

SEC Newgate
ESG Monitor.

Germany Report

2021 RESEARCH FINDINGS

Summary.

Background & Methodology

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=10,203 across 10 countries. This report presents the findings from **Germany** (n=1,014). Where relevant, results have been compared to the 'global result' i.e. for all 10 countries included in the study.

Participants were sourced from global panel provider PureProfile. Fieldwork was conducted between mid and late August 2021. Quotas were set by age, gender and location to ensure a nationally representative sample. The final results were weighted by the actual age and gender proportions in Germany.

Other methodological notes:

- Survey questions and sample sizes are shown at the bottom of each page
- Results may not always total 100% due to rounding or multiple-response questions
- Down ▼ and up ▲ arrows show where results for this country are significantly lower / higher than all other countries combined (95% confidence level).

Key Findings for Germany

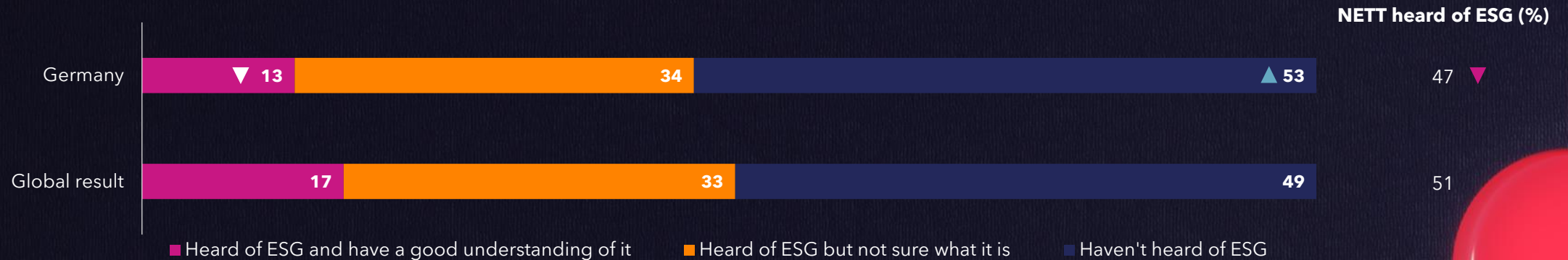
- **Half of those in Germany** (50%) say they are strongly interested in the environmental, social and governance behaviour of government and corporates (rating it 7 or more out of 10 in importance to them). Four in ten (40%) say ESG issues influence their purchase decisions.
- **Climate and environment dominates the ESG agenda** in Germany. When asked about the one ESG issue they feel is most important for the Government or companies in their country to focus on, 57% mentioned something related to the environment - higher than the global result of 52%. The top two issues people identified were **climate change** (mentioned by 31%) and environmental issues more broadly (13%). Those in Germany were significantly more likely to mention **equality** (9% vs. 4% globally) which was also identified as a key driver of overall ESG ratings of the Government.
- **Not for profit organisations were rated best for ESG performance** ratings (6.3 out of 10 on average), followed by individual people (5.5) and then companies (5.4). **Government was rated the lowest overall** with 29% giving a rating less than 5 and an overall average of 5.3. Participants in Germany gave significantly lower ratings of their government, companies and individual people compared to all the other countries included in the survey.
- German respondents are **looking for government to demonstrate global leadership on ESG as well greater action at home**. Modelling reveals that the biggest driver of perceptions was 'acting in the best interests of the global community'. Other key drivers and key areas for improvement (given the comparatively lower performance scores) were 'its action on climate change' and 'tackling inequality in the community'.
- Further modelling reveals **the automotive, energy and utilities and the chemical industries** have the strongest influence on community perceptions of overall company ESG performance. The **healthcare, agriculture and technology** sectors are rated the highest for ESG performance, while **mining, chemicals and airlines** fared poorest.
- **Minimising their environmental impact is a key metric for companies looking to improve perceptions of their ESG performance**. Corporate ESG ratings are by far being driven by their performance in 'actively trying to minimise their environmental impact', followed by 'having ethical employment practices, including among their supply chains'.

Awareness and knowledge of ESG.

Half the participants from Germany had a strong interest in environmental, social and governance issues (50% rated 7 or more out of 10) with 40% saying it is an important consideration when deciding to purchase products or services from specific companies (rating 7+).

