

These Are the 100 Most Sustainable Companies in America

By [Leslie P. Norton](#) February 7, 2020



America's corporations are getting more sustainable, and investors are benefiting, along with the planet and the rest of its inhabitants. The third annual *Barron's* ranking of America's Most Sustainable Companies also makes for a pretty good portfolio: Shares of the 100 companies on our list returned 34.3%, on average, in 2019, beating the [S&P 500](#) index's 31.5%. More than half of our honorees, 55, outperformed the mighty index, which has been nearly unbeatable for a decade.

With companies in general adopting ambitious goals for their environmental and workplace practices, returns will keep outperforming, predicts Calvert Research & Management, which created the ranking for *Barron's*. If sustainability once seemed like a hobby for a group of eccentric businesses, it's now viewed by many corporations as mission-critical.

Expect more of this in the future, says Chuck Robbins, CEO of No. 7-ranked [Cisco Systems](#) (ticker: CSCO), the San Jose, Calif.-based networking-equipment powerhouse. Last year, as a prominent member of the CEO club known as the Business Roundtable, Robbins pushed the organization to adopt a new statement of purpose, which was to lead companies for the



benefit of stakeholders—customers, employees, suppliers, communities, and—oh yes, shareholders. Moving away from shareholder primacy, the argument went, actually would generate long-term value for investors in these companies.

“Stakeholder analysis is table stakes,” Mike McMullen, chief executive of No. 1-ranked [Agilent Technologies](#) (A), the laboratory instrument and software maker, tells *Barron’s*. “It’s not at odds with superior results.”

Rounding out the top 10 are chip maker [Texas Instruments](#) (TXN), insurer [Voya Financial](#) (VOYA), jeweler [Tiffany](#) (TIF), retailer [Best Buy](#) (BBY), information-technology company [HP Inc.](#) (HPQ), industrial supplier [W.W. Grainger](#) (GWW), component distributor [Avnet](#) (AVT), and design software outfit [Autodesk](#) (ADSK).

The Top Performers

These 25 members of our 100 Most Sustainable Companies trounced the market last year.

Company / Ticker	2019 Total	2020E	Est 3-5 Yr	Sustainability Ranking
Lam Research / LRCX	118.2%	19.4	13.0%	47
KLA / KLAC	102.7	18.1	14.2	74
Target / TGT	98.0	20.0	11.3	90
Xerox Holdings / XRX	91.7	9.7	NA	62
Applied Materials / AMAT	89.1	16.4	13.5	84
Lumentum Holdings / LITE	88.8	16.2	15.0	63
Itron / ITRI	77.6	26.7	25.0	35
Nvidia / NVDA	76.8	42.2	11.6	11
Moody's / MCO	71.0	28.9	5.9	89
Best Buy / BBY	69.6	14.8	7.7	5
Tiffany / TIF	68.9	28.8	7.0	4
Keysight Technologies / KEYS	65.4	20.0	8.7	38
S&P Global / SPGI	62.1	29.0	10.0	75
Coherent / COHR	57.4	28.5	31.1	99
Microsoft / MSFT	57.2	29.3	13.6	42
Oshkosh / OSK	56.2	12.3	13.9	37
Campbell Soup / CPB	54.1	19.5	5.4	60
West Pharmaceutical Services / WST	54.0	47.9	NA	54
Manpower / MAN	53.3	13.1	1.5	14
CBRE / CBRE	53.1	16.4	11.0	13
Voya Financial / VOYA	52.8	12.8	18.1	3
Edwards Lifesciences / EW	52.4	41.6	14.5	93
V.F. / VFC	51.3	29.6	10.8	21
Air Products and Chemicals / APD	49.8	24.9	11.8	33
Williams-Sonoma / WSM	49.3	15.5	6.3	32

NA=Not available E=Estimate

Source: Calvert Research & Management

Scroll to the bottom of this article to see the complete list of 100 companies.

How do sustainable enterprises outperform? For one thing, they're better at personnel retention. Employee turnover is 25% to 50% lower at these operations, studies show. Turnover among mid-level employees costs an estimated 90% to 150% of their annual salary.

In addition, good environmental policies—whether on water, facilities, fuel, or waste—can lower costs. For example, No. 17-ranked [Ecolab \(ECL\)](#) helps

restaurants, hotels and factories conserve water and save on energy by reducing hot water usage.

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Good sustainable practices are also a magnet for customers, who increasingly want to show that their partners treat the environment, workers, and other stakeholders well.

