SPECIAL REPORT: Institutional Investors U.S. Results
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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U.S. Investor Profile

Primary Investment Style

<table>
<thead>
<tr>
<th>Style</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth</td>
<td>23%</td>
</tr>
<tr>
<td>Value</td>
<td>32%</td>
</tr>
<tr>
<td>Hedge</td>
<td>5%</td>
</tr>
<tr>
<td>Quantitative/Index</td>
<td>7%</td>
</tr>
<tr>
<td>GARP</td>
<td>8%</td>
</tr>
<tr>
<td>Industry-specific</td>
<td>10%</td>
</tr>
<tr>
<td>Activist</td>
<td>13%</td>
</tr>
</tbody>
</table>

Age

- Under 24: 3%
- 25-34: 17%
- 35-44: 64%
- 45-54: 11%
- 55-64: 4%
- 65+: 1%

Gender

- Female: 25%
- Male: 74%

Respondents’ Job Titles

- 51% Financial Analysts
- 21% Chief Investment Officers
- 20% Portfolio Managers
- 5% Directors of Research
- 2% Investment Stewardship

Organizations’ Assets Under Management

- Less than $50 million: 22%
- $500 million – less than $1 billion: 27%
- $1 billion – less than $10 billion: 29%
- $10 billion – less than $50 billion: 18%
- $50 billion or more: 4%

2020 Edelman Trust Barometer Special Report: Institutional Investors
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 organization?
D2: What is the primary investment style for the funds you manage on behalf of your organization?
D4: What is your gender? United States n=100
### THE IMPACT OF THE PANDEMIC ON INVESTOR STRATEGY

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1.</strong></td>
<td>Social climbs to the most important ESG priority for U.S. investors</td>
</tr>
<tr>
<td><strong>2.</strong></td>
<td>ESG is temporarily deprioritized in the face of COVID-19</td>
</tr>
<tr>
<td><strong>3.</strong></td>
<td>Profitable companies don’t get a pass; they must continue to prioritize ESG even during the pandemic</td>
</tr>
<tr>
<td><strong>4.</strong></td>
<td>Maintaining a healthy corporate culture is cited as a top contributor to building investor trust</td>
</tr>
<tr>
<td><strong>5.</strong></td>
<td>Activism condoned in the current market environment and set to increase as we recover from COVID-19</td>
</tr>
</tbody>
</table>
Is ESG a Luxury in the Era of COVID-19?

2020 Edelman Trust Barometer
Special Report: Institutional Investors
ESG FUNDAMENTAL TO INVESTMENT DECISIONS

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”

- 6-Market Global Average: 87% Agree, 35% Somewhat Agree
- United States: 88% Agree, 42% Somewhat Agree

“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”

- 6-Market Global Average: 88% Agree, 42% Somewhat Agree
- United States: 87% Agree, 46% Somewhat Agree

2020 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. Shown T2B Agree. 6-Market Global Total n=600; United States n=100
ESG TEMPORARILY DEPRIORITIZED BY INVESTORS IN THE CURRENT MARKET ENVIRONMENT

Percent who agree

<table>
<thead>
<tr>
<th>Somewhat Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>93</td>
<td>45</td>
</tr>
<tr>
<td>48</td>
<td>47</td>
</tr>
<tr>
<td>45</td>
<td>47</td>
</tr>
</tbody>
</table>

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

Of U.S. investors say their firm is currently deprioritizing ESG as an investment criteria
79% of 6-Market Global Average
83% of 6-Market Global Average

Of U.S. investors say the companies they invest have deprioritized ESG initiatives
77% of 6-Market Global Average
81% of 6-Market Global Average

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

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2020 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 States n=100
Profitable companies have a greater responsibility to address ESG issues than companies that are unprofitable/struggling

Percent who agree

Somewhat Agree  Strongly Agree

86  40
46  39

6-Market Global Average  United States

2020 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. Shown T2B Agree. 6-Market Global Average n=600; United States n=100
SOCIAL MATTERS MORE THAN EVER

