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RY TO FIND A COMPANY these days that doesn't say it's doing good for the world. After all, with trillions of dollars flowing into socially responsible investment funds and government regulators looming, what CEO doesn't have a ready list of charities or causes that the company supports to brandish in its favor?

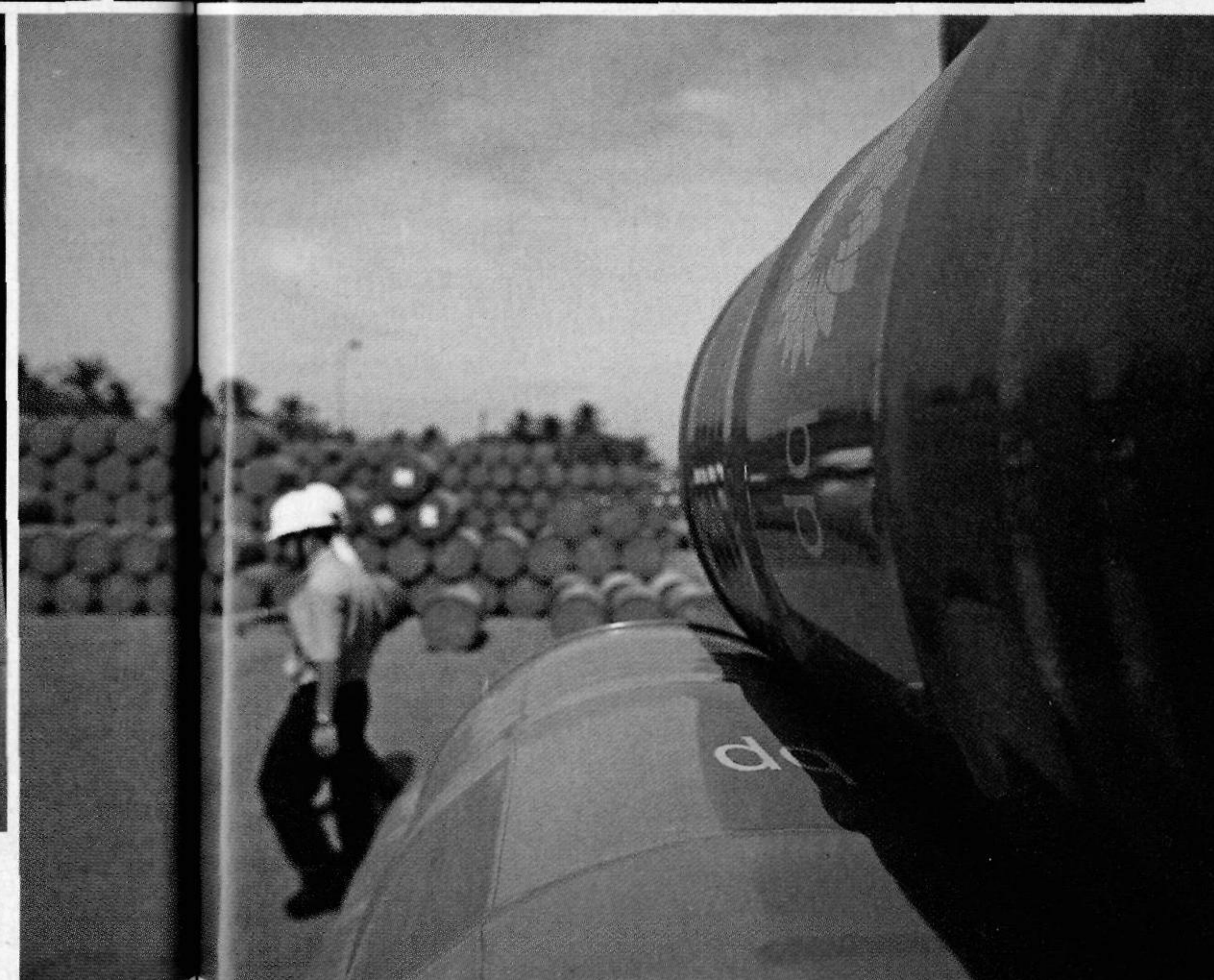
But which companies have made nonfinancial goals—such as addressing climate change through reduced greenhouse-gas emissions or helping resource-rich but troubled African states find the road to development—a serious part of the way they do business rather than a defensive afterthought?

To answer that question, FORTUNE has partnered for a third year with London think tank AccountAbility and for-profit consultancy CSR Network to rank the 100 largest global corporations by the quality of their commitment to social and environmental goals. The rankings are based on 100 metrics grouped into three process-related categories—strategy, governance, and stakeholder involvement—and a new category designed to measure how well a company actually performs.

The strategy component evaluates the extent to which a company includes social and environmental goals in its business decisions. That is important for banks, which are judged as much by those to whom they lend as by what they do. And it's why Barclays (No. 2) ranks so high. The bank commits to the Equator Principles, which discourage lending to infrastructure projects that pollute.



► NO. 1 BP SCORED HIGHER THAN ANY OTHER COMPANY. CLOCKWISE FROM TOP LEFT: AT LONDON CITY AIRPORT; AT A SERVICE STATION IN CHINA; AT A GREASE-STORAGE PLANT IN VIETNAM; IN LONDON



The second measure looks at the processes in place that hold executives and board members accountable for achieving non-financial goals. Take oil and gas giant BP, ranked No. 1 (up from No. 2 last year). Despite two bad accidents—a Texas refinery explosion in 2005 and an Alaska oil spill in 2006—BP scored well because it replaced several top executives at its refining and marketing subsidiary even though the unit had record profits in 2006.

The third process component looks at how well a company responds to employees, communities where it operates, activist groups, and other stakeholders. These groups are affected by decisions just as shareholders are, but they often don't have a voice. Companies that listen to them score better. That's why carbon belchers like Shell (No. 6) and the former DaimlerChrysler (No. 10) rank high. They may be responsible for a lot of pollution, but they've done a good job of reaching out to stakeholders.

The last component measures impact, not just process. With the help of Asset4, a Swiss provider of data on environmental, social, and governance performance, the rankings now consider a company's public controversies and its output of carbon per dollar of revenue. The new measure helped two oil companies—ENI (No. 3, up 25 places) and Chevron (No. 9, up 21 places)—improve dramatically. Italy's ENI ranks behind only BP in carbon efficiency among the ten biggest oil companies. Chevron reported 43 fewer spills than the previous year, and although it increased its greenhouse-gas emissions by three million tons, that was far less than its nine million ton target. Both companies also produced externally audited reports on emissions for the first time last year.

Two companies were hurt by the new impact metrics: utility Électricité de France (No. 20, down 16 places) and retailer Carrefour (No. 26, down 16 places). In 2006, EDF was embroiled in two major controversies: power outages in London and an investigation of monopolistic practices by the European Union. Carrefour faced strikes in South Korea.

Just because a company ranks poorly doesn't mean it's irresponsible. Even without nonfinancial goals in mind, corporations can achieve socially good results. Warren Buffett's Berkshire Hathaway (No. 99), for example, dumped its stake in PetroChina, a Chinese company that activists say supports genocide by pumping oil in Sudan. And companies with the best processes can find themselves in embarrassing situations. Take Barclays, which has a \$1 billion exposure to subprime debt. But on the whole, those at the top of the list stand a better chance of being as good as they aspire to be. **F**

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# Accounting for Accountability

Our annual ranking of business responsibility. BY TELIS DEMOS