

**SPECIAL
REPORT:
Institutional
Investors**
U.K. – Full
Results
November 2020



Institutional Investor Trust Report

Methodology

N=600 Institutional Investors

Online quantitative study among

U.S. n=100

U.K. n=100

Canada n=100

Germany n=100

Japan n=100

Netherlands n=100

**Fielded from September 3rd to
October 9th, 2020**

The margin of error for survey results, at the 95% Confidence Level:

6-Market Global Average: +/- 4%

United States, United Kingdom, Canada, Germany, Japan, Netherlands: +/- 9.8%

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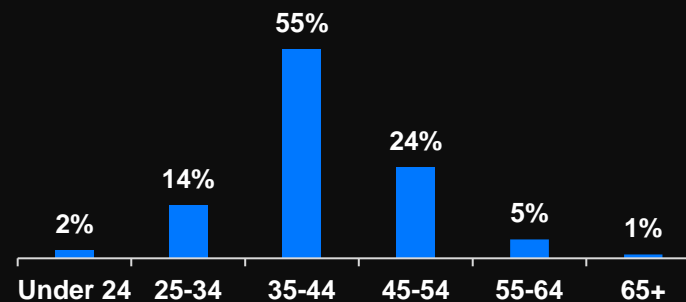
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Global Investor Sample

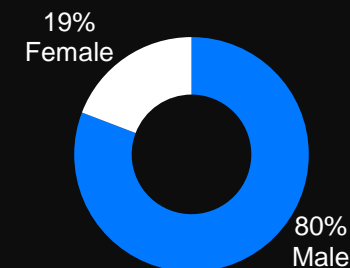
Primary Investment Style

Growth	30%
Value	18%
Hedge	13%
Activist	10%
Industry-specific	9%
Quantitative/Index	9%
GARP	9%

Age



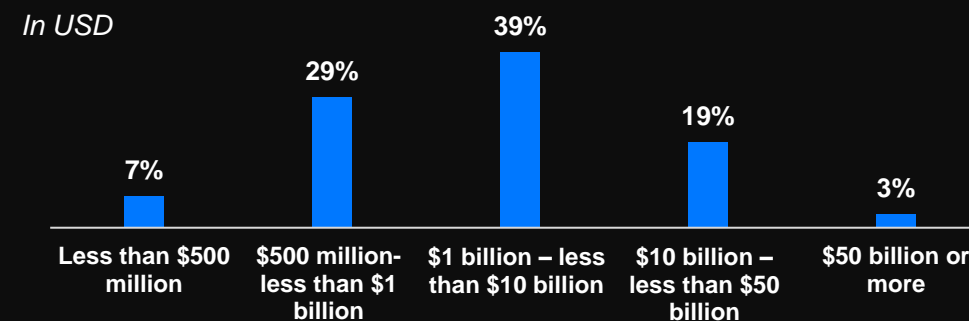
Gender



Respondents' Job Titles



Organisations' Assets Under Management



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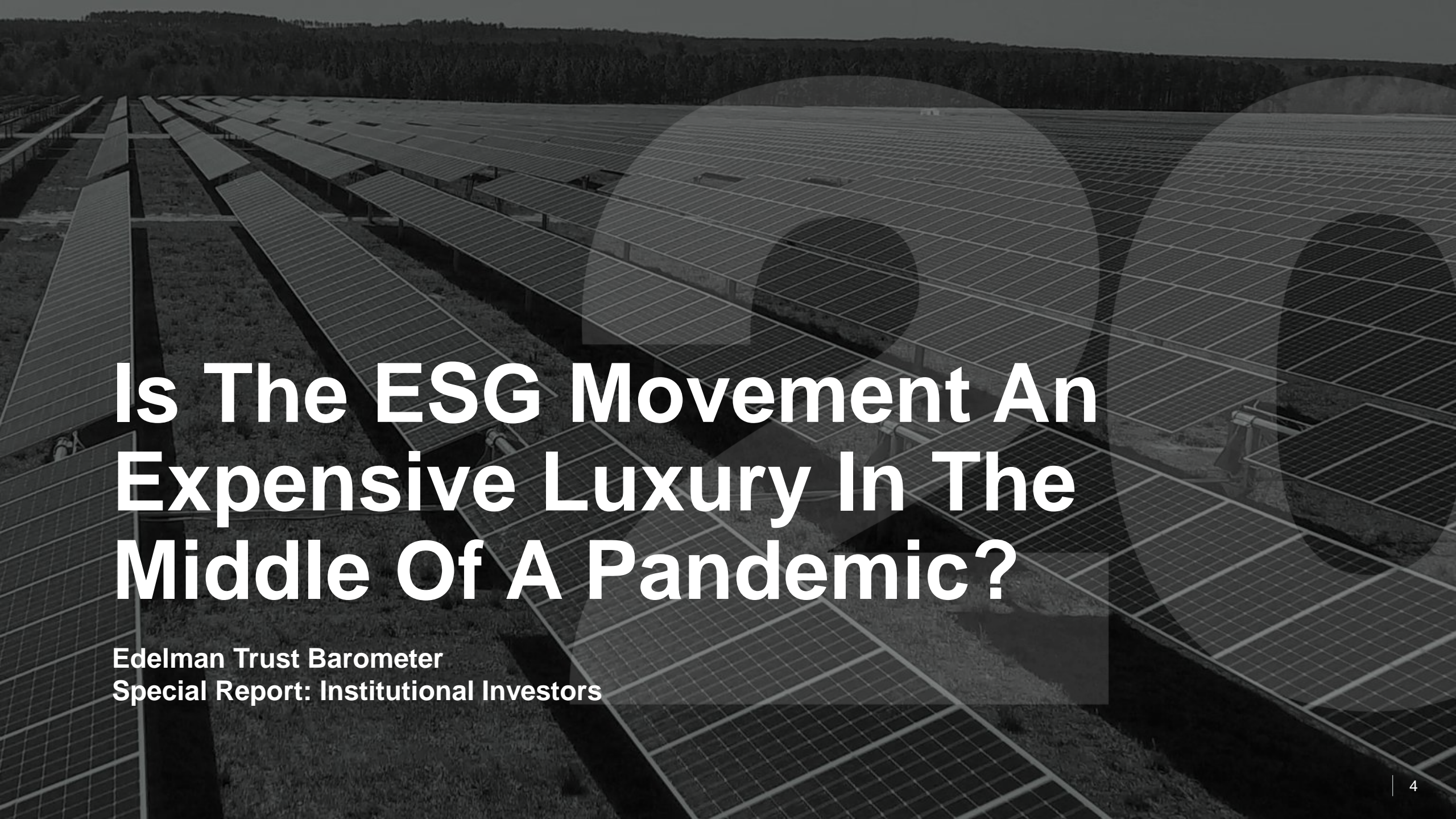
S1: What is your approximate age range?

S7: In your current job, approximately how much are your institution's investable assets?

S8: Which of the following best describes your position or level within your company or organisation?

D2: What is the primary investment style for the funds you manage on behalf of your organisation?

D4: What is your gender? 6-Market Global Average n=600; United States n=100; Canada n=100; Germany n=100; Netherlands n=100; Japan n=100 United Kingdom n=100



Is The ESG Movement An Expensive Luxury In The Middle Of A Pandemic?

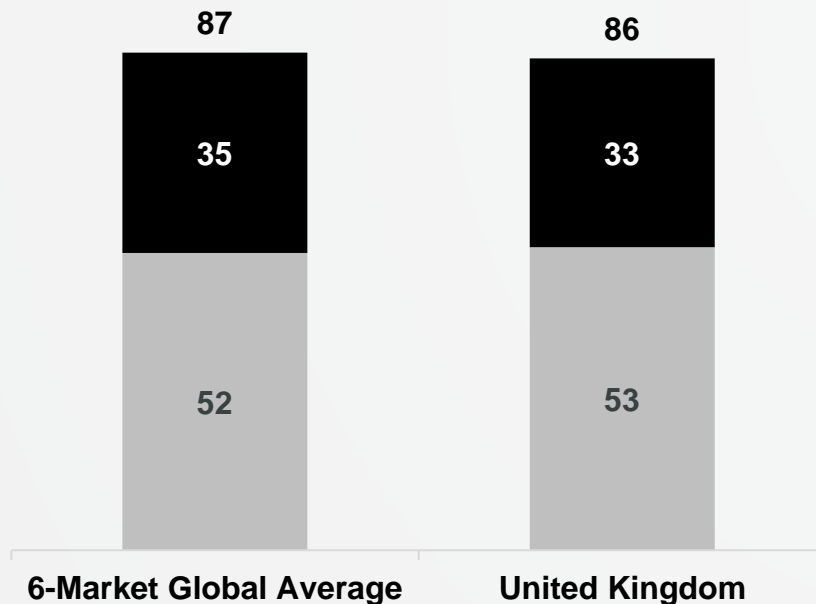
Edelman Trust Barometer
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INVESTORS ARE REWARDING COMPANIES THAT ARE ALLOCATING RESOURCE TO ESG

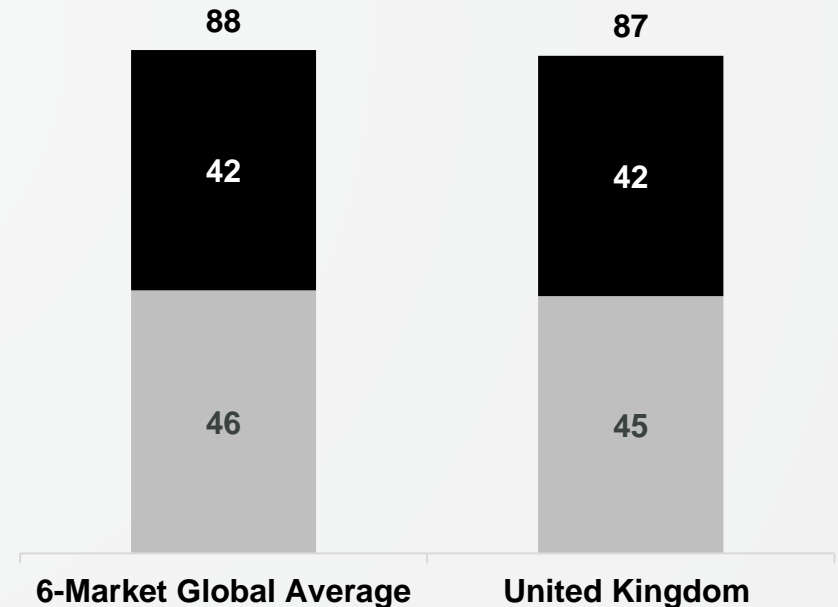
Percent who agree

■ Somewhat Agree ■ Strongly Agree

“My firm actively invests in companies that have reduced their near-term return on capital (e.g., reduced dividend, share buybacks etc.) in order to reallocate capital to ESG initiatives”



“My firm monitors specific ESG key performance indicators (KPIs such as carbon emissions reduction or diversity targets) to inform investment decisions on an ongoing basis”



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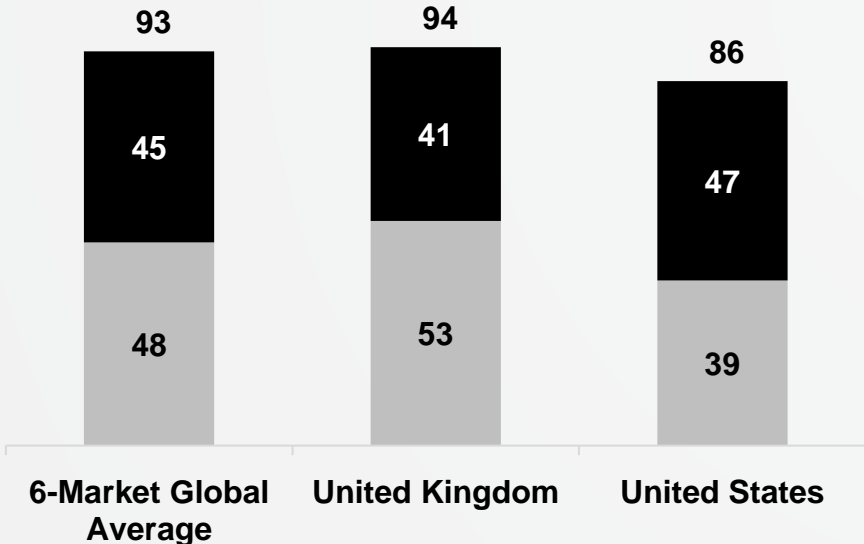
Q14: Please indicate the extent to which you agree or disagree with the following statements regarding ESG/socially responsible investing. Shown T2B Agree. 6-Market Global Total n=600; United Kingdom n=100

THIS YEAR, ESG HAS BEEN PLACED ON THE BACK BURNER BY BOTH INVESTORS AND CORPORATES

Percent who agree

■ Somewhat Agree ■ Strongly Agree

“Given the current market environment, I have changed my investment strategy relative to last year”**



Given the impact of COVID-19 on the economy...**

70% Of UK investors say **their firm is currently deprioritising ESG** as an investment criteria
83% of 6-Market Global Average

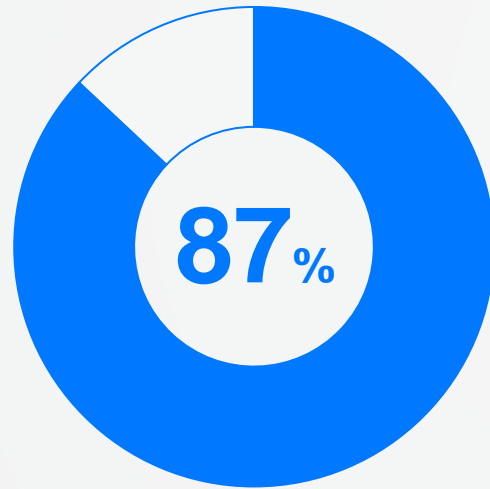
70% Of UK investors say **the companies in which they invest have deprioritised ESG initiatives**
81% of 6-Market Global Average

Edelman Trust Barometer Special Report: Institutional Investors
 *Q1: Please indicate the extent to which you agree or disagree with the following statements.
 **Q26: Please indicate the extent to which you agree or disagree with the following statement.
 Shown T2B Agree. 6-Market Global Average n=600; United Kingdom n=100, United States n=100

BUT THAT IS A TEMPORARY BLIP – THE ESG AGENDA WILL BE AMPED UP IN RECOVERY

Percent who agree among UK investors

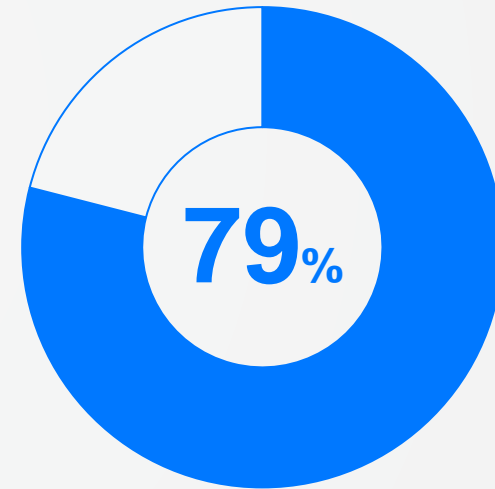
As we recover from COVID-19...



