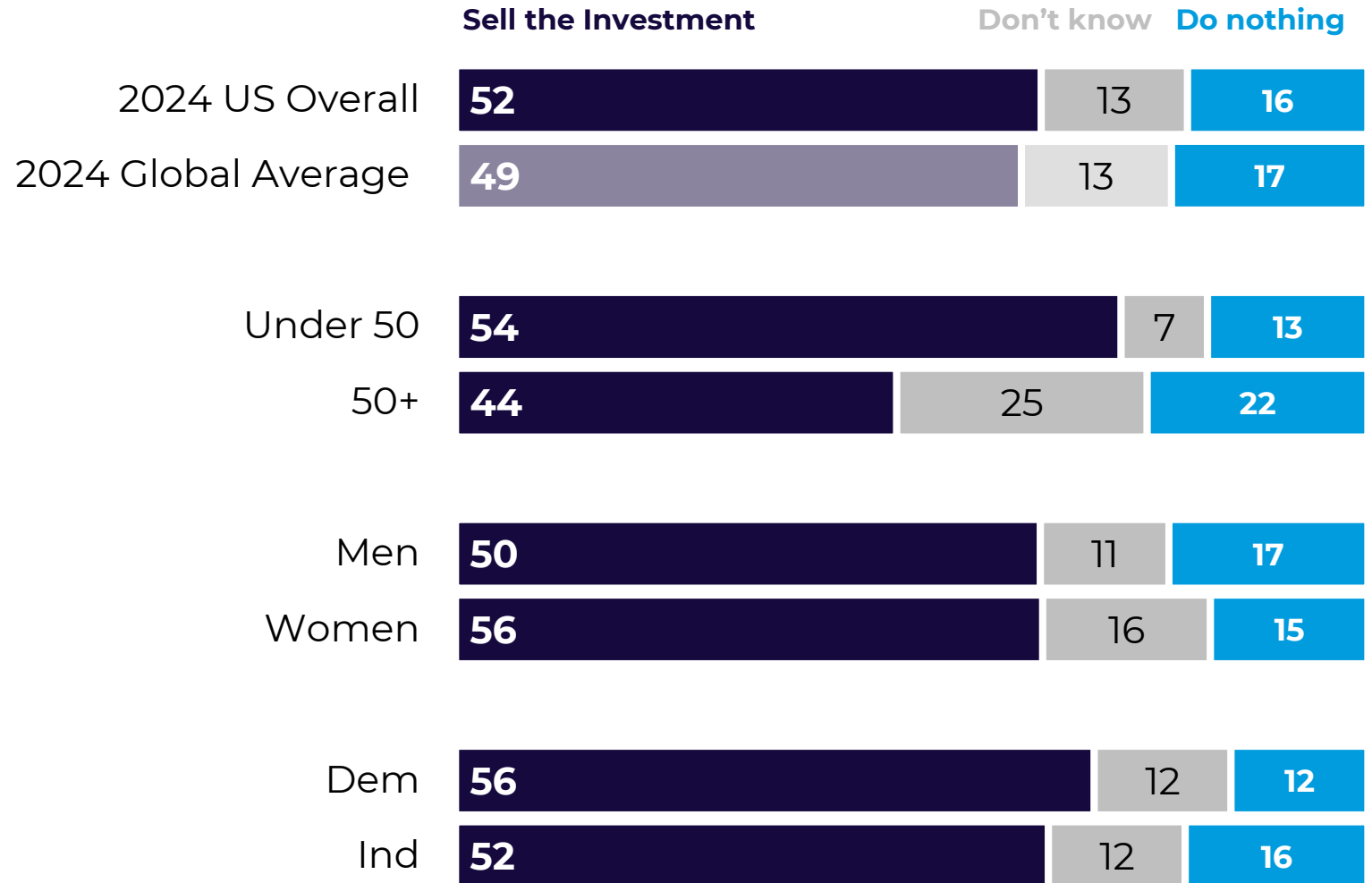
# More than half the US would sell an investment in a company if it was found to have acted unethically, slightly outpacing the global average.

When a company is found to be discriminatory in its hiring practices, deceptive or misleading in advertising, or engaging in other unethical behavior, Americans are 4% more likely than the global average to divest from that company.

Those most likely to take action include people under the age of 50, women, and Democrats.



