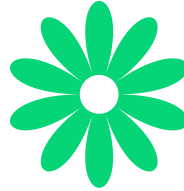
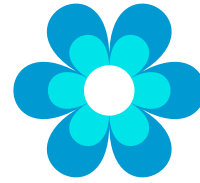


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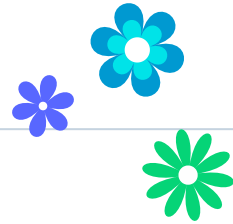
ESG

guide



It's not just for hippies anymore...





It's not just all the rage. It's a new standard. Welcome to a new era of business practice.

ESG (Environmental – Social – Governance) is a measure of an organization's specific ethical efforts – and it's not a made-up RepTrak-ism. It's a globally recognized standard valued by investors, consumers, and employees alike, shaping reputation and public response.

Environmental

- Reduces environmental footprint
- Protects the environment
- Responsibly uses natural resources

Social

- Improves people's lives
- Cares for its employees
- Offers equal opportunities

Governance

- Positive economic contribution
- Ethical and fair business practices
- Operations and supply chain transparency

This corporate ethicality isn't just for hippies or optimistic startups, it's a powerful element that distinctly impacts consumer behavior, investment prospects, and employer branding. Supporting a strong ESG has measurable benefits, while a weak ESG can have dire consequences.

Reputation

.86 statistical correlation (R²) between ESG Scores and Reputation

Purchase Intent

.78 statistical correlation (R²) between ESG Scores and "Willingness to Buy"

Recommend

.83 statistical correlation (R²) between ESG Scores and "Recommend Products"

Talent Acquisition

.66 statistical correlation (R²) between ESG Scores and Talent Acquisition

Trust

.85 statistical correlation (R²) between ESG Scores and Trust in a time of crisis

Strong and positive correlation

Just like reputation, you have ESG whether you recognize it or not. Both action and inaction actively shape your ESG perception.

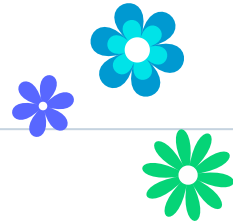


— the RepTrak motto

With the world's largest corporate reputation database, we monitor ESG across industries and across the world in near-real time as part of our corporate reputation monitoring technology. We've been tracking its unmistakable rise in importance and decline in fulfillment, and we're here to share everything we know.

So, why are we spilling all our secrets? Why now? Because we've reached an ESG reckoning, and our insight is too important to keep to ourselves.

There is one thing we know for certain: **doing and saying the right thing is good business.** That's why it's the RepTrak motto. ESG reminds us it's no longer just about *what* you do or say – it's all about *how* you do it.

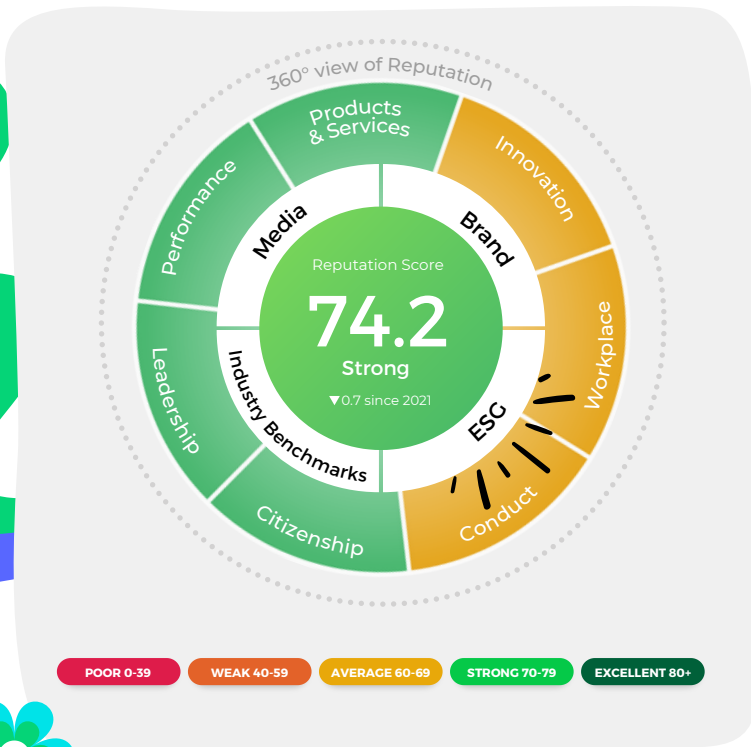


Reputation & ESG: Perfect harmony

We can't talk ESG until we talk about Reputation. How we measure ESG is part of our DNA, and RepTrak data shows their explicit connection.

We've been in the science of Reputation for more than 20 years. In the spirit of ESG and dedication to our research rigor, before we tell you what we found, we must tell you how we found it.

RepTrak's reputation and ESG insights are a result of our everyday reputation monitoring suite. Our findings are not based on one-time, every-so-often market research polls that quickly age out of relevance. RepTrak insights are ongoing, because that's how our reputation monitoring software and expert Advisory team work.



