



2018
JUST Capital Ranking Methodology
—
Executive Summary

As of February 6, 2019

1 About JUST Capital

The JUST Capital Foundation, Inc. (<http://justcapital.com>) is an independent, nonprofit 501(c)(3) organization that works to align business practices with the American people to ensure capitalism works for all. Co-founded in 2013 by a group of concerned people from the world of business, finance, and civil society – including Chairman Paul Tudor Jones II, Deepak Chopra, Rinaldo Brutoco, Arianna Huffington, Paul Scialla, and others – JUST Capital ranks how the largest, publicly traded U.S. corporations measure up against the American people’s definition of just business behavior, and provides research, indexes, and data-driven tools to help people make more informed decisions about where to invest, work, and buy to direct capital toward companies advancing a more just future. The organization is based in New York City.

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3 Brief Overview

Each year, JUST Capital ranks the largest, publicly traded U.S. corporations, producing a list that reflects how well each company measures up against the American public's definition of just corporate behavior. In 2016, JUST Capital released its inaugural industry-relative rankings. In 2017, we released our first ever ranking of companies on an overall, cross-industry basis. In 2018, we have been building on that foundation, bringing a lot of the data collection in house, and refining our measurement of just corporate behavior.

To define just corporate behaviors, JUST Capital has, between 2015 and 2018, polled over 81,000 members of the American public as part of continuous, multiphase series of surveys. These polls, which target a representative sample of the U.S. population, determine the topics that matter most to Americans, including higher-level thematic Issues and specific Components of just business behavior, as well as their relative importance. JUST Capital has established Metrics for each of these Components, collected and evaluated data from an extensive range of sources, and then used this data to measure companies' performance on the Issues defined by the American public.

As part of the development of our scoring methodology, JUST Capital solicits input from both the American public and subject matter experts (i.e. academics, investment practitioners, and corporations) on our choice of Metrics and Data Points, as well as the means of transforming and processing raw data to use in the ranking model. We believe this process ensures our work remains as informed, objective, and accurate as possible.

A complete version of our Methodology is available on our [website](#).

3.1 Our Process

The JUST Capital ranking methodology follows a three-step process:

1. **Survey Research:** JUST Capital conducts representative focus groups and surveys of the American public on a regular basis in order to understand what issues represent just corporate behavior, how these issues should be defined, and the relative importance of each.
2. **Company Evaluation:** In as fair, unbiased, and rigorous a way as possible, JUST Capital develops Metrics and collects data on how the companies it covers perform across these issues. At every major methodological step, JUST Capital seeks guidance from its expert advisors and/or the public through polls or surveys.
3. **Rankings:** With input from various stakeholders and independent experts, JUST Capital develops a ranking model that leverages our survey research, and company evaluations to rank the largest, publicly traded U.S. companies. That same ranking provides the basis for a ranking by industry so that companies can be compared to their peers. An industry ranking is obtained by looking at the overall ranking on an industry-by-industry basis.

3.2 Survey Research

JUST Capital has utilized qualitative and quantitative survey research over the past four years to develop the framework for the ranking model. Over time, and after engaging more than 81,000 American adults, JUST Capital and the public have created a structure of seven "Issues" – overarching categories of business behavior – and 36 underlying "Components" – more specific categories of business behavior. Each year, JUST conducts focus groups across the country to get detailed, unfiltered

input from Americans of all backgrounds on what business priorities should be for just companies. Following the focus groups' findings, JUST Capital conducts quantitative surveys to confirm the issues' importance and relevance to just business behavior, and to tell us how the issues should be weighted in our ranking model. This year, between the focus groups and the quantitative surveys, JUST Capital engaged over 9,000 Americans in representative samples of the population.

3.3 Ranked Companies

Our universe of ranked companies is roughly equivalent to the 1,000 largest, publicly traded U.S. companies (by market capitalization, as defined by the Russell 1000 Index). We exclude companies that, due to data availability, we cannot subject to common standards of measurement, as well as companies that have been acquired. In 2018, we ranked 890 companies across 33 industries.

