

Presented By



CR Magazine's What Makes a Good Corporate Citizen?

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CR Magazine's 100 Best Corporate Citizens List Announcement



CR Magazine's 16th Annual 100 Best Corporate Citizens List Announcement

Monday, April 20th
1 PM ET

COMMIT!Forum



COMMIT!Forum 2015 *COMMIT! to a Responsible Culture & Supply Chain*

October 21-22, 2015
TKP
New York, NY



Corporate Responsibility Association (CRA)



Mission:

Promote the practice and profession of corporate responsibility in service of good business. Educate and engage leaders at all levels to use corporate responsibility to reduce risk, improve operational efficiency, save money, attract talent, and encourage innovation.

2015 Featured Member Companies

Platinum



Gold



Silver





Methodology Overview

A common mission



- *CR Magazine* and CRA share a common purpose: advancing corporate accountability and responsibility.
- The methodology fulfills that purpose by transparently assessing the degree to which companies hold themselves accountable and let others hold them accountable as well.

A joint effort



- The CRA stewards the methodology to ensure its relevance, transparency and efficacy.
- *CR Magazine* independently verifies the data and publishes the methodology for all to see and use.

The process



- *CR Magazine* and CRA's Ratings & Rankings Thought Leadership Council:
 - Seek to maintain consistency year-to-year
 - Changes across any aspect of the methodology
 - The main categories and category weights
 - The data elements
 - Additional elements/methods
- Public comment

The data



- Publicly available data sources
- Computed by IW Financial, an analysis firm serving the ESG (Environment, Social, Governance) investment community
- Russell 1000 companies
- 2015 list has 303 data elements in 7 categories:
 - Climate change
 - Employee relations
 - Environment
 - Financial
 - Governance
 - Human rights
 - Philanthropy & Community Support

Data subcategories and forms



Data fall into one of three subcategories:

Disclosure

Example: Does the company disclose the total amount of energy conserved through its energy conservation programs?

Policy

Example: Are incentives given to employees for meeting company energy conservation goals?

Performance

Example: What is the disclosed total water use?

And one of two forms

Binary

“True” counts as a positive value; “False” and blank fields count as zero values.

Numerical

Numerical values are compared across all responding companies to generate a ranking. Non-reporters rank worse than worst numerical respondent.

Data collection



IWF collects companies' data from several sources

- Company web sites
- Company sustainability reports
- Company 10-K reports
- Other public sources

Data confirmation



IWF manages the data confirmation process using a three-tiered approach

1. An IWF researcher (not the original data collector) reviews the data and sources.
2. IWF gives every Russell 1000 company an opportunity to review the data for accuracy and completeness.
3. IWF sends prospective listees another copy of the complete file for review and comment.

Data confirmation: common issues



- Must be **publicly** available.
- Confirmation must include a link and that link must be active.
- It helps to provide detailed information/ explanation in addition to any links

Data analysis



- We weight the seven data categories differently to account for different relative values
 - For example, Environment and Climate Change between them represent 36%, Governance 7%, reflecting
 - the increasing emphasis on managing the costs associated with environment and climate change
 - the mechanics of good governance and compliance have become “table stakes” and are not as meaningful differentiators

Data Category	2015 Weighting Percent
Environment	19.5%
Climate Change	16.5%
Human Rights	16.0%
Employee Relations	19.5%
Philanthropy & Community Support	12.5%
Financial	9.0%
Governance	7.0%
Totals	100.0%

Mechanics: tie gaps



- When several companies are tied for the same score, the result is a gap between the ranking of those companies and the next-highest score, for example
 - As in the Olympics, if two competitors tie for the top score, each gets a gold medal, and the next-highest score earns a bronze medal
- In the spirit of transparency, the listing shows the tie-gap equivalent score—shown as (T-XX) next to the mathematical rank

Mechanics: yellow/red cards



- Each year, based on the numbers, some companies make the List despite some self-caused reputational damage
- Yellow/red cards address those kinds of issues
 - Yellow card = caution, a significant but pending investigation initiated in the data collection year by a recognized authority; yellow carded companies remain on the list
 - Red card = a significant adverse judgment in the data collection year against the company by a recognized legal or regulatory agency; the company is excluded from the list for a three-year period

Trends & Insights



- The only constant is movement in 2015:
 - 35 companies rose an average of 19 ranks
 - 45 companies fell an average of 17 ranks
 - 18 companies new to the list
- The average rank increase for the Top 100 was 25
- The average rank increase for the Top 10 was 9

Applying the 100 Best to Your Business



- Ways the 100 Best Corporate Citizens Can be useful to your business:
 1. Assign the metric to potential partners in RFPs
 2. Use them to benchmark against in the industry sectors (custom reports are available)
 3. Use them as a guide as to which professionals to network with for CR related knowledge sharing
 4. Develop strategic plans based on areas in which you wish to improve your scores

Q & A and Thanks!



- Further questions?
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