

Responsible Business

2024

WHAT THE **UK** PUBLIC EXPECTS.



Emma Kane

UK CHIEF EXECUTIVE AND DEPUTY GROUP CEO



Leyla Hart-Svensson

HEAD OF RESEARCH, UK



Andrew Adie

HEAD OF GREEN AND GOOD
AND CORPORATE REPUTATION

Foreword.

Expectations for what makes a 'good' business have changed forever. To be trusted, widely respected, to be a business that people want to work for and with no longer means just making loads of money.

Good business has to be sustainable, a good employer and supply chain partner, to support communities and to be an agent for positive change.

Business has to use the resources and funding it controls to lead responsibly and deliver better outcomes for all its stakeholders. On top of this, it also has to generate revenues, investment returns, wages, profits and tax receipts.

All of this takes place in a judgemental world fuelled by increasing scrutiny and activism where pledging to lead change isn't enough, business has to prove it is delivering.

Statements like this do not fall onto neutral political ground and the push back against ESG by critics, who call corporate responsibility out as 'woke capitalism' continues to grow. Yet on the other side of the fence, activist, public and political voices are advocating for greater corporate ambition.

Navigating this complexity and understanding how perceptions and expectations of business are changing is critical if corporates are to grasp the opportunities and avoid the pitfalls.

To help inform that analysis, SEC Newgate develops and runs its annual ESG Monitor research, polling over 14,000 people across 14 countries to understand their views.

What it shows is that corporate responsibility remains a growing trend and expectation which lies at the heart of what it means to be a good business with a good reputation.

The questions our clients ask us...

We know that reputation and responsible business conduct are inextricably linked - and our clients are grappling with the best ways to deliver on public expectations.

1.

"Do consumers care about ESG issues? Does it make a difference in their behaviour?"

2.

"Where do we start? What actions are the right fit for us?"

3.

"Which of all the good things we do should we talk about?"

4.

"Is it actually okay to talk about the good things we do?"

5.

"We're worried about the risk of public backlash for speaking out"

6.

"How do we avoid being accused of greenwashing?"

7.

"We're spending a lot of money on communicating but it's just not resonating..."

8.

"Should we be taking a position on social or political issues?"

Background & methodology.

For the fourth year running, SEC Newgate has conducted global research to understand community awareness and perceptions around Environmental, Social and Governance (ESG) issues and actions by corporates in this space.

This year, the UK study explores ESG issues within the broader context of **responsible business** conduct.

15 minute
online survey

This research is part of the annual global 'ESG Monitor', and this report presents the 2024 findings from the United Kingdom (UK).

1,036 

Respondents
from **the UK**

14,352

Respondents
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 from 4th - 29th July 2024.

The final results have been weighted by age and gender to be nationally representative.

Reinforcement of **Responsible Business** as an area of public scrutiny.

EXTENDING ROLE AND IMPACT

Companies are expected to focus on more than profit - they need to play an active role in society

LEAD BY EXAMPLE

Strong expectations on business leaders to pave the way

INVESTOR THREAT

Retail investors exhibit stronger expectations of responsible business conduct, and will act if trust is breached

CLARITY OF ACTIONS NEEDED

Public want clearer communication on what companies are doing to improve their performance

BALANCING AGENDAS IS KEY

A fine balance to be achieved on when and how companies should speak publicly on issues that are not related to their business

RESPONSIBILITY IS A REQUIREMENT

Conducting business in a responsible way is now an expectation

THE KIDS ARE ALRIGHT

Younger generations expect businesses to take a stance on environmental and political issues

Chapter 1: Where is public sentiment?

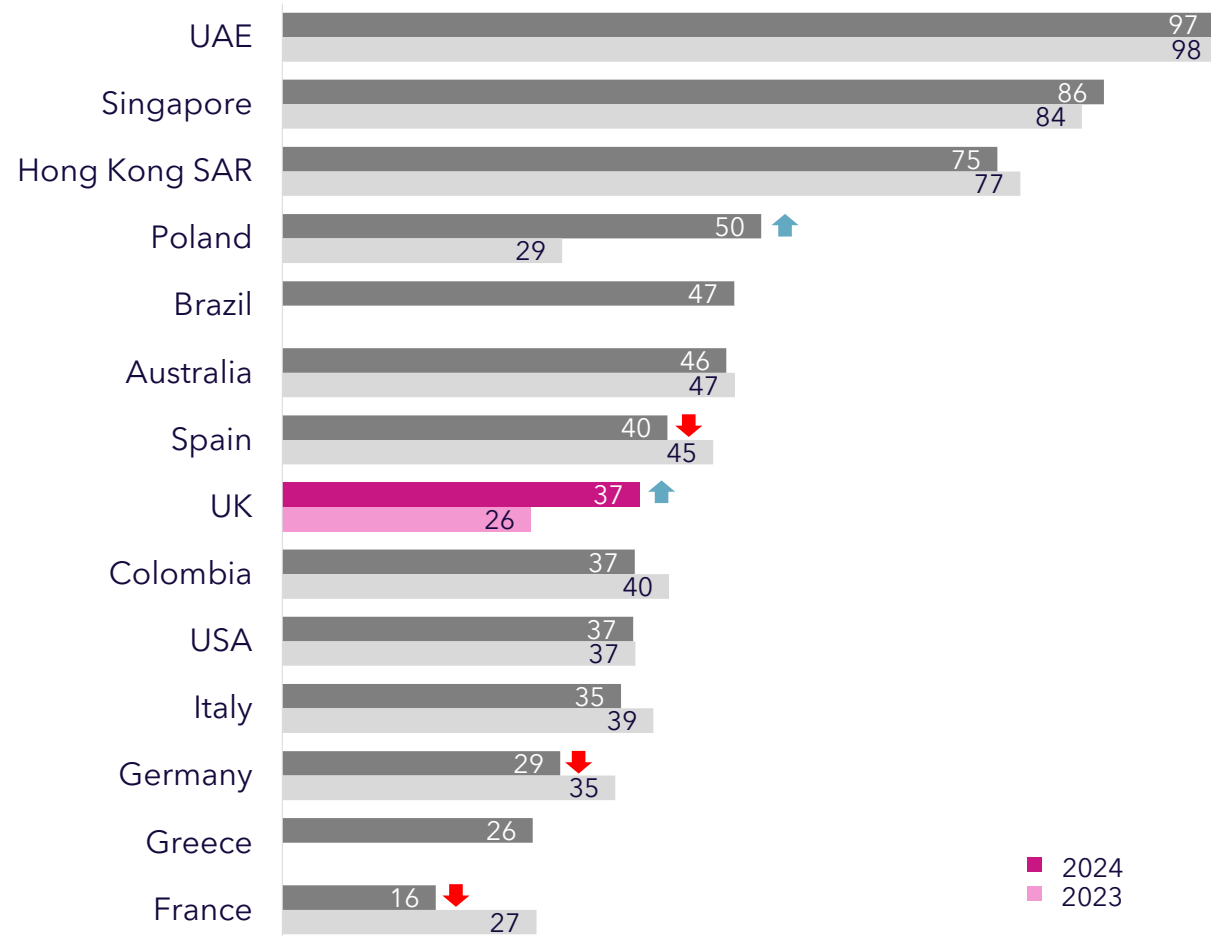
In 2024, the UK's outlook remains lower in comparison to other markets. However, positive sentiment has significantly increased over the last year.

