



# 2014 Good Company Index Report

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The newest edition of the Good Company Index Report again contains a hopeful message: the good guys keep winning.

2014 represents the third year in which we've calculated Good Company grades for many of the largest companies in the United States, and we have a new set of companies at the top of the rankings. We also check in once again with the grades we assigned in previous years to see how good companies did relative to their not-so-good competitors in the stock markets. The quick answer: pretty darn well. In addition, we make note of what seems to be a major upward trend in regulatory penalties and fines levied on the nation's largest companies.

These are among the key takeaways from this year's Good Company Index (GCI) Report. The GCI assesses companies on their performance as employers, sellers and as stewards of the planet and communities. We created the original GCI metric as a feature of our book *Good Company: Business Success in the Worthiness Era*.

In the book, we said the characteristics of a good company would be increasingly crucial to business success, as people worldwide demand greater worthiness from the companies in their lives. Three years after the book's publication, the message is clearer than ever: the companies that prove to be "good company" through their actions as employers, sellers, and stewards are also outperforming their peers and are the ones most likely to be successful going forward. The latest data on companies' stock market performance again shows that the world is moving in the direction of demanding ever-better behavior from businesses.

But it's not easy for a company to be "good company": we see multiple examples of companies tumbling down the rankings year over year, and also see numerous companies that have taken actions that result in government sanction or that, while technically legal (like offshore tax havens), run counter to the way a good steward to the community would choose to behave.

### GCI Details

As in 2012, when we released our biannual Good Company grades, we had sufficient data to assign grades to almost 300 of America's largest public companies: 81 were assigned full grades, while 212 received "Quick Grades." (In 2011, we graded a smaller number of companies, assigning them each a full grade.) Summary grades and scores for each company are provided in Appendices A and B, while full details on the specific components can be found in the Ratings section at [www.goodcompanyindex.com](http://www.goodcompanyindex.com).

**Top Scores.** Among the Fortune 100, the 2014 GCI crowns three diverse new leaders: **Apple**, **Ford Motor**, and **United Parcel Service (UPS)**, each of which earned a full grade of B+.

2012's highest-ranked company, Time Warner, fell significantly, while 2011's top company, Disney, continued its slide down the rankings.

**Staying Good.** Twelve companies repeated a strong performance on the GCI from 2012 to 2014, each earning at least a solid B grade both years. And two companies, Intel and UPS, earn particular kudos for being the only companies with three consecutive grades of at least a solid B, including the original rankings of the Fortune 100 in 2011.

**More Penalties/Fines.** This year, we noted a marked increase in the total amount – and number – of corporate fines and penalties assessed for law-breaking and other bad corporate behavior. The total fines assessed to the Fortune 100 companies who received grades was \$25.8 billion over the last five years, a 48 percent increase over the \$17.4 billion in the five years captured for the 2012 grades. (Although we expanded our penalties/fines searches this year to include penalties and fines imposed by state or non-US national governments, as well as class action law suits, the comparison above includes only comparable fines – from either the US federal government or European Union.)

This may reflect a variety of different phenomena, including

#### METHODOLOGY

In calculating our 2014 Good Company Index grades for Fortune 100 firms, we first determined company scores on the three major components of the index: employer, seller, and steward. These component scores are based on data from a variety of sources. To measure performance as a Good Employer, we considered ratings on employee feedback site Glassdoor.com as well as *Fortune's* list of the Best Companies to Work For. Our Good Seller score came from wRatings, a database of customer ratings on some 4,000 public companies, and the American Customer Satisfaction Index.

For the Good Steward rating, we examined the following sources: the *Newsweek* Green Rankings of America's 500 largest companies on their environmental performance; the Dow Jones Sustainability North America Index, compiled by asset management firm RobecoSAM, which includes the top 20 percent of large public companies in North America on sustainability criteria; the *New York Times* list of top CEO compensation; a report on corporate tax dodgers by Citizens for Tax Justice and the Institute on Taxation and Economic Policy; Ethisphere Institute's list of the World's Most Ethical Companies; a report on political accountability by the Center for Political Accountability and The Wharton School at the University of Pennsylvania; and a report on use of offshore tax havens by US PIRG and Citizens for Tax Justice. In addition, we conducted our own study of regulatory actions and sanctions against companies, primarily penalties and fines levied by federal government agencies in the United States.

We assigned positive or negative points to companies based on their performance on these measures and then tallied the totals. The range of total possible scores ran from -10 to 8. Corresponding Good Company Index letter grades were assigned as follows:

5 or higher	A- to A+
2 to 4	B- to B+
-1 to 1	C- to C+
-3 to -2	D to D+
-4 or lower	F

We assigned "full" Good Company Index grades to the 81 Fortune 100 companies for which we had the most complete data. To 212 other companies in the Fortune 500, we assigned Quick Grades, derived from three sources for which we had data on the largest range of firms: Glassdoor.com (employer), wRatings and ACSI (seller), and the *Newsweek* Green Rankings (steward, scored slightly differently than in the full grades).

Full detail on the methodology behind the Good Company Index is available in Appendix C and on our Web site: [www.goodcompanyindex.com](http://www.goodcompanyindex.com). Additional discussion of the concepts behind our ratings is available in *Good Company: Business Success in the Worthiness Era* (Berrett-Koehler, 2011).

declining public tolerance for corporate bad behavior, an increase in such behavior, and/or a significant change in the regulatory environment.

We discussed the first factor – declining tolerance for corporate malfeasance – at length in the book, pointing to a variety of economic, social, and political forces that are increasingly pressuring companies to become “good company” to their employers, customers, and investors. The increase in corporate fines is consistent with that trend, although there is no way to prove that is the only, or primary, cause.

And while it is not possible to disentangle the various factors that could be driving the marked increase in penalties and fines, it should also be noted that many recent fines are for actions that occurred in the past, sometimes long ago in the past. One hopeful possibility is that company behavior has improved in recent years—but that remains to be seen.

### Good Companies are More Successful in the Stock Market

As in previous years, we looked closely at the subsequent stock market performance of the companies to which we assigned grades in previous years. In particular, we’re looking to see whether companies with better grades outperformed those with lower grades, which would indicate that the characteristics we’re capturing in the Good Company Index are associated with better overall performance. Our previous analyses strongly supported the conclusion that good companies are also more successful relative to their peers, and the latest results again support that finding.

