

2016 Executive Summary



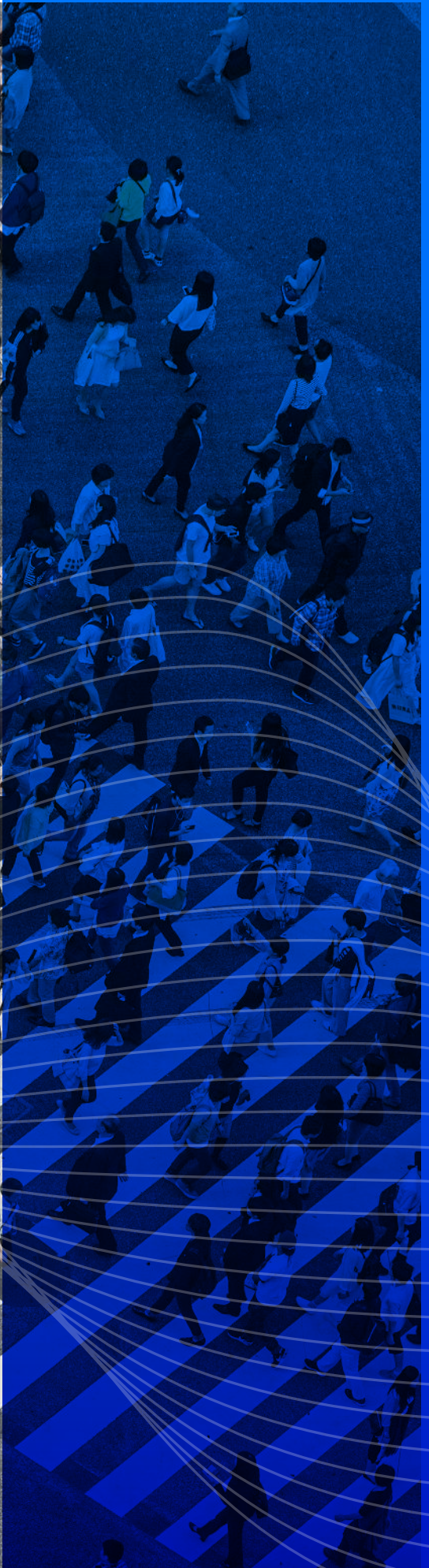
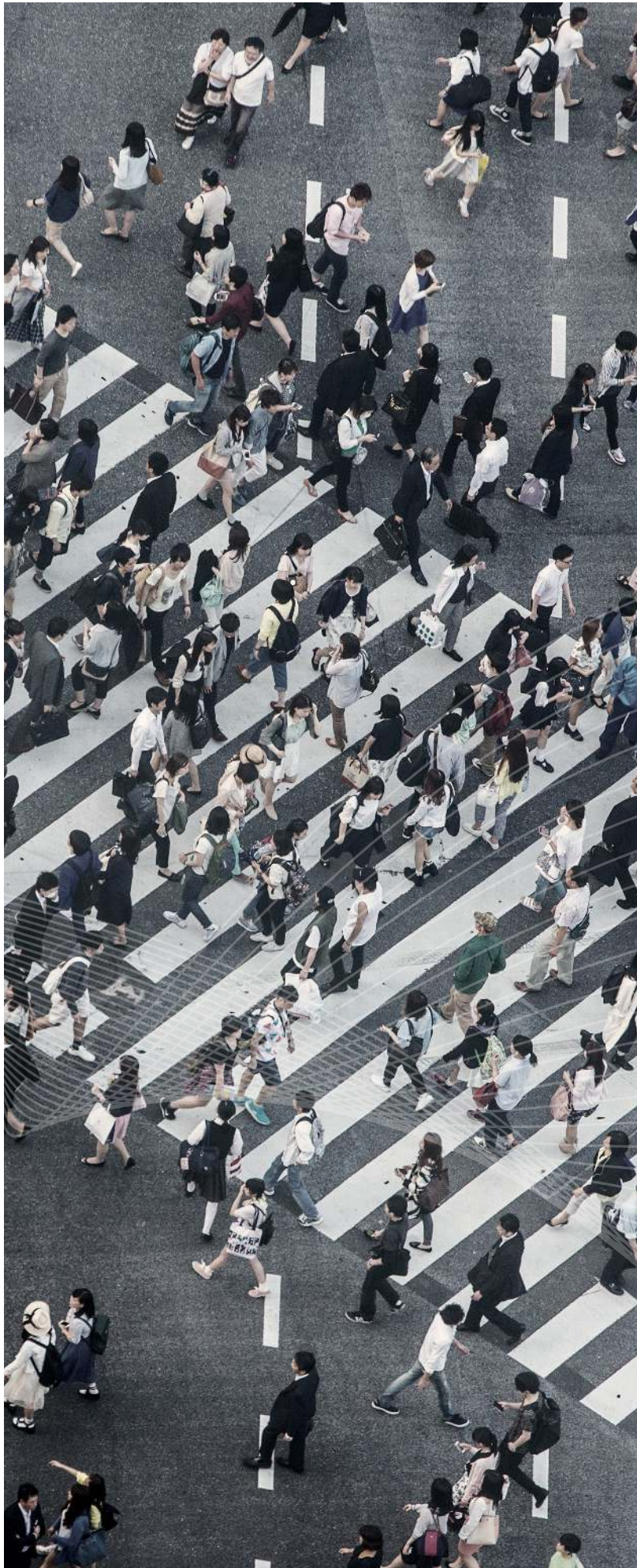


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Beyond the Grand Illusion

Richard Edelman
President & CEO

Online Survey in 28 Countries

16 years of data
33,000+ respondents total
All fieldwork was conducted between
October 13th and November 16th, 2015



General Online Population

Five years in 25 markets
1,150 respondents per country
Ages 18+



Informed Public

Eight years in 20+ markets
500 respondents in U.S. and
China; 200 in all other countries
Represents 15% of total population

Must meet four criteria:

Ages 25-64

College educated

*In top 25% of household income
per age group in each country*

*Report significant media consumption and
engagement in business news and public policy*



Mass Population

All population not including
informed public

There is deeply disturbing news in the Edelman TRUST BAROMETER 2016: A yawning trust gap is emerging between elite and mass populations. The global survey asks respondents how much they trust the four institutions of government, business, nongovernmental organizations and media to do what is right. The survey shows that trust is rising in the elite or “informed public” group – those with at least a college education, who are very engaged in media, and have an income in the top 25 percent. However, in the “mass population” (the remaining 85 percent of our sample), trust levels have barely budged since the Great Recession.

From the economics of inequality, described by Thomas Piketty in his best-seller, *Capital in the Twenty-First Century*, we now observe the inequality of trust around the world. I would posit that there is a “grand illusion” at play – a lingering notion that elites continue to lead and the masses will follow. This historic model of influence was predicated on the belief that elites have access to superior information, their interests are interconnected with those of the broader public, and that becoming “an elite” was open to all who work hard. Rising income inequality, high-profile revelations of greed and misbehavior and the democratization of media have flipped the classic pyramid of influence. The trust of the mass population can no longer be taken for granted, and any continuation of the “grand illusion” is dangerous for leaders in today’s world.

In more than 60 percent of countries surveyed for the Edelman TRUST BAROMETER, the trust levels of the mass population are below 50 percent. By contrast, trust levels of the elite population are at the highest levels in the 16 years of the study, with double-digit jumps in the United States, United Kingdom, Canada, Italy and Mexico. In three-fourths of the countries, trust levels in institutions are over 50 percent among elites.

