



# Institutional Investor Trust Report

Methodology

## **N=700 Institutional Investors**

---

### **Online quantitative study among**

US n=100

UK n=100

Canada n=100

Germany n=100

Japan n=100

Netherlands n=100

Middle East (UAE & KSA) n=100

### **Fielded from August 11<sup>th</sup> to September 3<sup>rd</sup> 2021**

The margin of error for survey results, at the 95% Confidence Level:  
7-Market Global Average: +/- 4%  
United States, United Kingdom, Canada, Germany, Japan, Netherlands,  
Middle East: +/- 9.8%

# Contents

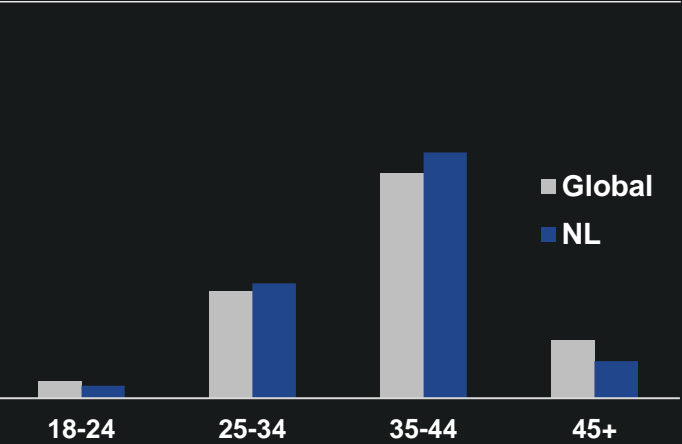
<b>Why is ESG Trust so Low?</b>	<b>05.</b>
<b>A Push for Climate Action</b>	<b>14.</b>
<b>Employee Activism: From Risk to Asset</b>	<b>17.</b>
<b>Nearly All Investors Prone to Activism</b>	<b>22.</b>
<b>Retail Investors are Driving Markets</b>	<b>27.</b>
<b>Supplemental Data</b>	<b>32.</b>

# GLOBAL/DUTCH INVESTOR PROFILE

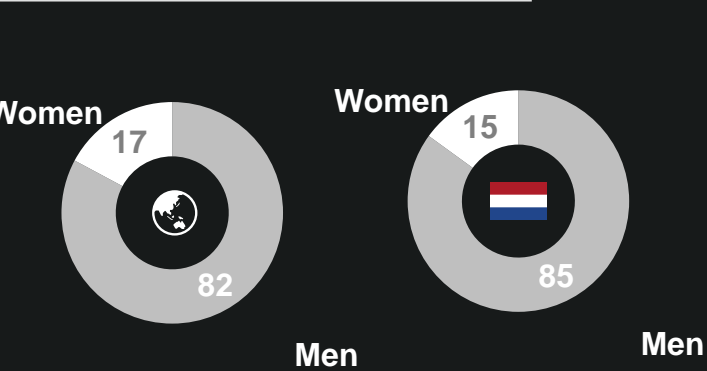
Primary investment style (%)

		
Growth	31	36
Value	18	14
GARP	12	7
Quantitative/Index	11	14
Industry-specific	11	10
Hedge	9	13
Activist	8	6

Age (%)



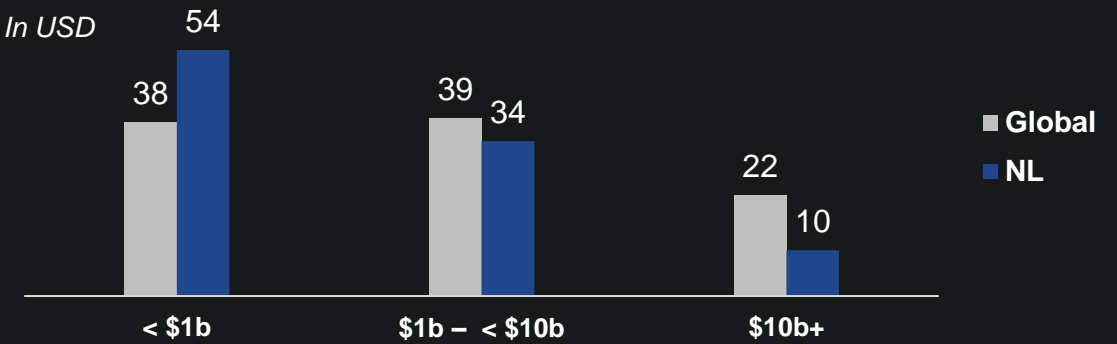
Gender (%)



Job titles (%)



Organizations' assets under management (%)



2021 Edelman Trust Barometer Special Report: Institutional Investors

D2. What is the primary investment style for the funds you manage on behalf of your organization? // S1. What is your current age? // D4. What is your gender?

S8. Which of the following best describes your position or level within your company or organization? // S7. In your current job, approximately how much are your institution's investable assets?

Base: 7-Market Global Average n=700; Netherlands n=100

# CRITICAL NEW DYNAMICS FOR BUILDING TRUST WITH INVESTORS

1

**Building ESG trust with investors is an uphill battle**

*Investors are skeptical of ESG disclosures and commitments and foresee an increase in ESG-related litigation.*

2

**Investors are pushing for climate action**

*A Net Zero plan is an investor expectation.*

3

**Investors see value in the empowered employee**

*Employee activism signals a healthy workplace culture.*

4

**Traditional investors are engaging in activist tactics**

*Investors proactively approach activists to effect change at companies.*

5

**The rise of meme-stocks and retail investors as the next disruptors**

*Retail investor-focused online communities influence investment decisions. Investors are concerned about meme-stocks.*