Of UK investors expect **their firm to increase prioritisation of ESG** as an investment criteria

91% of 6-Market Global Average

&



Of UK investors expect **the companies they invest in to increase their prioritisation of ESG initiatives**

88% of 6-Market Global Average

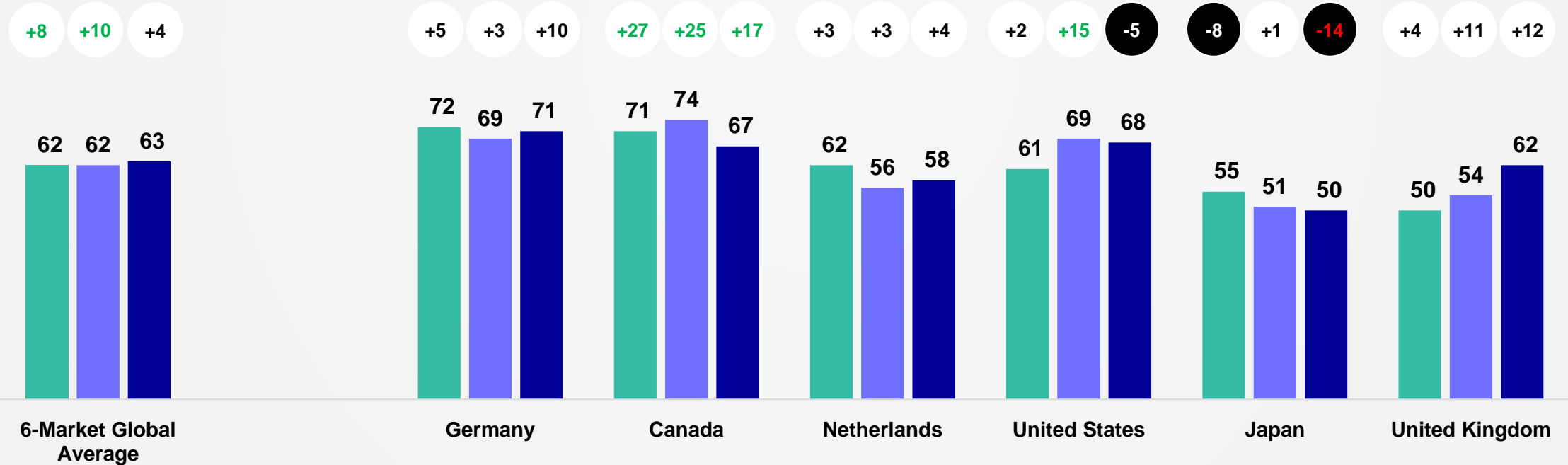
COMPANIES HAVE TO LOOK AT ALL THREE LEGS OF ESG – DOING ONE ELEMENT WELL DOES NOT LET YOU OFF

Percent who agree each is very important

Environmental Social Governance

Y-to-Y Change

ESG Importance



* Significant differences indicated by red or green text

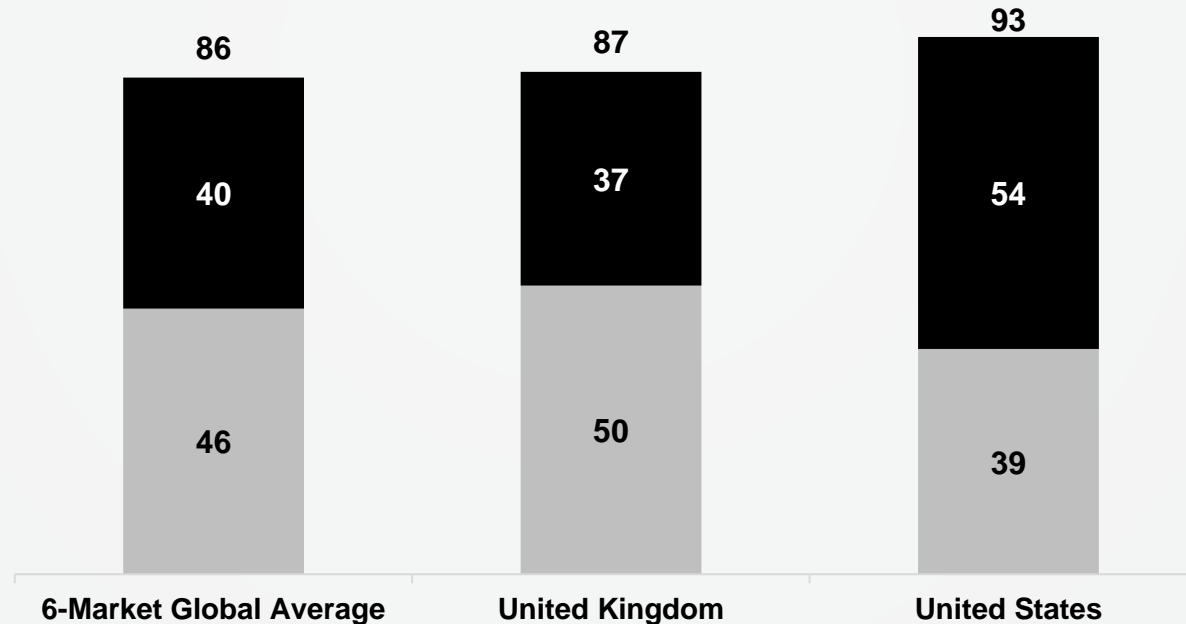
Edelman Trust Barometer Special Report: Institutional Investors
 Q10: Please select how important each of the following elements are when it comes to ESG investing. For each one, please indicate how important it is using a 9-point scale where 1 means “not at all important” and 9 means “most important.” Shown T2B Important. 6-Market Global Average n=600; United States n=100; Canada n=100; Germany n=100; Japan n=100; Netherlands n=100; United Kingdom n=100

COMPANIES MAKING BIG PROFITS THIS YEAR ARE EXPECTED TO BE EVEN MORE ACTIVE ON ESG

Percent who agree

■ Somewhat Agree ■ Strongly Agree

“Profitable companies have a greater responsibility to address ESG issues than companies that are unprofitable/struggling”



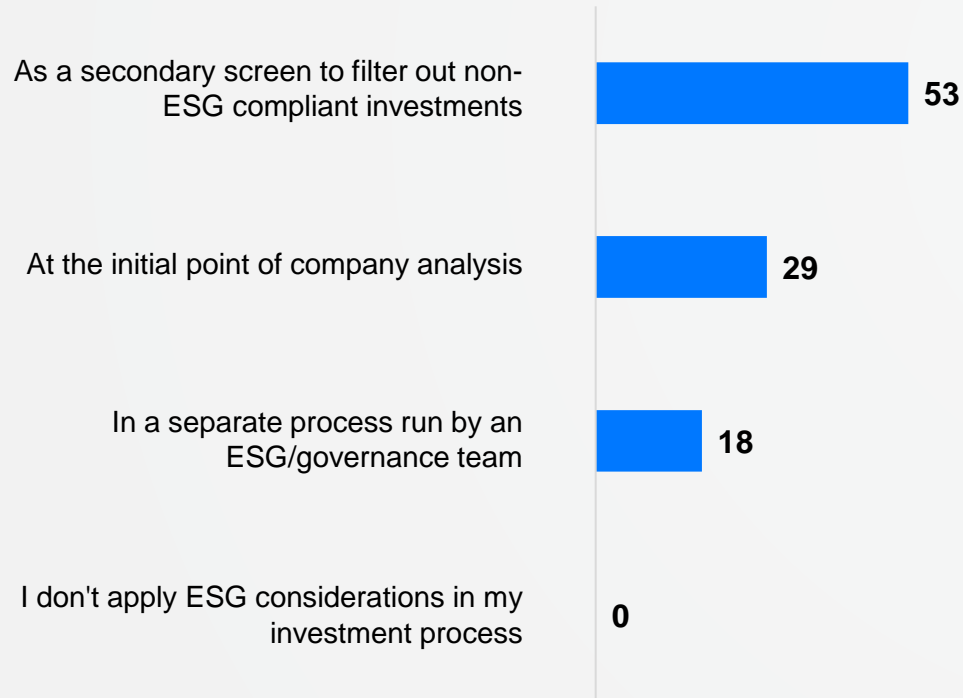
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Q14: Please indicate the extent to which you agree or disagree with the following statements regarding ESG/socially responsible investing. Shown T2B Agree. 6-Market Global Average n=600; United Kingdom n=100

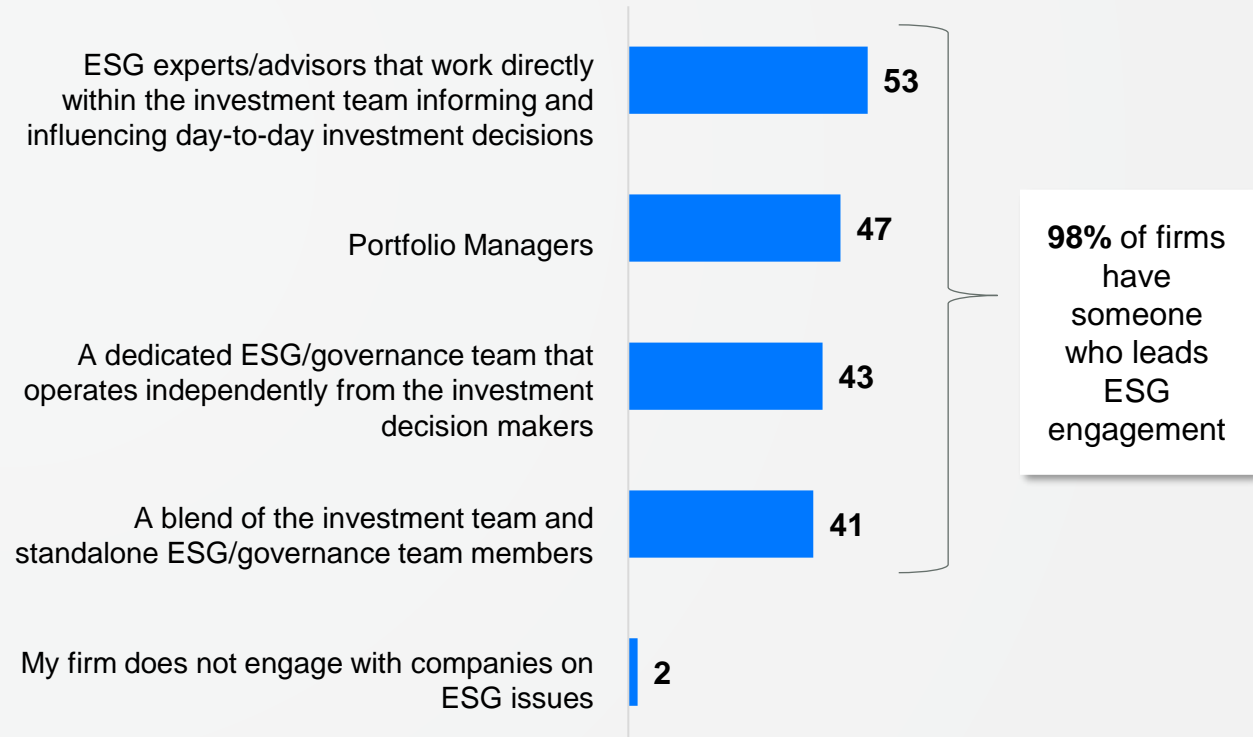
ESG IS INCREASINGLY PART OF THE INITIAL INVESTMENT ANALYSIS, NOT A SECONDARY FILTER

Percent who selected among UK investors

Point at which ESG Considerations are Applied in Investment Process



Leader of ESG Engagement in the Firm



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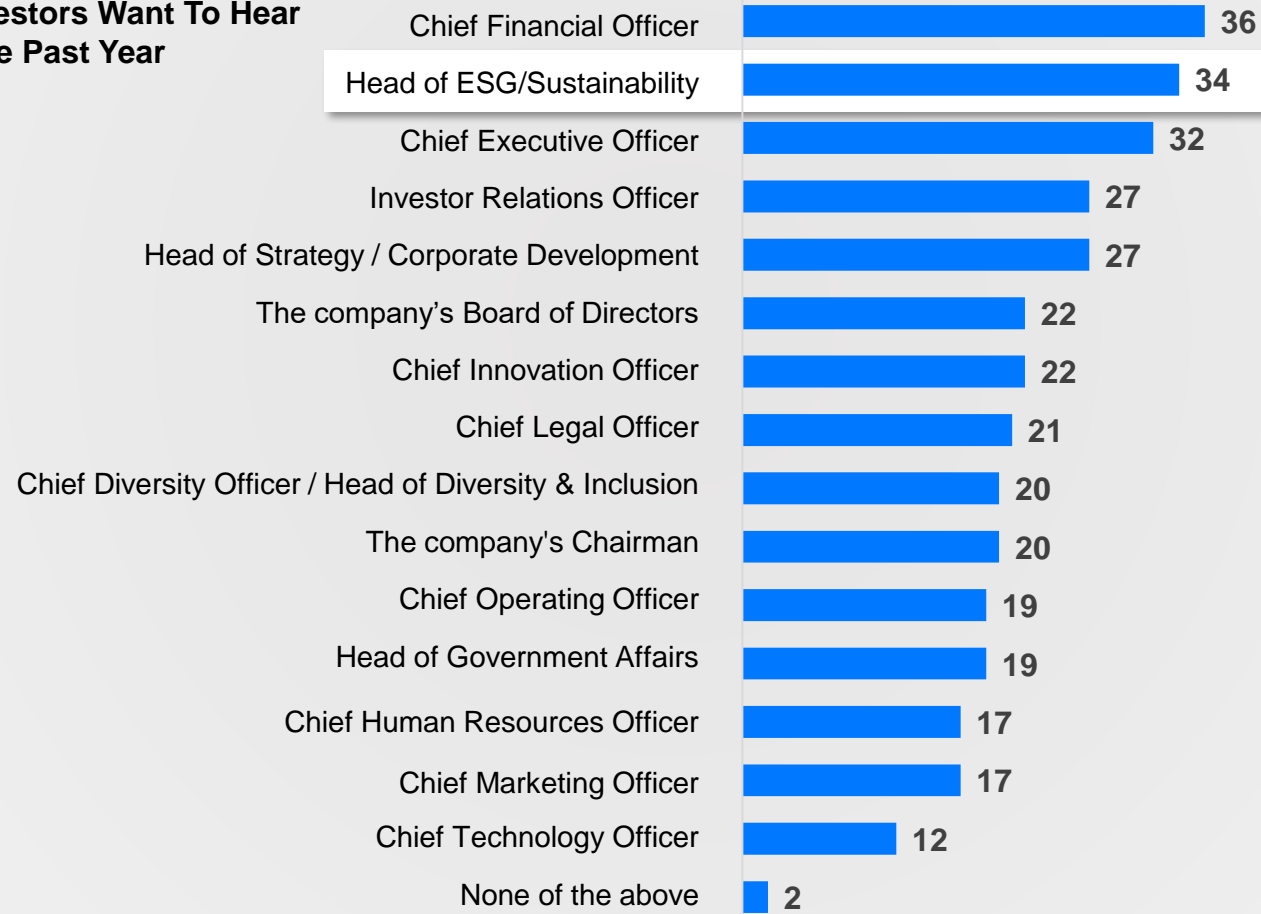
Q11: Generally, at what point, are ESG considerations applied in your investment process? Shown % Selected. United Kingdom n=100