Through a combination of machine learning (ML), AI, and natural language processing (NLP), our reputation intelligence platform combines and analyzes millions of perception and sentiment data points from online surveys, mainstream media, social media, business data, and additional third party sources. Consider it "always-there," unbiased, ongoing, near-real-time reputation and ESG intelligence that never ends.

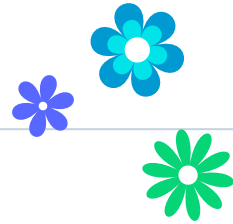
These measures are used to calculate RepTrak's Reputation Scores: a score from 0-100 that measures how people feel towards a particular company. Scores are determined by a combination of components to provide a 360° view of reputation – among these elements is ESG perception.

Reputation Scores demonstrate a strong positive relationship with business outcomes, like stakeholders' willingness to buy, willingness to work for, recommend, or trust a company to do the right thing in a time of crisis.

RepTrak's ESG Scores go even deeper, analyzing public perception of performance against 17 factors, including considerations like sustainability, talent management, diversity, and ethical governance – determining its broader impact on Reputation in general.

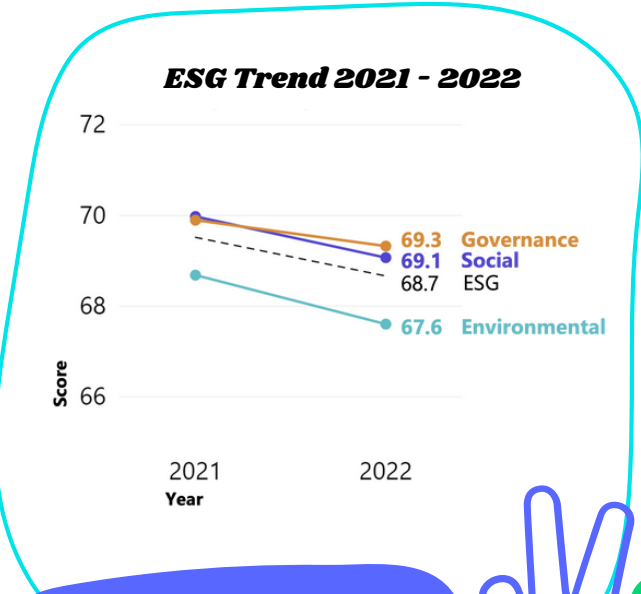
Our proprietary ESG data is making it clear: ESG perception is trending down.

These factors provide the structure for RepTrak's reputation monitoring platform. While we always recommend the benefit of objective measurement and data-informed insight RepTrak software provides, you can still use these factors to influence and better understand your own ESG and broader reputation.



ESG: So, like, what's the deal?

Global ESG Scores saw a 0.8-point YoY decrease from 2021 to 2022, with individual Environmental, Social, and Governance Scores all decreasing. The public is frustrated with how businesses are conducting themselves.



The medical, social, and environmental conflict of 2020 prompted deliberate responses from organizations who claimed “We’ll get through COVID together,” and, “#BLM,” and, “We promise to do better,” in 2021. But 2022 was the time to fulfill those promises, and those same organizations came up short.

Consumers remembered those empty promises, and adjusted perceptions accordingly.

Low ESG Scores are bad news: a low ESG Score results in as low as 10-20% willingness to buy, while a high ESG Score typically results in a 60-67% willingness.

ESG Drivers tend to ebb and flow with one another, suggesting that the public sees the “good” of ESG as intertwined across its individual elements.

A low ESG Score can result in as low as a 10% willingness to buy... **10%** ... while a high ESG Score can result in as high as a 67% willingness **67%**

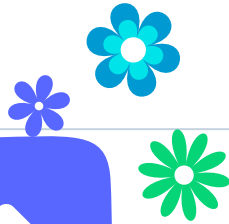
Over one-third (36%) have felt “betrayed by what a company stands for,” and 47% have stopped doing business with a company as a result. Meanwhile, 63% of global consumers prefer to buy goods and services from companies that “stand for a purpose that reflects their values and beliefs” and will avoid those that do not.

36% have felt “betrayed by what a company stands for”

47% have stopped doing business with a company as a result

63% of global consumers prefer to buy from companies that “stand for a purpose that reflects their values and beliefs” and will avoid those that do not.


But it’s not just the damage a low ESG Score can bring, it’s the *benefits* of a good ESG Score you’re missing out on.



Consumers are significantly more likely to purchase from and trust a company with a high ESG score. In fact, ESG is often one of the top predictors of whether or not the public is willing to trust a company and give it the benefit of the doubt. And historic RepTrak data reveals that companies with outspoken CEOs across social justice, environmental, and political issues had higher average Reputation Scores.

When 51% of the public believes it is essential for corporations to provide both actions and words in response to cultural issues, the consequences and benefits are extreme.

