

2014 Good Company Index™
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.)

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

Grade	Score
A+	7 or higher
A	6
A-	5
B+	4
B	3
B-	2
C+	1
C	0
C-	-1
D+	-2
D	-3
F	-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.)

Glassdoor Score	# 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

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. 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. If a company has no political spending, it was 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 (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.

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

Sources

Good Employer

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

Good Seller

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

Good Steward

- *Newsweek* 2014 Green Rankings. 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.
- 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.
- 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.
- "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.
- "The 2013 CPA-Zicklin Index of Corporate Political Accountability and Disclosure: How Leading Companies are Strengthening Their Political Spending Policies." www.politicalaccountability.net/index.php?ht=a/GetDocumentAction/i/8047
- "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.
- Ethisphere's 2014 World's Most Ethical Companies. ethisphere.com/worlds-most-ethical/wme-honorees.