⊥

**WHY IS ESG TRUST SO LOW?**

⊥

# INVESTORS SCRUTINIZE ESG AS MUCH AS OPERATIONAL AND FINANCIAL FACTORS

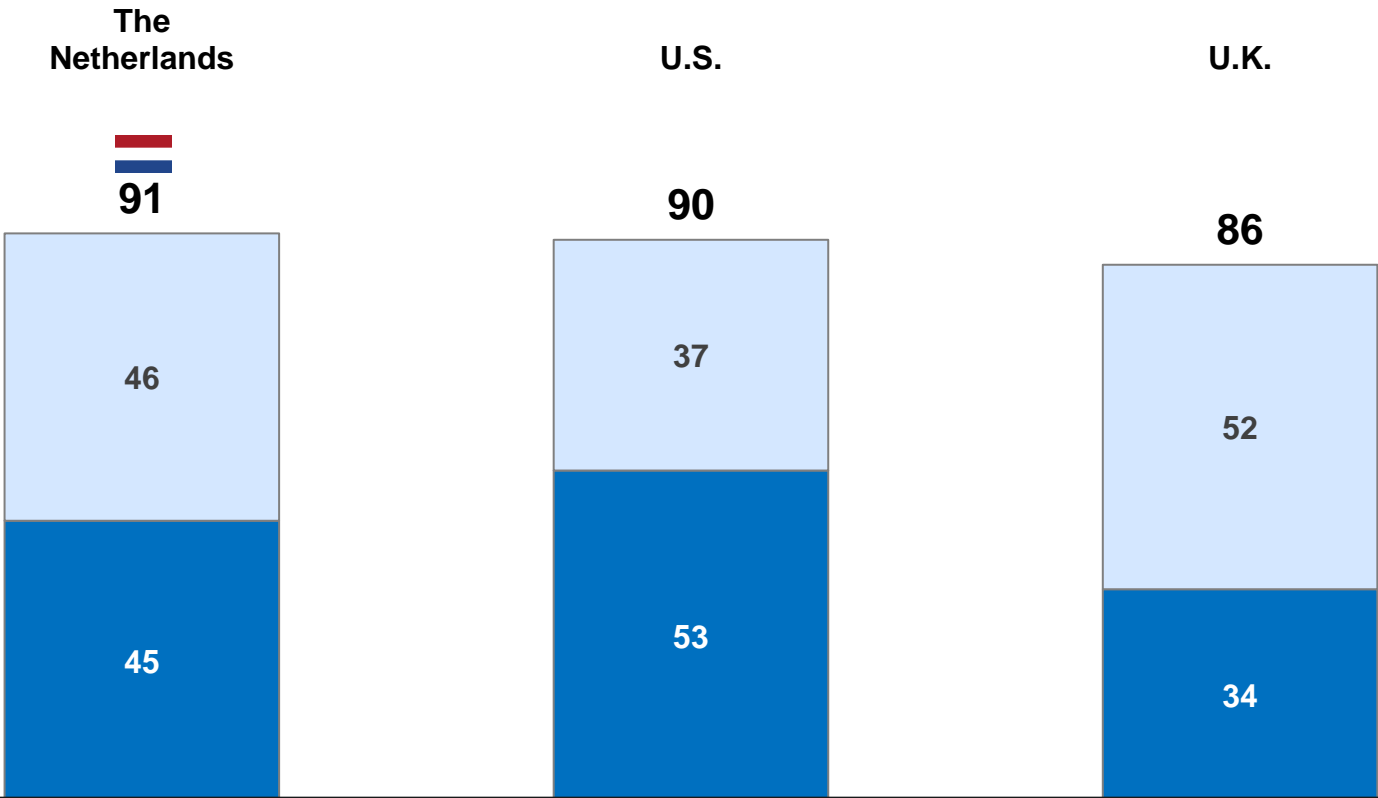
Percent of investors who agree

I subject ESG to the same scrutiny as operational and financial considerations

Global 7

88%

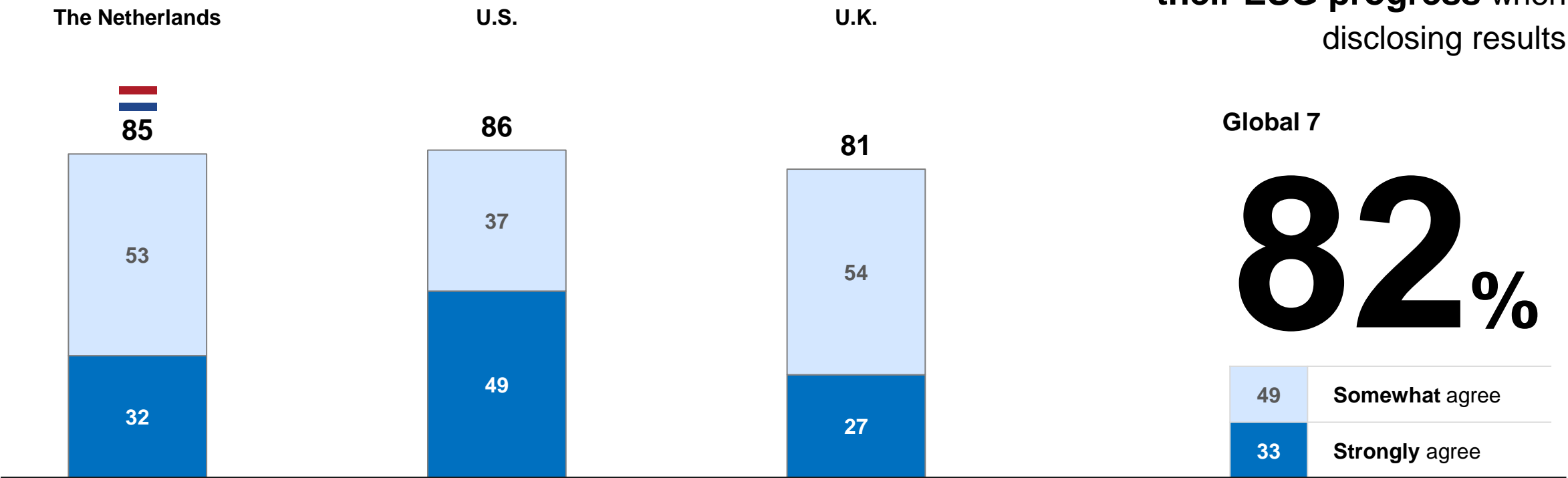
46	Somewhat agree
43	Strongly agree



# INVESTORS QUESTION ACCURACY OF ESG DISCLOSURES

Percent of investors who agree

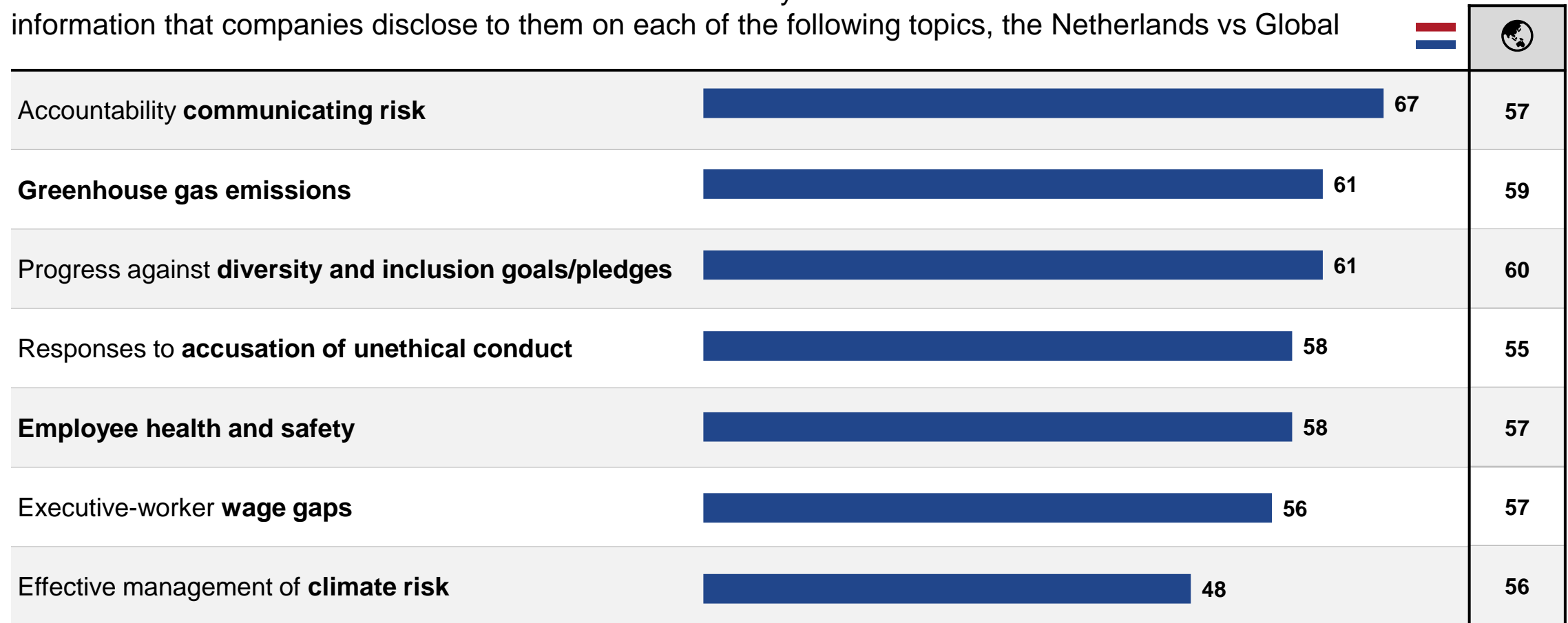
Companies frequently  
overstate or exaggerate  
their ESG progress when  
disclosing results



2021 Edelman Trust Barometer Special Report: Institutional Investors. Q23\_1: Now please think about the adequacy and accountability of ESG corporate disclosures made by companies. To what extent do you agree or disagree with the following statements? Showing Somewhat Agree, Agree T2B and Strongly Agree T1B. 7-Market Global Average n=700; United States n=100, Netherlands n=100, UK n=100

# GREATEST INVESTOR DOUBTS AROUND RISK AND CLIMATE CHANGE DISCLOSURES

Percent of investors who lack full confidence in the accuracy of ESG information that companies disclose to them on each of the following topics, the Netherlands vs Global



2021 Edelman Trust Barometer Special Report: Institutional Investors. Q23\_1b. Thinking about the ESG information available to you when assessing a company, how confident, if at all, are you in the accuracy of the information typically disclosed by companies on each of the following topics? 'Have Doubts'; Inverse of T1B 'Very confident it is accurate'  
Base: Global 7 n=700; Netherlands n=100;



# MOST INVESTORS DON'T BELIEVE COMPANIES WILL ACHIEVE THEIR ESG COMMITMENTS

Percent of investors who agree

I do not trust companies to **achieve** their stated sustainability, ESG or DEI commitments

Global 7

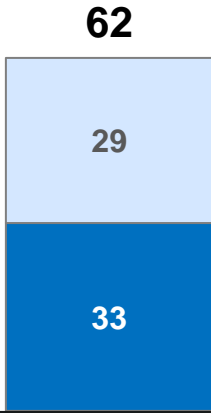
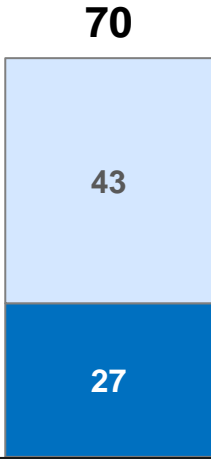
72%

42	Somewhat agree
31	Strongly agree

The Netherlands

U.K.

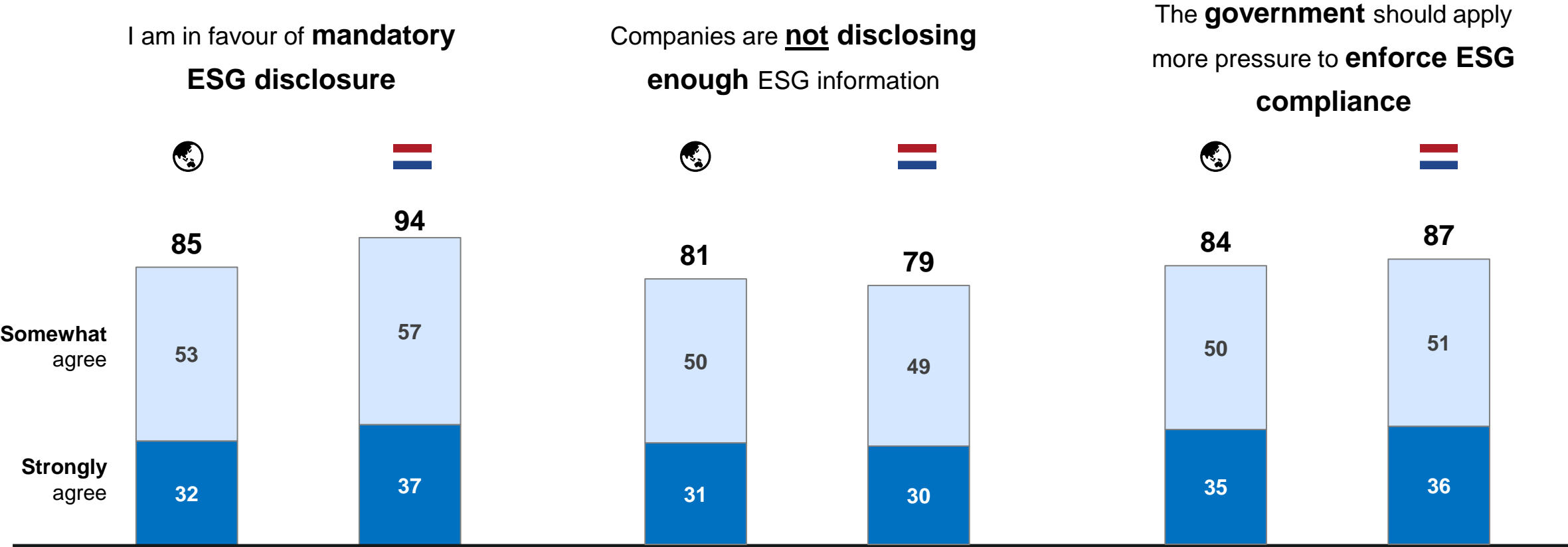
U.S.