Companies with outspoken CEOs across social justice, environmental, and political issues had higher average **Reputation Scores**



51% of the public believe it is essential for corporations to provide both **actions** and **words** in response to cultural issues

Well, that’s just, like, your ESG opinion, dude... I’m sure we’re doing fine. (Maybe not)

We take a 360° approach to Reputation for a reason – we don’t want to miss anything! When we saw these extreme results, we looked towards other reputation elements to determine if this was a random phenomenon... it wasn’t.

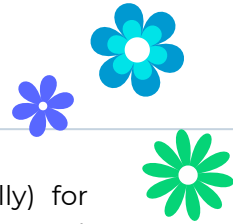
In addition to ESG and other elements, we also measure Reputation Drivers. These Drivers reveal how a stakeholder thinks about a company, encompassing what the public typically considers when formulating and interpreting corporate reputation. Amongst these Drivers are Citizenship, Conduct, and Workplace. While not included in our ESG Scores, there is a distinct overlap in measuring an organization’s ethical practices.

These parallels also saw a YoY decrease, each experienced a statistically significant decrease and settled into the Average range.

2022 Reputation Drivers

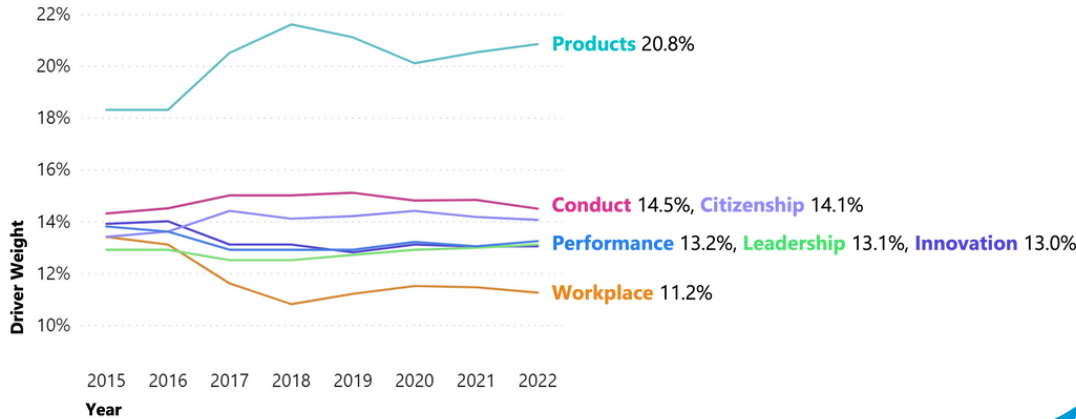
Driver	Score	Change
Products & Services The quality and value of its products & services, including customer experience and client support.	75.9	▼0.2
Innovation How innovative a company is, whether it is first to market, and adapts quickly to change.	72.0	▼0.5
Workplace Whether a company cares for employees' health & well-being, and its ability to offer fair rewards and equal opportunities in the workplace.	68.4	▼1.2
Conduct A company's ethics, including fairness, openness, and transparency in its business practices.	69.7	▼0.6
Citizenship How environmentally-friendly a company is, its ability to support good causes, and have a positive impact on society.	68.7	▼0.8
Leadership A company's vision, the quality of its leader and managers, and managerial effectiveness.	73.4	▼0.5
Performance A company's financial results, including profitability and growth prospects.	75.2	▼0.2





These decreases are notable because these Drivers are important (at least statistically) for corporate reputation. Most obviously, and consistently, Products & Services serve as the most significant Driver in determining reputation, but Conduct and Citizenship share second place, impacting reputation accordingly.

**Reputation Driver Weight Trends
2015 - 2022**



ESG Score is, on average, 86% correlated to Reputation. So, this decrease in ESG Scores and Driver Scores had a detrimental influence, decreasing Global Reputation Scores 0.7-points from 2021, to 74.2 in 2022.

The public is making their disappointment known. They're not asking for more from their brands, they're *demanding* it.

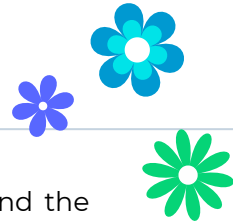
With thorough disappointment across reputation elements, you cannot dismiss yourself from the ESG conversation, especially when RepTrak data reveals that more than 90% of companies studied saw that their ESG efforts did not match the public's perception of their ESG efforts. Even if you're active in your efforts, the public may not be receiving it.

Power to the (working) people: The Great Resignation & ESG

The overlap between Reputation Drivers and ESG continues with Workplace. Conduct and Citizenship are down in 2022, but Workplace saw the largest YoY decrease (▼ 1.2). Workplace falls under the S and G in ESG: Social and Governance. How an organization governs itself – particularly how it treats its employees – matters to the public.