Q17: At your firm, who leads engagement with companies we invest in on ESG issues? Shown % Selected. United Kingdom n=100

INVESTORS WANT TO HEAR MORE FROM THE HEAD OF ESG

Percent selected among UK investors

Company Spokespeople that Investors Want To Hear More From Than They Have in the Past Year

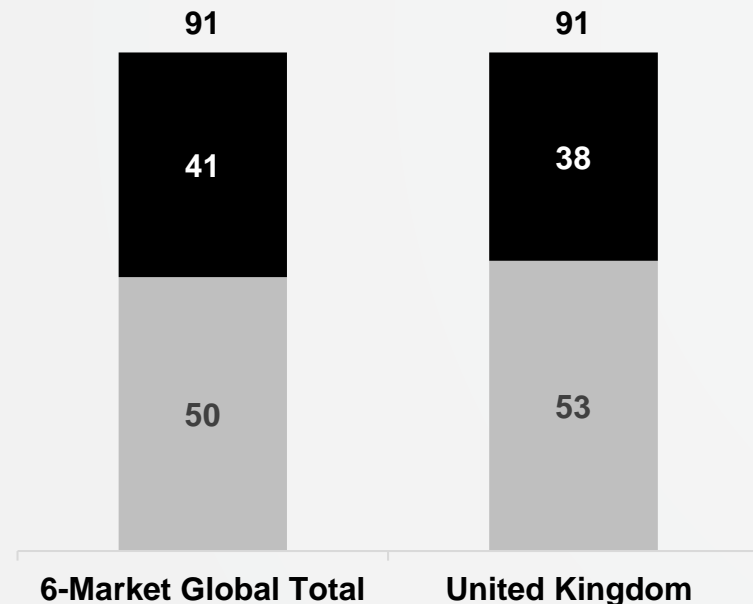


BUSINESSES THAT PRIORITISE ESG ARE MORE RESILIENT, MORE FOCUSED ON LONG-TERM, AND DESERVE A PREMIUM

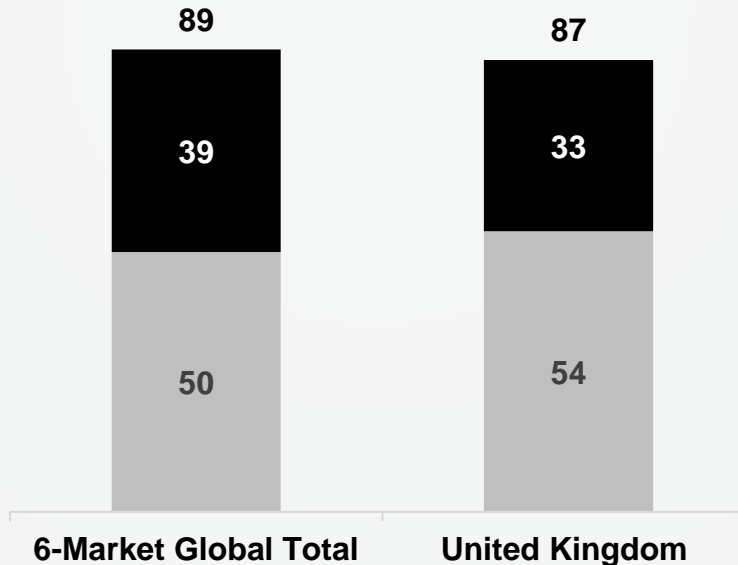
Percent who agree

■ Somewhat Agree ■ Strongly Agree

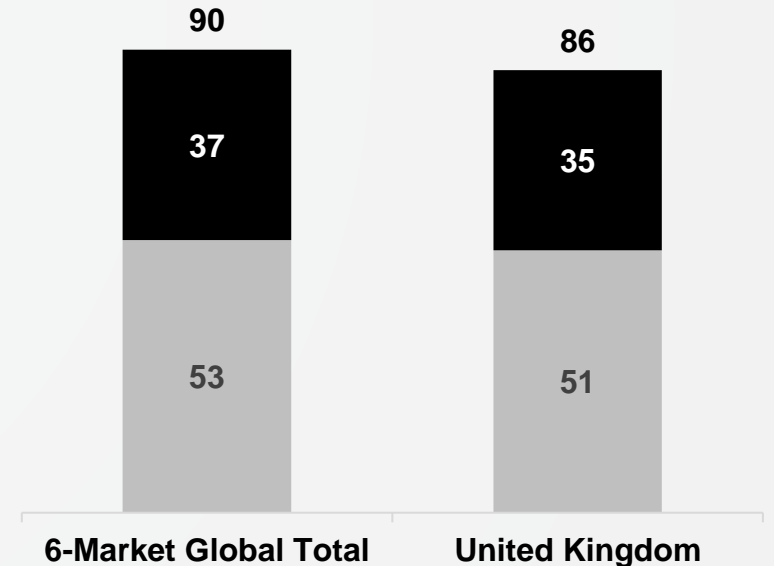
“A company with strong ESG performance is more resilient in a crisis”



“A company with strong ESG performance deserves a premium valuation to its share price”



“Companies that prioritise ESG initiatives represent better opportunities for long-term returns than companies that do not”



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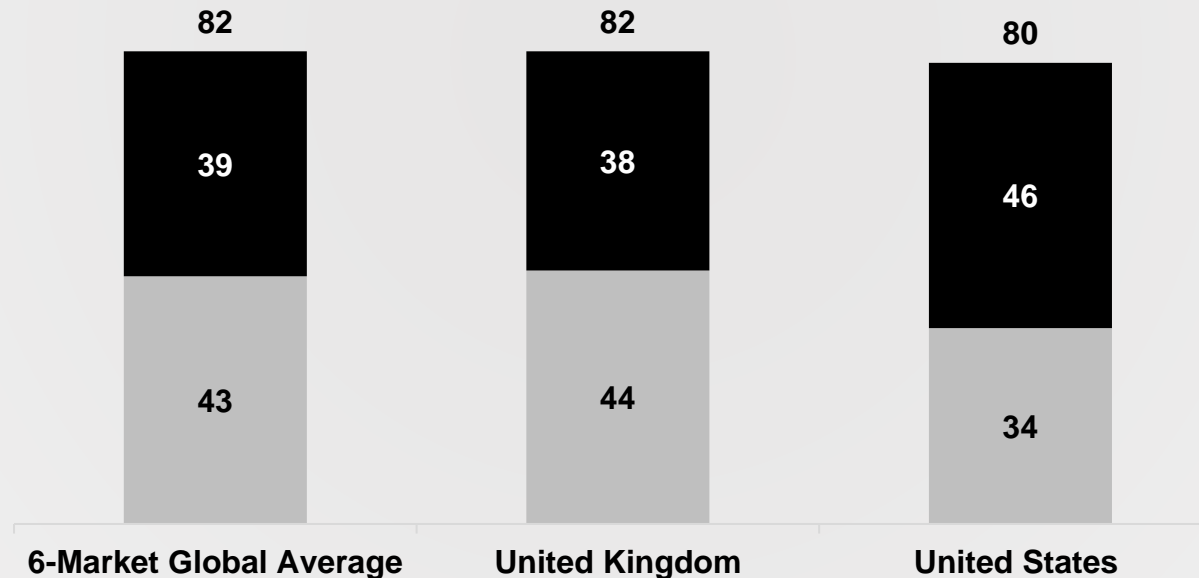
Q14: Please indicate the extent to which you agree or disagree with the following statements regarding ESG/socially responsible investing. Shown T2B Agree. 6-Market Global Total n=600; United Kingdom n=100

INSUFFICIENT ESG DISCLOSURE IS A HURDLE TO INVESTMENT

Percent who agree

■ Somewhat Agree ■ Strongly Agree

“My firm will not invest in companies with a lack of sufficient information/data on their ESG performance”



84% among the 6-Market Global Average, **79%** of US investors and **84%** of UK investors believe that **most companies are unprepared to comply with potential ESG disclosure regulations**



Boards Are Expected To Be Enforcing More Than Just Governance

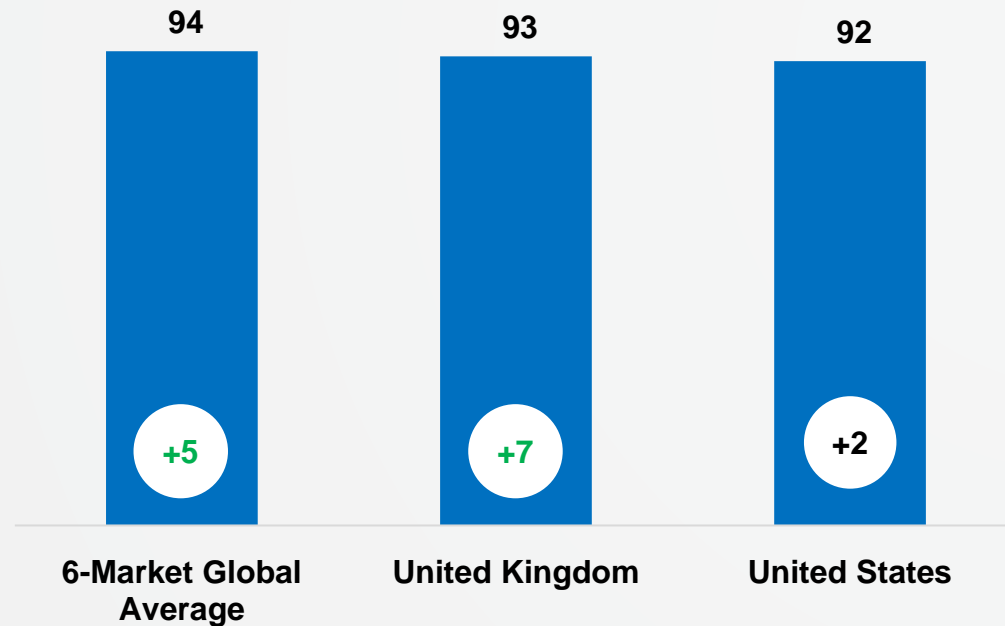
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INVESTORS NEED TO TRUST YOUR BOARD AS MUCH AS YOUR CEO

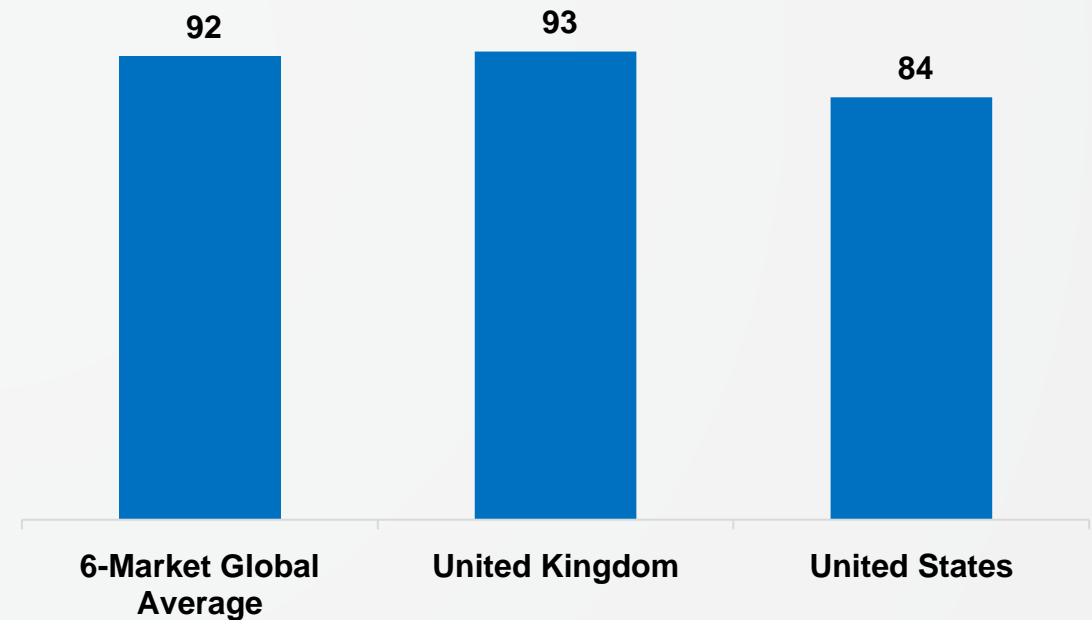
Percent who agree

— 0 — + Y-to-Y Change

“I must trust a company's Board of Directors before making or recommending an investment”



“I must trust a company's CEO before making or recommending an investment”



* Significant differences at the 95% confidence level indicated by red or green text

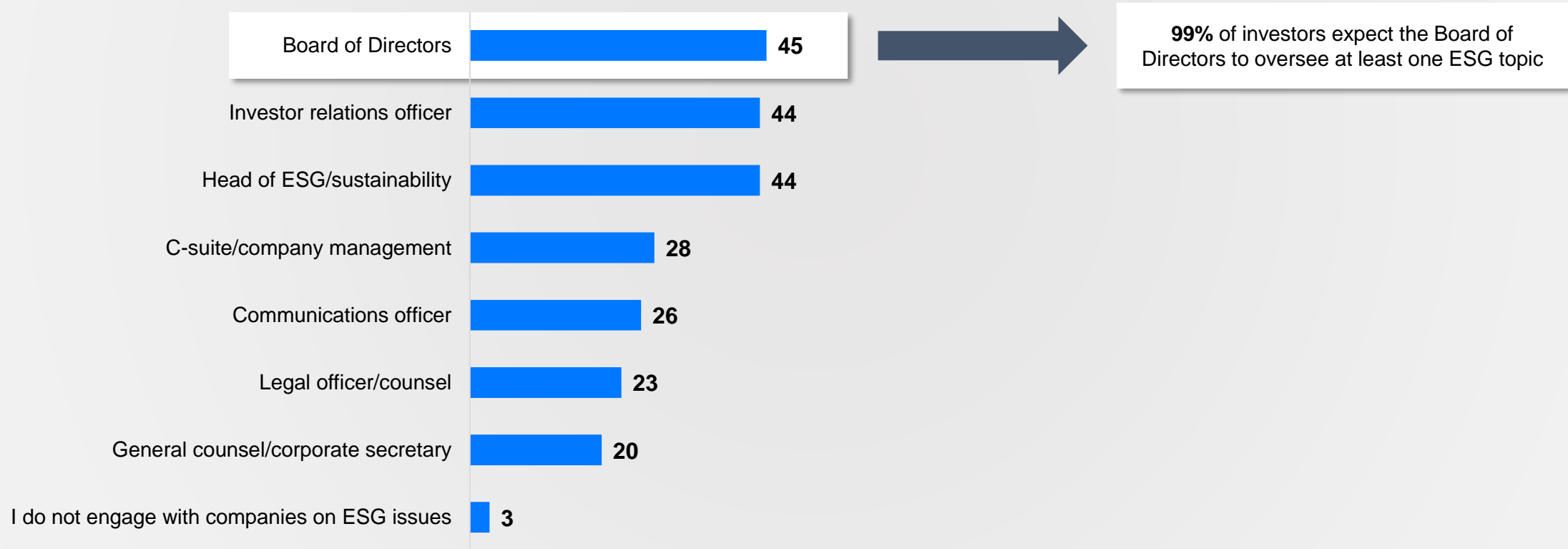
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Q2. Please indicate the extent to which you agree or disagree with the following statements regarding trust.. Shown T2B Agree. 6-Market Global Average n=600; United States n=100, United Kingdom n=100