Percent who agree each is very important

Importance of each ESG Element

6-Market Global Average

Environmental | Social | Governance
62 | 62 | 63

United States

Environmental | Social | Governance
61 | 69 | 68

In the United States, Social increased in ranking from #3 in importance to #1

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

2020 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
COMPANIES THAT HAVE STRONG ESG PERFORMANCE PERCEIVED AS MORE RESILIENT IN A CRISIS

Percent who agree

Somewhat Agree  ■ Strongly Agree

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

2020 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. Shown T2B Agree. 6-Market Global Total n=600; United States n=100
AS WE RECOVER, INVESTOR FOCUS ON ESG EXPECTED TO INTENSIFY

Percent who agree among U.S. investors

As we recover from COVID-19...

- Of U.S. investors expect their firm to increase prioritization of ESG as an investment criteria.
  - 91% of 6-Market Global Average

- Of U.S. investors expect the companies they invest in to increase their prioritization of ESG initiatives.
  - 88% of 6-Market Global Average

2020 Edelman Trust Barometer Special Report: Institutional Investors
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
## ESG INTEGRATION HAS ARRIVED

Percent who selected among U.S. investors

### Point at which ESG considerations are applied in investment process

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>At the initial point of company analysis</td>
<td>43%</td>
</tr>
<tr>
<td>As a secondary screen to filter out non-ESG compliant investments</td>
<td>38%</td>
</tr>
<tr>
<td>In a separate process run by an ESG/governance team</td>
<td>17%</td>
</tr>
<tr>
<td>I don't apply ESG considerations in my investment process</td>
<td>2%</td>
</tr>
</tbody>
</table>

### Leader of ESG engagement in the firm

<table>
<thead>
<tr>
<th>Role</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>ESG experts/advisors that work directly within the investment team informing and influencing day-to-day investment decisions</td>
<td>57%</td>
</tr>
<tr>
<td>A blend of the investment team and standalone ESG/governance team members</td>
<td>50%</td>
</tr>
<tr>
<td>A dedicated ESG/governance team that operates independently from the investment decision makers</td>
<td>49%</td>
</tr>
<tr>
<td>Portfolio managers</td>
<td>38%</td>
</tr>
<tr>
<td>My firm does not engage with companies on ESG issues</td>
<td>2%</td>
</tr>
</tbody>
</table>

98% of investors are considering ESG in their investment process.

98% of firms have someone who leads ESG engagement.
INVESTORS WANT TO HEAR MORE FROM THE HEAD OF ESG

Company spokespeople that investors want to hear more from than they have in the past year

Percent selected among U.S. investors

- Chief Financial Officer: 41%
- Head of ESG/Sustainability: 35%
- Chief Executive Officer: 33%
- Investor Relations Officer: 30%
- The company's Board of Directors: 29%
- Head of Strategy / Corporate Development: 27%
- Chief Operating Officer: 26%
- Chief Technology Officer: 24%
- Chief Human Resources Officer: 21%
- The company's Chairman: 20%
- Chief Legal Officer: 19%
- Head of Government Affairs: 19%
- Chief Diversity Officer / Head of Diversity & Inclusion: 19%
- Chief Innovation Officer: 18%
- Chief Marketing Officer: 15%
- None of the above: 1%

2020 Edelman Trust Barometer Special Report: Institutional Investors
Q25: Which company spokespeople, if any, are you interested in hearing more from in the next year than you have in the past year? Shown % Selected. United States
n=100
ESG-EXCELLENT COMPANIES MERIT A PREMIUM

Percent who agree

- Somewhat Agree
- Strongly Agree

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

89
39
50
38
6-Market Global Total
United States

90
37
53
45
6-Market Global Total
United States

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

2020 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. Shown T2B Agree. 6-Market Global Total n=600; United States 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”

![](chart.png)

84% among the 6-Market Global Average and 79% of U.S. investors believe that most companies are unprepared to comply with potential ESG disclosure regulations.