Those who are more likely to feel that the UK is on the right track:

- Gen Y and Z (47%)
- Business owners (53%)
- Men (43%)
- Those with low financial vulnerability (42%)

Public sentiment on the UK's trajectory.

Think their country is on the **right track**... (%)



Q1. Overall, do you think that things in the UK are heading in the right track or in the wrong direction? / Base: UK Sample. 2023 n=1009, 2024 n=1036

  Denotes significantly higher / lower difference compared to 2023.

In 2024, the focus on the top issues impacting daily livelihoods has eased - indicating a growing sense of stability.

Although of lower importance, issues related to responsible actions from business are still notable considerations for the public:

- Protecting the natural environment and wildlife
- Acting decisively to stop the use of forced and child labour

More important issues for the UK's future.

The importance of the following things for the UK's future in 2024 (Top half)
(NET Rated 9-10 Importance %)

Things of importance for the UK's future	Year-on-year trend		
	2022	2023	2024
Ensuring quality, affordable healthcare for everyone	67	64	60 ↓
Addressing the rising cost of living	70	67	59 ↓
Ensuring secure and affordable food supplies	64	61	54 ↓
Strengthening the economy	55	53	54
Ensuring secure and affordable energy and fuel supplies	66	59	52 ↓
Reducing crime and violence	51	50	51
Ensuring quality, affordable education for everyone	52	48	47
Protecting the natural environment and wildlife	48	47	47
Acting decisively to stop the use of forced and child labour	N/A	45	46
Addressing housing affordability and availability	N/A	N/A	44
Managing data security and personal privacy	N/A	39	43
Strengthening the response to violence against women	47	44	43
Improving pay and conditions for workers	47	43	41 ↓

Q19. The following are things that some people believe are important for the UK's future. How important are these things to you personally? Base: UK Sample. 2022 n=1006; 2023 n=1009; 2024 n=1036

↑ ↓ Denotes significantly higher / lower difference between years

The importance of other issues remain broadly stable from the viewpoint of the UK public.

However, desired improvement in the UK's defence capability has increased, likely in response to concerns over Russia.

Less important issues for the UK's future.

The importance of the following things for the UK's future in 2024 (Bottom half)
(NET Rated 9-10 Importance %)

Things of importance for the UK's future	Year-on-year trend		
	2022	2023	2024
Strengthening support for people in vulnerable situations	44	40	41
Transitioning to renewable/clean energy sources	43	40	40
Acting decisively on climate change	43	42	39
Creating new job opportunities	N/A	39	38
Improving the country's defence capability	34	32	38 ↑
Managing the impacts of wars	41	37	37
Better regulation of companies to prevent unethical behaviour	38	38	36
Addressing the deliberate spread of misinformation and "fake news"	N/A	N/A	36
Improving preparedness for extreme weather events	29	32	34
Improving respect between people and groups in the community	N/A	N/A	33
Managing the use of Artificial Intelligence (AI)	N/A	28	32
Investing to support local manufacturing	N/A	N/A	31
Increasing migration to address skill shortages	22	21	20

Q19. The following are things that some people believe are important for the UK's future. How important are these things to you personally? Base: UK Sample. 2022 n=1006; 2023 n=1009; 2024 n=1036

↑ ↓ Denotes significantly higher / lower difference between cohorts



Chapter 2:

Expectations of business

**In 2024, the UK public
expect companies
to focus on being
more than just
a business.**

6 in 10
expect companies
to play a more
active role in
society



The UK public expect companies to act in a responsible way, thinking beyond profitability and duties to their shareholders.

75%

say it is important for **large businesses to conduct their business in responsible ways**

75%

say it is important to have **leaders who are focused on conducting business in a responsible way**

72%

agree companies should act in the **best interests of all their stakeholders** not just their shareholders

70%

agree that **companies can be profitable while also performing well on their ESG responsibilities**

Modelling **public expectations** of responsible business.