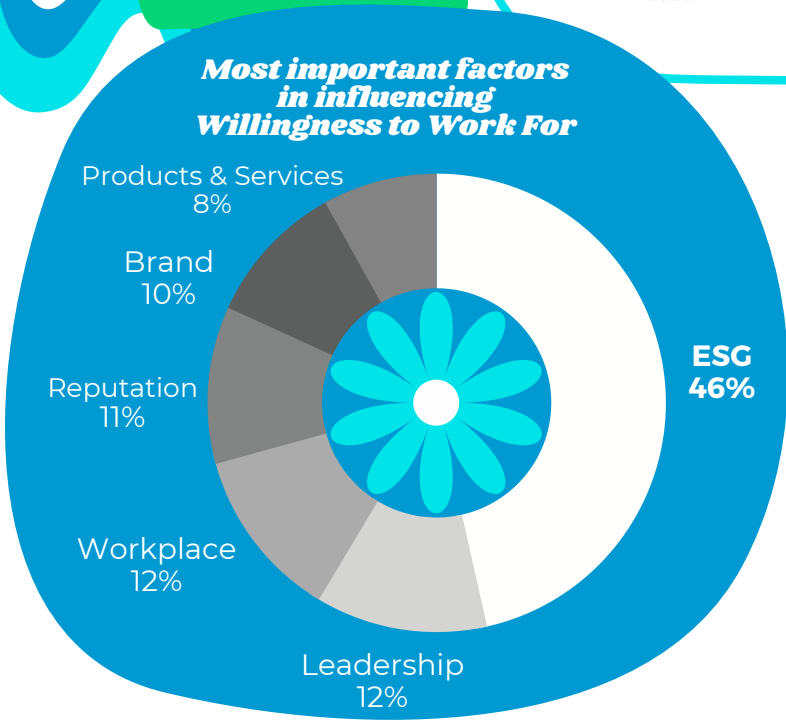
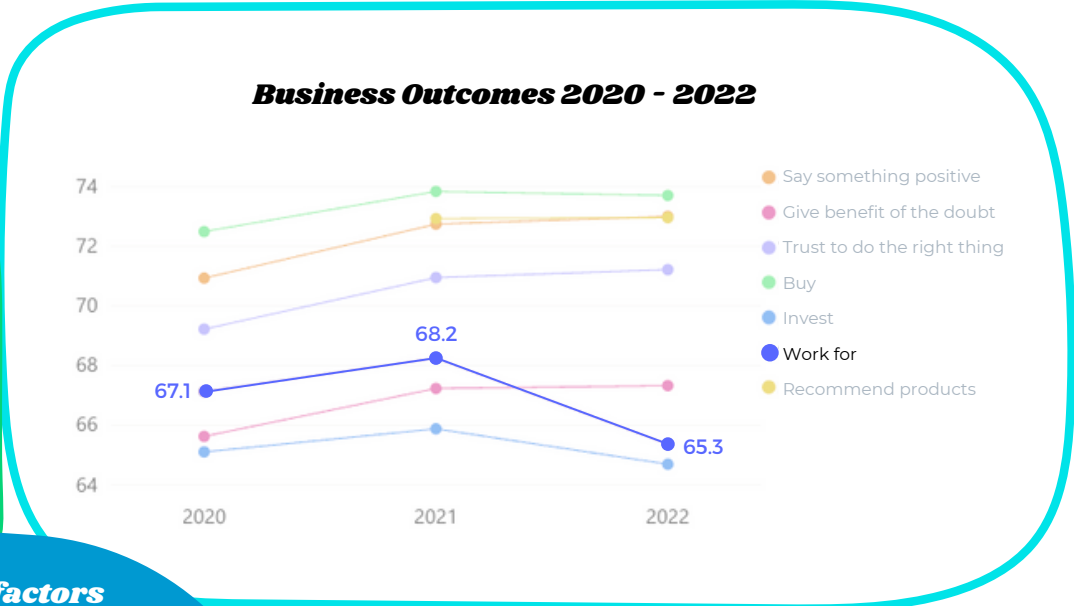
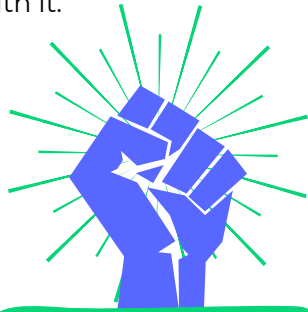
Feeling inspired to work on your reputation?

Start with our [Ultimate Reputation Guide](#)



How organizations approached new and novel challenges like the ongoing Pandemic and the health and safety of its employees, has collided with older, ongoing conflicts like union-busting and parental leave. The heightened tension of the Pandemic and growing opportunities no longer bound by location, has fueled a mass exodus.

The Great Resignation is no longer a cautionary tale, it's happening – and it's bringing ESG down with it.

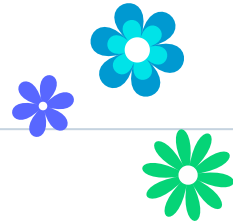


With Workplace down in 2022, we're reminded that it's not just disgruntled employees who want more from their employers, customers and the broader public want their brands to be good employers. They expect it and they're disappointed in what they see.

This disappointment is further impacting your potential employment audience. As part of its extensive reputation monitoring suite, RepTrak also tracks Business Outcomes — measuring how reputation impacts public response. Willingness to Work For also saw the biggest YoY decrease across Outcomes (▼2.9).