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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 States n=100
Board Expected to Act

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INVESTORS NEED TO TRUST YOUR BOARD AS MUCH AS YOUR CEO

Percent who agree

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

United States

6-Market Global Average

92

94

+5

+2

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

United States

6-Market Global Average

92

84

* 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
INVESTORS ENGAGING WITH BOARDS ON ESG ISSUES

Percent who selected among U.S. investors

Which Leaders are being Engaged on ESG by Investors

<table>
<thead>
<tr>
<th>Leader</th>
<th>% Selected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board of Directors</td>
<td>52</td>
</tr>
<tr>
<td>Investor relations officer</td>
<td>42</td>
</tr>
<tr>
<td>Head of ESG/sustainability</td>
<td>41</td>
</tr>
<tr>
<td>C-suite/company management</td>
<td>37</td>
</tr>
<tr>
<td>General counsel/corporate secretary</td>
<td>36</td>
</tr>
<tr>
<td>Legal officer/counsel</td>
<td>33</td>
</tr>
<tr>
<td>Communications officer</td>
<td>32</td>
</tr>
<tr>
<td>I do not engage with companies on ESG issues</td>
<td>3</td>
</tr>
</tbody>
</table>

99% of investors expect the Board of Directors to oversee at least one ESG topic

<table>
<thead>
<tr>
<th>ESG Topic</th>
<th>% Selected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee health and safety</td>
<td>52</td>
</tr>
<tr>
<td>Social issues in their local community</td>
<td>50</td>
</tr>
<tr>
<td>Human capital management</td>
<td>46</td>
</tr>
<tr>
<td>Data privacy and cybersecurity</td>
<td>45</td>
</tr>
<tr>
<td>The impact of climate risk on the company</td>
<td>39</td>
</tr>
<tr>
<td>Corporate culture</td>
<td>38</td>
</tr>
<tr>
<td>Eco-efficiency of the company's operations</td>
<td>36</td>
</tr>
<tr>
<td>Diversity and inclusion</td>
<td>35</td>
</tr>
<tr>
<td>Supply chain environmental and social risk</td>
<td>30</td>
</tr>
<tr>
<td>Resource scarcity</td>
<td>30</td>
</tr>
</tbody>
</table>

2020 Edelman Trust Barometer Special Report: Institutional Investors
Q16. Which leaders within a company, if any, do you engage with on ESG issues? Shown % Selected. United States n=100
Q18. Which of the following ESG topics, if any, do you expect boards of directors to oversee? Shown % Selected. United States n=100
**ALIGNMENT OF INTERESTS BETWEEN EXECUTIVES AND INVESTORS DRIVES LONG-TERM TRUST**

Percent who say each impacts trust in a company a great deal among U.S. investors

<table>
<thead>
<tr>
<th>Corporate Governance Practices</th>
<th>Percent who say each impacts trust in a company a great deal among U.S. investors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive and Board stock ownership</td>
<td>74</td>
</tr>
<tr>
<td>Equal voting rights (super voting share class)</td>
<td>73</td>
</tr>
<tr>
<td>CEO pay ratio in line with those of peers</td>
<td>72</td>
</tr>
<tr>
<td>Fully independent board committees</td>
<td>72</td>
</tr>
<tr>
<td>Actively engaging the investment community on corporate governance matters</td>
<td>71</td>
</tr>
<tr>
<td>Frequently refreshing the Board of Directors</td>
<td>68</td>
</tr>
<tr>
<td>Linking executive compensation to financial performance</td>
<td>67</td>
</tr>
<tr>
<td>Having a staggered (classified) board</td>
<td>66</td>
</tr>
<tr>
<td>Board tenure that aligns with ISS guidelines</td>
<td>65</td>
</tr>
<tr>
<td>Having a separate Chairman and CEO</td>
<td>62</td>
</tr>
<tr>
<td>Proxy access</td>
<td>57</td>
</tr>
</tbody>
</table>

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

2020 Edelman Trust Barometer Special Report: Institutional Investors

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 States n=100
MORE INVESTORS WANT EXECUTIVE PAY TIED TO ESG

Percent who say it impacts trust in a company a great deal among U.S. investors

“Linking executive compensation to ESG target performance”

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

2020 Edelman Trust Barometer Special Report: Institutional Investors
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 States n=100
Climate Change on Investor Agenda

