America’s Most Responsible Companies 2021

Methodology

November 2020
America’s Most Responsible Companies

Newsweek’s definitive list of top performing companies in corporate social responsibility matters in the U.S.

- For the second time, Newsweek and Statista are honoring America’s Most Responsible Companies based on publicly available key performance indicators derived from CSR Reports, Sustainability Reports, and Corporate Citizenship Reports as well as an independent survey.
- The analysis was carried out in a 4-phase process (see page 3). starting with a pool of over 2,000 companies that were screened by different criteria. All the companies that passed the pre-screening (carried out in June and July 2020) have been analyzed in detail. The detailed analysis consisted of an independent survey among more than 7,500 U.S. residents and research based on publicly available key performance indicators (see page 7-9) derived from Corporate Annual Reports, CSR Reports, Sustainability Reports and Corporate Citizenship Reports. Relevant companies have also been requested to validate their data. The independent survey was administered using an online access panel. The survey took an average of 10 minutes to complete and the field period ran in September 2020.
- The detailed analysis covered three areas of Corporate Social Responsibility:
  - Environmental
  - Social
  - Corporate Governance
- For each company, a score was calculated based on the performance in the survey as well as the analysis of KPIs.
- The 400 companies with the highest scores have been awarded. The final list recognizes the top 400 most responsible companies in the United States, spanning 14 industries: Automotive & Components, Capital Goods, Consumer Goods, Energy & Utilities, Entertainment, Leisure & Dining, Financial, Health Care & Life Sciences, Materials, Professional Services, Real Estate & Housing, Retail, Software & Telecommunications, Technology Hardware and Travel, Transport & Logistics.
The Creation of the Ranking of the Top 400 Companies was based on a 4-Phase-Process

**Methodology Overview: 4-Phase-Process**

1. **Candidate Pool**
   - Top 2,000 public companies by revenue with headquarters in the U.S.
   - Banks and insurance companies: total assets exceed 50 billion USD

2. **Pre-Screening**
   - The company has published a CSR-Report, Sustainability Report or similar including data for 2018 or later years (Status: June/July 2020)
   - The company's activities do not primarily focus on defense
   - The company is not involved in major lawsuits, scandals etc.

3. **Detailed Review**
   - 3 areas: "Environment", "Social", "Corporate Governance"
   - Survey of over 7,500 U.S. residents + Research of relevant KPIs

4. **Scoring Model**
   - Calculate the score based on data through detailed analysis for the 3 areas
   - Top 400 companies with the highest score are awarded
The Pre-Screening was carried out for all the Companies in the Candidate Pool

1. Candidate Pool
2. Pre-Screening Phase

Candidate Pool
The company belongs to the largest 2,000 public companies by revenue with headquarters in the U.S. in 2019
Banks and insurance companies: The company’s total assets exceeded 50 billion USD in 2019

Start of Pre-Screening

Has the company published a CSR Report, Sustainability Report, Corporate Citizenship Reports or similar that includes data for 2018 or later years?  
Yes  
No

Are the company’s activities primarily focused on defense?  
Yes  
No

Is the company involved in any major lawsuits, scandals related to CSR?  
Yes  
No

The Company was not evaluated in the detailed analysis

Detailed Analysis
- Survey of U.S. Residents
- Research of KPIs
Survey to evaluate Reputation of Companies was the First Part of the Detailed Analysis

Survey among over 7,500 U.S. residents
- The survey was conducted using an online access panel
- Survey on how the company's CSR-activities are perceived by U.S. residents (general perception and perception in the three areas social, environmental and corporate governance)

### Survey structure and topics

1) Selection of companies that the survey participant is familiar with
2) General perception of CSR activities of every selected company
   - In general, the company does a good job in terms of corporate social responsibility.
3) Perception of every selected company in three areas:

#### Environment
- The company is active in protecting the environment.
- The company meets relevant environmental standards.
- The company uses resources responsibly and acts in an environmentally friendly way.

#### Social
- The company is committed to good causes.
- The company is a popular employer.
- The company supports diversity and is committed to increasing the number of women and ethnic minorities in its workforce.

#### Governance
- The company is transparent with its public disclosures.
- The company handles sensitive data with care.
- The company works against all forms of corruption.
The KPI Research covered the three Areas of Corporate Social Responsibility

- Analysis of KPIs from the three areas
- Disclosed data from CSR report (or similar) and annual report
- Observation of general KPIs – KPIs that are available regardless of the industry
- Researched data is either
  - binary (true or false)
  - numerical
- Companies are scored 0 in the case of non-disclosure for relevant KPIs.