2021 Edelman Trust Barometer Special Report: Institutional Investors. Q14: Please indicate the extent to which you agree or disagree with the following statements regarding ESG/socially responsible investing (tracking). Showing Agree T2B and Strongly Agree T1B. 7-Market Global Average n=700; United States n=100, Netherlands n=100, UK n=100;

# MOST INVESTORS IN FAVOR OF MANDATORY ESG DISCLOSURES AND DESIRE MORE INFORMATION

Percent of investors who agree

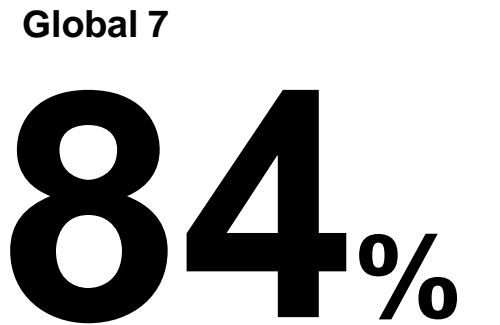


2021 Edelman Trust Barometer Special Report: Institutional Investors. Q23\_1: Now please think about the adequacy and accountability of ESG corporate disclosures made by companies. To what extent do you agree or disagree with the following statements? Showing Agree T2B and Strongly Agree T1B. Base: 7-Market Global Average n=700, Netherlands n=100;

# INVESTORS ON THE LOOKOUT FOR ESG UNDERPERFORMANCE AND GREENWASHING

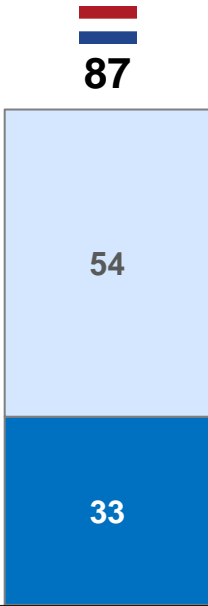
Percent of investors who agree

I specifically look for instances when **companies do not deliver** on their ESG disclosures and promises

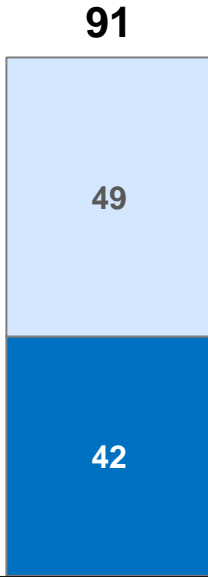


52	Somewhat agree
32	Strongly agree

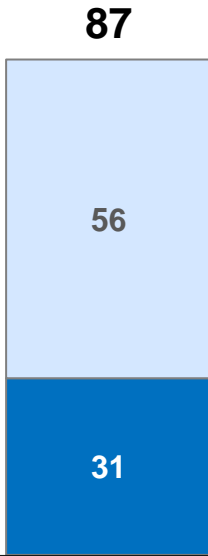
The Netherlands



U.S.



U.K.



2021 Edelman Trust Barometer Special Report: Institutional Investors. Q23\_1: Now please think about the adequacy and accountability of ESG corporate disclosures made by companies. To what extent do you agree or disagree with the following statements? Showing Agree T2B and Strongly Agree T1B. 7-Market Global Average n=700, United States n=100, Netherlands n=100, UK n=100;

# INVESTORS ANTICIPATE AN INCREASE IN ESG-RELATED LITIGATION

Percent of investors who agree

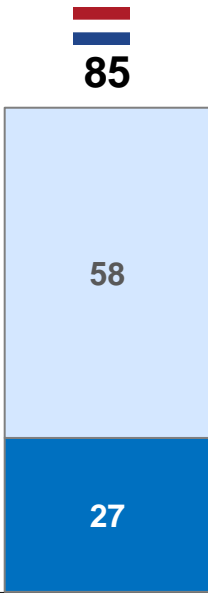
I anticipate **more litigation**  
as a result of **companies not**  
**delivering on ESG promises**

Global 7

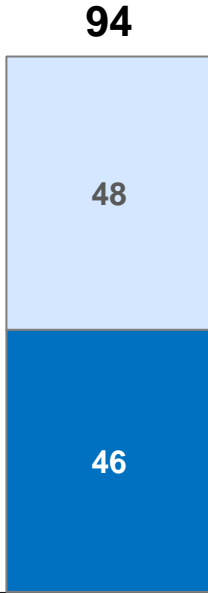
87%

57	Somewhat agree
29	Strongly agree

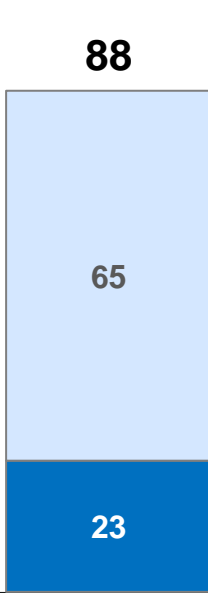
The Netherlands



U.S.



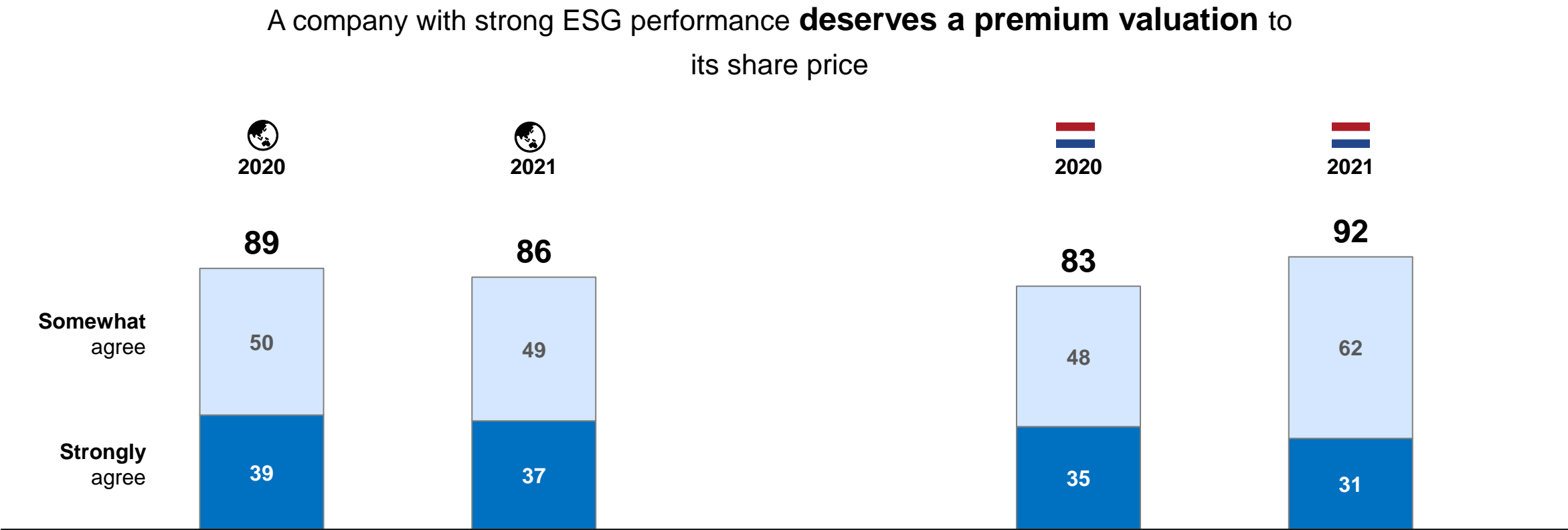
U.K.



2021 Edelman Trust Barometer Special Report: Institutional Investors. Q23\_1: Now please think about the adequacy and accountability of ESG corporate disclosures made by companies. To what extent do you agree or disagree with the following statements? Showing Somewhat Agree, Agree T2B and Strongly Agree T1B. 7-Market Global Average n=700; United States n=100, Netherlands n=100, UK n=100;

# STRONG ESG PERFORMANCE DESERVES A PREMIUM

Percent who agree, Global 6 & The Netherlands

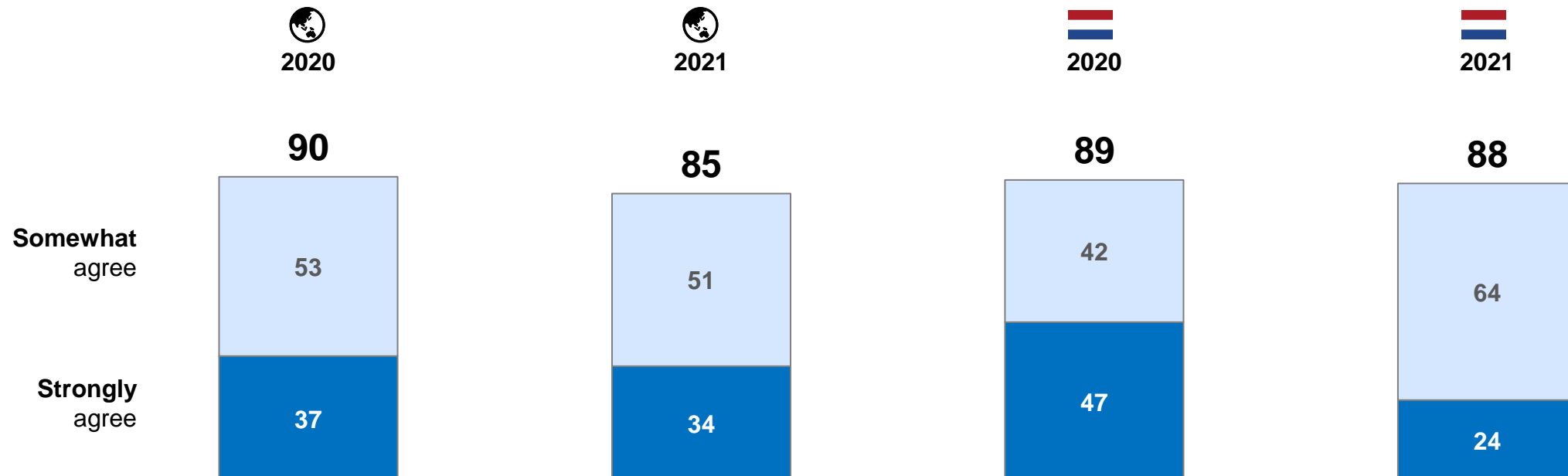


2021 Edelman Trust Barometer Special Report: Institutional Investors. Q14: Please indicate the extent to which you agree or disagree with the following statements regarding ESG/socially responsible investing. Agree (T2B) and Strongly Agree (T1B). Global 7 n=700, Netherlands n=100;

# INTEGRATED ESG PRIORTIZATION FOR BETTER RESULTS

Percent who agree, Global 6 & The Netherlands

Companies that prioritize ESG integration  
**represent better opportunities for long-term returns** than those who do not



2021 Edelman Trust Barometer Special Report: Institutional Investors. Q14: Please indicate the extent to which you agree or disagree with the following statements regarding ESG/socially responsible investing. Agree (T2B) and Strongly Agree (T1B). Global 7 n=700, Netherlands n=100;