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Special Report: Institutional Investors
INVESTORS PLAN TO ACCELERATE ENGAGEMENT ON CLIMATE RISKS IN THE NEXT SIX MONTHS

Percent selected among U.S. investors

Likelihood of Investor Engagement on Environmental Topics

The Impact of Climate Risk on the Company
- 95% Likely
- 64% Very Likely

Resource Scarcity
- 90% Likely
- 63% Very Likely

Eco-efficiency of the Company’s Operations
- 94% Likely
- 47% Very Likely

2020 Edelman Trust Barometer Special Report: Institutional Investors
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 States n=100
BOARDS EXPECTED TO OVERSEE ENVIRONMENTAL RISK

Percent who selected among U.S. investors

Expectations of ESG Oversight from the Board of Directors

- The impact of climate risk on the company: 39%
- Eco-efficiency of the company's operations: 36%
- Supply chain environmental and social risk: 30%
- Resource scarcity: 30%

7 in 10 Investors expect the Board to oversee at least one environmental issue (72%)
Greater Attention on Social Action

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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 U.S. investors

Corporate Behavioral Practices – Human Capital

- Maintaining a healthy company culture: 77 (+3)
- Prioritizing employee safety and health: 76
- Enforcing a corporate code of conduct at all levels of the company: 71 (+4)
- Communicating transparently and compassionately around furlough/layoffs: 66
- Demonstrating improvement in the company’s employee diversity and inclusion statistics: 60

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

2020 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. United States n=100
## INVESTORS ENGAGING WITH BOARDS ON WORKPLACE CULTURE

Percent selected among U.S. investors

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

<table>
<thead>
<tr>
<th>Topic</th>
<th>Very Likely</th>
<th>Likely</th>
</tr>
</thead>
<tbody>
<tr>
<td>Human Capital Management</td>
<td>96%</td>
<td>61%</td>
</tr>
<tr>
<td>Employee Health and Safety</td>
<td>96%</td>
<td>58%</td>
</tr>
<tr>
<td>Corporate Culture</td>
<td>87%</td>
<td>58%</td>
</tr>
<tr>
<td>Diversity and Inclusion</td>
<td>94%</td>
<td>54%</td>
</tr>
</tbody>
</table>

2020 Edelman Trust Barometer Special Report: Institutional Investors
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 States n=100
**D&I DISCLOSURES IMPACT TRUST AND SHARE PRICE**

Percent who selected

- Somewhat Agree
- Strongly Agree

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

- **6-Market Global Average**: 53
- **United States**: 63

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

- **6-Market Global Average**: 90 (Strongly Agree), 43 (Somewhat Agree)
- **United States**: 92 (Strongly Agree), 48 (Somewhat Agree)

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

2020 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. 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
Does your firm apply exclusionary screening based on Diversity & Inclusion (D&I) metrics?

- 6-Market Global Average: 72%
- United States: 71%

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

- 6-Market Global Average: 72%
- United States: 68%
MORE INVESTORS VALUE DIVERSE BOARDS

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

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

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

2020 Edelman Trust Barometer Special Report: Institutional Investors
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 States n=100

MORE INVESTORS VALUE DIVERSE BOARDS

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

- More investors value diverse boards
- Significant differences at the 95% confidence level indicated by red or green text

Diversity in the Board of Directors and executive team

- 6-Market Global Average: 58 (+10) compared to 58In 2019
- United States: 69 (+14) compared to 55In 2019

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

2020 Edelman Trust Barometer Special Report: Institutional Investors
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 States n=100

MORE INVESTORS VALUE DIVERSE BOARDS

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

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

Diversity in the Board of Directors and executive team

- 6-Market Global Average: 58 (+10) compared to 58In 2019
- United States: 69 (+14) compared to 55In 2019

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2020 Edelman Trust Barometer Special Report: Institutional Investors
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 States n=100
DIVERSITY OF EXPERTISE GENERATES TRUST

Percent ranked top 3 that selected “diversity within a company’s Board has a significant impact on trust” among U.S. investors

Most Important Types of Board Diversity to Build Trust

- Expertise across different areas of business: 56
- Business strategy philosophies: 50
- Experience outside the industry or sector: 39
- Gender diversity: 29
- Experience in government or civil society: 28
- Racial diversity: 26
- Ethnic diversity: 26
- Age diversity: 23
- Diversity among nationalities: 23
Shareholder Activism is Inescapable

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ACTIVISM CONDONED IN THE CURRENT MARKET ENVIRONMENT AND SET TO INCREASE AS WE RECOVER FROM COVID-19

Percent who agree among U.S. investors

9 in 10

U.S. Investors agree...