## Investor action regarding unethical company behaviour or practice



Q44. If you found out there was unethical behavior or practices at a company you had invested in, which was otherwise meeting your investment objectives, would you be most likely to...?  
 BASE: Investors only



# The bottom line isn't everything: Americans want companies to consider more than their shareholders when making decisions - they believe customers and employees are critical stakeholders.

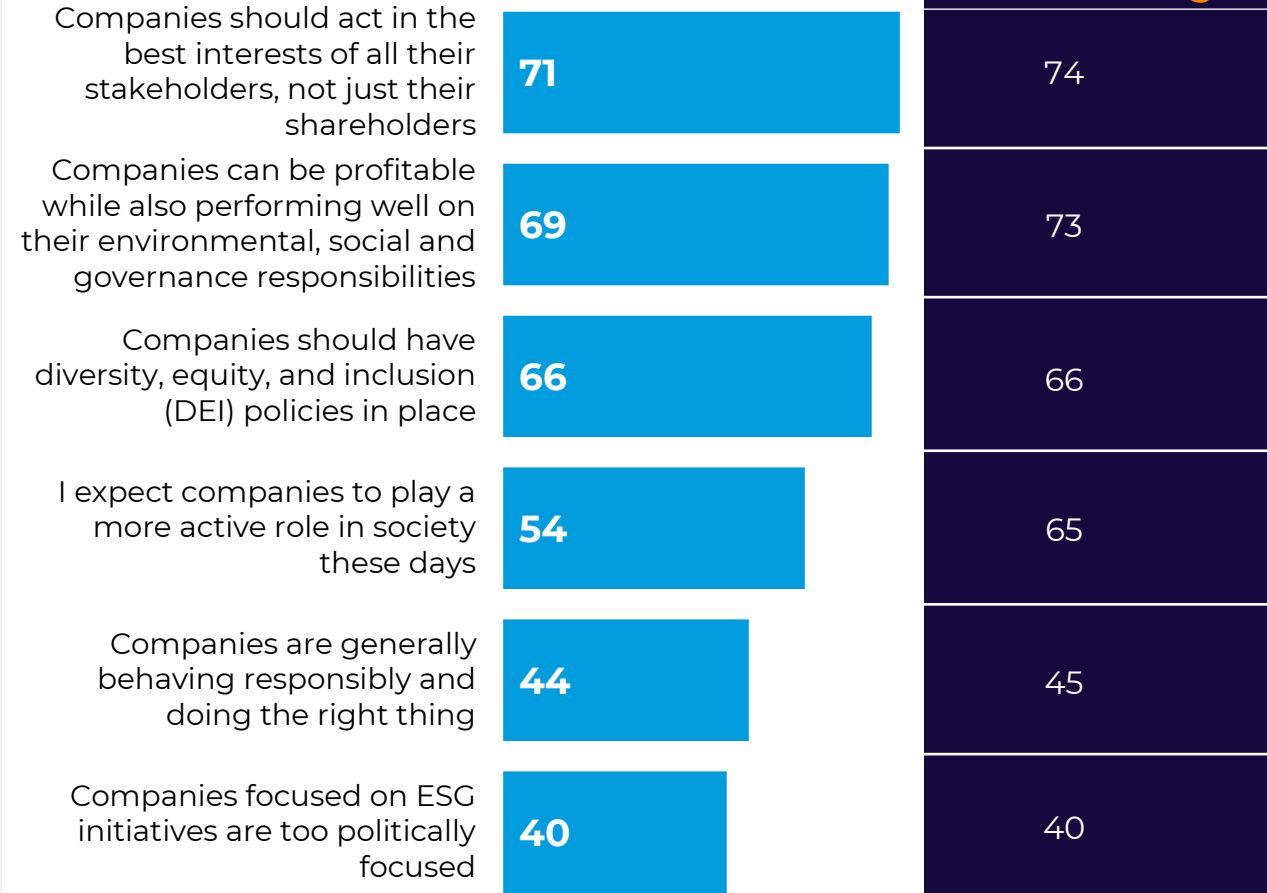
Across all countries, the substantial majority believe companies should act in the best interest of all stakeholders, rather than prioritizing shareholders over others. While this attitude is a little more prevalent among non-investors, it is also shared widely by investors in all countries.

Americans also overwhelmingly believe companies can simultaneously be profitable while delivering on ESG responsibilities, and that companies should be enacting diversity, equity, and inclusion (DEI) policies.