When we dig deeper into what reputation elements influence Willingness to Work For, ESG perception is the prominent determinant. ESG carries the largest weight of 46% importance among reputation elements in influencing desire to work for a company.

In true symbiosis, a good ESG makes for an attractive employer, and bad workplace drags down ESG, and so on.



It's the Stakeholder Economy, man

ESG is the backbone of the Stakeholder Economy.

Notice how we say “stakeholders” instead of “shareholders.” As business becomes more transparent, companies are no longer just responsible to its shareholders, but also to its stakeholders: employees, suppliers and distributors, the community, customers, and even broader society. This is where ESG (and reputation) make the difference. Where shareholders want financial gain of good business, stakeholders want their own benefit: *the benefit of good conduct and ethical operation.*

This is just one of the many reasons we started measuring ESG – to help organizations better meet the needs of the Stakeholder Economy.

With the support of our world class Data Science team, Dr. Anna Litvak-Hinenzon, SVP, Global Head of Data Science at RepTrak, brought ESG monitoring methods and metrics to the RepTrak reputation monitoring platform.

When RepTrak began monitoring ESG, results were surprising: “It became very evident that consumers and stakeholders care more and more about ESG, and ESG perception is demonstrating itself as a significant element in gaining reputability and likability,” states Anna. “I thought ESG would simply complement reputation, but it does more than that. It is highly correlated with reputation in most industries and geographies *and* paints the full picture of people’s impression of a company”

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Anna Litvak-Hinenzon, PhD

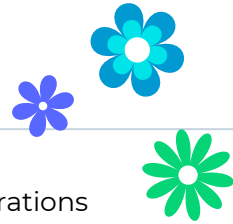
SVP, Global Head of Data Science
DEI Task Force Member
The RepTrak Company



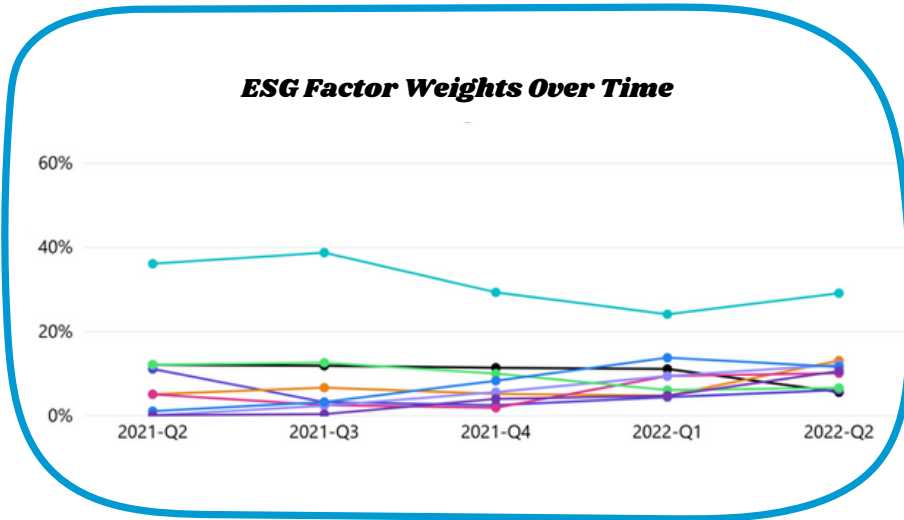
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But ESG’s influence wasn’t the only surprise: “Data also demonstrated people care much more about the ethical behavior of companies, and how much good the company does for its employees and broader society, than they do about environmental efforts,” warns Anna.

Woah, Anna. Are you sure? Everyone loves the environment ...
(cont.)



She's right. When we look deeper into ESG's individual factors, Environmental considerations consistently rank as least important in comparison to Social and Governance factors. The most important ESG factor for reputation? For most industries and regions it's "Ethical and Fair Business Practices."



- Cares for its Employees
- Ethical and Fair Business Practices
- Improves Peoples Lives
- Makes Positive Economic Contributions to Society
- Offers Equal Opportunities
- Operations & Supply Chain Transparency
- Positive Influence on Society, such as Environmental Impact
- Protects the Environment
- Reduces Environmental Footprint

Damn the Man, then save the Earth

What keeps environmentalism less important than internal governance? Environmental gestures could be easier to dismiss because they're less tangible, and not something everyone agrees on. Not everyone has adopted a climate conscious mindset or will be able to notice a distinct difference should we achieve green. But everyone has to go to work every day. Everyone knows what it looks and feels like to be jilted by "the Man." Pay cuts, layoffs, unfair working conditions, insufficient parental leave, disproportionate leadership pay, lack of advancement based on race or gender – these are universal experiences, and top priorities for the public (especially in the face of the Great Resignation).

Social and Governance are a priority amongst the public because they're what we know best, and we judge the brands we interact with thusly. We want for others what we want for ourselves, allowing us to consume peacefully.

