



Raising the Stakes on Corporate Responsibility

Global CR RepTrak[®] 100

11 October, 2018

Focus For Today



- Methodology
- Setting the Scene
- CR Matters
- Digging Deeper
- Global CR RepTrak® 100
- Company Spotlight
- Key Implications

Reputation Institute

“*Global leader in reputation intelligence.*”

- Founded in 1997 we have been measuring reputation for more than 20 years
- We measures more than 7,000 companies per year, across 40 countries, 25 different industries and over 1,000,000 ratings annually
- We help organizations answer the following three key questions:
 - What is my reputation and how does it compare?
 - How can I improve and protect my reputation?
 - What is the business impact of better managing my reputation?



Unleashing Reputation Intelligence



*Identifying the what,
why, and how to
optimally navigate the
reputation economy*

Gauging Reputation: RepTrak®

THINK

REPTRAK® DIMENSIONS Cognitive Consideration

PRODUCTS & SERVICES
INNOVATION
WORKPLACE
GOVERNANCE
CITIZENSHIP
LEADERSHIP
PERFORMANCE

FEEL

REPTRAK® PULSE Emotional Connection



DO

BEHAVIORAL INTENTIONS Reputation Outcome

PURCHASE
ADVOCATE FOR
ACCEPT
DEFEND
WORK FOR
INVEST IN

Gauging Reputation and CR: RepTrak®

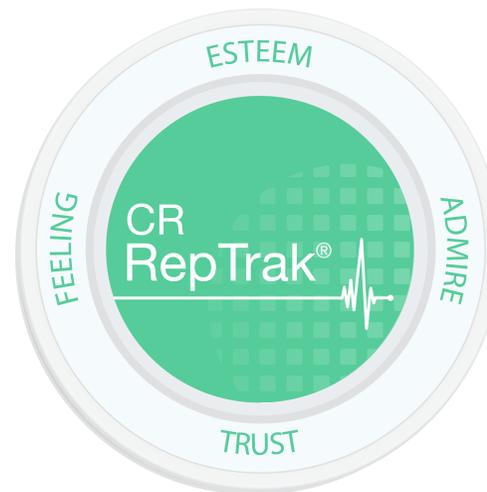
THINK

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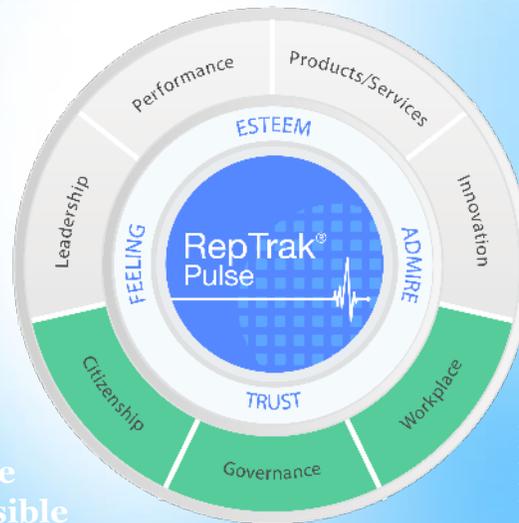
DO

BEHAVIORIAL INTENTIONS Reputation Outcome

PURCHASE	+9.4%
ADVOCATE FOR	+11.1%
ACCEPT	+8.6%
DEFEND	+7.2%
WORK FOR	+8.1%
INVEST IN	+7.7%

RepTrak[®] CR Index

CR RepTrak[®] reflects performance in Citizenship, Governance and Workplace dimensions



Supports Good Causes
Positive Societal Influence
Environmentally Responsible

Rewards Employees Fairly
Employee Well-Being
Equal Opportunities

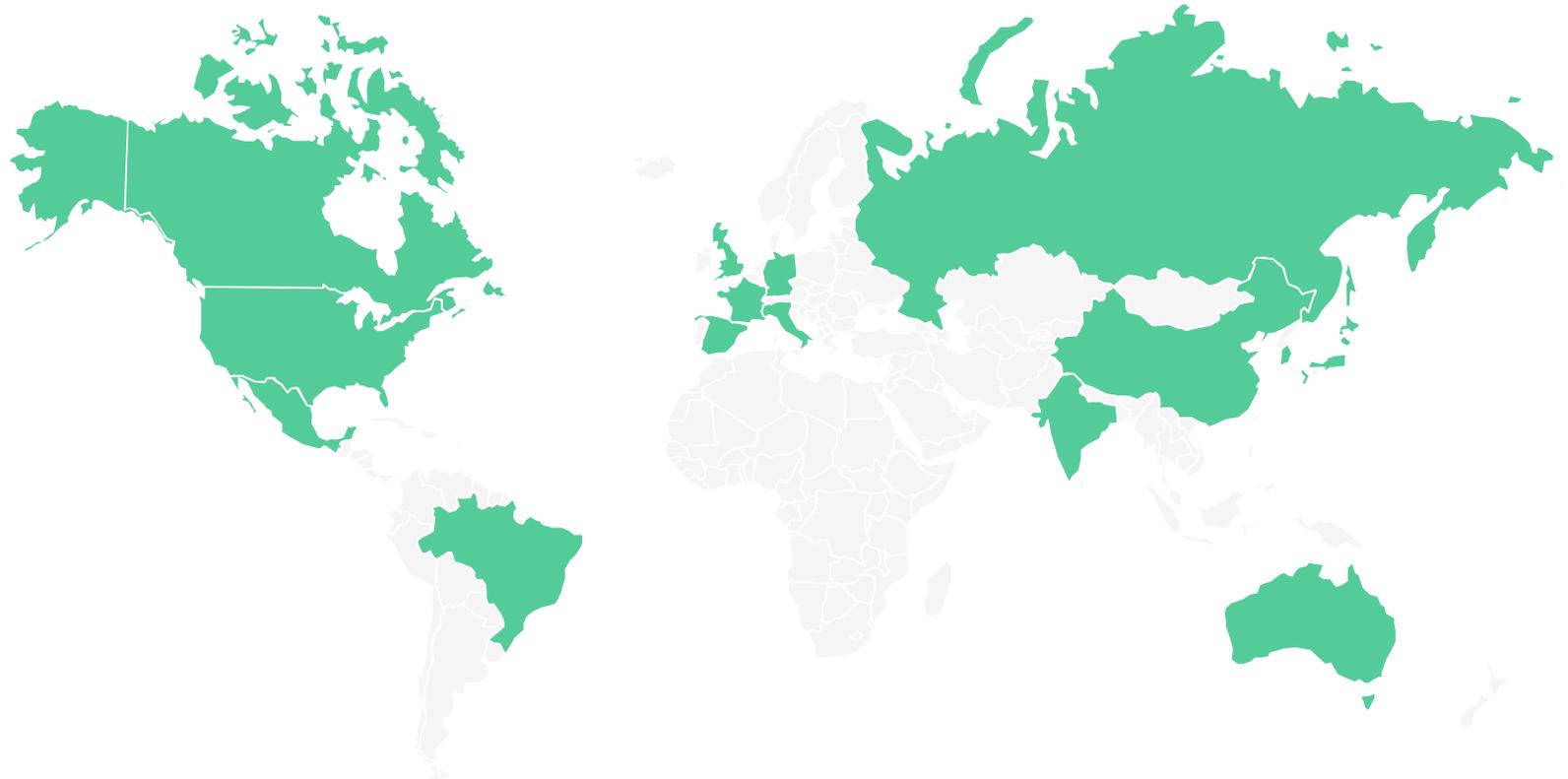
Open & Transparent
Behaves Ethically
Fair in Way It Does Business

Impact on making the World a Better Place

Measuring Across the G15: Global CR RepTrak®



AUSTRALIA • BRAZIL • CANADA • CHINA • FRANCE • GERMANY •
INDIA • ITALY • JAPAN • MEXICO • RUSSIA • SOUTH KOREA • SPAIN •
THE UNITED KINGDOM • THE UNITED STATES



Global CR RepTrak® 100

230,000+

Individual ratings

140+

Nominated Companies

Informed
General Public

Somewhat or very familiar with
company evaluated

2 months

January-February 2018

“ The largest normative database on CR and reputation in the world. ”



Setting the Scene: *Understanding Corporate Responsibility*

How Will Your Company be Judged?