"It creates a place where future employees want to work and creates significant brand value with customers," Cisco's Robbins tells *Barron's*.

In 2019, there was a "tipping point" in terms of companies embracing sustainability, at least as measured by a variety of environmental, social, and corporate governance, or ESG, metrics, says John Streur, CEO of Calvert, a unit of [Eaton Vance](#) (EV). "It's really rising in a meaningful way. It's evident and obvious this year in terms of the amount of information and disclosures and real progress."

To create the *Barron's* list, Calvert started with the 1,000 largest publicly traded companies by market value, then ranked each by how they performed for five key constituencies: shareholders, employees, customers, community, and the planet.

Specifically, Calvert looked at more than 230 performance indicators that address ESG issues, such as workplace diversity, data security, and greenhouse-gas emissions. Based on the indicators, Calvert assigned a score of zero to 100 in each stakeholder category. Then, it created a weighted average of the categories for each company, based on how financially material each category was for its industry peer group. To be on our list, a company needed to be rated above the bottom quarter in each of the material stakeholder categories. If it performed poorly in any key one that was financially material, it was disqualified.



Lizzie Gill; Source photos: Ben Stansall/AFP via Getty Images; Getty Images; Santi Visalli/Getty Images

The top 100, ranked by the weighted average, can be seen in the nearby table. Calvert's list includes 28 that were not on last year's list, according to Calvert analyst Chris Madden. The list also shows how companies ranked the previous year, and whether they're newcomers.

At this rate of adoption, it won't be long—years, not decades—before virtually every company in America will seek sustainable advantages. Companies "are going beyond their own operations to help clients protect their own sustainability. That's a major shift," says Madden. "Companies are trying to lead their clients, suppliers, and even their competitors to become much more sustainable."

Eddie Perkin, chief equity investment officer for Eaton Vance, says the firm is integrating Calvert's research, which "informs our view in the Eaton Vance funds we manage." In particular, companies with improving sustainability often have good prospects. "That's where the magic is going to happen," Perkin says.

EDITOR'S CHOICE



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The best-performing stocks on our list include a raft of semiconductor-equipment manufacturers—such as [Lam Research \(LCRX\)](#), which returned 118% in 2019; [KLA \(KLAC\)](#), up 103%; and [Applied Materials \(AMAT\)](#), up 89%—reflecting hopes of an upturn in memory-chip demand. Still, sustainability doesn't insulate a

company from the market's

vagaries.

Cisco, for example, [rose just 14%](#), partly because demand from carriers and enterprise clients was disappointing, and China sales were battered by the U.S. trade dispute centered, in part, on Cisco rival Huawei Technologies. Cisco has now rolled out new routers and a custom processor to rejuvenate its networking business. It should benefit as telecoms and other carriers implement fifth-generation, or 5G, networks.

Of course, sustainability doesn't ensure that a troubled business model will succeed. Retailers like [Macy's \(M\)](#) and [Gap \(GPS\)](#) were among the worst-performing stocks in our ranking. Still, retailers who had figured out how to avoid being battered by [Amazon.com \(AMZN\)](#) surged higher, including top performers, such as [Target \(TGT\)](#), which has spent heavily to bolster web operations and keep prices low, and is now benefiting from the retail shakeout.

In some cases, however, strong practices mean that you can give a company the benefit of the doubt. Recently, No. 5-ranked Best Buy's new CEO, Corie Barry, was alleged to have had an inappropriate romantic relationship with a fellow executive. Normally, this would be a strike against a company, but a board-led investigation was completed and Barry is staying on as the company's leader. "The board is taking action, and the CEO is entirely cooperative. This is a company that's exhibiting strong governance," Streur says. "Companies that have strong ESG characteristics do a lot better during difficult situations."

Sustainability is also attractive to big investors—and to potential acquirers.

In the past year, Bill Ackman's Pershing Square Capital Management took a 10% stake in Agilent. Tiffany agreed to be acquired by [LVMH Moët Hennessy Louis Vuitton](#) for \$16.2 billion. [And, for months now](#), [Xerox Holdings \(XRX\)](#) has been pushing [HP Inc.](#) to accept its \$32 billion, \$22-a-share takeover bid. [HP Inc. keeps saying no](#). And insurer Voya was the subject of takeover speculation. Voya declined to comment to *Barron's*.

Agilent sprang to No. 1 from No. 3, as it conducted an assessment of ESG factors that are key to long-term value creation, and set reduction targets for water use, waste generation, and greenhouse-gas emissions. CEO McMullen spends a lot of time talking with active shareholders about corporate social responsibility, explaining how it helps the bottom line. "We don't calculate NPVs or ROIs [net present values or returns on investment], but our judgment is that doing these things benefits the company."

