

SEC Newgate

ESG Monitor.

UK Report

2022 RESEARCH FINDINGS





Background and Methodology.

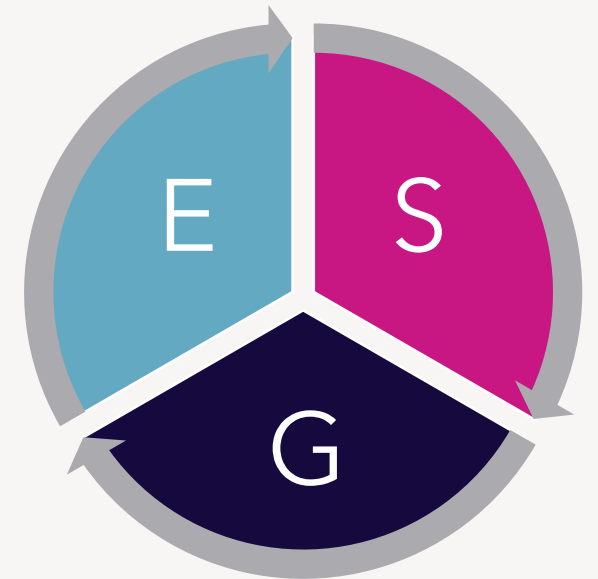
For the second year running, SEC Newgate conducted research to understand community awareness and perceptions around Environmental, Social and Governance (ESG) issues.

The research involved a 15-minute online survey conducted with a total sample of n=12,063 citizens across 12 countries and territories. **This report presents the findings from the United Kingdom (UK; n=1,006).**

Participants were sourced from global panel provider PureProfile. Fieldwork was conducted in mid to late July 2022. Quotas were set by age, gender and location to ensure a nationally representative sample of citizens aged 18 or over, and the final results were weighted by the actual age and gender proportions for the UK.

Other methodological notes to keep in mind:

- Survey questions and sample sizes are shown at the bottom of each page.
- Results may not always total 100% due to rounding or questions allowing multiple-responses.
- Where possible, results are compared to the 2021 survey results for the UK as well as the 'global total' i.e. for all 12 countries and territories included in the study in 2022.
- Down  and up  arrows show where results for the UK are significantly lower / higher than the previous year (95% confidence level).
- Down  and up  triangles show where results for the UK are significantly lower / higher than other countries and territories surveyed in 2022 (95% confidence level).



Executive Summary.

For many in the UK, 2022 is a very challenging time, with an overall mood of pessimism. Only three in ten participants (30%) felt that things in the UK were headed in the right direction. This is a substantial drop from last year, when more than half (52%) felt that way, and it is well below the global average for 2022 (46%).

When it came to the top three priorities for the UK's future, participants gave the highest priority to addressing the rising cost of living, ensuring quality, affordable energy and fuel supplies, and ensuring secure and affordable food supplies.

Unprompted awareness of the term 'ESG' in the UK was comparable to last year, with about one in ten participants (12%) claiming a good understanding of it. This is slightly below the global total, where about one in seven participants (15%) reported having a good understanding of the term. Conversely, two in five (38%) participants in the UK felt they had had a good understanding of the term 'Net Zero', vs only one in five (17%) globally, potentially reflecting the concerted focus on NetZero in public policy in the UK.

About one in three (32%) participants in the UK felt informed about companies' ESG activities and performance, while only one in five (22%) had actively sought such information. Among those searching for ESG-related information, search engines, company websites and TV news were the top consulted sources.

In the UK, interest in ESG was moderate this year, with participants giving an average interest rating of 5.5 out of 10 – significantly lower than in 2021 (6.1) and compared to the global average (6.5). This shift in focus appears to reflect heightened concerns in the UK around cost of living.

When asked an open-response question about the one ESG issue they feel is most important for companies in the UK to focus on, protecting the environment (13%), addressing climate change (12%) and reducing waste and increasing recycling (10%) were the front-runners. Overall, close to one in two participants mentioned environmental issues (47%), followed by social issues (26%) and governance issues (6%). This strong focus on the environment in the UK was aligned with the global results.

Compared to the global total (average of 6.4 out of 10), people in the UK place less importance on ESG issues influencing their *own* day-to-day purchase decisions (average of 5.7 out of 10).

Aligned with the global total, not-for-profit organisations were rated highest for their ESG performance (at 6.3 out of 10 on average), ahead of small companies (5.9) and the UK overall (5.8). Large companies (5.3) and the national government (5.1) were rated the lowest. There have been no significant shifts in ESG performance ratings for these measures since 2021.

When it comes to perceived ESG performance for specific industries, the highest ratings were awarded to healthcare, education/training and supermarkets. Fashion, mining/resources and airlines scored the lowest. These results are roughly aligned with global totals.

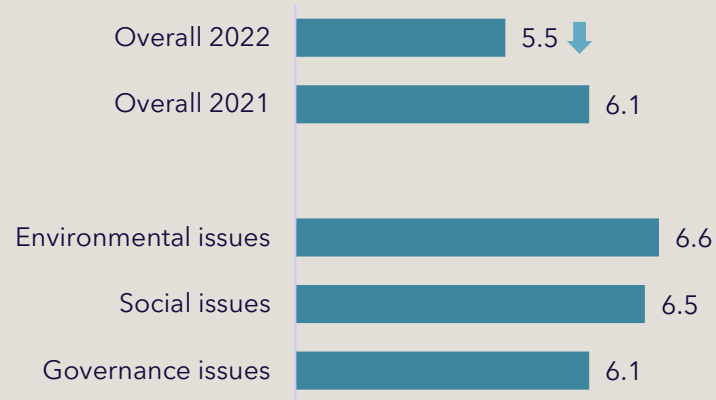
Key Findings Snapshot: UK.



Top country priorities (% ranking in top 3)

- Addressing the rising cost of living (52%)
- Ensuring secure and affordable energy and fuel supplies (32%)
- Ensuring secure and affordable food supplies (29%)

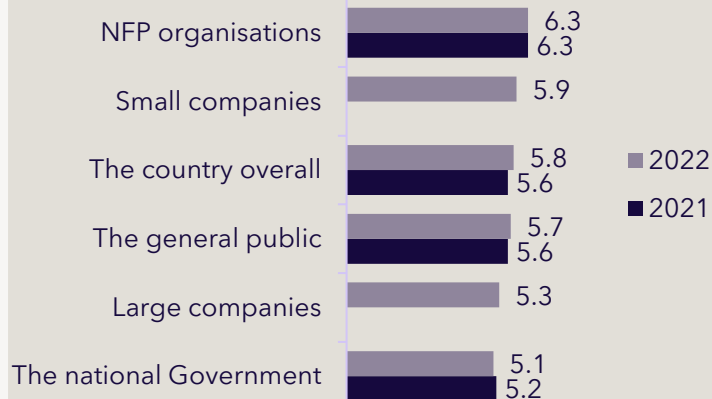
Interest in ESG (average out of 10)



Perceived importance of ESG (average out of 10)

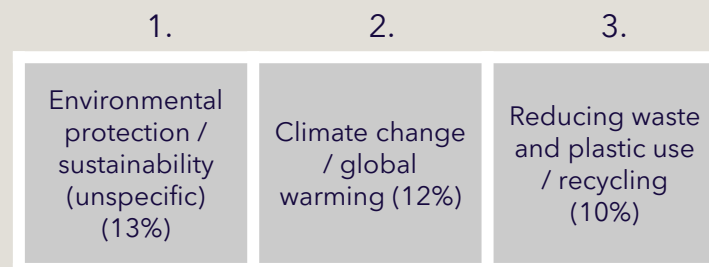


Ratings of ESG performance (average out of 10)



*Small and large companies not asked in 2021

Top 3 ESG concerns



Industry ESG ratings (average out of 10)

Top 3 industries	Bottom 3 industries
Healthcare (6.1 : 6.3)	Fashion (4.6 : N/A)
Education and training (6.1 : 6.2)	Mining and resources (4.5 : 4.6)
Supermarkets (6.0 : N/A)	Airlines (4.4 : 4.6)