3.4 Metrics

In consultation with our advisors, JUST Capital has developed a series of Metrics to measure corporate performance on each Component. Using the following criteria, we established Metrics that:

1. are judged to best reflect the public's definition of the Component in question;
2. accurately measure company performance or managerial commitment to specific actions;
3. require as few assumptions and as little subjective interpretation as possible;
4. can be assessed with clear units of measurement, or with clearly defined binary outcomes;
5. reflect measurement best practices; and
6. are broadly applicable to all companies in our universe, regardless of size, industry, or business model.

3.5 Data Points

For each Metric, we aim to identify appropriate Data Points that describe the actual performance of each company. JUST Capital considers the quality of the underlying data used to measure performance to be of paramount importance to the Rankings, and draws on a variety of Data Points from many reliable sources. These include:

1. **Publicly Available Company Reports:** Audited company filings, annual reports, Corporate Social Responsibility and Sustainability reports, integrated reports, company presentations, corporate websites, and other reports.
2. **Third-Party Data Vendors:** For-profit companies that collect and distribute data – both financial and non-financial – including those focused on environmental, social, and governance issues.
3. **Government Data:** U.S. government agencies (e.g. The Bureau of Labor Statistics).
4. **Academic and Nonprofit:** Non-governmental organizations and nonprofits focused on corporate activities.
5. **National Media and Press**

6. **Crowdsourced Data:** Company and products-review websites.

JUST Capital's methods for evaluating corporate performance are continually reviewed as we strive to represent the public's views of corporate performance as accurately as possible.

3.6 **Rankings**

To produce the Rankings, JUST Capital calculates a series of individual numerical scores at the Metric and Component level. These scores are calculated and normalized for all Metrics and Components, while the treatment of missing data, outliers, and scaling varies based on the nature of the underlying data. A company's overall score is then determined by calculating the sum of its scores across all Components, weighted by the importance scores from the survey work.

Our **Overall Ranking** compares companies across all industries using the same Components and Metrics, regardless of industry. This ranking reflects the universal nature of just corporate behavior, and allows users to compare the performance of any group of companies without regard to, or adjustment for, the specific circumstances of each company. The final output of the overall approach is an ordinal one to 890 ranking of all companies. JUST Capital awards the America's Most Just Companies seal to the top 100 companies in the ranking, the **JUST 100**.

Industry-Specific Rankings are obtained by comparing the overall rank on an industry-by-industry basis. JUST Capital has created 33 industries based on the Industry Classification Benchmark (ICB). The ICB is a globally recognized standard, operated and managed by FTSE Russell for categorizing companies and securities according to the nature of each company's business. JUST Capital also awards the America's Most Just Companies seal to each **Industry Leader**.