## Role of companies in society



### Global Average

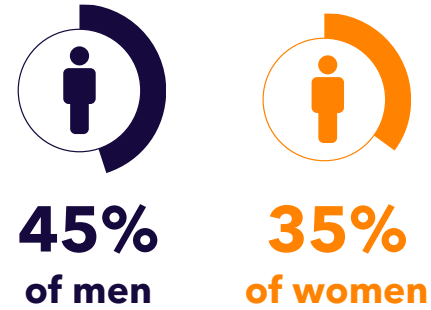


Q60. Which one of the following best describes your view on who companies should act in the best interests of? Stakeholders includes anyone who has an interest in a company or could be affected by decisions or actions - e.g. customers, employees, government, communities in which they operate, and shareholders. A) Companies should act in the best interests of their shareholders (i.e. those who own shares or stocks in the company) ahead of other types of stakeholders. B) Companies should act in the best interests of all stakeholders, including shareholders.

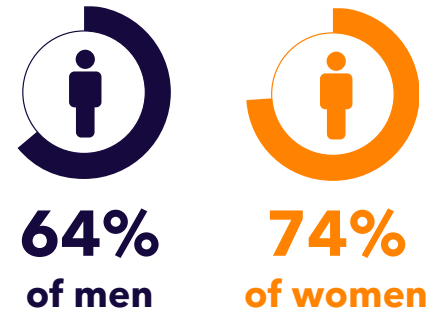
# Women, younger Americans, and Democrats are more receptive than their counterparts to ESG and its related activities.

There are age, gender and partisan divides when it comes to ESG sentiment.

The starkest divisions appear in partisan affiliation, putting a spotlight on recent political efforts to ban, prohibit, and regulate ESG initiatives and companies engaging in the practice.

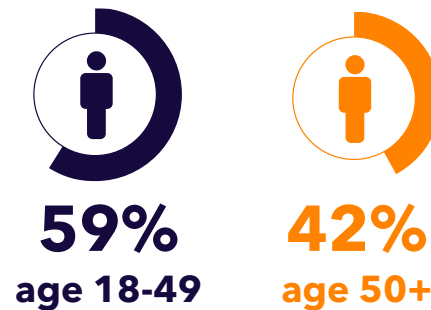


Agree that companies focused on ESG initiatives are too politically focused

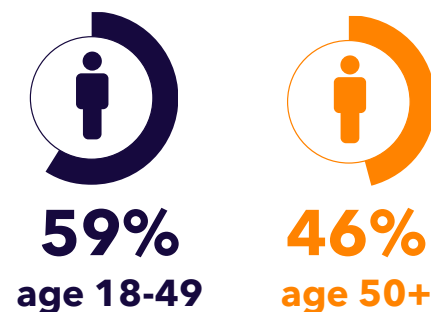


Agree that companies can be profitable while also performing well on their environmental, social, and governance responsibilities

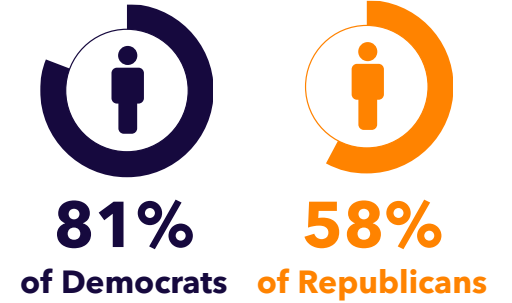
## ESG sentiment by demographic



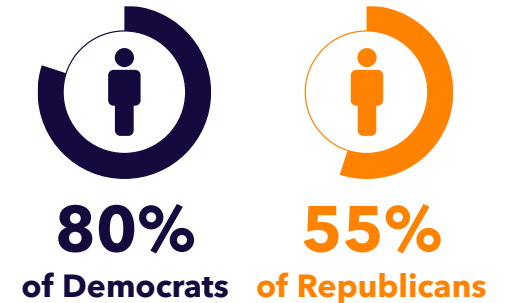
Agree that they expect companies to play a more active role in society these days



Agree that companies should speak out on political issues that are important to their employees and customers



Agree that companies should have diversity, equity, and inclusion (DEI) policies in place



Agree that companies should more clearly communicate what they are doing to improve their performance on environmental, social, and governance issues

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

## Importance of company actions



Q15a. How important do you personally think it is for companies in the United States to be doing each of the following things? Scale: 10 = extremely important, 0 = not at all important.