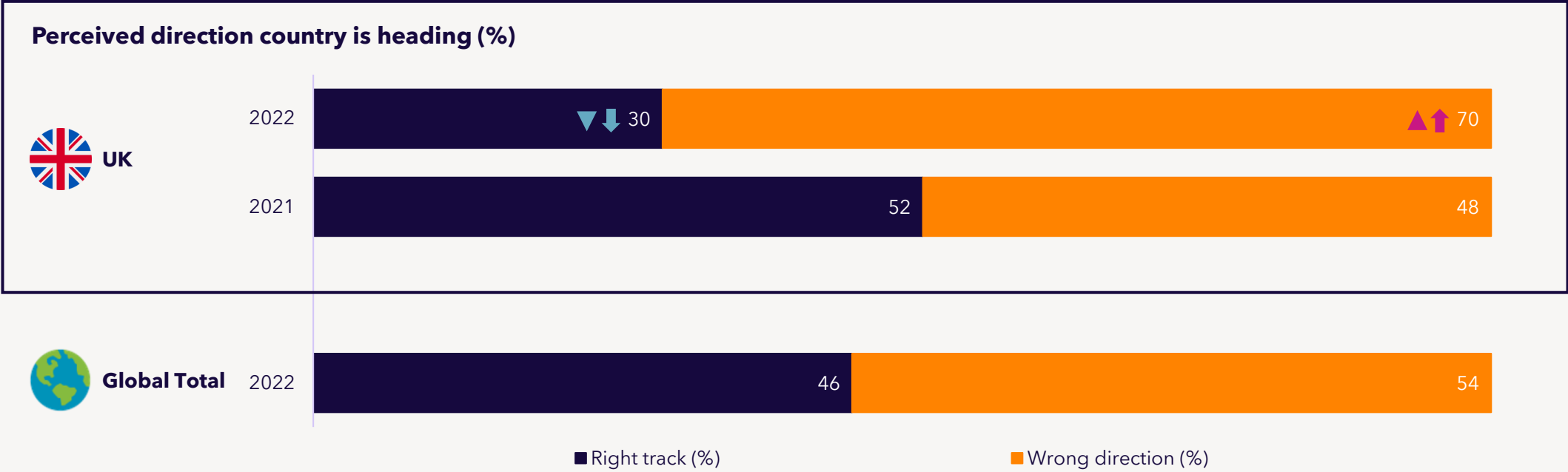
Legend: (2022 : 2021)

Where does ESG fit in?



Perceived direction the UK is heading in.

The mood is quite pessimistic in the UK, where only three in ten participants (30%) felt that the country was heading on the right track; a significant drop from last year when around half (52%) felt that way. This is also well below the global average for 2022, where close to half (46%) felt that things were headed on the right track in their country.

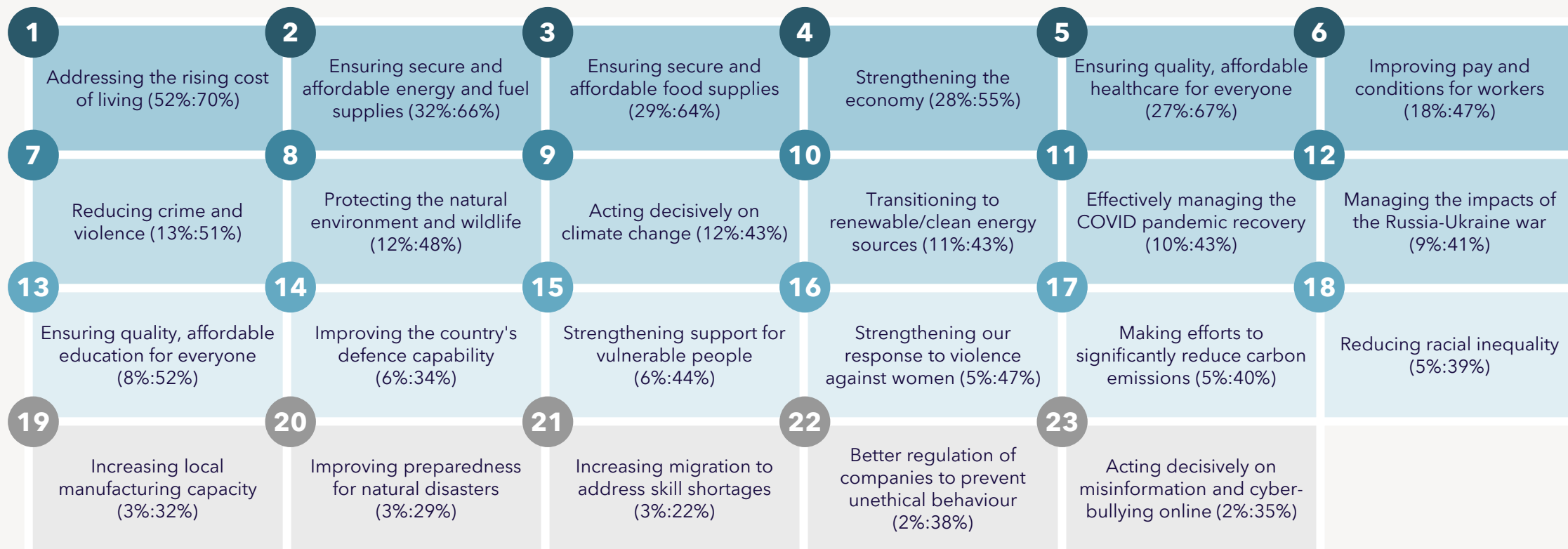


Priority issues at the country level.

Survey participants were shown a list of 23 priority issues and asked to rate how important each one was for their country's future (out of 10). They were then asked to select their top 3 priorities. The diagram below shows the 23 issues ranked in terms of the proportion who selected each in their top 3 (the first number in brackets, the second number was the proportion who gave it an importance rating of 9 or 10 - where 10 was 'extremely important').

When it came to the top three priorities for UK's future, participants gave the highest priority to addressing the rising cost of living, ensuring secure and affordable energy and fuel supplies, and ensuring secure and affordable food supplies.

Issues for the country's future ranked most to least important (% selecting as a top-3 issue, % who gave an "extremely important" rating of 9 or 10 out of 10)



Base: All survey participants in UK (n=1,006)

Q19. The following are things that some people believe are important for [INSERT COUNTRY'S] future. How important are these things to you personally? / Q20. From the following list, please select the three things you personally feel are most important for [COUNTRY'S] future. Rank them from 1 to 3 where 1 is the most important thing and 3 is the third most important thing. [SAME LIST OF 23 ITEMS SHOWN IN Q19 AND Q20]
Q19 and Q20 not asked in 2021

Priorities when choosing a company to do business with.

When asked about the relative importance of different factors when choosing a company, price, quality and convenience were naturally high on people's list of priorities. When choosing a bank or energy provider, citizens in the UK also placed high importance on 'core ESG factors', such as company reputation, environmental practices and overall values.



BANK



ENERGY PROVIDER



GROCERY STORE



Base: All survey participants in UK (n=1,006)

Q21. When choosing (i) a bank; (ii) an energy provider; (iii) a grocery store/supermarket, how important are the following factors?

Please rank them from the most important to the least important factor.

The rankings show the % of participants who selected each factor in their top 3 most important factors when choosing a company.

