8.2 Environment, Social and Governance Movement

The Environment, Social and Governance (ESG) movement is the latest 'big idea' and buzzword in the corporate world. The following short piece, written expressly for this book, describes various aspects of the movement.

The ESG Movement

by Daniela Chimisso dos Santos[385]

1. Emergence of ESG

Milton Freidman introduced the "shareholder value theory" in 1970, in writing "The Social Responsibility of Business is to Increase its Profits."[386] As the title suggests, this view espouses that a business has no social obligation other than to make profits for its shareholders—a view that has dominated in the US. Conversely, it has had limited success in Canada and Great Britain, and barely influenced Continental Europe. Nevertheless, it is within this model that the principles of CSR and other efforts to imbue business with social responsibility have arisen. The latest movement is one based on ESG principles. First coined by UN Secretary-General Kofi Annan in 2004,[387] ESG has taken over the business responsibility discourse and is now one of the fastest-growing areas of corporate action. In fact, ESG has been heralded as the business case for stakeholder capitalism, countering Freidman's views and making the needs of society at large at par with shareholders' interests and rights.[388]

Though there are no set ESG factors, industry-specific ESG criteria have been created.[389] Generally, environmental factors reflect how the business interacts with the natural world, specifically its conservation. Social factors focus on the business' relationship with people, both internal and external to the company. Governance indicators relate to how the business is run; it is here that we find the connection with anti-corruption programs.

[385] S.J.D., University of Toronto. Principal Consultant, Invenient Solutions Consulting Inc. 20 years of global law practice experience in the extractive industries.
[386] Milton Friedman, "A Friedman Doctrine-- The Social Responsibility of Business is to Increase its Profits", *The New York Times* (13 September 1970), online: <https://www.nytimes.com/1970/09/13/archives/a-friedman-doctrine-the-social-responsibility-of-business-is-to.html>.
[387] Institute for Pension Fund Integrity, *Defining ESG: Clarifying the Myths and Facts*, (IPFI, August 2020), online (pdf): <https://ipfiusa.org/wp-content/uploads/2020/08/IPFI-Issue-Brief-Defining-ESG.pdf>.
[388] Klaus Schwab & Peter Vanham, "What is Stakeholder Capitalism?" (22 January 2021), online: *World Economic Forum* <https://www.weforum.org/agenda/2021/01/klaus-schwab-on-what-is-stakeholder-capitalism-history-relevance/>.
[389] See for example, the Sustainability Accounting Standards Board (SASB) Standards: "Understanding SASB Standards" (last visited 26 August 2021), online: *Value Reporting Foundation: SASB* <https://www.sasb.org/>.

Figure 1.2 provides a summary of ESG factors as described by the CFA Institute.[390] As can be seen, anti-corruption measures fall squarely within the "G" category.

Figure 1.2 *Defining ESG*

Note. From CFA Institute[391]

2. How Did ESG Develop and Why Has it Risen to Prominence?

ESG flows from three main spaces. The first is socially responsible investments (SRI)—investments driven by particular ethical and moral guidelines. The second is impact investments (IIs)—investment strategies based on their social or environmental impact, also known as social return.[392] Finally, ESG derives some of its content from CSR efforts. It is important to note that SRIs and IIs are often exclusionary (i.e., non-compatible investments are excluded from the pool of investment choices). In contrast, ESG-compliant integrated investments can be defined as being within a spectrum of ESG activity.

Figure 1.3 sets out the spectrum of responsible investment strategies and clarifies where ESG metrics and methodologies may be at play.