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What happens if there's a slowdown caused by the coronavirus? Agilent has donated equipment to the Chinese government to analyze the virus and to help its customers in China, which accounts for 19% of Agilent's revenue. "In terms of sustainability, there's a big social component [to] the role you play in your community. This is an opportunity for companies to demonstrate their commitment to the community," McMullen observes.

Texas Instruments jumped to No. 2 from No. 5, having set annual targets to reduce freshwater usage, partly by recycling a third of the water it uses in manufacturing, while conducting due diligence for conflict minerals—those mined in battle areas and sold, often illegally, to pay for the conflicts—in its supply chain. Its social and governance practices are also strong: TI's board is 40% female and 90% independent. TI has its own semiconductor fabrication plants (better known as fabs), which allow it to control its environmental and water footprint. Says Ingrid Dyott of the [Neuberger Berman Sustainable Equity](#) fund (NRAAX), who counts Texas Instruments among her top 10 holdings: "They are gaining share in an attractive end market that's enabling energy efficiency."

Voya Financial moved to No. 3 from No. 6 last year. Voya scores well across corporate-governance metrics: The board is 44% female: Bloomberg recognized Voya for the fourth year in its Bloomberg Gender-Equality Index. Voya also scores highly on financial-product safety, with a free educational tool focused on financial wellness nudging 90% of participants to act. In addition, it has made a name for itself in serving the disabilities and special-needs community. Increasingly, municipalities won't invest with companies that don't have inclusive policies for people with disabilities or special needs. Says Voya CEO Rodney Martin: "The pendulum for doing business with companies with sustainable practices is moving a lot more quickly than people recognized; we've been beneficiaries."

Tiffany jumped to No. 4 from No. 16 in our rankings. The big jeweler can trace the origins of 80% to 90% of its polished diamonds. Starting last year, customers at Tiffany stores could see the country where a diamond was mined, such as Botswana or South Africa. "We aren't sitting back and waiting for customers to ask what we know about our diamond supply chain," says Anisa Kamadoli Costa, the firm's chief sustainability officer. "It's transparent and consumer-facing. That's new for the luxury jewelry industry." Renewables account for 82% of its energy use. The Tiffany board is 50% female. Says Costa: "Our ESG efforts help manage reputational and supply-chain risk, which are important to a brand like Tiffany."

"The pendulum for doing business with companies with sustainable practices is moving a lot more quickly than people recognized."

—Rodney Martin, Voya

Nos. 5, 6, and 7 are Best Buy, HP, and Cisco, all mentioned earlier.

No. 8-ranked Grainger is an industrial supplier. About 5% of sales come from green products, which the company assesses and verifies itself. It groups orders to send out at the same time through a ship-complete program that reduces transportation costs. A new distribution center will make that process even more efficient. This year, Grainger plans to adopt new emissions targets. "Growth is the primary metric our shareholders want to pursue," says Grainger CEO D.G. Macpherson. "We feel we're out front in providing better solutions for our customers."

Says Neuberger's Dyott: "Their focus on having the right mix and the right services make them relevant in a world where there's lots of questions around distributors."

No. 9-ranked Avnet, a leading electronics distributor, vaulted from 97th place in our previous ranking. Over the past year, Avnet increased its focus on diversity (it has three female directors), and on adopting the Sustainability Accounting Standards Board's best practices in its reports. It also focused on cutting waste, offering customizable exchange programs for mission-critical parts, as well as disposal and data destruction. "From the onset of any project, our customers can strategically plan for the entire life span of their idea," from disposing of unwanted assets to securely deploying data, CEO Bill Amelio tells *Barron's*.

Tenth-ranked Autodesk, which makes software used by architects, engineers, and manufacturers, rose from No. 21 the previous year. About a third of construction dollars and materials are wasted because of screw-ups. One major source of growth is a program called Building Information Management, which connects every key person and part of the process—from the architect all the way to a subcontractor—on a single, digital spreadsheet that updates in real time.

"It cuts down on a huge amount of waste in the construction process," says David Powell, co-manager of [Brown Advisory Sustainable Growth fund \(BIAWX\)](#). "The value added is huge." Another top-selling tool optimizes energy use, allowing drafters to simulate savings in design and manufacturing. While Autodesk's business model is changing from licensing to subscription, fans say that the stock could be worth at least 20% more in a year.