└

# A PUSH FOR CLIMATE ACTION

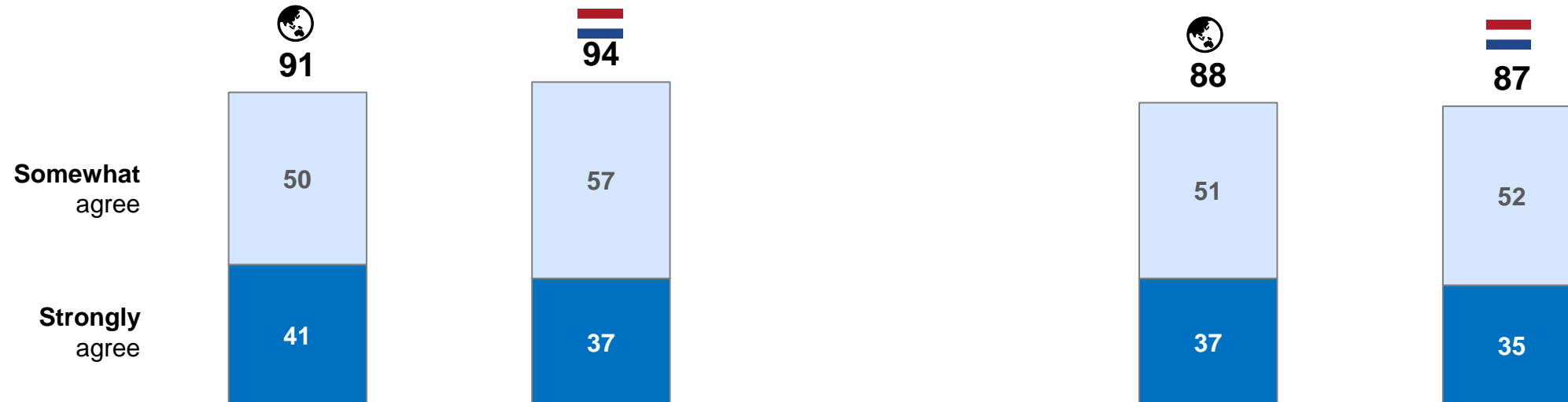
└

# INVESTORS EXPECT NET ZERO PLEDGES

Percent of investors who agree

**In the next 12 months, I expect companies**  
in which I invest to establish and communicate a  
plan for **achieving net zero emissions**

Companies that have articulated a **net zero**  
**plan deserve a premium**





# MAJORITY CONCERNED COMPANIES WILL NOT BE ABLE TO MEET NET ZERO COMMITMENTS

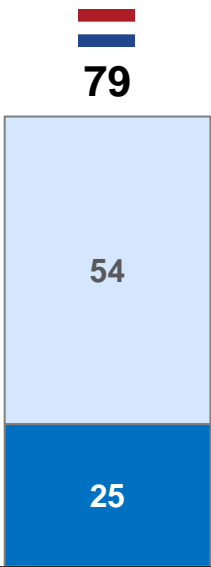
Percent of investors who are concerned

I'm concerned companies are not effectively executing on their net zero pledges

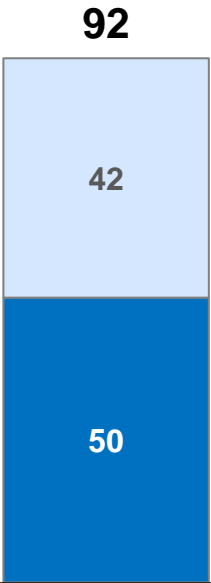
Global 7  
**79%**

48	Somewhat concerned
31	Very concerned

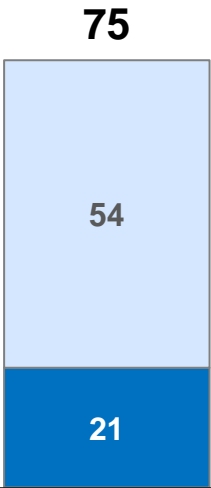
The Netherlands



U.S.



U.K.



┐

# EMPLOYEE ACTIVISM: FROM RISK TO ASSET

└

# EMPLOYEE EMPOWERMENT BUILDS INVESTOR TRUST

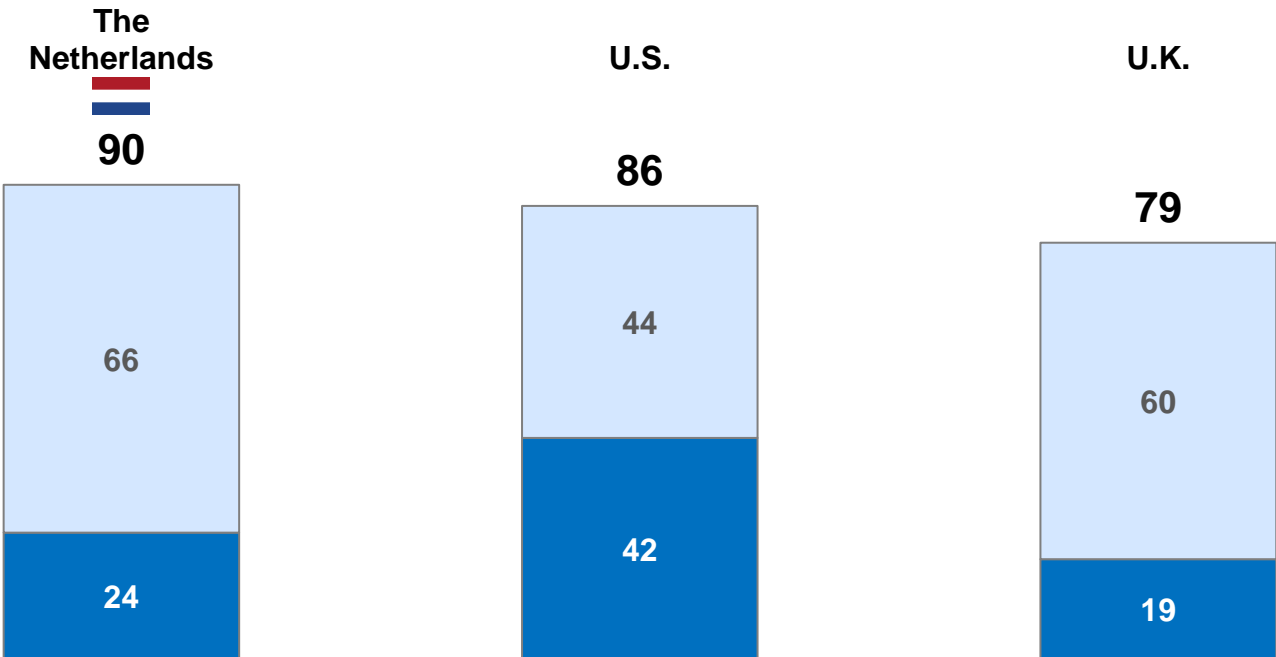
Percent of investors who say

Having a **workplace culture that fosters employee empowerment** is important for building trust in a company I'm considering investing in

Global 7

85%

57	Somewhat important
28	Extremely important



# EMPLOYEE ACTIVISM SIGNALS A HEALTHY WORKPLACE CULTURE

Global 7

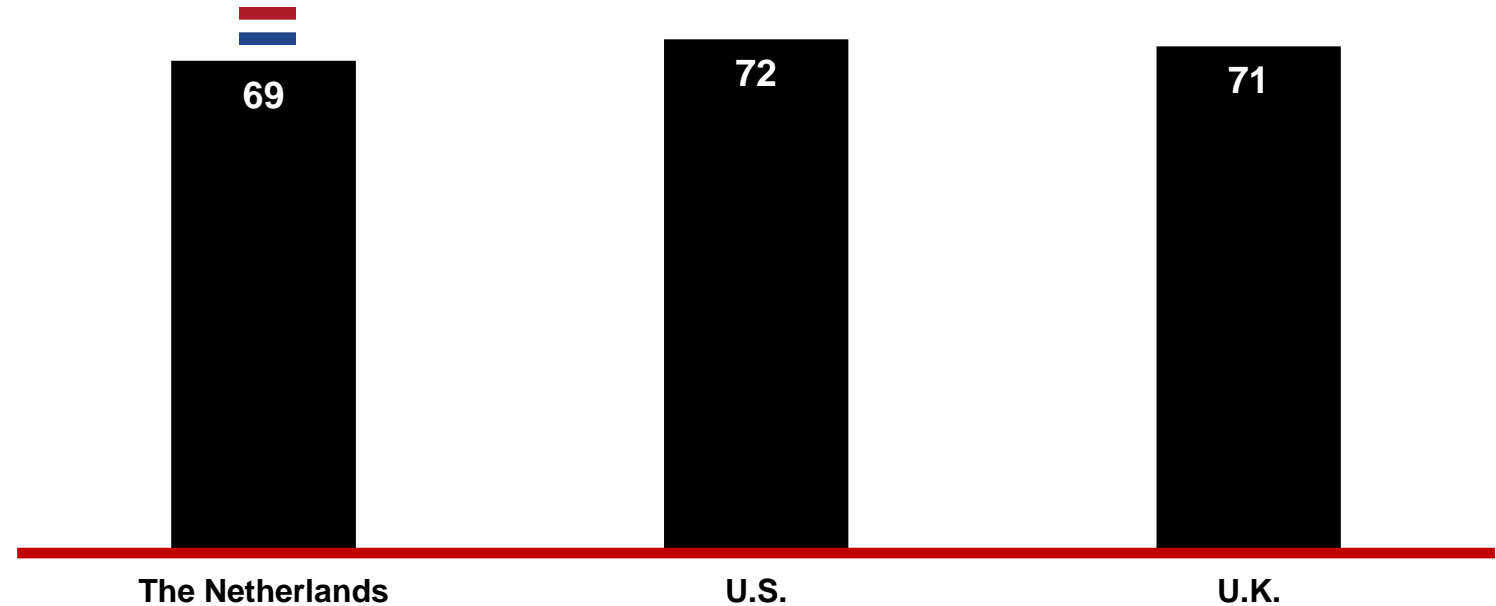
74%

Employee activism  
within a company is  
indicative of....

a **healthy workplace  
culture**, good leadership  
and/or highly engaged workforce



or -----

an **unhealthy workplace  
culture**, poor leadership and/or a  
disgruntled workforce



