The RepTrak Company™

Good Business. ***Better World.***

Reputational Impact **of the Covid-19 pandemic in Brazil**

Report of Key Findings

Brazil, 2020 April

How and why do we evaluate Corporate Reputation in Brazil at this moment?

The Covid-19 pandemic caused a structural change in the stakeholder ecosystem. As social expectations change, we also expect changes in corporations' reputational capital and, consequently, in the way companies must behave to **protect their value** and **maximize the difference they can make in the world**.

In the light of this scenario, **The RepTrak Company** has conducted an **online survey** with the **Brazilian General Public** in order to measure the impact of the pandemic on corporate reputation in Brazil. We interviewed **1,415 citizens during** the **first two weeks of April 2020** to assess the reputation of more than 100 companies distributed in **25 economic industries**.

We compared these results **with companies' reputation indicators from January 2020** and found answers to the following questions:

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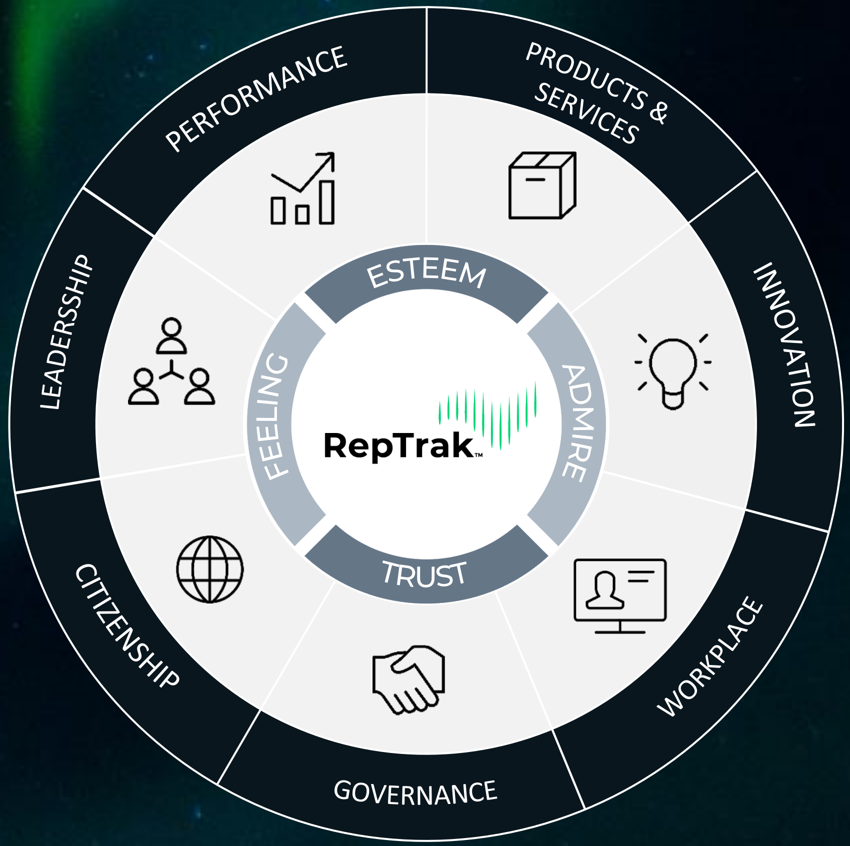
Report Contents

1. **Reputational Impact of the Pandemic**
   How has the COVID-19 pandemic impacted corporate reputation across different industries in Brazil so far?

2. **Perception of Corporate Responses**
   How has the general public perceived the response of companies to the Covid-19 pandemic in the country?

3. **Looking Ahead**
   How to manage Corporate Reputation during and after the Covid-19 pandemic?

Analysis of the Emotional and Rational components of Reputation



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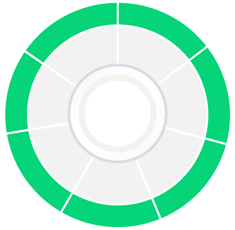
Global standard methodology in reputation measurement, it is the basis for a global database and used to compare different stakeholders across countries

Emotional Bond

Reputation

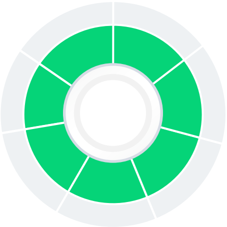
Assesses the extent to which audiences **trust**, **admire**, **respect** and believe that the company has a good reputation overall



Perceptions & Expectations

Rational Drivers

Assesses the rational perception of stakeholders about **all possible aspects that influence reputation** – thus avoiding the risk of looking at the perception under the bias of only one stakeholder or only one area