Yet, Governance and Social are hidden in the shadows of ESG. So much effort goes into green pledges and hollow "#BLM" Instagram posts, that companies forget to look inward. The beauty of Social and Governance is it's where you can make the greatest impact and the biggest difference in your ESG perceptions. It's where you can exercise the most control, create the biggest impact, and receive immediate benefits.

Employees and the public are stakeholders, and they're rooting for one another. They want your organization to be a good employer and good to the society they occupy.

Take it from our data. Begin within.

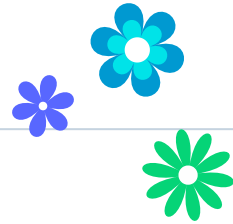
RepTrak.

ESG Premium Analysis

Diving even deeper than our traditional ESG Analytics, **ESG Premium Analysis** uses AI and Machine Learning to explore Environmental, Social, and Governance performance and how it relates to business results like:

- ✓ Benefit of the doubt
- ✓ Trust
- ✓ Work For
- ✓ Invest

	Globex	Benchmark 1	Benchmark 2	Benchmark 3	Benchmark 4
Reputation score	72.4 (72%)	70.4 (70%)	68.7 (69%)	61.8 (62%)	67.1 (67%)
ESG SCORE	71.2	67.7	67.1	62.2	67.1
Environmental	71.1	66.2	65.0	61.0	65.6
Social	72.9	69.4	69.9	65.1	70.2
Governance	70.5	68.1	68.1	66.1	65.5



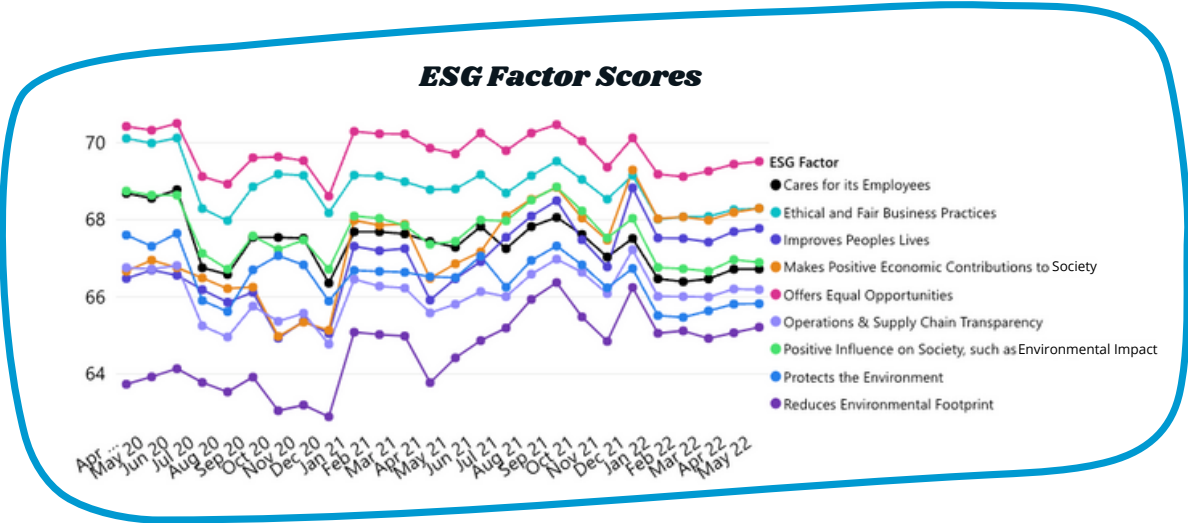
Love your Mother (Earth)

Do not take this as license to abandon environmental efforts. Just because Environment falls behind Governance and Social measures, doesn't mean it's not important.

When we compare Environment Importance and Factor Scores, Importance *and* Factor Scores are down. A potential explanation for decreased Importance is general disappointment with Environmental response and efforts.



Don't worry, we're still very Pro-Earth, and you should be too!



Governance is rarely mentioned publicly, but Environment is a frequent topic of conversation. Companies "pledge" to reduce plastic, reduce landfill waste, and achieve carbon neutrality.

And yet, the promises regularly remain empty or unfulfilled. The green halo fades when companies make and break the same promises over and over. When companies continuously fall short, public priorities may shift to what they can control and identify: Governance and Social.

Just as Governance is a tangible, shared experience, Environment can be just as intangible. It's hard to know what good environmental practices look like, difficult to notice change. If the entirety of your processes went 100% solar powered, the public wouldn't notice unless they were explicitly informed.

Your supply chain is ripe for better environmental practices (energy consumption, shipping and delivering goods, waste production, etc.), AND we know that the demand for Supply Chain Transparency (under Governance) also receives a lower ESG Factor Score. Most supply chains are invisible to the public, so they are relying on you to inform them. With a more environmentally-friendly supply chain, communicated clearly with the public, you can kill two ESG birds with one stone.

(cont.)