Almost half the participants (47%) had heard of the term ESG without being prompted, however only 13% said they had a good understanding of it. Further, awareness of ESG was significantly lower than in other countries.

Unprompted awareness of ESG (%)



After being prompted with a definition of what ESG is...*

50% say they are very interested in ESG issues (rating of 7+ out of 10)

40% say ESG issues are very important when deciding whether to purchase products / services (rating 7+ out of 10)

Base: All participants in Germany (n = 1,014); All survey participants (n=10,203) * see full report for definition

Q3. Before today, had you heard of the term "ESG" which stands for "Environmental, Social and Governance (ESG)"?

Q4. How interested are you in Environmental, Social and Governance (ESG) issues, if at all? 0=not at all interested, 10=extremely interested

Q10. In your day-to-day life how important are ESG issues in influencing whether you decide to purchase products or services from specific companies? 0=not at all important, 10=extremely important

Most important ESG issue to focus on.

When asked an open-response question about the one ESG issue they feel is most important for the Government or companies in Germany to focus on, **climate change** was the clear front-runner (31%).

This was followed by environmental issues in general (13%) and equality (9%). Equality was considered significantly more important in Germany than in other countries (3% for the global average). In total, environmental considerations were cited in 57% of all responses.

Most important ESG issues for Government or companies to be focussing on (%)



Total mentions of **Environmental Issues: 57%**

Total mentions of **Governance Issues: 36%**

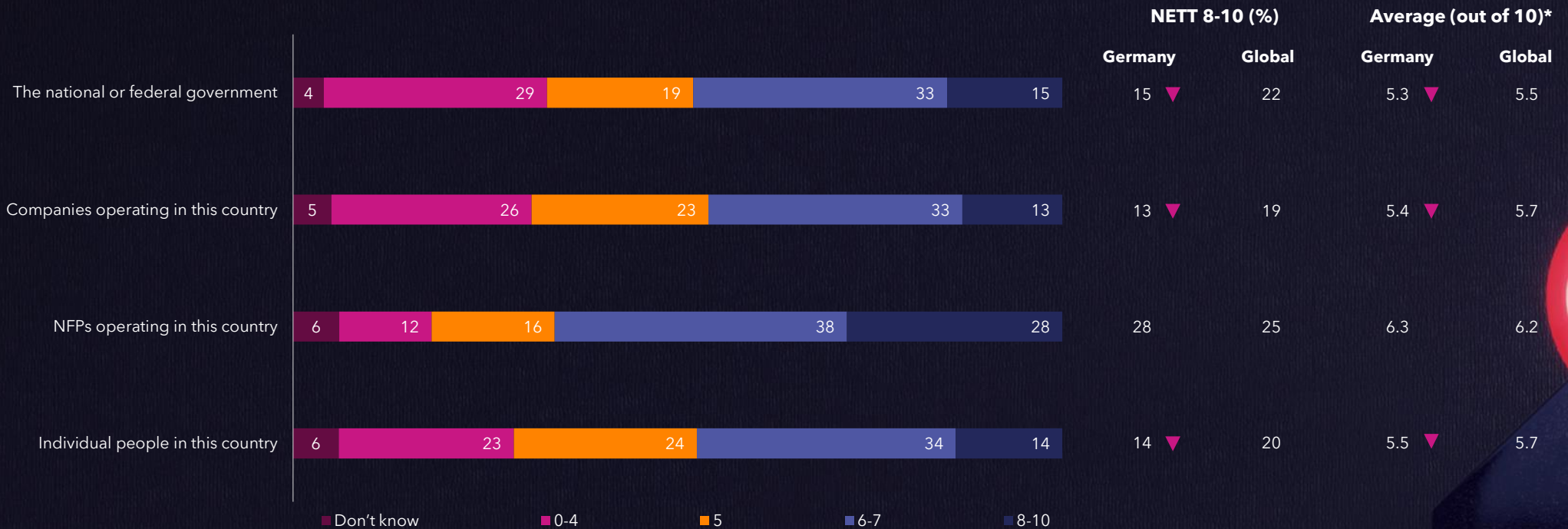
Total mentions of **Social Issues: 26%**

Rating of *ESG* performance.