Because we know multiple external factors can affect stock prices, we seek to minimize the influence of those factors in our analyses whenever possible. In particular, we attempt to examine companies’ stock performance relative to comparable organizations – for example, compared either to another company in the same industry with a significantly lower GCI grade, or to the average industry stock return. Steps like that allow us to control for industry-related factors that can have a significant effect on the stocks of all companies in a given industry.

This year we examined the two-year stock performance of all 50 "industry-matched pairs" (two companies in the same industry) in which the companies' 2012 Good Company grades differed by one or more full grade levels (for example, a grade of B versus a grade of C) for companies with full grades, and by two or more full letter grades for companies with quick grades. (Due to the much smaller number of factors included in quick grades, it was necessary to require a larger difference in order to be sure it reflected a significant difference.)

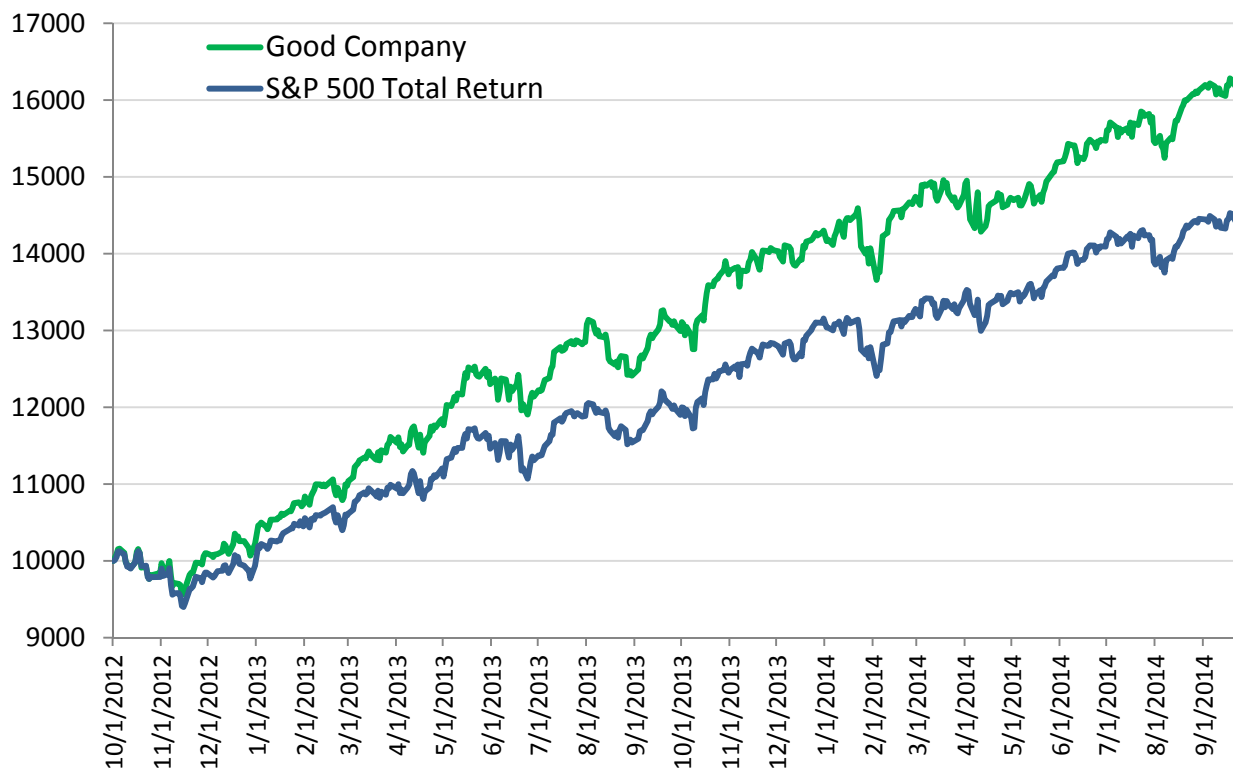
We found that, on average, those companies with higher Good Company grades significantly outperformed their matched competitors over the last two years by almost every measure we examined. The median outperformance was 5.1 percentage points, the mean

outperformance was 8.1 percentage points,<sup>1</sup> and almost 60 percent of the higher-ranked companies outperformed their lower-ranked competitors.

Given how difficult it is to find any factors that reliably predict stock market performance (reflected in the well-established theory that the stock market is essentially a “random walk” that already efficiently incorporates all known, relevant information about any given stock), a measure, like the GCI, that successfully predicts better performance in 60 percent of all cases is a power predictor.

Further, a live portfolio comprised of 40 of the top-scoring companies on the 2012 GCI, invested since October 2012, has outperformed the benchmark S&P 500 average (total return, including dividends) by 17 percentage points as of September 23, 2014 (see Figure 1 below).

**Figure 1. Good Company Portfolio vs S&P 500 (Total Return), October 2012=10,000**



Our analytic findings have been buttressed by external research that has also found strong evidence that higher scores on specific GCI components are associated with better stock

<sup>1</sup> The calculation of the mean described above outperformance excludes one outlier – a lower-ranked company (Rite Aid) that significantly outperformed its higher-ranked competitor after multiple years when Rite Aid stock had declined so far it was trading at close to \$1.00 per share. As a significant outlier, that one comparison had a disproportionate effect on the calculation of the mean. If the Rite Aid comparison had been included, the mean would have been -0.5 percentage points. (The median and percentage of higher companies outperforming would have been unchanged from the numbers reported above.)

performance. For example, a 2012 analysis by the Boston Consulting Group found that companies on the *Fortune* “100 Best Companies to Work For” list at least three times in ten years outperformed the market by 99 percentage points over a 10 year period. And the wRatings data that we use as a base for our seller scores have also been incorporated into a “Customer Value Index” ([www.cvi200.com](http://www.cvi200.com)) that has been used to significantly outperform the stock market as well.