The average gap in trust in institutions between the elites and the mass population has grown to 12 points (across the developing and developed world). In the U.S. the difference is 19 points; in the U.K. it is 17 points; and in India it is 16 points. The Edelman TRUST BAROMETER also reveals that trust inequality correlates with income inequality across the world. In 18 of 28 countries surveyed, we see a double-digit gap in trust between high-income and low-income respondents. In the U.S., the gap is 31 points, in France it is 29 points, in Brazil it is 26 points and in India, 22 points. This trust divide also corresponds to the public’s expectations of its future well-being. For example, in two-thirds of the countries surveyed, fewer than half of mass population respondents think they will be better off in five years.

The most profound difference between the elite and the broader populations is found in their attitudes toward business. There are double-digit gaps in half of the countries surveyed, the most significant being in the U.S., where 70 percent of the elite population express trust in business in contrast to 51 percent of the general population, a 19-point difference. This skepticism is clearly manifested in the perception of specific industries, in particular the financial services sector where there is a gap of more than 20 points between the elite's trust in the sector and the general population's. CEOs are substantially more trusted by the elite population, and double-digit trust gaps exist in half of the countries.

“Inequality of trust and income have important consequences.”

Inequality of trust has important consequences. The most obvious is growing receptivity to politicians who prey on fear instead of offering solutions. Examples include assertions that refugees are a major security threat and that unemployment can be addressed by stopping foreign trade. Trust inequality seems to be a major pillar in the campaigns of Donald Trump in the U.S. and Marine Le Pen in France.

Another consequence of the trust divide is the increasing skepticism of business innovation as well as expectations of governments to enact additional regulation. By a margin of two-to-one, the general population believes the pace of innovation is too rapid. The industries of greatest concern are food, which is linked to popular worries about genetic modification, and financial and online services, which raise fears about privacy and security.

In tandem with these developments, we are seeing the flipping of the classic pyramid of influence as peer-to-peer discussions overtake the influence of elites. It is my belief that the mass population is relying less on newspapers and magazines and, instead, chooses self-affirming online communities and television news. The most credible source of information on social networking sites is “my friends and family,” a source considered much more believable than CEOs and government officials.

However, the survey shows that despite the general population's skepticism, business has the best chance of bridging the trust gap while still fulfilling its mandate to create value. The general population sees business as the institution best able to keep pace with rapid

change, ranking it well above government and higher than nongovernmental organizations. Business is also substantially more trusted than government. In Mexico, it is more trusted by 44 points, in South Africa by 44 points and in the U.S. by 12 points.

According to the Edelman TRUST BAROMETER 2016, a decisive 80 percent of the general public expect that businesses can both increase profits and improve economic and social conditions in the communities in which they operate. A good example of this is Tupperware Brands. There, a global salesforce of almost 3.1 million women in countries including China, India, Indonesia and South Africa drive sales revenue for the company while earning much-needed income from selling the products.

The public is also responding positively to CEOs who believe they can fulfill the dual mandate of earning profits and providing societal benefits. In fact, trust in CEOs has risen substantially in the past five years to a global average of 49 percent. This is a vote in favor of the CEOs who have stepped forward on important issues, including Paul Polman of Unilever on the environment, Howard Schultz of Starbucks on youth employment, Cyrus Mistry of Tata on education and Jack Ma of Alibaba on inclusion.

We are in a time of discontinuous change, urbanization, mass migration, environmental constraints, technological advances, globalization and challenges to public health. These disruptions provide commercial opportunities, but they also create societal problems and expectations that businesses will collaborate with civil society and government. Realizing this opportunity will happen one company at a time, driven by leaders courageous enough to embrace the business possibility and wise enough to operate within a framework of inclusive growth, in which all stakeholders reap the benefits of change.

For the past seven years, in the wake of the Great Recession, the overwhelming majority of business leaders have tended to focus on their enterprise and short-term performance. The time for that narrow focus to end is now. Trust inequality has many negative consequences, but it also presents an opportunity for businesses that want to achieve differentiation and sustained growth. Modern, effective leadership means moving beyond the “grand illusion” to embrace and engage the new influence of the mass population. Trust in institutions is no longer automatically granted on the basis of hierarchy or title. In today's world, that trust must be earned.



The State of Trust

Trust rebounds to post-recession high, but a trust divide widens

Trust in all four institutions climbed to its highest level in 2016, ushered by a surge of trust among the informed public. Seven countries – the U.S., Mexico, Australia, Canada, U.K., Italy and Ireland – recorded double-digit increases in trust among informed publics, with the U.S. and Mexico leading the way.

Of the four institutions, business registered the largest increase in trust among both the informed public and the larger general population, closing in on the lead that NGOs have historically maintained. Meanwhile, media saw a six-point increase in trust among the informed public, which is three times the increase it experienced among the general population. Government, while recording a modest one-point gain among the general population, remains the least trusted institution.

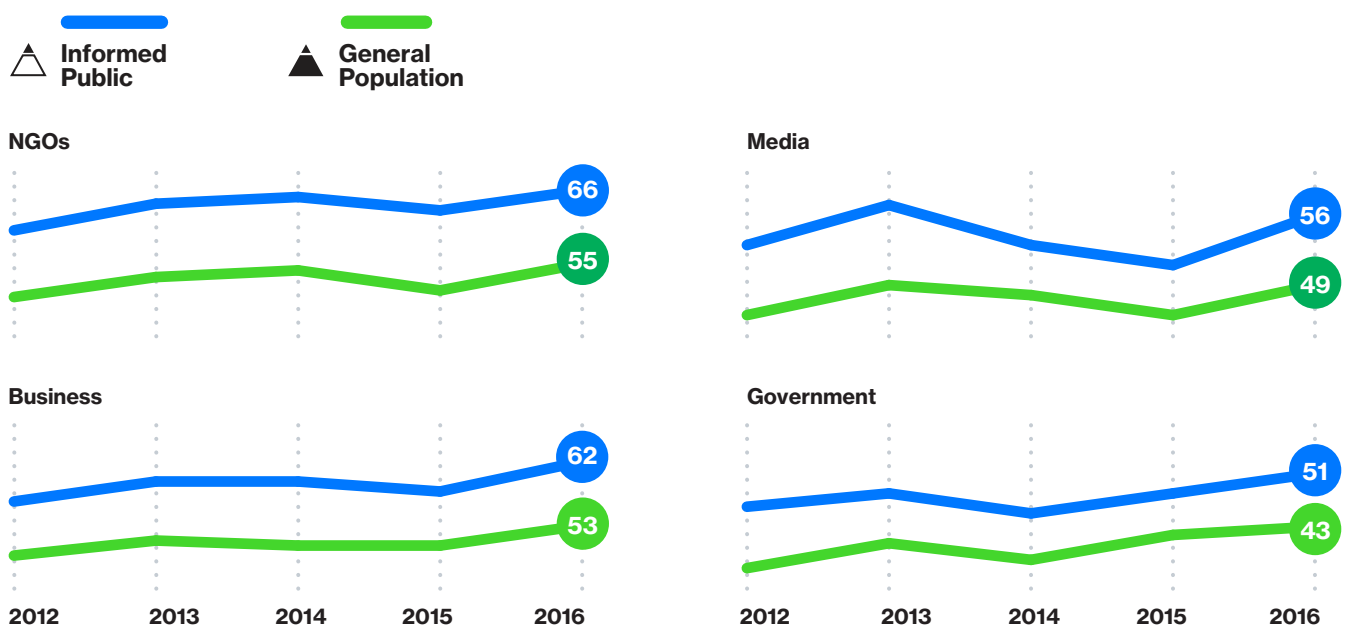
“Less than half of the mass population believe they will be better off in five years than they are today. This heralds a tremendous need...and opportunity... for business to reconsider what society expects and to recognize the new relationship between societal action and trust. In order for business to succeed, it must ultimately earn this trust through societal actions that create value.”