Q21 not asked in 2021

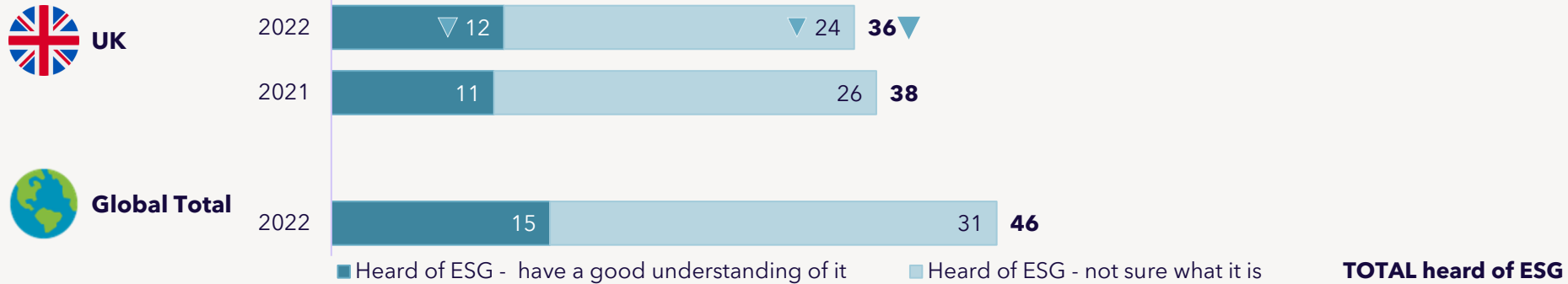
**How much do we really
care about ESG?**



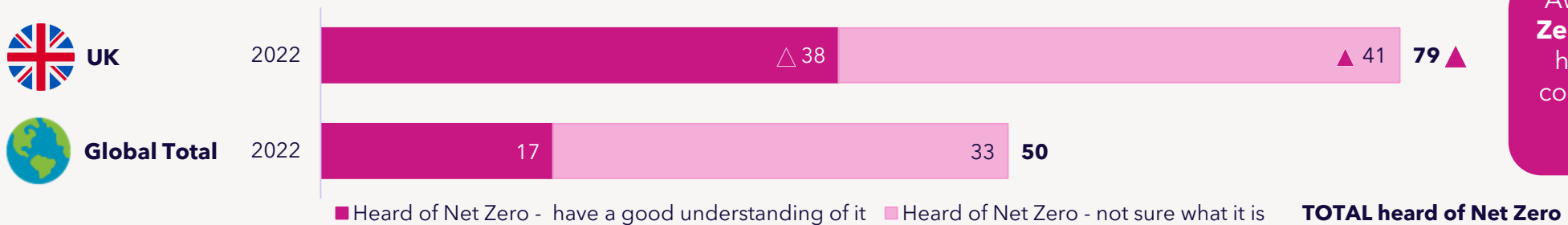
Awareness and knowledge of the terms 'ESG' & 'Net Zero'.

Unprompted awareness of the term ESG in the UK was comparable to last year, with about one in ten participants (12%) claiming a good understanding of it. This is slightly below the global total, where about one in seven participants (15%) reported a good understanding of the term. Conversely, two in five (38%) participants in the UK felt they had had a good understanding of the term 'Net Zero', vs only one in five (17%) globally.

Unprompted awareness of ESG (%)



Unprompted awareness of Net Zero (%)



Awareness of **Net Zero** is significantly higher in the UK compared to other countries and territories

What is ESG?

After asking participants whether they had heard of the term ESG without explaining what it is, they were shown the following text:

*As you may already know, the term “ESG” refers to standards, policies and behaviours that organisations have in relation to **E**nvironmental, **S**ocial and **G**overnance 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.



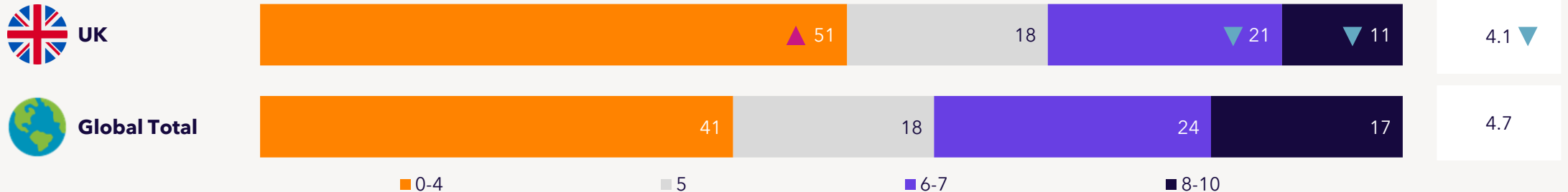
Governance

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

How informed do people in the UK feel about ESG?

About one in three (32%) participants in the UK felt informed about companies' ESG activities and performance, with only one in ten (11%) feeling very informed (i.e. giving a rating of eight or more out of ten). The average rating for the UK was 4.1 out of 10, which was below the global average of 4.7 out of 10.

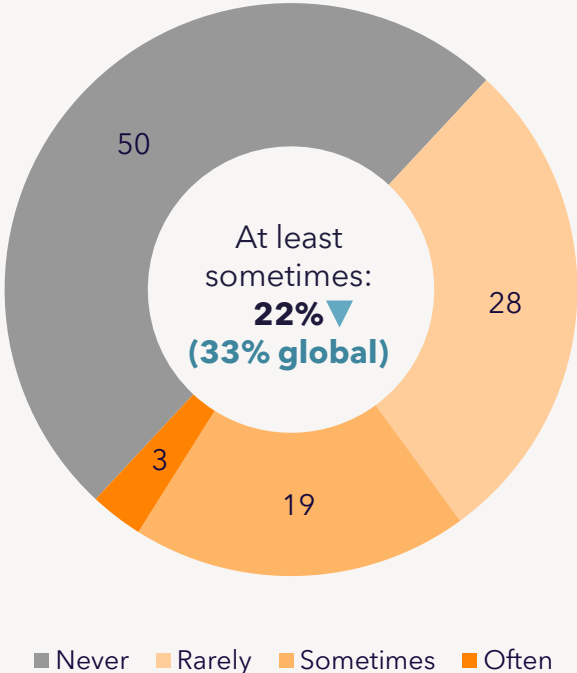
How informed people feel about companies' ESG activities and performance (% rating out of 10)



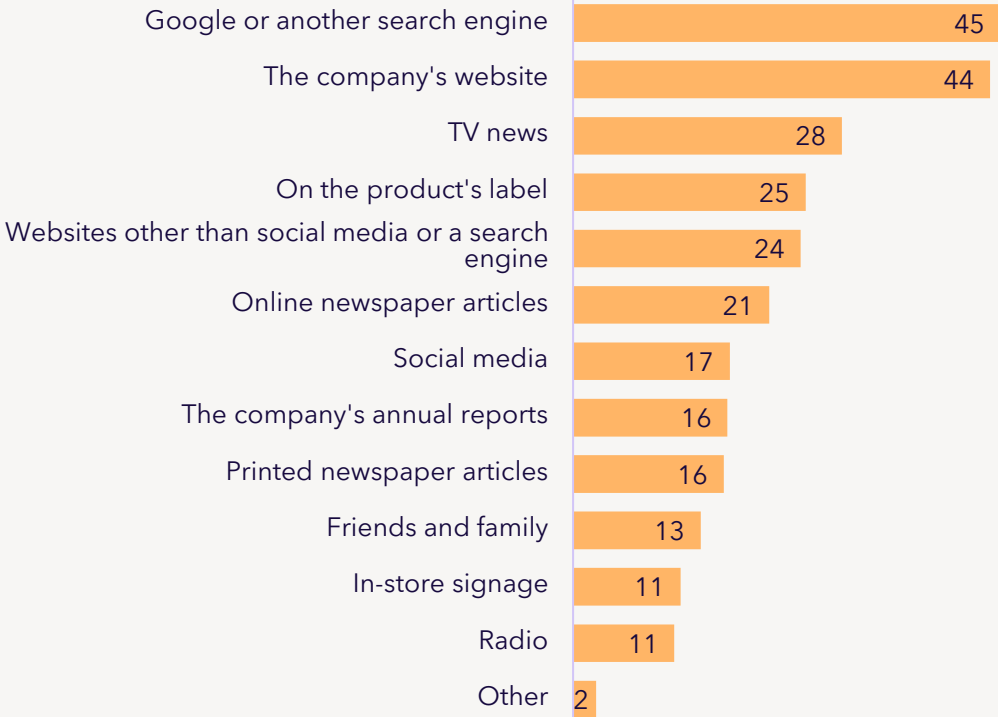
Information seeking on company ESG performance.