### Consistently Good Companies

Two companies stand out for their consistently good performance over all 3 years of our Good Company Index grades: Intel and UPS. Among the Fortune 100 companies graded in 2011, those are the only two companies that have achieved grades of at least a solid B in 2011, 2012, and again in 2014 (see Table 1 below).

Intel earned points through its very high Glassdoor scores from employees (and presence on the *Fortune* Best Companies to Work For list), *Newsweek* Green Score, presence in the Dow Jones Sustainability Index and Ethisphere Most Ethical Companies list, and high political accountability score. It lost points due to the \$1.4 billion fine imposed on it by the European Commission and due to its use of offshore tax havens.

UPS had positive net scores in all 3 major categories – employer, seller, and steward. It earned positive points from Glassdoor ratings by employees and wRatings scores from consumers. Its scores in the steward category were similar to those of Intel: positive scores from *Newsweek* Green Score, presence in the Dow Jones Sustainability Index and Ethisphere Most Ethical Companies list, and high political accountability score. It lost points due to three separate fines (from the US Department of Justice, Equal Employment Opportunity Commission, and European Union) totaling over \$50 million and also due to its use of offshore tax havens.

**Table 1. Three Years of Good Grades: 2011, 2012, 2014**

Company Name	2014 Good Company Index		Previous Years			
	2014 Grade	2014 Score	2012 Grade	2012 Score	2011 Grade	2011 Score
Intel	B	3	B	3	B+	4
United Parcel Service	B+	4	B	3	B+	4

As noted above, starting in 2012, we expanded our grading to the majority of the Fortune 500 by assigning a quick grade to the much larger group of companies for which basic employer,

seller, and steward data were available. Twelve companies earned scores of 3 or higher, corresponding to full grades of B or higher.<sup>2</sup> Those companies are listed in Table 2.

Of note, only Apple achieved a score of B+ or higher in each of the two years. As we mentioned two years ago, Apple is a complex case. We continue to find ourselves troubled with the company's high rating as an employer given reports of less-than-decent treatment of Apple's extended workforce in overseas factories run by partners. Unfortunately, we do not know of any reliable, comprehensive source of data on companies' outsourced workers. Absent such information, our employer score necessarily relies solely on the enthusiasm direct employees have for Apple, as reflected in Apple's excellent Glassdoor scores.

**Table 2. Two Years of Good Grades (Full and Quick): 2012 and 2014**

Company Name	2014 Good Company Index			2012 Good Company Index	
	Grade Category	2014 Grade	2014 Score	2012 Grade	2012 Score
Amgen	Quick	A	5	B	4
Agilent Technologies	Quick	B	4	B	3
Apple	Full	B+	4	B+	4
Biogen Idec	Quick	B	4	A	5
Bristol-Myers Squibb	Quick	B	4	B	4
EMC	Quick	B	4	B	3
Ford Motor	Full	B+	4	B	3
United Parcel Service	Full	B+	4	B	3
Allergan	Quick	B	3	B	3
Intel	Full	B	3	B	3
Johnson & Johnson	Full	B	3	B	3
Medtronic	Quick	B	3	B	3

## Conclusion

To be sure, the Worthiness Era we described in our book three years ago has not yet come to full fruition. We see plenty of bad behavior by companies large and small. The big increase in fines and penalties among the Fortune 100 is a discouraging development. But year after year, other, positive, data points are adding up. The 2014 Good Company Index Report, with its good news that the nice guys are in the lead, is the latest sign that a more hopeful age is taking shape.

<sup>2</sup> Please note: for consistency across the two grading categories, we did not include in this list "quick grade" companies that earned scores of 2. Although those companies also earned B grades, we limited this list to only companies with scores of 3 or higher.

## Acknowledgments

Our sincere thanks to Gary Williams of wRatings, for making available to us wRatings customer ratings for the Fortune 500; to RobecoSAM, for making available to us the list of companies included in the Dow Jones Sustainability North America Index; and to Glassdoor.com, for providing a customized database of scores for all Fortune 500 companies. In addition, we greatly appreciate all the wonderful work that continues to be done by the creators of the many publicly-available data sources we incorporated into our Good Company Index rankings. Thanks to all of you!



Appendix A  
Good Company Grades (Fortune 100)<sup>1</sup>

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<sup>1</sup> For complete scoring details for each company, please see the Ratings section of our website [www.goodcompanyindex.com](http://www.goodcompanyindex.com).

Company Name	2014 Good Company Index					Previous Years		
	2014 Good Company Grade	2014 Good Company Score	Employer Score	Seller Score	Steward Score	2011 Good Company Grade	2012 Good Company Grade	Change in Score 2012 to 2014
Aetna	D	-3	0	-1	-2	C	C+	-4
Allstate	C-	-1	0	-1	0	B-	C-	0
Amazon.com	C+	1	1	2	-2	-	C+	0
American Express	C-	-1	2	0	-3	B	B	-4
American International Group	F	-4	-1	0	-3	-	D+	-2
AmerisourceBergen	D	-3	-1	0	-2	C	C	-3
Apple	B+	4	2	2	0	B-	B+	0
Archer Daniels Midland	D+	-2	0	0	-2	-	-	-
AT&T	C	0	0	0	0	D+	C	0
Bank of America	D	-3	0	-1	-2	C	C-	-2
Best Buy	C-	-1	0	-1	0	B	B	-4
Boeing	C-	-1	2	-1	-2	C+	C-	0
Cardinal Health	C	0	0	0	0	C+	C	0
Caterpillar	C	0	2	0	-2	B	C+	-1
Chevron	C+	1	2	-1	0	C+	C+	0
CIGNA	D	-3	0	0	-3	-	C	-4
Cisco Systems	C+	1	2	-1	0	B+	B	-2
Citigroup	D	-3	0	-1	-2	C-	C-	-2
Coca-Cola	C	0	0	1	-1	C	C	0
Comcast	F	-5	0	-1	-4	C-	C-	-5
ConocoPhillips	C+	1	2	-1	0	D	D+	3
Costco Wholesale	B-	2	2	1	-1	C	B	-1
CVS Caremark	D+	-2	-2	-1	1	D	D+	0
Deere	B-	2	2	0	0	B-	B-	0
Delta Air Lines	B-	2	2	0	0	-	C+	1
DIRECTV	D+	-2	0	-1	-1	-	C	-1
Dow Chemical	C	0	2	-1	-1	C-	C-	1
E.I. du Pont de Nemours	C+	1	2	-1	0	C	D+	3
Express Scripts Holding	F	-4	-2	0	-2	-	D+	-2
Exxon Mobil	C+	1	2	0	-1	F	C-	2
FedEx	C	0	2	0	-2	A-	B	-3
Ford Motor	B+	4	2	0	2	B-	B	1
General Dynamics	F	-4	0	-1	-3	C-	D+	-2
General Electric	B-	2	2	-1	1	B	B-	0
General Motors	D+	-2	1	0	-3	-	-	-
Goldman Sachs Group	C+	1	2	0	-1	B	C+	0
Google	C	0	2	0	-2	-	B	-3
HCA Holdings	C-	-1	1	0	-2	-	-	-
Hess	C	0	0	-1	1	C-	C	0
Hewlett-Packard	C-	-1	0	0	-1	C	C-	0
Home Depot	C-	-1	0	0	-1	C+	C	-1