Ben Boyd

President of Practices, Sectors & Offerings

Post-Recession Highs

Percent trust in the four institutions of government, business, media and NGOs, 2012 to 2016

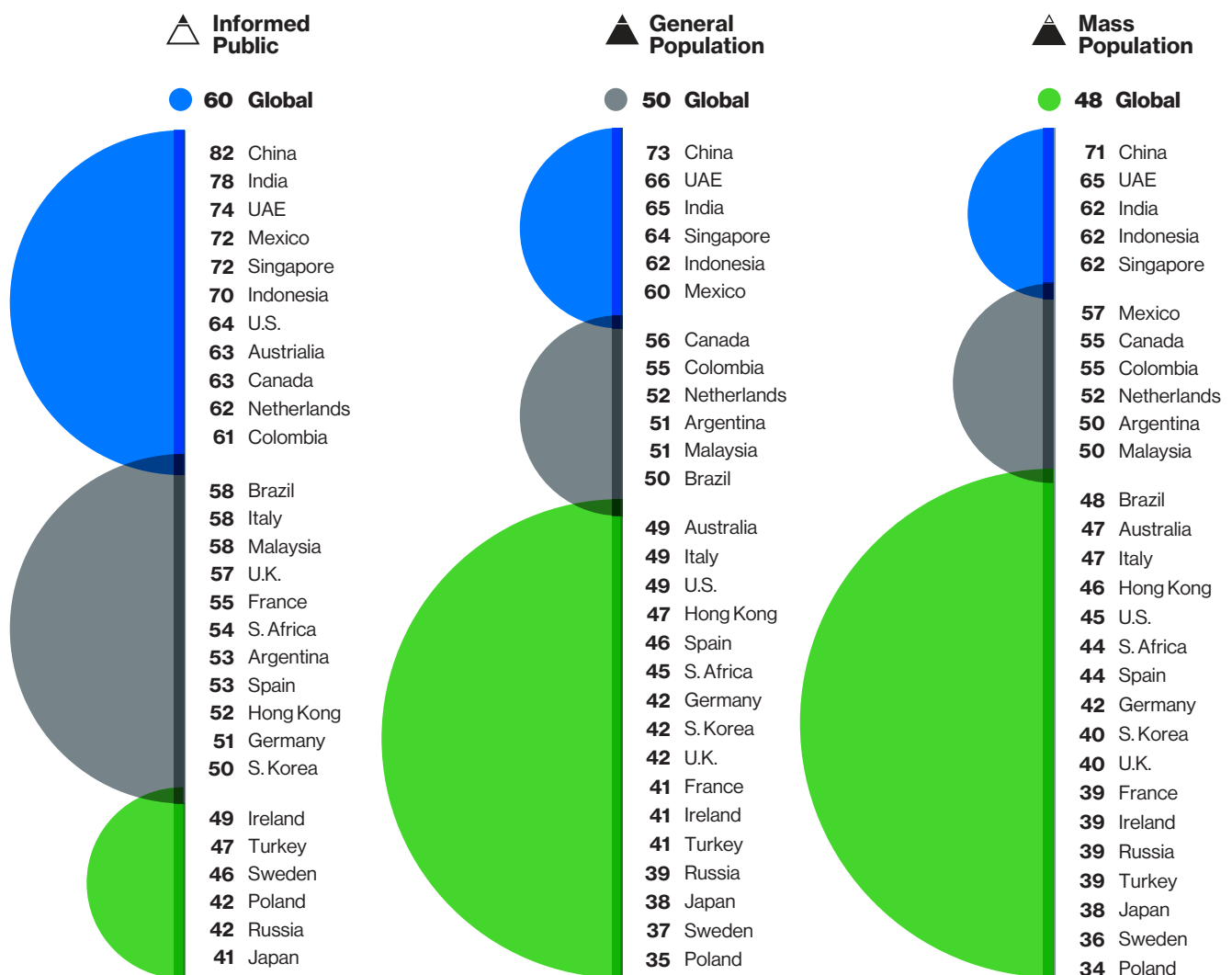


“What do stakeholders expect of business today? Certainly a solid and steady focus on financial returns, but even more say action around education, healthcare, income inequality and other issues. These are the things that respondents expect business—with CEOs at the lead—to be talking about and solving.”

Kathryn Beiser
Global Chair, Corporate Practice

The Trust Index

Average trust in institutions, Informed Public vs. General Population vs. Mass Population, 2016



For the mass population, 17 of 28 countries are distrusters

Mounting Trust Inequality

And yet, along with a general increase in trust, this year witnessed a marked divide between the informed public and the mass population when it comes to trust in all institutions. This represents a split first witnessed in 2012 that has gained momentum and widened over time in 16 of 25 countries.

Today, a 12-point chasm separates the more trusting informed public (representing 15 percent of the population) from the mass population, who now technically fall into distruster territory. When trust is viewed solely through the lens of the mass population, 60 percent of countries are distrusters – including the U.S., Germany, U.K., France and Japan.

While the gap is a global phenomenon, it is most pronounced in 15 countries, each with a double-digit trust differential between the informed public and the

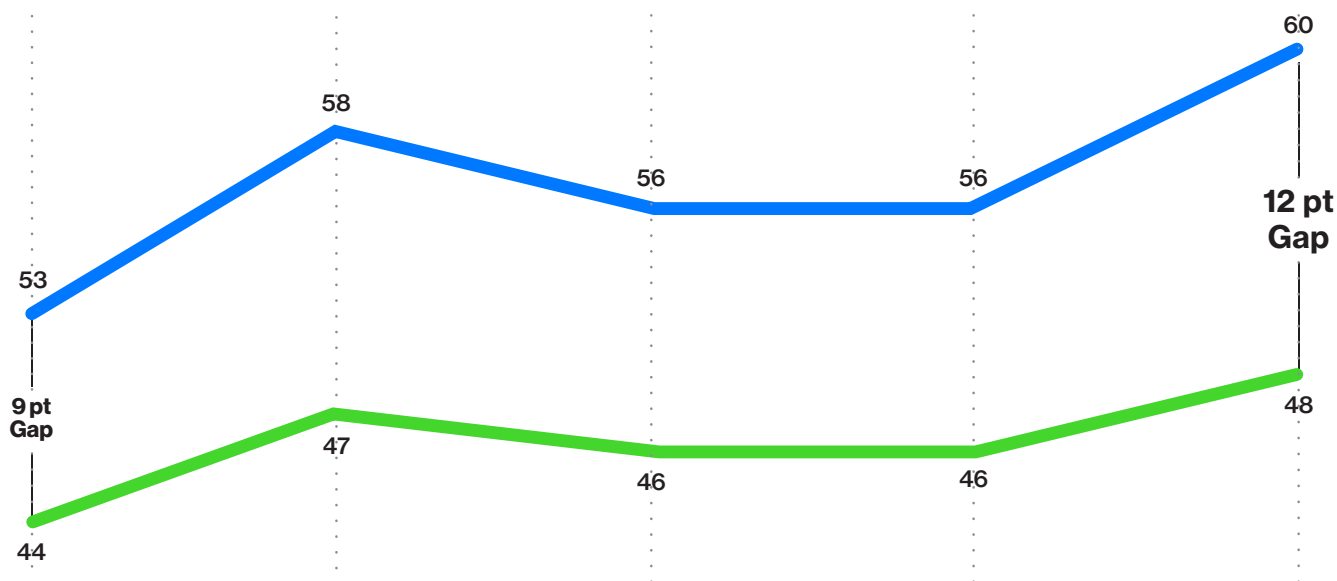
mass population. No nation presents a larger divide than the U.S., with a nearly 20-point gap between the trusting informed public and distrusting mass population (64 to 45 percent). Following shortly behind are the U.K., France, India, Australia and Mexico.