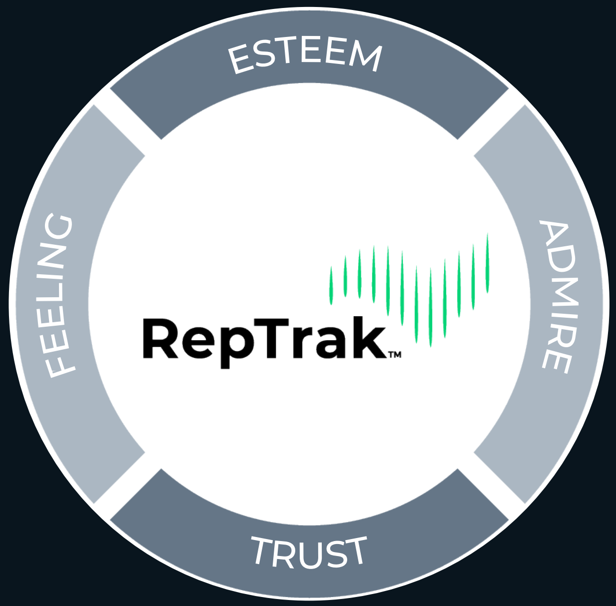


DeepDive Indicators

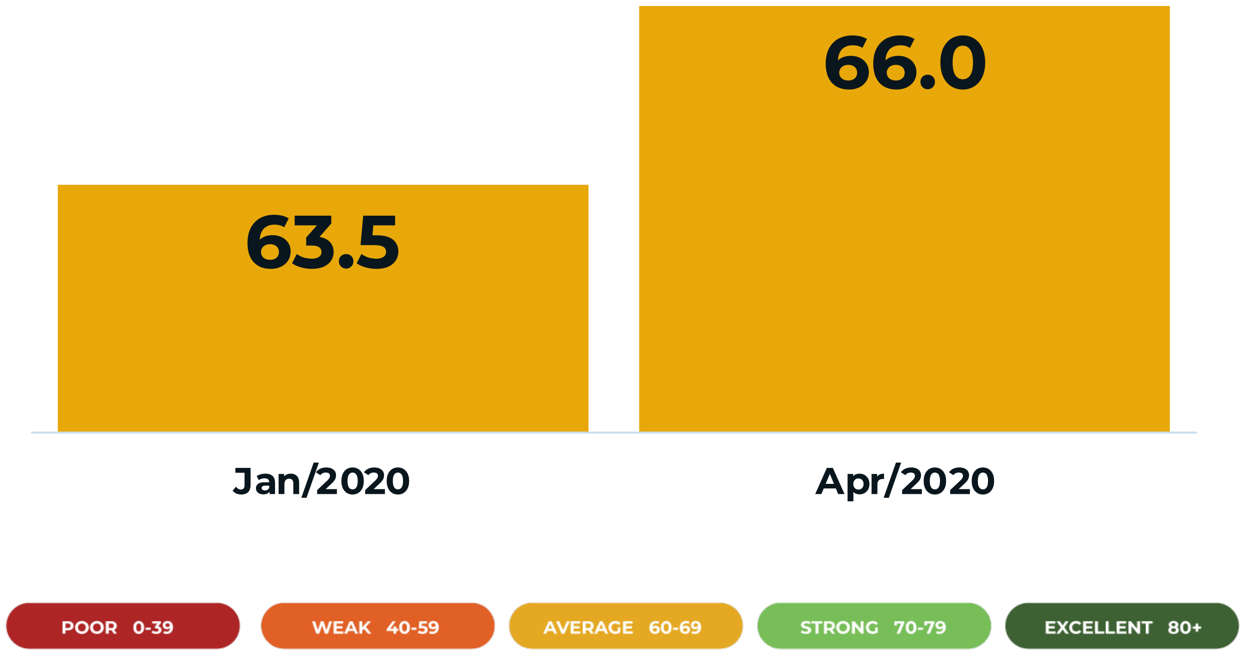
In-Depth Factors

Evaluates the in-depth perception of each driver, using **factors to provide in-depthclarity**and analyze specific challenges for organizations

Corporate Reputation increased in Brazil between January and April 2020 after the outbreak of the pandemic



Average Indicator of Evaluated Companies' Reputation - +2.5 points



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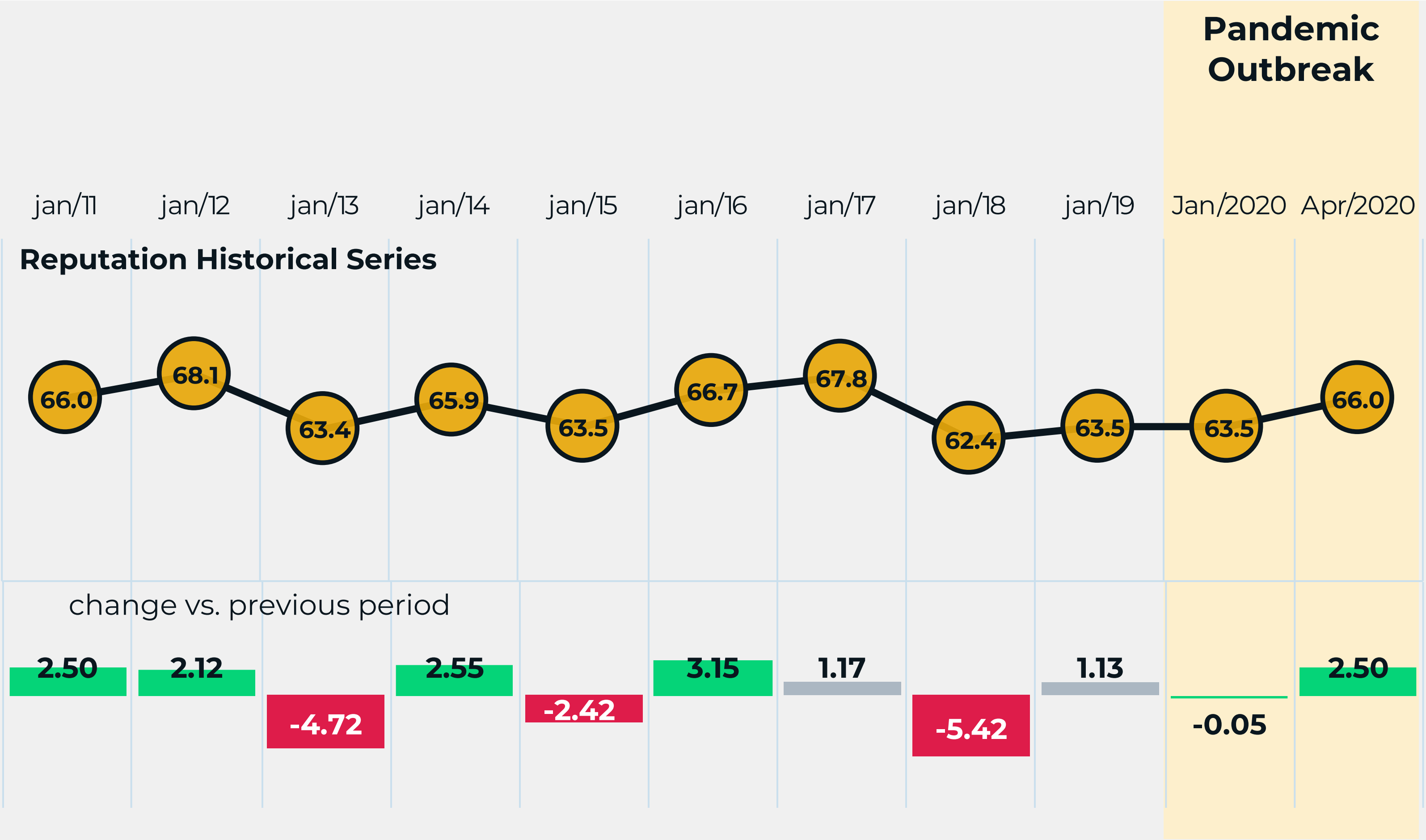
Although the gain of 2.5 points is significant, it is in line with trends previously observed in the country