Evolution of “CSR” Concept



Initially Environmental: Focus on the environment (carbon footprint, recycling)



Inclusive of humanity: Expansion to philanthropy, community giving and volunteering



Add of social responsibility: Business self-regulation, through environmental impact, ethical behavior: CSR as an economic multiplier and business generator



Balancing business and social: Companies to serve a social purpose; have business, employer, and social impact; fiscal & long-term responsibility



CSR definition no longer right

New Era of “Corporate Responsibility”



Time of New Expectations and Delivery

“*Society is demanding that companies, both public and private, serve a social purpose. To prosper over time, every company must not only deliver financial performance, but also show how it makes a positive contribution to society.*”

Larry Fink,
Chairman and CEO, Blackrock
2018 Letter to CEO's

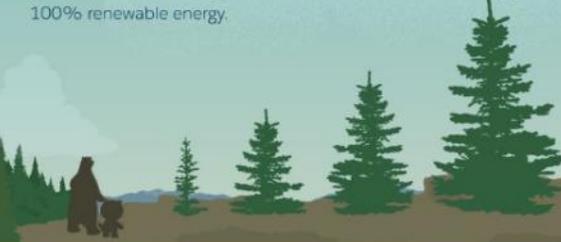


- Focus on economic, environmental and social factors relevant to the companies' success
- Increased in sustainable business practices — more companies want their efforts assessed

Corporate Responsibility: A New Reality

Salesforce Statement on U.S. Withdrawal from Paris Agreement

We are disappointed by the Administration's decision to withdraw from the Paris Agreement, as climate change continues to threaten our planet and global economies. As powerful platforms for change, businesses must step up to protect the planet for future generations. Salesforce is committed to reducing the impact of climate change by embracing sustainability across every aspect of our business—including reaching net-zero greenhouse gas emissions, delivering a carbon neutral cloud and achieving 100% renewable energy.



Marc Benioff @Benioff

Deeply disappointed by President's decision to withdraw from Paris Agreement. We will double our efforts to fight climate change.

4:34 PM - Jun 1, 2017

82 1,159 2,581

Addidas vows to use only recycled plastics by 2024

Sportswear brand plans to stop using virgin polyester for all shoes and clothing



Google, Facebook, and other big tech companies plan to lobby for 'Dreamers' to stay in the US



Global Drinks Brands Bacardi, Chivas Brothers, And Diageo Go 'Green' With New Initiatives



Society demands that companies are responsible in their investment into society: CR is how companies enhance the world