In tandem with this trend, the Barometer also revealed a double-digit gap in trust between high-income and low-income respondents, with the U.S., France and Brazil leading the way. The gulf between the informed public and all others is further highlighted through a general divergence in expectations. Broadly, those who trust less harbor less optimism for the future. Globally, less than half of the mass population believe they will be better off in five years' time. In the U.S., while nearly two-thirds of the informed public believe they will be better off in the future, only 45 percent of the mass population is optimistic that they will fare better in five years.

A Significant Divide

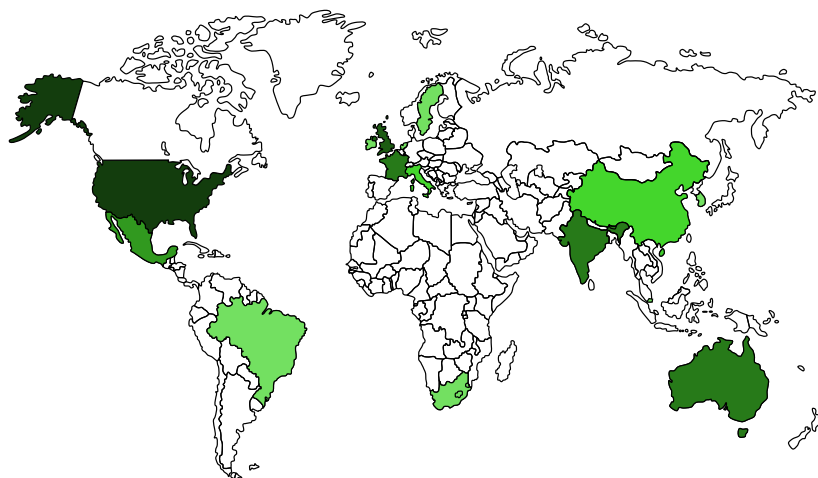
Percent trust in the four institutions of government, business, media and NGOs, 2012 to 2016

 Informed Public
 Mass Population



A Global Phenomenon

Trust Index, Informed Public vs. Mass Population, countries with the double-digit trust gaps



Country	Informed Public	Mass Population	Gap
U.S.	64	45	19
U.K.	57	40	17
France	55	39	16
India	78	62	16
Australia	63	47	16
Mexico	72	57	15
Italy	58	47	11
China	82	71	11
Brazil	58	48	10
Ireland	49	39	10
Netherlands	62	52	10
Sweden	46	36	10
S. Africa	54	44	10
S. Korea	50	40	10
Singapore	72	62	10

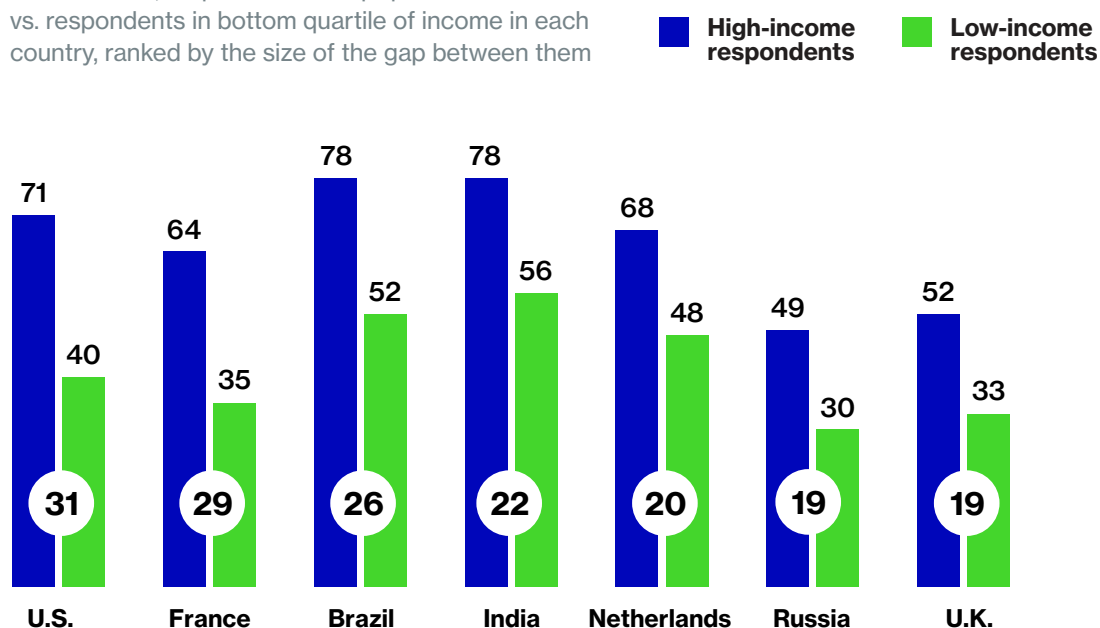
“It is a disturbing feature of this year’s study that one of the strengths we often ascribe to democratic government, that it gives everyone a say and therefore encourages cohesion, seems to be breaking down. We appear to have lost the ‘trickle-down effect’ in trust as well as in economics in many markets, and may be entering new and darker ‘trust territory’.”

David Brain

President and CEO, Asia Pacific, Middle East & Africa

A Link to Income Inequality

Percent trust, respondents in top quartile of income vs. respondents in bottom quartile of income in each country, ranked by the size of the gap between them



The Inversion of Influence

In sync with the emergence of a widening trust gap, the traditional pyramid of influence – with elites on top – has been up-ended. Today, influence decidedly rests in the hands of the mass population. The net result is a new phenomenon where the most influential segment of the population (or 85 percent of the population) is at the same time the least trusting.

This reality stems from the fact that “a person like yourself,” or an average employee, is far more trusted than a CEO or government official. In fact, a person like yourself is almost twice as trusted as a government official. Peer-influenced media – including search and social – now represents two of the top three most-used

sources of news and information. Both search and social outrank every traditional source of information, with the exception of television, in terms of frequency of use. And increasingly, peers influence purchasing decisions, with 59 percent saying they’ve recommended a company to a friend or colleague in the last year, and according to the 2015 EARNED BRAND study, 75 percent saying that they made a decision about a brand based on a conversation with a peer.