Average Reputation of Companies in Brazil in April

Variation after outbreak in Italy +2.0pts

The same trend was also observed in Italy



POOR 0-39 | WEAK 40-59 | AVERAGE 60-69 | STRONG 70-79 | EXCELLENT 80+

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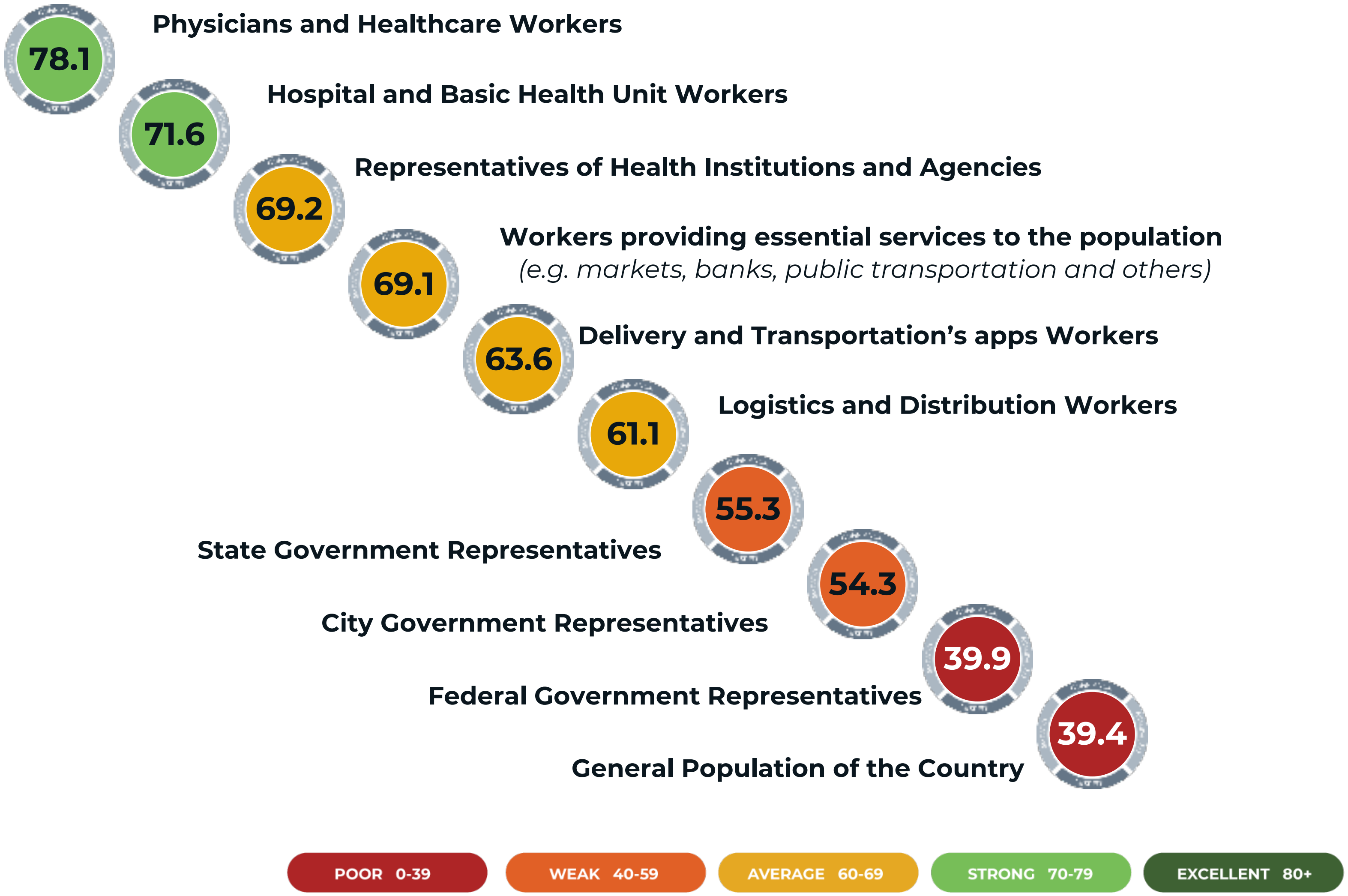
The degree of trust and admiration for companies, compared to that of other actors, constitutes a singular opportunity as well as a great responsibility

Average Reputation of Companies in Brazil in April

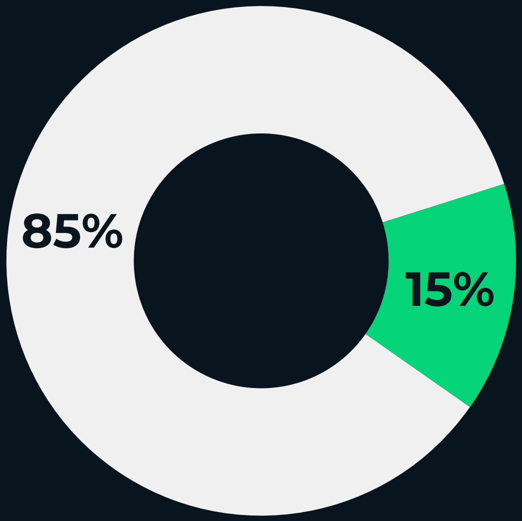
"Company of your state" +2.9pts

"Company of your city" +1.8pts

Positive effect on Companies' Reputation (Based on local companies, their operations and plants)

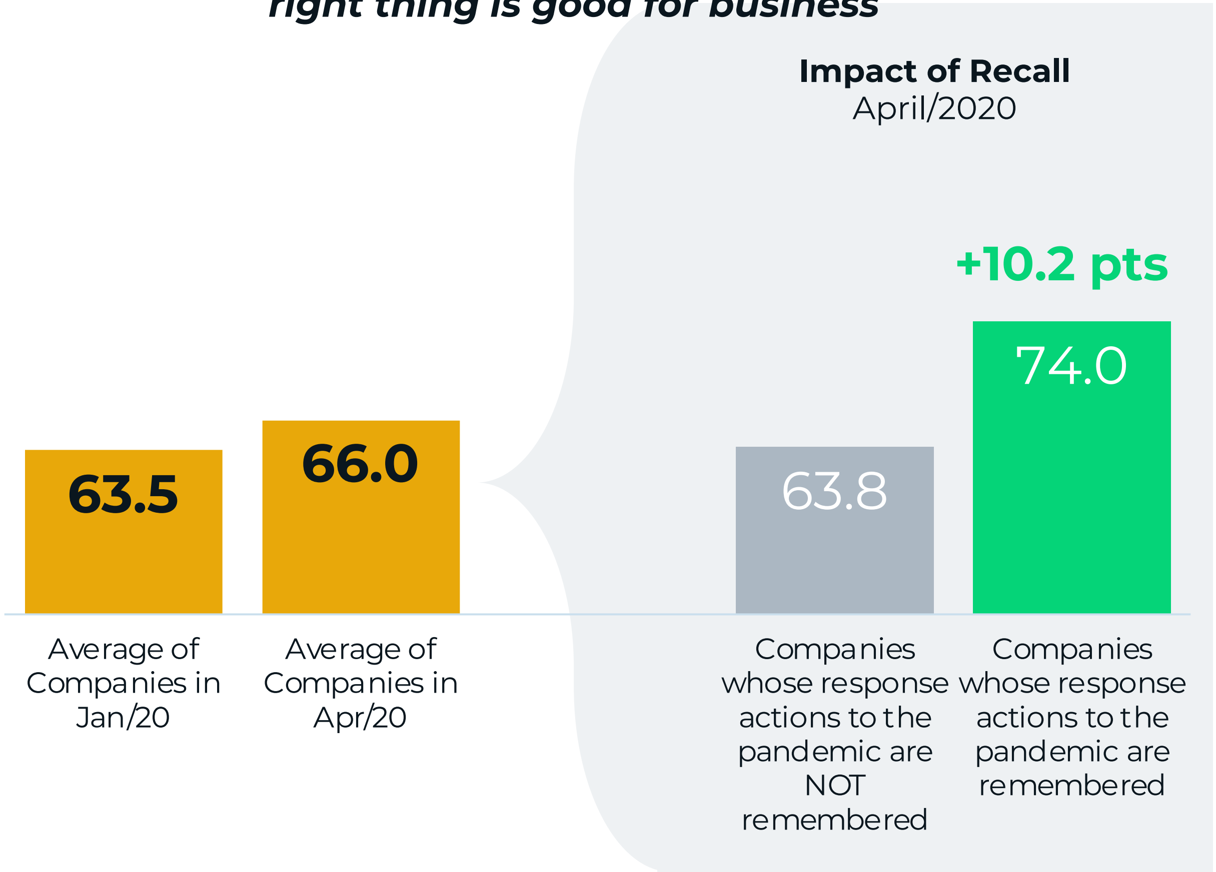


Active positioning of companies in reaction to the pandemic generates a reputational leverage of 10.2 points