CR Impact 2018: Global CR RepTrak[®] 100

The reputation bubble has burst vs. 2017

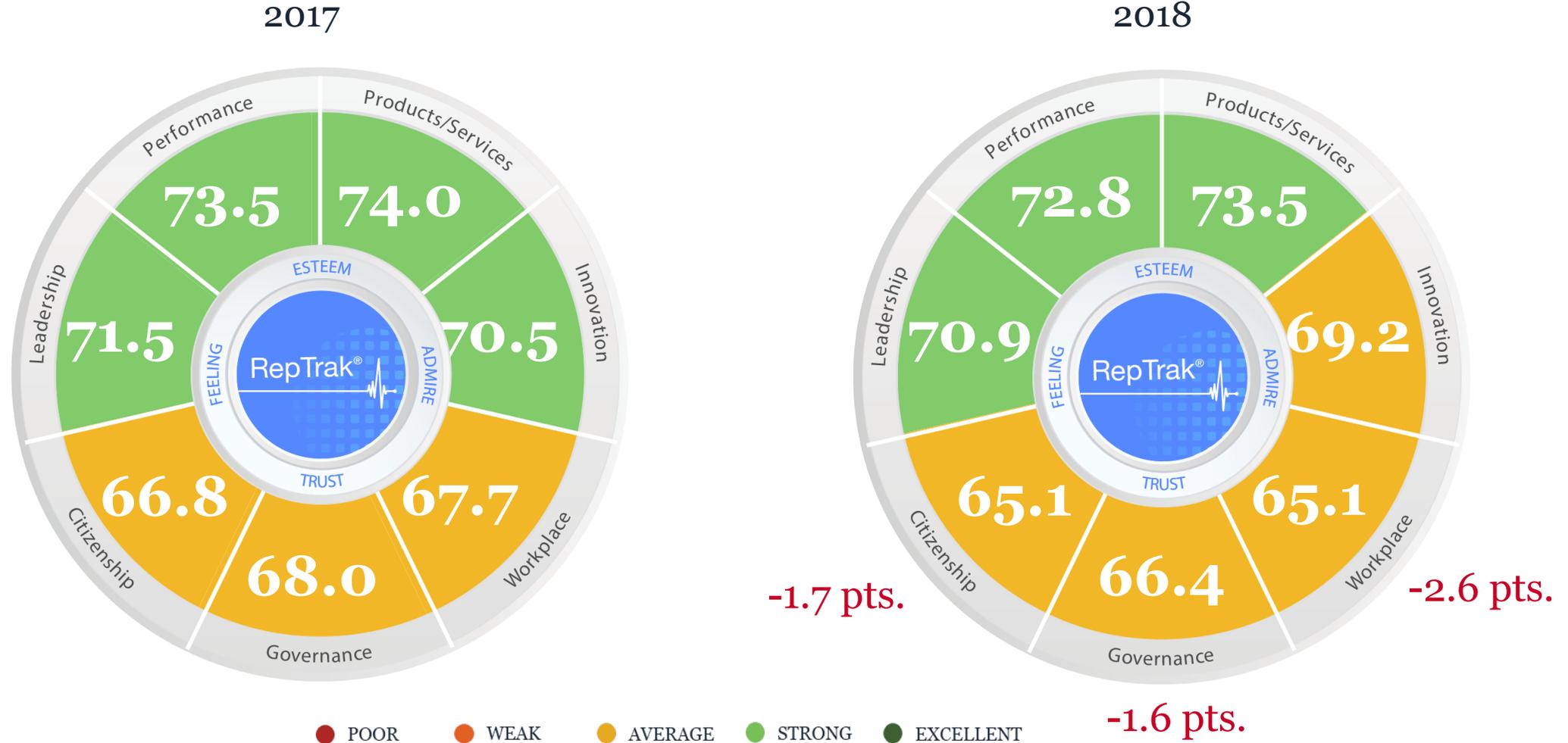
-1.4 pts

The decline in CR is 1.5x greater than the fall in reputation

-2.1 pts

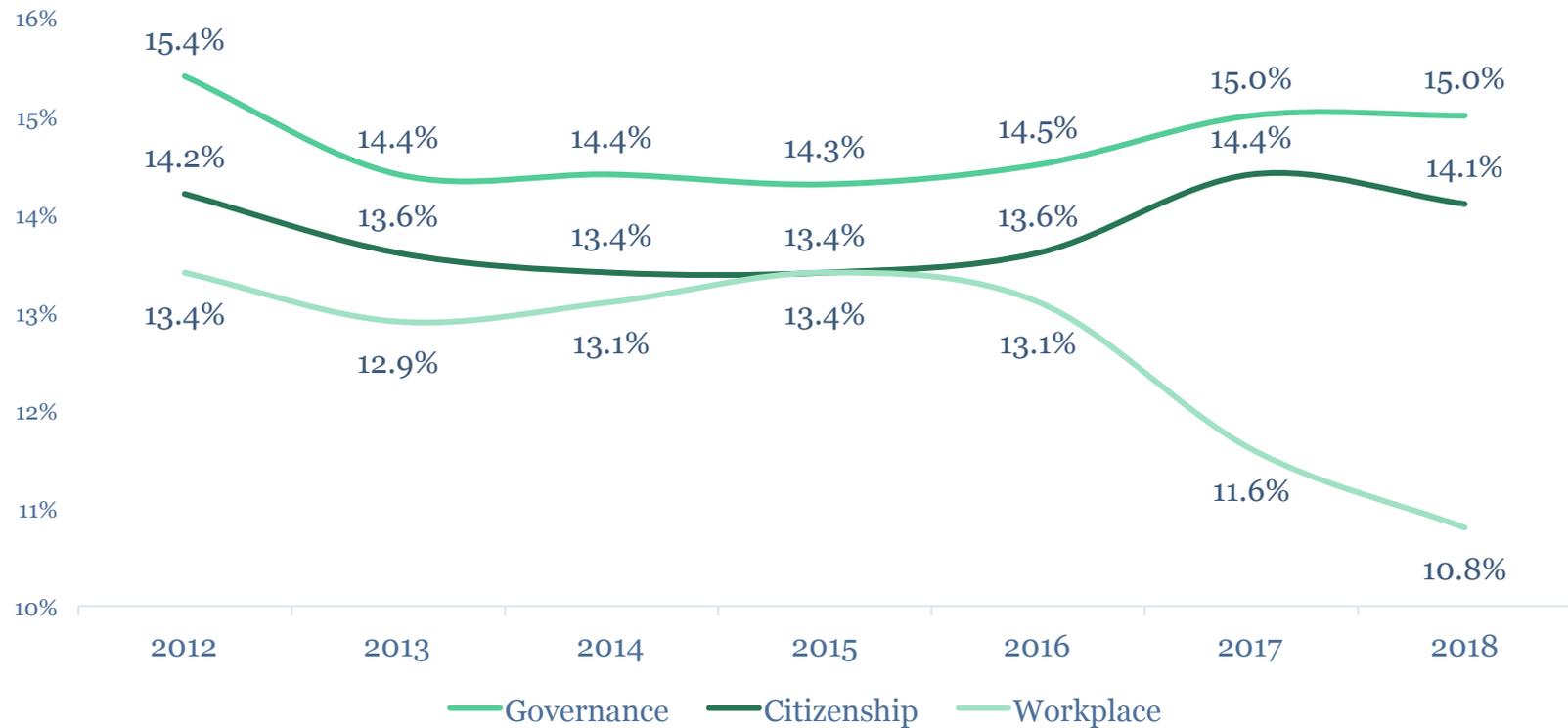
Significant difference > 0.7

Decline Across All Three CR Dimensions



Governance and Citizenship Maintain Importance

CR Dimension Importance Over Time

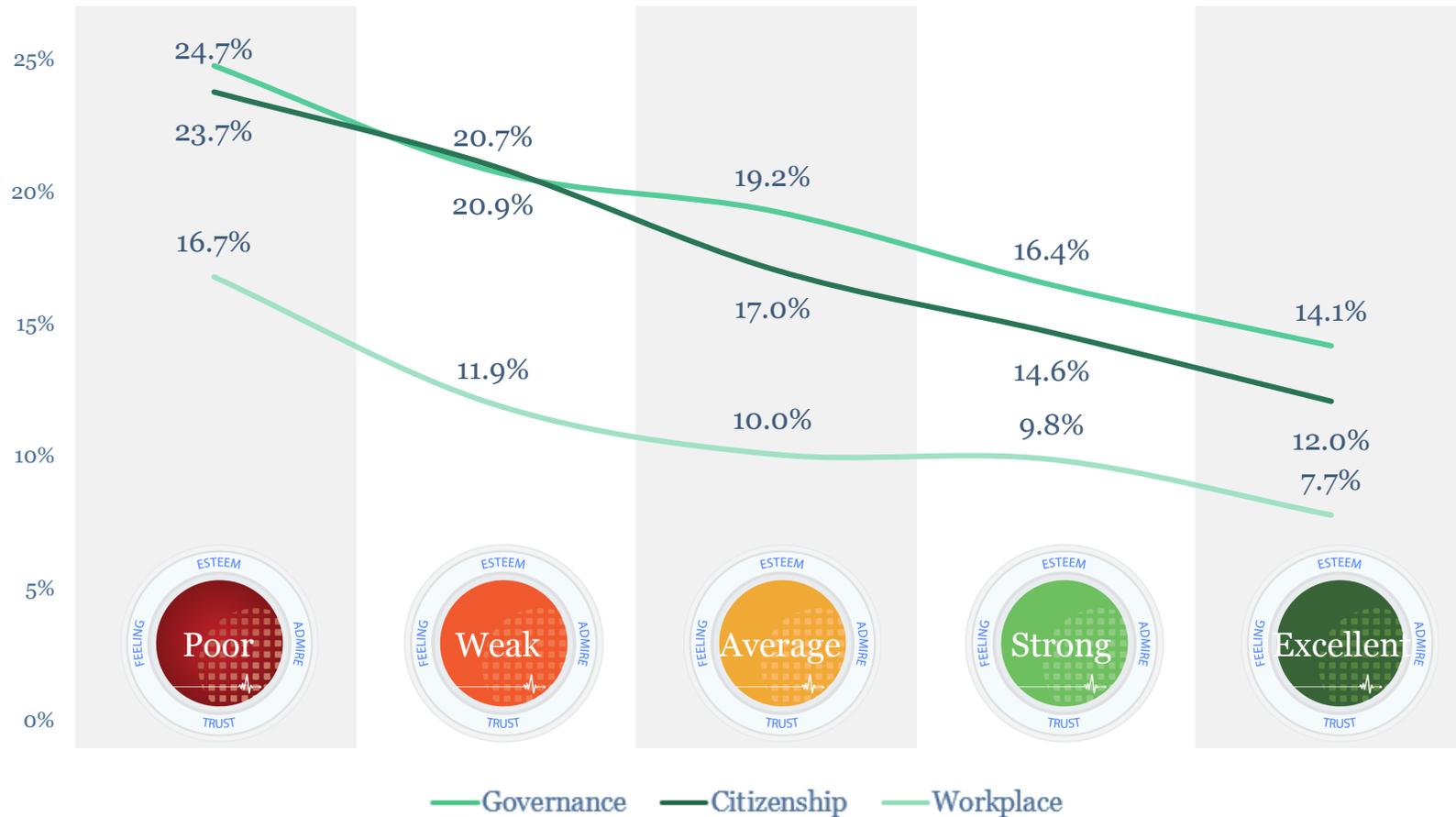


Importance of Governance and Citizenship remains stable in 2018 with 15.0% and 14.1% weight respectively