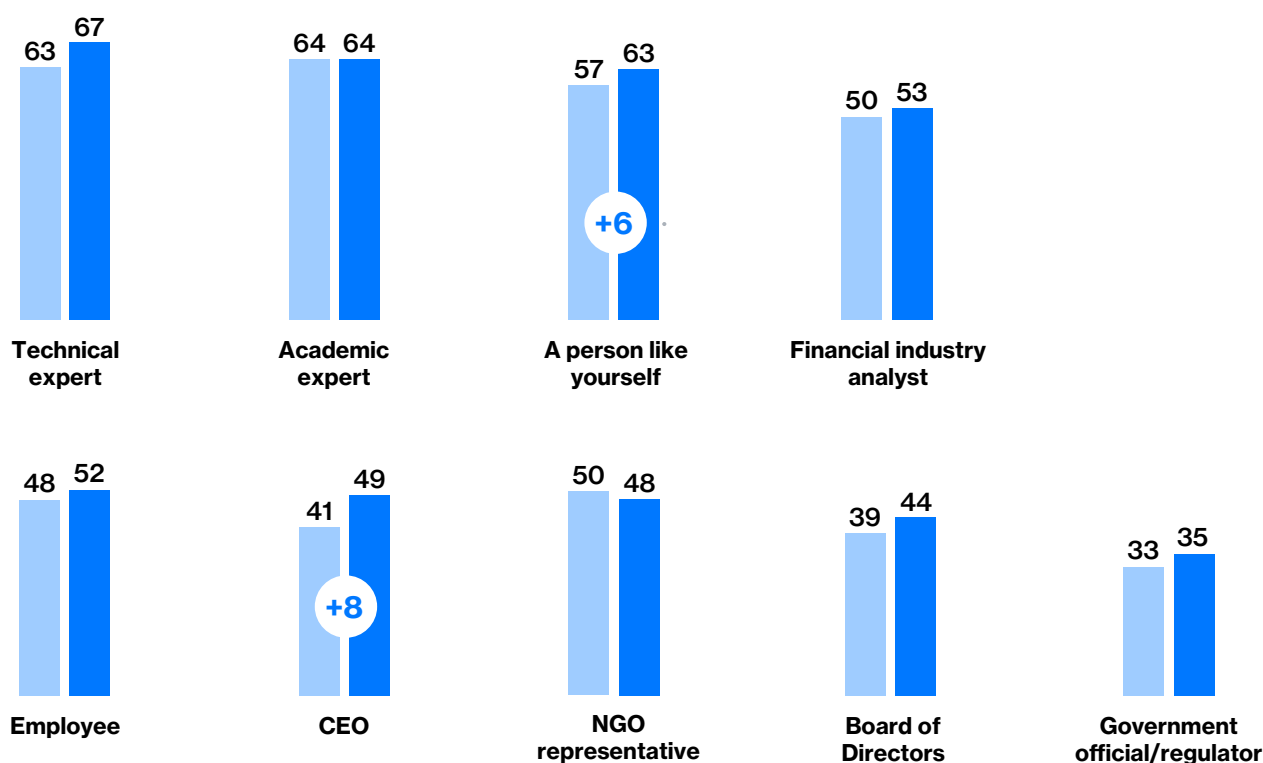
“In a world where the least trusting segments of the population are the most influential in terms of purchase decision, the implications for marketers are significant. Now more than ever, marketers need to find new ways to earn both attention and the right to be a part of conversations online and off.”

Michelle Hutton
Global Chair, Consumer Practice

Peers, Employees More Credible than Leaders

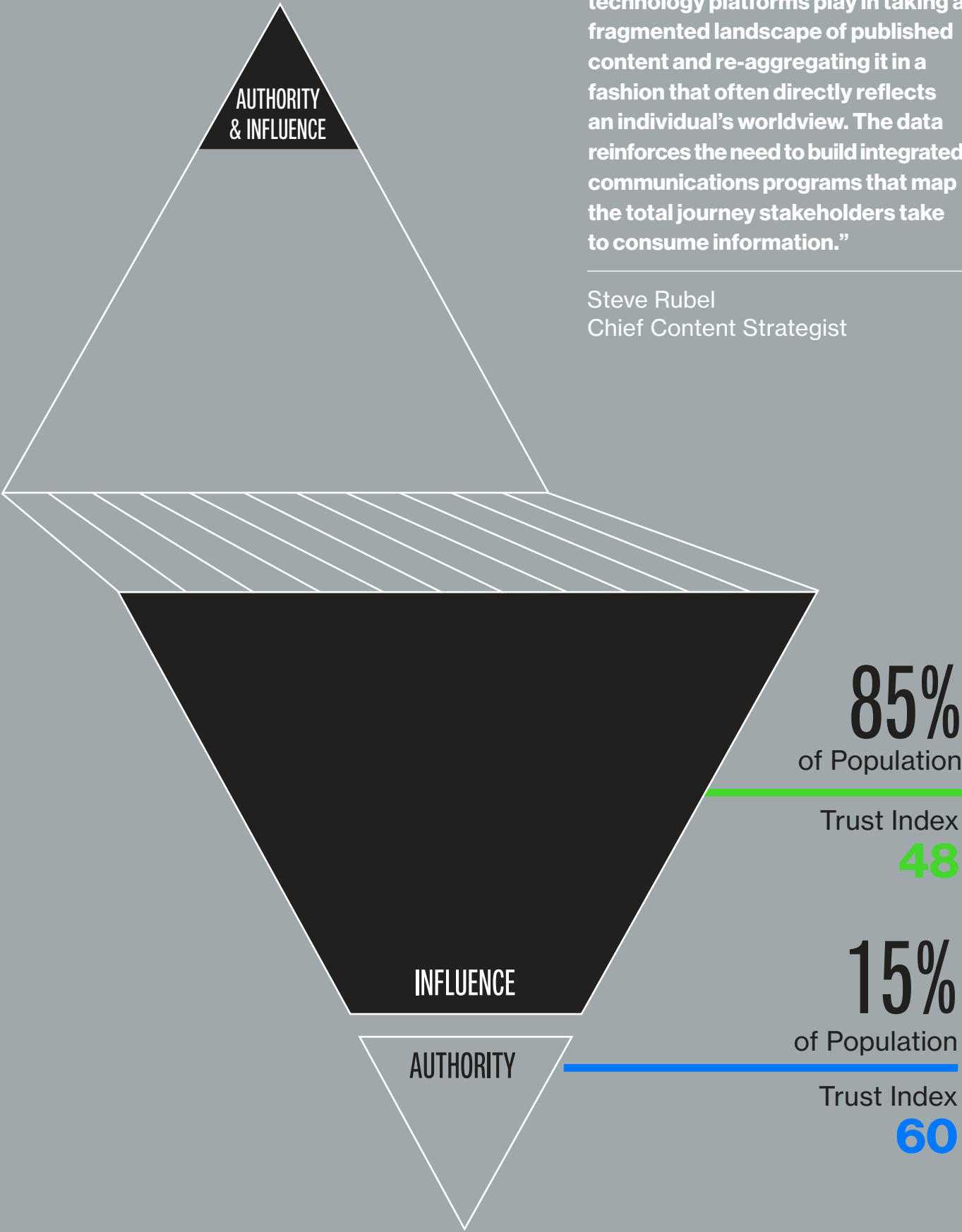
Percent who rate each spokesperson as extremely/very credible, 2015 vs. 2016

▲ General Population | 2015 2016



“This year’s data reinforces the trusted role that search and social technology platforms play in taking a fragmented landscape of published content and re-aggregating it in a fashion that often directly reflects an individual’s worldview. The data reinforces the need to build integrated communications programs that map the total journey stakeholders take to consume information.”

Steve Rubel
Chief Content Strategist



The Opportunity for Business

Business finds itself today in a new situation of strength, a unique position that translates into an opportunity to help mend the trust divide.