Company Name	2014 Good Company Index					Previous Years		
	2014 Good Company Grade	2014 Good Company Score	Employer Score	Seller Score	Steward Score	2011 Good Company Grade	2012 Good Company Grade	Change in Score 2012 to 2014
Honeywell International	D	-3	0	-1	-2	C	D	0
Humana	C	0	0	0	0	C	B-	-2
IBM	C	0	0	0	0	B+	B-	-2
Intel	B	3	2	0	1	B+	B	0
Johnson & Johnson	B	3	2	1	0	B-	B	0
Johnson Controls	C+	1	0	0	1	C+	B-	-1
JPMorgan Chase	C-	-1	1	0	-2	C	D+	1
Kroger	C	0	0	0	0	B-	C-	1
Lockheed Martin	B-	2	1	0	1	B-	C+	1
Lowe's Companies	D+	-3	0	0	-3	B-	C-	-1
Marathon Petroleum	C	0	2	0	-2	-	-	-
McKesson	F	-4	0	0	-4	C+	D	-1
Merck	C-	-1	0	1	-2	-	B-	-3
MetLife	D	-3	0	-1	-2	C+	C+	-4
Microsoft	B-	2	2	-1	1	B	B-	0
Mondelez International	C	0	0	0	0	-	-	-
Morgan Stanley	D+	-2	1	0	-3	B-	C+	-3
Oracle	F	-4	0	-1	-3	-	D	-1
PepsiCo	C+	1	1	0	0	B	B-	-1
Pfizer	C	0	1	1	-2	C	C+	-1
Philip Morris International	B-	2	2	0	0	-	-	-
Phillips 66	C	0	2	0	-2	-	-	-
Procter & Gamble	C+	1	2	0	-1	B+	B+	-3
Prudential Financial	C-	-1	0	-1	0	D	C+	-2
Safeway	C-	-1	-1	0	0	C+	C	-1
Sysco	C-	-1	0	0	-1	C	C-	0
Target	C+	1	0	0	1	B-	C+	0
Tesoro	C-	-1	2	-1	-2	-	-	-
Tyson Foods	C-	-1	1	0	-2	C-	D	2
United Continental Holdings	D+	-2	0	-1	-1	-	D	1
United Parcel Service	B+	4	1	1	2	B+	B	1
United Technologies	C-	-1	0	-1	0	B-	C	-1
UnitedHealth Group	C-	-1	-1	-1	1	C	C-	0
Valero Energy	C-	-1	1	-1	-1	F	D+	1
Verizon Communications	D	-3	0	0	-3	C+	D+	-1
Walgreen	D	-3	-1	-1	-1	B-	C	-3
Wal-Mart Stores	D	-3	-1	-1	-1	C	C	-3
Walt Disney	C-	-1	2	0	-3	A	C+	-2
WellPoint	C-	-1	0	0	-1	C	C+	-2
Wells Fargo	D	-3	0	-1	-2	B-	C-	-2

Appendix B  
Good Company “Quick Grades” (Fortune 101-500)<sup>1</sup>

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<sup>1</sup> For complete scoring details for each company, please see the Ratings section of our website [www.goodcompanyindex.com](http://www.goodcompanyindex.com).

Company Name	2014 Good Company Index					Previous Years		
	2014 Good Company Grade	2014 Good Company Score	Employer Score	Seller Score	Steward Score	2011 Good Company Grade	2012 Good Company Grade	Change in Score 2012 to 2014
3M	C	1	2	-1	0	B-	C	1
Abbott Laboratories	B	3	2	1	0	B-	C	3
AbbVie	C	1	1	0	0	-	-	-
Advance Auto Parts	D	-3	-1	0	-2	-	C	-4
AES	C	1	2	-1	0	-	-	-
Aflac Incorporated	C	1	0	0	1	-	C	1
Agilent Technologies	B	4	2	0	2	-	B	1
Air Products & Chemicals	B	3	2	-1	2	-	C	3
Airgas	F	-4	-2	0	-2	-	-	-
Alcoa	C	1	0	0	1	-	C	2
Allergan	B	3	0	1	2	-	B	0
Altria Group	B	3	1	1	1	-	B	1
American Electric Power	B	2	2	0	0	-	C	1
Ameriprise Financial	C	0	0	0	0	-	D	2
Amgen	A	5	2	1	2	-	B	1
Anadarko Petroleum	B	2	2	0	0	-	C	3
Apache	C	1	2	-1	0	-	-	-
Applied Materials	B	3	1	0	2	-	C	2
Ashland	C	0	0	-1	1	-	-	-
Automatic Data Processing	B	2	1	0	1	-	-	-
AutoZone	C	-1	-1	2	-2	-	C	-1
Baker Hughes Incorporated	C	1	0	-1	2	-	D	3
Bank of New York Mellon	C	0	-1	0	1	-	D	3
Baxter International	C	0	0	0	0	-	B	-2
BB&T	C	0	0	0	0	-	C	0
Becton Dickinson	B	2	1	1	0	-	B	-1
Bed Bath & Beyond	D	-3	-2	0	-1	-	D	-1
Biogen Idec	B	4	2	0	2	-	A	-1
BlackRock	C	0	0	0	0	-	D	2
BorgWarner	C	0	2	0	-2	-	-	-
Boston Scientific	C	0	0	0	0	-	C	0
Bristol-Myers Squibb	B	4	2	1	1	-	B	0
Broadcom	C	1	2	-2	1	-	C	2
C. H. Robinson Worldwide	D	-2	0	0	-2	-	C	-1
Calpine	C	1	1	0	0	-	-	-
Cameron International	C	1	2	-1	0	-	D	3
Campbell Soup	C	1	0	1	0	-	B	-1
Capital One Financial	C	1	1	0	0	-	C	0
CarMax	D	-2	0	0	-2	-	C	-2
CBRE Group	C	1	0	0	1	-	C	1
CBS	B	2	2	0	0	-	C	2