# INVESTORS CONDUCTING BROAD ANALYSIS OF COMPANY CULTURE

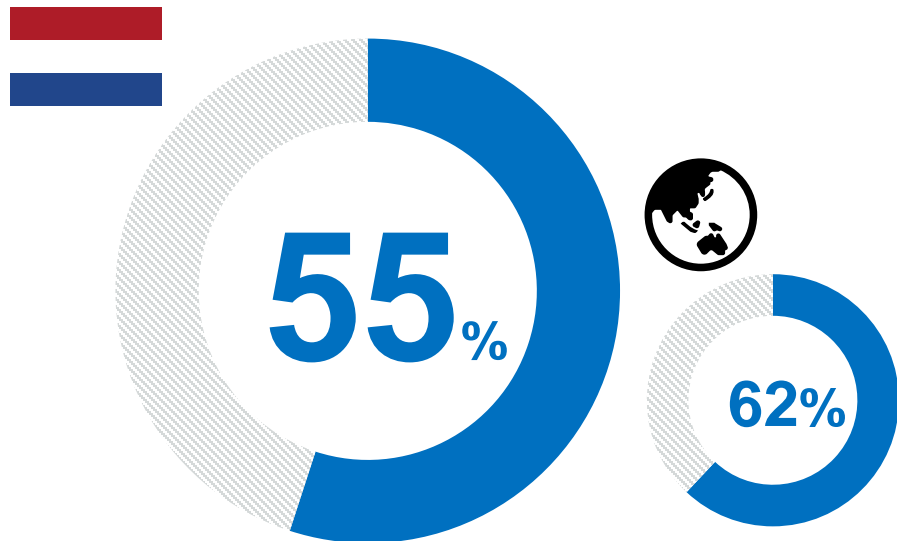
Among NL investors who say employee empowerment is important to trust, percent who use each to assess company culture among NL investors

		
Corporate image	45	38
Flexibility of working arrangements	39	35
The company's activity in the diversity, equity and inclusion space	38	38
Employee retention	38	35
Communications from the company's leadership	32	32
The company's value statements	31	37
The company's activity in the environmental and social space	31	35
The company's activity on their own social media channels	30	30
Employee activism	28	32
Employee satisfaction (e.g. via Glassdoor, Fishbowl)	25	41
The company's leadership's prioritizes culture	24	36
How the company is talked about by others on social media	24	27
Generosity of incentive programs	23	31

88%



use 3 or more sources  
to assess company culture

# ACCOUNTABILITY FOR CULTURE IS TOP EXPECTATION OF THE BOARD



Agree that it is important for a board of directors to be **held accountable for maintaining a positive company culture**

Percent who rank each as one of the **top 3 most important expectations** for the board of directors within a company of interest

		
Manifest <b>diversity</b> across demographics, skillset, perspectives	36	33
<b>Be held accountable for maintaining positive company culture</b>	<b>34</b>	<b>30</b>
Ensure <b>CEO compensation</b> is linked to company performance	32	39
Be <b>visible</b> during major announcements and executive transitions	31	31
Engage with <b>investors directly</b>	29	39
Be proactive in <b>removing CEOs when performance is lagging</b>	29	33
Establish a <b>dedicated ESG committee</b>	25	25
Ensure there is a <b>favorable 'say on pay' vote</b>	24	23

2021 Edelman Trust Barometer Special Report: Institutional Investors. Q6.1A Now thinking specifically about the board of directors within a company of interest, how important, if at all, is it for them to do each of the following? 'Be held accountable for company culture', T2B Important // Q6.1B Of the items you consider important, which 3 are most important when thinking about the board of directors within a company of interest? Ranked in top 3. Base: 7 Market Global Average n=700

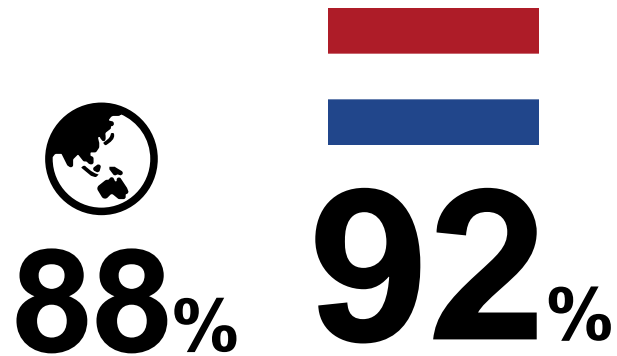
┐

**NEARLY ALL INVESTORS  
PRONE TO ACTIVISM**

└

# OVER 2 IN 3 INVESTORS WOULD USE AGGRESSIVE ACTIVIST MEASURES

Percent who agree, Global 7; The Netherlands



We are **more interested in taking an activist approach** to investing

**Specific ways** their firm is trying to be more activist, The Netherlands

## Collaborative approach

*Asking to meet with company management  
Actively seek audience with the board*



## Moderate activist measures

*Submit ESG proposals  
Vote against executive compensation  
Nominate candidates; withhold votes from board members*



## Aggressive activist measures

*Pressure management for operational/governance changes  
Publicize concerns with company strategy*

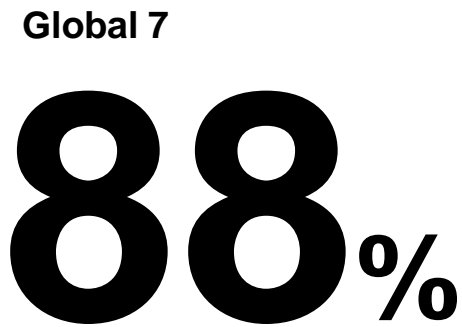




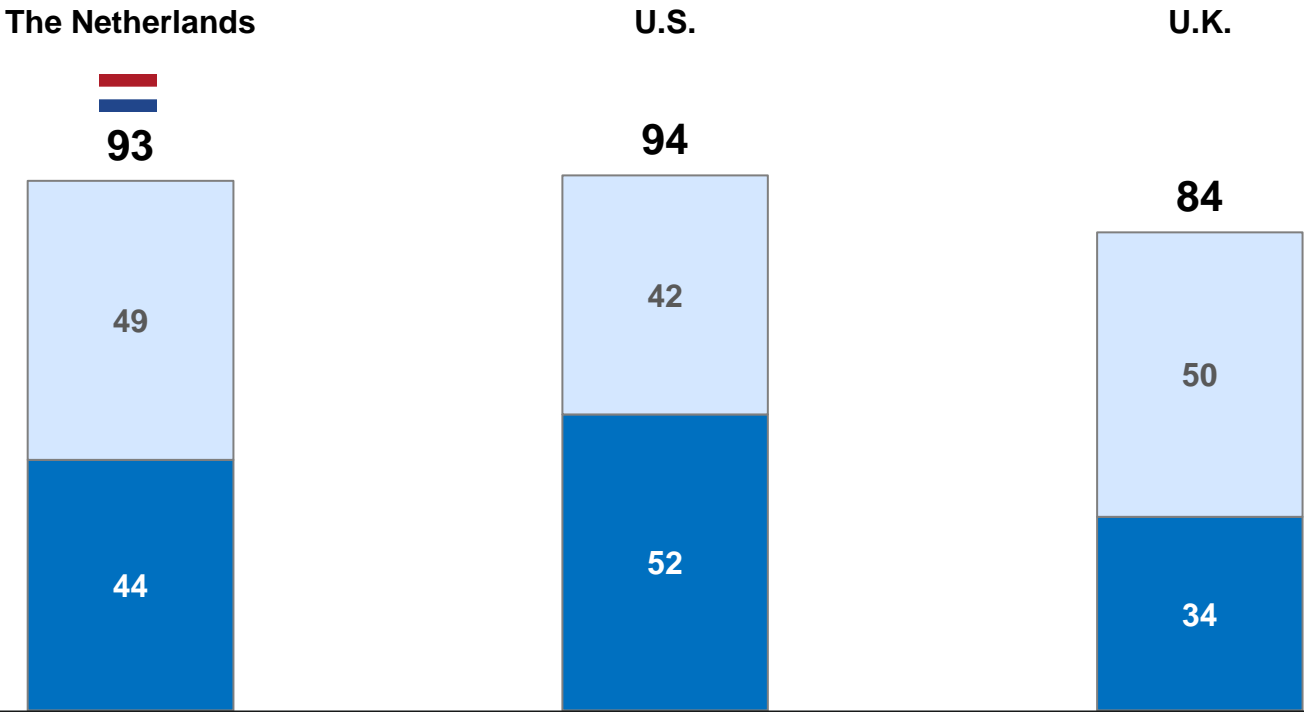
# INVESTORS PROACTIVELY APPROACH ACTIVISTS TO EFFECT CHANGE

Percent of investors who agree

I proactively approach reputable activists with ideas for effecting change in companies I am or am thinking about investing in



53	Somewhat agree
35	Strongly agree



2021 Edelman Trust Barometer Special Report: Institutional Investors. Q7. Please indicate the extent to which you agree or disagree with the following statements regarding shareholder activism. "I proactively approach reputable activists with ideas for effecting change in companies I am (or am thinking about) investing in". Showing T1B Strongly Agree. 7-Market Global Average n=700; US n=100, Netherlands n=100, Middle East n=100, UK n=100, Japan n=100, Germany n=100. Canada n=100

# SHAREHOLDER ACTIVISM MOST LIKELY AROUND ENVIRONMENTAL IMPACT

Percent of NL investors who are likely to engage in **shareholder activism** in regards to the following issues








			% investors who are already engaged	% investors who are already engaged
<b>Eco efficiency</b> of company's operations		<div> <div>NL</div> <div>Global</div> </div>	21	21
<b>Climate risk</b>			20	20
<b>Executive compensation</b>			22	20
<b>Environmental/social impact</b> of supply chain			20	22
<b>Greenhouse gas emissions</b>			22	22
<b>Board structure</b>			23	28
<b>Diversity and inclusion</b>			24	24
<b>Company culture</b>			25	29
<b>Employee welfare</b>			28	31

2021 Edelman Trust Barometer Special Report: Institutional Investors Q8\_1. How likely, if at all, are you to engage in shareholder activism with regards to the following issues? Showing 'I have already engaged in activism around this issue' and Likely to engage; Somewhat/Very likely to engage. Base: Global 7 n=700, Netherlands n=100

# FUNDAMENTAL METRICS REMAIN A PRIORITY

Percent of NL investors who chose one or more item in each category as a **top three most important** trust drivers of companies they are considering investing in



<b>Financial performance</b> Profitability History of capital allocation/investment in the business Strong financial performance compared to peers Strong growth prospects	 65	64
<b>Products and services</b> Innovative products High-quality products Good value for money	 54	56
<b>Vision and leadership</b> Good leadership Clear vision for the future Leadership willing to take risks	 50	52
<b>Workplace environment</b> Workplace culture fosters employee empowerment Talented employees Above-industry wages	 48	40
<b>Social responsibility</b> Ahead of its peers on social responsibility Proactively reducing carbon footprint Champions of DEI initiatives	 39	38