In the face of change, it is business that is the most trusted to keep pace – more than NGOs, government, or media. Moreover, in 2016, no institution recorded a larger gain in trust among the general population than business – a phenomenon aided in part by a gradual recovery of the financial services sector. Registering an eight-point rise over the last five years, financial services moved to 51 percent in 2016, a larger gain than any other sector. Technology remains on top as industry sector leader. The uptick for business is a global phenomenon. In 25 of 28 countries, trust in business increased or remained steady. The uptick for business is a global phenomenon. In 25 of 28 countries, trust in business increased or remained steady. As a result, business is closing in on the historic lead held by NGOs.

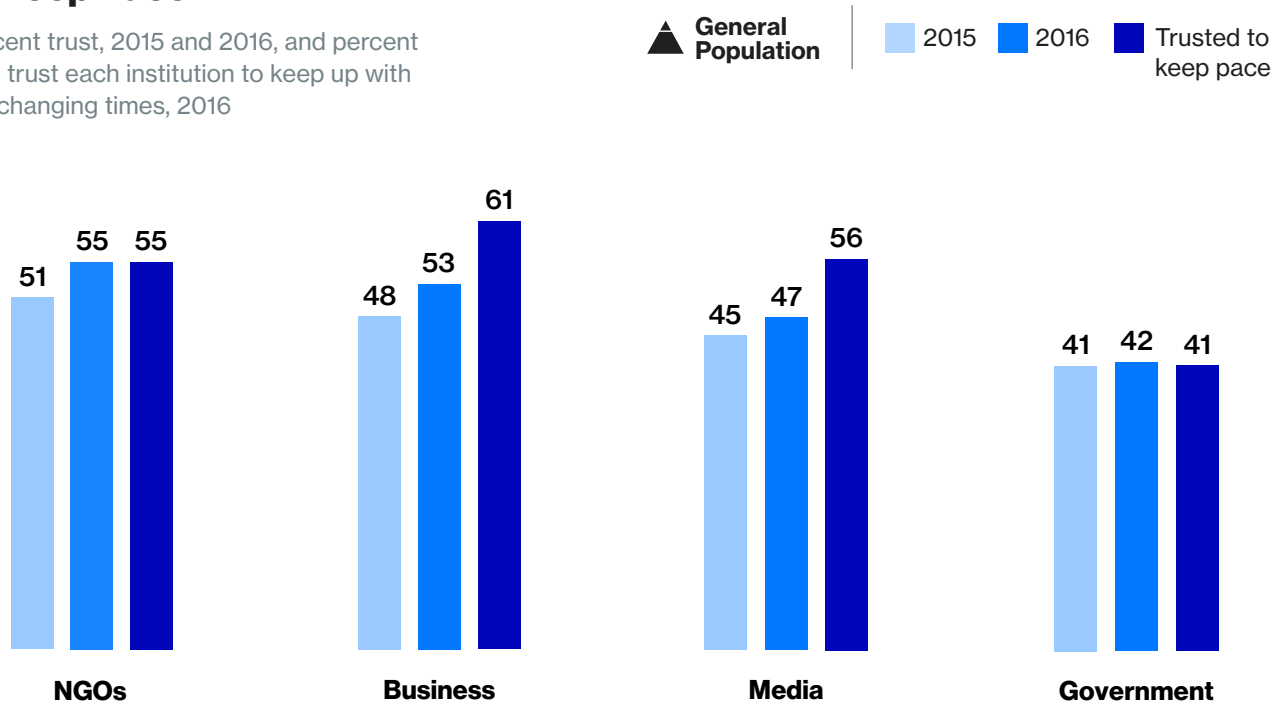
When compared to government, 21 of 28 countries are now more trusting of business. This reality is particularly pronounced in Mexico, Brazil and South

Africa, each with a more than 40-point trust differential between business and government. Whereas 59 percent believe that it is the role of government to regulate, 80 percent say that it's the responsibility of business to lead to solve problems. Specifically, eight in 10 individuals believe that a company can take specific actions that both increase profits and improve the economic and social conditions in the community where it operates. For business, this also represents a growing expectation – up from 74 percent in 2015. Among the issues cited as most critical for business to address are: access to education and training, access to healthcare, protecting and improving the environment, improving human and civil rights, income inequality, creating or maintaining a modern infrastructure, and reducing poverty.

Lastly, adding to business' newfound position of strength is the recharged credibility of the CEO as a spokesperson. CEOs experienced an eight-point uptick in credibility, more than experts, analysts, employees or even a person like yourself.

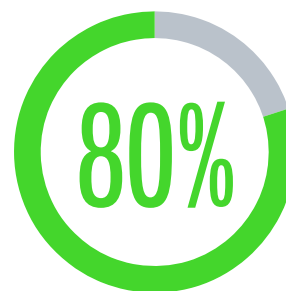
Business Most Trusted to Keep Pace

Percent trust, 2015 and 2016, and percent who trust each institution to keep up with the changing times, 2016



“While the technology sector continues to be more trusted than any other industry, the inherent skepticism about the pace of innovation could present headwinds for the sector in the near-term.”

Maria Amundson
Global Chair, Technology Sector



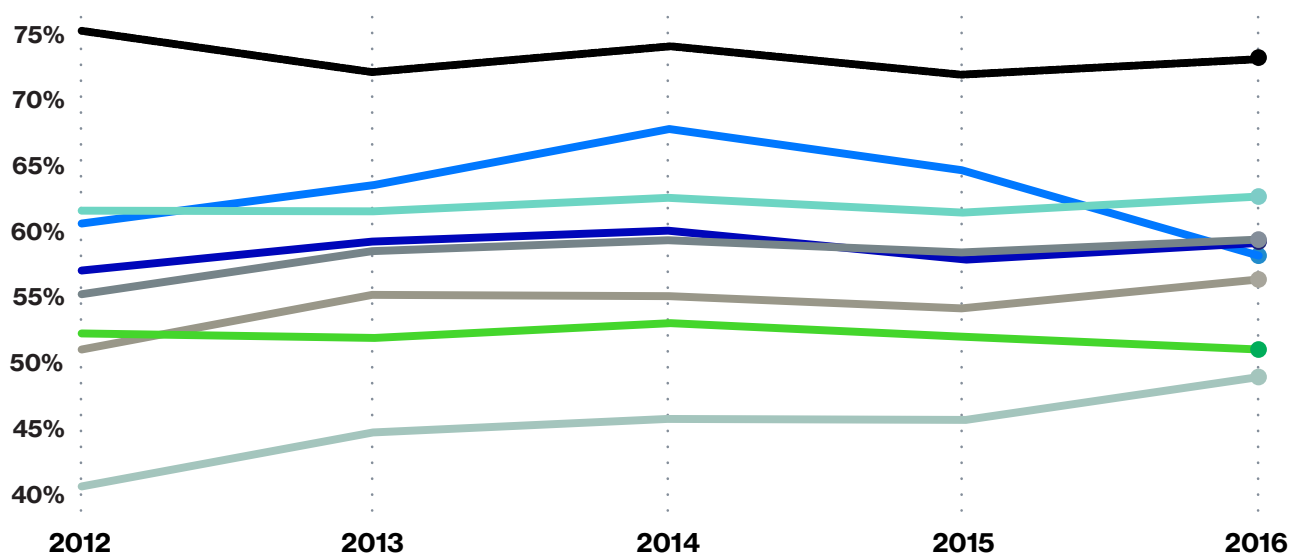
agree that business must play a role in addressing societal issues