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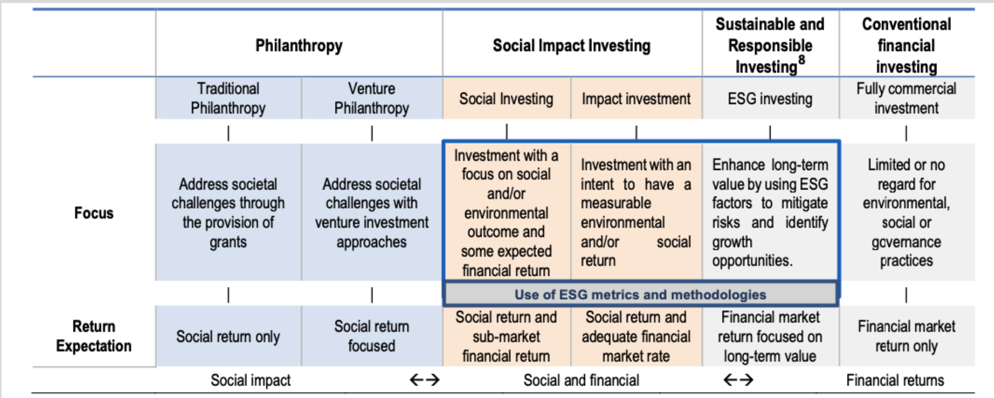
[390] "ESG Investing and Analysis" (last visited 12 August 2021), online: *CFA Institute* <https://www.cfainstitute.org/en/research/esg-investing>.
[391] *Ibid*.
[392] Brian Trelstad, "Impact Investing: A Brief History" (2016) 11:2 Capitalism & Society; see also Lloyd Brown, "*Cowan v Scargill* and the Fiduciary Duty of Investment: Has the Nature of Investment Duty Changed and What is Currently Driving 'Socially Responsible Investing' in Pension Schemes?" (2020) 26:8/9 Trust & Trustees 756.

Figure 1.3 *Sustainable Investments Spectrum*



Note. From OECD[393]

ESG criteria and investing has taken over capital markets and financial services. The OECD has set out three main factors that have made it a perfect storm for ESG growth:

> First, recent industry and academic studies suggest that ESG investing can, under certain conditions, help improve risk management and lead to returns that are not inferior to returns from traditional financial investments. Despite these studies there is a growing awareness of the complexity related to the measurement of ESG performances. Second, growing societal attention to the risks associated with climate change, the benefits of globally-accepted standards of responsible business conduct, and the need for diversity in the workplace and on boards, suggests that social values will increasingly influence investor and consumer choices and may increasingly impact corporate performance. Third, there is growing momentum for corporations and financial institutions to move away from short-term perspectives of risks and returns, so as to better reflect longer-term sustainability in investment performance. In this manner, some investors seek to enhance the sustainability of long-term returns, and others may wish to incorporate more formalised alignment with societal values. In either case, there is growing evidence that the sustainability of finance must incorporate broader external factors to maximise returns and profits over the long-term, while reducing the propensity for controversies that erode stakeholder trust.[394]

3. Who Are the Main Players and How Does it Work?

The question of what is ESG is still open to argument. ESG factors can be metrics, key performance indices, categories representing values or corporate priorities, aspirational

[393] R Boffo & R Patalano, *ESG Investing: Practices, Progress and Challenges*, (Paris: OECD, 2020) at 15, online (pdf): <https://www.oecd.org/finance/ESG-Investing-Practices-Progress-Challenges.pdf>.
[394] *Ibid* at 6.

goals linked to an organization's vision and mission, decision-making tools, disclosure parameters, compliance tools, and risk mitigation tools. In its most common iteration, ESG are factors or criteria that have a material financial impact which investors use to make investment decisions on capital availability and cost.

As noted, ESG-integrated investments are not exclusionary but instead lie on a spectrum of assimilation, which is relevant for comparative purposes. For example, the UN Principles for Responsible Investment (UN PRI),[395] has its members accede to voluntary, aspirational principles and provides for a "menu of possible actions for incorporating ESG issues into investment practice."[396] The UN PRI defines "ESG integration" as "the explicit and systematic inclusion of ESG issues in investment analysis and investment decisions."[397]

Furthermore, although an organization may be ESG-focused and compliant, it does not mean that it has a positive social impact or is necessarily good for society. For example, even though it remains the largest cigarette seller in the world, Philip Morris International was included for the first time in the Dow Jones Sustainability Index North America in 2020.[398] [399]

The complexity of integrating ESG factors into investment strategies has created the need to explain it as a "financial ecosystem"—a cohesive group of players that feed the system and consume its output. Figure 1.4 is a depiction of the ESG financial ecosystem as described by the OECD.