└

# RETAIL INVESTORS ARE DRIVING MARKETS

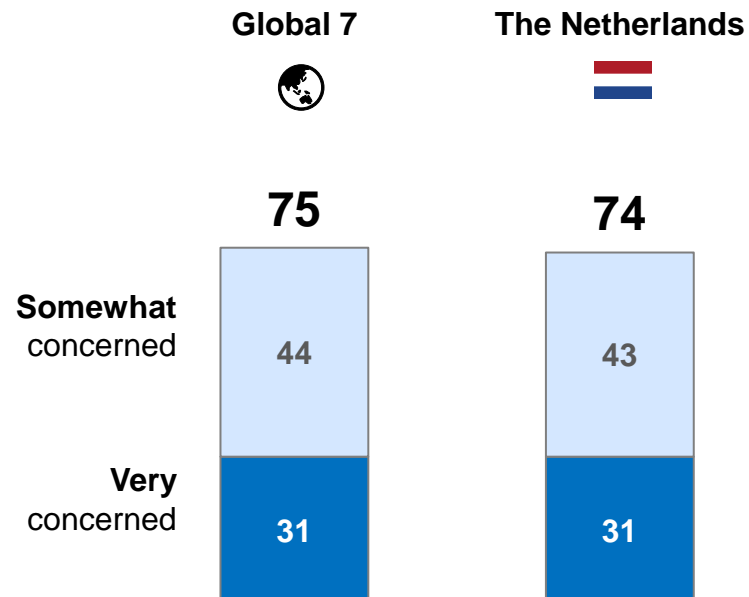
└

# INSTITUTIONAL INVESTORS CONCERNED ABOUT RETAIL INVESTORS AND MEME STOCK ACTIVISTS

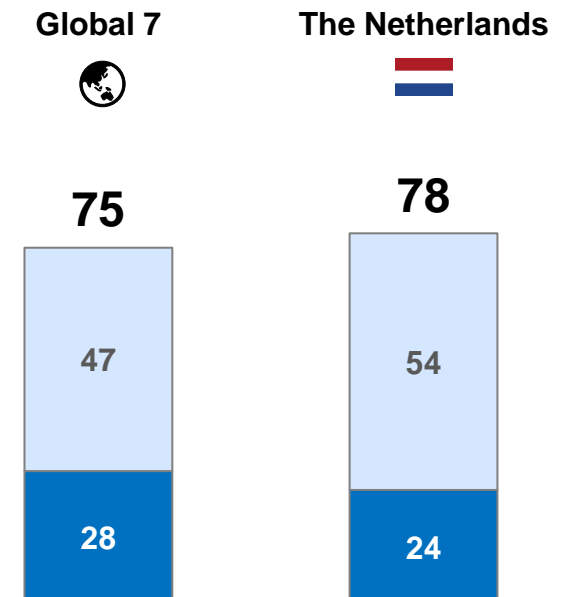
Percent of investors who say

*I am concerned about...*

## Recent surges in retail investment activity



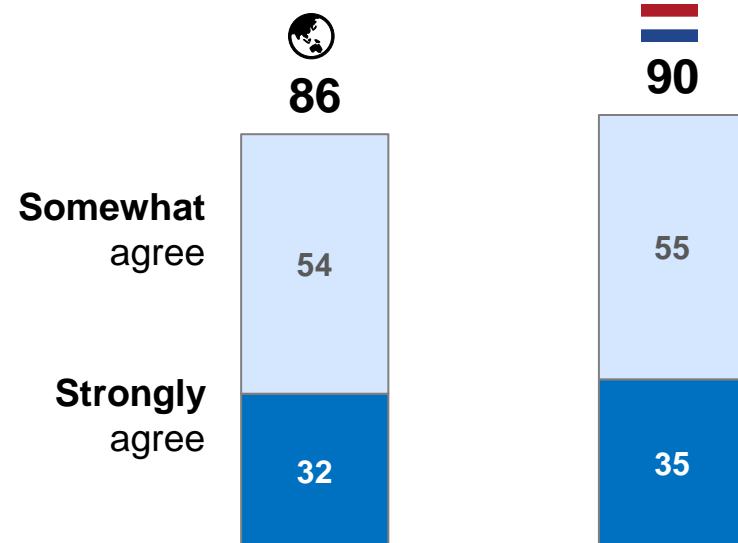
## The rising impact of meme stock activists



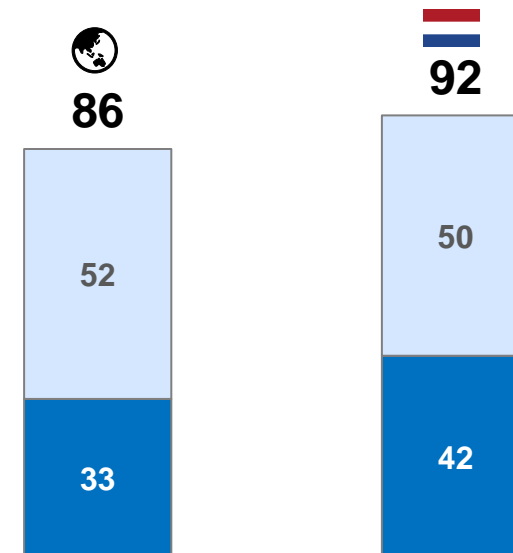
# ONLINE COMMUNITIES SUCH AS R/WALLSTREETBETS INFLUENCE INSTITUTIONAL INVESTMENT DECISIONS

Percent who agree, among Global/Dutch investors

r/WallStreetBets and other online communities  
**influence my investment decisions**



r/WallStreetBets and other online communities  
**can create false markets**



# MEME STOCKS SEEN AS A TARGETED ATTACK AGAINST INSTITUTIONAL INVESTORS

Percent of investors who agree

Meme stocks represent a **targeted attack** against institutional investors like myself or my firm

Global 7

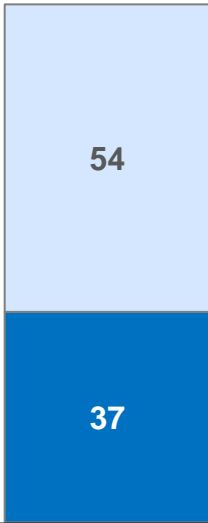
84%

49	Somewhat agree
34	Strongly agree

The Netherlands



91



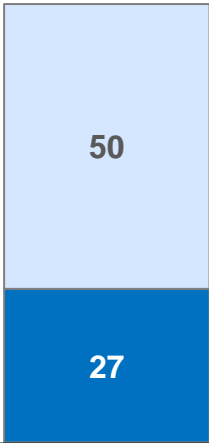
U.S.

89



U.K.

77



2021 Edelman Trust Barometer Special Report: Institutional Investors. Q30: Please indicate the extent to which you agree or disagree with the following statements. Showing Agree T2B, Somewhat Agree and Strongly Agree. Base: 7-Market Global Average n=700; United States n=100, Germany n=100, Middle East n=100, Japan n=100, Netherlands n=100, UK n=100, Canada n=100

# NAVIGATING THE CHANGE IN INVESTOR PRIORITIES

1

## **Approach ESG reporting with the same rigor as financial reporting**

*Integrate ESG planning into operational decisions*

2

## **Develop a credible and evidence-based Net Zero plan**

*Build an implementation plan with clear board-level accountability*

*Report on progress, setbacks and changes in the plan*

*Avoid confusing carbon neutral with net zero*

3

## **Provide opportunities for employees to engage**

*Survey employee base consistently to better understand what's important to them*

*Roll out tools to ensure two-way communication with employee base*

*Update employees regularly on plans and changes in strategy*

4

## **Examine your long-only shareholders for activism track record and tendencies**

*Engage with governance and PM teams*

*Develop an ESG-specific activism playbook*

*Stay on top of shareholder proposal trends*

5

## **Consider the role that retail investors can play in your strategy**

*Enhance digital channels for Investor Relations*

*Scenario plan for possible meme-stock status*



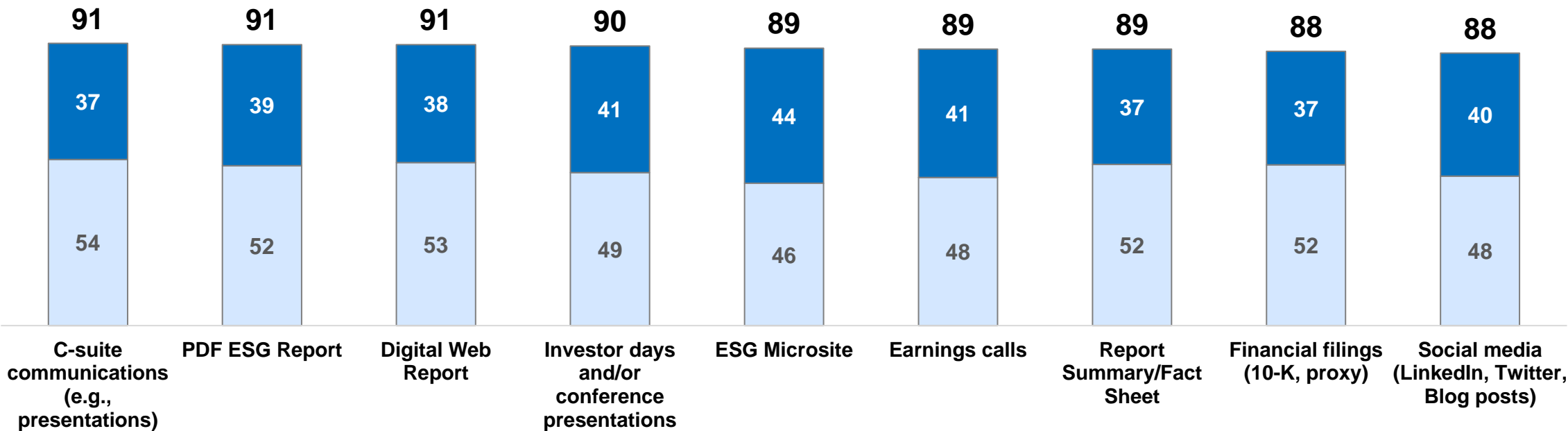
# 1 SUPPLEMENTAL DATA T

# INVESTORS USE A RANGE OF SOURCES TO EVALUATE ESG, WITH NO CLEAR GO-TO SOURCE



Percent who say each information source is useful for evaluating ESG performance, among global investors