Sector Trends: Financial Services Rebounds

Trust in each industry sector, 2012 to 2016

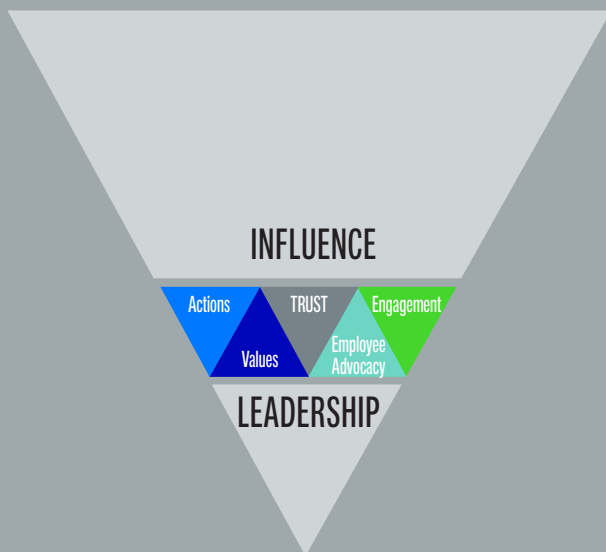
▲ General Population

Industry	2012	2013	2014	2015	2016	5 yr.Trend
Technology	76	73	75	73	74%	▼ 2
Food & Beverage	63	63	64	63	64%	▲ 1
Consumer Packaged Goods	57	60	61	60	61%	▲ 4
Telecommunications	58	60	61	59	60%	▲ 2
Automotive	62	65	69	66	60%	▼ 2
Energy	53	57	57	56	58%	▲ 5
Pharmaceutical	54	54	55	54	53%	▼ 1
Financial Service	43	47	48	48	51%	▲ 8



Leadership in a Divided World

A world of divided trust and dispersed authority presents a leadership opening. Yet, as the data indicates, it is not business leadership as usual that will resonate. As the 2016 findings show, leadership for a divided world must recognize the importance of action, values, engagement and employee advocacy. In each area, there are opportunities for business to embrace new actions and attitudes that speak to what is expected of leaders today.



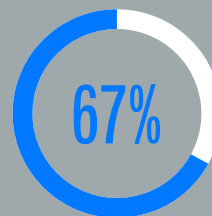
Actions

This year's Barometer indicates that the focus of CEOs is misaligned with what the general population believes to be most important. For instance, most say that CEOs focus too much on short-term financial results (67 percent) and lobbying (57 percent). Equally important, 49 percent say that they do not focus enough on job creation and 57 percent say they don't focus enough on positive long-term impact. At the same time, 80 percent agree that CEOs should be personally visible in discussing societal issues, as compared to 72 percent who believe CEOs should be visible discussing financial results.

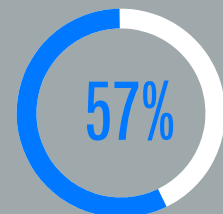
Having the right focus matters for both a business and its leaders, for action impacts trust. In fact, 45 percent attribute a business' contribution to the greater good as the reason that their trust in business has grown. Conversely, of those whose trust in business decreased, half cited a business' failure to contribute to the greater good as the main driver.

Too Much

Focus on short-term financial results

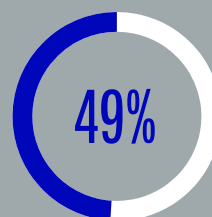


Lobbying

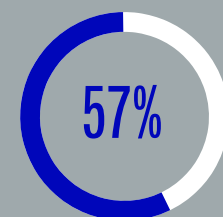


Not Enough

Job Creation



Positive long-term impact



Values

Yet, typically most CEOs believe that their duty is to focus on the operational and financial aspects of the company when communicating. While important, this narrative alone is insufficient for fostering connection and building trust. In a world where influence has moved to the mass, making the human connection through the story of personal experience and shared struggle is more important than ever.

Almost eight in 10 say that hearing information about personal values is important to building trust in a leader. Just as important is hearing about the obstacles a CEO has overcome, their personal success story, and how their education has shaped them.

Employee Advocacy

Globally, roughly one out of three employees do not trust the company for whom they work. In Japan, Russia and France, the situation is far more ominous, where employee trust levels hover below 50 percent.

Against this backdrop, the Barometer shows that trust in employees as credible spokespeople for companies is on the rise. In 2016, 52 percent agree that employees are a credible source of information — four points greater than a year ago. In fact, in several areas, employees are viewed as the most trusted sources of information, particularly when it comes to communicating on financial earnings and operational performance, a business' practices or handling of a crisis, and how it treats employees and customers. In each of these areas, they outrank a company CEO, senior executive, activist consumer, academic, and media spokesperson as far as trust and credibility.

Such findings point to an opening today for business to more fully engage its employees. As the Barometer reveals, when business — and more specifically when the CEO — is involved in societal issues, employee advocacy and engagement increases. When a CEO is engaged in addressing societal issues, an employee's motivation to perform escalates by 22 points. Similarly, an employee's willingness to stay working for the company climbs by 22 points, and inclination to recommend the company as an employer grows by 25 points.

Engagement

In a fragmented media landscape, the rules of engagement have changed. A search engine's findings are now the most trusted source of general news and information. Search engines are more trusted than traditional media by a measure of five percentage points — a gap that widens to eight points for Millennials. One's "friends and family" are more trusted as content creators than journalists by more than 30 percentage points. Engagement that builds trust and reaches beyond the informed public must take into account the full universe of today's content creators — not simply the traditional media.

At the same time, as the Barometer shows, building trust relies on a number of different forms of engagement. In fact, while blogs, social media and traditional media interviews are all seen as fundamental to building trust in CEOs, communication via industry conferences is viewed with even more importance.

“Virtually no spokesperson is more trusted than a company’s own employees. And yet, one out of every three employees doesn’t trust his or her own company. For nearly every company, deeper engagement with employees is a low hanging fruit — and a direct avenue to growing trust in business, at the organizational level, and at the institutional level.”

Michael Stewart
President & CEO, Europe & CIS

Leadership in a Divided World

Leaders Seen as Underperforming

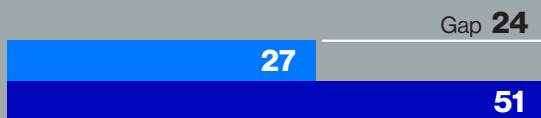
Performance vs. Importance of 16 trust-building leadership attributes

Integrity

Exhibits highly ethical behaviors

Takes responsible actions to address an issue or crisis

Behaves in a way that is transparent and open



Engagement

Treats employees well

Listens to customer needs and feedback

Places customer ahead of profits

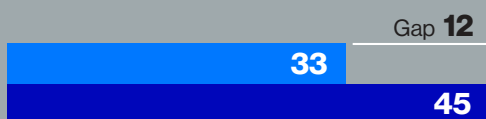
Communicates frequently and honestly on the state of their company



Products

Places a premium on offering high-quality products or services

Is focused on driving innovation and introducing new products, services and ideas



■ Performance

■ Importance

Purpose

Is dedicated to protecting and improving the environment

Ensures that the company creates programs that positively impact the local community in which it operates

Ensures that the company addresses society's needs in its everyday business

Ensures that the company partners with NGOs, government and third parties to address societal issues