Additional: opportunity for companies in scope to validate the researched KPIs in all three areas

### Relevant dimensions for each area

#### Environmental KPIs:
- Waste
- Emissions
- Water Use
- Energy Use
- Environmental Engagement

#### Social KPIs:
- Leadership Diversity
- Employees
- Philanthropy & Engagement

#### Governance KPIs:
- Disclosure & Transparency
- Economic Performance
Environmental KPIs in 5 Dimensions have been raised

<table>
<thead>
<tr>
<th>Dimension</th>
<th>KPI</th>
<th>Methodology</th>
</tr>
</thead>
<tbody>
<tr>
<td>Waste</td>
<td>Waste Intensity</td>
<td>Non-recycled waste / Revenue</td>
</tr>
<tr>
<td></td>
<td>Statement about recycled waste</td>
<td>Yes / No</td>
</tr>
<tr>
<td>Emissions</td>
<td>Carbon Intensity</td>
<td>GHG emissions: scope 1 &amp; 2 / Revenue</td>
</tr>
<tr>
<td></td>
<td>Statement about Emission reduction</td>
<td>Yes / No</td>
</tr>
<tr>
<td>Energy Use</td>
<td>Energy Intensity</td>
<td>Energy use / Revenue</td>
</tr>
<tr>
<td></td>
<td>Statement about reduction of energy use</td>
<td>Yes / No</td>
</tr>
<tr>
<td></td>
<td>Statement about use of renewable energy</td>
<td>Yes / No</td>
</tr>
<tr>
<td>Water Use</td>
<td>Water Intensity</td>
<td>Water use / Revenue</td>
</tr>
<tr>
<td>Environmental Engagement</td>
<td>Examples of environmental projects in CSR-Report</td>
<td>Yes / No</td>
</tr>
<tr>
<td></td>
<td>Provides information to CDP</td>
<td>Yes / No</td>
</tr>
<tr>
<td>Long Term Performance(1)</td>
<td>Score Environment 2020</td>
<td>1-100</td>
</tr>
</tbody>
</table>

(1) Last year’s results were taken into account, but were attributed a lower weight within the evaluation.
Social KPIs in 3 Dimension have been evaluated

### Detailed Analysis: Research of KPIs

<table>
<thead>
<tr>
<th>Dimension</th>
<th>KPI</th>
<th>Methodology</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leadership Diversity</td>
<td>Share of Women in Board of Directors</td>
<td># of women in Board / Total # of people in board</td>
</tr>
<tr>
<td></td>
<td>Share of Minorities in Board of Directors</td>
<td># of Minorities in Board / Total # of people in board</td>
</tr>
<tr>
<td>Employees</td>
<td>Total Recordable Incident Rate (or similar: DART Days Away, Restricted or Transferred, Lost Time Incident Rate)</td>
<td># of lost time cases * 200,000 / Total hours worked (or similar)</td>
</tr>
<tr>
<td></td>
<td>Employee Turnover</td>
<td>Number of departures / Average total employees</td>
</tr>
<tr>
<td></td>
<td>Average Training Hours</td>
<td>Training hours per employee</td>
</tr>
<tr>
<td>Philanthropy &amp; Engagement</td>
<td>Average Volunteer Hours</td>
<td>Employee volunteer hours / # employees</td>
</tr>
<tr>
<td></td>
<td>Human Right Policy</td>
<td>Yes / No</td>
</tr>
<tr>
<td></td>
<td>Charitable Giving I</td>
<td>Charitable Giving / Revenue</td>
</tr>
<tr>
<td></td>
<td>Charitable Giving II</td>
<td>Yes / No</td>
</tr>
<tr>
<td></td>
<td>Examples of social projects in CSR-Report</td>
<td>Yes / No</td>
</tr>
<tr>
<td>Long Term Performance(1)</td>
<td>Score Social 2020</td>
<td>1-100</td>
</tr>
</tbody>
</table>

(1) Last year’s results were taken into account, but were attributed a lower weight within the evaluation.
Governance KPIs in 2 Dimensions were researched