By contrast the importance of workplace declined by 0.8% and is now at 10.8%

And Are More Important the Lower the Reputation

Dimension Importance by Reputation (Pulse) Range

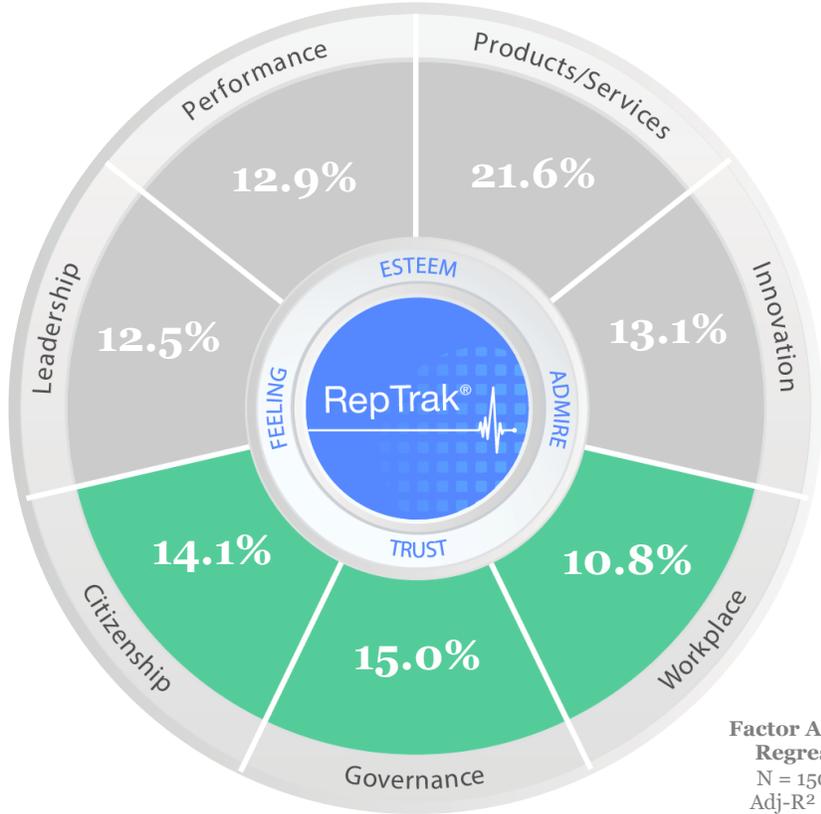


CR dimensions are three most important drivers among companies with a poor reputation; and are among the key drivers for companies with weak to strong reputations.

It is only when a company reaches an excellent reputation, and delivers on CR that other dimensions such as products, performance and leadership emerge as key focus areas.

Lowest Scores in CR Dimensions

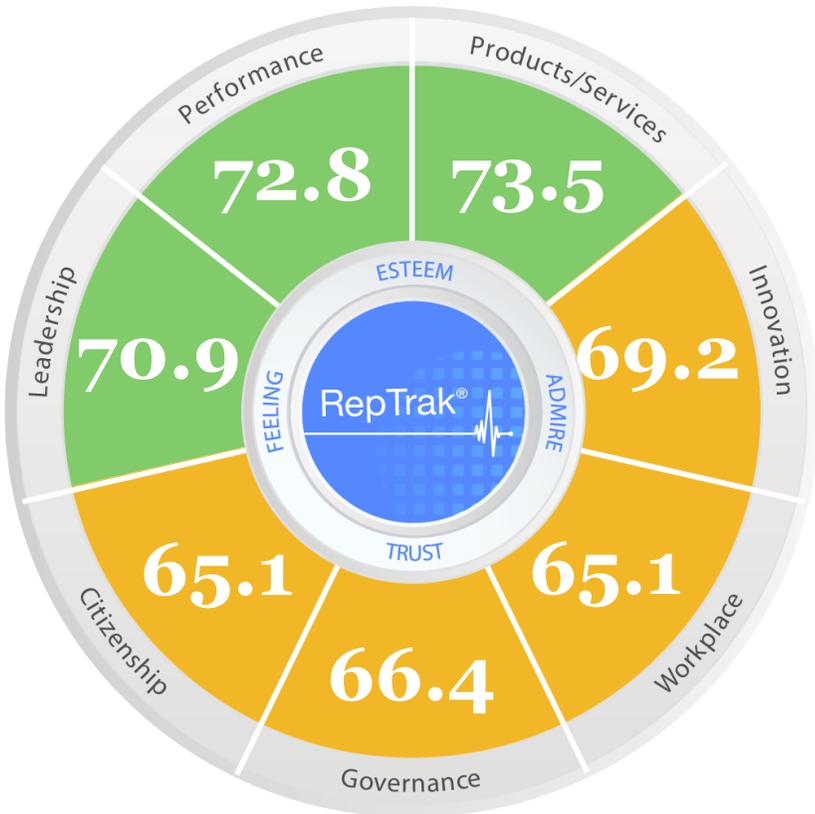
2018



Factor Adjusted Regression
N = 150,000
Adj-R² = 0.65

39.9%

2018



● POOR ● WEAK ● AVERAGE ● STRONG ● EXCELLENT

Digging Deeper Into the CR Dimensions

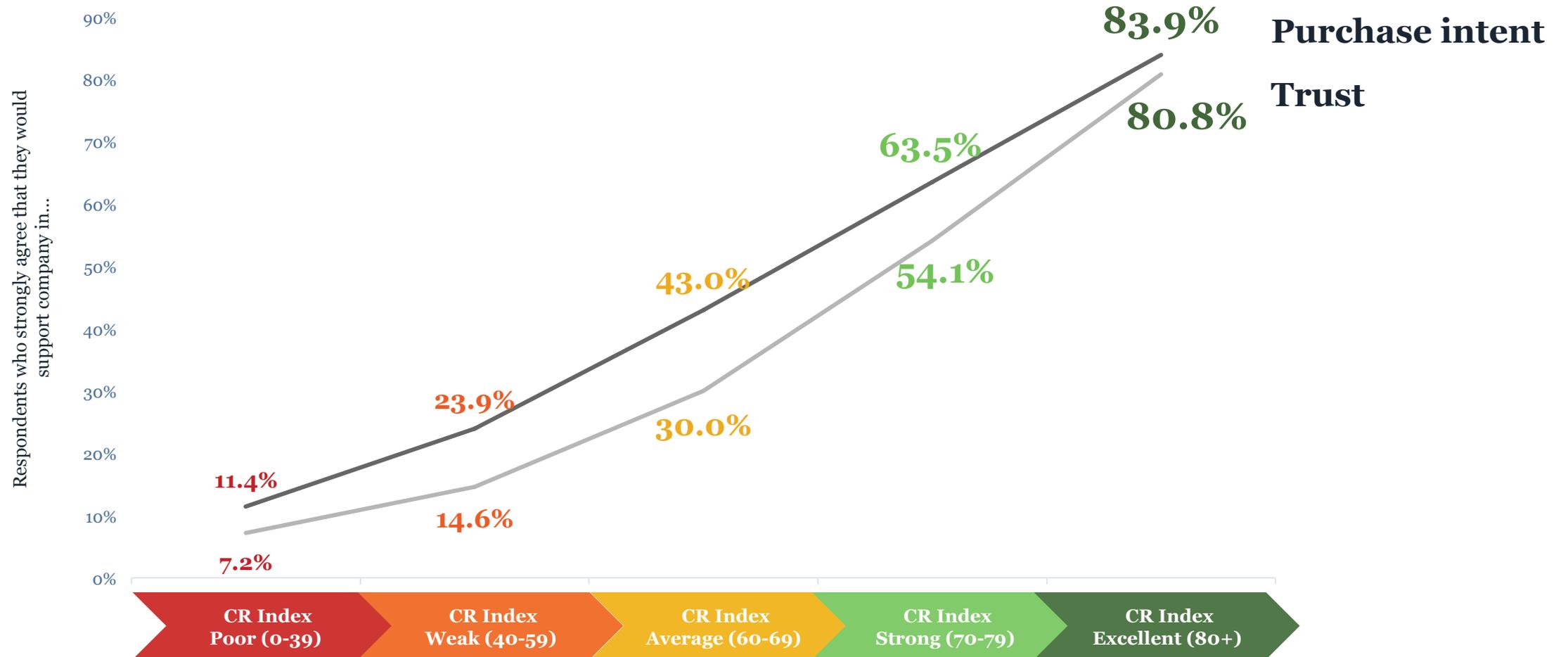
Dimension	Attribute	2018 Weight	Change vs. 2017
GOVERNANCE	Ethical	4.8%	-
	Fair in doing business	4.7%	-
	Open and transparent	4.3%	-
CITIZENSHIP	Positive influence on society	5.5%	
	Environmentally conscious	3.8%	-
	Supports good causes	3.7%	
WORKPLACE	Rewards employees fairly	3.1%	
	Concerned for employee well-being	3.4%	
	Equal Opportunity workplace	3.2%	

