Environmental and Social are as important as Governance

Around the world, respondents agree that Environmental and Social practices are as important as Governance when it comes to investment criteria.

Businesses are expected to lead

98% of investors think public companies are urgently obligated to address one or more societal issues, with cybersecurity, income inequality, and workplace diversity being top priorities. Investors are relying on corporations to address macroeconomic issues shaping the business and political environments.

Expect all investors to be activists

87% of institutional investors say their firms are more interested in taking an activist approach to investing, and 92% will support a reputable activist investor if they believe change is necessary at a company in which they invest or recommend investing.

Political climate is changing investment strategies

The current political climate and trade risks are changing the majority of institutional investors’ investment strategies, and 95% of investors agree most companies do not fully acknowledge the new risks to their business from the political climate.

Corporate culture is an investment criterion

Investors now recognize the impact that healthy culture and engaged employees have on corporate performance. 95% of investors say maintaining healthy company culture has an impact on trust, and 95% say enforcing a corporate code of conduct at all levels of the company has an impact on trust.

Management does not fully control a company’s narrative

While a company’s CFO is ranked as the most credible source of information, a wide spectrum of voices both internally and externally, including business/financial academics or experts and regulatory agencies, are also viewed as highly credible sources of information.

Reputation of a Board of Directors directly impacts investor trust

94% of investors agree they must trust a company’s Board of Directors before making or recommending an investment. 92% of investors say access to the Board of Directors is important when considering an investment, and 95% say an engaged and effective Board is important.

Digital utilized to inform the investor decision process

98% of investors use social platforms, such as LinkedIn and Twitter, to inform investment decisions on a weekly basis. 86% of investors say they consult a company or executive’s social media channels when evaluating a current or prospective investment.

Long-term outlook is critical to trust

96% of investors agree providing long-term guidance on financial performance impacts trust.

For more information contact:
Lex.Suvanto@Edelman.com or Nicole.Briguet@Edelman.com

The Edelman Trust Barometer Special Report: Institutional Investors, a survey of 500 global institutional investors representing firms that collectively manage over $4.5 trillion in assets, reveals new criteria for evaluating investments and insights on what drives institutional investor trust.

**Respondents’ Job Titles**

- Portfolio managers: 39%
- Chief investment officers: 29%
- Financial analysts: 26%
- Directors of research: 4%
- ESG analyst: 1%

**Age**

- Under 24: 5%
- 25-34: 15%
- 35-44: 41%
- 45-54: 33%
- 55-64: 5%
- 65+: 1%

**Primary Investment Style**

- Growth: 41%
- Value: 14%
- Hedge: 13%
- Industry Specific: 10%
- Quantitative Index: 7%
-Activist: 6%
-GARP: 6%
- Prefer not to answer: 3%

**Organizations’ Assets Under Management**

- Less than $50 million: 11%
- $50 million - less than $1 billion: 26%
- $1 billion – less than $10 billion USD: 42%
- $10 billion – less than $50 billion USD: 16%
- $50 billion USD or more: 4%