

ESG MONITOR 2024

WHAT IS THE PUBLIC'S VIEW ON RESPONSIBLE BUSINESS IN 2024?

Background & methodology

For the fourth year running, SEC Newgate has conducted this major survey to understand community awareness and perceptions around Environmental, Social and Governance (ESG) issues.

1,019

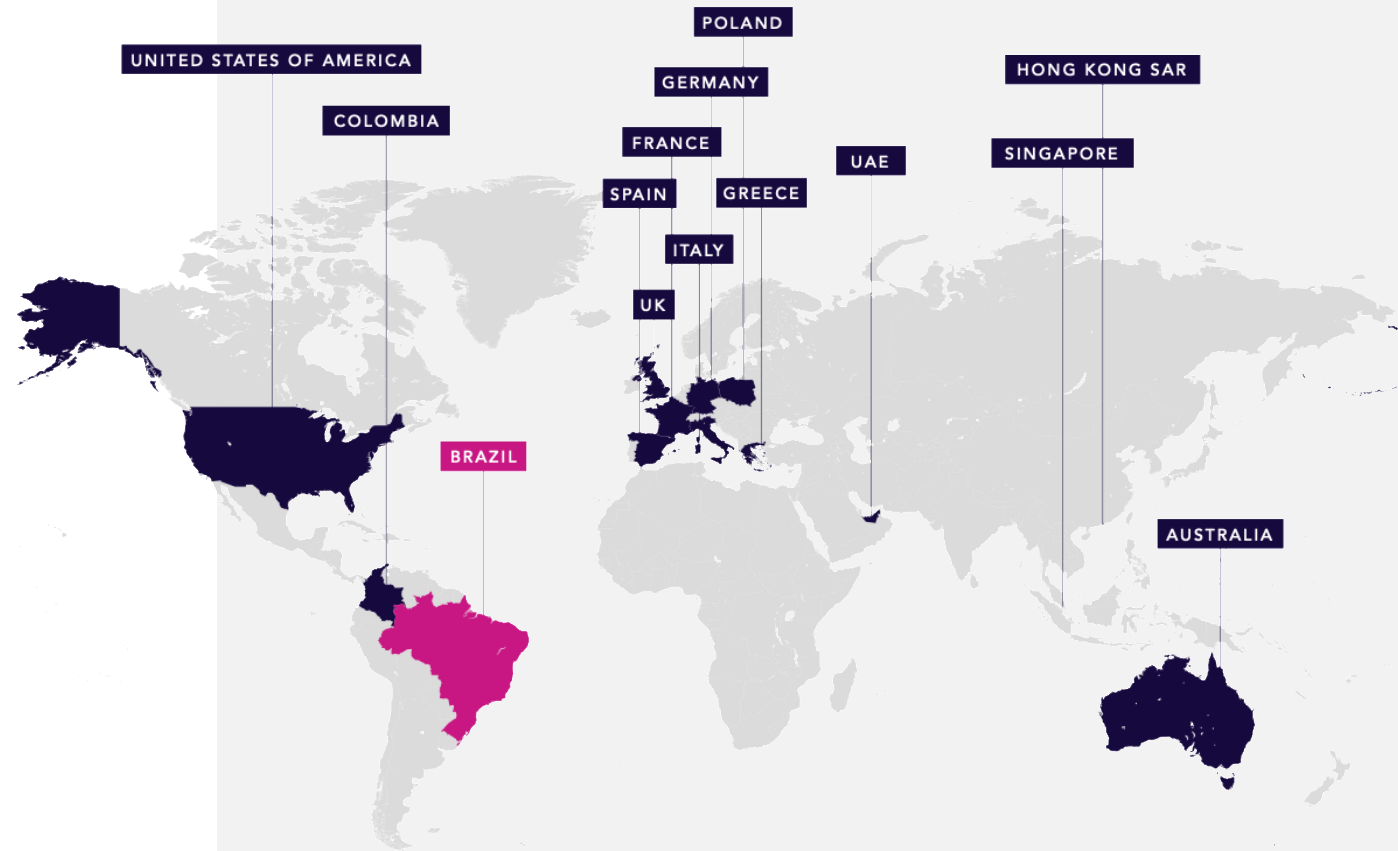
Sample of n=1,019 in **Brazil**

14,352

people surveyed 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 over the period 4-29 July 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.



Other notes

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.

Summary of key insights

There is a clear gap in Brazil between the standards communities expect governments and businesses to uphold on ESG matters, and their performance in meeting those expectations. While there is a strong view that organisations should consider the needs of *all* stakeholders rather than prioritising shareholders, and people want companies to speak publicly on important issues, communication about broader social and environmental issues needs to be very carefully considered if it strays from core business or what staff and customers care about.