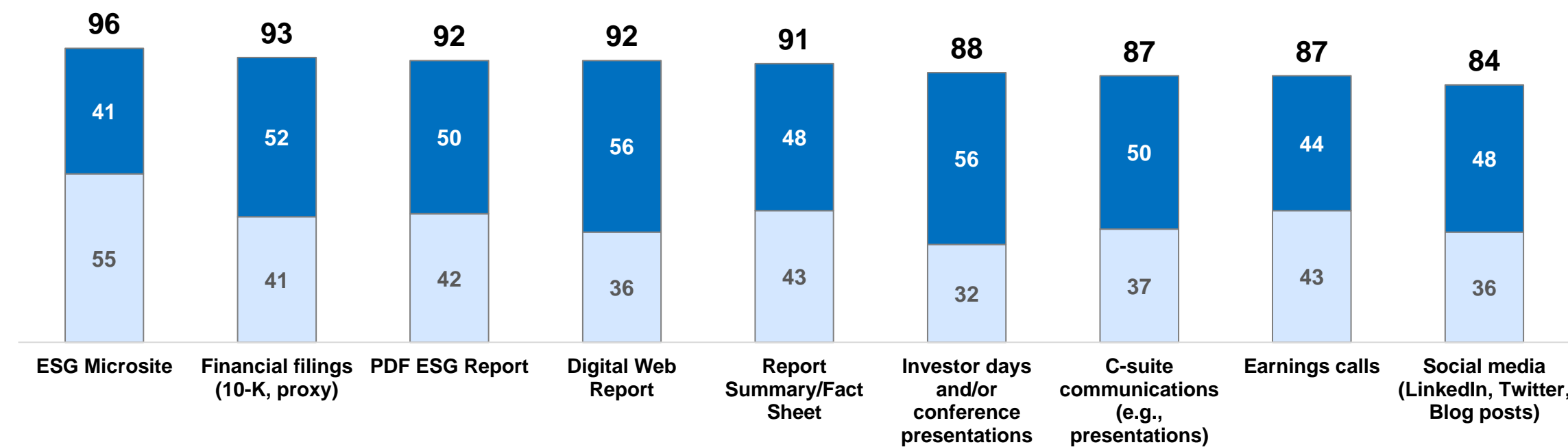
Very useful  
Somewhat useful



# INVESTORS USE A RANGE OF SOURCES TO EVALUATE ESG, WITH NO CLEAR GO-TO SOURCE

Percent who say each information source is useful for evaluating ESG performance, among NL investors

Very useful  
Somewhat useful



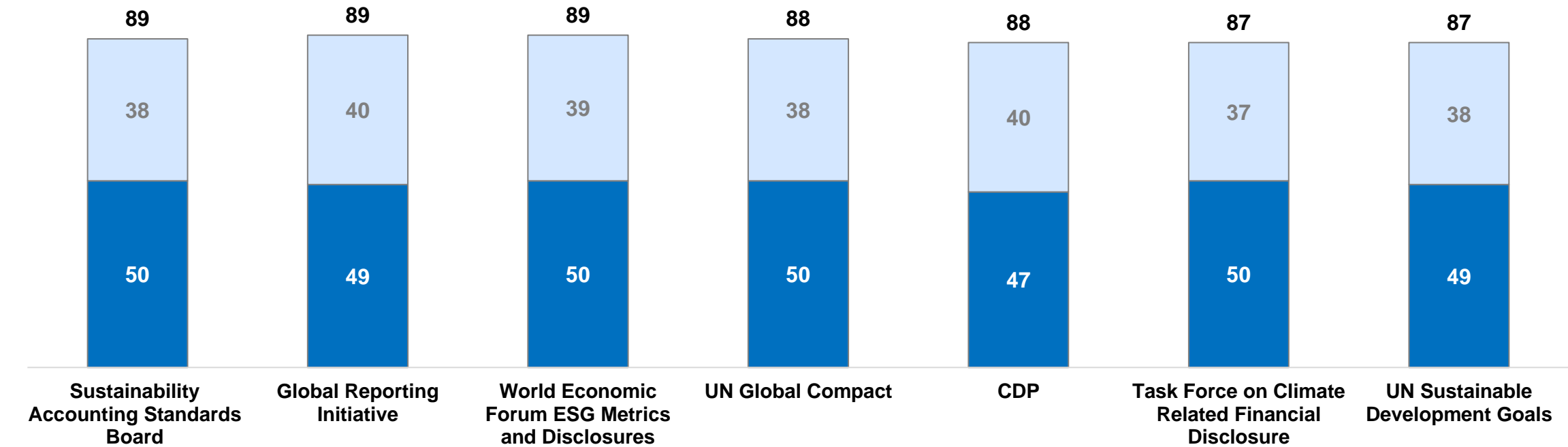
2021 Edelman Trust Barometer Special Report: Institutional Investors. Q22\_5: Using the scale below, please rate the utility of each of the following sources of information for evaluating a company's ESG performance. For each one, please indicate how useful each format is using a 4-point scale where 1 means "not at all useful" and 4 means "very useful". Shown T2B Agree. 7-Market Global Average n=700