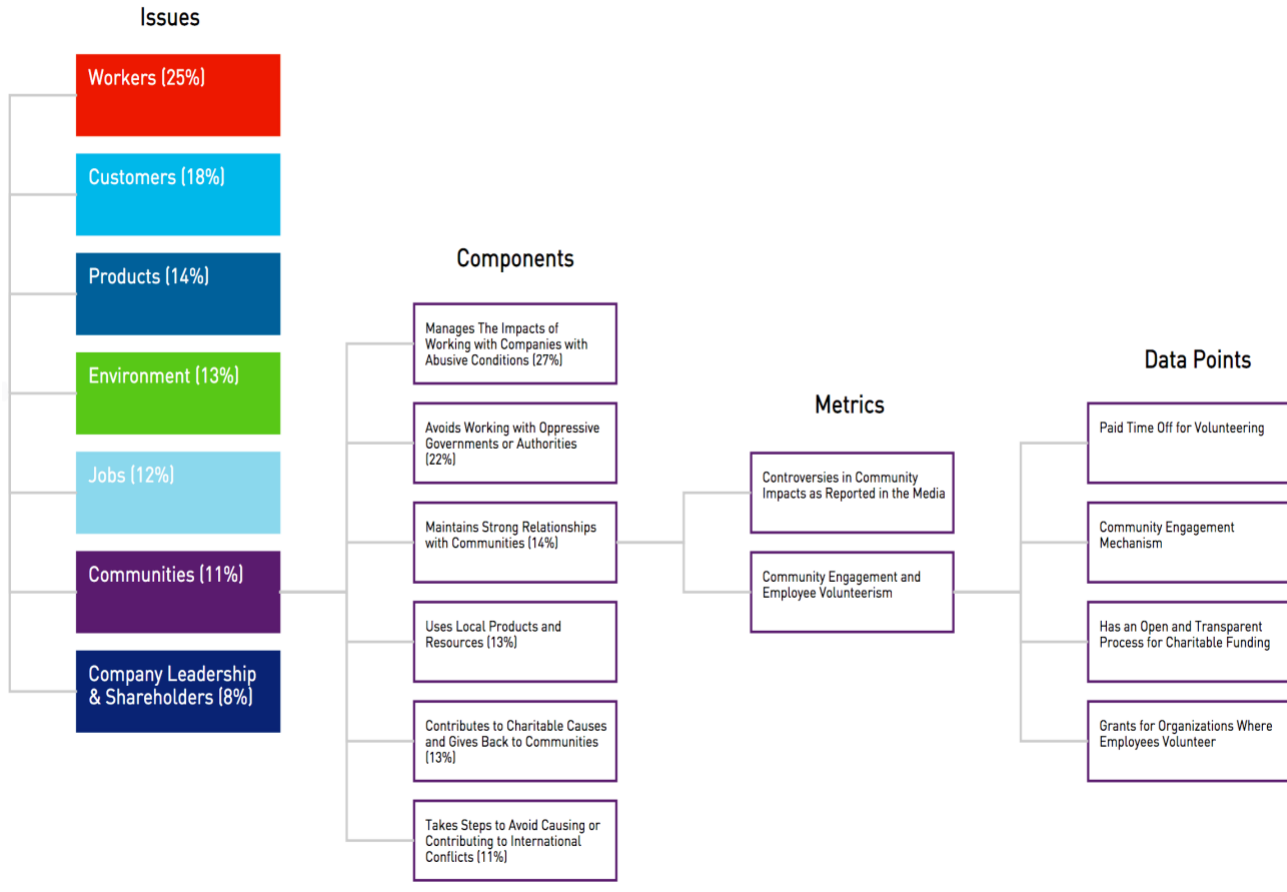
3.7 **Information (Data) Hierarchy**

JUST Capital's Rankings have been designed and developed in accordance with the following formal data hierarchy:

- Based on our survey work, JUST Capital has defined a list of 36 **Components**, which constitute the most important determinants of just corporate performance according to the American people.
- Through further survey work, related Components have been grouped together into seven categories referred to as **Issues**. These are the topics that are most important to Americans when defining just corporate behavior. Broadly speaking, Issues represent major stakeholder groups – such as Workers, Customers, Communities, and the Environment – as well as the main functions of companies such as Products, Jobs, and Shareholders.
- For each Component, JUST Capital has developed a series of **Metrics**, which are the specific ways we measure corporate performance for each Component.
- For each Metric, we have identified and sourced appropriate **Data Points**, which describe the actual performance of each company on specific issues.
- JUST Capital's 2018 polling has derived **weights** for each Issue that reflect its relative importance to the public. This process was repeated for the Components.

- The Data Point scores are fed into our ranking model to generate scores at the Metric, Component, and Issue levels. Weights are applied at the Component and Issue levels, which are then summed to produce an **overall company score**.

The information hierarchy is illustrated in the chart and table below:



Information Type	Number in Model	Example
Issue	7	Communities
Component	36	Maintains Strong Relationships with Communities
Metric	76	Community Engagement and Employee Volunteerism
Data Point	118	Paid Time Off for Volunteering

3.8 List of Issues and Components

Below is the exhaustive list of our Issues and Components and their respective weights for 2018:

Issue	Component	Definition	Overall weight
Workers (25%)	Provides workers with good benefits package	Company offers quality healthcare insurance, retirement planning (401k), and paid time off (vacation, sick, and parental leave) for all its workers	4.00%
	Pays a living wage	Company pays wages that cover local needs for food, housing, and medical care, and adjusts for increases in cost of living	3.75%
	Provides a safe workplace	Company protects its workers from harmful and hazardous conditions by adhering to workplace health and safety standards and practices	3.50%
	Pays a fair wage for industry and job level	Company pays wages appropriate for qualifications, experience, performance, and employee contribution in line with industry averages	3.25%
	Does not discriminate in pay	Company is committed to pay equity across race, religion, gender, age, ethnicity, sexual orientation, disability status, and other such characteristics	3.25%
	Adheres to equal opportunity workplace policies	Company does not base personnel decisions (including firing, hiring, promotions, grievances, and layoffs) on race, religion, gender, age, ethnicity, sexual orientation, disability status, or other such characteristics and actively recruits a diverse workforce	3.00%
	Promotes work-life balance	Company supports workers' needs for flexible working arrangements, workplace health and wellness, and balance with personal life situations.	1.50%
	Provides training and career development opportunities	Company provides opportunities for career advancement, skills development, and educational attainment	1.50%
	Creates a responsive and transparent workplace culture	Company facilitates a positive culture, open communication at all levels of the organization, and gives workers the freedom to engage in collective bargaining	1.00%
Customers (18%)	Treats customers fairly	Company does not discriminate based on race, religion, gender, age, ethnicity, sexual orientation, or disability status, and strives to meet the needs of diverse customers when possible	5.40%
	Protects customer privacy	Company has transparent customer privacy policies and stores customers' personally-identifiable information securely	4.50%
	Is truthful in advertising	Company is honest and does not mislead about its products and services in all communications	4.32%
	Provides positive customer service experiences	Company communicates responsively, has clear sales and return policies, and follows up to resolve customer issues	3.78%

Products (14%)	Makes quality products	Company provides products and services that are reliable, safe, and durable	4.34%
	Makes products that are beneficial to health, environment, or society	Company makes products or offers services that are beneficial and non-harmful to health, environment, or society	4.20%
	Provides fair pricing	Company provides products and services that are good value for the money, and does not price unfairly when options are limited	2.94%
	Is accurate in labeling	Company has products and services that have clear, accurate and informative labeling	2.52%
Environment (13%)	Has policies and practices to protect the environment	Company has environmental management policies and systems in place to ensure best practice across all operations	4.68%
	Uses natural resources efficiently and reduces waste	Company recycles, minimizes use of nonrenewable energy and resources, and reduces product-related waste	4.55%
	Minimizes pollution	Company minimizes the harmful impact of its operations on the environment and cleans up any environmental damage it causes	3.77%
Jobs (12%)	Creates jobs in the US	Company focuses on growing its US-based workforce	6.00%
	Number of jobs in the US	Company has a sizeable US-based workforce	4.32%
	Creates jobs globally	Company focuses on growing its worldwide workforce	1.56%
Communities (11%)	Manages the impacts of working with companies with abusive conditions	Company does not work with or source from companies that use child labor, forced labor, or otherwise abuse workers or communities	2.97%
	Avoids working with oppressive governments or authorities	Company does not participate in or contribute to actions used to restrict people's rights or deny their freedom	2.42%
	Maintains strong relationships with communities	Company communicates effectively with its local communities and acts on community input	1.54%
	Uses local products and resources	Company makes use of local suppliers and materials when available	1.43%
	Contributes to charitable causes and gives back to communities	Company contributes to charities and supports the community through volunteering and effective community programs.	1.43%
	Takes steps to avoid causing or contributing to international conflicts	Company does not cause international conflict when working with businesses or obtaining materials from other countries	1.21%

Company Leadership (8%)	Follows laws and regulations	Company complies with all applicable international, federal, state, and local legal requirements and regulations	1.84%
	Leadership acts and communicates with integrity	Company executives and board members behave ethically and take responsibility for all company-related issues	1.68%
	Maintains integrity in financial reporting	Company reports all financial matters transparently and thoroughly, and keeps clear, honest, and accessible financial statements	1.60%
	Pays fair share of taxes	Company pays taxes on US income at a rate that is in line with most large American companies	1.20%
	Makes a profit over the long term	Company successfully manages operations throughout the business cycle to remain profitable	0.64%
	Provides investor return over the long term	Company provides long-term gains on shareholders' investments, including stock returns, dividends and share buybacks	0.48%
	Pays CEO fairly compared to workers	Company pays CEO fairly and proportionately to its workers, as compared to most large American companies	0.64%