1. Expectations grouped into responsibility type



2. Expectations assigned to primary, secondary or tertiary category, based on importance score



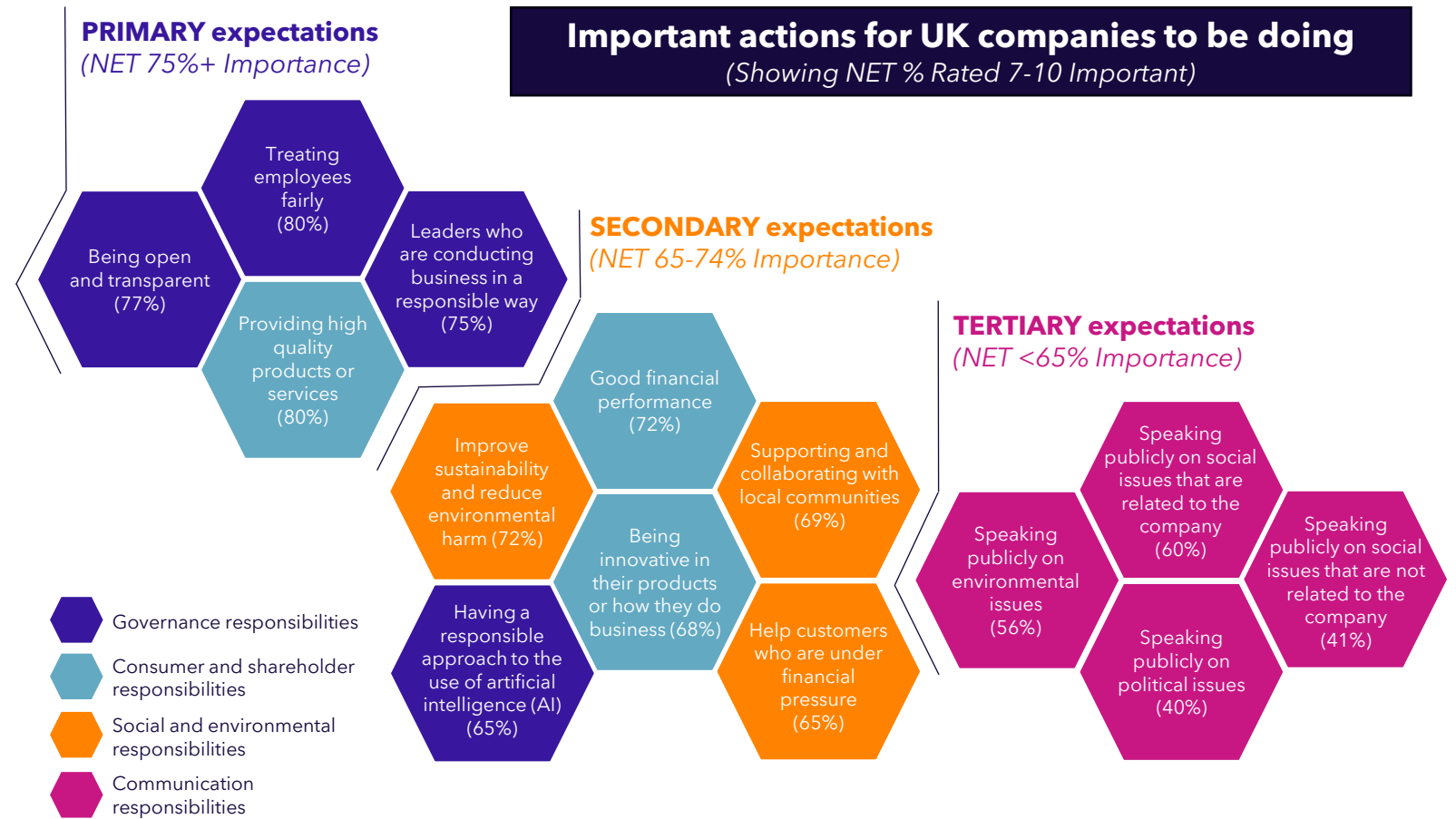
3. Expectations model



Good governance and responsible leadership are basic public expectations, supported by a desire for greater responsible action.

Primary expectations would indicate a foundational 'cost of doing business', but the public also expects business to act for the greater social and environmental good, before they 'speak out' on their actions.

How does the UK public prioritise expectations of companies?



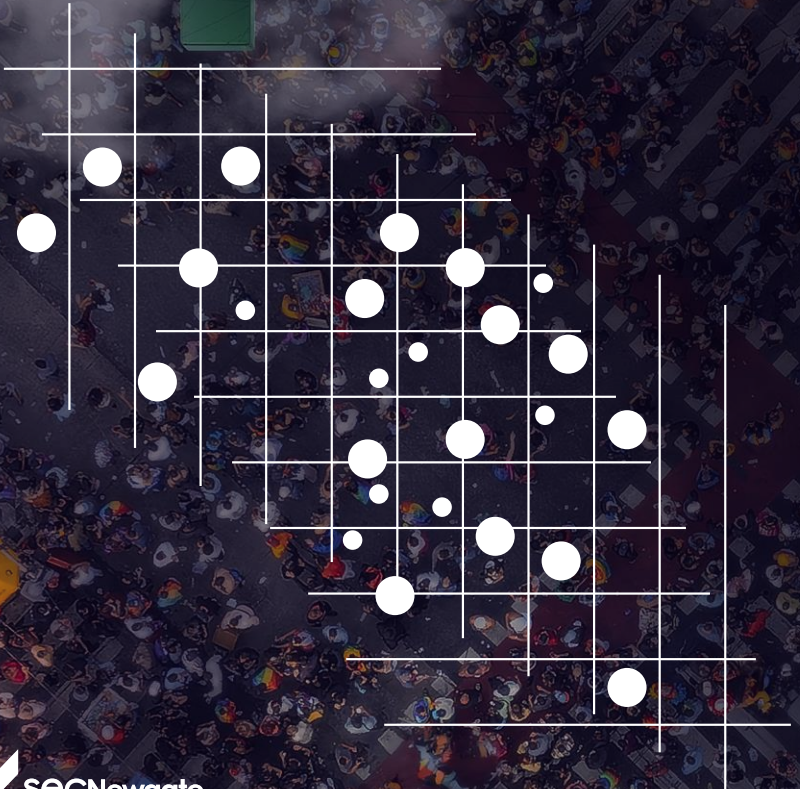
Q15A. How important do you personally think it is for companies in the UK to be doing each of the following things? // Base: UK Sample.2024 n=1036 Gen Z/Y n=532



Chapter 3:

How is business performing versus expectations?

Despite high public expectations, companies are falling short.



Only 42% of the UK public **agree that companies are generally behaving responsibly and doing the right thing.**




Government agencies and large businesses are perceived to be under-performing in their responsible conduct.

In 2024, the public perceive a 30%+ performance gap, while small to medium sized-business are closer to delivering on public expectations.

Businesses and Government: Importance vs Performance in responsible conduct.

Conducting business in responsible ways:

Importance (NET Rated 7-10 Important %) **vs Performance** (NET Rated 7-10 Good performance %)

	Importance	Performance	Gap
 Government agencies or departments	79%	42%	37%
 Large businesses	75%	43%	32%
 Small to medium businesses	67%	54%	13%

Q15. To what extent do you agree or disagree with the following statements? (Previous page)
 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 UK when it comes to conducting business in responsible ways - in terms of their environmental, social and governance considerations? // Base: UK Sample. 2024 n=1036

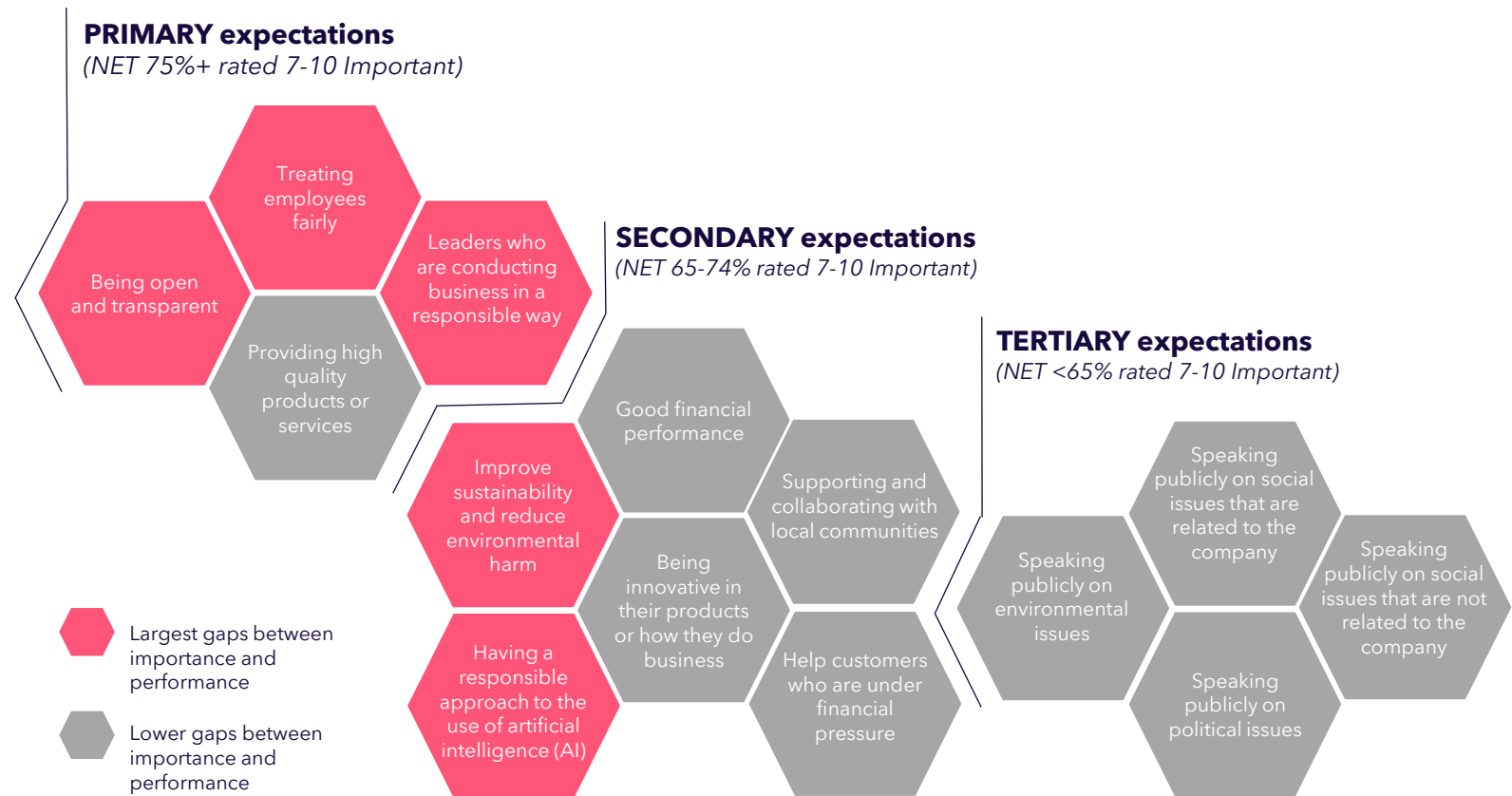
There is a perceptions gap between the importance and performance of company actions that are key to responsible business.