“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”
SHARP INCREASE IN INVESTORS INTERESTED IN TAKING AN ACTIVIST APPROACH; COMPANIES STILL NOT PREPARED

Percent selected among U.S. investors

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

93% Agree
51% Strongly Agree

“Most companies are not prepared to handle activist campaigns”

85% Agree
39% Strongly Agree

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

2020 Edelman Trust Barometer Special Report: Institutional Investors
C7: Please indicate the extent to which you disagree or agree with the following statements regarding shareholder activism. Shown T2B Agree. United States n=100
Investors Believe in the Multi-Stakeholder Model

2020 Edelman Trust Barometer
Special Report: Institutional Investors
INVESTORS AGREE MULTI-STAKEHOLDER APPROACH DELIVERS GREATER RETURNS

Percent who agree

- Somewhat Agree
- Strongly Agree

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

6-Market Global Average

- 93%
- 39%
- 54%

United States

- 97%
- 50%
- 47%

2020 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
CUSTOMERS ARE TOP PRIORITY AMIDST EXPECTATIONS FOR MULTI-STAKEHOLDER COMMITMENTS

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

<table>
<thead>
<tr>
<th>Actions Companies Should Prioritize to Increase Investment Likelihood</th>
<th>Top 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Delivering value to customers</td>
<td>25 (6)</td>
</tr>
<tr>
<td>Ensuring an ethical supply chain</td>
<td>31 (25)</td>
</tr>
<tr>
<td>Maximizing profits</td>
<td>24 (22)</td>
</tr>
<tr>
<td>Investing in employees</td>
<td>16 (19)</td>
</tr>
<tr>
<td>Supporting local communities</td>
<td>6 (7)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Actions Companies Should Prioritize to Increase Investment Likelihood</th>
<th>Top 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Delivering value to customers</td>
<td>74 (76)</td>
</tr>
<tr>
<td>Ensuring an ethical supply chain</td>
<td>66 (61)</td>
</tr>
<tr>
<td>Maximizing profits</td>
<td>61 (61)</td>
</tr>
<tr>
<td>Investing in employees</td>
<td>59 (60)</td>
</tr>
<tr>
<td>Supporting local communities</td>
<td>41 (42)</td>
</tr>
</tbody>
</table>

2020 Edelman Trust Barometer Special Report: Institutional Investors
Q13: Below is a list of actions that companies could prioritize. If a company wanted to increase your likelihood to invest in them, how should they prioritize these actions over the next five years? United States n=100
9 IN 10 INVESTORS BELIEVE BUSINESS MUST LEAD ON POSITIVE SOCIETAL CHANGE

Percent who agree among U.S. investors

Somewhat Agree  Strongly Agree

“Business leaders have an obligation to use their power and influence to advocate for positive change in society”

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US4. Please indicate the extent to which you agree or disagree with the following statements. Shown T2B. United States n=100
TRUST WILL ENABLE COMPANIES TO MEET MULTI-STAKEHOLDER EXPECTATIONS

Percent who selected among U.S. investors

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

- Attract new investors to buy its stock: 40% Important, 31% Critically Important
- Attract and retain the best and brightest employees: 36% Important, 30% Critically Important
- Operate without unnecessary involvement from regulators: 40% Important, 25% Critically Important
- Win new customers and grow market share: 34% Important, 30% Critically Important
- Empathetically respond to employee activism: 41% Important, 23% Critically Important

2020 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. United States n=100
INVESTORS SAY TRUST IS ESSENTIAL TO MANAGE A CRISIS

Percent who selected important or critically important among U.S. investors

76%

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

Manage effectively through a crisis

AND,

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 your investor communications to meet elevated expectations
5. Prepare Board to play an active role in building trust with investors and stakeholders
Optional Chapter: Information Driving Investment Decisions