[395] In March 2020, the UN PRI had 3038 signatories, representing $86 trillion under management. For more information, see Shruti Khairnar, "PRI Signatories Now Exceed $100 Trillion AUM", *ESG Investor* (9 November 2020), online: <https://www.esginvestor.net/pri-signatories-now-exceed-us100-trillion-aum/>.

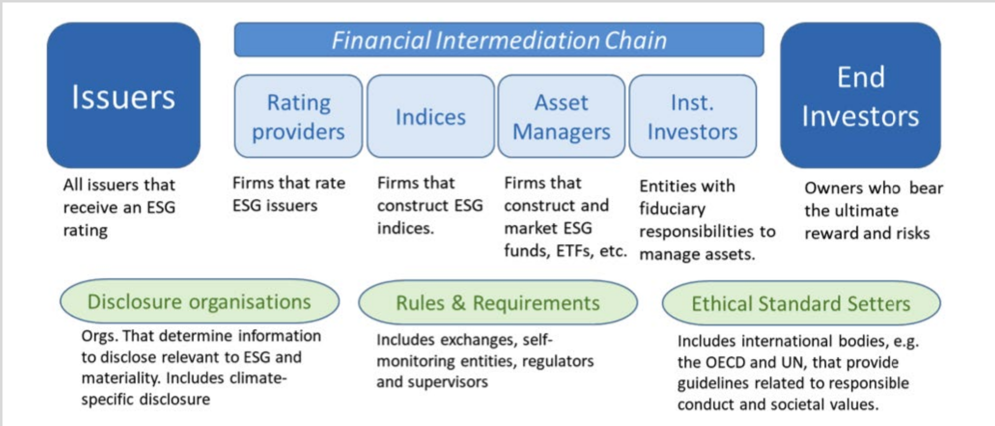
[396] "About the PRI" (last visited 12 August 2021), online: *Principles for Responsible Investment* <https://www.unpri.org/pri/about-the-pri>.

[397] "What is ESG Integration?" (last visited 12 August 2021), online: *Principles for Responsible Investment* <https://www.unpri.org/fixed-income/what-is-esg-integration/3052.article>.

[398] In 2016, Philip Morris International announced its new purpose: to deliver a smoke-free future by creating new products that could replace cigarettes, noting that it still sells cigarettes worldwide.

[399] "Largest Tobacco and Cigarette Companies by Market Cap" (last visited 12 August 2021), online: *Companies Market Cap* <https://companiesmarketcap.com/tobacco/largest-tobacco-companies-by-market-cap/>.

Figure 1.4 *ESG Financial Ecosystem*



Note. From OECD[400]

It begins with the **financial issuer**. Financial issuers are organizations that supply equity or debt to the financial markets—either public or private—and demand capital from investors. ESG are one of the sets of criteria investors may use to make their decisions.

ESG rating providers are key to the system. Similar to credit rating companies, ESG rating providers are independent organizations that evaluate issuers based on their disclosure of ESG factors. Key ESG rating companies include MSCI, Sustainalytics, Bloomberg, Thomson Reuters, and RobecoSAM. Traditional rating companies also provide ESG ratings (e.g., Moody's and S&P).[401] Each rating provider has its own set of parameters and metrics that it uses to evaluate issuers. See, for example, Figure 1.5, which sets out the various ESG criteria measured by different ESG rating providers.

[400] Boffo & Patalano, *supra* note 394 at 19.
[401] See Gabriella L, "Top ESG Rating Providers" (June 2021), online: *Broker Chooser* <https://brokerchooser.com/how-to-invest/top-esg--rating-providers>.