Company Name	2014 Good Company Index					Previous Years		
	2014 Good Company Grade	2014 Good Company Score	Employer Score	Seller Score	Steward Score	2011 Good Company Grade	2012 Good Company Grade	Change in Score 2012 to 2014
Celanese	D	-2	-1	-1	0	-	F	2
Celgene	A	5	2	1	2	-	-	-
CenterPoint Energy	C	1	1	0	0	-	-	-
CenturyLink	D	-2	-1	-1	0	-	D	1
Charles Schwab	C	1	0	1	0	-	D	3
Charter Communications	F	-4	-1	-1	-2	-	-	-
Chesapeake Energy	C	0	2	-1	-1	-	C	1
Chubb	C	1	1	0	0	-	-	-
Clorox	A	5	2	1	2	-	C	4
Coach	C	-1	1	0	-2	-	-	-
Coca-Cola Enterprises	B	2	0	0	2	-	-	-
Cognizant Technology	B	2	1	0	1	-	B	0
Colgate-Palmolive	B	4	2	1	1	-	C	3
Computer Sciences	C	0	0	0	0	-	-	-
ConAgra Foods	C	0	0	0	0	-	C	-1
CONSOL Energy	C	-1	0	-1	0	-	-	-
Corning Incorporated	B	2	2	0	0	-	B	0
CSX	C	1	1	0	0	-	C	1
Cummins	B	4	2	0	2	-	C	3
Danaher	F	-4	-2	-1	-1	-	F	0
DaVita HealthCare Partners	C	1	0	1	0	-	C	1
Devon Energy	C	1	2	-1	0	-	-	-
Discover Financial Services	C	1	2	0	-1	-	C	1
Discovery Communications	B	2	2	0	0	-	-	-
DISH Network	D	-3	-2	-1	0	-	D	-1
Dollar General	D	-1	-2	1	0	-	D	2
Dollar Tree	D	-3	-2	0	-1	-	D	0
Dominion Resources	B	3	2	1	0	-	-	-
Dr Pepper Snapple Group	C	-1	-1	-1	1	-	-	-
DTE Energy	B	3	2	1	0	-	D	5
Duke Energy	C	1	1	0	0	-	C	0
Eastman Chemical	C	1	2	-1	0	-	-	-
eBay	B	2	2	0	0	-	C	2
Ecolab	B	2	0	0	2	-	D	4
Eli Lilly	B	3	2	1	0	-	B	1
EMC	B	4	2	0	2	-	B	1
Emerson Electric	C	0	1	0	-1	-	C	0
Estee Lauder Companies	B	3	2	0	1	-	C	4
Exelon	B	3	1	0	2	-	C	2
Expeditors Intl of Wash	C	1	0	0	1	-	C	2
Facebook	C	0	2	-1	-1	-	-	-

Company Name	2014 Good Company Index					Previous Years		
	2014 Good Company Grade	2014 Good Company Score	Employer Score	Seller Score	Steward Score	2011 Good Company Grade	2012 Good Company Grade	Change in Score 2012 to 2014
Fidelity National Info Svcs	C	0	2	0	-2	-	D	2
Fifth Third Bancorp	C	0	0	0	0	-	C	0
FirstEnergy	C	-1	0	0	-1	-	D	1
Fluor	B	2	2	0	0	-	B	0
FMC Technologies	D	-3	0	-1	-2	-	-	-
Franklin Resources	C	1	1	0	0	-	F	5
Freeport-McMoRan	D	-2	0	-2	0	-	D	0
Gap	C	0	1	-1	0	-	-	-
General Mills	A	6	2	2	2	-	B	4
Genworth Financial	C	0	0	0	0	-	C	1
Gilead Sciences	C	0	-1	1	0	-	C	0
Halliburton	C	0	1	-1	0	-	C	1
Harley-Davidson	B	2	0	0	2	-	C	3
Hartford Financial Services	C	0	0	0	0	-	B	-2
Henry Schein	D	-2	0	0	-2	-	C	-2
Hershey	A	6	2	2	2	-	C	6
Hertz Global Holdings	C	0	1	-1	0	-	D	2
Hormel Foods	B	2	2	0	0	-	C	2
Illinois Tool Works	C	0	0	0	0	-	C	0
International Paper	C	1	2	-1	0	-	C	2
Interpublic Group	B	2	2	0	0	-	-	-
Jacobs Engineering Group	C	1	0	0	1	-	C	2
JB Hunt Transport Services	C	1	0	0	1	-	-	-
JM Smucker	B	2	2	0	0	-	-	-
Kellogg	C	1	0	1	0	-	C	1
Kimberly-Clark	B	2	1	1	0	-	C	1
Kinder Morgan	C	-1	0	0	-1	-	-	-
Kohl's	C	2	0	1	1	-	B	0
Kraft Foods Group	C	2	1	1	0	B+	C+	1
L Brands	C	1	1	0	0	-	-	-
L-3 Communications	D	-2	0	0	-2	-	C	-2
Laboratory of America	C	0	-1	1	0	-	C	1
Lincoln National	C	0	0	0	0	-	-	-
LKQ	F	-4	-2	0	-2	-	-	-
Macy's	C	-1	0	0	-1	-	C	0
Marathon Oil	C	1	2	-1	0	D	C-	2
Marriott International	B	3	2	1	0	-	-	-
Marsh & McLennan	C	0	0	0	0	-	C	0
MasterCard	B	2	2	0	0	-	C	2
Mattel	C	0	0	0	0	-	C	0
McDonald's	D	-2	0	-2	0	-	C	-2