When it came to ratings of ESG performance in Germany, not for profit organisations received the highest ratings (6.3 out of 10 on average), followed by individual people (5.5) and then companies (5.4). The Government was rated the lowest overall with 29% giving a rating less than 5 and an overall average of 5.3.

Participants in Germany gave significantly lower ratings of their government, companies and individual people compared to all the other countries included in the survey.

Rating of ESG performance (out of 10 %)

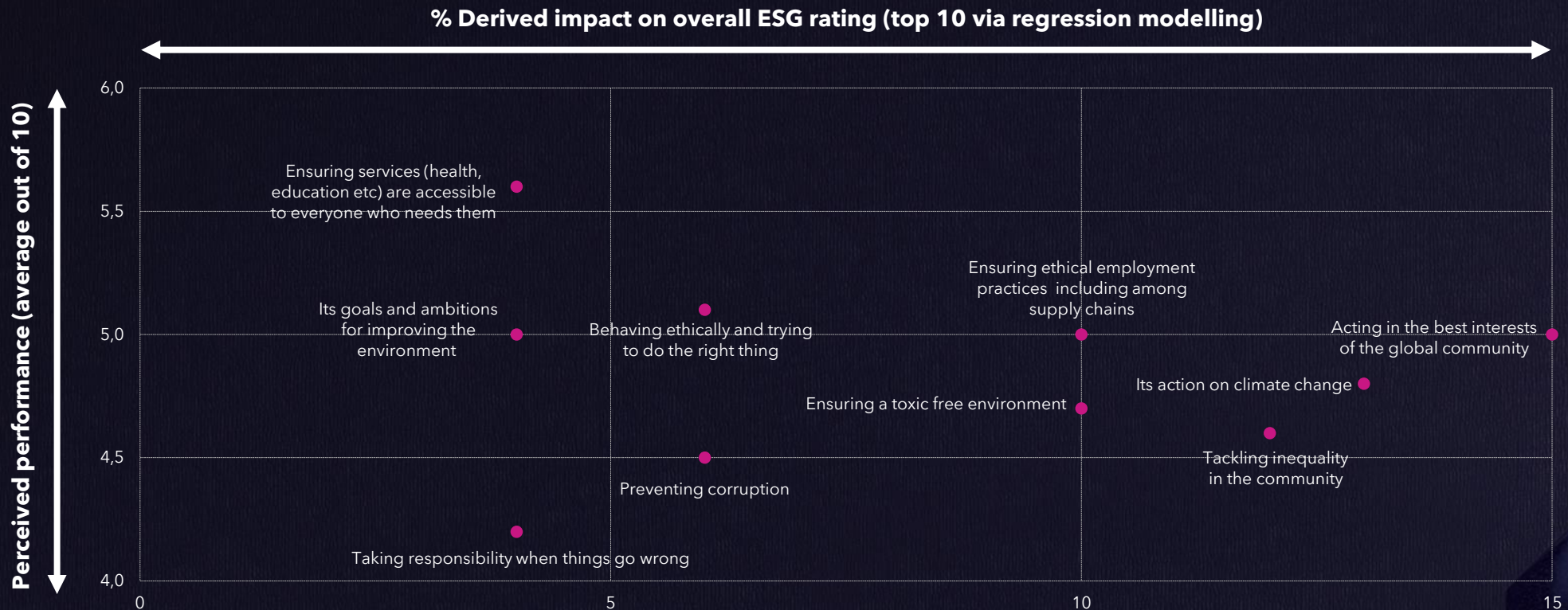


Base: All participants in Germany (n = 1,014); All survey participants (n=10,203) * Average scores exclude those who said 'don't know'
 Q6. Overall, how would you rate the performance of the following groups when it comes to acting responsibly on Environmental, Social and Governance (ESG) issues?

Factors driving overall ESG ratings of *government*.

A driver analysis was conducted to understand the extent to which the specific ESG metrics drive overall ratings of Government. The chart below shows the derived importance (or impact) of each metric against the perceived performance (average out of 10).

The biggest driver of perceptions was 'acting in the best interests of the global community'. Other key drivers and key areas for improvement (given the comparatively lower performance scores) were 'its action on climate change' and 'tackling inequality in the community'.



