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ITALY REPORT

ESG MONITOR 2024

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

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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.

1,013

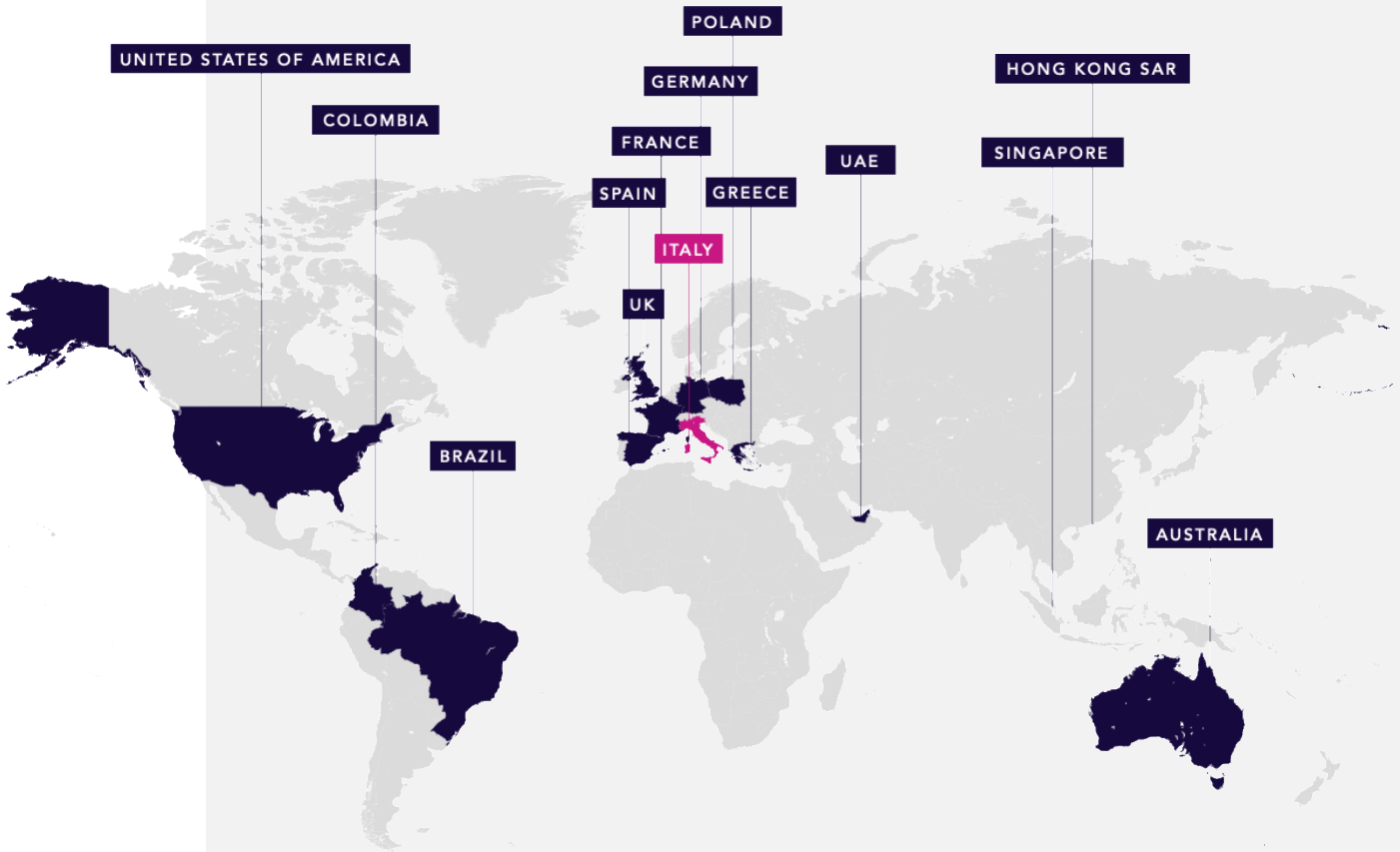
Sample of n=1,013 in **Italy**

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.

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Summary of key insights

There is a clear gap in Italy 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. 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 a little 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 supermarkets/grocery stores, renewable energy, tourism, hospitality and food & drink manufacturing. The worst rated were nuclear energy, gaming, defence, the chemical industry, and mining and resources. Importantly though, even the highest rated only saw 56% of people giving a rating of 7 or more out of 10, highlighting the substantial room for improvement.

77%
think companies should **act in the best interests of *all* stakeholders** rather than prioritising shareholders – including the majority of investors (73%)

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 (66%) believe companies should play a more active role in society – although as the findings show, getting the balance right is critical.

While Italians are still very much focused on their immediate needs in terms of addressing issues in their country, they also care a lot about broader social and environmental issues. Healthcare, pay and conditions for workers and the cost of living dominate concerns, but eight in ten (82%) also believe the renewable energy transition is highly important for Italy's future. Further, many think the transition is happening too slowly (54%). Other key ESG-related issues of relative importance include protecting the natural environment and wildlife, and acting on forced and child labour.

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

Awareness of 'ESG' as a concept is largely similar to 2023, with slightly fewer than half saying they were aware of the term – and yet only 17% thought they had a good understanding of what it is. Despite this, there is still a core of around 3 in 10 people who remain very highly interested in ESG issues, rating this 9 or 10 out of 10.

The community places the most importance on businesses focusing on impacts related to their core functions – and in particular, providing high quality products or services, treating employees fairly, and being open and transparent. There is much less expectation for companies to speak publicly on issues – especially political and social issues not directly connected to the company or its stakeholders.

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: treating employees fairly, being open and transparent, acting to improve sustainability and reduce environmental harm, supporting and collaborating with local communities, and having leaders who are focused on conducting business in responsible ways.

Not surprisingly, factors related to the financial returns of an investment are the top drivers when making decisions to invest, with growth prospects, anticipated financial return and the risk profile of the company or investment being the most important. However, ethical decision making, and sustainability and environmental factors are also important criteria to many investors.

There are far-reaching risks to businesses engaging in unethical behaviour or practices, with **two in five investors**

- 42% -

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, about seven in ten 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 clear and transparent is to the public.

A majority still 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.

However, only a little over half feel it is important for companies to speak publicly on political issues or on social issues that are not necessarily related to the business. Further demonstrating the sensitivities and risks here, close to four in ten agree that companies focused on ESG initiatives are too politically focused.

Communication needs to be carried out in ways that overcome the scepticism, with four in ten indicating they don't 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 'future focused', 'sustainability', 'responsible', 'caring', 'clever' and 'respectful'.

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

70% think greenwashing is a big problem in Italy

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 'boring', 'distracted', '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.

While such negative words were not frequently associated with companies addressing ESG issues, negative associations like these 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.

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

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