



## **NEW CANADIAN SURVEY HIGHLIGHTS SIGNIFICANT COVID-19 IMPACT ON ESG INVESTING**

*84 per cent of Canadian institutional investors believe profitable companies have a greater responsibility to address ESG than their struggling counterparts*

*96 per cent state that a company with strong ESG performance is more resilient in a crisis*

*80 per cent of Canadian firms now screen for diversity and inclusion metrics, 8 points higher than the 6-market global average*

*Amongst the three elements of ESG, social now ranks as the most important element for investors*

*95 per cent of investors deprioritized ESG KPIs during COVID, recognizing extraordinary pressure on the companies they invest in*

**TORONTO, ON, November 17, 2020** – The Canadian findings of the [2020 Edelman Trust Barometer Special Report: Institutional Investors](#) released today shows that, while 95 per cent of Canadian institutional investors deprioritized Environmental Social and Governance (ESG) considerations due to the economic implications of COVID-19 on the businesses they invest in, an overwhelming 95 per cent of respondents expect companies to intensify ESG integration across their operations and leadership.

The fourth annual Edelman Special Report reinforces the importance of ESG to both business and investors during the pandemic. As the economy slowly recovers from the impacts of COVID-19, the report also found that 98 per cent of Canadian institutional investors will still consider ESG directly within their investment processes, and almost 100 per cent now have an ESG leader in their firm.

“The latest special edition of the Edelman Trust Barometer reinforces the fundamental importance of Environmental, Social and Governance initiatives for businesses in building and maintaining trust with the investment community, during the pandemic and in the years to come as the economy recovers,” said Nina Godard, National Financial Communications Lead, Edelman Canada. “With investors increasingly tracking positions on factors such as climate change and diversity and inclusion, ESG integration is essential for Canadian businesses to meet this new universal standard. This is true despite the financial and operational challenges posed by the pandemic.”

The research surveyed 600 institutional investors, including financial analysts, chief investment officers and portfolio managers across six countries (U.S., Canada, U.K., Germany, the Netherlands and Japan), representing firms that collectively manage over \$20 trillion in assets.

Other key highlights from the Canadian findings of the Edelman Trust Barometer Special Report: Institutional Investors include:

- **The bar for ESG factors is higher for profitable companies**  
84 per cent of Canadian institutional investors stated there is a heightened expectation of profitable companies to deliver on ESG initiatives as opposed to unprofitable or struggling businesses.

- **Companies who excel in ESG merit a premium**  
95 per cent of institutional investors surveyed say a company with strong ESG performance deserves a premium valuation for its share price. 90 per cent of respondents said their firm will not invest in companies that lack sufficient disclosure of their ESG performance.
- **Diversity and inclusion action and clear disclosure impacts share price and investor trust**  
95 per cent of institutional investors said strong diversity and inclusion metrics have a positive impact on a company's share price, and a further 65 per cent said they strongly agree that board diversity impacts trust, a 19-point increase when compared year-over-year. 80 per cent of Canadian firms screen for diversity and inclusion metrics, higher than the 6-market global average of 72 per cent.
- **Social moves into 1st place over Environment and Governance**  
74 per cent of Canadian investors name social as a key trust driver, a 25-point increase over 2019, and 12 points ahead of the 6-market global average.
- **Investors trust companies that treat people and communities well**  
68 per cent said a business that shares a clearly defined vision for how the company will positively impact society is a catalyst for trust among investors.
- **Investors confirm multi-stakeholder model drives greater returns**  
92 per cent of investors stated that the multi-stakeholder model of governance is more conducive to delivering long-term financial returns than other models that prioritize shareholders first.
- **More Canadian firms are interested in taking an activist approach**  
92 per cent of Canadian institutional investors are more interested in taking an activist approach to investing, a 17-point increase year-over-year. A further 89 per cent said that most companies are not prepared to handle activist campaigns.
- **Over the next six months, there is a high likelihood of investors squaring off with boards on employee issues**  
91 per cent said they would approach the topic of corporate culture with the board within the next six months, 88 per cent would engage on human capital management, and 82 per cent would raise questions around diversity and inclusion.
- **More investors want executive pay tied to ESG**  
58 per cent of Canadian institutional investors said that linking executive compensation to ESG target performance greatly impacts their trust in a company, a 7-point increase year-over-year.



### **About Edelman Trust Barometer Special Report: Institutional Investors**

The Edelman Trust Barometer Special Report: Institutional Investors is a supplement to the Edelman Trust Barometer, which is released annually at the World Economic Forum each January. This year's report surveyed 600 institutional investors, including financial analysts, chief investment officers and portfolio managers across six countries (U.S., Canada, U.K., Germany, the Netherlands, and Japan).

### **About Edelman's Financial Communications Practice**

Edelman Financial Communications & Capital Markets is a boutique strategic consultancy with the reach and resources of a leading global communications marketing firm. We advise public and private companies on strategic and capital markets communications to help effectively position them with the financial community during transformative events as well as during the normal course of business. Clients choose to work with us because of our specialized and experienced investor relations and financial communications team, our ability to provide the full range of Edelman's services (such as digital and social media, public affairs and employee engagement) as well as our ability to access Edelman's global network with more than 65 offices around the world.

### **About Edelman**

Edelman is a leading global communications marketing firm that partners with many of the world's largest and emerging businesses and organizations, helping them evolve, promote, and protect their brands and reputations. Among its many honors, the firm was awarded the Cannes Lions Grand Prix for PR, named one of 2018 "Agencies to Watch" by Advertising Age and "Global Agency of the Year" by both the Holmes Report and PRWeek, and cited five times by Glassdoor as one of the "Best Places to Work." Edelman owns specialty firms Edelman Intelligence (research) and United Entertainment Group (entertainment, sports, lifestyle).

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