INVESTORS ENGAGING WITH BOARDS ON ESG ISSUES

Percent who selected among UK investors

Which Leaders are being Engaged on ESG by Investors



ALIGNMENT OF INTERESTS BETWEEN EXECUTIVES AND INVESTORS DRIVES LONG-TERM TRUST

Percent who say each impacts trust in a company a great deal among UK investors

-
0
+
 Y-to-Y Change

Corporate Governance Practices



* Significant differences at the 95% confidence level indicated by red or green text

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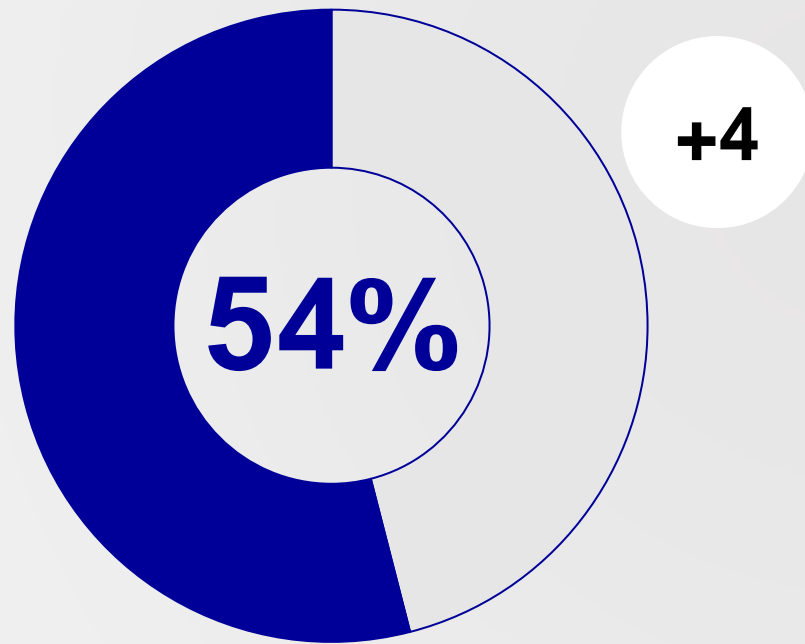
Q5: How much does each of the following corporate governance practices positively impact your trust in a company that you are/may consider investing in or recommending? For each one, please indicate the level of impact using a 9-point scale where 1 means "no positive impact on trust" and 9 means "a great deal of positive impact on trust." Shown T2B Trust. United Kingdom n=100

MORE INVESTORS WANT EXECUTIVE PAY TIED TO ESG

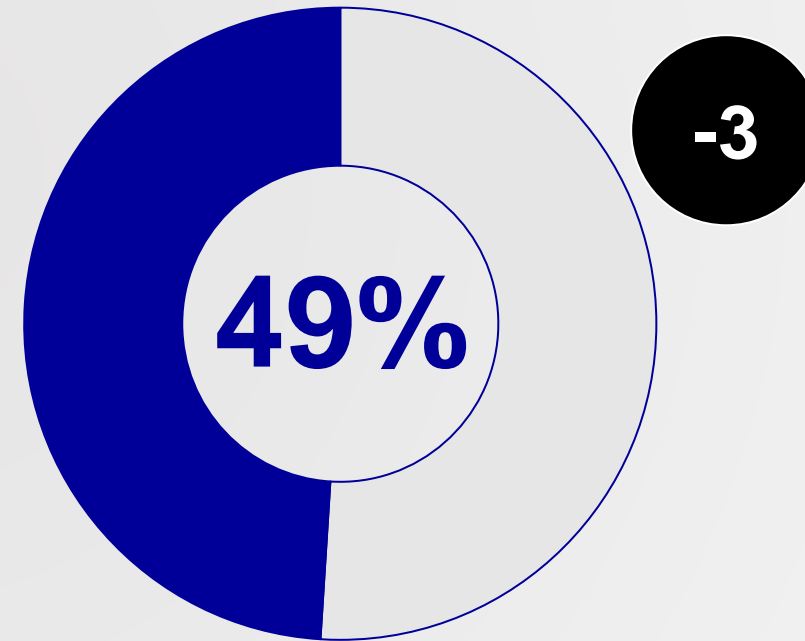
Percent who say it impacts trust in a company a great deal

“Linking executive compensation to ESG target performance”

— 0 —+ Y-to-Y Change



6-Market Global Average



United Kingdom

* Significant differences at the 95% confidence level indicated by red or green text

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Q5: How much does each of the following corporate governance practices positively impact your trust in a company that you are/may consider investing in or recommending? For each one, please indicate the level of impact using a 9-point scale where 1 means “no positive impact on trust” and 9 means “a great deal of positive impact on trust.” Shown T2B Trust. 6-Market Global Average n=600 United Kingdom n=100



Climate change will be an even bigger focus in 2021

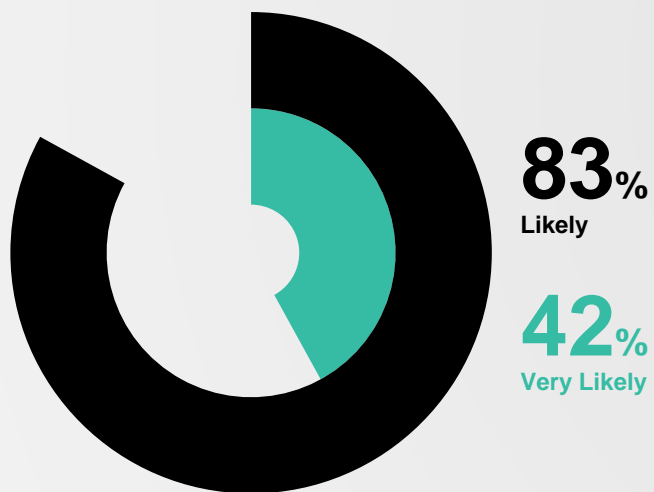
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INVESTORS PLAN TO ACCELERATE ENGAGEMENT ON CLIMATE RISKS IN THE NEXT SIX MONTHS

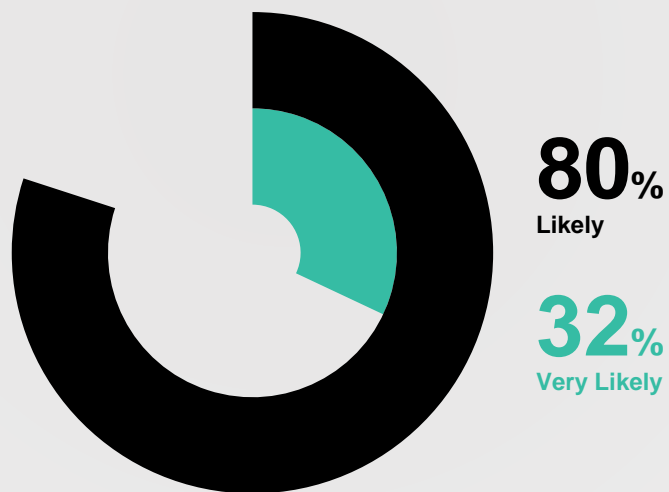
Percent selected among UK Investors

Likelihood of Investor Engagement on Environmental Topics

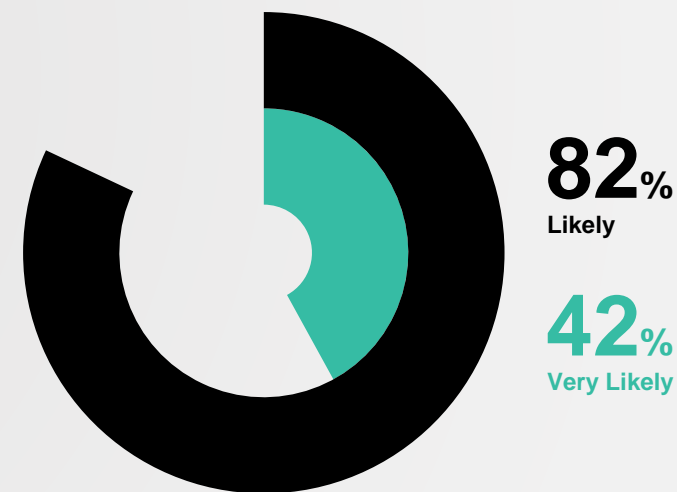
The Impact of Climate Risk on the Company



Resource Scarcity



Eco-efficiency of the Company's Operations



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Q19. How likely are you to engage with the boards of companies you invest in on any of these ESG topics within the next six months? For each one, please indicate how likely you are using a 5-point scale where 1 means "not at all likely" and 5 means "very likely." Shown T2B Likely. United Kingdom n=100

BOARDS EXPECTED TO OVERSEE ENVIRONMENTAL RISK

Percent who selected among UK Investors

Expectations of ESG Oversight from the Board of Directors



99%
of investors expect the
Board to oversee at least
one environmental issue



Culture Is A Material Factor For Investors

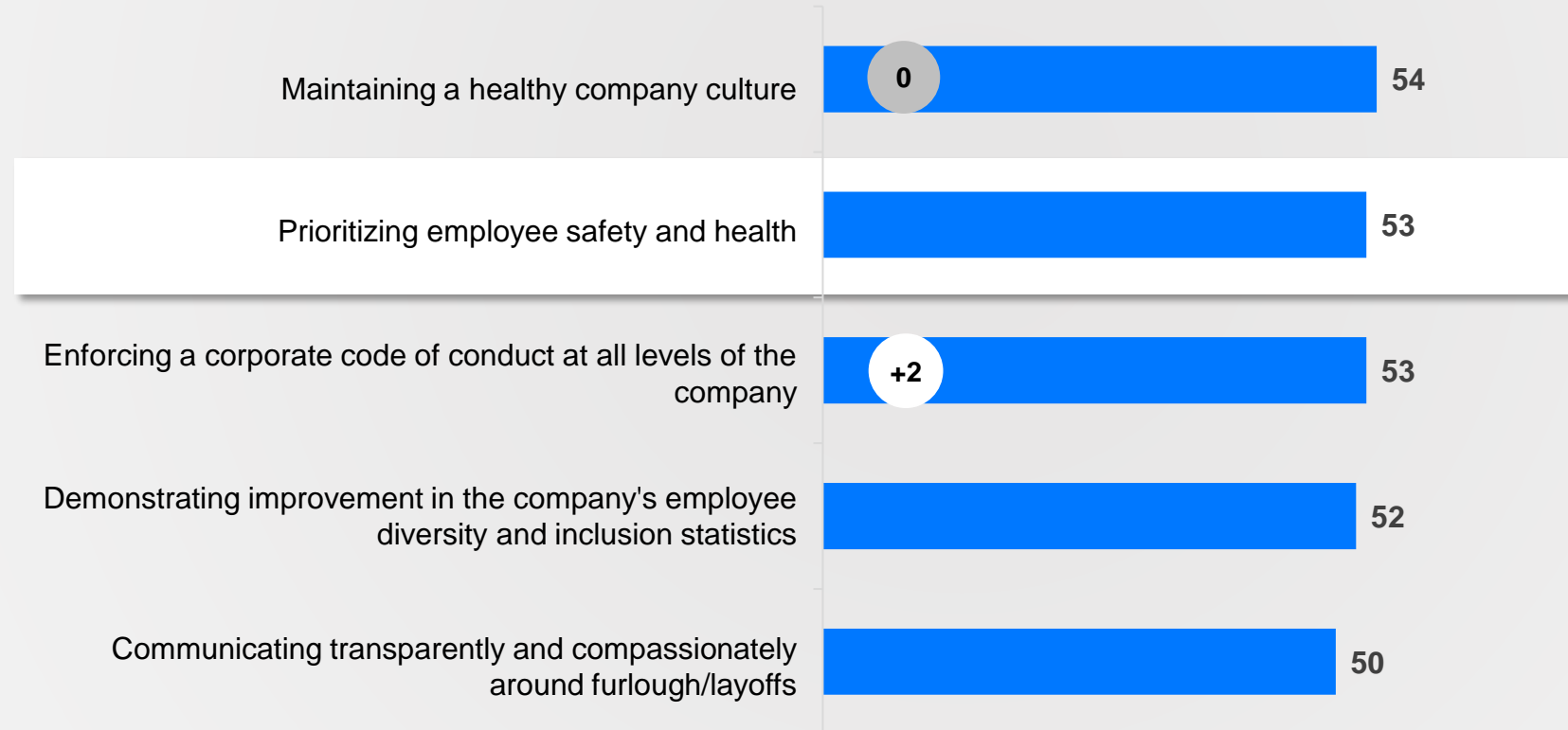
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INVESTORS TRUST COMPANIES THAT TREAT THEIR PEOPLE WELL

Percent who say each impacts trust in a company a great deal among UK investors

— 0 — + Y-to-Y Change

Corporate Behavioral Practices – Human Capital



* Significant differences at the 95% confidence level indicated by red or green text

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Q4: How much do each of the following corporate behavioral practices positively impact your trust in a company that you are/may consider investing in or recommending?

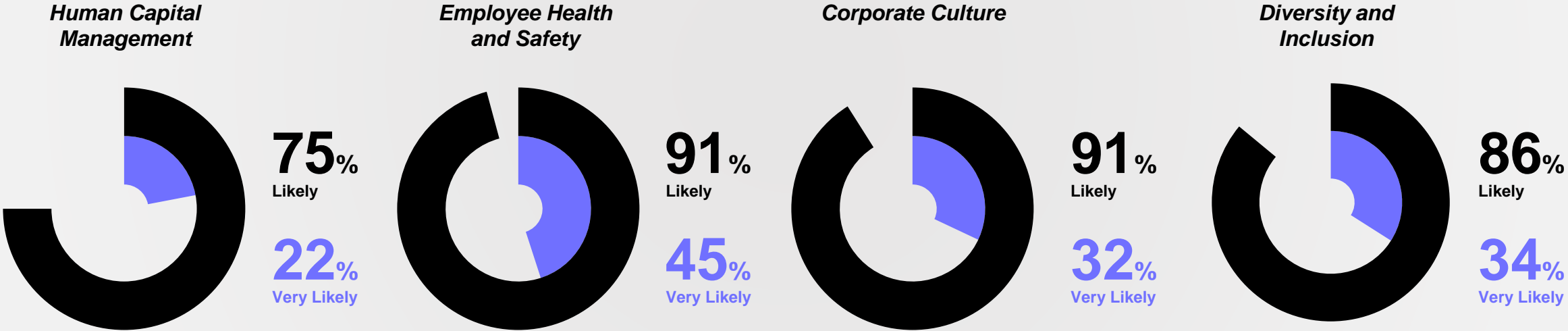
For each one, please indicate the level of impact using a 9-point scale where 1 means "no positive impact on trust" and 9 means "a great deal of positive impact on trust."