The answers above show those who ranked 7-10 "important"

## More than half of Americans say it's important for companies to improve their sustainability and speak out on key social issues.

Americans want businesses to focus on impacts and activities related to their core operating function, in particular treating employees fairly, providing high quality products or services, and having responsible leadership.

Americans also believe companies should be focused on ESG related topics, including sustainability (72%), economic equality (66%), and social issues (61%). It's important to note: Americans want engagement in these topics to be connected to the company, its employees, and/or their customers.

Older Americans aged 50+ are slightly more likely than younger counterparts to say it's important for companies to treat their employees fairly- while younger Americans evaluate sustainability, speaking out on issues, and responsible business practices to be more important in comparison.



# There has been a slight increase in trust when it comes to the belief that companies are doing the right thing.

Americans look favorably on small and medium sized-businesses, giving them high marks in terms of responsible business practices.

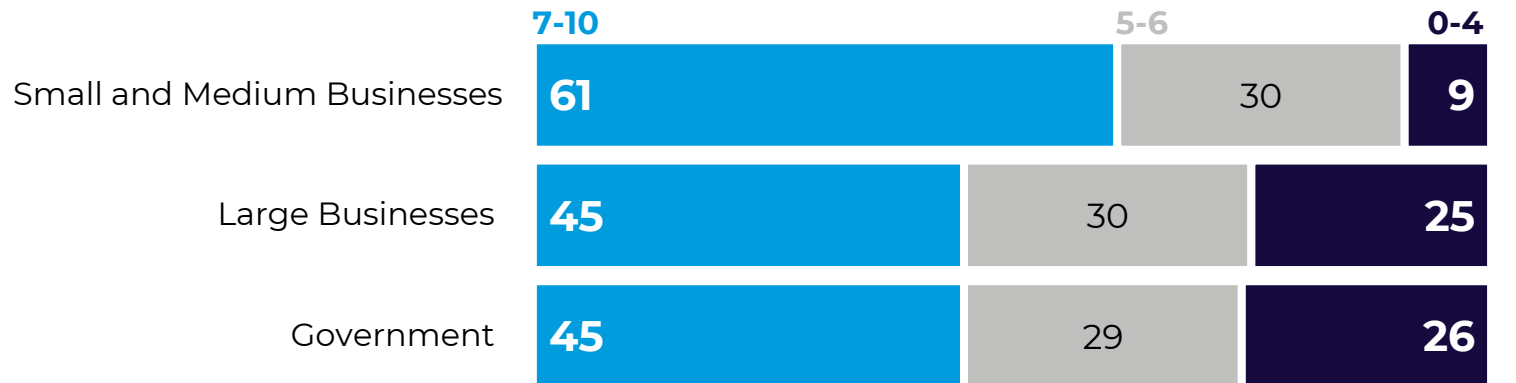
Findings are consistent with the idea that while half of all Americans are unfamiliar with ESG, they may prefer the term “responsibility” to the ESG moniker.

## Companies are generally behaving responsibly and doing the right thing



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

## Performance on conducting business in responsible ways



Q23a. How important do you personally think it is for the following to conduct their business in responsible ways - in terms of their environmental, social, and governance considerations?

Q23b. Overall, how would you rate the performance of the following that operate in the United States] when it comes to conducting business in responsible ways - in terms of their environmental, social, and governance considerations?

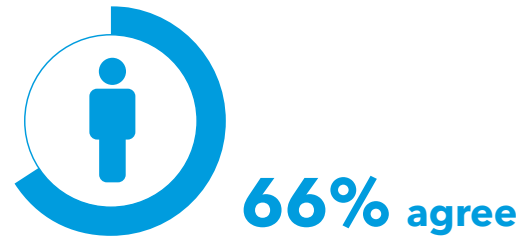
# When it comes to communicating ESG efforts, most want clear, non-partisan explanations of what companies are doing.

57% of respondents do not trust companies to accurately report their ESG activity.

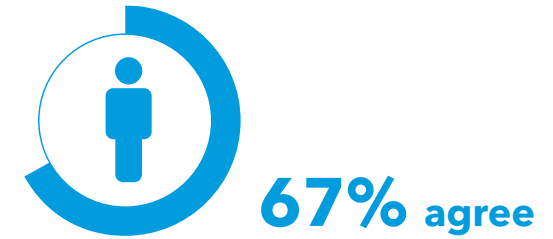
A large majority of respondents believe companies need to more clearly communicate what they are doing to improve their ESG performance and address stakeholder needs.