Figure 1.5 *ESG Metrics by ESG Rating Companies*

Pillar	Thomson Reuters	MSCI	Bloomberg
Environmental	Resource Use	Climate Change	Carbon Emissions
	Emissions	Natural resources	Climate change effects
	Innovation	Pollution & waste	Pollution
		Environmental opportunities	Waste disposal
			Renewable energy
			Resource depletion
Social	Workforce	Human capital	Supply chain
	Human Rights	Product liability	Discrimination
	Community	Stakeholder opposition	Political contributions
	Product Responsibility	Social opportunities	Diversity
			Human rights
			Community relations
Governance	Management	Corporate governance	Cumulative voting
	Shareholders	Corporate behaviour	Executive compensation
	CSR strategy		Shareholders' rights
			Takeover defence
			Staggered boards
			Independent directors
Key metrics and submetrics	186	34	>120

Note. From OECD[402]

The OECD defines ESG index providers and users as follows:

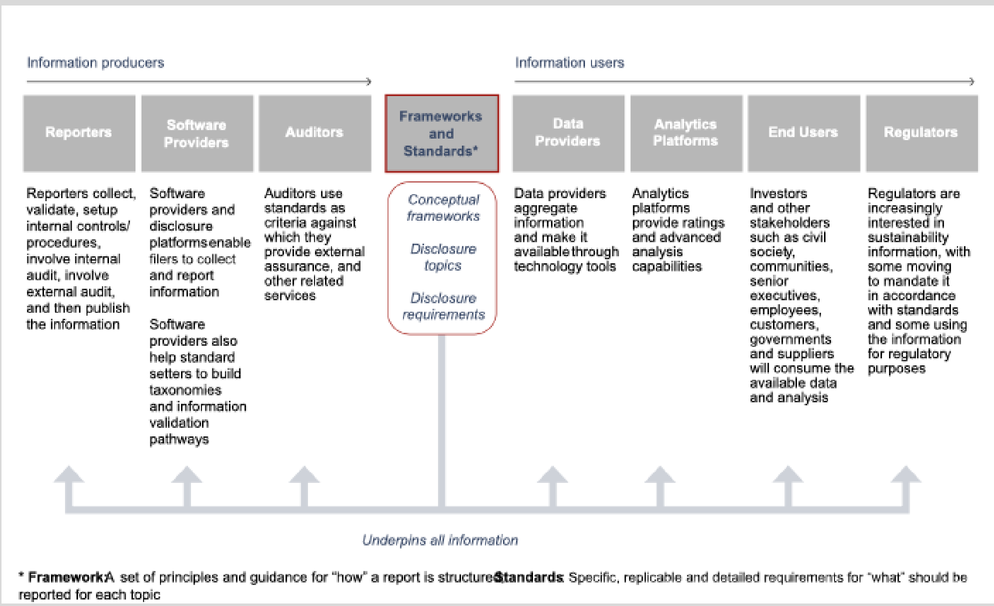
> **ESG index providers**. A number of providers are also index providers, such as MSCI, FTSE Russell, Bloomberg, Thomson Reuters, Vigeo Eiris, etc. The use of such indices is growing rapidly as means to track relative performance of various ESG tilted market portfolios, from which institutional investors can benchmark performance. These index providers offer a range of stylised benchmarks that, in turn, allow for fund products to be developed for passive or active investment, and also for portfolio managers to utilise as a benchmark to compare their ability to generate excess risk-adjusted returns. Also, such indices are used by ESG funds and ETFs for passive and active investment management. By virtue of their growing use as benchmarks for ESG investing, the ways in which indices are created, including exclusion, extent of tilting portfolios toward issuers with higher ESG scores, and other forms such as thematic indices (e.g. high "S" issuers), is currently highly influential in guiding overall ESG portfolio management.
>
> **ESG users: asset managers, institutional investors,**[403] **and public authorities**. The users of ESG ratings and information include, at the very least, types of investors across private and public entities.

Disclosure organizations are also essential to the ESG ecosystem. They provide guidance and set standards and frameworks for ESG integration and disclosure. For example, the Sustainability Accounting Standards Board,[404] the Global Reporting Initiative,[405] and the Task Force on Climate-Related Financial Disclosure (TCFD)[406] all provide frameworks and/or standards that structure how an organization reports on the management of its ESG risks and results, and how they should disclose such efforts. Other framework developers include the United Nations Global Compact, the International Integrated Reporting Council (IIRC) and the Climate Disclosure Standards Board (CDSB).