Governments and businesses are falling well below the public's ESG-related expectations in Brazil. There are strong expectations for governments and large businesses to act responsibly in terms of ESG considerations, with most deeming this to be highly important. Expectations are somewhat lower for small to medium businesses, which naturally tend to have smaller footprints. However, all were rated relatively poorly for their performance on this front, with just over half rating governments and businesses at 7 or more out of 10.

The top five rated industries for conducting their business responsibly were agriculture, renewable energy, online marketplaces & e-commerce, technology & telecommunications and supermarkets/grocery stores. The worst rated were nuclear energy, mining and resources, transportation, defence, and the chemical industry. Importantly though, even the highest rated only saw 63% of people giving a rating of 7 or more out of 10, highlighting the substantial room for improvement.

86%
think companies should **act in the best interests of all stakeholders** rather than prioritising shareholders - including the large majority of investors (83%)

There is also a strong belief that performing well on ESG responsibilities doesn't have to come at the expense of profitability - i.e. **companies can be both responsible AND profitable.**

Further, the large majority (80%) believe companies should play a more active role in society - although as the findings show, getting the balance right is critical.

People broadly care about a range of social and environmental issues in Brazil. Reducing crime and violence, education and healthcare dominate concerns, but almost all (88%) believe the renewable energy transition is highly important for their country's future. Further, most (58%) think the transition is happening too slowly. Other key issues include protecting the natural environment and wildlife (75% rated this 9 or 10 out of 10 on importance), and acting on forced and child labour (73%).

Despite continued low cut-through of the term "ESG", the fundamental concept holds relevance, with a very high average interest level rating in Brazil of 8.5 out of 10

Two thirds in Brazil say they are aware of the ESG term - and yet only 27% thought they had a good understanding of what it is. Despite this, there is still a majority of around 6 in 10 people who remain very highly interested in ESG issues, rating this 9 or 10 out of 10, which is higher than any other country measured.

The Brazilian community places the most importance on businesses focusing on impacts related to their core functions - and in particular, providing high quality products or services, being open and transparent and treating their employees fairly.

Summary of key insights cont'd

When also considering perceived performance based on what matters most to people, the top opportunities to better meet community expectations are: being open and transparent, treating employees fairly, having leaders who are focused on conducting business in responsible ways, acting to improve sustainability and reduce environmental harm, speaking publicly on environmental issues and supporting and collaborating with local communities.

Moreso than in other countries, a company's overall reputation and ethical decision making and behaviours are the top drivers when making decisions to invest. While sustainability and environmental factors ranked the lowest, most investors in Brazil still think this is highly important.

There are far-reaching risks to businesses engaging in unethical behaviour or practices, with over **half of all investors - 54% - saying they would sell their investment in a company if they found it had engaged in unethical behaviour.**

Shortcomings in ESG-related communications are clear to see, with over eight in ten Brazilians believing companies need to more clearly communicate what they are doing to improve their performance on ESG issues, as well as their actions to address the needs of their stakeholders. This is particularly crucial when considering how important being open and transparent is to the public.

A large majority still do believe it is highly important for companies to speak publicly about environmental and social issues that are relevant to their stakeholders, as well as issues that are important to employees and customers.

Notably, the large majority of Brazilians also want companies to speak out on broader issues that *aren't* necessarily related to their own business, including social and political issues - which is quite different to the global average. There is a delicate balance to strike though, as half of those surveyed also think companies focused on ESG initiatives are too politically focused.

Communication needs to be carried out in ways that overcome the scepticism, with less than half indicating they trust what companies say about their ESG actions.

That said, the public has overwhelmingly positive associations with companies that are focused on addressing ESG issues, and are most likely to pick words such as 'sustainability', 'green', 'responsible' and 'future focused'.

These positive associations not only resonate well but also demonstrate how important it is for companies to take ESG actions seriously, talk about them and feature them in their communications. Words such as 'naive' and 'fake' were not strong associations, supporting the idea that ESG is an area the community wants to see companies focus on. However, it is imperative that companies do so genuinely and communicate their commitment and performance on ESG-related issues - especially as many feel it might be a passing fad, and too 'political'.

Negative associations are likely to increase if the community perceives dishonesty or disingenuity in what companies say - especially if they stray too far beyond core business, or if there is a rise in regulators calling out greenwashing.

While very few people know what the term means, once presented with a definition...

76%
think greenwashing is a big problem in Brazil

For more information and to explore how we can work together to enhance your company's reputation and ESG impact, please contact esgmonitor@secnewgate.com



SEC NEWGATE
2024 Research Findings

LEARN MORE AT
www.secnewgate.com/esg-monitor