This data comes amidst public backlash of companies allegedly “greenwashing” their activities to be perceived as more sustainable.

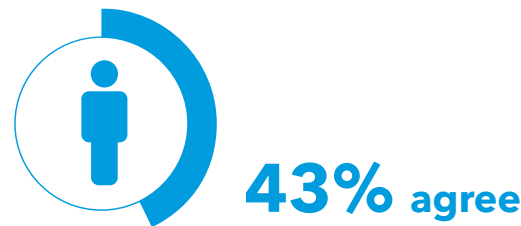
## Company communications about ESG issues



Companies should **more clearly communicate what they are doing to improve their performance** on environmental, social, and governance issues



Companies should **more clearly communicate what they are doing to address the needs** of their stakeholders



**I don't trust** what companies claim about their ESG activities or performance



### Global Perspective

The United States is slightly behind the rest of the world on each of these metrics, falling a few points short of the global average when it comes to agreement on these statements.

# Companies with ESG initiatives are hailed as “future focused” and “responsible” but half of Americans call them “political.”

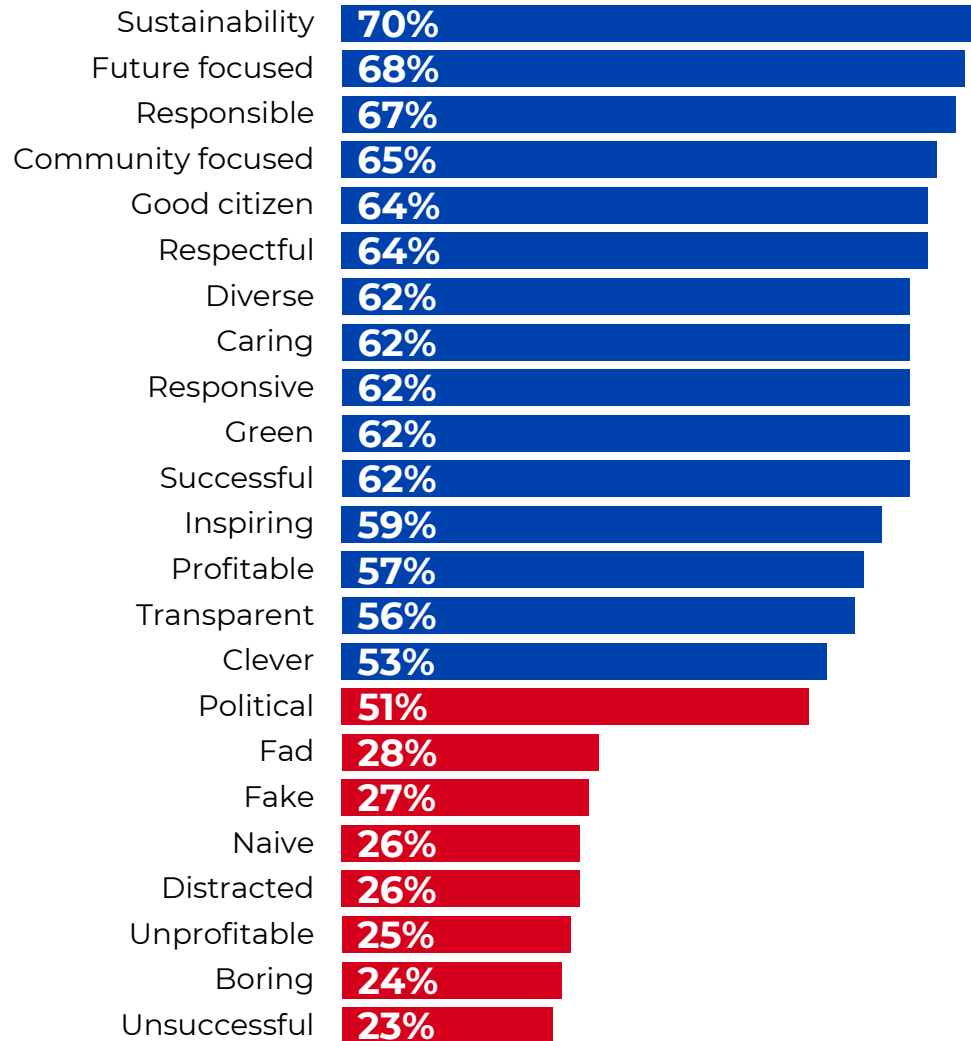
The public has overwhelmingly positive associations with companies that are focused on addressing ESG issues.