As noted, a key standard-setter is the UN PRI. Other important players, such as institutional investors, have also played a significant role in advancing ESG. For example, BlackRock, an American multinational management corporation with a record $9 trillion under management, has publicly endorsed ESG criteria and advocated for compliance with SASB and TCFD standards.[407]

The lens of transparency and disclosure is another way of understanding how ESG criteria is created and used. Ultimately, the purpose of ESG parameters is to inform investors how issuers are performing against environmental, social and governance metrics. SASB, arguably one of the key disclosure organizations, frames ESG as part of a "sustainability reporting ecosystem." Figure 1.6 sets out how SASB describes the information flow—from creation to use—of a "sustainability reporting ecosystem."

Figure 1.6 *Sustainability Reporting Ecosystem*



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[402] Boffo & Patalano, *supra* note 394 at 22.
[403] Asset managers and investment funds create segregated products (e.g. portfolios), such as investment funds and exchange traded funds (ETFs).
[404] SASB, *supra* note 390.
[405] "Welcome to GRI" (last visited 12 August 2021), online: *Global Reporting Initiative* <https://www.globalreporting.org>.
[406] "Task Force on Climate Related Financial Disclosures" (last visited 12 August 2021), online: *Task Force on Climate Related Financial Disclosures* <https://www.fsb-tcfd.org>.
[407] Michael Mackenzie, "BlackRock Assets Under Management Surge to Record $9tn", *The Financial Times* (15 April 2021), online: <https://www.ft.com/content/e49180b1-2158-4adf-85d6-0eb4766f4d5f>.

Note. From SASB[408]

In this model, a significant player is the assurers/auditors, which include KPMG, PwC, EY and Deloitte.[409]

One of the main criticisms of the ESG is that the parameters used to rate issuers are neither standardized nor regulated. For example, the International Organization of Securities Commission (IOSCO) states there is:

> a lack of transparency about the methodologies underpinning ratings or data products and an often uneven coverage of products offered across industries and geographical areas. IOSCO has observed that this could lead to gaps and inconsistencies when applied to investment strategies and raise concerns around the management of potential conflicts of interest, such as fee structures and insufficient separation of business lines that provide advisory services to issuers to improve their ratings performance.[410]

Furthermore, such a lack of standardization and regulation has resulted in an explosion of greenwashing—the false appearance of a sustainable and ESG-focused issuer through "green" promotion. As a successful marketing strategy, greenwashing is one of the biggest concerns that investors have with ESG-integrated investments.[411]

4. Key ESG Policy and Initiatives

As the ESG movement accelerates, a rally for standardizing ESG metrics is underway, with various initiatives taking place around the globe.[412] It is expected that in the next few years there will be many changes and much action within this space. The following is a brief list of ESG policy and initiatives at the time of writing:

4.1 Key Policy Initiatives – Regulators

Canada

Canadian securities regulators have issued ESG-specific guidance with disclosure requirements set out in CSA Staff Notice 51-333 – Environmental Reporting Guidance and

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[408] "SASB Standards and Other ESG Frameworks" (last visited 12 August 2021) [SASB Standards], online: *SASB* <https://www.sasb.org/about/sasb-and-other-esg-frameworks/>.
[409] See also "ESG Ecosystem Map" (August 2019), online: *World Economic Forum* <https://widgets.weforum.org/esgecosystemmap/index.html#/>.
[410] International Organization of Securities Commissions, Media Release, IOSCO/MR/20/2021, "IOSCO Consults on ESG Ratings and Data Providers" (26 July 2021), online (pdf): <https://www.iosco.org/news/pdf/IOSCONEWS613.pdf>.
[411] Robert J Richardson, CD, et al, "ESG Continues to Take Centre Stage in Securities Regulation in Canada and Abroad" (2021) 322 Canada Corporate Brief — NewsLetter in *British Columbia Corporations Law Guide* 1 at 3 (QL).
[412] See, for example, BlackRock.

