

Most Trustworthy Public Companies: The Methodology

The Purpose

There are many “top” lists and awards given to public companies for ethical cultures, great workplaces, corporate responsibility and a host of others. While each has its merits, most are based on surveys, public opinions and other qualitative measures. For six years Trust Across America has been working with a growing team of experts to study, define and independently quantify organizational trustworthiness.

Trust Across America – Trust Around the World accepted a seemingly impossible challenge based on a briefing paper published in the Economist in 2008. Sponsored by Cisco, it is called “The Role of Trust in Business Collaboration” http://graphics.eiu.com/upload/cisco_trust.pdf, stating that tens of millions of dollars had been spent evaluating corporate governance—but a definition of corporate trust continued to elude us. What if companies could be identified that exhibited high levels of trustworthiness?

What Makes This List Different?

Measured indicators are quantitative and derived from third party data providers

Companies do not know they are being evaluated

Companies cannot opt “in” or opt “out”

Trust Across America-Trust Around the World does not accept from nor provide any compensation to the companies evaluated and named to this list.

The Methodology

With the assistance of dozens of academic, financial, corporate and consulting experts, Trust Across America-Trust Around the World (TAA-TAW) began building a methodology incorporating only independent, quantifiable metrics that are “indicators” of a trustworthy business. We named it the FACTS® Framework, an acronym that draws on five categories of “holistic trustworthiness” and incorporates them into one quantitative model. The indicators are

- ◆ Financial stability
- ◆ Accounting conservativeness
- ◆ Corporate governance
- ◆ Transparency
- ◆ Sustainability

Recognizing that no company is perfect, dozens of data points from well-respected independent data providers are considered in this unbiased evaluation. Gone are the silos, replaced by a holistic view of trustworthy business practices, and a realistic opportunity and methodology for evaluating public companies.

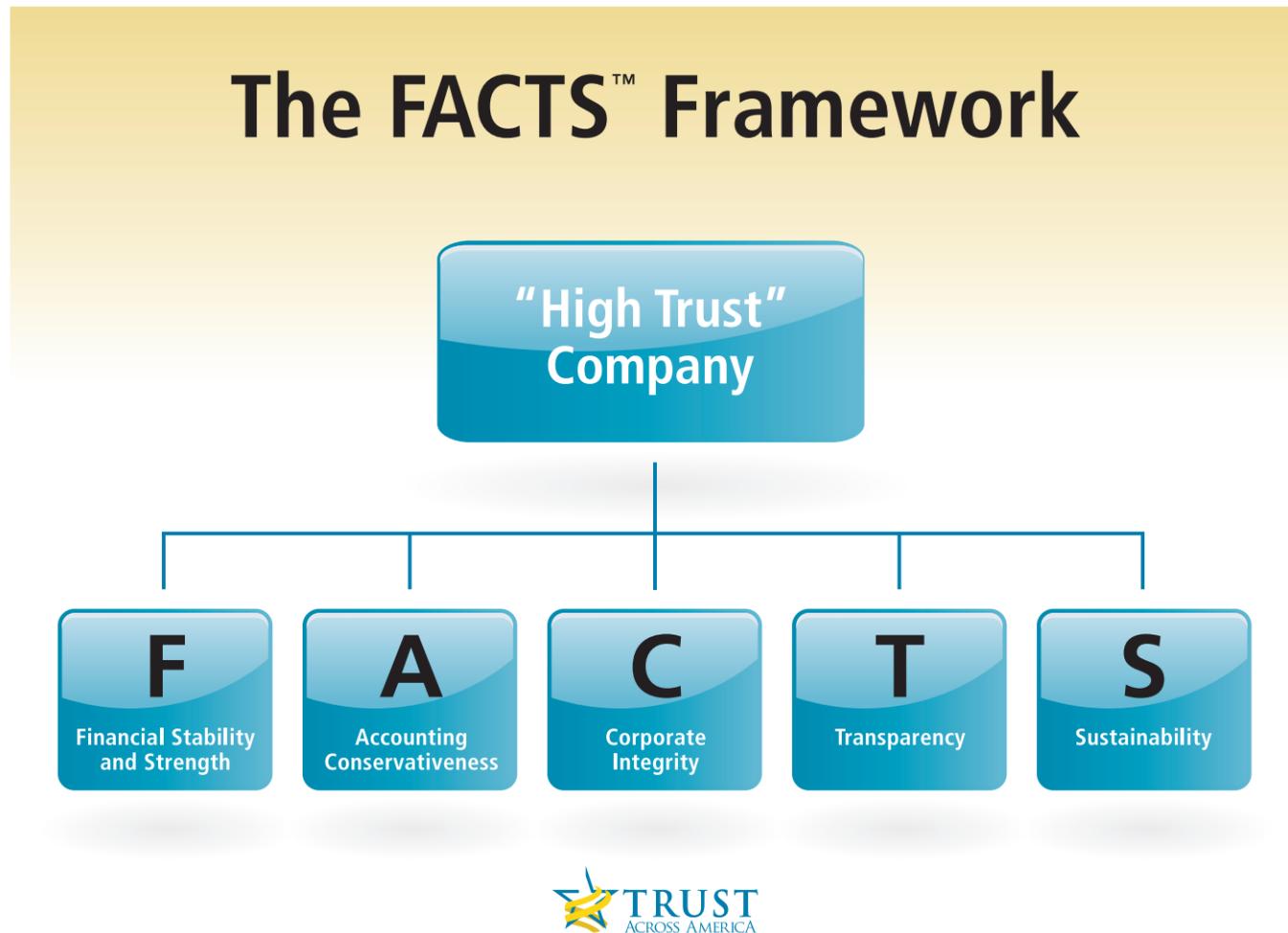
Mistrust doubles the cost of doing business. Reinforce that fact with your employees.