UK business is perceived to be underperforming on:

- Transparency
- Company leadership
- Fair treatment of employees
- Actions to promote sustainability
- A responsible approach to the use of AI.

Responsible business actions: the gap between importance and performance.

Importance vs Performance of companies doing the following actions



Q15a. How important do you personally think it is for companies in (COUNTRY) to be doing each of the following things? // Q15b. How would you rate the performance of companies in the UK on the following? Base: UK Sample. 2024 n=1036 *Rounding accounts for one point differences.

Top performing industries broadly continue to be those which generally hold reputations for promoting the environment, health, education and food production.

Responsible business performance of UK industries.

Performance of UK industries in conducting business in responsible ways
(NET Rated 7-10 Good performance %)

UK industries (top half)	2023 Performance on ESG actions	2024* Performance on conducting business in responsible ways	UK industries (bottom half)	2023 Performance on ESG actions	2024* Performance on conducting business in responsible ways
Renewable energy	N/A	52	Defence	N/A	37
Healthcare	34	48	Nuclear energy	N/A	37
Supermarkets / grocery stores	31	47	Energy and utilities	22	36
Education and training	32	46	Real estate and property	18	35
Agriculture	33	46	Automotive	20	35
Food and drink manufacturing	27	45	Airlines	18	34
Technology / telecommunications	30	44	Transportation	22	34
Hospitality	26	44	Alcohol	19	34
Retail	N/A	42	Cosmetics and personal care	19	34
Manufacturing	23	41	The media	18	32
Banking and financial services	26	41	Gaming	21	32
Tourism	23	40	Fashion	18	31
Pharmaceutical	26	39	Social media platforms	20	31
Online marketplaces / e-commerce	26	38	Chemical industry	18	30
Construction and infrastructure	21	38	Mining and resources	16	29

Q11. How would you rate the performance of the following industries operating in the UK when it comes to conducting business in responsible ways - in terms of their environmental, social and governance considerations? / Base: UK Sample. 2023 n=1009, 2024 n=1036. *Please note that the question changed in 2024, making any comparisons between waves indicative rather than direct.

9 in 10 of the UK public associate responsible business with positive attributes.

Understandably, top of mind words for those companies focussing on addressing ESG issues are 'sustainability', and 'responsible'.

However, other key descriptors are more telling – with an indication that the public find these companies to be good citizens who are, **responsive, future-focussed, successful and inspiring.**

Perceived attributes of companies conducting business in responsible ways.

Attributes associated with companies that are focused on addressing environmental, social, and governance issues (%)

In total, **89%** of the UK public associated companies conducting responsible business with at least one **positive attribute**

Profitable (51%)	Caring (63%)	Responsive (65%)	Community focused (60%)
Successful (57%)	Sustainability (71%)	Green (69%)	Transparent (55%)
Clever (56%)	Respectful (67%)	Responsible (70%)	Inspiring (57%)
Diverse (58%)	Future focused (69%)	Good citizen (64%)	Political (44%)

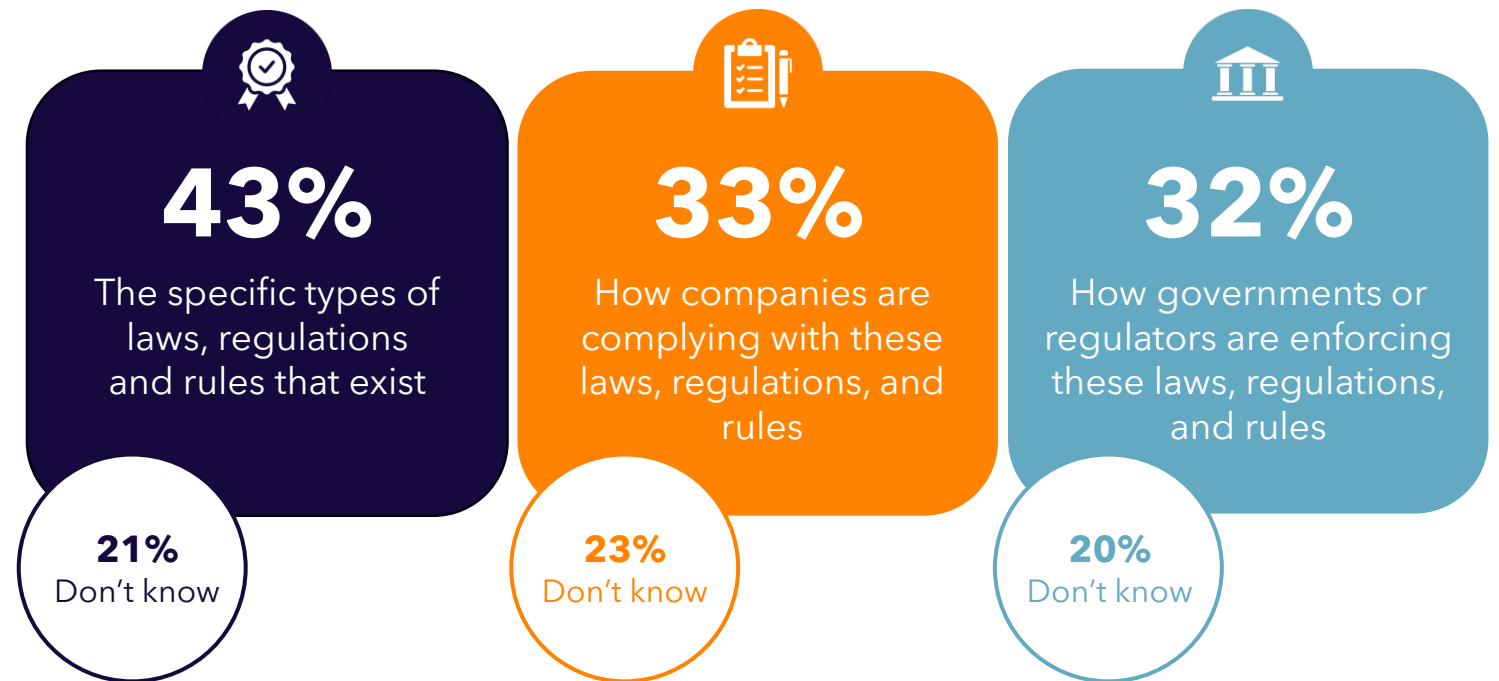
Unsuccessful (17%)	Fad (22%)	Unprofitable (18%)	
Distracted (18%)	Boring (18%)	Naive (20%)	Fake (17%)