<table>
<thead>
<tr>
<th>Dimension</th>
<th>KPI</th>
<th>Methodology</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disclosure &amp; Transparency</td>
<td>Scope of CSR-Report</td>
<td>Number of pages</td>
</tr>
<tr>
<td></td>
<td>CSR-Section on Website</td>
<td>Yes / No</td>
</tr>
<tr>
<td></td>
<td>CSR-Report with GRI Report Guidelines</td>
<td>Yes / No</td>
</tr>
<tr>
<td></td>
<td>Compliance / Anti-Corruption guideline</td>
<td>Yes / No</td>
</tr>
<tr>
<td>Economic Performance</td>
<td>Financial Stability (Piotroski F-Score Test)</td>
<td>9 criteria: net profit, operating cash flow, operating cash flow / net profit, net profit / total assets, leverage long-term ratio, current ratio, gross margin, asset turnover, ordinary shares</td>
</tr>
<tr>
<td></td>
<td>Innovation Capacity</td>
<td>R&amp;D expenses / Revenue</td>
</tr>
<tr>
<td>Long Term Performance(1)</td>
<td>Score Corporate Governance 2020</td>
<td>1-100</td>
</tr>
</tbody>
</table>

(1) Last year’s results were taken into account, but were attributed a lower weight within the evaluation.
For every Company in the Detailed Analysis a Score was calculated from Survey and KPI Performance.

### Scoring Model

- **Reputation Survey**
  - Score “Environment” (0 - 100) [33.3%]

- **KPIs**
  - 70%

- **Reputation Survey**
  - Score “Social” (0 - 100) [33.3%]

- **KPIs**
  - 70%

- **Reputation Survey**
  - Score “Corporate Governance” (0 - 100) [33.3%]

- **KPIs**
  - 70%

### CSR Score (0 - 100)

#### TOP 400 RESPONSIBLE COMPANIES AWARDED
400 Companies from a pool of over 2,000 have been awarded for their Excellence in the field of CSR

Result: Top 400 list spanning 14 industries

<table>
<thead>
<tr>
<th>Rank</th>
<th>Industry Rank</th>
<th>Company</th>
<th>State</th>
<th>Industry</th>
<th>CSR Score</th>
<th>Score Environmental</th>
<th>Score Social</th>
<th>Score Governance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1</td>
<td>HP</td>
<td>Delaware</td>
<td>Technology Hardware</td>
<td>93.2</td>
<td>95.9</td>
<td>92.4</td>
<td>91.4</td>
</tr>
<tr>
<td>2</td>
<td>2</td>
<td>NVIDIA</td>
<td>California</td>
<td>Technology Hardware</td>
<td>92.7</td>
<td>94.7</td>
<td>87.6</td>
<td>95.9</td>
</tr>
<tr>
<td>3</td>
<td>1</td>
<td>Microsoft</td>
<td>Washington</td>
<td>Software &amp; Telecommunications</td>
<td>91.9</td>
<td>91.8</td>
<td>88.3</td>
<td>95.7</td>
</tr>
<tr>
<td>4</td>
<td>3</td>
<td>Cisco Systems</td>
<td>California</td>
<td>Technology Hardware</td>
<td>91.7</td>
<td>97.3</td>
<td>79.1</td>
<td>98.9</td>
</tr>
<tr>
<td>5</td>
<td>4</td>
<td>Qualcomm</td>
<td>California</td>
<td>Technology Hardware</td>
<td>91.5</td>
<td>89.5</td>
<td>85.2</td>
<td>100.0</td>
</tr>
<tr>
<td>6</td>
<td>1</td>
<td>General Mills</td>
<td>Minnesota</td>
<td>Consumer Goods</td>
<td>91.3</td>
<td>89.1</td>
<td>98.8</td>
<td>86.2</td>
</tr>
<tr>
<td>7</td>
<td>2</td>
<td>Whirlpool</td>
<td>Michigan</td>
<td>Consumer Goods</td>
<td>91.3</td>
<td>92.7</td>
<td>89.8</td>
<td>91.4</td>
</tr>
</tbody>
</table>

America’s Most Responsible Companies 2021 by Newsweek and Statista recognizes the top 400 most responsible companies in the United States, spanning 14 industries:

- Automotive & Components
- Capital Goods
- Consumer Goods
- Energy & Utilities
- Entertainment, Leisure & Dining
- Financial
- Health Care & Life Sciences
- Materials
- Professional Services
- Real Estate & Housing, Retail
- Retail
- Software & Telecommunications
- Technology Hardware
- Travel, Transport & Logistics
America’s Most Responsible Companies Partner Network

Overview of involved parties

About Newsweek

Newsweek is a premier news magazine and website that has been bringing high-quality journalism to readers around the globe for over 80 years.

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