Having a “positive influence on society” is viewed as the most important.

The majority of the top drivers belong to the trust and integrity related Governance dimension — showcasing the importance of trustworthiness and authenticity.

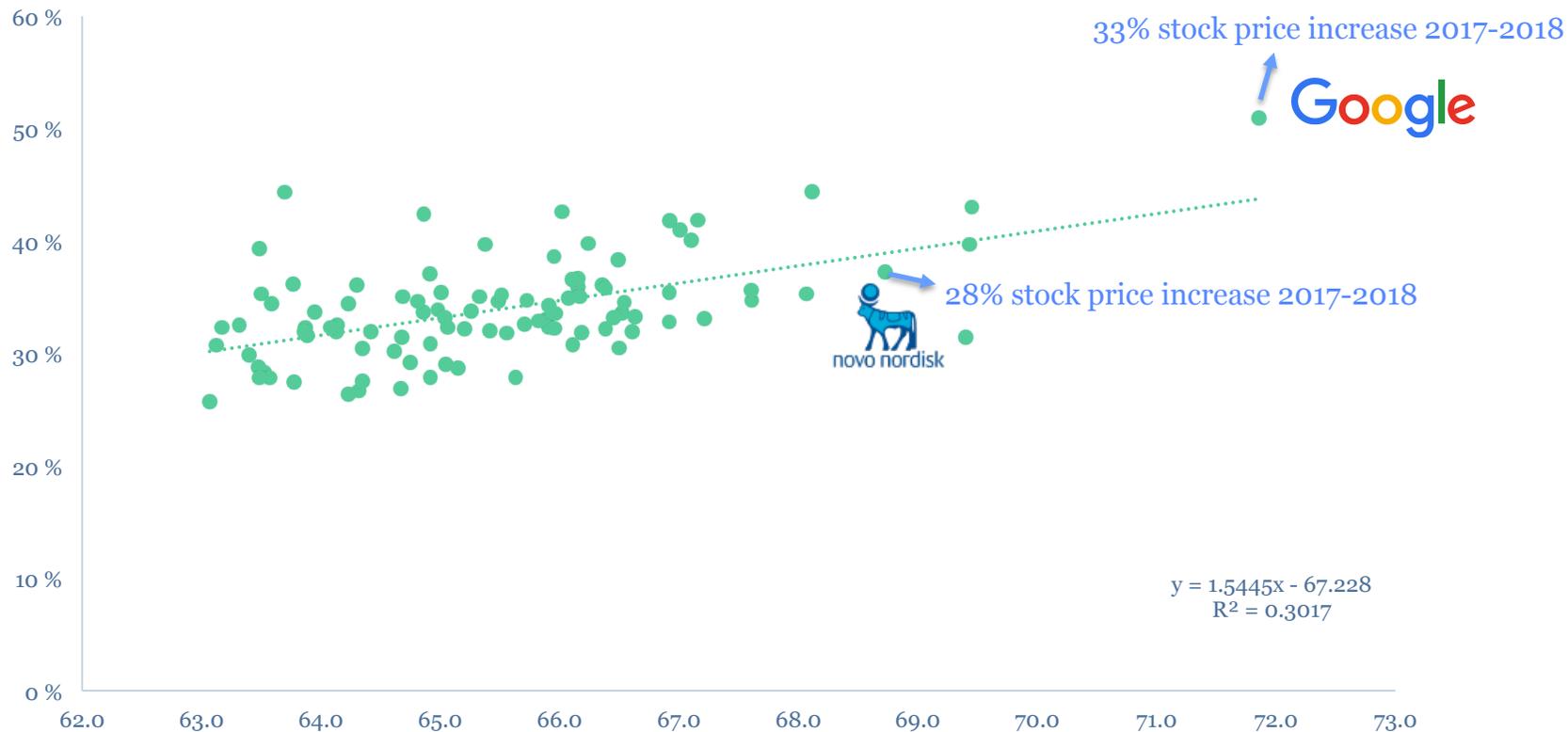
CR Matters: Impact and Outcomes

Excellent CR Translates Into More Support



CR Impacts Business Results

Relationship Between CR and Willingness to Invest



Companies with high CR scores gain financial results that drive business

A 5 pt. increase in CR score yields a 7.7% increase in willingness to invest in company

Significant difference > 0.8

The Virtuous Cycle of Positive Impact

Impact on Society



Positive impact on society
Lead causes
Save lives
Increase employment
Increase healthy behaviors
Develop literacy



Impact on Business



Purchase intent
Employer of choice
Investment in company
Increase in advocacy
Mitigate risk
Build trust

Virtuous Cycle of Impact: AB InBev

Impact on Society



- Reduce harmful use of alcohol by 10% by 2020
- Influence social norms & individual behaviors
- Ensure no-or lower-alcohol beer products to represent 20% of AB InBev's beer volume by 2025



Impact on Business



- 5.1% revenue growth
- 191 beer awards globally
- 16.8% combined global brand revenue growth
- 500 brands around the world

Key Psychographics: CR Ambassadors

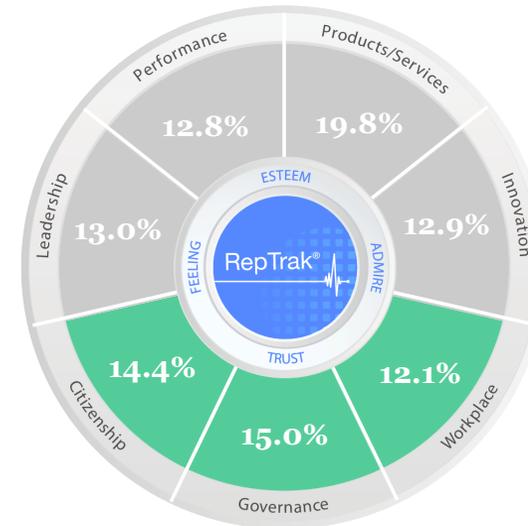
Key Psychographic: “Do-Gooders”

Who are they?