About one in five participants in the UK (22%) claimed to actively research company ESG activities or performance, with just 3% doing so 'often'. About a third (28%) rarely look for this information and half (50%) never do so. Search engines, company websites and TV news were the top sources people in the UK consult for information on companies' ESG activities and performance.

Frequency of looking for information on companies' ESG activities and performance (%)



Sources of information on companies' ESG activities and performance (% among those who do look for information)

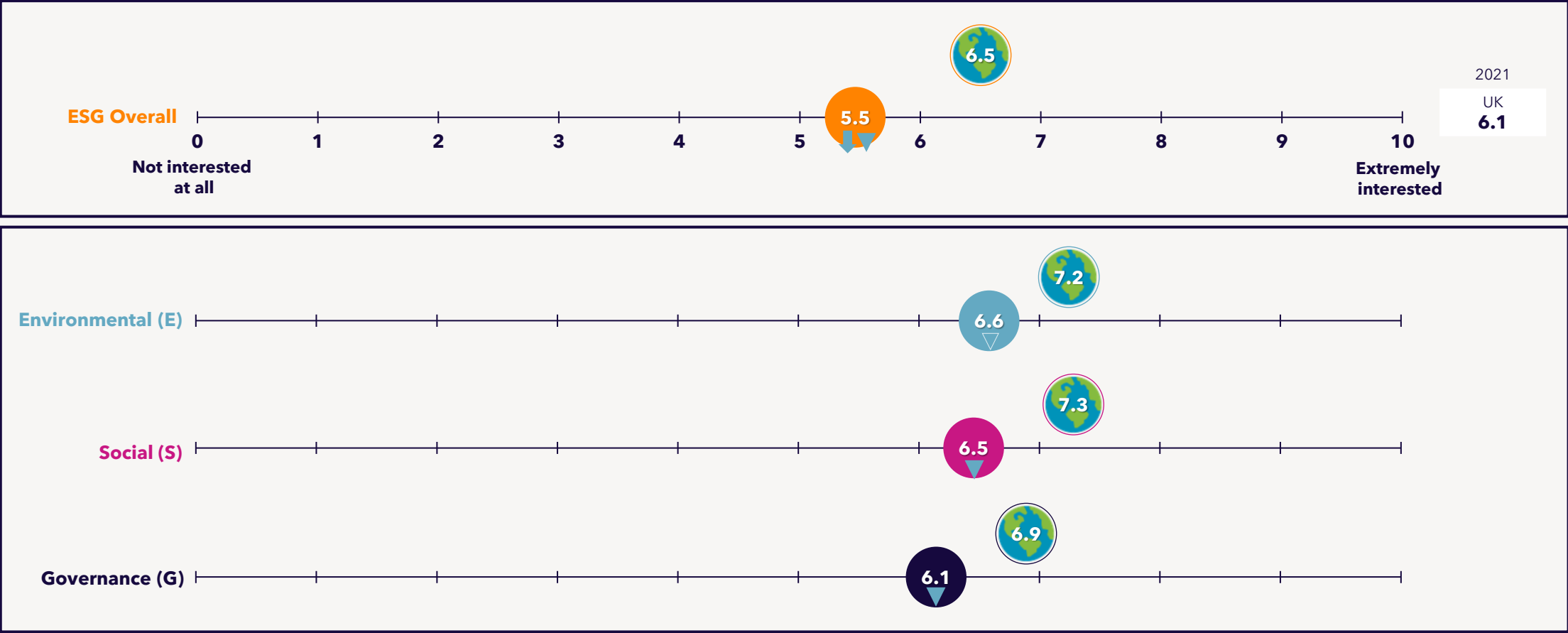


Base: All survey participants in UK (n=1,006), Global total survey participants (n=12,063)
 Q26. How often, if ever, do you look for information or do research on a company's ESG activities or performance?
 Base: Those who rarely, sometimes or often look for information (n=498)
 Q27. Where do you go for information about a company's activities or ESG performance?
 Q26 and Q27 not asked in 2021

Interest in ESG in the UK.

In the UK, interest in ESG was moderate, with participants giving an average interest rating of 5.5 out of 10 - significantly lower than in 2021 (6.1) and compared to the global average (6.5). Interest in individual ESG pillars was higher than overall interest, with environmental issues receiving the highest interest rating (average rating of 6.6), followed by social (6.5) and governance (6.1) issues. Nonetheless, ratings were still lower than the global average.

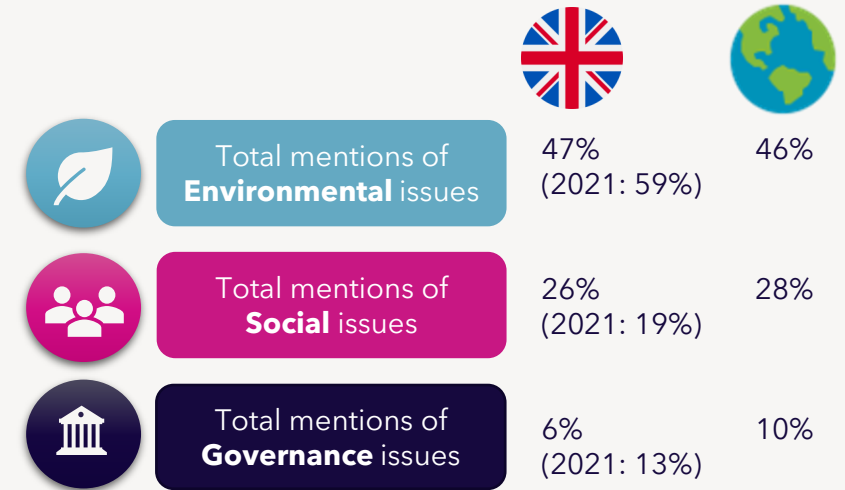
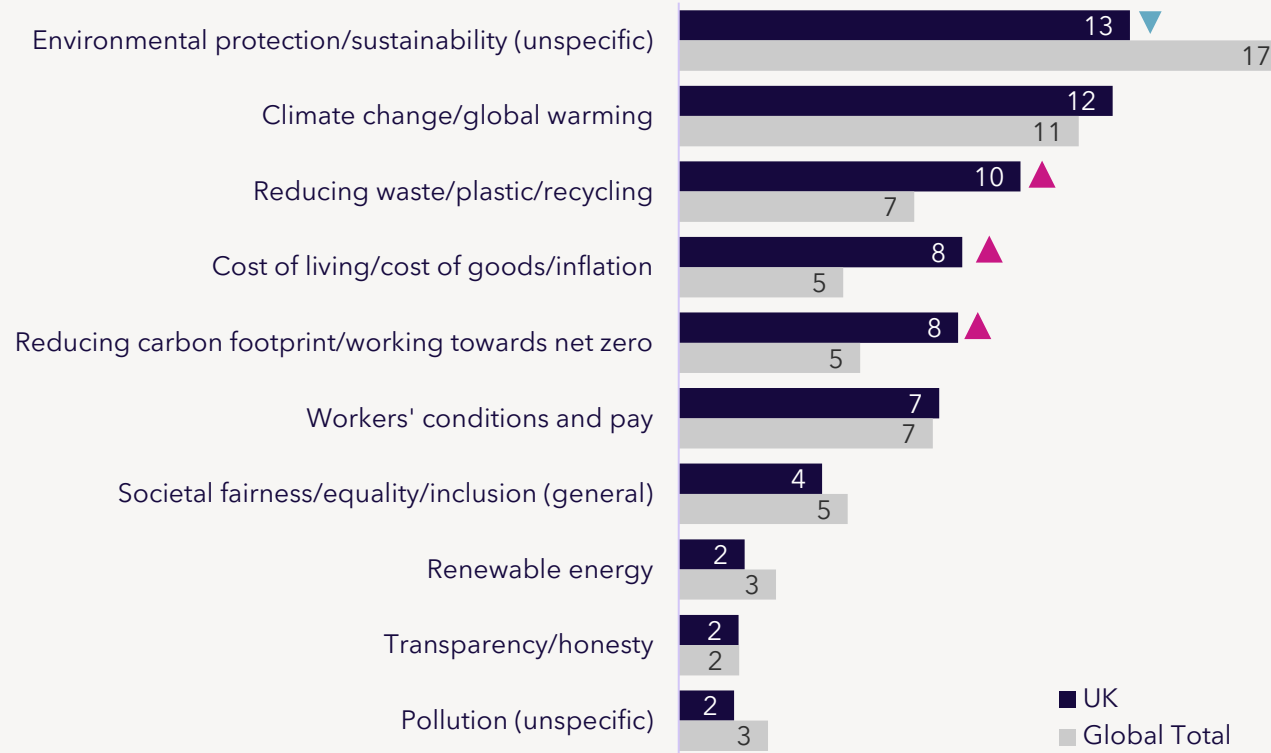
Interest in ESG issues (average out of 10)



Top ESG issues (unprompted).