Only 14.6% of respondents remember companies' actions in response to the pandemic

The reputational growth observed in the country between January and April is caused by the companies that were remembered by the population as having adopted initiatives to respond to the crisis, *proving that* ***doing and saying the right thing is good for business***



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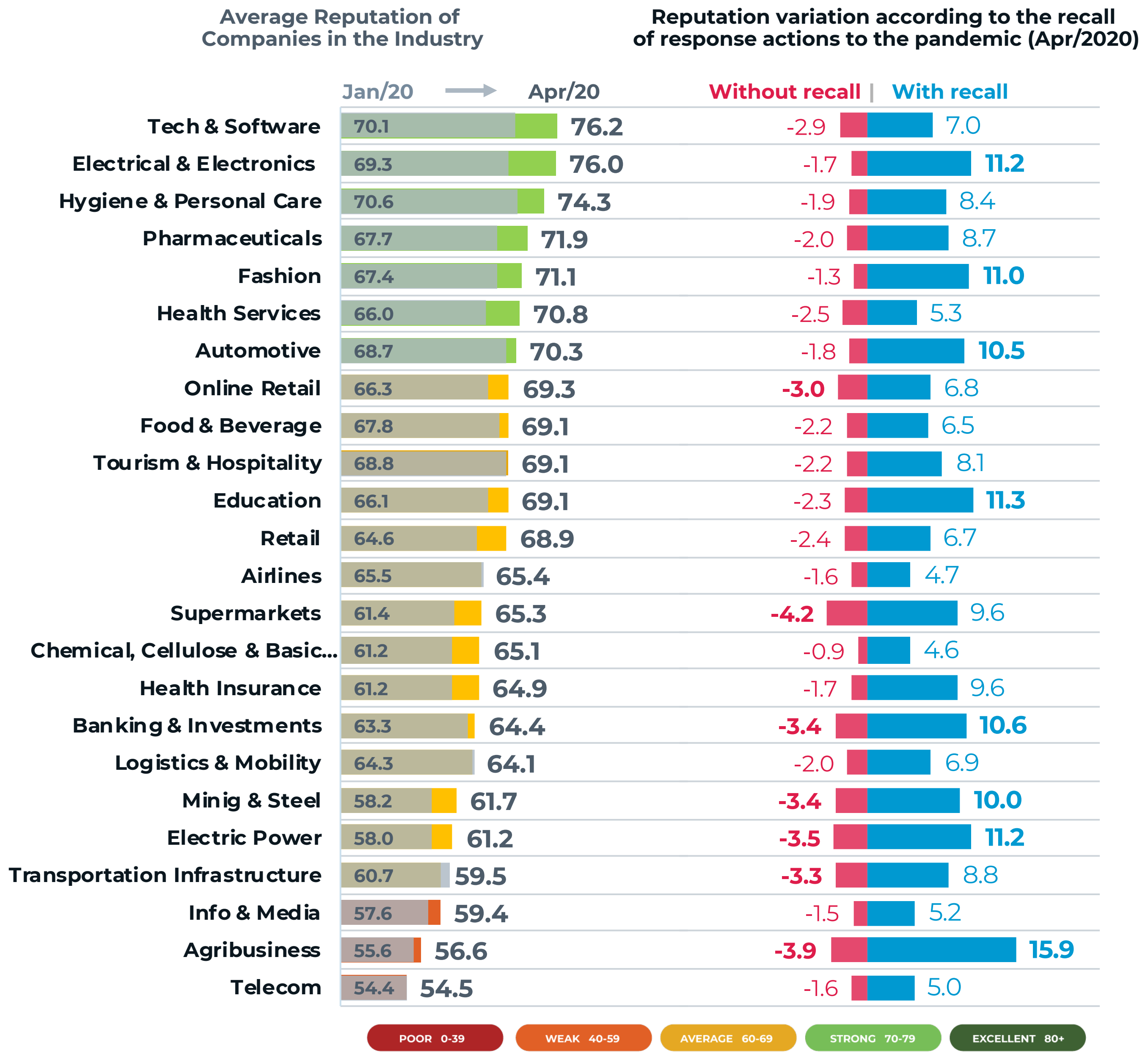
Most industries saw reputation gains after the pandemic outbreak

Highlights: Agribusiness, Education, Supermarkets, Electric Power, Electronics, Fashion, Banking and Automotive



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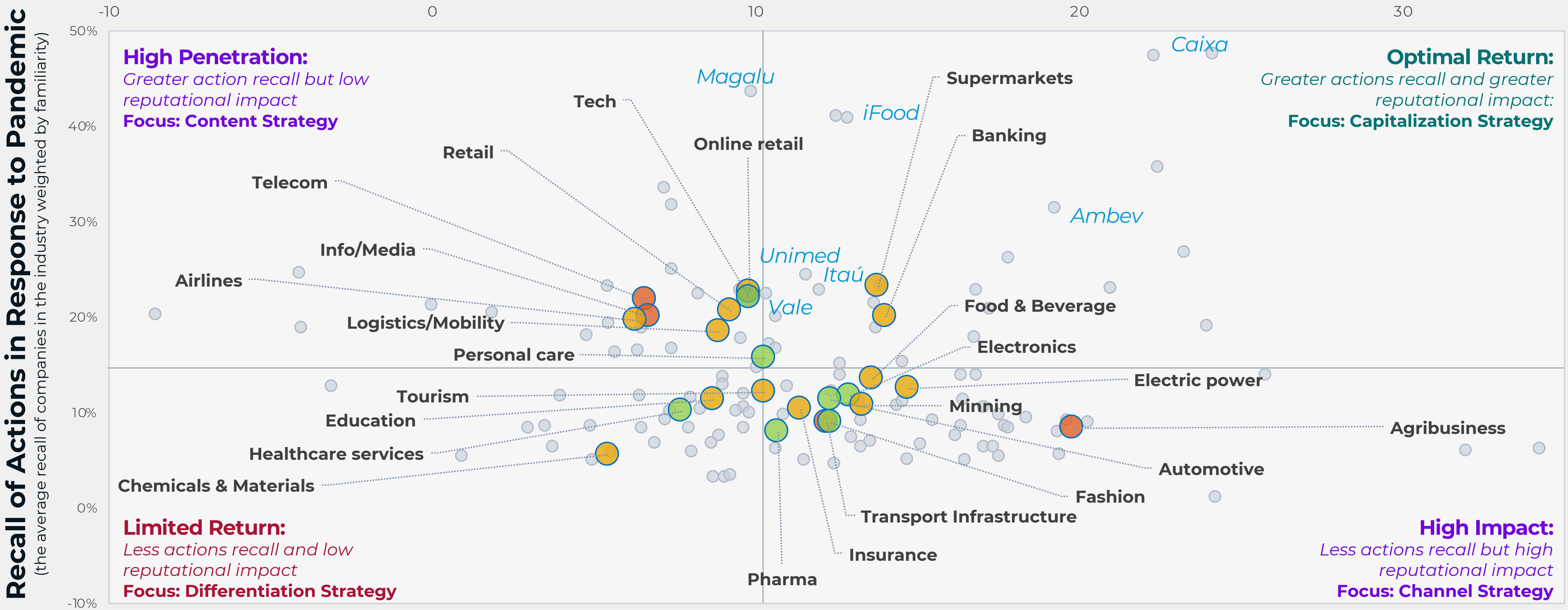
Actions in response to the pandemic by Banking, Investments, Supermarkets, Food and Beverage industries present the best reputational return, generating recall and impact for companies in these industries