CSA Staff Notice 51-358 – Reporting Climate Change-related Risks. Ontario's Capital Markets Modernization Taskforce recommended mandatory ESG disclosure for all non-investment fund issuers that comply with the TCFD.

US

The United States Securities Exchange Commission (SEC) has formed a task force to review ESG-related disclosure—the "Climate and ESG Task Force."[413] In June 2021, the US House of Representatives passed HR 1187 (the *Corporate Governance Improvement and Investor Protection Act*). If passed by the Senate, the *Act* may require the SEC to issue rules requiring public companies to disclose certain ESG metrics, including ones related to climate action, board diversity, and employee management and welfare practices.[414]

Europe

Europe is leading the ESG movement and issued a comprehensive sustainable finance package, which includes the *EU Taxonomy Climate Delegated Act*, *The Corporate Sustainability Reporting Directive*, and amendments to six acts to strengthen fiduciary duties, investment and insurance product oversight, and governance practices.[415] The EU also adopted the *Sustainable Finance Disclosure Regulation*, which creates mandatory ESG disclosure obligations for manufacturers of financial products and financial advisors.[416]

United Kingdom

The UK announced a "roadmap" that will require TCFD-compliant disclosure by 2025 across all issuers.[417]

New Zealand

The *Financial Sector (Climate-related Disclosure and Other Matters) Amendment Bill* is presently in the review stage. If passed, it will require certain members of the financial sector to disclose the impact of climate change on their businesses.

[413] US Securities and Exchange Commission, Press Release, 2021-42, "SEC Announces Enforcement Task Force Focused on Climate and ESG Issues" (4 March 2021), online: <https://www.sec.gov/news/press-release/2021-42>.
[414] Vivian L Coates, Jane Jeffries Jones & Gracie Smith, "Dollars and Sense: How to Integrate ESG into Compensation Programs" (2 July 2021) XI:218 Nat'l L Rev 183.
[415] European Commission, Press Release, IP/21/1804, "Sustainable Finance and EU Taxonomy: Commission Takes Further Steps to Channel Money Towards Sustainable Activities" (21 April 2021), online: <https://ec.europa.eu/commission/presscorner/detail/en/ip_21_1804>.
[416] Richardson, *supra* note 412 at 3.
[417] UK, HM Treasury, *A Roadmap Towards Mandatory Climate-Related Disclosure* (Policy Paper) (London: HM Treasury, November 2020), online (pdf): <https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/933783/FINAL_TCFD_ROADMAP.pdf>.

4.2 Key Policy Initiatives for Standardization of ESG reporting

Key standards are those set by TCFD, SASB, and GRI.[418] Nevertheless, the push to homogenise ESG standards is also strong. The following are a few of the significant initiatives presently at play:

- CDP Global, CDSB, GRI, IIRC, and SASB (the "group of five") announced in 2020 that they are working to develop a "comprehensive corporate reporting system."[419]
- The International Federation of Accountants called for the creation of an International Sustainability Standards Board.[420]
- The World Economic Forum's International Business Council created the IBC Disclosure Project in conjunction with the Big Four accountancy firms (Deloitte, KPMG, EY, and PWC). The project creates "stakeholder capitalism metrics"[421] to be used by companies aligning their sustainability reporting and tracking their contributions to the UN Sustainable Development Goals.

5. ESG and Anti-Corruption

The "G" in ESG promotes good governance. Therefore, codes of business conduct, including codes of conduct, corruption and bribery programs, systems and procedures, as well reporting on breaches, etc. are all included within this metric. Another factor that is usually involved in governance, for example, is supply chain management, which incorporates a supplier's code of conduct.[422] However, as reported by Gartner, a leading research and advisory company, after reviewing S&P 500 companies' ESG reporting, only eight percent of all reference metrics were governance-related.[423] One of the issues includes how companies report on "G" metrics.

The UN PRI specifically links anti-corruption commitments made under SDG 16, which calls for "peace, justice and strong institutions," indicator 16.5, which explicitly asks signatories to "substantially reduce corruption and bribery in all forms,"[424] and the UN Global Compact's 10th principle against corruption. The WEF IBC Disclosure Project has also included SDG 16 as part of its governance disclosure requirements. But, again, the "how" to report remains an issue.