From this long list, Americans most often picked words such as ‘sustainability’, ‘future focused’, ‘responsible’, ‘community focused’, ‘good citizen’, and ‘respectful’.

While “political” falls toward the bottom of words chosen, half of respondents chose this word highlighting the risks associated with engaging in ESG initiatives.



## Words associated with ESG-focused companies



### Democrats are more likely to see these companies as...

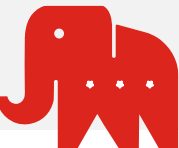
- Responsible (78%)
- Future-focused (75%)
- Community-focused (73%)
- Sustainable (72%)

### Republicans are more likely to see these companies as...

- Political (56%)
- Fake (34%)

### ...and LESS likely to see them as....

- Inspiring (48%)
- Transparent (49%)
- Responsible (59%)
- Good citizen (55%)



Q12b. Which of these words or phrases do you associate with companies that are focused on addressing environmental, social, and governance issues?



# While most Americans believe companies should engage in responsible investing, a hyper-charged political environment increases risk.

There is perhaps nowhere else in the world where ESG has become so partisan and polarized.

Rightwing policymakers and organizations, including Leonard Leo's Consumers' Research, are orchestrating a well-funded and coordinated campaign to stop ESG.

More than [160 pieces of state legislation](#) were introduced this year attempting to prohibit companies from engaging in ESG.

And conservative federal lawmakers advanced a variety of measures to ban ESG, among them was an attempt to overturn a U.S. Securities and Exchange Commission rule requiring publicly traded companies to disclose information about their greenhouse gas emissions.

**Previous polling** by Global Strategy Group, shows only 25% of American voters support ESG bans.

## Rep. Jim Jordan

Launched an investigation into 130 companies engaging in ESG practices



## House Republicans

Hosted "Anti-Woke Week" on the floor of the House, where they voted on a package a bills targeting companies for considering climate and social factors in their investment decisions

## Case Study

**"Banks should act like banks, not like political activists."**  
- Texas Attorney General Ken Paxton

Texas has been at the forefront of ESG bans. The Governor signed legislation prohibiting the state from doing business with financial firms seen as hostile to fossil fuels or firearms. Since that time, companies including BlackRock, Goldman Sachs, and JP Morgan cannot enter into contracts with state and local entities.

Publicly available reports show this new law has cost Texas taxpayers \$700 million and 3,000 jobs.



**54%** agree

They expect companies to **play a more active role in society** these days



**69%** agree

**Companies can be profitable** while also performing well on their environmental, social, and governance responsibilities

**Right-wing attacks are not impacting the public's perception that ESG is important.**

Despite concerted efforts to spread disinformation about ESG and make it unpopular, it's clear that Americans overwhelmingly see the value in pursuing ethical business practices, treating employees fairly, and achieving sustainable goals.



**71%** think

Companies should **act in the best interests of all stakeholders**, including shareholders



Even **75%** of investors believe this (and 69% of non-investors)

Q60. Which one of the following best describes your view on who companies should act in the best interests of? Stakeholders includes anyone who has an interest in a company or could be affected by decisions or actions - e.g. customers, employees, government, communities in which they operate, and shareholders. A) Companies should act in the best interests of their shareholders (i.e. those who own shares or stocks in the company) ahead of other types of stakeholders. B) Companies should act in the best interests of all stakeholders, including shareholders.

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



# Recommendations

1.

Replace the term ESG, swapping it out for language that more clearly defines your activity and connects the initiative with your employees, customers, and stakeholders.

2.

Create crisis scenario plans to deal with anti-ESG backlash. These should identify response teams, protocols, and messaging.

3.

Tailor your ESG message to your audience. For instance, highlight your sustainability initiatives in front of younger, more receptive audiences.

4.

Monitor legislation in states where you do business to ensure you are complying with the most recent ESG laws.

5.

Establish strong relationships with relevant policymakers to ensure they understand the harm that anti-ESG legislation can have on your business.

6.

Conduct an employee and/or customer survey to gain insights into what issues your stakeholders want you to engage in.



# Thank you



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2024 Research Findings

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