Operations

Attracts and retains a highly regarded and widely admired top leadership team

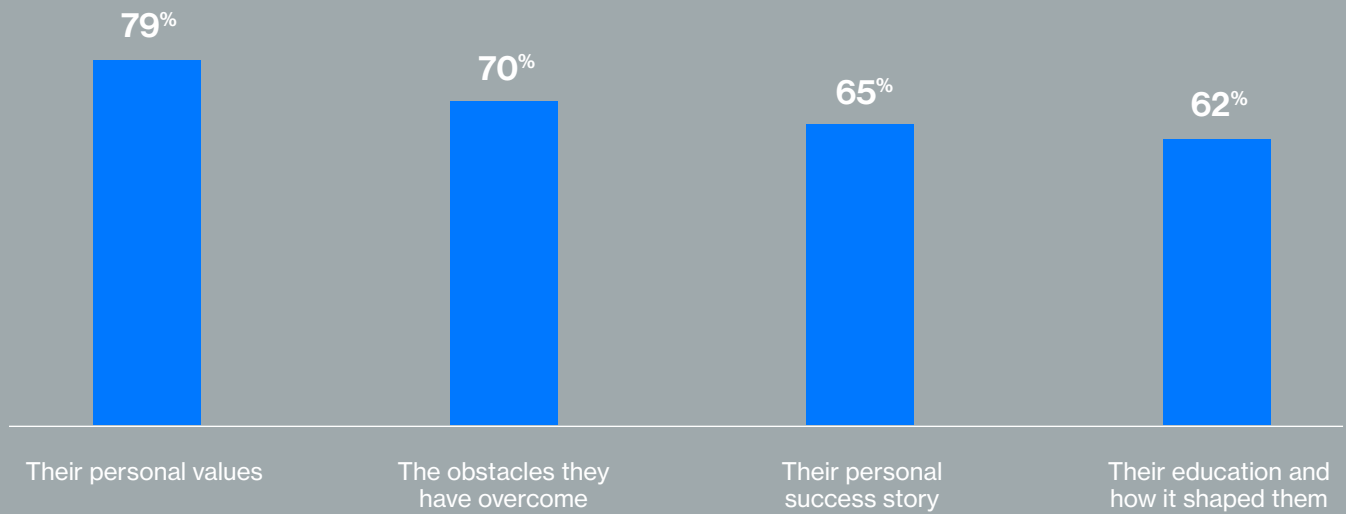
Is ranked on a global list of top CEOs, such as "The Best Performing CEOs in The World"

Manages the company in a way that delivers consistent financial returns



Personal Values

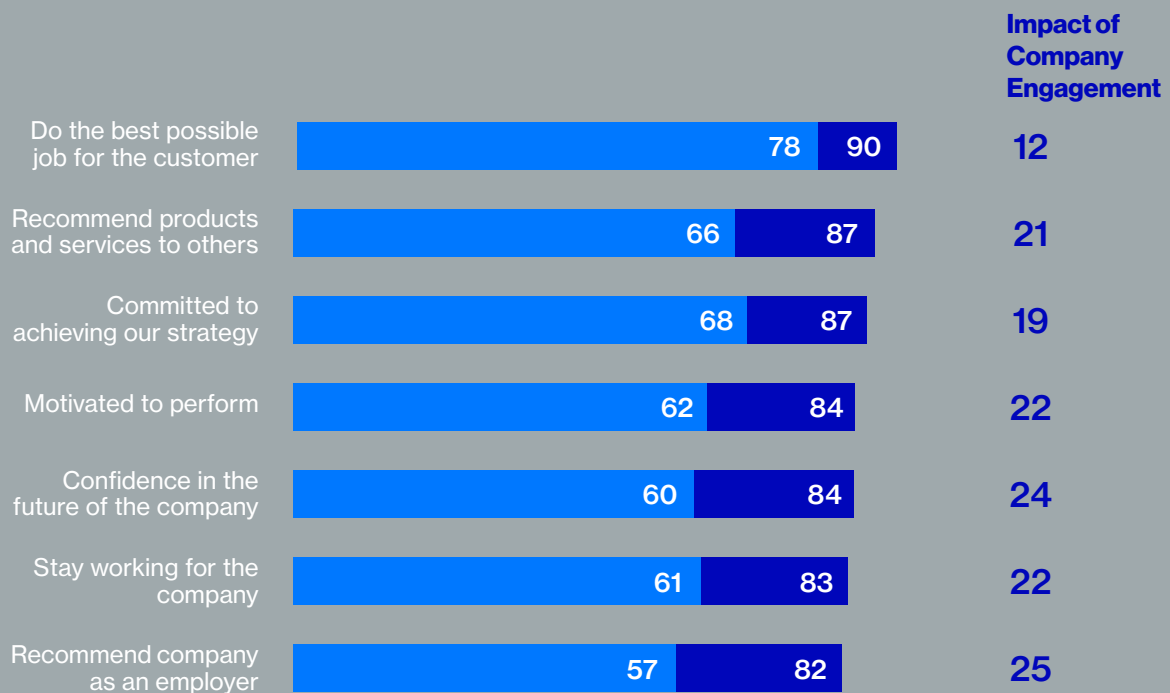
Percent who agree that each type of information is important in building trust in a CEO




Employee Advocacy Increases with Societal Issue Engagement

Percent who agree with each statement, comparing those who work at companies involved in addressing broader societal issues vs. those who don't

■ Employees at companies NOT engaged in societal issues
■ Employees at companies engaged in societal issues





“Trust in institutions and their license to operate is no longer automatically granted on the basis of hierarchy or title, rather in today’s world, trust must be earned.”

**Richard Edelman
President & CEO**



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. Edelman was named one of Advertising Age's "Agency to Watch" in 2014; one of Forbes' "14 Most Influential Agencies of 2014"; and The Holmes Report's "2013 Global Agency of the Year." Edelman was awarded the Grand Prix Cannes Lion for PR in 2014 and was among Glassdoor's "Best Places to Work" for the third time in 2014. Edelman owns specialty firms Edelman Berland (research) and United Entertainment Group (entertainment, sports, experiential), a joint venture with United Talent Agency.

About the Edelman Trust Barometer

The 2016 Edelman Trust Barometer is the firm's 16th annual trust and credibility survey. The survey was powered by research firm Edelman Berland and consisted of 20-minute online interviews conducted on October 13th – November 16th, 2015. The 2016 Edelman Trust Barometer surveyed more than 33,000 respondents with an oversample of 1,150 general population respondents ages 18 and over and 500 informed public respondents in the U.S. and China and 200 informed public respondents in all other countries representing 15 percent of the total population across 28 countries. All informed publics met the following criteria: ages 25-64, college-educated; household income in the top 25 percent for their age in their country; report significant media consumption and engagement in business news and public policy. For more information, visit www.edelman.com/trust2016.

On the cover, from top left: German Chancellor Angela Merkel Arrives: AFP/ERIC FEFERBERG; BRAZIL-POLITICS-PROTEST: AFP/ JEFFERSON BERNARDES; Turing Pharmaceutical CEO Martin Shkreli Arrested For Securities Fraud: Getty Images News/ Andrew Burton; Paris Turns Blue, White and Red For Victims Of Friday's Terrorist Attacks: Getty Images News/ Christopher Furlong; Protesters Continue To Call For Resignation Of Rahm Emanuel In Wake Police Video Releases: Getty Images News/ Scott Olson; VATICAN-POPE-AUDIENCE: AFP/ FILIPPO MONTEFORTE; Extraordinary FIFA Executive Committee Meeting: Getty Images Sport/ Philipp Schmidli; Migrants Cross Into Slovenia: Getty Images News/ Jeff J Mitchell; HONG KONG-CHINA-POLITICS-EDUCATION: AFP/ ANTHONY WALLACE