Base: All participants in Germany who gave a rating between 0 and 10 (n=930-985)

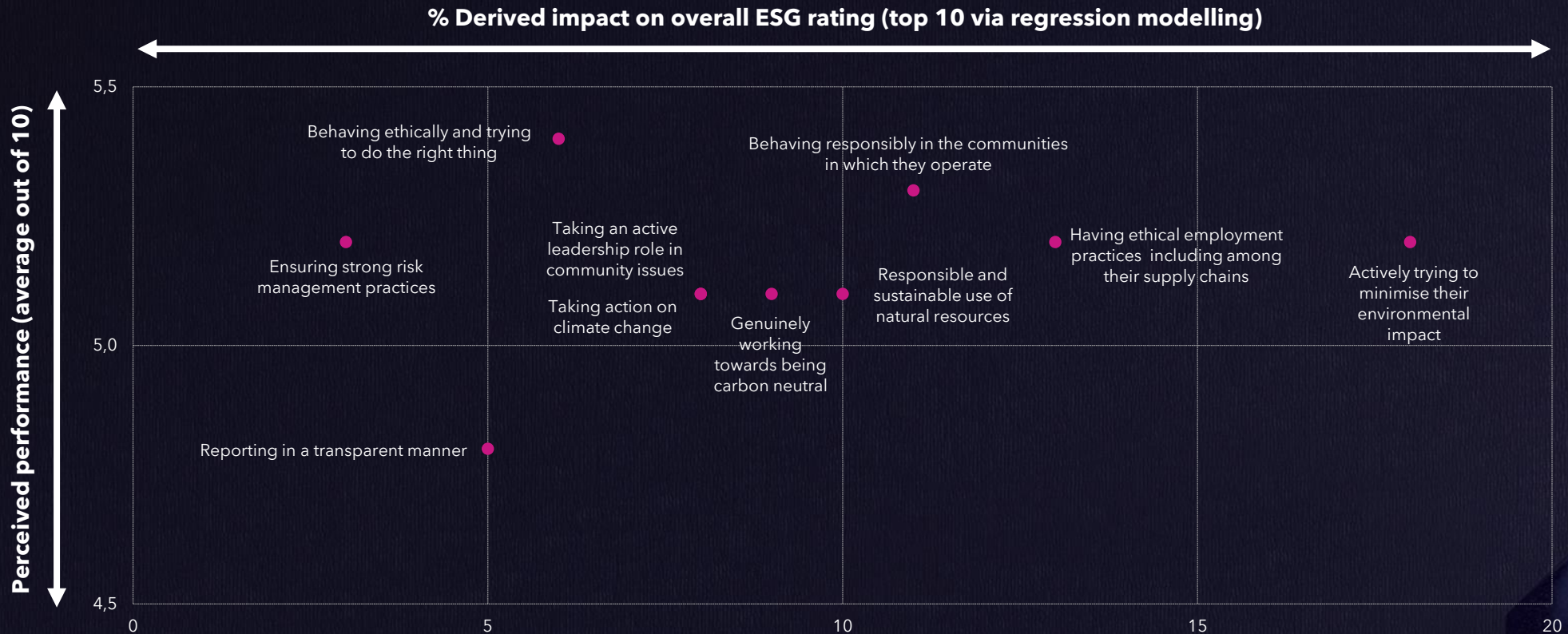
Q6. Overall, how would you rate the performance of the following groups when it comes to acting responsibly on Environmental, Social and Governance (ESG) issues?

Q12. How would you rate the performance of the [NATIONALITY] Government on the following things?

Factors driving overall ESG ratings of *companies*.

A driver analysis was also conducted to understand the extent to which the specific ESG metrics drive overall ratings of companies. The chart below shows the derived importance (or impact) of each metric against the perceived performance (average out of 10).

By far the biggest driver was 'actively trying to minimise their environmental impact', followed by 'having ethical employment practices, including among their supply chains'.



Base: All participants in Germany who gave a rating between 0 and 10 (n=898-972)

Q6. Overall, how would you rate the performance of the following groups when it comes to acting responsibly on Environmental, Social and Governance (ESG) issues?

Q13. And how would you rate the performance of companies in general in [INSERT COUNTRY] on the following things?

Who is *doing well* in the ESG space?

Participants were asked to say which individual companies, industries, countries or individuals were doing really well when it comes to ESG issues and which were doing very badly.