Lower public perceptions of the legislation related to responsible business conduct is likely driven by low engagement and distance from these topics.

Around in 1 in 5 are uncertain about the laws, regulations, and rules related to responsible business conduct - though this knowledge gap can be considered reasonable for such complex and technical topics.

Public sentiment on the legislative landscape governing responsible business.

Ratings on the laws, regulations, and rules in relation to social, environmental, and governance issues in the UK (NET Rated 7-10 Good %)



Q12a. When it comes to laws, regulations and rules in relation to social, environmental and governance issues, how would you rate each of the following...? / Base: UK Sample. 2024 n=1036

Chapter 4:

How should business respond to expectations?

To respond to public expectations, companies **must communicate their responsible business** conduct in a clear and balanced way.



7 in 10 of the UK public agree that **companies should more clearly communicate what they are doing to improve their performance on ESG issues...**

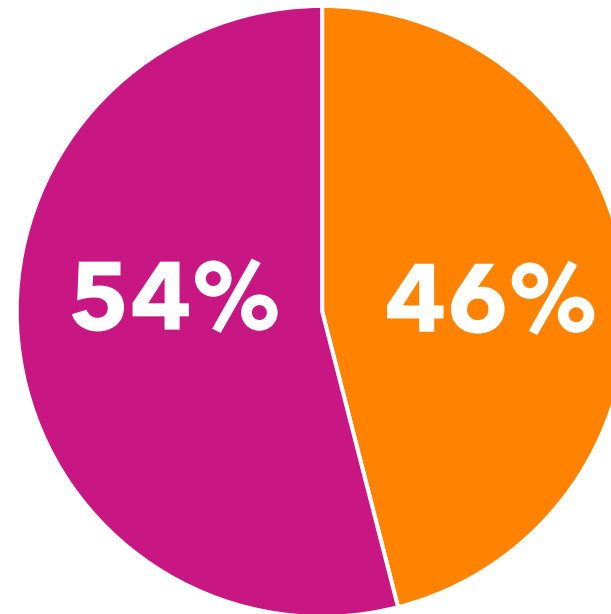
...and want companies to communicate on issues that are important to their employees and customers

When it comes to speaking out on issues that are not related to business or stakeholder interests there is a fine balance to be achieved.

When should companies **speak out**?

Public views about companies speaking publicly on issues of social or environmental importance (%)

Companies should **ONLY** speak publicly on social **issues that are related to their business** or in the interests of their stakeholders



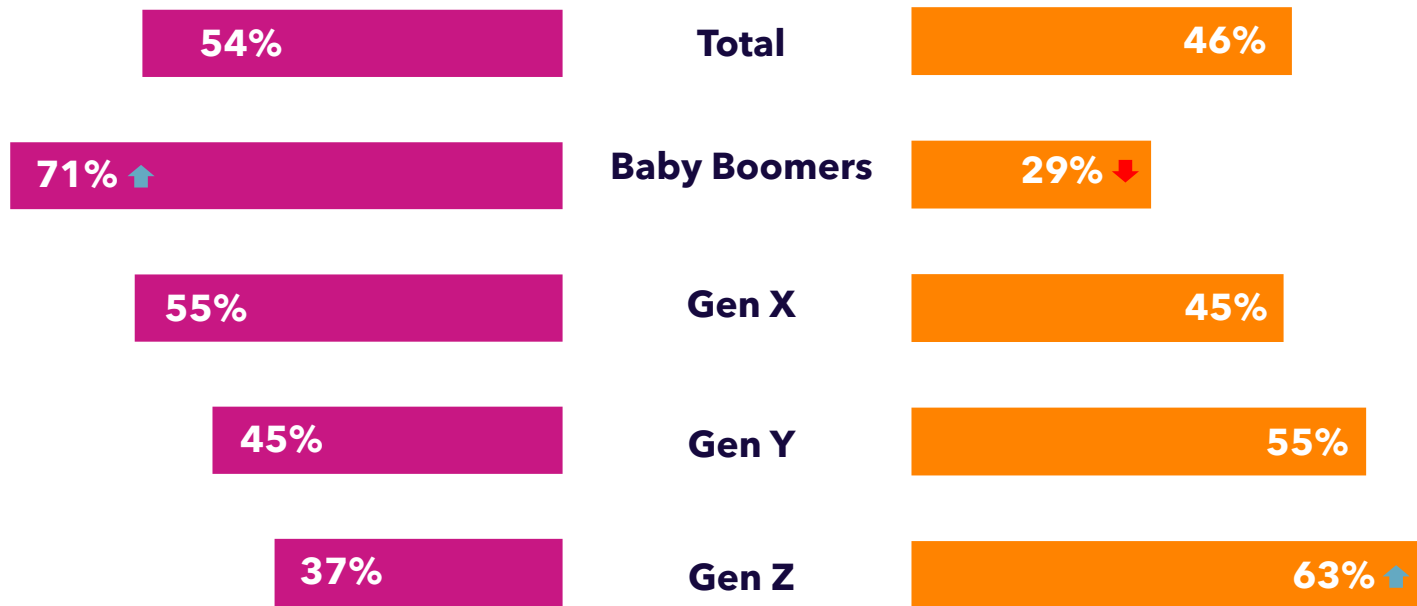
It's OK for companies to speak publicly on social **issues that are not related to their business** or in the interests of their stakeholders

Younger generations express a greater desire to see and hear about companies standing up as an active corporate citizen.