Special Report: The 100 Most Sustainable Companies

Calvert Research & Management looked at more than 230 indicators for 1,000 companies to arrive at this list.

2020 Rank	2019 Rank	Company / Ticker	Weighted Score	2019 Total Return	Recent Price	Market Value (bil)
1	3	Agilent Technologies / A	76	27.5%	\$83.52	\$25.90
2	5	Texas Instruments / TXN	74	39.2	126.47	117.9
3	6	Voya Financial / VOYA	73	52.8	61.37	8.3
4	16	Tiffany / TIF	73	68.9	134.08	16.1
5	1	Best Buy / BBY	73	69.6	86.69	22.4
6	4	HP Inc. / HPQ	73	3.7	21.55	31.3
7	2	Cisco Systems / CSCO	73	13.9	47.62	202
8	8	W.W. Grainger / GWW	73	21.9	308.14	16.5
9	97	Avnet / AVT	73	19.8	36.835	3.7
10	21	Autodesk / ADSK	72	42.7	203.94	44.9
11	55	Nvidia / NVDA	71	76.8	247.13	151.2
12	12	PVH / PVH	71	13.3	87.15	6.4
13	33	CBRE / CBRE	71	53.1	63.43	21.2
14	10	Manpower / MAN	71	53.3	94.16	5.6
15	59	ON Semiconductor / ON	70	47.7	19.82	8.1
16	Not on the 2019 ranking	Ball / BLL	70	41.9	75.01	24.5
17	26	Ecolab / ECL	69	32.3	203.45	58.6
18	32	Hasbro / HAS	69	33.3	103.91	14.2
19	9	Motorola Solutions / MSI	69	42.1	178.32	30.6
20	71	Avery Dennison / AVY	69	48.2	136.85	11.4
21	29	V.F. / VFC	69	51.3	83.95	33.5
22	23	American Water Works / AWK	69	37.5	134.84	24.4
23	Not on the 2019 ranking	Ormat Technologies / ORA	69	43.4	83.2	4.2
24	7	Clorox / CLX	69	2.2	163.62	20.5
25	15	Kellogg / K	69	25.3	68.68	23.4
26	19	Colgate-Palmolive / CL	68	18.5	75.4	64.6
27	38	UniFirst / UNF	68	41.6	205.1	3.7
28	Not on the 2019 ranking	NextEra Energy / NEE	68	42.2	264.54	129.3

2020 Rank	2019 Rank	Company / Ticker	Weighted Score	2019 Total Return	Recent Price	Market Value (bil)
29	Not on the 2019 ranking	Adobe / ADBE	68	45.8	366.74	178.9
30	63	Verizon Communications / VZ	68	13.5	58.29	241.1
31	11	Salesforce.com / CRM	68	18.8	188.34	167.1
32	24	Williams-Sonoma / WSM	68	49.3	71.26	5.5
33	81	Air Products and Chemicals / APD	68	49.8	247.09	54.5
34	Not on the 2019 ranking	Hanesbrands / HBI	68	23.3	13.85	5
35	Not on the 2019 ranking	Itron / ITRI	68	77.6	83.41	3.3
36	83	T. Rowe Price / TROW	68	35.3	136.81	32.2
37	17	Oshkosh / OSK	68	56.2	90.28	6.2
38	34	Keysight Technologies / KEYS	68	65.4	94.67	17.8
39	27	Delta Air Lines / DAL	68	20.2	57.93	37.5
40	28	Prudential Financial / PRU	67	19.9	93.53	37.6
41	78	Varian Medical Systems / VAR	67	25.3	141.43	12.9
42	43	Microsoft / MSFT	67	57.2	180.12	1370
43	50	CenturyLink / CTL	67	-6.2	13.96	15.2
44	92	Coca-Cola / KO	67	20.3	58.84	251.8
45	89	First Solar / FSLR	67	31.8	52.67	5.6
46	85	Robert Half / RHI	67	12.6	59.38	7
47	20	Lam Research / LRCX	67	118.2	325.4	46.4
48	79	Aptargroup / ATR	66	24.4	116.95	7.5
49	56	Starbucks / SBUX	66	38.9	88.38	103.7
50	14	Cummins / CMI	66	37.6	161	24.7
51	Not on the 2019 ranking	Kimberly-Clark / KMB	66	24.4%	\$143.38	\$49.20
52	Not on the 2019 ranking	Levi Strauss / LEVI	66	14.4*	19.3	7.6
53	88	Alaska Air / ALK	66	13.7	65.77	8.1