- *Do-Gooders* are respondents who strongly agree that they volunteer with social and charitable organizations
- Make up **18.4%** of the global general public

What is their behavior?

- For do-gooders, the **CR index is 1.6% points higher** than general public; especially when it comes to workplace: **+ 1.3% pts**
- They value the CR Top 100 companies to have a reputation 5.6 pts and CR index 5.0 pts higher than those who do not identify themselves as do-gooders



41.5%

Factor Adjusted
Regression
N = 28,064
Adj-R² = 0.65

Metric	Do-Gooders vs. All Others
Reputation	+5.6 points
CR Index	+5.0 points

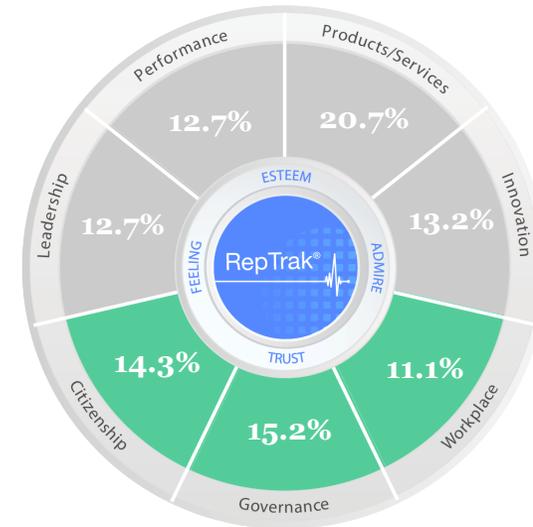
Key Psychographic: “Environmentalists”

Who are they?

- *Environmentalists* are respondents who strongly agree that they conserve resources and act to protect the natural environment
- Make up **41.7%** of the global general public

What is their behavior?

- For environmentalists, the **CR is weighs 0.7% points higher** than general public
- They value the CR Top 100 companies to have a reputation 6.4 pts and CR index 5.1 pts higher than those who do not identify themselves as environmentalists



40.6%

Factor Adjusted
Regression
N = 64,092
Adj-R² = 0.66

Metric	Environmentalists vs. All Others
Reputation	+6.4 points
CR Index	+5.1 points

*Digging Deeper:
Five Key Trends of Winning in CR*

1. Link Between Trust and CR Not Yet Fully Established

Relationship Between CR & Trust Index



Delivering on CR sets the foundation for trust

Companies in the **Top 100 CR** have a **4.0 pts** higher trust than CR

2. CR Elevates Emotional Connection

- Companies in the CR Top 10 have a stronger emotional connection (reputation pulse) compared to their scores on the rational dimensions: **+2.3 points**
- Overall the Top 100 in CR also have a higher emotional than rational connection: **+1.7 points**
- On the other hand, companies that don't make it in the Top 100 have a lack of emotional connection with the general public: **-1.3 points**

Level of Emotional Connection



Significant difference > 0.8

3. Speak to Your Corporate Purpose

CR Through Corporate Purpose

Top 10 Companies in CR

41% of respondents strongly agree that the companies **appear genuine** in what they do and say

32% of respondents strongly agree that the companies **communicate in a relevant manner**



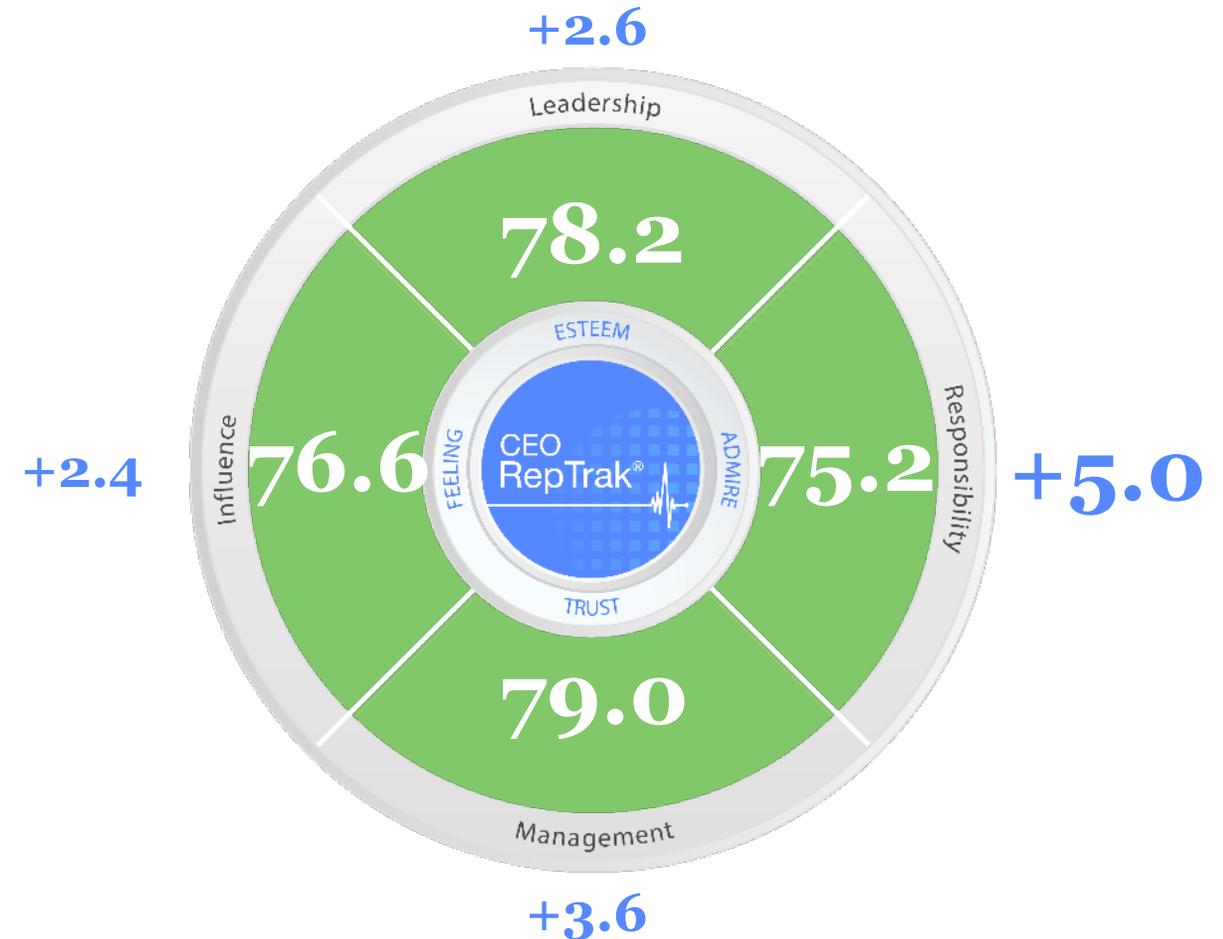
Opportunity to speak about purpose and communicate with stakeholders – over 60% of respondents are not sure or ambivalent

Companies in the CR Top 10 have higher levels of brand expressiveness (ex. Top 10 – 28% share same values as company, compared to the 19% for companies that do not make it in the Top 100)