When should companies **speak out**? Breakdown by generation

Companies should only **speak publicly** on social issues **that are related to their business** or in the interests of their stakeholders

It's OK for companies to **speak publicly** on social issues that are **not necessarily related to their business** or in the interests of their stakeholders



Q15C: Which one of the following best describes your view about companies speaking publicly on issues of social or environmental importance?// Base: UK Sample. 2024 n=1036, Baby Boomers n=252, Generation X n=218, Generation Y n=334 Generation Z n=198

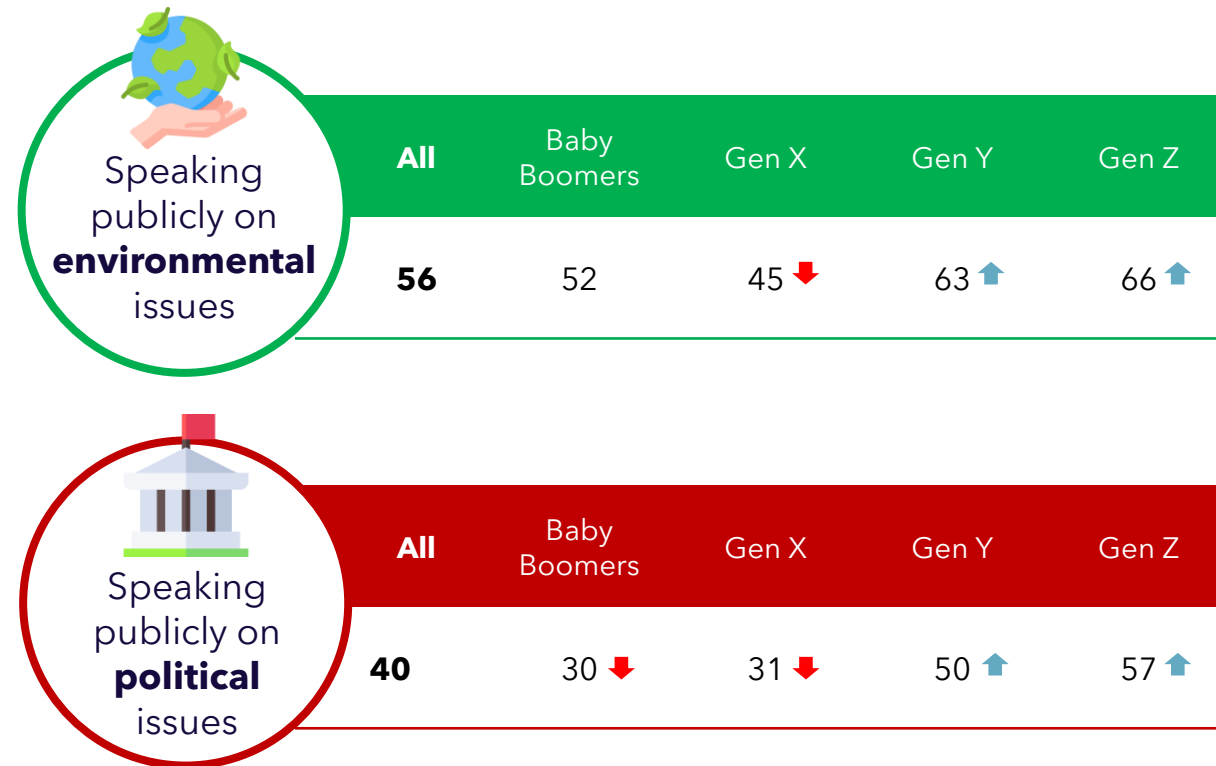
↑ ↓ Denotes significantly higher / lower difference compared to those not in the cohort

And younger generations have higher expectations of company communication on broader environmental and political issues.

In particular, Gen Z have the highest expectations of companies to speak out on these issues.

A generational skew on **environmental** and **political** issues.

Importance of companies speaking publicly on issues: By generation
(NET % rated 7-10 Important)



Q15a. How important do you personally think it is for companies in the UK to be doing each of the following things? // Base: UK Sample. 2024 n=1036, Baby Boomers n=252, Generation X n=218, Generation Y n=334, Generation Z n=198

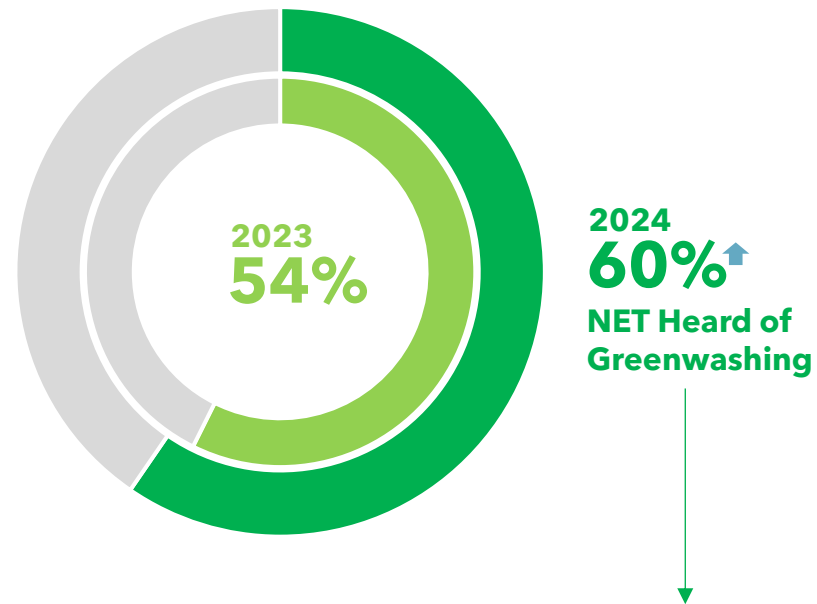
↑ ↓ Denotes significantly **higher** / **lower** difference compared to those not in the cohort

The salience of 'Greenwashing' has significantly increased over the last year, and just over half of the UK public consider it a problem for companies.

Notably, investors are significantly more likely to be aware of the term 'Greenwashing' (78%), and consider it to be a problem (60%).

Public awareness and perceptions of greenwashing.

Public awareness of the term 'Greenwashing' (%)



Half of those who have heard of Greenwashing say they have a good understanding of it means, but half say they are not sure what it means.

Participants were shown the following definition of Greenwashing:

"Greenwashing" is when a company provides misleading or false information to consumers or investors about how environmentally friendly, sustainable or ethical its products and/or operations are.

Perception of Greenwashing as a problem among UK companies (%)

54% say that
Greenwashing is a problem among companies in the UK
(NET % Rated 7-10)

Q33. And before today, had you heard of the term "Greenwashing"? // Q34. How much of a problem do you think Greenwashing is among companies in the UK, if at all? // Base: UK Sample. 2023 n=1009, 2024 n=1036

↑↓ Denotes significantly higher / lower difference compared to previous year

But overall, public **mistrust** in what companies are saying about their responsible business conduct is **starting to ease.**

“

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

49%
2023

40%
2024

Chapter 5:

How responsible business conduct impacts retail investor decision-making

UK retail investors have significantly higher expectations of companies vs. the broader UK public when it comes to responsible business conduct.

Investor perceptions of responsible business conduct.