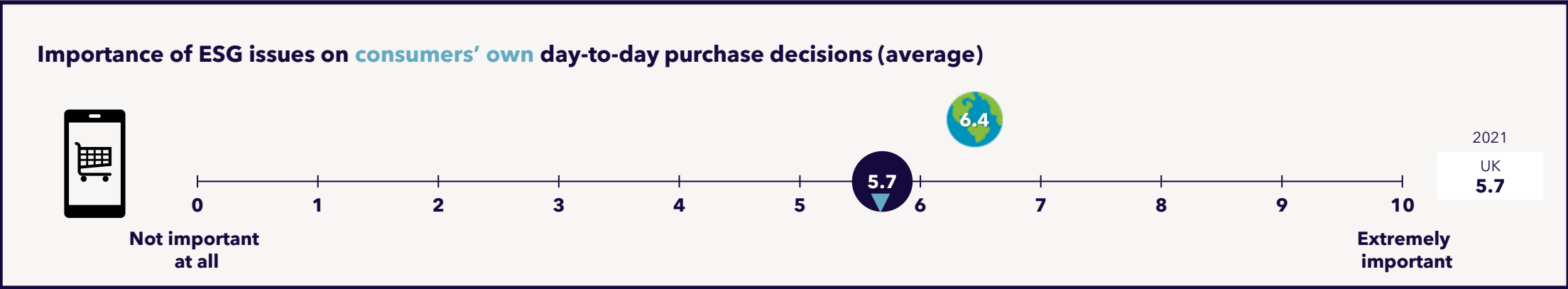
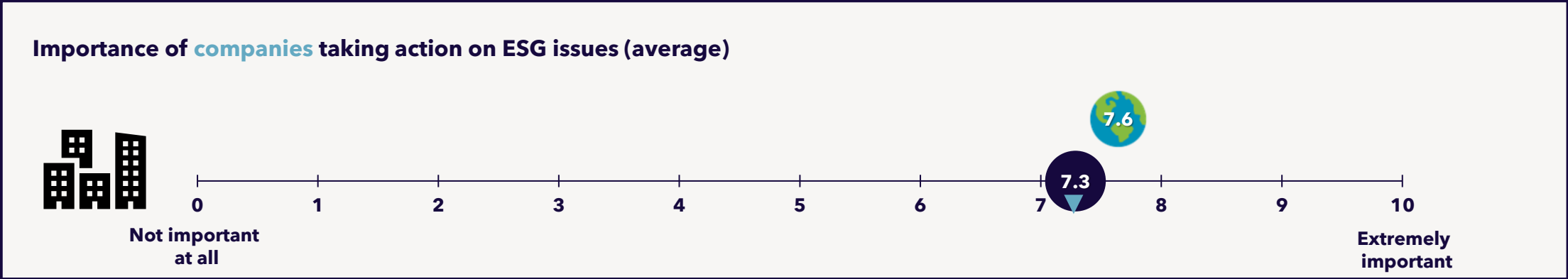
When asked an open-response question about the one ESG issue they feel is most important for companies in the UK to focus on, protecting the environment (13%), addressing climate change (12%) and reducing waste (10%) were the front-runners. The strong focus on the environment in the UK was aligned with the global results.

Most important ESG issue for companies to be focussing on - coded (%)



Importance of acting on ESG issues.

Compared to the global total, people in the UK place less importance on acting on ESG issues, especially when it comes to the importance of ESG issues on their *own* day-to-day purchase decisions.



Base: All survey participants in UK (2022: n=1,006, 2021: n=1,014), Global total survey participants (2022: n=12,063)
Q23. How important do you think it is for companies to take action on environmental, social and governance issues? Q23 not asked in 2021
Q10. And in your day-to-day life, how important are ESG issues in influencing whether you decide to purchase products or services from specific companies?
Scale: 0=not at all important, 10=extremely important

**How are we performing
on ESG?**



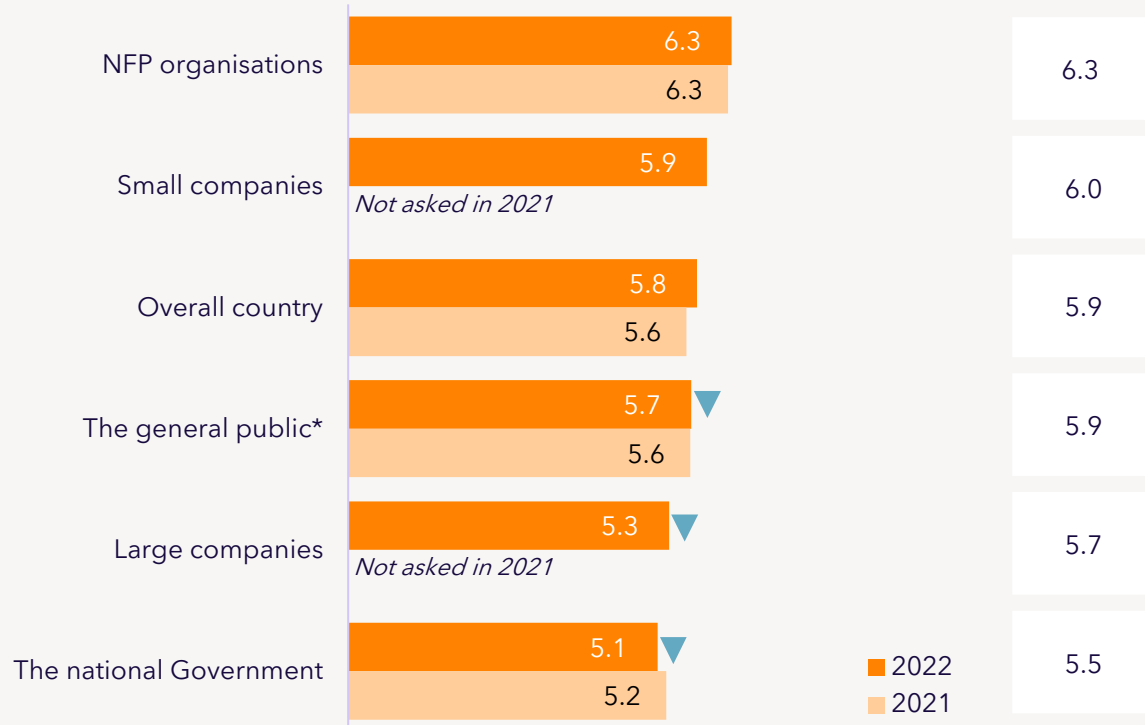
Ratings of ESG performance by group.

Aligned with the global total, not-for-profit organisations were rated highest for ESG performance, ahead of small companies and the UK overall. The national government was rated the lowest. There have been no significant shifts in ESG performance ratings by group since 2021.