Shown T2B Trust. United Kingdom n=100

INVESTORS ENGAGING WITH BOARDS ON WORKPLACE CULTURE

Percent selected among UK investors

Likelihood of Investor Engagement on Management Topics Within the Next 6 Months

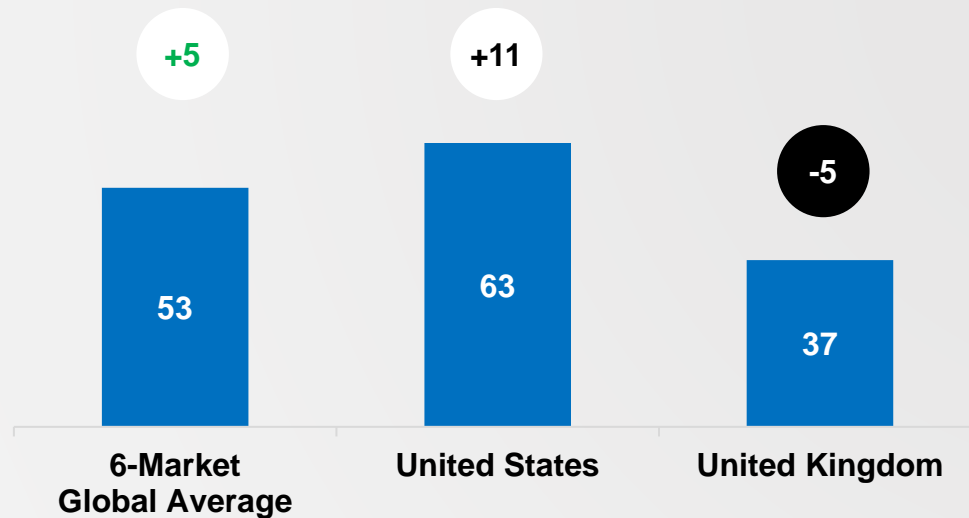


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Q19. How likely are you to engage with the boards of companies you invest in on any of these ESG topics within the next six months? For each one, please indicate how likely you are using a 5-point scale where 1 means "not at all likely" and 5 means "very likely." Shown T2B Likely. United Kingdom n=100

D&I DISCLOSURES IMPACT TRUST AND SHARE PRICE

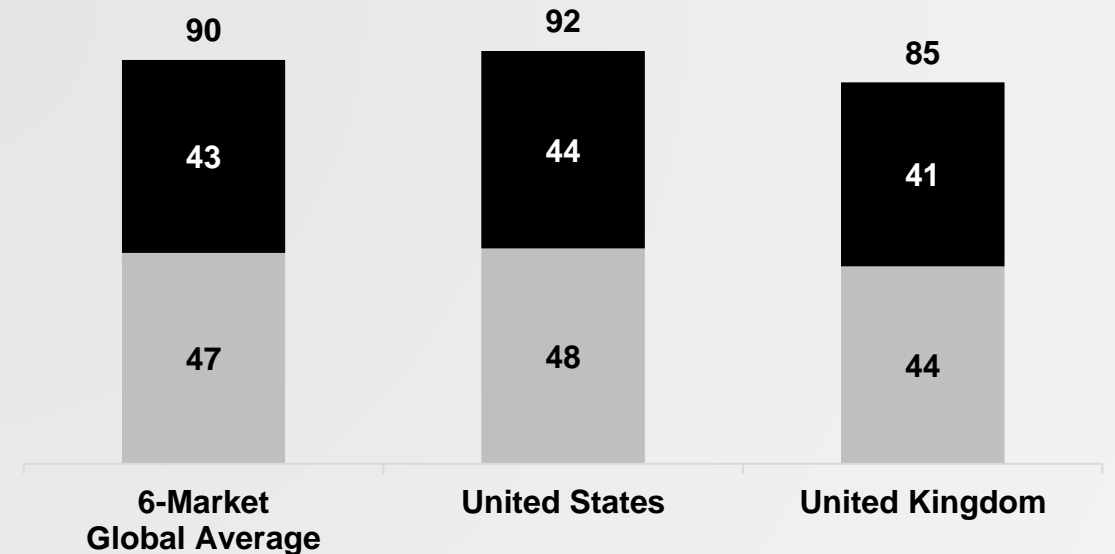
Percent who agree

Disclosing employee diversity and inclusion statistics impacts trust in a company a great deal



■ Somewhat Agree ■ Strongly Agree - 0 + Y-to-Y Change

“Strong diversity & inclusion metrics have a positive impact on a company’s share price”



* Significant differences at the 95% confidence level indicated by red or green text

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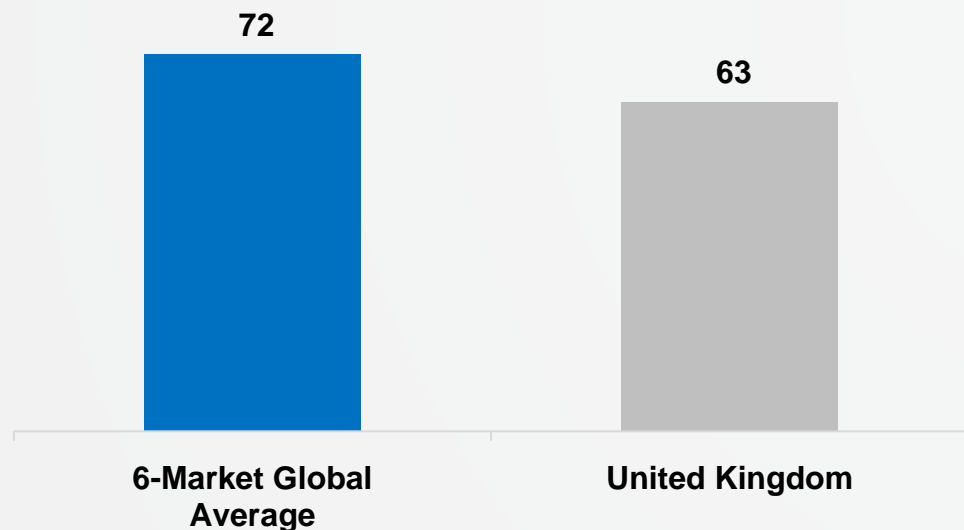
Q4: How much do each of the following corporate behavioral practices positively impact your trust in a company that you are/may consider investing in or recommending? For each one, please indicate the level of impact using a 9-point scale where 1 means “no positive impact on trust” and 9 means “a great deal of positive impact on trust.”

Shown T2B Trust. Q14: Please indicate the extent to which you agree or disagree with the following statements regarding ESG/socially responsible investing. 6-Market Global Average n=600; United States n=100, United Kingdom n=100

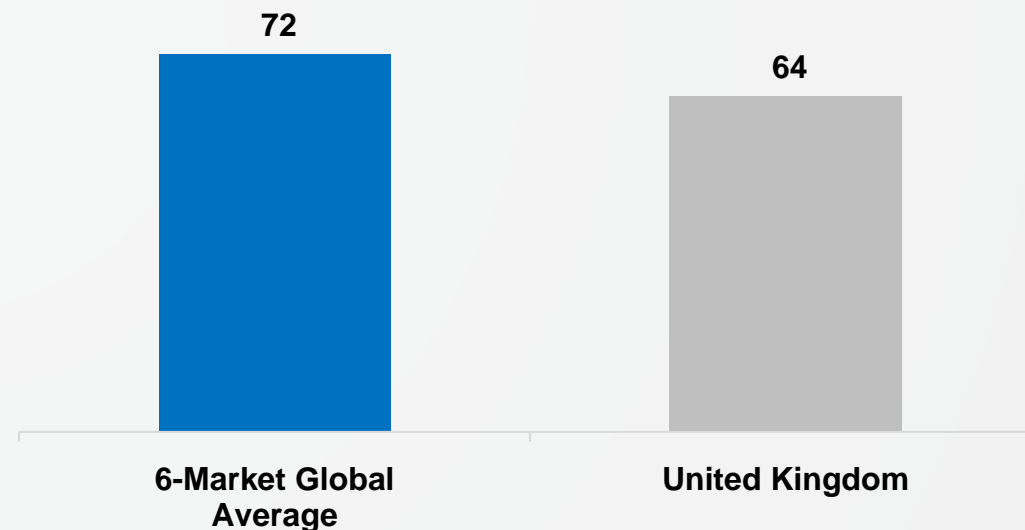
63% OF UK INVESTORS ARE ACTIVELY SCREENING OUT COMPANIES THAT FAIL D&I HURDLES

Percent who selected "Yes"

Does your firm apply exclusionary screening based on Diversity & Inclusion (D&I) metrics?



Have you started to put portfolio investments that do not meet your Diversity & Inclusion (D&I) thresholds on watch-lists?



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Q20 Does your firm apply exclusionary screening based on Diversity & Inclusion (D&I) metrics?

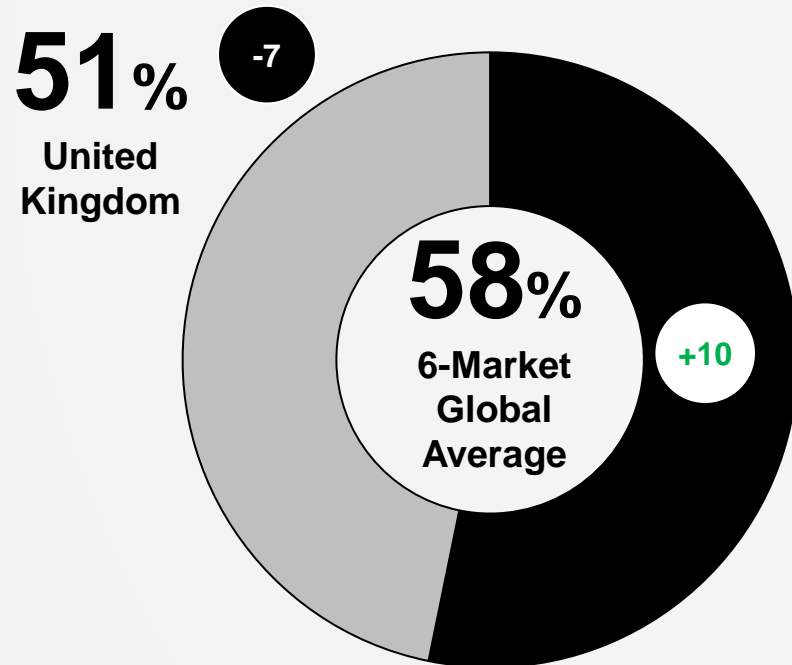
Q21 Have you started to put portfolio investments that do not meet your Diversity & Inclusion (D&I) thresholds on watch-lists? Shown % Selected. 6-Market Global Average n=600; United Kingdom n=100

INVESTORS WANT DIVERSE BOARDS – BUT THAT MOSTLY MEANS DIVERSE THINKING

Percent who agree

Diversity within a company’s Board of Directors and executive team

Percent who say diversity within a Board impacts trust in a company a great deal

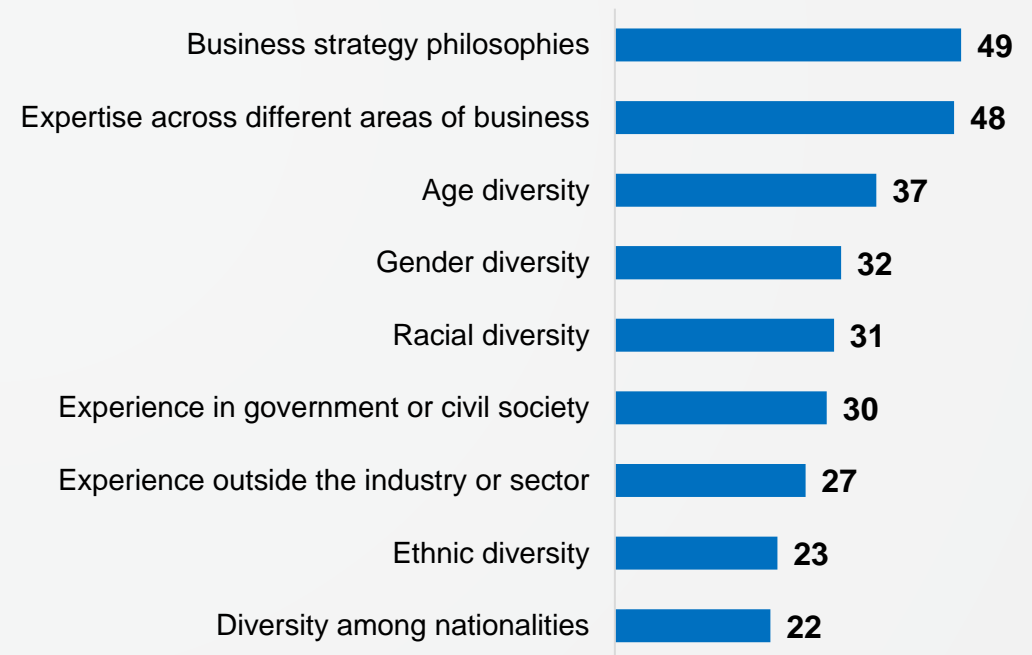


United Kingdom

Y-to-Y Change

Most Important Types of Board Diversity to Build Trust

Percent ranked top 3 among those that selected “diversity within a company’s Board has a significant positive impact on trust”



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Q5: How much does each of the following corporate governance practices positively impact your trust in a company that you are/may consider investing in or recommending? Shown T2B Trust. 6-Market Global Average n=600 United Kingdom n=100 Q6: You mentioned that diversity within a company’s Board of Directors and executive team has a significant impact on your trust in a company. Please identify and rank the top 3 types of diversity you consider to be the most important in building trust. Shown % Selected. United Kingdom n=94