Company Name	2014 Good Company Index					Previous Years		
	2014 Good Company Grade	2014 Good Company Score	Employer Score	Seller Score	Steward Score	2011 Good Company Grade	2012 Good Company Grade	Change in Score 2012 to 2014
McGraw Hill Financial	C	0	0	0	0	-	C	-1
Medtronic	B	3	2	1	0	-	B	0
MGM Resorts International	C	0	0	-1	1	-	-	-
Micron Technology	B	2	0	2	0	-	C	3
Mohawk Industries	C	-1	0	-1	0	-	C	0
Monsanto	B	2	2	-1	1	-	C	3
Motorola Solutions	C	1	1	-1	1	-	-	-
Murphy Oil	C	-1	-1	0	0	-	F	4
National Oilwell Varco	C	-1	1	-1	-1	-	D	1
NetApp	B	4	2	0	2	-	-	-
Newell Rubbermaid	C	0	0	0	0	-	C	1
Newmont Mining	C	1	1	0	0	-	-	-
NextEra Energy	D	-1	-2	1	0	-	-	-
Nike	B	3	2	-1	2	-	B	1
Noble Energy	C	-1	0	-1	0	-	-	-
Nordstrom	B	3	1	1	1	-	C	2
Norfolk Southern	C	1	1	0	0	-	C	2
Northeast Utilities	D	-3	-2	-1	0	-	-	-
Northrop Grumman	C	0	1	-1	0	C	C-	1
NRG Energy	C	0	0	0	0	-	-	-
Nucor	C	1	2	-1	0	-	-	-
Occidental Petroleum	C	0	0	-1	1	-	D	2
O'Reilly Automotive	D	-2	-1	1	-2	-	B	-4
PACCAR	F	-4	-2	0	-2	-	D	-2
Parker-Hannifin	C	-1	0	-1	0	-	C	0
PetSmart	C	0	0	0	0	-	C	1
PG&E	C	0	0	-1	1	-	C	0
PNC Financial Services	C	0	0	0	0	-	C	0
PPG Industries	C	-1	0	-1	0	-	D	1
PPL	C	2	2	1	-1	-	-	-
Praxair	C	1	0	-1	2	-	C	2
Precision Castparts	F	-4	-2	-1	-1	-	-	-
Principal Financial Group	B	2	2	0	0	-	C	1
Progressive	C	0	1	-1	0	-	C	0
Public Service Enterprise Grp	C	0	1	-1	0	-	-	-
PulteGroup	C	0	2	0	-2	-	-	-
PVH	B	2	2	0	0	-	-	-
Qualcomm	B	3	2	-1	2	-	B	1
Quest Diagnostics	C	1	-1	1	1	-	C	0
Ralph Lauren	C	0	0	1	-1	-	C	1
Raytheon	B	2	1	0	1	-	C	1



Company Name	2014 Good Company Index					Previous Years		
	2014 Good Company Grade	2014 Good Company Score	Employer Score	Seller Score	Steward Score	2011 Good Company Grade	2012 Good Company Grade	Change in Score 2012 to 2014
Regions Financial	C	0	0	0	0	-	C	1
Republic Services	D	-3	-2	0	-1	-	F	1
Reynolds American	C	1	0	1	0	-	C	1
Rock-Tenn	D	-2	-2	0	0	-	-	-
Rockwell Automation	B	4	2	0	2	-	C	4
Ross Stores	D	-3	-2	0	-1	-	D	-1
SanDisk	B	2	2	0	0	-	C	3
Sherwin-Williams	B	3	1	0	2	-	C	2
Simon Property Group	D	-2	-2	0	0	-	-	-
SLM	C	0	0	0	0	-	-	-
Southern	B	3	2	1	0	-	C	3
Southwest Airlines	B	4	2	1	1	-	B	2
St Jude Medical	C	-1	-1	0	0	-	C	-2
Stanley Black & Decker	D	-2	-2	0	0	-	D	0
Staples	C	1	-1	0	2	-	C	0
Starbucks	C	1	2	-1	0	-	C	0
Starwood Hotels & Resorts	B	2	2	0	0	-	C	2
State Street	D	-2	-2	0	0	-	C	-1
Stryker	B	2	2	0	0	-	C	2
SunTrust Banks	C	-1	-1	0	0	-	D	1
Symantec	C	-1	1	-2	0	-	-	-
Texas Instruments	B	2	2	0	0	-	B	0
Textron	C	0	0	-1	1	-	D	2
Thermo Fisher Scientific	C	0	-1	0	1	-	D	2
Time Warner	C	1	1	0	0	B-	A-	-4
Time Warner Cable	D	-3	0	-2	-1	-	D	-1
TJX Companies	C	0	0	0	0	-	D	2
Tractor Supply	D	-2	0	0	-2	-	-	-
TRW Automotive Holdings	C	0	-1	0	1	-	C	1
Union Pacific	B	2	1	1	0	-	C	2
Universal Health Services	D	-3	-1	0	-2	-	-	-
Unum Group	B	2	1	0	1	-	B	0
VF	B	2	2	0	0	-	-	-
Viacom	B	2	2	0	0	-	C	2
Visa	C	0	0	0	0	-	D	2
Waste Management	C	0	-1	0	1	-	D	2
Western Digital	C	0	0	0	0	-	C	1
Western Union	C	-1	-1	0	0	-	C	-1
Weyerhaeuser	C	-1	0	-1	0	-	C	-1
Whirlpool	C	-1	0	-1	0	-	C	-1
Whole Foods Market	B	2	2	0	0	-	B	0

Company Name	2014 Good Company Index					Previous Years		
	2014 Good Company Grade	2014 Good Company Score	Employer Score	Seller Score	Steward Score	2011 Good Company Grade	2012 Good Company Grade	Change in Score 2012 to 2014
Williams	C	0	2	-1	-1	-	-	-
WW Grainger	B	2	1	0	1	-	C	2
Wyndham Worldwide	B	1	0	-1	2	-	-	-
Wynn Resorts	C	0	0	0	0	-	-	-
Xcel Energy	C	0	0	0	0	-	C	-1
Xerox	C	-1	-2	0	1	-	C	-2
Yum! Brands	C	0	2	-2	0	-	C	1

Appendix C  
Scoring Methodology

## Full Grades (Fortune 100)

In calculating the “full” Good Company Index scores and grades for Fortune 100 companies included in this report, we used data from a variety of sources that, in our view, reflect key elements of good company behavior, as we describe in our book *Good Company: Business Success in the Worthiness Era* (Berrett-Koehler, 2011).