Sweden (8%) and Germany (6%) were seen to be doing well.

Doing well in the ESG space (%)

55%
say they 'don't know'

0%
say they 'none'



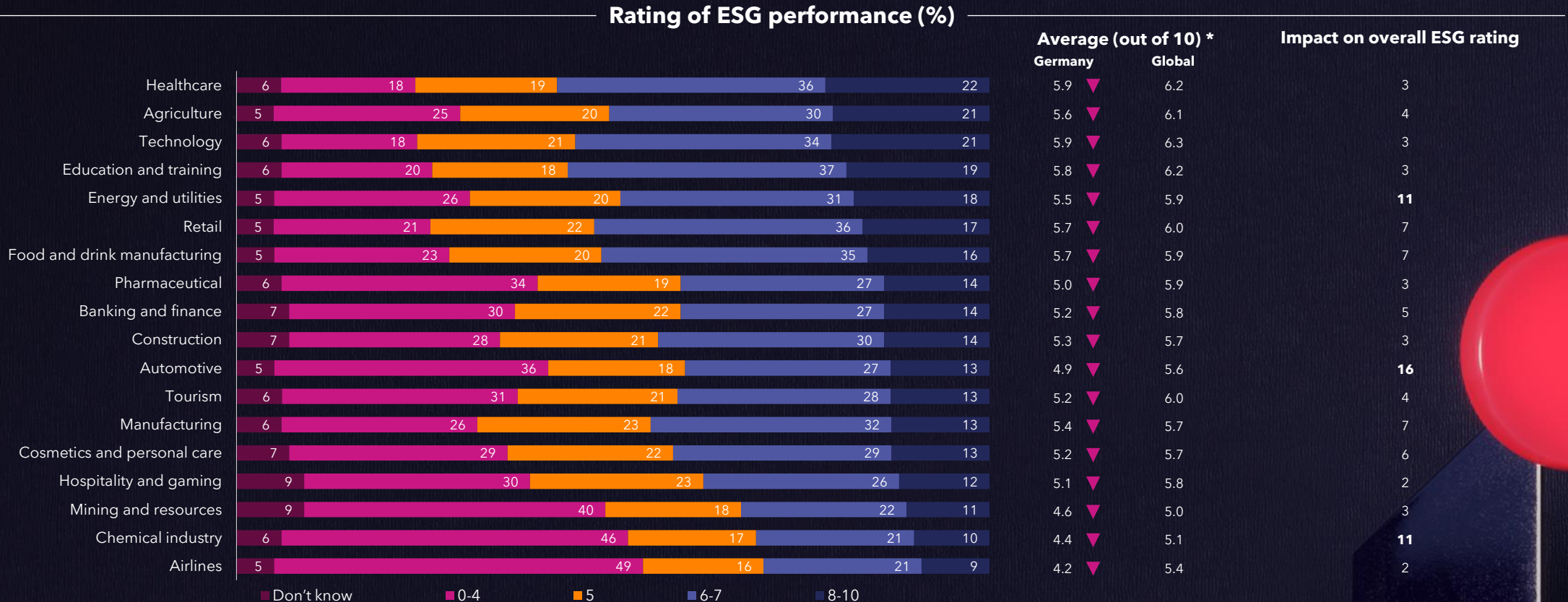
Base: All participants in Germany (n=1,014). Top 10 coded responses for Germany are shown.

Q8. Which individual companies, industries, countries or individuals do you think are doing really well when it comes to Environmental, Social and Governance (ESG) issues? List all that apply

Industry performance ratings.

When prompted with a list of industries, healthcare, agriculture and technology received the highest average ratings in terms of acting responsibly on ESG issues. Airlines and the chemical industry received the lowest ratings.

Of note is that ESG ratings in Germany were significantly lower than the global average for most industries. Modelling shows that the automotive, energy and utilities and the chemical industries have the strongest influence on community perceptions of overall company ESG performance.



Base: All participants in Germany (n = 1,014); All survey participants (n=10,203) * Average scores exclude those who said 'don't know'
 Q11. How would you rate the performance of the following industries operating in [INSERT COUNTRY] when it comes to acting responsibly on Environmental, Social and Governance (ESG) issues?

Attitudes to ESG.