2020 Edelman Trust Barometer
Special Report: Institutional Investors
Clearly articulating the company’s mission and executing on that mission: 77%

Sharing a clearly defined vision for how the company will positively impact society: 72%

Percent who say each impacts trust in a company a great deal among U.S. investors

CLARITY OF YOUR MISSION AND PURPOSE BUILDS INVESTOR TRUST

55% of 6-Market Global Average

56% of 6-Market Global Average
### NEARLY ALL INVESTORS USE ESG RATING AGENCIES TO INFORM INVESTMENT DECISIONS

Percent selected among U.S. investors

<table>
<thead>
<tr>
<th>ESG Ratings Agencies Used in Investment Decisions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bloomberg</td>
</tr>
<tr>
<td>ISS ESG</td>
</tr>
<tr>
<td>Sustainalytics</td>
</tr>
<tr>
<td>CDP</td>
</tr>
<tr>
<td>S&amp;P (RobecoSAM)</td>
</tr>
<tr>
<td>EcoVadis</td>
</tr>
<tr>
<td>MSCI</td>
</tr>
<tr>
<td>FTSE Russell</td>
</tr>
<tr>
<td>Vigeo Eiris</td>
</tr>
<tr>
<td>Arabesque</td>
</tr>
<tr>
<td>I do not use information from ESG rating agencies</td>
</tr>
</tbody>
</table>

98% of investors use ESG rating agencies as part of investment decisions/valuation criteria
INVESTORS RELY ON MULTIPLE DISCLOSURE FRAMEWORKS, BUT COMPANIES DON’T HAVE THE DATA AVAILABLE

Usefulness of ESG Disclosure Frameworks

Percent who believe the ESG disclosure frameworks are useful among U.S. investors

<table>
<thead>
<tr>
<th>Framework</th>
<th>Somewhat Useful</th>
<th>Very Useful</th>
<th>95</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global Reporting Initiative (GRI)</td>
<td>46</td>
<td>49</td>
<td></td>
</tr>
<tr>
<td>Task Force on Climate Related Financial Disclosure (TCFD)</td>
<td>52</td>
<td>43</td>
<td></td>
</tr>
<tr>
<td>Sustainability Accounting Standards Board (SASB)</td>
<td>38</td>
<td>56</td>
<td></td>
</tr>
<tr>
<td>World Economic Forum ESG Metrics and Disclosures</td>
<td>40</td>
<td>53</td>
<td></td>
</tr>
<tr>
<td>Dow Jones Sustainability Index (DJSI)</td>
<td>36</td>
<td>56</td>
<td></td>
</tr>
<tr>
<td>CDP</td>
<td>44</td>
<td>47</td>
<td></td>
</tr>
</tbody>
</table>

6-Market Global Average

<table>
<thead>
<tr>
<th>Statement</th>
<th>Somewhat Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>“Most companies do not have the data available to disclose against sustainable reporting frameworks”</td>
<td>82</td>
<td>88</td>
</tr>
</tbody>
</table>
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)”

86

6-Market Global Average

85

United States

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Q12: When evaluating a potential investment, do you consider ESG risks across a company’s full value chain (including, for example, upstream supply chain and downstream consumer use issues)? 6-Market Global Average n=600; United States n=100; Canada n=100; Germany n=100; Netherlands n=100; United Kingdom n=100
9 IN 10 INVESTORS USE PROXY ADVISORS

Percent who agree among U.S. investors

- 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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C7. Please indicate the extent to which you agree or disagree with the following statements regarding shareholder activism. Shown T2B Agree. United States n=100
MORE INVESTORS TURNING TO EXECUTIVE’S SOCIAL MEDIA

Percent who agree

<table>
<thead>
<tr>
<th>Somewhat Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
</table>

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

9 in 10 Investors also consult a company’s social media channels, a +8pt increase among the 6-Market Global Average
STRONG INVESTOR INTEREST IN IPOS DESPITE THE PANDEMIC

Percent who agree among U.S. investors

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; United Kingdom n=100