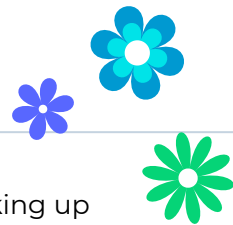


Sue Tobias

Sr. Vice President,
Advisory Services

The RepTrak Company

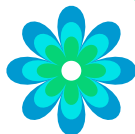




“The vast majority of the general public can’t tell you what ESG stands for, but they are waking up to its importance, particularly around the environment,” says RepTrak’s Sr. VP of Advisory Services, Sue Tobias. “It is critical that companies communicate in language that is understood by and resonates with each of their priority stakeholders to build awareness around programs and initiatives addressing these critical issues.”

ESG Data is Groovy – and super important

The surprises we find in our ESG metrics is why we track it so diligently, and we encourage you to do the same. And you can do it without the RepTrak platform.



Qayyum "Q" Rajan
Global Head, ESG Analytics
The RepTrak Company

Surprised to hear us recommend non-RepTrak alternatives? Don't be. We're proud of our ESG metrics, but good ESG is too important to suggest we're the only solution.

ESG is inherently amorphous and conceptual, but there are ways to measure it.

In March 2022, RepTrak acquired ESG Analytics to increase our understanding of ESG and offer even more ESG insights.

And even the founder of ESG Analytics recommends starting with whatever ESG data you can get: “Companies might be unaware of how much low-hanging fruit there is available to begin their ESG journey. Data is being tracked in so many ways across the organization, start with that before deploying additional resources!” says Qayyum “Q” Rajan, Global Head of ESG Analytics at the RepTrak Company.

While RepTrak and ESG Analytics provide a broad ESG perception metrics tech suite, you already have ESG data available *right now*.

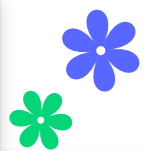
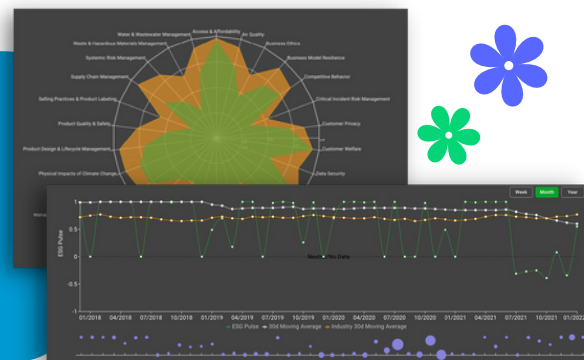
Your HR systems could have data related to Diversity, Equity, and Inclusion. Internal employee surveys can inform about truly fair treatment of employees. You can quantify your environmental impact throughout your supply chain through their respective ESG reports. You can even check out RepTrak’s regular reports to see how ESG sentiment is evolving on a global scale!

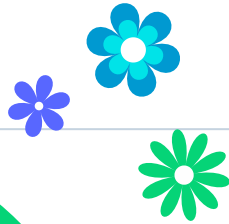
ESG is a journey, not a destination. And knowing where you currently stand is crucial to improvement.

(cont.)



ESG Analytics is a data, research and analytics platform that uses alternative data and AI to identify and monitor ESG risks in real time, providing an "outside-in" perspective to company ESG analysis.





“ESG is organic and always evolving, you’ll never be ‘done,’” says David Curran of Paul, Weiss’s Sustainability & ESG Advisory Practice – a friend of RepTrak. “You cannot wait it out, you’ll never truly ‘achieve’ your ESG goals, as the post is always moving. By creating a way to measure ESG, you will have a better idea of where you are in the space and in reference to that moving goal post. Like anything else, you need to know where you’re starting and where to go. The only way to do this is through objective qualitative and quantitative measurement.”



David Curran
Co-Chair

Paul, Weiss Sustainability & ESG
Advisory Practice

Executive Director
ESG and Law Institute

Friend of RepTrak and ESG Expert

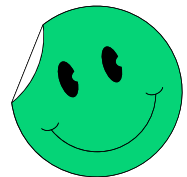


Viva la ESG Revolution

David’s advice rings true: **you can’t wait out ESG**. It’s not going anywhere, and it exists whether or not you acknowledge or nourish it. Here’s how to start improving your ESG, and start receiving the benefits that come with – again, with or without RepTrak resources.

When we asked Dr. Anna Litvak-Hinenzon how current clients improve their ESG Scores, she responds, “It’s two-fold: Do good and talk about it.”

Step 1: *Do good.* **Step 2:** *Talk about it.*



Sounds pretty simple, but she’s absolutely right. We break it down even further below.



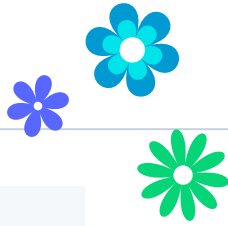
Start

It’s not too late to start your ESG management journey, but waiting for a scandal is not the way to go: “When it comes to ESG, companies need to be proactive, and not reactive,” warns Q. “You don’t want to be in a catch-up position, or responding to controversies. You have to take control of your action and narrative and lead by example to be best-in-class.”