David Horsager

Our analysis begins with a universe of close to 3000 of America's largest public companies. Consideration is only given to those companies with complete data, reducing our universe to approximately 2000. The five trust indicators listed above are equally weighted in our analysis.

As a final step, while we do not "negative screen," we do research each "finalist" company and eliminate any that don't walk their talk- news-worthy trust violations such as leadership mis-steps, large product recalls, avoidable security breaches, excessive fines, etc.

The FACTS Framework looks like this (see below).

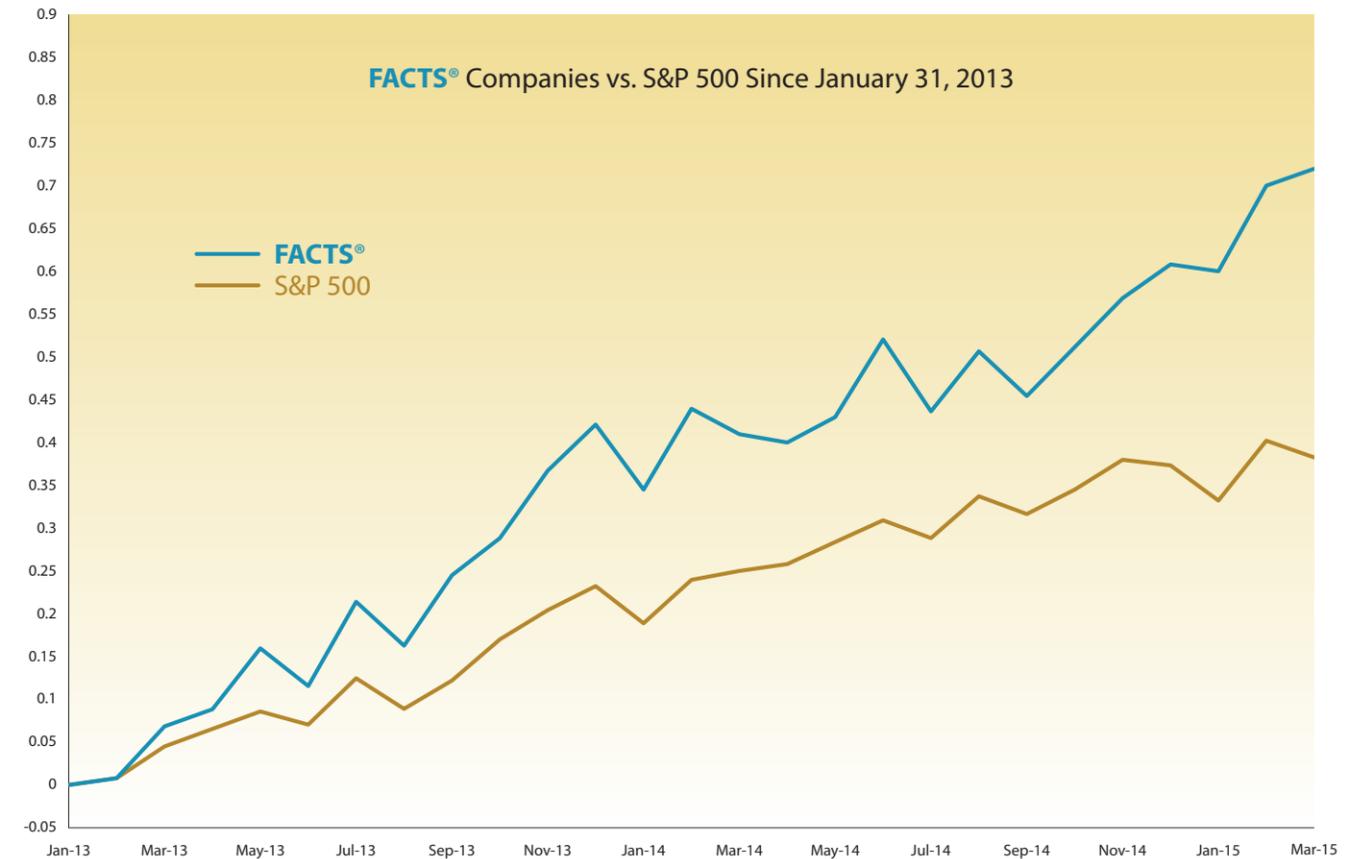


How Do Trustworthy Companies Fare Over Time?

TAA-TAW has been tracking the performance of America's most trustworthy public companies, and the results are nothing short of staggering. These companies have produced an 82.9% return vs. the S&P's 42.2% since August 2012. The results are based upon a monthly re-balanced list of selected companies in a live portfolio.

This year marks our 5th annual Most Trustworthy Public Companies. While in past years the honor has been given based only the past calendar year, this year's honorees are being recognized as the most trustworthy for the 5-year period from 2010 through 2014.

We hope you enjoy learning more about these outstanding organizations and their leaders.



Don't allow technology to erode trust by taking the personalization out of your organization.

Steven N. Pyser