Performance of the following groups when it comes to ESG issues (average out of 10)



Global Total (2022)



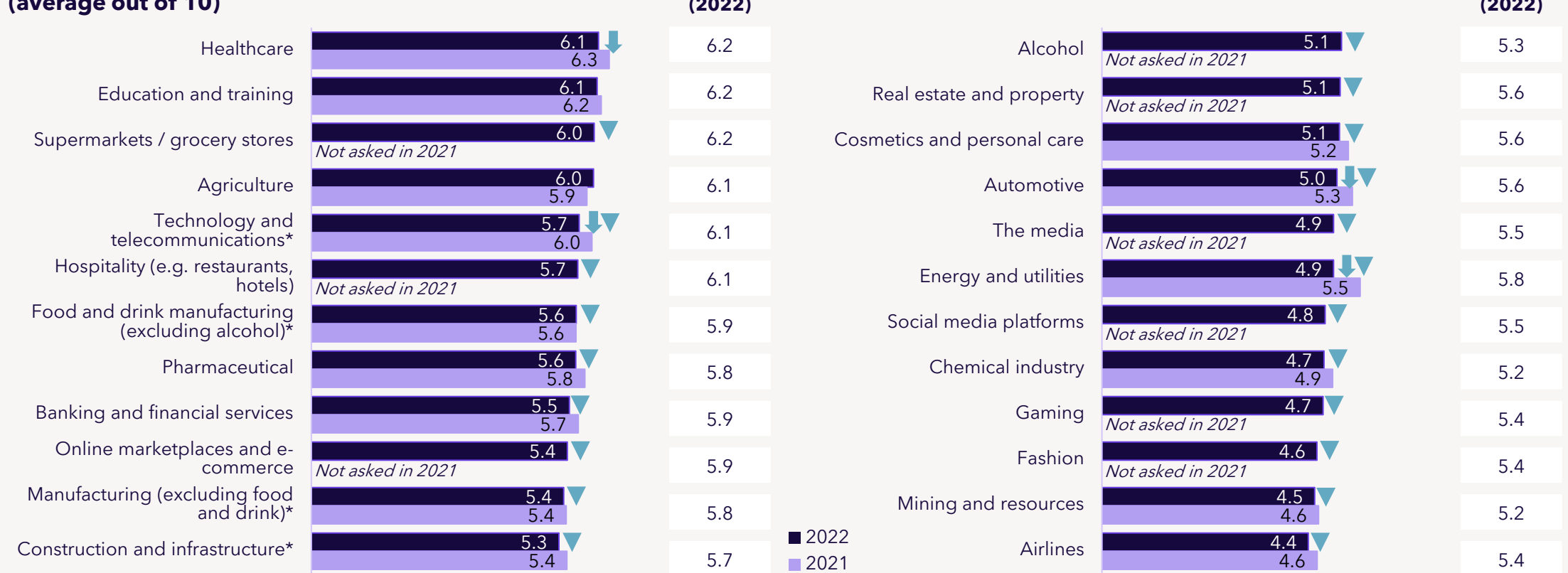
"You need to ask also what the Government should be doing in respect of ESG. They need to lead from the top, which they are not doing. The Prime Minister is spending too much time flying off to the Ukraine for photo opportunities when he should be leading the Government and sorting out his countries' issues and problems."

"Companies need to be more responsible about where their products are sourced."

How are specific industries performing on ESG?

When it comes to specific industry ESG performance, healthcare, education and training and supermarkets were rated the highest. Fashion, mining and resources and airlines scored the lowest. These UK results are generally lower than the global totals.

Ratings of industry ESG performance (average out of 10)



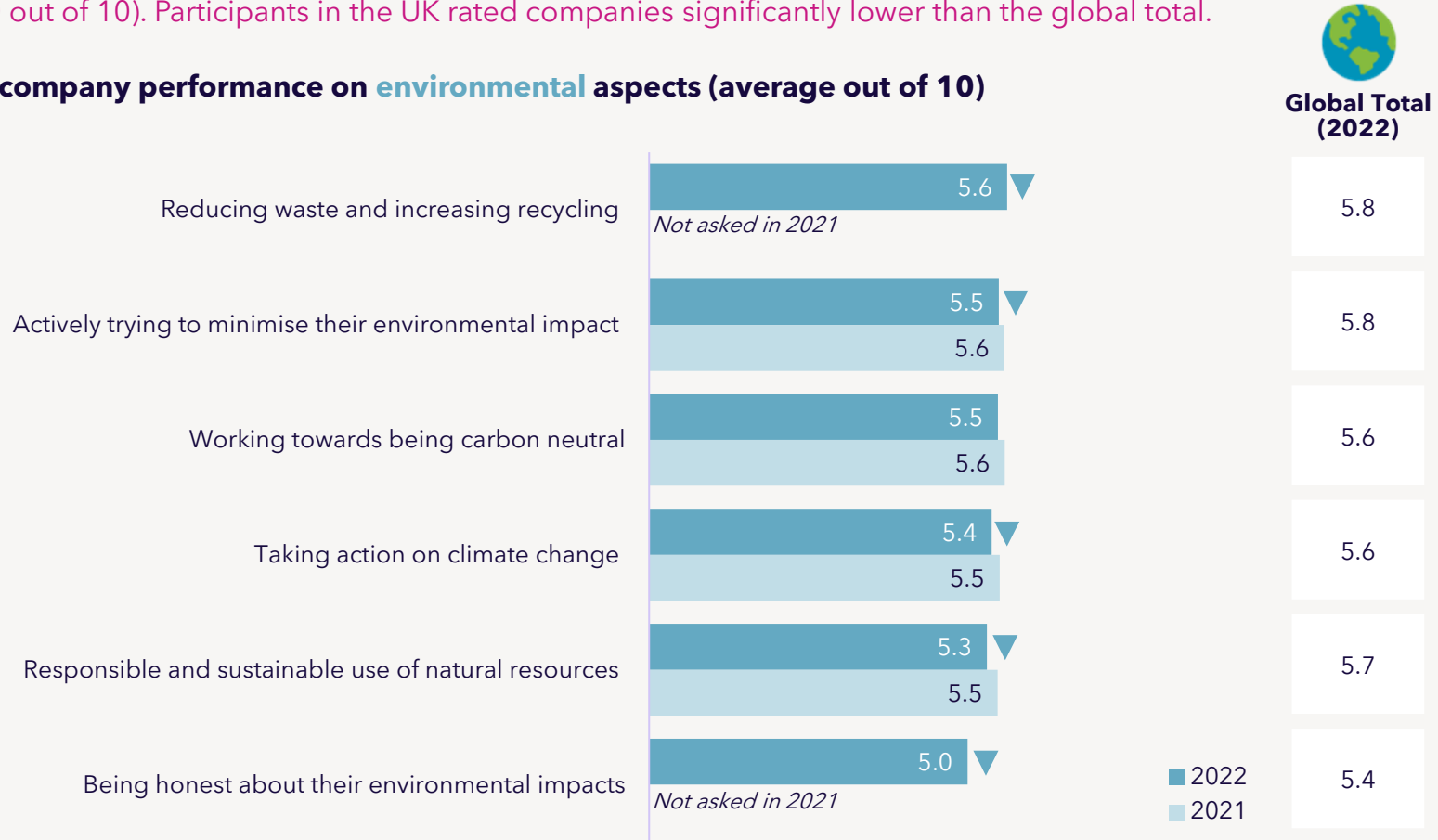
Base: All survey participants in UK (2022: n=728 - 858, 2021: n=826 - 903), Global total survey participants (2022: n=10,050 - 11,245) Average ratings exclude "don't know" responses

Q11. How would you rate the performance of the following industries operating in [COUNTRY] when it comes to acting responsibly on Environmental, Social and Governance (ESG) issues? From a scale of 0 (very poor) to 10 (excellent). *Question wording was slightly changed from 2021: Food and drink manufacturing, Construction, Manufacturing, Technology

Company performance on specific environmental aspects.

When rating UK companies in general on key elements of their environmental performance, scores were fairly mediocre overall (between 5 and 6 out of 10). Reducing waste and recycling (5.6) scored the highest, followed closely by actively trying to minimise environmental impacts (5.5) and working towards being carbon neutral (5.5). There was some scepticism about companies being honest in their reporting of environmental impacts (lowest rating of 5.0 out of 10). Participants in the UK rated companies significantly lower than the global total.