In the spirit of filling the "guidance gap" in this area, Transparency International UK, published *Open Business—Principles and Guidance for Anti-Corruption Corporate Transparency* in 2020.[425] *Open Business* is a guidance document on how to disclose corporate anti-corruption efforts across five key areas:

- Anti-corruption programme transparency (including third parties and procurement)
- Beneficial ownership transparency
- Organisational structure transparency
- Country-by-country reporting transparency

- Corporate political engagement transparency

6. For Compliance Practitioners

Compliance executives and anti-corruption practitioners should remain keenly aware of ESG developments as the expectation is that ESG-related issues, beyond anti-corruption efforts, are headed their way. For example, in its Report on 'connecting the business and human rights and the anti-corruption agenda,' the United Nations Working Group on the issue of human rights and transnational corporations and other business enterprises specifically calls for the end of silos within corporations and the merging of certain ESG responsibilities with the compliance function.[426] Ultimately, the Working Group calls for the absorption of the role responsible for human rights by the anti-corruption and compliance function.[427] Moreover, research by Kroll, a corporate investigations and risk consulting firm, has indicated that the expected trend is that ESG is and should be included in anti-bribery and corruption programs.[428]

[418] Investment Stewardship Group, "Sustainability Reporting: Convergence to Accelerate Progress", Commentary (BlackRock, October 2020), online (pdf): <https://www.blackrock.com/corporate/literature/publication/blk-commentary-sustainability-reporting-convergence.pdf>.
[419] SASB Standards, *supra* note 409.
[420] "Sustainability-Related Reporting" (last visited 12 August 2021), online: *IFRS* <https://www.ifrs.org/projects/work-plan/sustainability-reporting/>.
[421] Martha Carter et al, *Key Takeaways from the New WEF/IBC ESG Disclosure Framework* (Harvard Law School on Corporate Governance, 2020), online: <https://corpgov.law.harvard.edu/2020/10/17/key-takeaways-from-the-new-wef-ibc-esg-disclosure-framework/>.
[422] Kelly Tang, "Exploring the G in ESG: Governance in Greater Detail—Part I" (22 March 2019), online: *S&P Global* <https://www.spglobal.com/en/research-insights/articles/exploring-the-g-in-esg-governance-in-greater-detail-part-i>.
[423] Gartner, Press Release, "Garter Says Governance Metrics Lag in ESG Reporting Among S&P 500 Companies" (8 July 2021), online: <https://www.gartner.com/en/newsroom/press-releases/2021-07-08-gartner-says-governance-metrics-lag-in-esg-reporting-among-sp500-companies>.
[424] "Why Engage? The Business Case" (14 June 2016), online: *Principles for Responsible Investing (PRI)* <https://www.unpri.org/sustainability-issues/environmental-social-and-governance-issues/governance-issues/corruption>.
[425] TI UK, *Open Business: Principles and Guidance for Anti-Corruption Corporate Transparency*, (London: TI, 2020), online (pdf): <https://www.transparency.org.uk/sites/default/files/pdf/publications/TIUK_OpenBusiness_WEB4.pdf>.
[426] UNGA, *Report of the Working Group on the Issue of Human Rights and Transnational Corporations and Other Business Enterprises: Connecting the Business and Human Rights and the Anti-Corruption Agendas*, HRC, 44th Sess, UN Doc A/HRC/44/43 (2020), online (pdf): <https://undocs.org/A/HRC/44/43>.
[427] *Ibid.*
[428] "2021 Anti-Bribery and Corruption Benchmark" (last visited 25 August 2021), online: *Kroll* <https://www.kroll.com/en/insights/publications/compliance-risk/anti-bribery-and-corruption-benchmarking-report-2021>.

8.3 Need for Increased Trust in Business

Barbara Kimmel in a *FCPA Blog* post reports on the *Edelman 2017 Trust Barometer* as follows:

BEGINNING OF EXCERPT

Earlier today Edelman released the findings of its 17th annual Trust Barometer, a poll of 33,000 respondents in 28 countries. This year's results were strikingly different from their 2016 findings. In fact, trust to “do what is right” declined in all four major institutions: NGOs, Business, Media and Government.