81%

believe it is

important for large businesses to conduct their business responsibly

(Significantly higher than non-investors: 72%)

63%

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

(Significantly higher than non-investors: 54%)

79%

agree that

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

(Significantly higher than non-investors: 66%)

...And this expectation is especially held by **Gen Y and Z investors (71%)**

(Significantly higher than older generation investors: 54%)

Q15. To what extent do you agree or disagree with the following statements? // 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? // Base: All survey participants (n=1036) // Those who actively invest (n=368) Non investors (n=668)

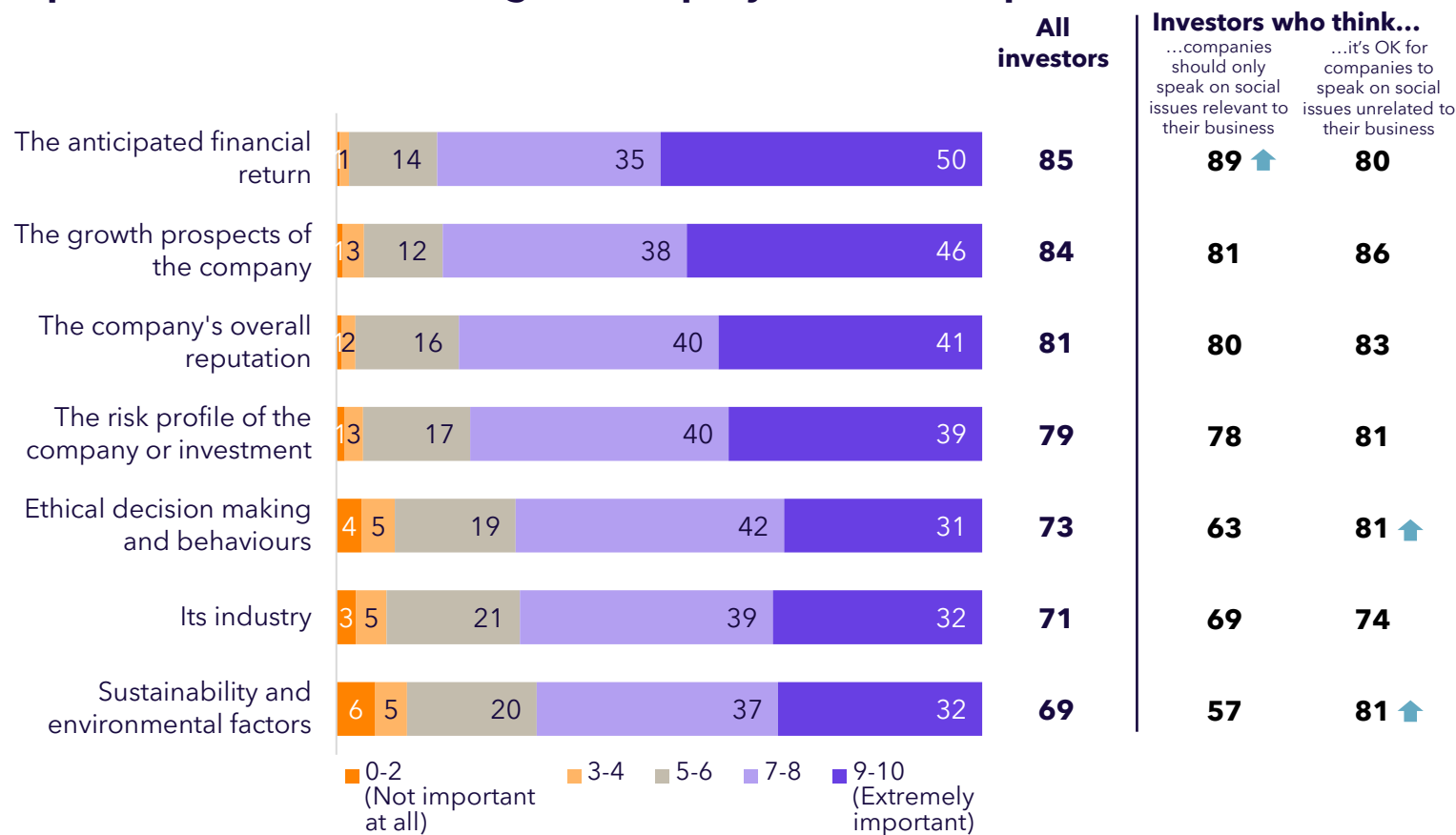
At the total level, investment decisions remain predominantly driven by anticipated returns, and growth prospects.

However, ethical decision-making and sustainability factors are still key factors for 7 in 10 investors.

Factors influencing investor decision-making.

Important factors for investing in a company

NET Important (Rated 7-10 %)



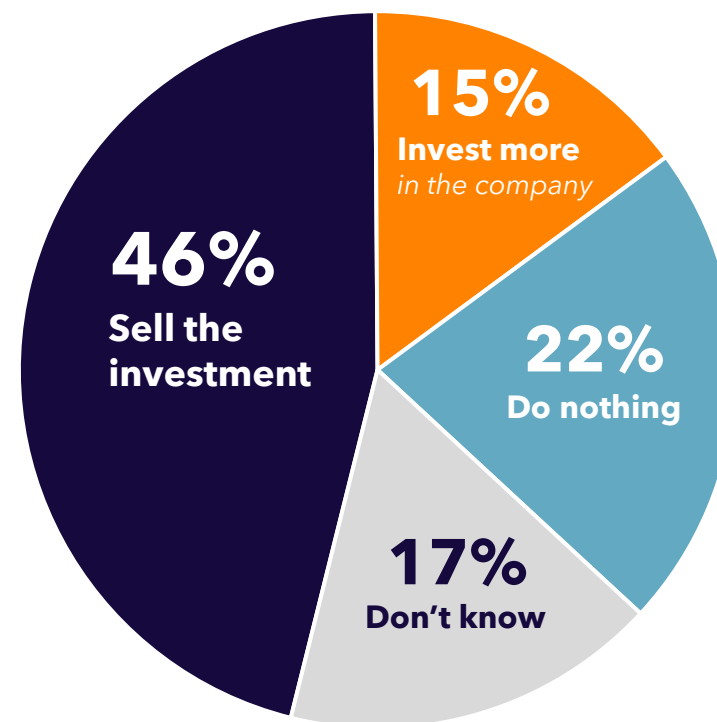
Q43. For each of the following factors, please indicate how important each is to you personally when making a decision to invest in a company. // Base: Those who actively invest (n=368) NET Scores have been added up without decimal points for clarity.

↑ ↓ Denotes significantly higher / lower 30 difference between cohorts

Almost half of investors would choose to sell investments if unethical behaviours or practices at a company they had invested in were revealed.

What **actions** would investors take in the face of claims of unethical behaviour?