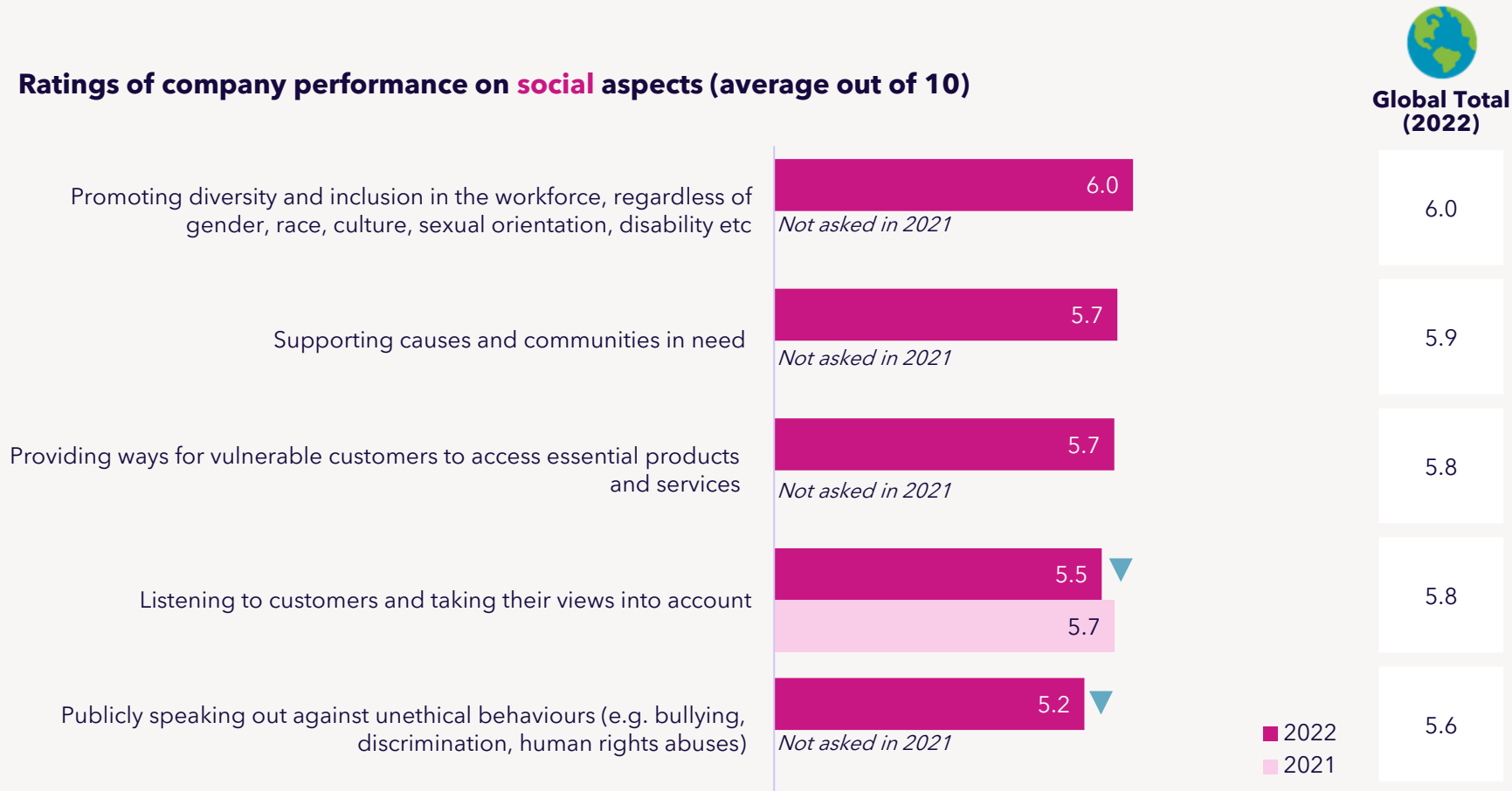
Ratings of company performance on environmental aspects (average out of 10)



Company performance on specific social aspects.

Ratings of company performance on social aspects also received fairly lukewarm ratings of between 5 and 6 out of 10. Promoting diversity and inclusion in the workforce was rated the highest (6.0), while publicly speaking out against unethical behaviours was rated lowest (5.2).

Ratings of company performance on **social** aspects (average out of 10)



"I think the most important issue is Social - especially human rights. Recently it seems that the government are trying to reduce these, especially for women and minorities. Everyone should have as equal opportunity as possible, decide what happens to their own bodies, have the right to work no matter where they come from - as everyone needs money to live."

Company performance on specific governance aspects.

Ensuring appropriate safeguards to prevent privacy breaches, behaving ethically and ensuring fair pay and good conditions were areas where companies were rated highest when it came to specific governance aspects. Paying their fair share of taxes received the lowest ratings.

Ratings of company performance on governance aspects (average out of 10)



**How does ESG impact
our attitudes and
behaviours?**



Community expectations around ESG action.

The community expects companies to take action on ESG - even if it's not the most important issue for them currently.



Nearly **8 in 10** (77%) agreed that **companies have a responsibility to behave like a good citizen** and consider their impacts on other people and the planet.



78% agreed



Nearly **8 in 10** (77%) agreed that **companies have the power and influence to make a positive difference** in the world.



75% agreed



About **7 in 10** (71%) agreed that **companies should make a start on ESG action**, no matter how small.



71% agreed



3 in 5 (60%) agreed that **companies should be penalised for lack of action** on key ESG issues.



62% agreed

But...



Around **2 in 5** (42%) agreed that there are **bigger issues than ESG to worry about** in this world right now.



46% agreed

Community expectations around ESG performance.

The community expects companies to be doing more on ESG issues, particularly in terms of minimising their environmental impact, looking after their employees and taking responsibility for their supply chains.



About **3 in 4** agreed that companies could be doing more to:

- **Minimise their environmental impact** (77% vs. 78% global)
- **Look after their employees** (76% vs. 77% global)
- **Take responsibility for** the conduct and performance of **supply chains** (74% vs. 76% global)



About **2 in 3** agreed that companies could be doing more to:

- Have processes in place to **identify and stop unethical behaviours** (69% vs. 71% global)
- **Support vulnerable or marginalized groups** of society (63% vs. 68% global)

Community expectations around ESG reporting.

The community is looking for a clear and consistent approach to reporting on ESG performance, noting there is some skepticism.



About **7 in 10** (71%) agreed that there should be a **consistent approach for companies to report their ESG performance**.



71% agreed



7 in 10 (70%) agreed that **companies should communicate the results of their ESG efforts more clearly** for consumers and investors.



72% agreed



Nearly **2 in 3** (66%) agreed they're **prepared to give a company a second chance if it is transparent about its mistakes** and demonstrates how it will do better in future.



69% agreed



About **2 in 5** (43%) agreed they **don't trust what companies claim** about their ESG activities and performance.



51% agreed

Community expectations around the cost of doing ESG.

The community largely expects improved ESG performance to be funded by companies, with some reluctance for consumers to pay more.



7 in 10 (70%) agreed that **companies can be profitable while also performing well on ESG.**



71% agreed



Nearly 2 in 3 (64%) agreed that **companies should not pass on the cost for better ESG performance** to their customers.



67% agreed



Nearly 2 in 5 (38%) were **prepared to pay more** for products or services from companies with stronger ESG performance.



46% agreed



Less than 2 in 5 (36%) were **prepared to receive a lower return on** investment in companies with stronger ESG performance.