A full list of sources is included at the end of this appendix. (The most up-to-date information on the Good Company Index can always be found at [www.goodcompanyindex.com](http://www.goodcompanyindex.com).)

We assigned positive or negative points to companies based on their performance on each measure (specifics described below) and then tallied the totals to yield a total score, which was then converted into a grade, as indicated in Table C-1. This is the same scale used in our 2011 and 2012 grades as well.

**Table C-1**  
**Overall Good Company Grades and Corresponding Numerical Scores**

<b>Grade</b>	<b>Score</b>
<b>A+</b>	7 or higher
<b>A</b>	6
<b>A-</b>	5
<b>B+</b>	4
<b>B</b>	3
<b>B-</b>	2
<b>C+</b>	1
<b>C</b>	0
<b>C-</b>	-1
<b>D+</b>	-2
<b>D</b>	-3
<b>F</b>	-4 or lower

For data from some sources, companies were ranked from high to low into *octiles*, or eighths, which were used to assign category scores that make up the Good Company Index ratings. For example, a company that falls in the top 12.5 percent (the equivalent of the top one-eighth of the overall distribution) would be in the first, or top, octile. A company that falls between 75 percent and 87.5 percent would be in the second octile, and so on.

In general, full Good Company grades were only assigned to those companies for which full data were available from all sources (the three primary exceptions, for ACSI data, political accountability ratings, and tax dodger status, are described below).

### **Good Employer**

**Glassdoor.com.** For companies with at least 25 employee reviews on Glassdoor.com for the two-year period June 2012 to May 2014, we assigned points from -2 to 2, based on a company's overall Glassdoor score, as indicated in the score ranges listed below. (These score ranges are based on octiles that were calculated for the *Good Company* book in June 2010 for Fortune 100 companies.)

<b>Glassdoor Score</b>	<b># Points Assigned</b>
<b>3.6 or higher</b>	2
<b>3.4 to 3.5</b>	1
<b>3.0 to 3.3</b>	0
<b>2.8 to 2.9</b>	-1
<b>2.7 or lower</b>	-2

**Fortune 100 Best Companies to Work For.** If the company is listed on the 2014 *Fortune* 100 "Best Companies to Work For" list, the company was assigned 1 point.

**Good Employer Overall Calculation.** Points from the two sources above are added together to yield the overall Good Employer score, subject to a maximum of 2 points.

### **Good Seller**

**wRatings.** Points were assigned based on the octile into which a company falls (relative to the entire wRatings company database) in a custom rating calculated by wRatings (averaged from full-year 2012 and 2013 data) using customer evaluations of *quality*, *fair price*, and *trust*.

wRatings Octile	# Points Assigned
1st	2
2nd	1
3rd to 6th	0
7th	-1
8th	-2

**American Customer Satisfaction Index (ACSI).** For companies for which ACSI ratings are available, points were assigned based on the octile of their 2013 ACSI rating (computed relative to the average ACSI score for the relevant industry).

ACSI (vs industry) Octile	# Points Assigned
1st	2
2nd	1
3rd to 6th	0
7th	-1
8th	-2

**Good Seller Overall Calculation.** For those companies for which ACSI data are available, the overall Good Seller score is the average of the points assigned from wRatings scores and the points assigned from ACSI scores. For companies for which ACSI data are *not* available, the overall Good Seller score is the number of points assigned from wRatings scores.

## Good Steward

### Environment

**Newsweek Green Rankings.** Points were assigned based on a company's octile ranking among 500 companies included in the 2014 *Newsweek* Green Rankings.

Newsweek Green Octile	# Points Assigned
1st or 2nd	1
3rd to 6th	0
7th or 8th	-1

**RobecoSAM Dow Jones Sustainability North America Index.** If the company is included in the Dow Jones Sustainability North America Indices in collaboration with RobecoSAM (effective as of September 23, 2013), the company was assigned 1 point.

### Penalties/Fines

**Authors' Database.** Based on our own compilation of penalties and fines (primarily assigned by the federal government in the United States) between 2009 and 2014, if the company paid fines between \$1 million and \$100 million, the company was assigned –1 point.

If the company paid fines greater than \$100 million, the company was assigned –2 points.

A database of all penalties/fines compiled by the authors is available at [www.goodcompanyindex.com](http://www.goodcompanyindex.com). Please note that it is not comprehensive; in particular, we did not attempt to gather additional specific penalties/fines for any company once we determined that it had amassed over \$100 million in penalties/fines from 2009 to 2014.

### Restraint

**CEO Compensation.** If CEO compensation is among the 5 highest among the Fortune 100 on the June 2014 *New York Times* report based on the 2013 Equilar 200 CEO Pay Study, the company was assigned –1 point.

**CTJ/ITEP Corporate Tax Dodger.** If the company was listed as one of the companies that paid zero (or "negative") taxes in at least 2 of the 3 years 2010 to 2012, as discussed in the February 2014 report "Sorry State of Corporate Taxes," the company was assigned –1 point. (If a company was not included in the report, it was assigned 0 points.)

**CPA-Zicklin Political Accountability.** If the company earned a score of 75 or greater, indicating greater accountability and disclosure, in the report "The 2013 CPA-Zicklin Index of Corporate Political Accountability and Disclosure," the company was assigned 1 point. For those companies with no political spending (and thus no associated CPA-Zicklin score), each was also assigned 1 point. If a company was not ranked in the report, it was assigned 0 points.

**Tax Havens.** If a company makes use of offshore tax havens, as defined in the US PIRG/Citizens for Tax Justice report “Offshore Shell Games 2014: The Use of Offshore Tax Havens by Fortune 500 Companies,” it was assigned –1 point.