Reputational Return of Actions in Response to the pandemic
(average of the reputation gap between people who remember and people don't remember the actions)

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Companies that are remembered for their actions regarding the pandemic have greater recall and reputational impact across channels

Recall of information about companies by communication channels (April/2020)

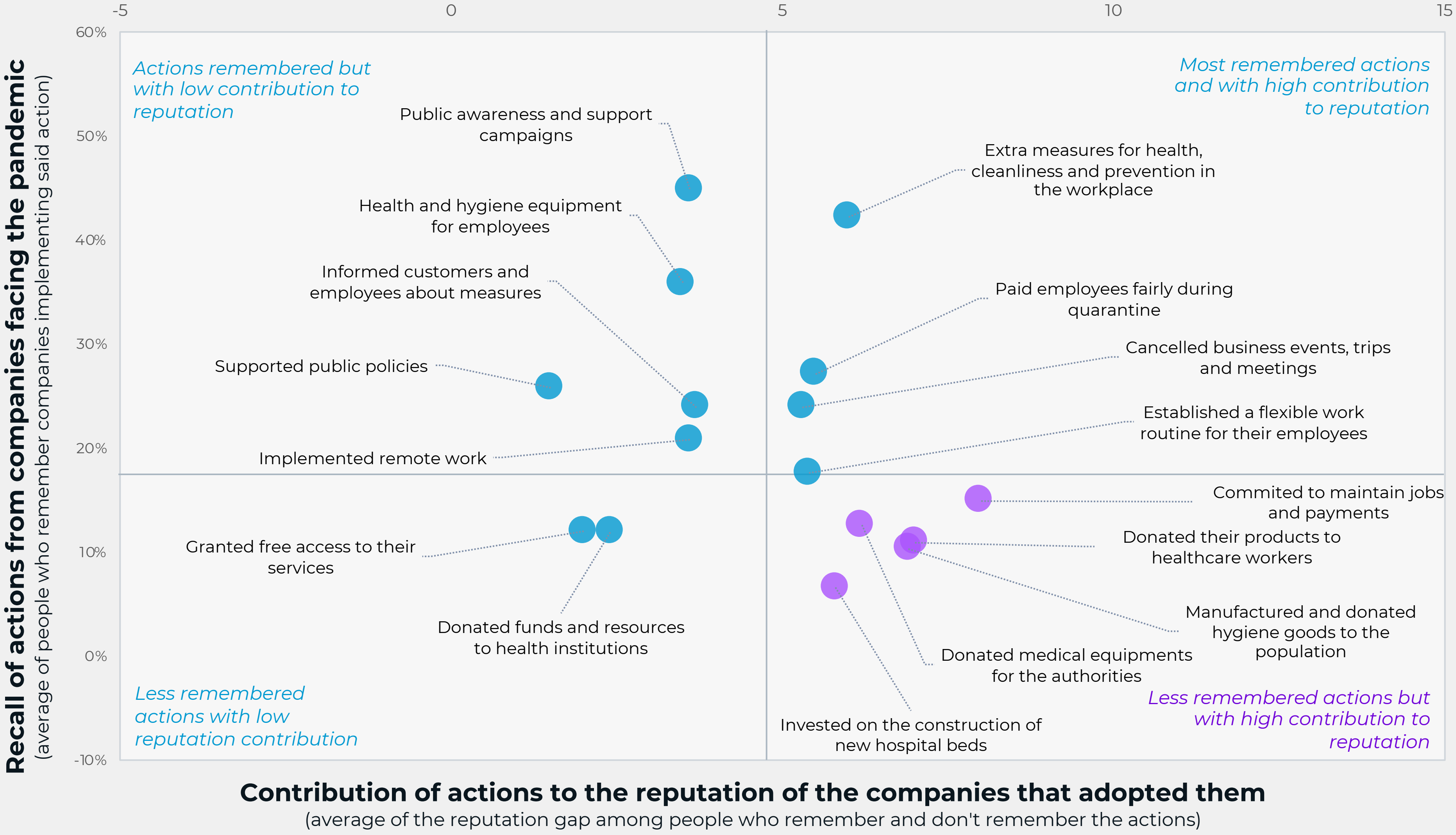
Channel	Recall: Remembered for their pandemic response	Recall: Average of companies	Reputational impact: Channel impact with response actions	Reputational impact: Average channel impact
Advertisement	62.7%	42.0%	14.1	8.5
Social networks	60.0%	35.4%	13.6	8.6
Direct communications	47.7%	27.2%	14.3	9.8
News	45.7%	22.0%	12.9	5.9
Good causes sponsorship	36.1%	15.6%	14.1	10.1
Buzz	31.2%	19.5%	12.7	6.7

Initiatives around health investment and income protection have a better reputational effect

Actions regarding **protection of employees health, work routine maintenance and campaigns** in general are the most remembered.