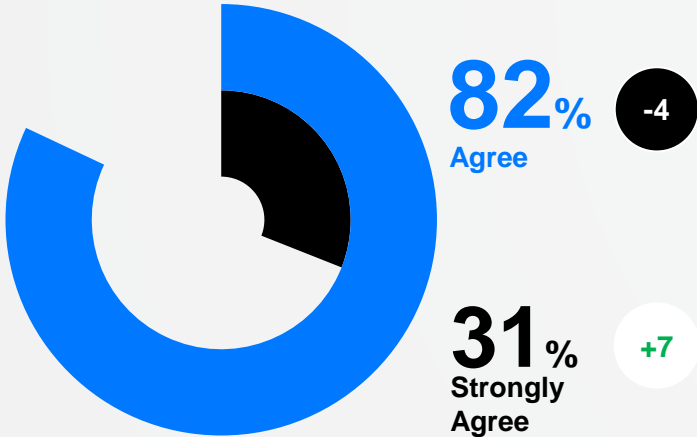
Shareholder Activism Is Still On The Rise

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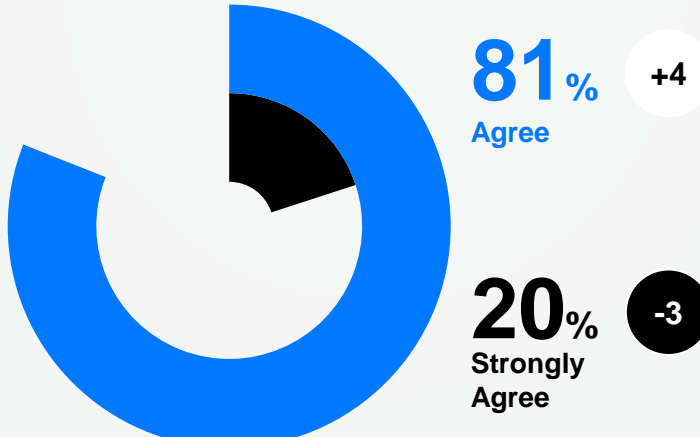
MORE INVESTORS ARE INTERESTED IN TAKING AN ACTIVIST APPROACH – COMPANIES ARE STILL NOT PREPARED

Percent selected among UK investors

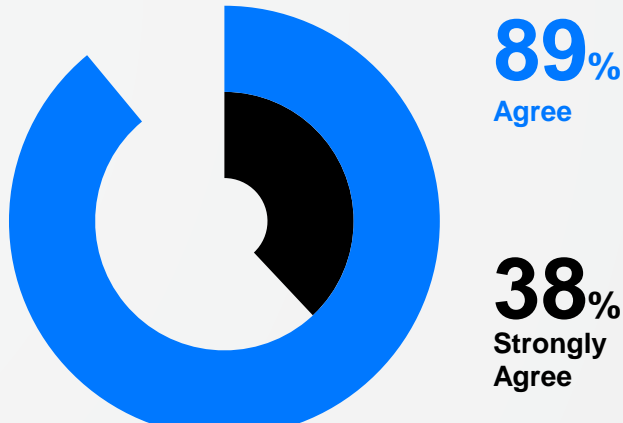
“In general, as a firm, we are more interested in taking an activist approach to investing”



“Most companies are not prepared to handle activist campaigns”



“I will support a reputable activist investor if they raise concerns about a company in which I have a high level of trust”

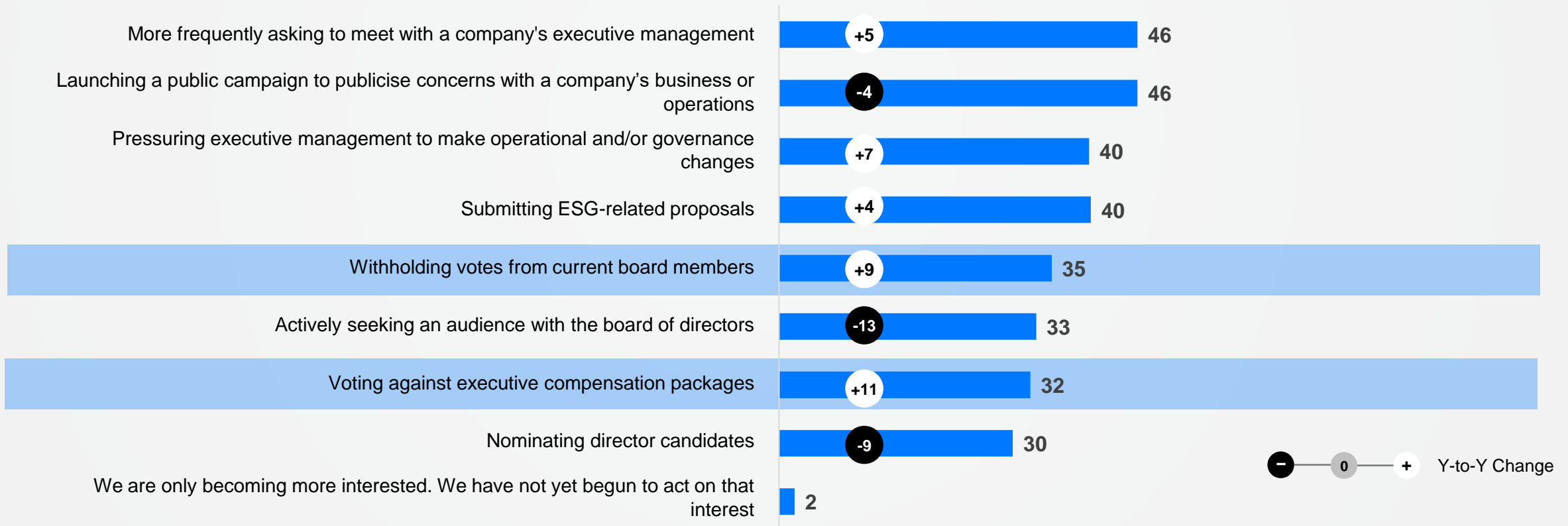


Legend: - 0 + Y-to-Y Change

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 Q7: Please indicate the extent to which you disagree or agree with the following statements regarding shareholder activism. Shown T2B Agree. United Kingdom n=100

THAT MEANS WITHHOLDING VOTES FROM BOARD MEMBERS, PROTESTING AGAINST PAY – BUT ALSO LAUNCHING PUBLIC CAMPAIGNS

Percent among UK investors who selected “*In general, as a firm, we are more interested in taking an activist approach to investing*”



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Q8: You just indicated that your firm is more interested in taking an activist approach to investing. Specifically, in what ways is your firm trying to be more activists? Shown % Selected. United Kingdom n=100

A GLOBAL HEALTH PANDEMIC WILL NOT STAND IN THE WAY OF INVESTOR ACTIVISM

Percent who agree among UK investors

87%

UK Investors agree both that...

“It is okay for activist investors to initiate a public campaign during the current market environment”

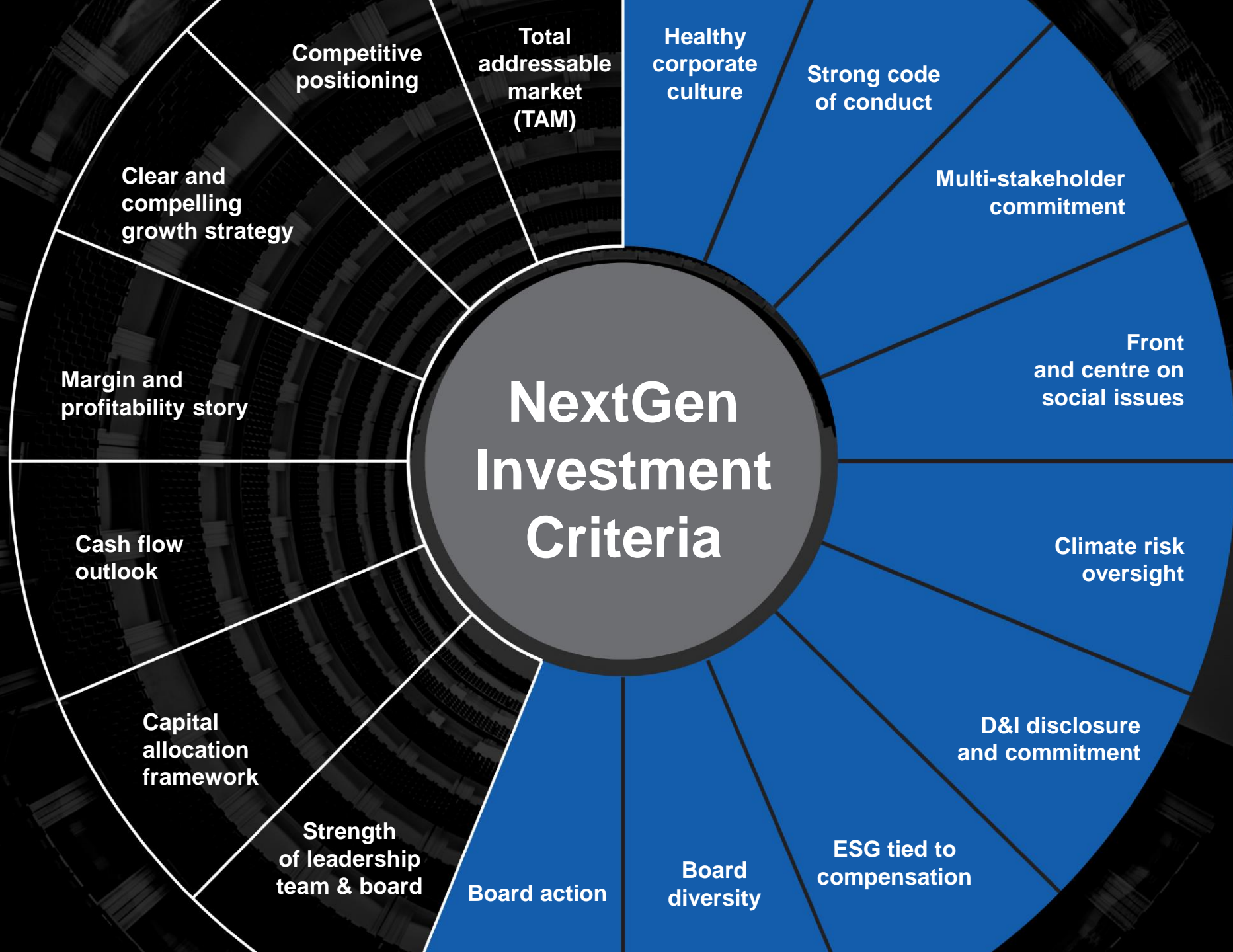
AND,

“As we recover from the pandemic, there will be an increase in shareholder activism”



Thinking About More Than The Bottom Line Delivers More Value Over Time

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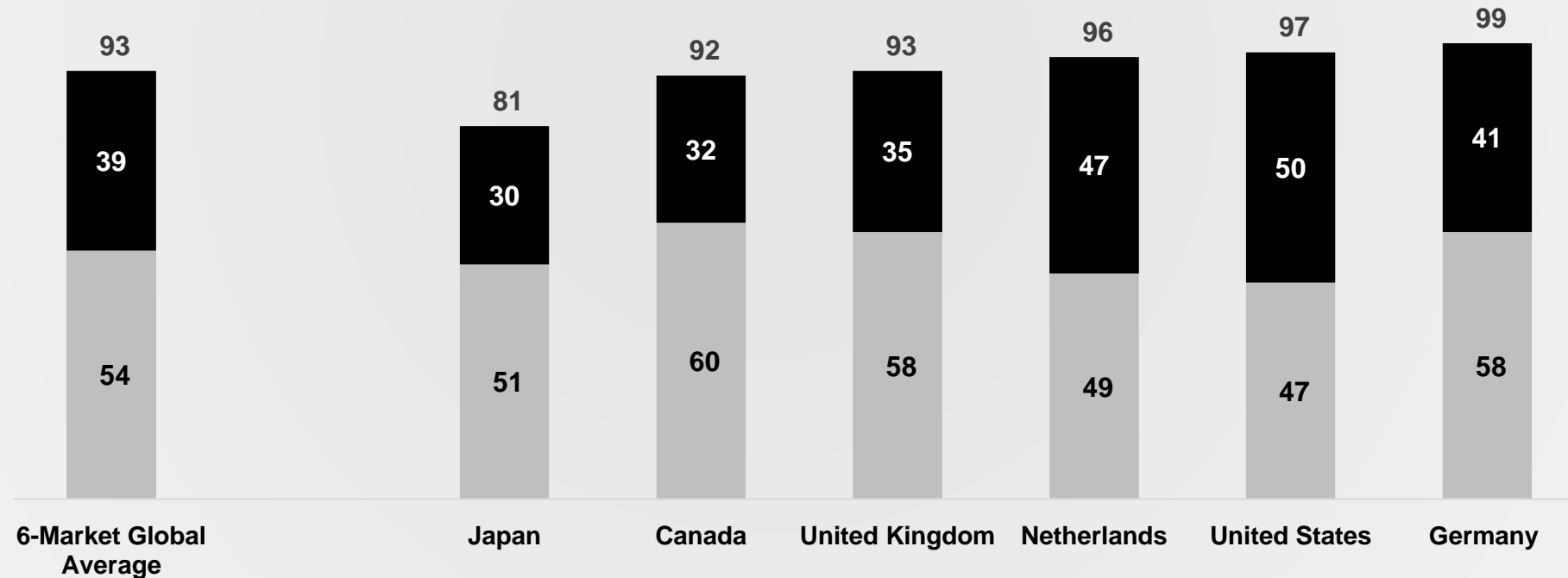


INVESTORS AGREE MULTI-STAKEHOLDER APPROACH DELIVERS GREATER RETURNS

■ Somewhat Agree ■ Strongly Agree

“The multi-stakeholder model of governance is more conducive to delivering long-term financial returns than other models ”

Percent who agree



Edelman Trust Barometer Special Report: Institutional Investors

Q9: Please indicate the extent to which you agree or disagree with the following statement. Shown T2B Agree. 6-Market Global Average n=600; United States n=100; Canada n=100; Japan n=100; Germany n=100; Netherlands n=100; United Kingdom n=100