Participants in Germany had fairly strong views towards ESG issues with a majority agreeing that companies need to do more to give back to the natural environment (73%) and take responsibility for their supply chains (71%) and take responsibility for their supply chains (71%).

Seven in ten (70%) agreed that companies need to do more to look after their employees. Participants in Germany were significantly less likely to agree with nearly all statements presented, compared to the global average.

Attitudes to ESG issues (%)



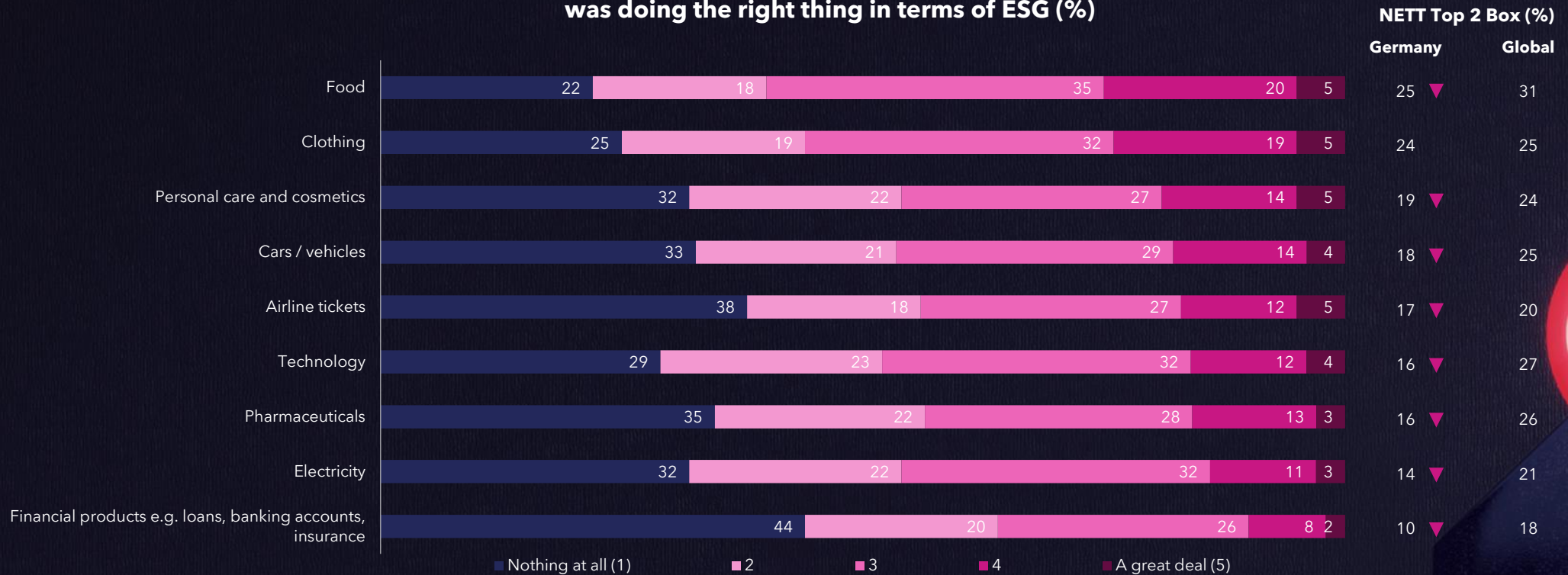
Base: All participants in Germany (n = 1,014); All survey participants (n=10,203)
Q15. To what extent do you agree or disagree with the following statements?

Willingness to pay for higher ESG performance.

Willingness to pay for ESG performance for a range of different products and services was quite limited, and significantly lower among those in Germany. One in four said they would be willing to pay much more for food (25%) or clothing (24%).

When it came to financial products, just one in ten (10%) were willing to pay much more if they knew the provider was doing the right thing in terms of ESG issues.

How much more people would be willing to pay if provider was doing the right thing in terms of ESG (%)



Base: All participants in Germany (n = 1,014); All survey participants (n=10,203)

Q14. How much more would you be willing to pay, if anything, for the following products and services if you knew the provider was doing the right thing in terms of Environmental, Social and Governance (ESG) issues? SLIDER SCALE RANGING FROM NOTHING AT ALL TO A GREAT DEAL MORE



Thank you.

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