**Contribution.**

**Ethisphere Most Ethical Companies.** If the company was included in the 2014 Ethisphere Most Ethical Companies list, the company was assigned 1 point.

**Good Steward Overall Calculation.** The overall Good Steward score is the sum of all points assigned from all Good Steward sources listed above.



## “Quick Grades” (Fortune 101 to 500)

In addition to calculating “full” Good Company Index grades for Fortune 100 companies, we also assign “Quick Grades” to those companies in the Fortune 500 for whom data were available on each of three key components of the full Good Company grading system:

- Glassdoor.com (Employer)
- wRatings and ACSI (Seller)
- *Newsweek* Green Rankings (Steward, focused on Environment)

Many of the other Good Company Index scoring components only rank the very largest companies, and therefore were not applicable for most companies smaller than the Fortune 100.

For “Quick Grades,” we assigned and tallied positive or negative points to these companies based on their performance on the measures described below, and assigned grades based on Table C-2. Due to the more limited nature of the information included for these companies, we did not include “plus” or “minus” letter grades, only full letter grades.

Table C-2  
Good Company “Quick” Grades and Corresponding Numerical Scores

Grade	Score
A	5 or 6
B	2 to 4
C	-1 to 1
D	-2 to -3
F	-4 to -6

### ***Good Employer Quick Score***

**Glassdoor.com (same formula as for full grades).** For companies with at least 25 employee reviews on Glassdoor.com for the two-year period June 2012 to May 2014, we assigned points from -2 to 2, based on a company’s overall Glassdoor score, as indicated in the score ranges listed below. (These score ranges are based on octiles that were calculated for the *Good Company* book in June 2010 for Fortune 100 companies.)

Glassdoor Score	Quick Points Assigned
3.6 or higher	2
3.4 to 3.5	1
3.0 to 3.3	0
2.8 to 2.9	-1
2.7 or lower	-2

### Good Seller Quick Score

**wRatings (same formula as for full grades).** Points were assigned based on the octile into which a company falls (relative to the entire wRatings company database) in a custom rating calculated by wRatings (averaged from full-year 2012 and 2013 data) using customer evaluations of *quality, fair price, and trust*.

wRatings Octile	Quick Points Assigned
1st	2
2nd	1
3rd to 6th	0
7th	-1
8th	-2

**American Customer Satisfaction Index (ACSI) (same formula as for full grades).** For companies for which ACSI ratings are available, points were assigned based on the octile of their 2013 ACSI rating (computed relative to the average ACSI score for the relevant industry).

For those companies for which ACSI data are available, the overall Good Seller score is the average of the points assigned from wRatings scores and the points assigned from ACSI scores. For companies for which ACSI data are *not* available, the overall Good Seller score is the number of points assigned from wRatings scores.

ACSI (vs industry) Octile	# Points Assigned
1st	2
2nd	1
3rd to 6th	0
7th	-1
8th	-2

### **Good Steward Quick Score**

**Newsweek Green Rankings (different than full grades formula).** Points were assigned based on a company's octile ranking among 500 companies included in the 2014 *Newsweek* Green Rankings. Scores were expanded for this component from the formula used for "full" grades (-1 to 1 point range) to a range of -2 to 2. This ensured that the employer, seller, and steward categories each had an equal number of potential points (2 per category) for Quick Grade purposes.

<b>Newsweek Green Octile</b>	<b>Quick Points Assigned</b>
<b>1st</b>	2
<b>2nd</b>	1
<b>3rd to 6th</b>	0
<b>7th</b>	-1
<b>8th</b>	-2

## Sources

### Good Employer

- Data compilation (June 2014) provided to authors by Glassdoor. [www.glassdoor.com](http://www.glassdoor.com).
- *Fortune's* 2014 list of Best Companies to Work For. [www.fortune.com/best-companies](http://www.fortune.com/best-companies).

### Good Seller

- Custom rating (2012-13 data) provided to authors by wRatings. [www.wratings.com](http://www.wratings.com).
- American Customer Satisfaction Index 2013 scores relative to industry. [www.theacsi.org/customer-satisfaction-benchmarks/benchmarks-by-company](http://www.theacsi.org/customer-satisfaction-benchmarks/benchmarks-by-company).

### Good Steward

- *Newsweek* 2014 Green Rankings. [www.newsweek.com/green/americas-greenest-companies-2014](http://www.newsweek.com/green/americas-greenest-companies-2014).
- September 2013 list of companies included on Dow Jones Sustainability North America Index, provided to authors by RobecoSAM. [www.sustainability-indices.com](http://www.sustainability-indices.com).
- Penalties/fines compiled by authors, 2014, through systematic review of 2009 to 2014 sanctions listed on U.S. Government agency Web resources plus review of major additional fines/penalties (state, European Union, class action) during the same period. Detailed list available on [www.goodcompanyindex.com](http://www.goodcompanyindex.com).
- Equilar ranking of 2013 compensation for 200 chief executives, compiled for *New York Times*, June 17, 2014. [www.nytimes.com/interactive/2014/06/08/business/the-pay-at-the-top.html](http://www.nytimes.com/interactive/2014/06/08/business/the-pay-at-the-top.html).
- "The Sorry State of Corporate Taxes: What Fortune 500 Firms Pay (or Don't Pay) in the USA and What they Pay Abroad 2008 to 2012," Citizens for Tax Justice and Institute on Taxation and Economic Policy," February 2014. [www.ctj.org/corporatetaxdodgers/sorrystateofcorptaxes.pdf](http://www.ctj.org/corporatetaxdodgers/sorrystateofcorptaxes.pdf).
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- "Offshore Shell Games 2014: The Use of Offshore Tax Havens by Fortune 500 Companies," US PIRG/Citizens for Tax Justice. [ctj.org/pdf/offshoreshell2014.pdf](http://ctj.org/pdf/offshoreshell2014.pdf).
- Ethisphere's 2014 World's Most Ethical Companies. [ethisphere.com/worlds-most-ethical/wme-honorees](http://ethisphere.com/worlds-most-ethical/wme-honorees).