4. Leadership that Leads With Responsibility

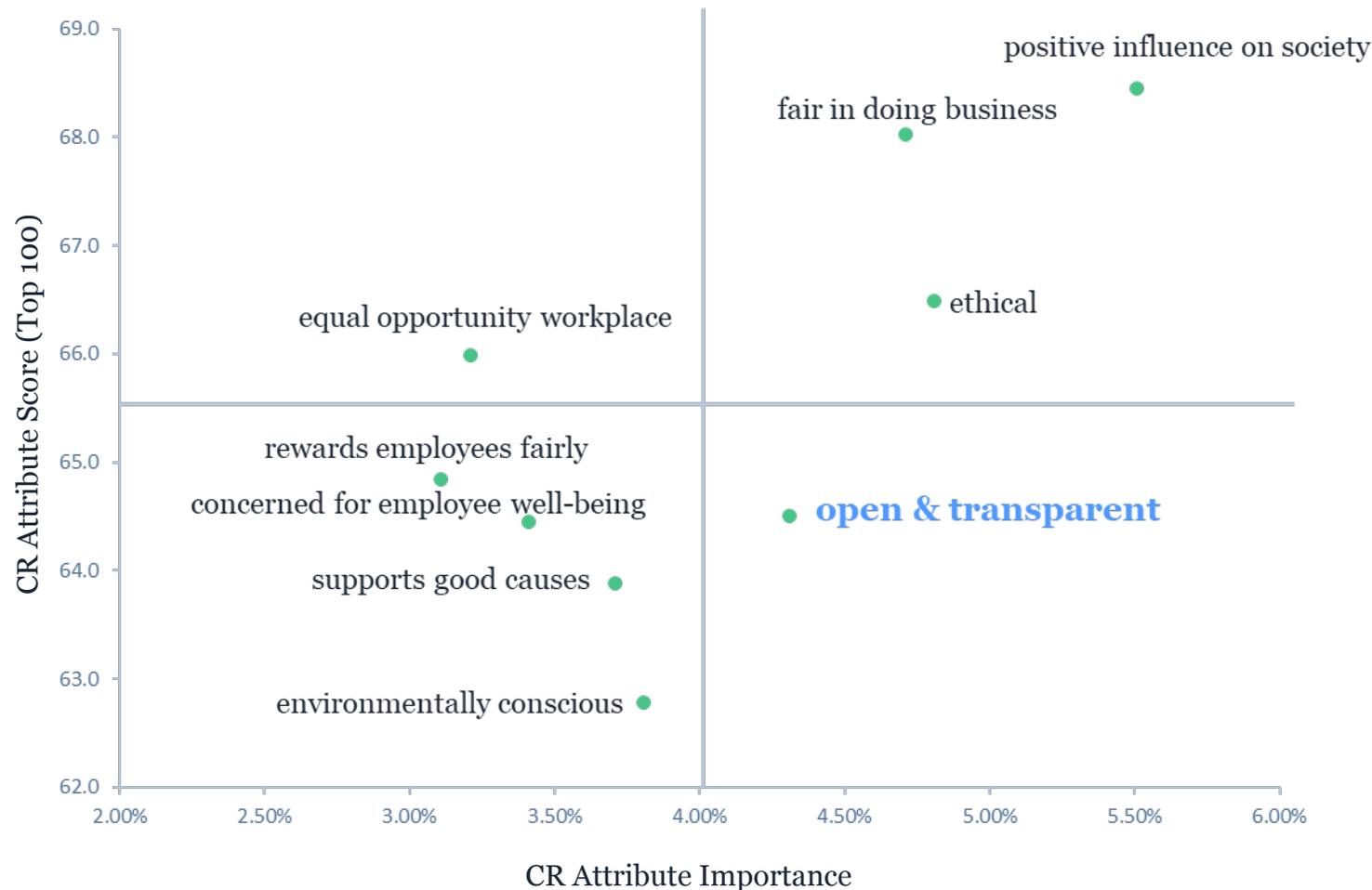
- Companies within the CR Top 10 have CEOs who are seen as CEOs who are responsible, behave ethically and care about social causes – their responsibility score is **5.0 points** higher than the companies that didn't make it in the CR RepTrak Top 100 ranking
- In a time of CEO activism, among respondents familiar with CEOs, companies see a **9.3 lift in CR**

CEO Dimensions For Top 10 CR Companies



● POOR ● WEAK ● AVERAGE ● STRONG ● EXCELLENT

5. Corporate Responsibility: Work in Progress



- With average scores across all attributes, there is a lot of space for improvement, but a key attribute that companies need to focus on is being **open & transparent**
- This will aid in the companies' perception of governance as well as in their corporate story and CR communication

*CR RepTrak[®] 100:
How Companies Compare in 2018*

2018 Global CR RepTrak® Top 10 Companies

Rank	Home	2018	Score
1	United States		71.9 
2	United States		69.5 
3	Denmark		69.4 
4	Brazil		69.4
5	Denmark		68.7
6	United States		68.1 
7	Germany		68.1
8	Japan		67.6 
9	France		67.6 
10	Sweden		67.2 



Top 10

- There are 5 new companies to the top 10: Natura, Novo Nordisk, Canon, Michelin and IKEA
- Google returns to #1 after coming in 3rd in 2017; swapping its position with The LEGO Group
- Only 1 company manages to retain a strong CR score
- BMW, Intel, Cisco, Rolls-Royce Aerospace and Colgate-Palmolive dropped from the Top 10

Significant difference > 0.8

2018 Global CR RepTrak® 100

1 Google 71.9	2 The Walt Disney Company 69.5	3 LEGO 69.4	4 natura 69.4	5 novo nordisk 68.7	6 Microsoft 68.1	7 BOSCH 68.1	8 Canon 67.6	9 MICHELIN 67.6	10 IKEA 67.2
11 Rolls-Royce 67.2	12 CISCO 67.1	13 intel 67.0	14 BMW GROUP 66.9	15 TOYOTA 66.9	16 PHILIPS 66.9	17 BRIDGESTONE 66.6	18 GOODYEAR 66.6	19 EMBRAER 66.5	20 3M 66.5
21 DANONG 66.5	22 SONY 66.5	23 SIEMENS 66.5	24 SAP 66.4	25 LUFTHANSA GROUP 66.4	26 Nintendo 66.4	27 ABInBev 66.2	28 havaianas 66.2	29 Lilly 66.2	30 AIRBUS 66.2
31 LG 66.1	32 LAVAZZA 66.1	33 ORACLE 66.1	34 SANOFI 66.1	35 ROLEX 66.0	36 Honeywell 66.0	37 Kimberly-Clark 66.0	38 adidas 66.0	39 VISA 65.9	40 IHG 65.9
41 DELL 65.9	42 COLGATE-PALMOLIVE 65.9	43 PIRELLI 65.8	44 hp 65.7	45 KraftHeinz 65.7	46 Campbell's 65.6	47 Whirlpool 65.6	48 HONDA 65.5	49 HERSHEY'S 65.5	50 Kellogg's 65.4
51 NETFLIX 65.4	52 CATERPILLAR 65.3	53 FERRERO 65.3	54 ESTÉE LAUDER COMPANIES 65.2	55 Panasonic 65.1	56 Marriott INTERNATIONAL 65.1	57 Barilla 65.0	58 P&G 65.0	59 DAIMLER 65.0	60 J&J 65.0
61 BRITISH AIRWAYS 64.9	62 FUJIFILM 64.9	63 IBM 64.9	64 SAMSUNG 64.9	65 LEVI STRAUSS & CO. 64.9	66 Mahindra 64.8	67 FedEx Corporation 64.7	68 Roche 64.7	69 Virgin 64.7	70 in 64.7
71 AIRFRANCE KLM 64.6	72 GE 64.4	73 Carlsberg Group 64.4	74 PSA GROUPE 64.3	75 Electrolux 64.3	76 BOEING 64.3	77 xerox 64.2	78 GIORGIO ARMANI 64.2	79 HEINEKEN 64.1	80 Ford 64.1
81 MARS incorporated 64.1	82 BAYER 63.9	83 ING 63.9	84 L'ORÉAL 63.9	85 RALPH LAUREN 63.9	86 NOKIA 63.8	87 Hilton 63.8	88 Apple 63.7	89 Nestlé 63.6	90 FUJITSU 63.6
91 DHL 63.5	92 gsk 63.5	93 NIKE 63.5	94 MARY KAY 63.5	95 GROUPE RENAULT 63.5	96 NISSAN MOTOR CORPORATION 63.4	97 Unilever 63.3	98 mastercard 63.2	99 accenture 63.1	100 HITACHI 63.1