Reading this guide was an excellent place to start. Broaden your research and begin your ESG education. ESG is evolving on a global scale, so staying up to date consistently will be important.

(cont.)



2

Gather your metrics – wherever you can find them

Look to internal and external data resources to determine where your ESG stands and where you want it to go. Perform regular and continuous audits to determine if business and social practices are fair.

As we mentioned earlier, internal HR software and surveys, along with reports from organizations throughout your supply chain can be a handy tool in giving ESG context to your organization.

Naturally, we recommend the RepTrak platform to gain the most accurate understanding of your current ESG status. We measure ESG objectively and on a global scale.

Once you have your data, don't shy away from unflattering feedback. Remember: perception is reality.



3

Determine ESG strengths and weaknesses

A little basic, but still the best place to start. Confront unflattering perceptions with honesty and empathy. Take an honest look inward and meet unmet expectations with dedicated action that align with your business (Wasn't it weird when we all got random emails from random companies saying "we'll get through the Pandemic together!"? What was that about?)

ESG is not a set-it-and-forget-it type of initiative. You will have to nurture and consistently communicate around the ESG elements you are doing well. As our 2022 Global RepTrak 100 reminded us, providing a consistent experience doesn't always mean more of the same, it means continuous improvement.



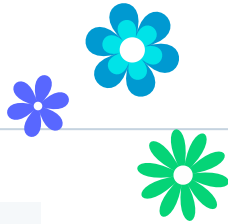
4

Involve all departments, not just Marketing

ESG is a shared responsibility. Establishing a healthy ESG, and continuously improving it, calls for all hands on deck.

"ESG is not a marketing or branding issue, it's company-wide," advises David Curran. "More seriously, it's a legal issue. ESG risk can be managed and mitigated with the proper advice and attention, but it is imperative to take action. Being proactive about these issues will help build trust with the full spectrum of stakeholders, from customers to investors to employees. ESG isn't just a perk, it will be what powers your business. With the right action and attention, properly mitigated ESG issues can not only steer your organization away from risk but can also open you up to opportunities."





5

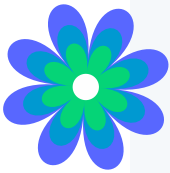
Develop distinct action plans, including communications

Earlier in this piece, Sue said it best: “The vast majority of the general public can’t tell you what ESG stands for, but they are waking up to its importance.” The public may not recognize the acronym or its role in consumer life, but they still demand those standards and will adjust their behavior accordingly.

When developing action plans to support employee well-being, proper transparency, and more, include communications plans. But don’t just settle for a footnote in annual reports. Our data constantly reiterates that perception is reality, so you must communicate your efforts, accomplishments, and shortcomings in a manner that truly informs your stakeholders.

“It’s not just doing advertisements,” advises Dr. Anna Litvak-Hinenzon, “it’s communicating it in a way that resonates with stakeholders.”

Just as you communicate about new products and improvements, provide continuous updates on ESG efforts – even the shortcomings. Demonstrating accountability for the good and the bad shows your ongoing commitment to ESG.



6

Go beyond the green wash

Environmental pledges are awesome, but the public holds employment and ethical internal practices as a higher priority. Begin within by creating a better employment experience and improving transparency and internal governance practices.

This means going beyond talking the talk and into walking the walk. Don’t just serve up lip service to keep Social Justice Warriors quiet, deploy true action plans that will deliver results.



7

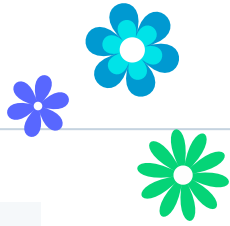
COMMUNICATE. COMMUNICATE. COMMUNICATE.

It’s so important, we added it twice. SERIOUSLY, your audience isn’t made up of mind readers. Keep them informed!

ESG Themes to Explore

- Fair pay, benefits, and working conditions
 - *Including independent contractors*
- Diversity and leadership representation
- LGBTQIA+ support and representation
- Environmental impact
- Carbon emissions, plastic reduction, green practices, etc.
- Fair treatment on the basis of gender
- Corporate transparency and accountability

(cont.)



Power your ESG cycle

ESG is a permanent, on-going effort. Just as you're never done with accounting or marketing efforts, you won't ever be done with ESG. Continue to cycle through these steps (informed by data) and communicate thoroughly.

ESG isn't just for starry-eyed corporate hippies hoping to make the world a better place. It's a demand from your stakeholders, that, if unmet, could threaten your business. But meeting this new ESG standard is simple: **do good and talk about it**. Doing and saying the right thing is good business. And by reading the Ultimate ESG Guide, you're already on your way.

Like Reputation, ESG is earned — positive, negative, and neutral. Turn inward with honesty, listen to your audience, communicate your progress, and monitor results.

How RepTrak can help

RepTrak tracks reputation and ESG perception objectively and in-near-real time, meticulously monitoring your Reputation Drivers, ESG Drivers, brand, and Media interactions and how your efforts and communication impact your ESG and broader reputation.



Doing and saying the right thing is good business.

