

Corporate Citizenship

Ranking The World's Most Sustainable Companies

By Helen Coster, Electronically reprinted from January 27, 2010

General Electric heads the list, according to a new study.

Over the past decade, “sustainability” has become a popular corporate buzzword with a nebulous definition. To most people it connotes an abstract sense of do-gooding that centers on a company’s effects on society and the environment. A Toronto media company called Corporate Knights has tried to make the idea clear and measurable by collecting data on 3,000 global public companies and evaluating them according to 11 different metrics. Today, as a result of that research, it published its first-ever ranking of the world’s 100 most sustainable companies.

Corporate Knights’ editor-in-chief Toby Heaps says that to be considered sustainable, companies must “squeeze four times more wealth out of every resource they use.” Heaps announced the list at Davos, where his company is hosting a dinner for the financier George Soros.

Corporate Knights worked with a research firm to winnow down its list of publicly traded companies from 3,000 to 300, based on financial performance and other criteria. Then the Corporate Knights research group worked with two different asset management firms to evaluate those 300 companies based on 10

environmental, social and governance performance metrics, including energy productivity, waste productivity and CEO-to-average-worker pay ratio. An 11th indicator was added for “transparency.”

Corporate Knights relied on the companies to give it accurate data. When a company wouldn’t provide information for one of the 10 metrics, Corporate Knights assigned it a null score for that category and then penalized it with an unfavorable transparency score.

The 10 most sustainable companies include **General Electric** (GE), Pacific Gas and Electric, TNT NV, Hennes & Mauritz, **Nokia** (NOK), **Siemens** (SI), **Unilever**, **Vodafone** (VOD), **Smiths Group** (SMGKF.PK) and Geberit. The top two companies are American, but Great Britain has the most on the list of 100, with 21.

There are also 12 companies based in the U.S. and nine in both Australia and Canada. Heaps says that overall he found a “European bias,” which he credits to Europe’s having a developed society on limited land, which has forced European companies to learn to be efficient with their resources. He says that Europeans

also perform well in the category of CEO-to-average-worker pay, because they don’t give out huge stock bonuses. He adds that many Japanese companies, five of which make the list, are as efficient as their European counterparts, but they lose points for leadership diversity because of a lack of women in their senior ranks.

The mining giant **Rio Tinto** (RTP) didn’t make the list, unamazingly, but neither did **Whole Foods** (WFMI) or **Google** (GOOG). Heaps says Google was shut out of the top 100 because of privacy concerns and issues related to its China operations. Eco-smug Whole Foods lost points for being non-union and for its history of labor disputes.

Heaps says he believes that consumers and investors will be less jaded about sustainability if companies are more transparent. “One of the things that have held back the sustainability movement on Wall Street is that on many of these issues, companies operate in a black box,” he says. “You need to have transparency if you want people to take you seriously. Then you can get beyond platitudes and discuss issues that people really care about.”

In Pictures: The 10 Most Sustainable Companies

10. Geberit

A Swiss manufacturer and supplier of water pipes and fittings, installation systems and other products for the commercial and residential construction markets. It fared poorly in carbon productivity but gained points because its highest-paid officer earns only 20 times as much as its average worker.

Company Name	Country	GICS Ind. Group	Global 100 Rank	Energy Prod. (US\$)	Carbon Prod. (US\$)	Water Prod. (US\$)	Waste Prod. (US\$)
General Electric Company	United States	Capital Goods	1	\$3,004	\$27,878	\$3,880	\$729,685
PG & E Corp.	United States	Utilities	2	\$26,749	\$8,656	n/a	\$1,773,779
Tnt Nv	Netherlands	Transportation	3	n/a	\$14,575	n/a	\$188,131
H & M Hennes & Mauritz Ab	Sweden	Retailing	4	n/a	\$65,236	n/a	n/a
Nokia Corporation	Finland	Technology Hardware & Equipment	5	\$31,345	\$320,536	\$53,354	\$1,545,882
Siemens Ag	Germany	Capital Goods	6	\$4,553	\$32,741	\$6,216	\$273,486
Unilever Plc	United Kingdom	Food Beverage & Tobacco	7	\$1,774	\$21,596	\$1,053	\$394,908
Vodafone Group Plc	United Kingdom	Telecommunication Services	8	\$6,603	\$44,047	\$76,661	n/a
Smiths Group Plc	United Kingdom	Capital Goods	9	\$4,371	\$38,047	\$9,670	n/a
Geberit	Switzerland	Capital Goods	10	\$3,311	\$26,028	\$13,771	\$174,004

This is only a portion of the rankings of the Most Sustainable Companies.

Raw data sources for core indicators include ASSET4, a Thomson Reuters business and The BLOOMBERG PROFESSIONAL ® service.

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Geberit's leading position in its markets stems from the company's efforts to produce sustainable products ever more efficiently. The energy and water consumption used to produce products, such as our concealed tank and carrier, is continually decreasing. Our new products set new standards in water conservation and water quality. "Whether there is an economic crisis or not, people have to think about sustainability today and act accordingly" said Albert M. Baehny, Geberit Chief Executive Officer.