2020 Rank	2019 Rank	Company / Ticker	Weighted Score	2019 Total Return	Recent Price	Market Value (bil)
54	Not on the 2019 ranking	West Pharmaceutical Services / WST	66	54.0	158.94	11.8
55	22	McCormick / MKC	66	23.6	160.7	21.4
56	75	Regions Financial / RF	66	32.7	16.26	15.7
57	Not on the 2019 ranking	Broadridge Financial Solutions / BR	66	30.5	117.34	13.5
58	37	Teradata / TR	66	-30.2	24.23	2.7
59	49	Gap / GPS	66	-27.6	17.8	6.6
60	61	Campbell Soup / CPB	66	54.1	48.66	14.7
61	Not on the 2019 ranking	Xylem / XYL	66	19.5	86.51	15.6
62	70	Xerox Holdings / XRX	66	91.7	36.57	7.8
63	Not on the 2019 ranking	Lumentum Holdings / LITE	66	88.8	86.52	6.7
64	48	Sonoco Products / SON	66	19.4	58.46	5.9
65	39	PNC Financial Services / PNC	66	40.2	150.66	65.2
66	Not on the 2019 ranking	Jones Lang LaSalle / JLL	66	38.2	175.1	9
67	13	Intuit / INTU	66	34.1	290.92	75.7
68	Not on the 2019 ranking	Principal Financial Group / PFG	65	29.5	54.58	15.1
69	42	Mettler-Toledo Int. / MTD	65	40.3	768	18.7
70	Not on the 2019 ranking	Bank of America / BAC	65	45.7	33.62	297.1
71	18	United Parcel Service / UPS	65	24.0	103.38	88.6
72	Not on the 2019 ranking	Procter & Gamble / PG	65	39.1	125.66	310.3
73	82	Xilinx / XLNX	65	16.5	85.78	21.3
74	Not on the 2019 ranking	KLA / KLAC	65	102.7	178.8	28.2

2020 Rank	2019 Rank	Company / Ticker	Weighted Score	2019 Total Return	Recent Price	Market Value (bil)
75	91	S&P Global / SPGI	65	62.1	297.92	72.8
76	44	DXC Technology / DXC	65	-27.8	33.06	8.5
77	51	Northern Trust / NTRS	65	30.2	100.42	21.1
78	47	KeyCorp / KEY	65	41.8	19.35	18.9
79	53	SVB Financial / SIVB	65	32.2	254.73	13.2
80	Not on the 2019 ranking	Cree / CREE	65	7.9	51.08	5.5
81	Not on the 2019 ranking	General Mills / GIX	65	42.6	52.55	31.8
82	67	BlackRock / BLK	65	31.4	535.24	83.1
83	69	Kohl's / KSS	64	-19.2	43.22	6.8
84	25	Applied Materials / AMAT	64	89.1	63.01	57.9
85	Not on the 2019 ranking	Expeditors Int. / EXPD	64	16.1	73.27	12.5
86	Not on the 2019 ranking	Sempra Energy / SRE	64	43.6	158.97	44.8
87	Not on the 2019 ranking	Tapestry / TPR	64	-16.1	27.2	7.5
88	57	Macy's / M	64	-37.9	16.47	5.1
89	Not on the 2019 ranking	Moody's / MCO	64	71.0	266.86	50.4
90	35	Target / TGT	64	98.0	113.25	57.4
91	73	Rockwell Automation / ROK	64	37.3	202.39	23.5
92	72	Comerica / CMA	64	8.4	62.9	8.9
93	Not on the 2019 ranking	Edwards Lifesciences / EW	64	52.4	226.35	47.2
94	Not on the 2019 ranking	Eversource / ES	64	34.1	90.6	29.3
95	58	Int. Flavors & Fragrances / IFF	64	-1.7	139.99	14.9

2020 Rank	2019 Rank	Company / Ticker	Weighted Score	2019 Total Return	Recent Price	Market Value (bil)
96	Not on the 2019 ranking	Nordstrom / JWN	64	-9.0	38.3	5.9
97	Not on the 2019 ranking	CMS Energy / CMS	64	29.7	67.37	19.1
98	31	Darden Restaurants / DRI	64	12.4	115.56	14
99	Not on the 2019 ranking	Coherent / COHR	64	57.4	151.92	3.7
100	96	Home Depot / HD	64	30.3	235	256.3

NA=Not available E=Estimate *From March 20th IPO

Source: Calvert Research & Management

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