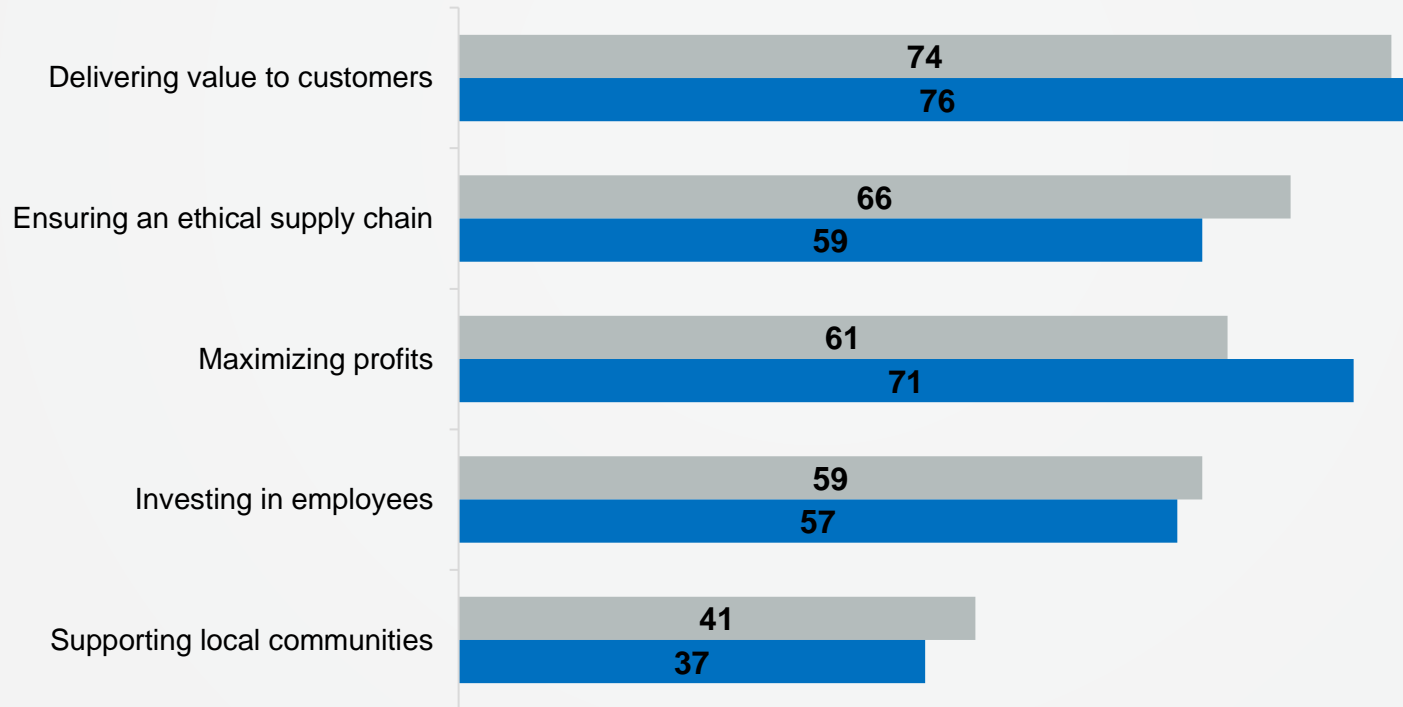
CUSTOMERS SHOULD COME BEFORE SHAREHOLDERS

Percent who ranked actions as the top priority out of five possible actions

■ 6-Market Global Average ■ United Kingdom

Actions Companies Should Prioritise to Increase Investment Likelihood

Percent ranked Top 3 (Global)



Edelman Trust Barometer Special Report: Institutional Investors

Q13: Below is a list of actions that companies could prioritise. If a company wanted to increase your likelihood to invest in them, how should they prioritise these actions over the next five years? Shown 6-Market Global Average n=600, United Kingdom n=100

TRUST WILL ENABLE COMPANIES TO MEET MULTI-STAKEHOLDER EXPECTATIONS

Percent who selected among UK investors

■ Important Summary ■ Critically Important Summary

Importance of having a high level of trust for a company to be able to...



Edelman Trust Barometer Special Report: Institutional Investors

Q3: Using the scale below, please rate how important it is that a company has a high level of trust when it comes to each of the following. Shown Important, Critically Important United Kingdom n=100

INVESTORS SAY TRUST IS ESSENTIAL TO MANAGE A CRISIS

Percent who selected important or critically important among UK investors

80%

Of UK investors believe it is *important* for a company to have a high level of trust to...

...Manage effectively through a crisis

83%

Of UK investors believe it is *important* for a company to have a high level of trust to...

...Nimbly pivot business strategy in response to rapidly evolving marketplace conditions

ENSURING INVESTOR TRUST BEYOND THE PANDEMIC

1.

Tie stakeholder concerns into ESG and strategy development

2.

Treat ESG commitments as you would financial commitments

3.

Plan for multi-stakeholder engagement and activism

4.

Rebuild investor communications to meet elevated expectations

5.

Prepare the Board to play an active role in building trust with investors and stakeholders



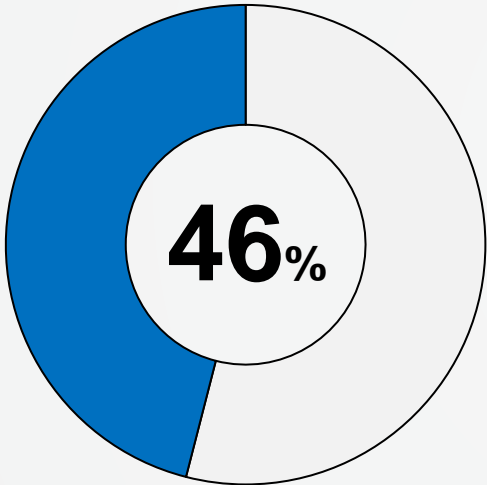
Optional Chapter: Information Driving Investment Decisions

Edelman Trust Barometer
Special Report: Institutional Investors

18	17	18	18	18	18
33	34	32	31	31	31
30	31				

CLARITY OF YOUR MISSION AND PURPOSE BUILDS INVESTOR TRUST

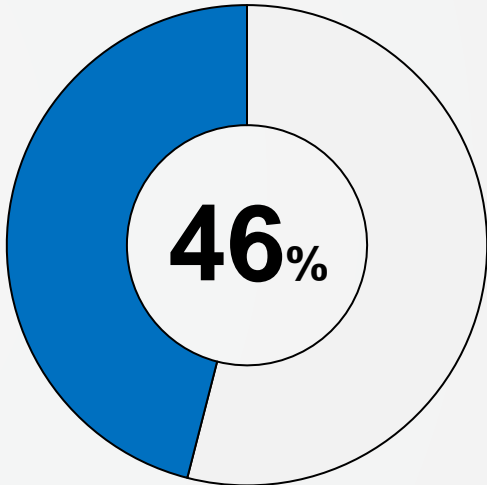
Percent who say each impacts trust in a company a great deal among UK investors



Clearly articulating the **company's mission and executing on that mission**

55% of 6-Market Global Average

&



Sharing a **clearly defined vision for how the company will positively impact society**

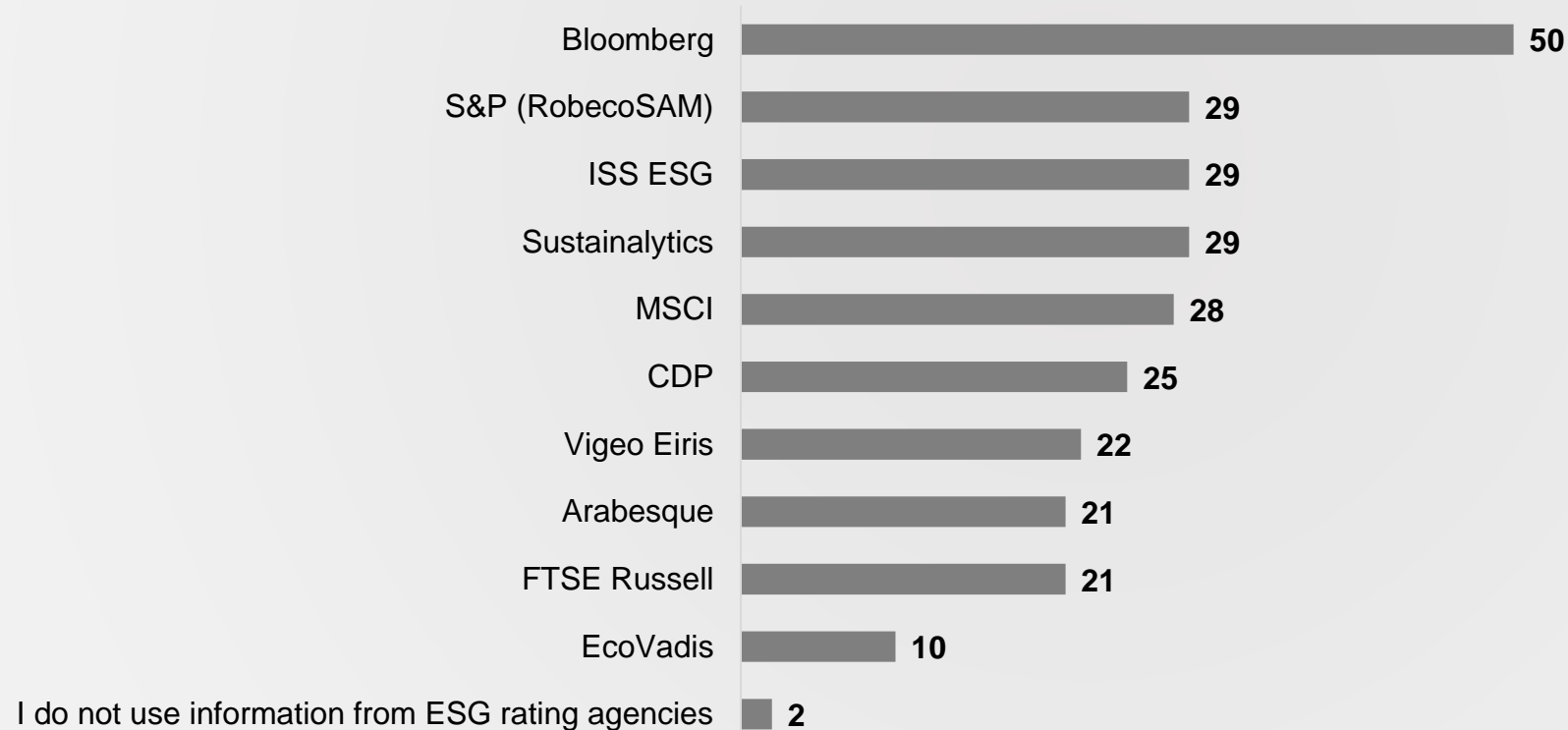
56% of 6-Market Global Average

Edelman Trust Barometer Special Report: Institutional Investors
Q4: How much do each of the following corporate behavioral practices positively impact your trust in a company that you are/may consider investing in or recommending?
For each one, please indicate the level of impact using a 9-point scale where 1 means "no positive impact on trust" and 9 means "a great deal of positive impact on trust."
Shown T2B Trust. 6-Market Global Average n=600. United Kingdom n=100

NEARLY ALL INVESTORS USE ESG RATING AGENCIES TO INFORM INVESTMENT DECISIONS

Percent selected among UK investors

ESG Ratings Agencies Used in Investment Decisions



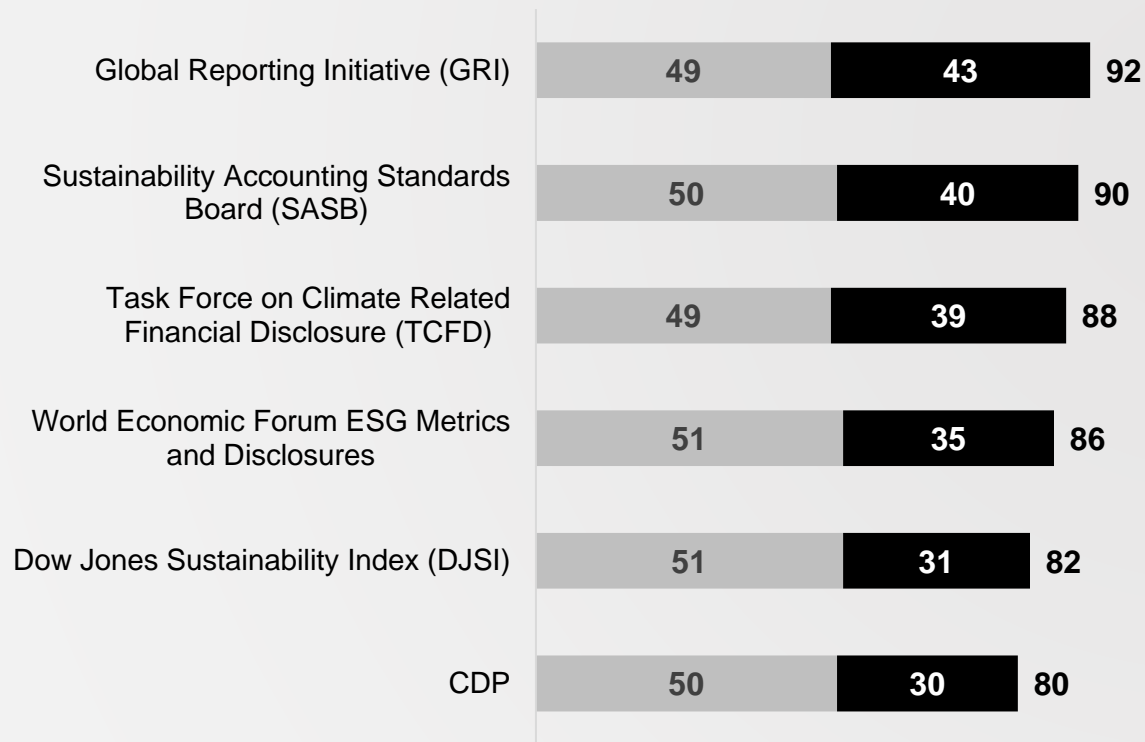
98%
of investors use
ESG rating
agencies as part of
investment
decisions/ valuation
criteria

INVESTORS RELY ON MULTIPLE DISCLOSURE FRAMEWORKS, BUT MOST COMPANIES DON'T HAVE THE DATA AVAILABLE

■ Somewhat Useful ■ Very Useful

Usefulness of ESG Disclosure Frameworks

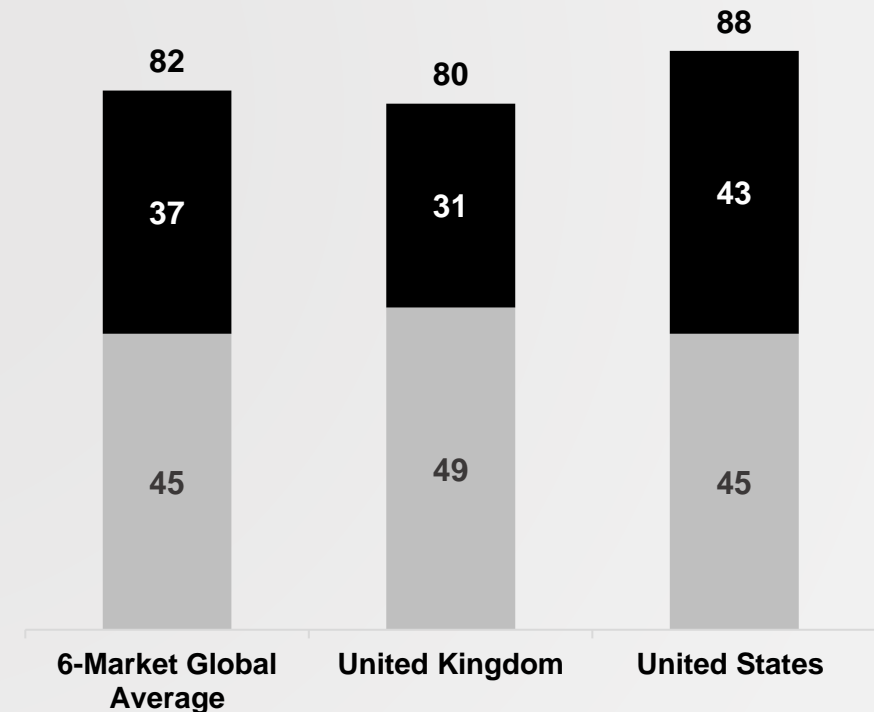
Percent who believe the ESG disclosure frameworks are useful among UK investors