Employment and income, donation of equipment and hygiene products and investment in hospital capacity, although not much remembered, have a **differentiating reputational effect.**

None of the evaluated actions are identified by more than 50% of respondents who recall initiatives developed by



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The track-record of investment in social causes, added to concrete contributions to society at large, boosted the reputation of companies

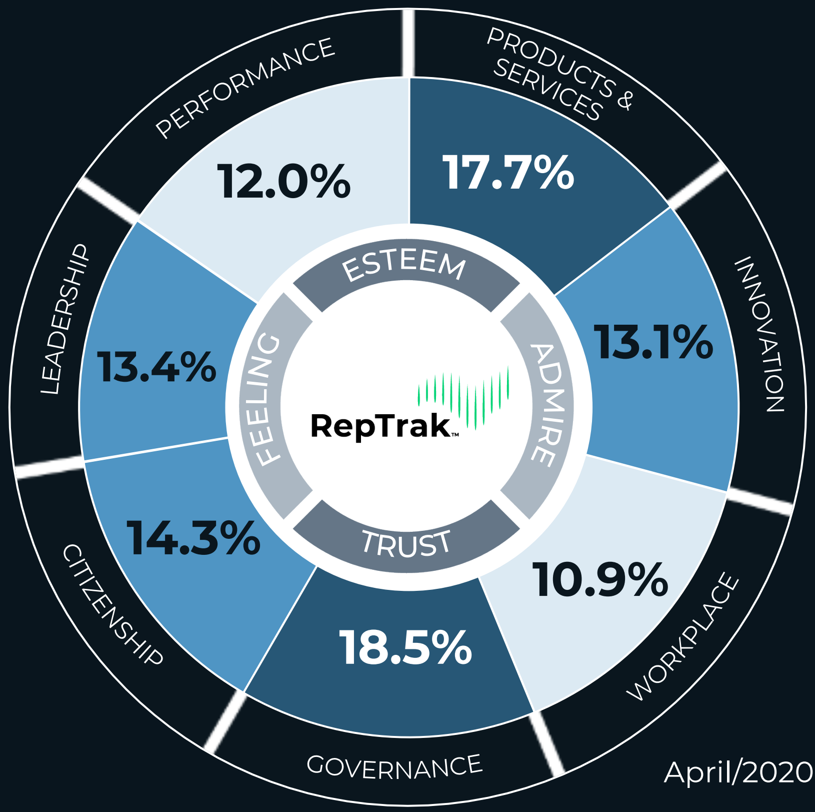
7 concrete actions that contributed **more to the reputation of companies** that are remembered for their response to the pandemic

Committed to **maintain jobs and payments**	+8.0pts.
Donated products to healthcare workers	+7.0pts.
Manufactures and donated hygiene goods for the population	+6.9pts.
Donated medical equipment for the authorities	+6.2pts.
Extra measures of **health, cleanliness and prevention** on the workplace	+6.0pts.
Invested on the **construction of new beds** for hospitals	+5.8pts.
Established a **flexible work routine** for employees	+5.4pts.

7 factors of Corporate attitude contribute to **55% of the perception of a proper company response** facing the pandemic

Invests in **social causes** such as sport, culture and education	12.1%
Maintained **fair compensation**	8.2%
Demonstrates an **ethical posture**	7.7%
Responsible towards the **environment**	7.7%
Strict policies for **privacy** and data security	7.1%
It benefits not only shareholders, employees or customers, but **society as a whole**	6.6%
Competent leaders	6.0%

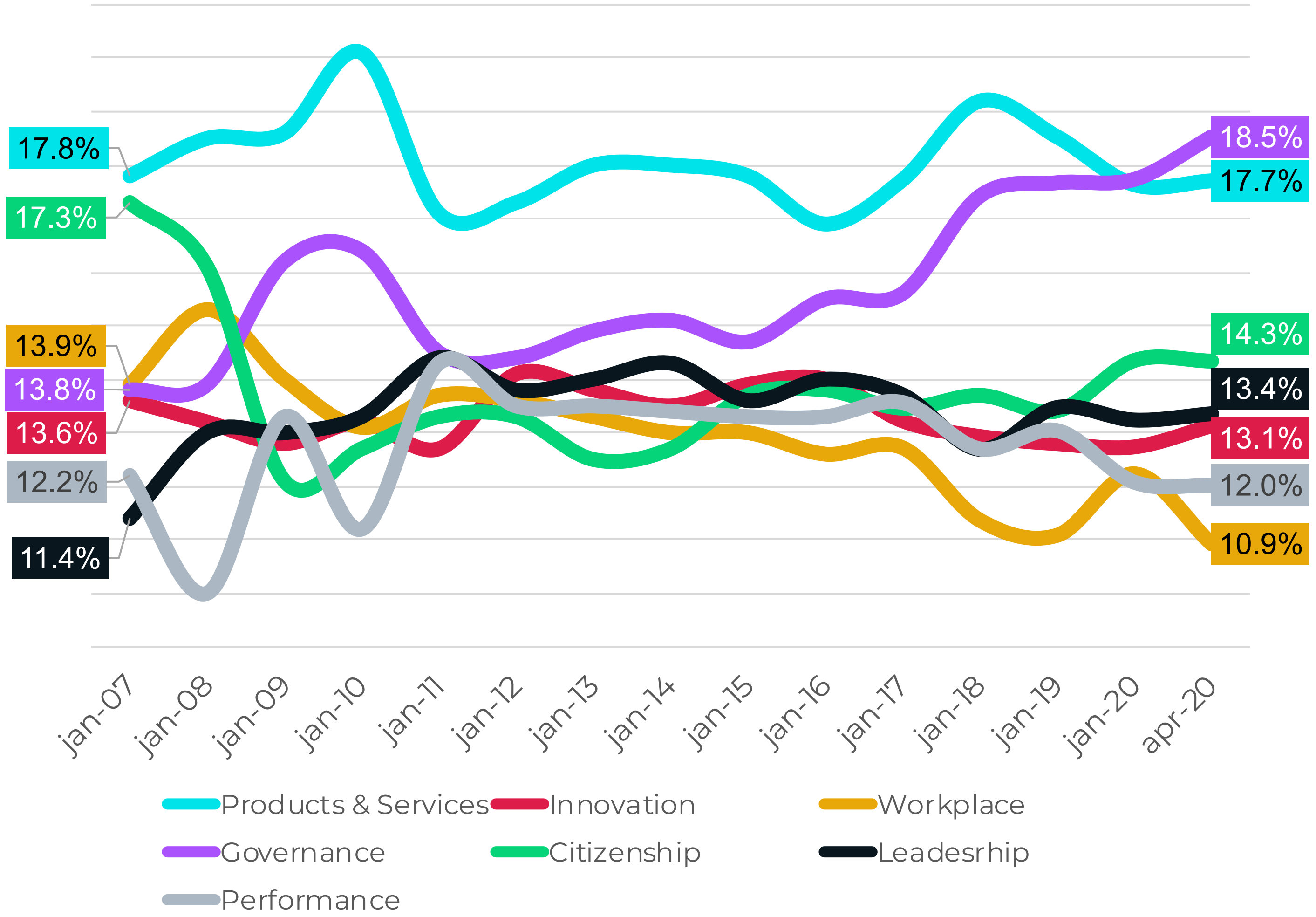
Governance becomes the main Driver of reputation in the country in April