*CR RepTrak[®] 100:
Company Spotlight*

Google: Employer of Choice

- Google returns to #1 after dropping to #3 in 2017, and is the only company to have a strong CR score in 2018: **71.9**
- Google's CR score is mainly driven by its performance in workplace – it is the only company to have a strong workplace score and is a leader in equal opportunities, employee well-being and rewards
- Google's CEO, Sundar Pichai lives our corporate values and speaks out regarding DACA lobby and employee memo actions
- Google is also #1 in citizenship: **72.3**

Google Workplace Dimension & Attribute Scores

	2018 Score	2018 Rank
Workplace	73.8	#1
Rewards employees fairly	74.0	#1
Concerned for employee well-being	73.4	#1
Equal opportunity workplace	74.1	#1

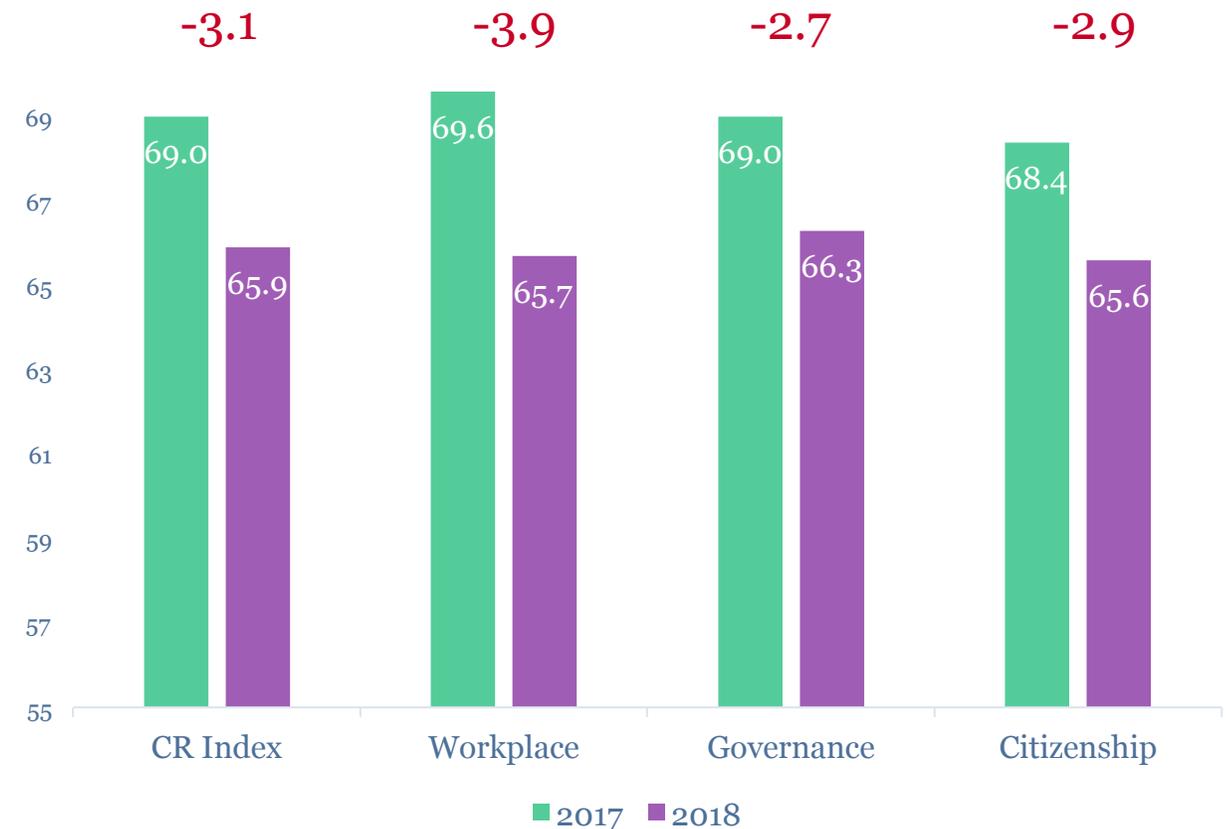
Google's Workplace



Tech Industry: CR Trouble

- The technology industry has the largest decline in CR in 2018; 1 point higher than the overall decline: **- 3.1 pts.**
- The decline is consistent across the 3 dimensions of CR
- The only technology company that goes against trend is Samsung : **+0.4 pts.**
- After Samsung's product crisis in 2017 Samsung issued public apologies helping to repair its governance perception in 2018

Global Technology CR Index and Dimensions (2017-2018)



The LEGO Group: Leader in Governance

- The LEGO Group is a leader in transparency and societal contribution.
- In fact, The LEGO Group is the only company to have a strong score in ‘governance’
- In 2018 The LEGO Group starts to materialize its promise by replacing its plastic source material
- The LEGO Group is an example of a company whose products are in complete alignment with its values on societal contribution and business transparency



Leader in product transparency:

First LEGOs made from plant-based plastic will be released in 2018

70.4
in governance → #1

Leader corporate transparency

● POOR ● WEAK ● AVERAGE ● STRONG ● EXCELLENT

Novo Nordisk: Leading With Purpose

- Novo Nordisk ranks 5th only pharma company in the top 30
- Novo Nordisk's business is lead by its purpose and aligned with CR
- Novo Nordisk's **trust** score is in line with its CR score; and even **0.6 points higher**
- Compared to the pharma companies in the Top 100, Novo Nordisk leads in brand expressiveness



*CR RepTrak[®] 100:
Key Takeaways and Implications*

Global CR RepTrak[®] 100: Reflections

- Entering a time of corporate responsibility in which companies have a fiscal, social, environmental responsibility, as well as a responsibility as an employer
- CR translates into outcomes based on social and business impacts
- Key trends of corporate responsibility
 1. Connection between trust and corporate responsibility is yet to be fully established
 2. Corporate responsibility elevates emotional connection with your company
 3. It is important to speak to your corporate purpose: communication is key
 4. Leadership that leads with responsibility wins in CR
 5. There is a lot of white space for development in the CR attributes & companies should be open to working on these improvements; especially when it comes to transparency

Is Your Company Reputation Ready?

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