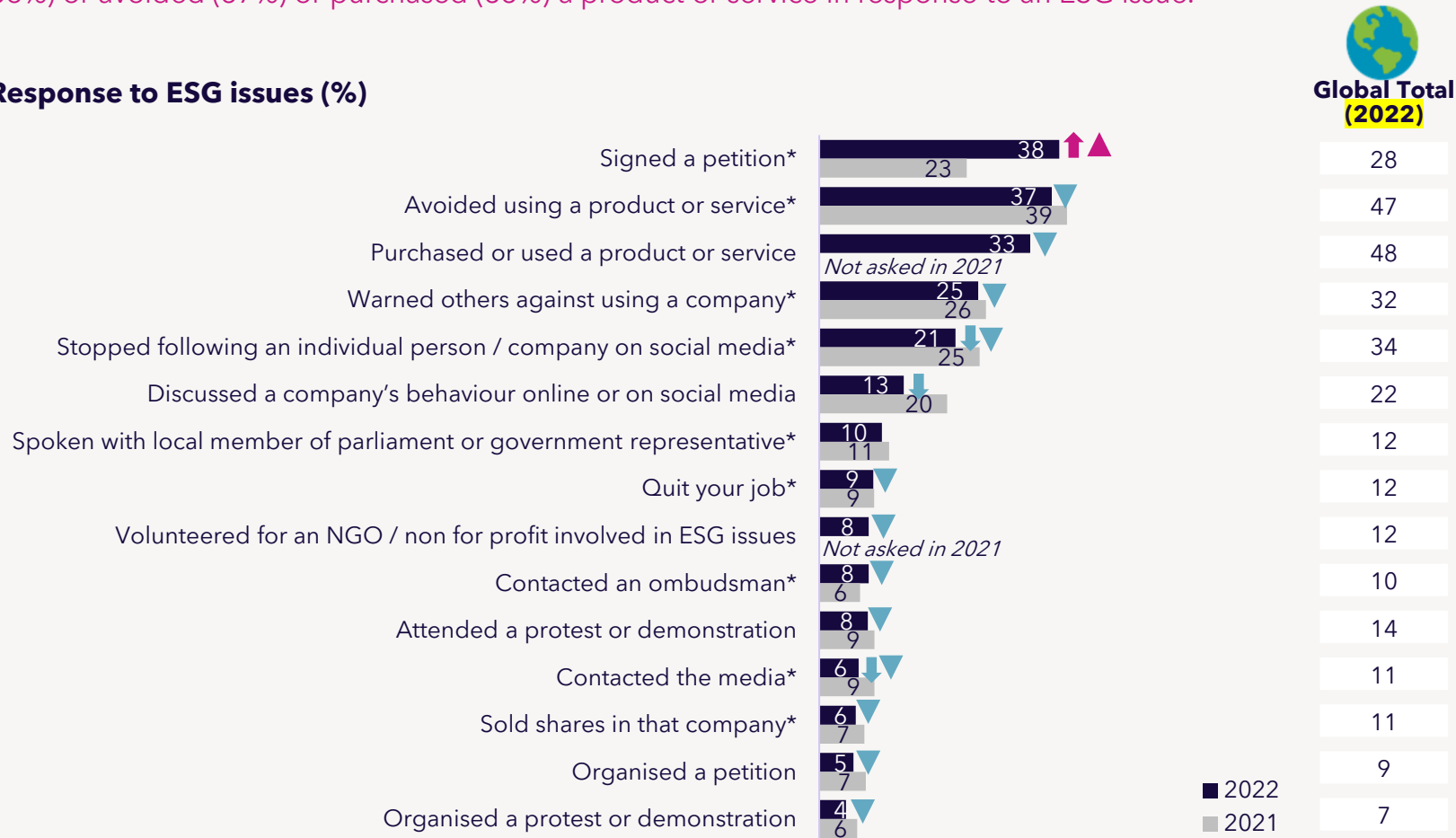


45% agreed

Community activism on ESG issues.

Community activism on ESG issues was generally lower in the UK than the global total. About one in three in the UK reported having signed a petition (38%) or avoided (37%) or purchased (33%) a product or service in response to an ESG issue.

Response to ESG issues (%)



60%
have done one or more
of these things
(vs. 72% for global total)

Base: All survey participants in UK (2022: n=1,006, 2021: n=1,014), Global total survey participants (2022: n=12,063)

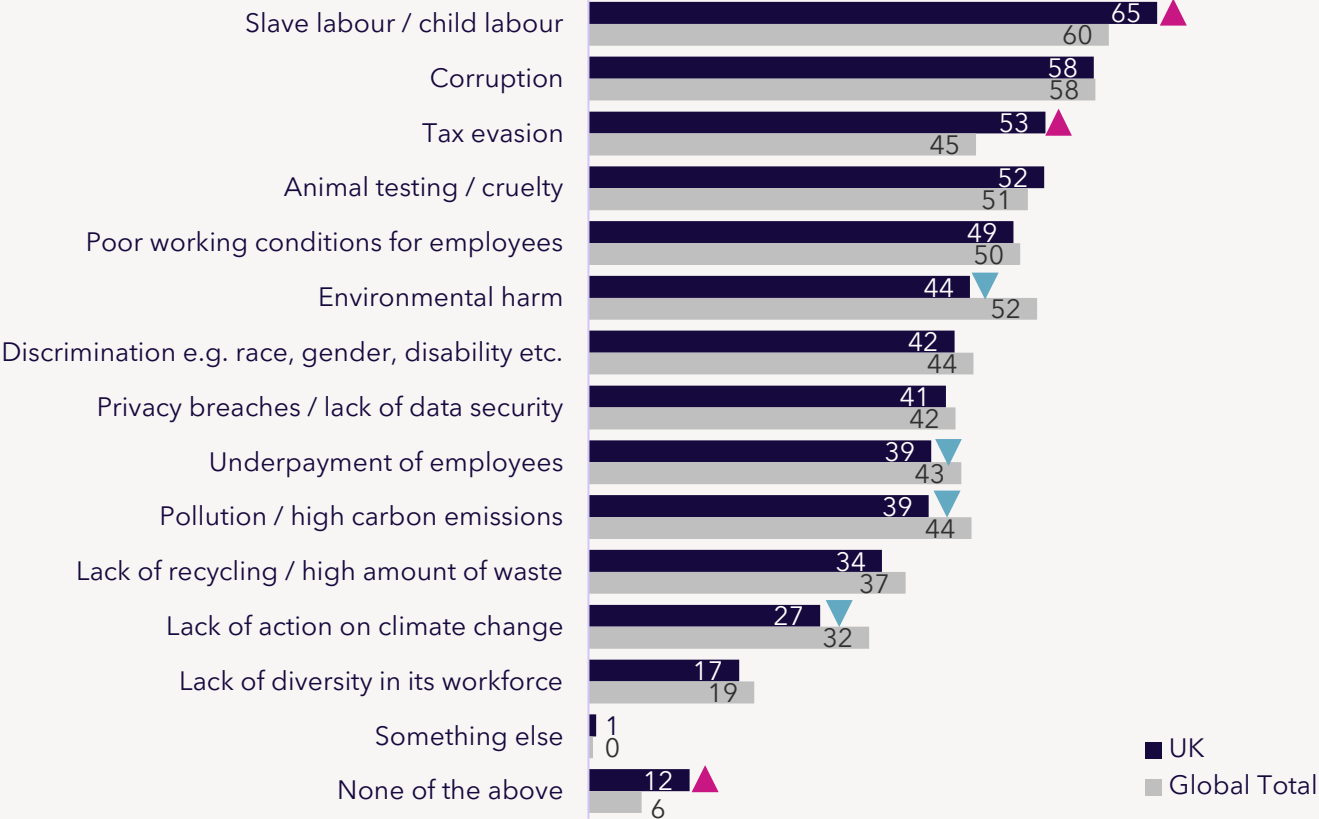
Q17. In the past two years, have you done any of the following things in response to an environmental, social or governance issue? MULTIPLE RESPONSE

*The response wording was slightly changed from 2021: Signed a petition on an ESG issue, Avoided using a product or service because you didn't like the company's practices, Warned others against using a company because of their behaviour, Stopped following an individual person / company on social media after they behaved in a way you didn't like or agree with, Spoken with your local member of parliament or a government representative about an ESG issue that was important to you, Quit your job because you didn't like the company's practices, Contacted an ombudsman about a particular ESG issue, Contacted the media about a particular issue or complaint, Sold shares because you didn't like the company's practices

ESG issues that result in boycotting.

When prompted with a list and asked which actions would make them genuinely stop or avoid using a company's products or services, the most commonly selected actions by participants in the UK were slave labour or child labour, corruption and tax evasion. There is a heightened sensitivity to tax evasion in the UK, where more people said they would boycott a company that was avoiding paying its fair share of taxes than the global total.

ESG issues that would influence you to avoid a company's products or services (prompted %)





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