Action taken if investor found out there was unethical behaviours or practices in at a company they had invested in



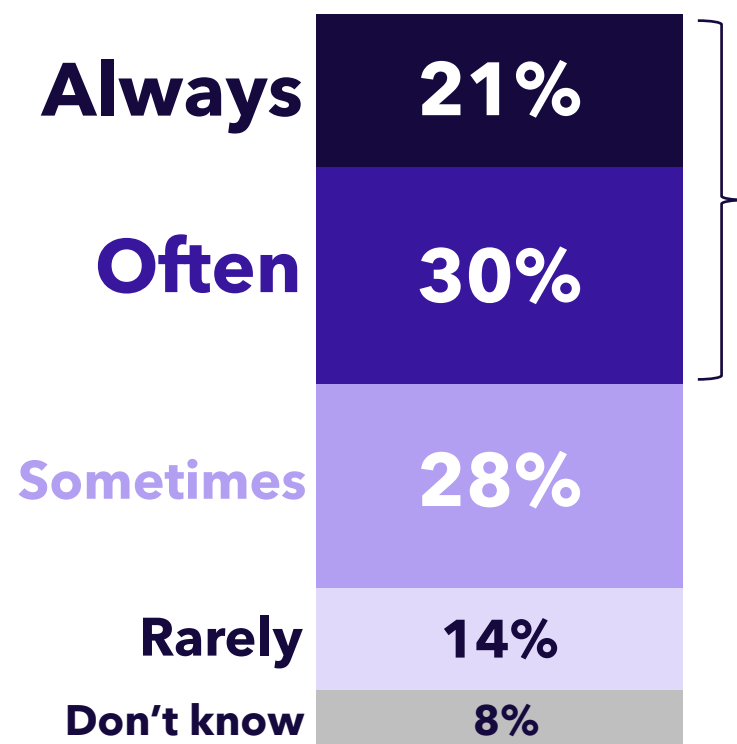
Q44: If you found out there was unethical behaviour or practices at a company you had invested in, which was otherwise meeting your investment objectives, would you be most likely to...? // Base: Those who actively invest (n=368)

Half of investors frequently search for a company's performance on environmental, social and governance issues when making an investment decision.

Indicatively, this investment behaviour is more prominent among younger investors, and investors interested in company advocacy on environmental and social issues.

Actions taken to inform investment decisions.

Frequency of specifically searching for information on a company's environmental, social and governance performance when making an investment (%)



NET
50%

Always or often specifically search for information on company's environmental, social and governance performance when making an investment.

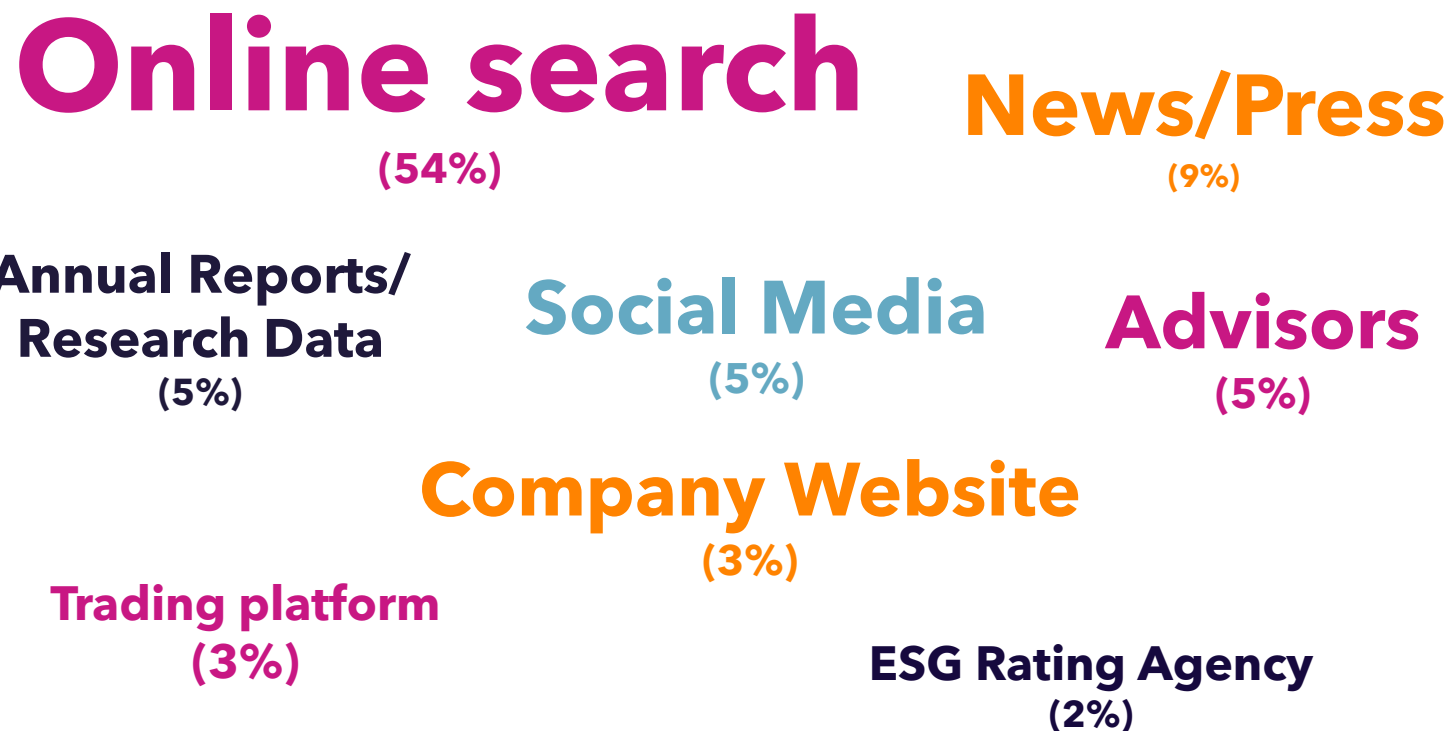
Significantly more likely among:

- Gen Y investors (72%)
- Investors who think it's OK for companies to speak on unrelated social and environmental issues (62%)

The most commonly used sources of information include online searching, news (including financial press) and company websites.

Sources used to inform investment decisions.

Most common information channels about a company's performance on environmental, social and governance matters when making an investment decision



Q46. Where do you source your information about a company's performance on environmental, social and governance matters when deciding whether or not to invest in it? // Base: Those who actively invest (n=368) *Removed responses who said none or did not properly answer the question. Answers 1% or less not shown.

Chapter 6:

Key take-outs from the research

Today's businesses must be profitable and well-governed, but there is a **clear public expectation of action** - and better performance - **on environmental and social issues**

BUSINESS VIABILITY AND PROFITABILITY

- Provide high quality products or services
- Have good financial performance

STRONG CORPORATE GOVERNANCE

- Treat employees fairly
- Be open and transparent
- Have leaders focused on conducting responsible business



ACTIVE CONTRIBUTION TO ENVIRONMENTAL AND SOCIAL GOOD

- Play a more active role in society
- Act to improve sustainability and reduce environmental harm
- Support and collaborate with local communities



COMMUNICATING TO THE PUBLIC

- Communicate progress on company performance on environmental, social and governance issues
- Speak publicly on issues that are related to the company and its stakeholders - but be selective on when to speak out on broader social and environmental issues

Businesses can strengthen their reputation with communication of their responsible action, enhanced by speaking out selectively on wider issues

Thank you

research@secnewgate.co.uk