April/2020

Regression coefficient Adj. R^2 = 0.730

Importance of each Driver to form reputation in Brazil

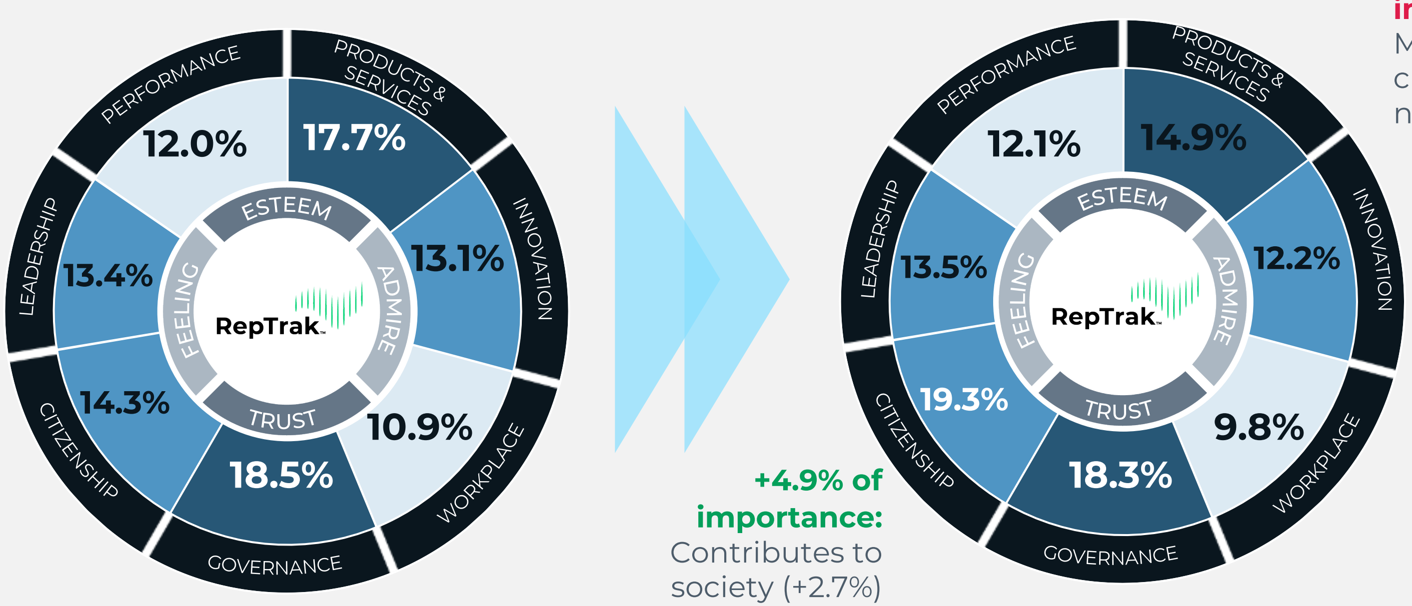


Credit around trust and admiration is now less granted on the *company-customer* relationship and more on the *company-society-stakeholders ecosystem* relationship

The recognition of an effective response to the pandemic by some companies causes a **shift on the population's expectations about these organizations**

Importance of drivers for **all companies evaluated in the country** April/2020

Importance for **companies whose pandemic response actions are remembered** April/2020



-2.8% of importance: Meet customer needs (-2.8%)

+4.9% of importance: Contributes to society (+2.7%)

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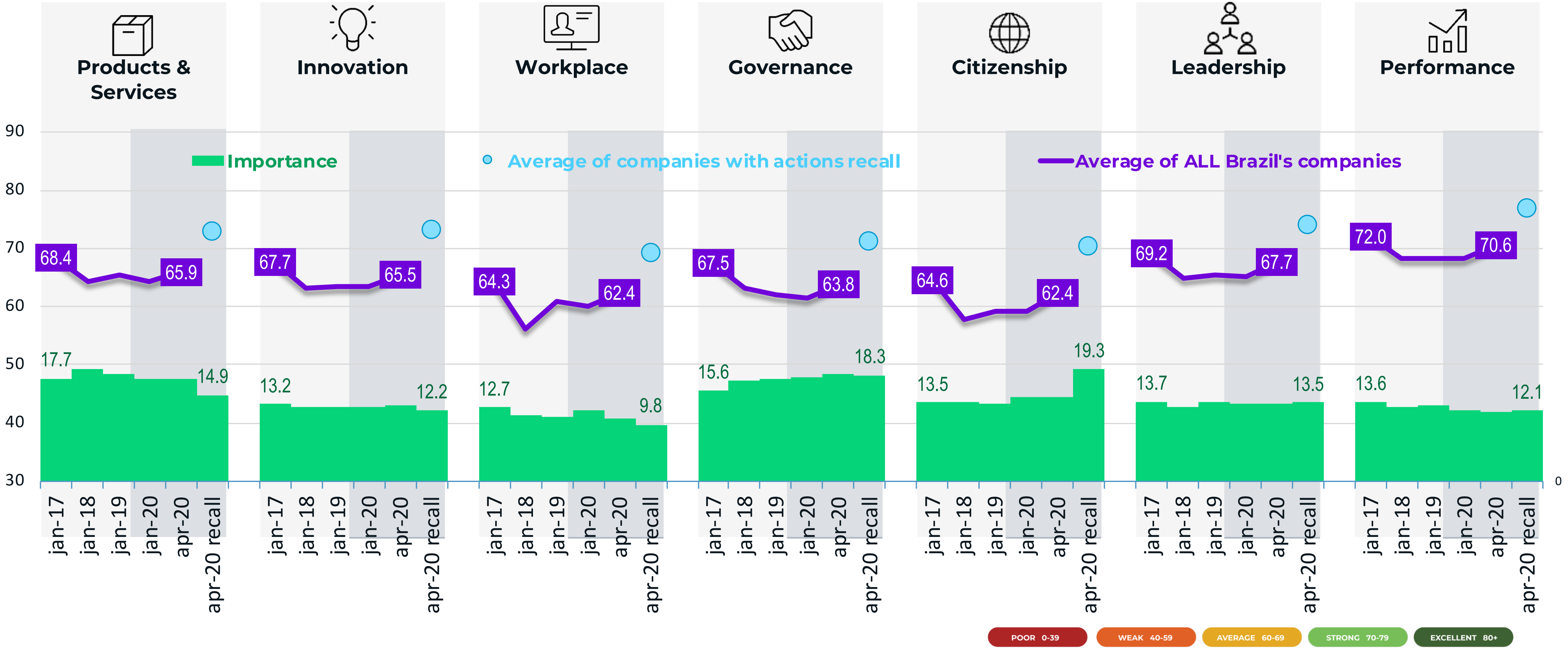
Governance and Citizenship are the most relevant drivers to reputation; while performance has declined over time those companies who have taken action have bucked the trend



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By diving deeper into the reputation factors of each driver, it is clear those companies that are remembered for their actions achieve