# INVESTORS USE A RANGE OF FRAMEWORKS TO EVALUATE ESG

Percent who say each ESG framework is useful, among global investors





- Somewhat useful
- Very useful

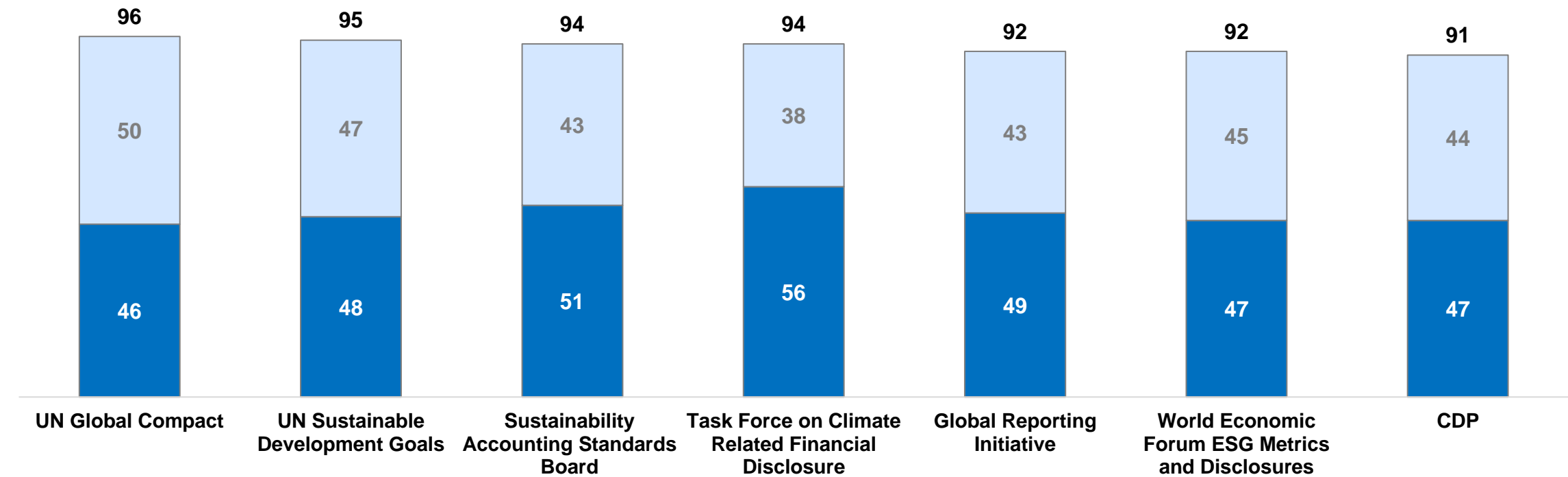


# INVESTORS USE A RANGE OF FRAMEWORKS TO EVALUATE ESG

Percent who say each ESG framework is useful, among NL investors

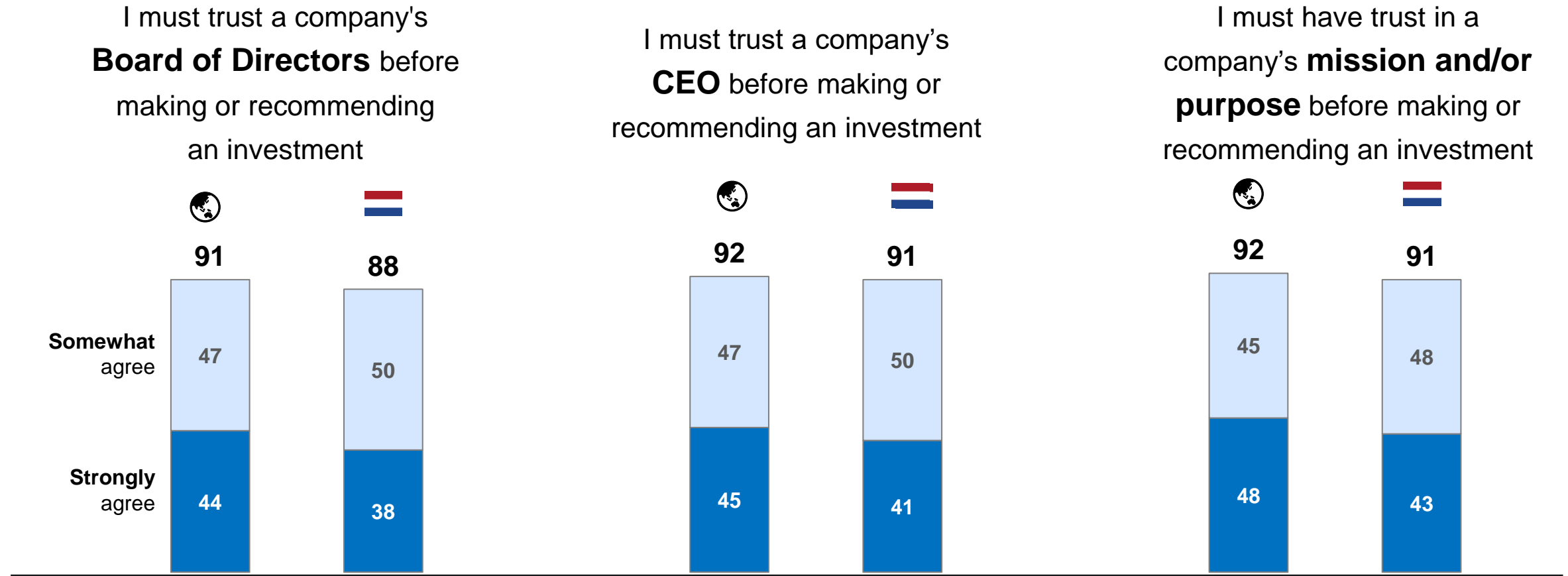
 Somewhat useful

 Very useful



# TRUST IN LEADERSHIP, PURPOSE AND MISSION ARE IMPORTANT TO INVESTORS

Percent who agree, among global investors

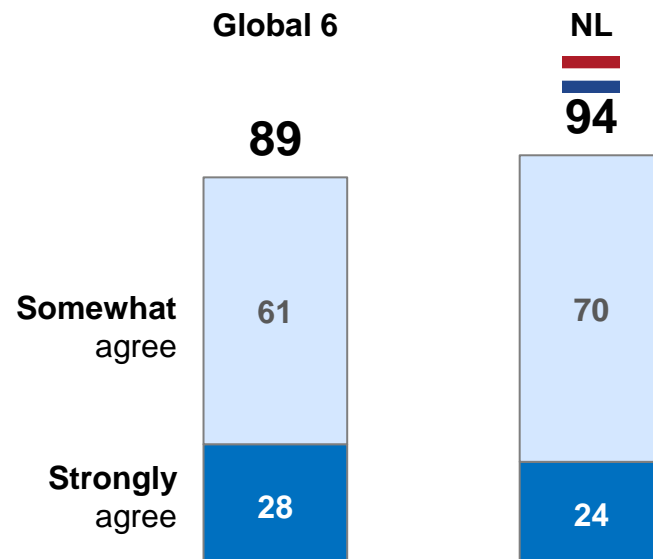


# INVESTORS CONSIDER BOTH COMPANY AND EXECUTIVE SOCIAL MEDIA CHANNELS FOR INVESTMENT DECISIONS

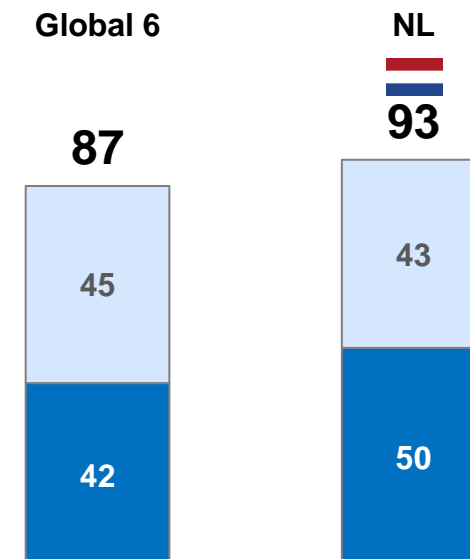
Percent of investors who agree

*When evaluating a current or prospective investment...*

I consult the **company's**  
social media channels



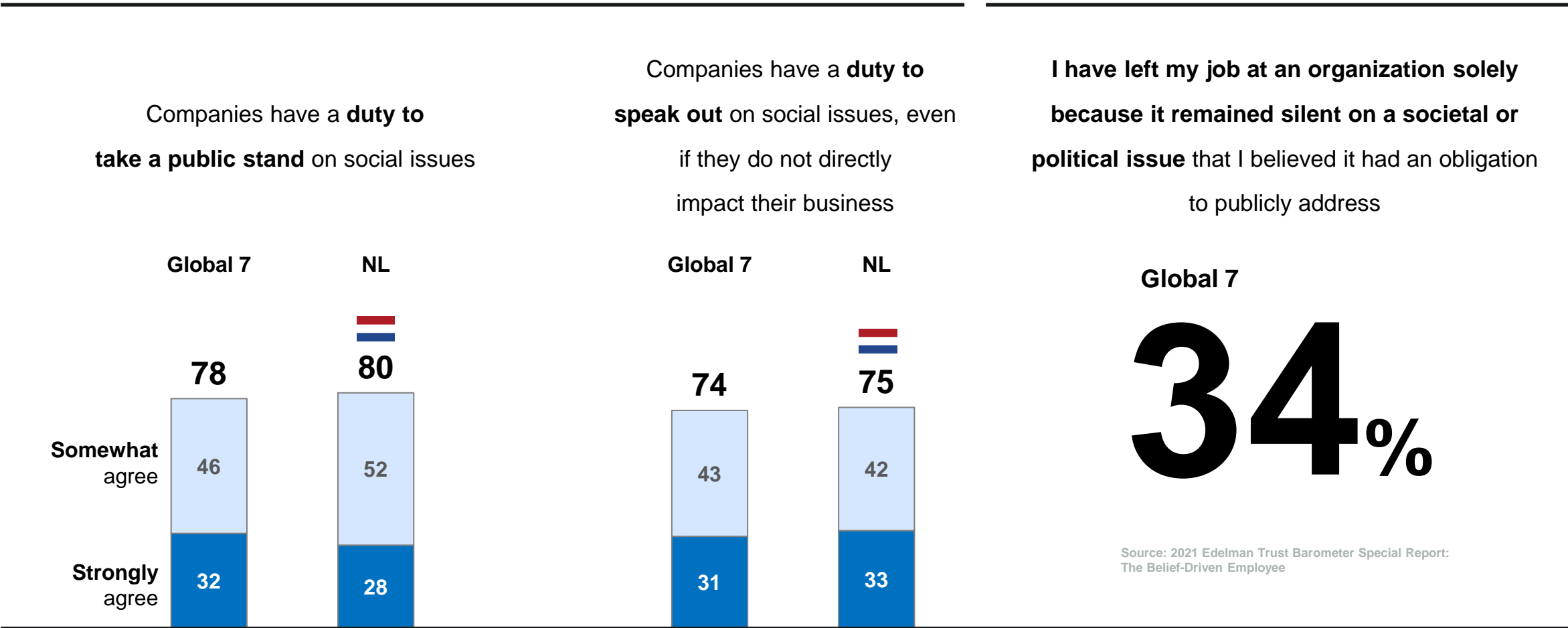
I consult the **executive's**  
social media channels



# INVESTORS EXPECT COMPANIES TO TAKE A STAND

Percent of investors who agree

Percent of employees who agree



2021 Edelman Trust Barometer Special Report: Institutional Investors. Q22.2: Now thinking specifically about social issues, to what extent do you agree or disagree with the following statement? Showing Agree T2B. 7-Market Global Average n=700;

2021 Edelman Trust Barometer Special Report: The Belief-Driven Employee. BEL\_DRV\_EMP. Please indicate how much you agree or disagree with the following statements. 9-point scale; top 4 box, agree. 7-mkt avg., and by demographics. n=7000 in Brazil, China, Germany, India, Japan, UK and U.S. All data is filtered to be among employees who work for an organization or corporation (Q43/1).



# WORKPLACE ACTIVISM BECOMES THE NORM

Percent of employees who will take action

**I will take action**  
to produce or motivate  
urgently necessary  
changes within my  
organization

76%

Source: 2021 Edelman Trust Barometer Special Report:  
The Belief-Driven Employee

## Work within the system

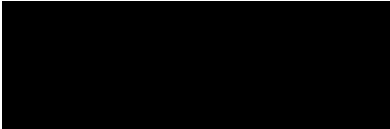
- Petition senior management to make changes*
- Suggest changes to direct manager or HR*
- Send internal comms to senior management*



58

## Take it public

- Whistleblowing*
- Go on strike or work slow-down*
- Leak internal documents or emails*
- Social media campaign*
- Protest outside our offices or factories*

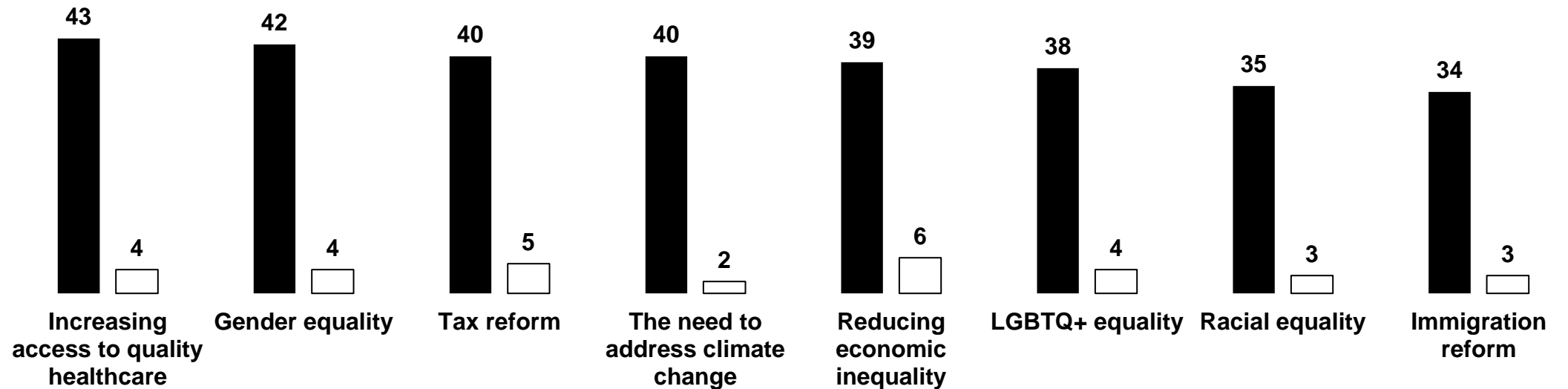
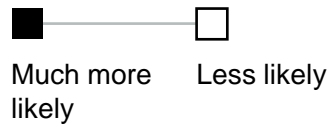


40



# REWARD OUTWEIGHS RISK FOR COMPANIES THAT ARE PREPARED TO TAKE A MEANINGFUL STAND

Percent of NL Investors who would be **more or less likely to invest** in an organization that publicly supports and demonstrates a commitment to each issue



# For further information, **please contact:**

**Jacqueline Lenterman**

Head of Financial Communications

[jacqueline.lenterman@edelman.com](mailto:jacqueline.lenterman@edelman.com)

**Eamon van Stijn**

Account Director, Financial Communications

[eamon.vanstijn@edelman.com](mailto:eamon.vanstijn@edelman.com)

**Katie Snyder**

Senior Account Executive

[katie.snyder@edelman.com](mailto:katie.snyder@edelman.com)