I had the good fortune of an invitation to a pre-release webinar hosted by Edelman on January 13, enabling me to report early on the 2017 Trust Barometer findings.

As Trust Across America continues its mission to help build trust in business, the following are some of the key takeaways from the presentation:

- Only 37 percent of respondents trust the CEO as a credible spokesperson.
- CEO credibility dropped in all 28 markets, reflecting a global crisis of leadership.
- 82 percent of respondents believe “Big Pharma” needs greater regulation.
- 53 percent of respondents do not believe that financial institutions have been reined in “enough.”
- The main opportunities for businesses to prove they are “doing no harm” include focus on bribery, executive compensation, tax havens, overcharging for products, and reducing costs by decreasing product quality.
- The ways business can best show they are “doing more” is through their treatment of employees, producing high quality products, listening to customers, paying their fair share of taxes, and employing ethical business practices.
- CEOs must engage in talking “with” not “at” people. They should be more spontaneous, blunt, include personal experience in dialogue, and participate in their company's social media.
- And finally, Edelman's survey results reflect a fundamental shift from the old “For the people” to the new “With the people.”

What actions must big business take?

It is incumbent on Boards of Directors, CEOs and their C-Suites to:

- Acknowledge that they individually have a problem, and collectively are responsible for the growing crisis of trust in business.
- Recognize that trust is indeed a hard asset and a measurable currency, not an intangible to be taken for granted.

- Find the courage and take action to elevate trust across and among all stakeholder groups.

Through its *FACTS® Framework, Trust Across America's research focus picks up where Edelman's findings leave off. For the past eight years we have been measuring the trust "worthiness" or integrity of the largest 1,500 U.S. public companies.

We find that industry is not destiny and a handful of corporate leaders are already reaping the rewards of high trust. Edelman's 2017 findings do, however, support our call for a different "way" of doing business, and perhaps that "way" will find increasing support from big business in 2017.[429]

END OF EXCERPT

The recent 2021 Edelman Trust Barometer presents a slight counter to the 2017 narrative, with an overall sense of increased trust in business. The 2021 results show that respondents in 18 out of 27 countries surveyed trusted businesses more than government.[430] Moreover, businesses were the only institution viewed as competent and ethical.[431] Nevertheless, CEO credibility, while slightly increasing from a low rating in 2017, remains weak. Lastly, trust in financial services has also decreased since 2017, and it remains the least trusted industry surveyed.[432]

From a Canadian perspective, the University of Victoria's Gustavson School of Business produces the Gustavson Brand Trust Index (GBTI) annually. The 2021 GBTI emphasizes consumers' growing expectations for businesses to align with social and environmental causes and, alternatively, the resulting loss in trust when a business fails to do so.[433] Amazon, in particular, demonstrates this trend: in 2020, the company lost 17 points in overall brand trust due to the employment rights and sustainability-related controversies it has encountered.[434]

[429] Barbara Brooks Kimmel, "Edelman 2017 Trust Barometer: Most Think CEOs Aren't Credible" (16 January 2017), online (blog): *The FCPA Blog* <http://www.fcpablog.com/blog/2017/1/16/edelman-2017-trust-barometer-most-think-ceos-arent-credible.html>.
[430] Edelman, *2021 Edelman Trust Barometer*, (January 2021), online (pdf): <https://www.edelman.com/sites/g/files/aatuss191/files/2021-03/2021%20Edelman%20Trust%20Barometer.pdf>.
[431] Government, for example, was viewed as less competent and unethical. NGOs were seen as ethical, but less competent. *Ibid* at 7.
[432] *Ibid*.
[433] University of Victoria, Gustavson School of Business, *2021 Gustavson Brand Trust Index*, (May 2021), online (pdf): <https://www.uvic.ca/gustavson/brandtrust/assets/docs/final--gbti-2021-main-report.pdf>.
[434] *Ibid* at 30.