Reputation Drivers	Reputation Factors	**Jan/20** (all companies)	**Apr/20** (all companies)	**Apr/20** (companies w/ actions recall)	Variation Jan/Apr	**Variation** companies w/ actions recall
Products & Services	Offers quality products/services	66.4	67.5	75.1	1.2	7.6
	Good cost-benefit ratio	60.2	61.4	68.5	1.2	7.2
	Ensures the effectiveness of P&S	65.0	67.8	74.5	2.9	6.7
	Satisfies customers	66.2	67.0	74.2	0.8	7.3
Innovation	It is innovative	63.6	65.7	73.7	2.1	8.0
	Anticipates their competitors	60.6	62.9	71.3	2.4	8.3
	Easily adapts	65.8	67.8	75.0	2.0	7.1
Workplace	Offers equal opportunities	59.6	61.8	70.2	2.1	8.5
	Pays fairly	59.9	62.0	68.2	2.1	6.2
	Promotes employee health/safety	60.3	63.4	72.5	3.1	9.1
Governance	Fair and responsible	62.1	64.5	71.7	2.4	7.2
	Has ethical behaviour	62.7	64.9	71.8	2.1	6.9
	It is transparent	59.9	62.2	68.4	2.2	6.2
Citizenship	Protects the environment	57.9	60.9	69.2	3.0	8.4
	Contributes to society	61.9	64.6	73.3	2.7	8.8
	Supports good causes	57.7	61.7	71.0	3.9	9.4
Leadership	It is well managed	66.3	68.7	75.1	2.4	6.4
	Has a strong and respected leader	63.8	66.5	73.7	2.6	7.2
	Has excellent managers	64.7	67.3	73.8	2.6	6.5
	Has clear vision of the future	65.3	68.3	75.8	3.1	7.5
Performance	Is profitable	68.9	71.4	76.8	2.5	5.4
	Growth outlook	68.2	70.6	77.7	2.4	7.1
	Has solid results	67.6	69.7	75.4	2.1	5.7

EXCELLENT 80+
STRONG 70-79
AVERAGE 60-69
WEAK 40-59
POOR 0-39

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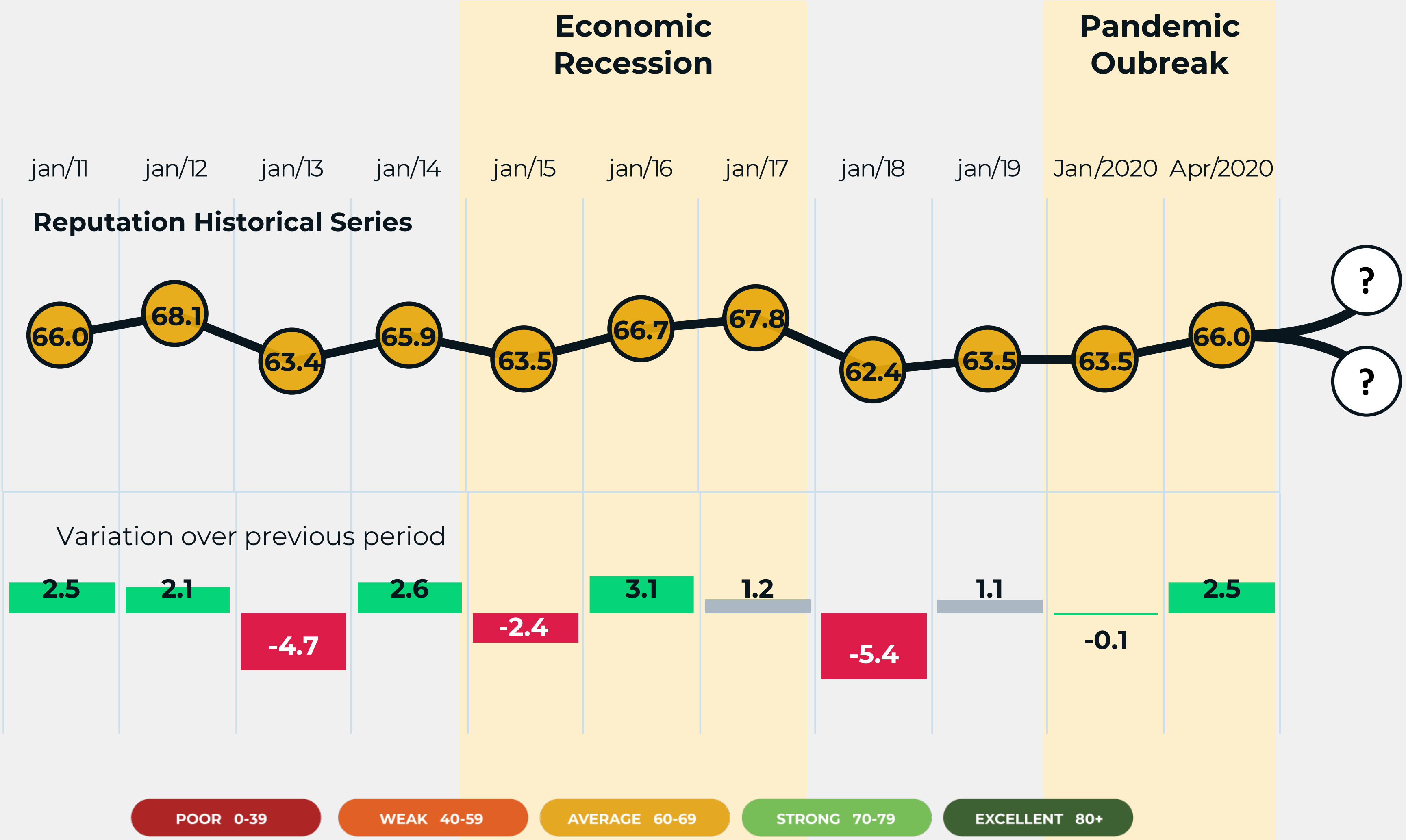
Looking forward, the prospect of a new economic recession emphasizes the need to build and protect reputational capital

A period of economic recession after the Covid-19 pandemic is widely projected.

Analyzing the data of the last economic recession period in the country (between 2015 and 2016), an initial drop is expected, followed by recovery of reputational capital.

The way companies **position themselves at this time** in response to the pandemic can be a decisive factor **in protecting and recovering their reputation** in the face of a new economic recession.



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With the prospect of a likely economic recession after the pandemic, it is important to build reputational capital in order to reach a company's goals

Advocacy

Focus on factors to strengthen the disposition of the population in **speak well about the company**

Being an **ethical** company	4.7%
Meet customer **needs**	4.5%
Guarantee the **high quality** of products & services	4.3%
Be **genuine** about what they are saying and doing	4.2%
Communicate in a way that **stands out** among competitors	4.0%
Be **right** in the way of doing business	3.9%
Be **transparent** about their actions	3.9%

Brand Preference

Focus on factors to strengthen the disposition of the population in **recommend the company brand**

Offer **products and services** of high quality	5.2%
Focus on customers **needs**	4.8%
Being an **ethical** company	4.4%
Communicate in a way that **stands out** among competitors	4.0%
Be **genuine** about what they are saying and doing	3.9%
Contribute **positively to the society**	3.8%
Have **adequate pricing** according to its products quality	3.7%

Crisis-Proof

Focus on factors to strengthen the disposition of the population in **trust that the company would do the right thing in a crisis**

Have a **greater purpose** than just profiting	4.3%
Act in a **responsible way** towards the **environment**	4.2%
Being an **ethical** company	4.1%
Be **right** in the way of doing business	4.0%
Be committed to changing **the world for** the better	3.8%
Have strong **privacy** and **data security** policies	3.8%
Be **genuine** about what they are saying and doing	3.8%

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