■ Somewhat Agree ■ Strongly Agree

“Most companies do not have the data available to disclose against sustainable reporting frameworks”

Percent who agree



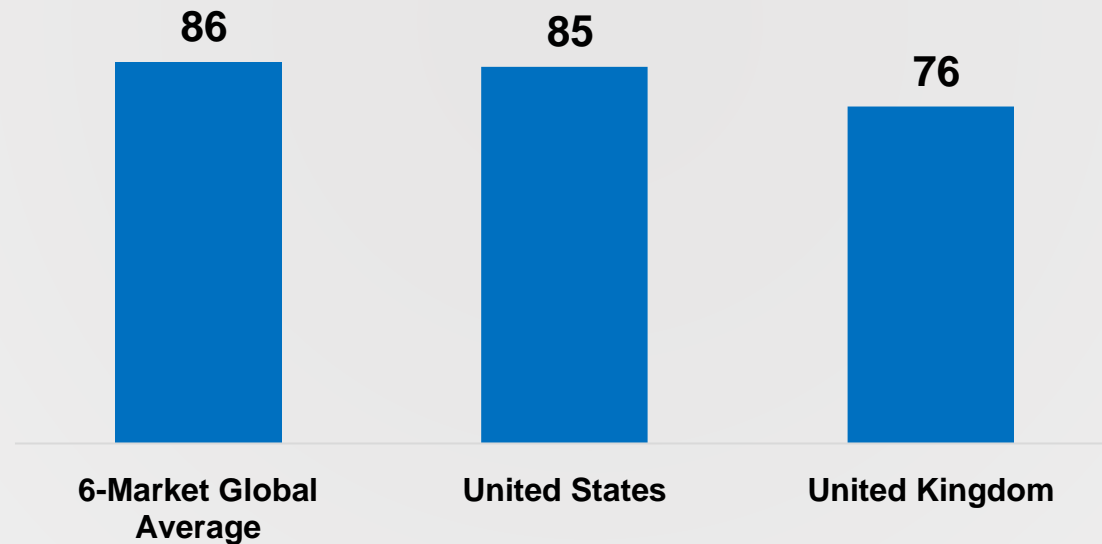
Edelman Trust Barometer Special Report: Institutional Investors

Q22: Using the scale below, please rate how useful you believe each of the following ESG disclosure frameworks are. For each one, please indicate how useful each framework is using a 4-point scale where 1 means “not at all useful” and 4 means “very useful.” Shown T2B Useful. United Kingdom n=100 Q14: Please indicate the extent to which you agree or disagree with the following statements regarding ESG/socially responsible investing. Shown T2B Agree. 6-Market Global Average n=600; United States n=100, United Kingdom n=100

INVESTORS CONSIDER ESG RISKS ACROSS A COMPANY'S FULL VALUE CHAIN

Percent who responded "Yes"

"When evaluating a potential investment, I consider ESG risks across a company's full value chain (including, for example, upstream supply chain and downstream consumer use issues)"

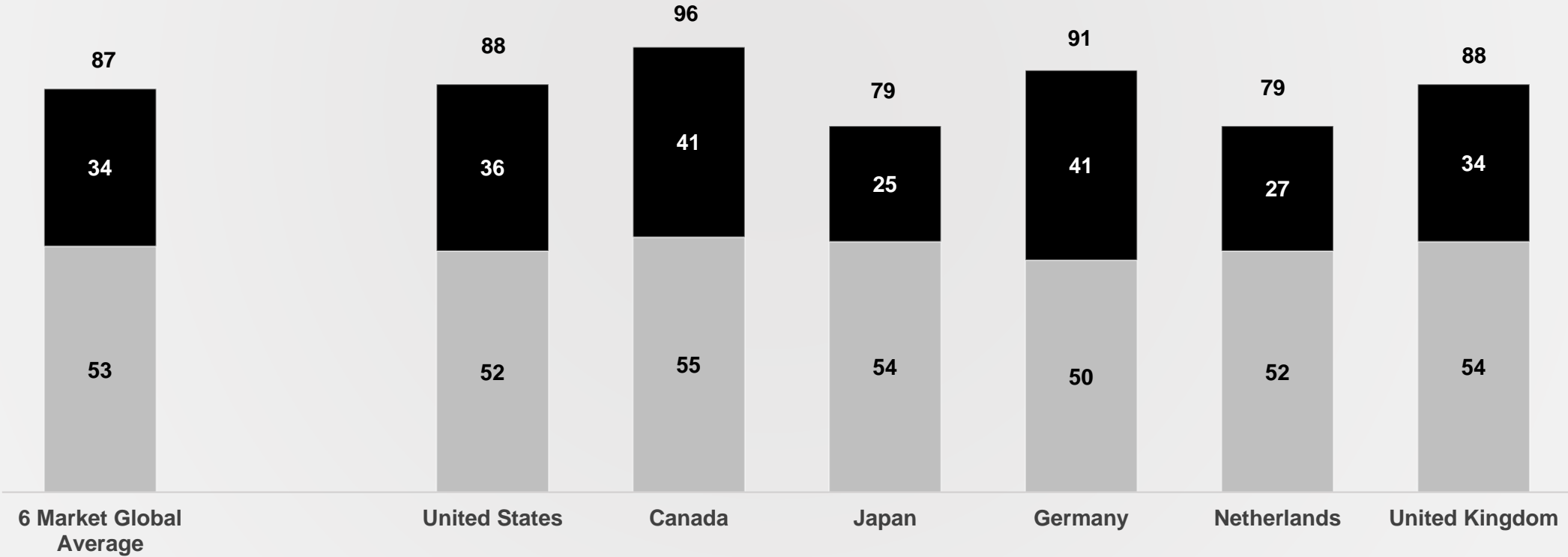


9 IN 10 INVESTORS USE PROXY ADVISORS

Percent who selected

■ Somewhat Agree ■ Strongly Agree

I incorporate the recommendations of proxy advisors such as ISS and Glass Lewis in my proxy voting decisions



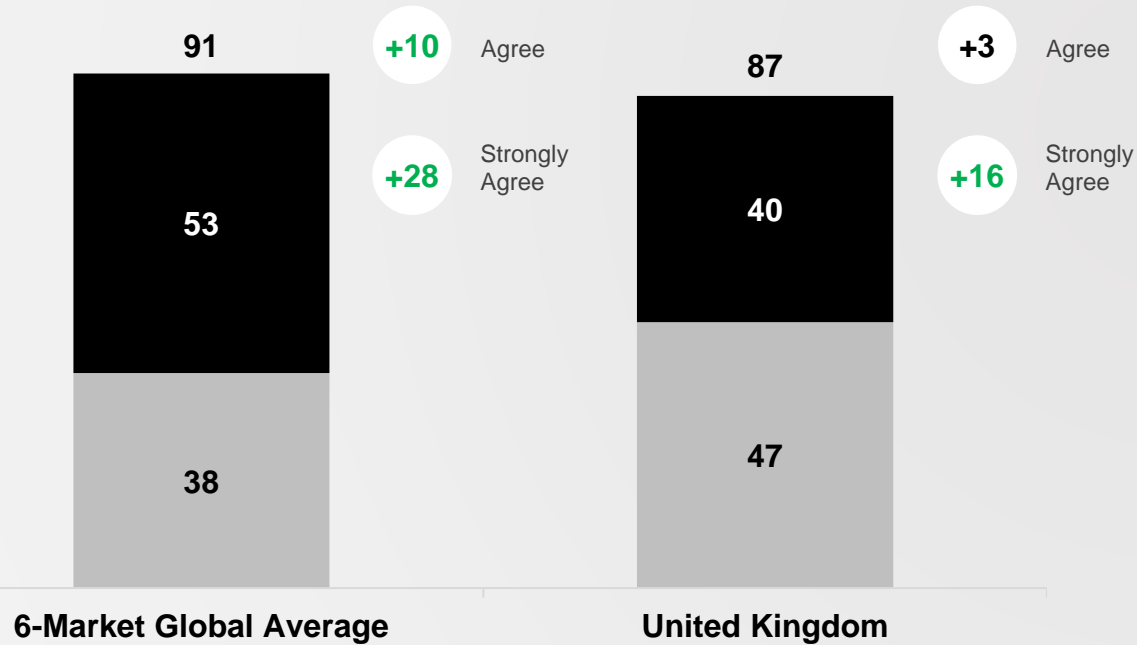
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Q7. Please indicate the extent to which you agree or disagree with the following statements regarding shareholder activism. Shown T2B Agree. 6-Market Global Average n=600; United States n=100; Canada n=100; Germany n=100; Netherlands n=100; Japan n=100 United Kingdom n=100

MORE INVESTORS TURNING TO EXECUTIVE'S SOCIAL MEDIA

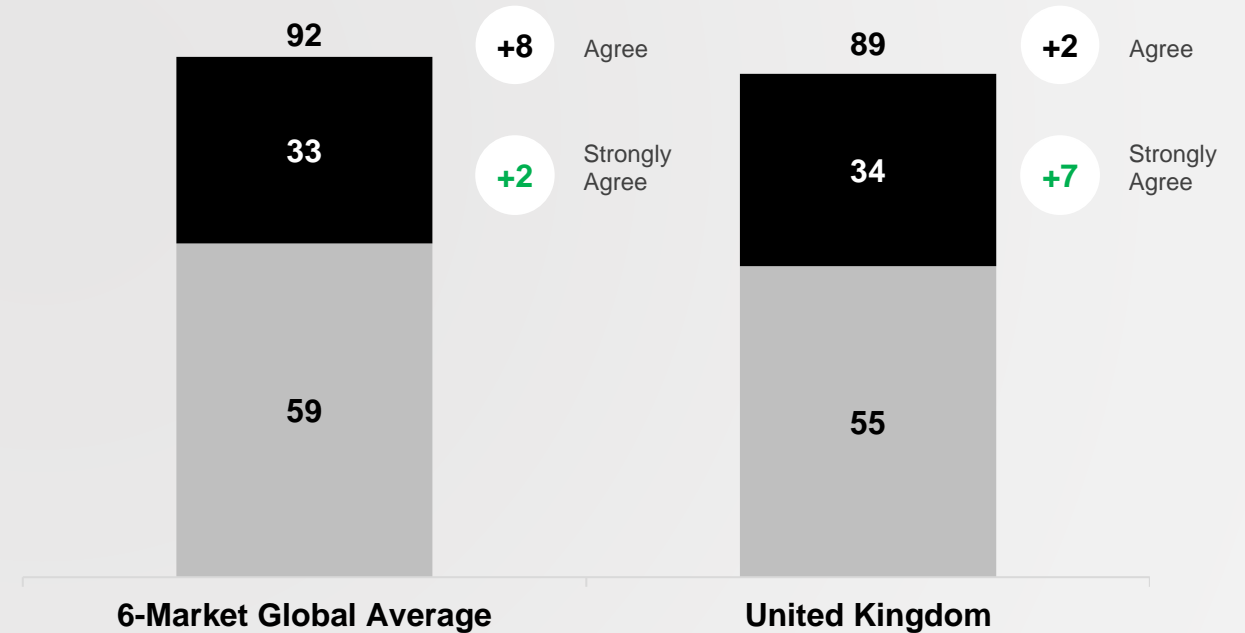
Percent who agree

■ Somewhat Agree ■ Strongly Agree

“When evaluating a current or prospective investment, I consult the executive's social media channels”



“When evaluating a current or prospective investment, I consult the company's social media channels”

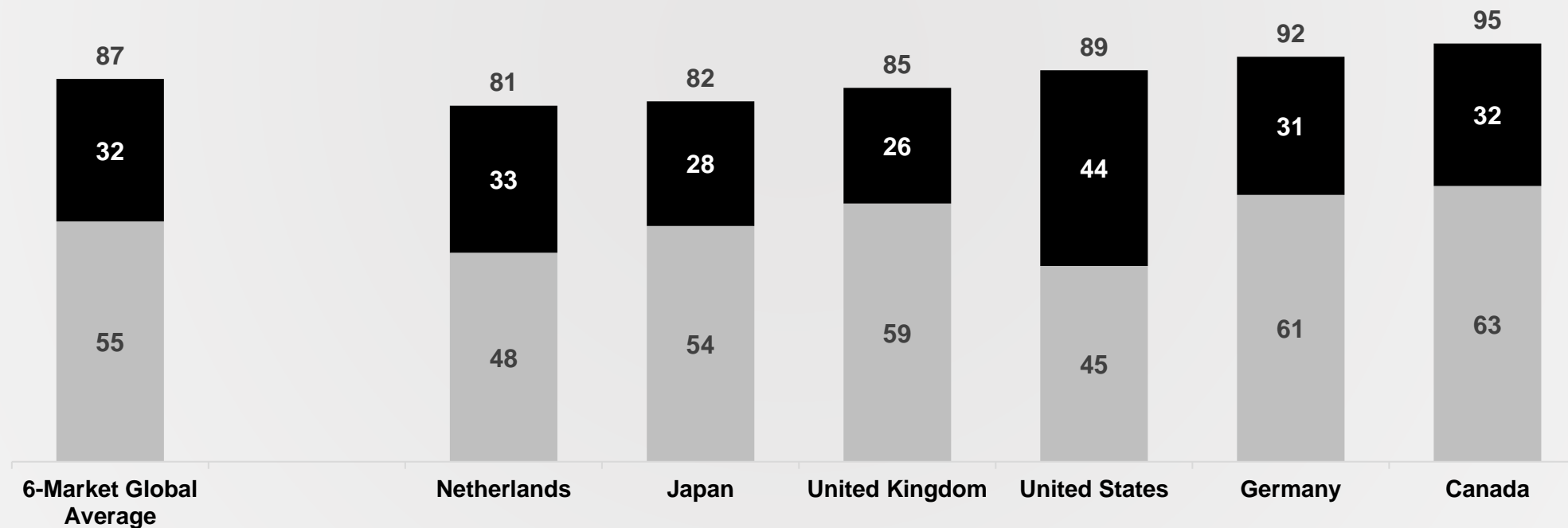


STRONG INVESTOR INTEREST IN IPOS DESPITE THE PANDEMIC

■ Somewhat Agree ■ Strongly Agree

Perceptions of COVID-19 on IPO Investment Strategy

“My firm is interested in increasing its investments in newly public companies in the current market environment”*



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*Q26. Please indicate the extent to which you agree or disagree with the following statements. Shown T2B Agree. 6-Market Global Average n=600; United States n=100; Canada n=100; Germany n=100; Netherlands n=100; Japan n=100, United Kingdom n=100

For additional information, please contact:

Iain Dey
Edelman UK
iain.dey@edelman.com
+44 (0)7976 295906

Olivia Adebo
Edelman UK
Olivia.adebo@edelman.com
+44 (0)7787 284 441

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