

100 FASTEST-GROWING COMPANIES 2015

FORTUNE

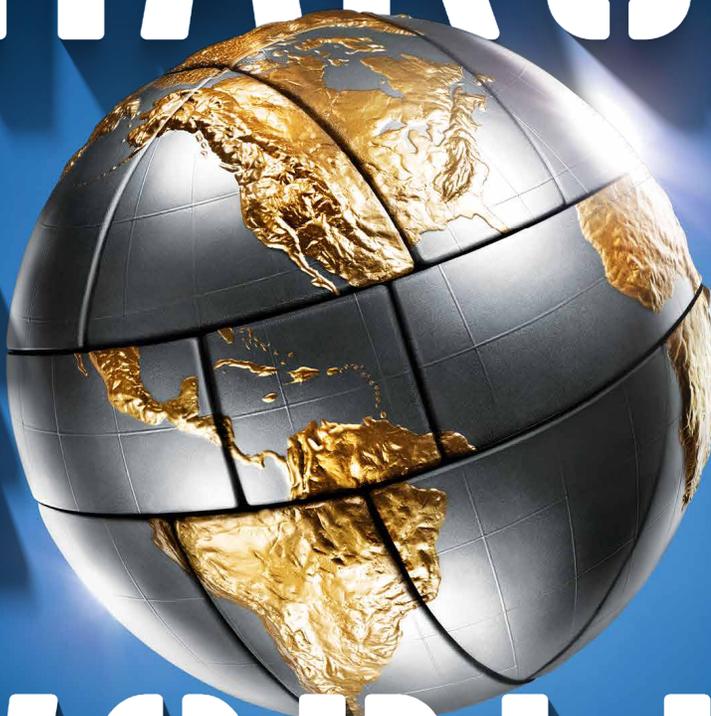
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OUR FIRST EVER

CHANGE

THE



NIKE, CISCO,
MASTERCARD,
SABMILLER,
VODAFONE,
GOOGLE—
AND 45 OTHER
COMPANIES THAT
ARE DOING WELL
BY DOING GOOD.

By Erika Fry

WORLD

LIST

+

WHOLE FOODS' EVANGELIST FOR CAPITALISM *By Beth Kowitt*

A BILLIONAIRE TAKES ON THE WEALTH GAP *By Brian Dumaine*

Doing Well by Doing Good

To take on the world's toughest challenges in a sustainable way, companies are turning to something familiar: the profit motive. Here, the true and best meaning of return on investment.

BY ALAN MURRAY

NOT FOR THE FIRST TIME, capitalism is under attack. ¶ The economic system that won the great ideological battle of the 20th century is facing a renewed challenge in the 21st. You can hear it in the passionate rhetoric of Pope Francis in Bolivia and see it in the crowds cheering socialist Bernie Sanders in New Hampshire. It even made its way to the privileged heights of Aspen this summer, where the *New York Times'* David Brooks reports that columnist Anand Giridharadas accused NGO leaders of praising the rich "for all the good they do with their philanthropy" while never challenging them "for the harm they do in their businesses."

The Friedmanites and Randians among us will dismiss such attacks as another misguided mutiny from the loopy left. The past two decades, they correctly point out, have delivered the greatest demonstration of capitalism's benefits in the history of man. A billion people were lifted from poverty, largely because Chinese leaders abandoned the straitjacket of equality and allowed free markets to bloom.

But many smart business leaders sense that something bigger is afoot, and recognize that they ignore such public currents at their peril. Technology and globalization, for all their benefits, have widened the wedge between rich and poor. The financial crisis of 2007–08 has underscored the system's roughest edges. The rising tide that once lifted all boats has caused a leak.

Prodded by socially conscious customers and idealistic employees, as well as a skeptical public, businesses are searching for new ways to prove capitalism's power to rectify social ills. Whether it is John Mackey's "conscious capitalism," the "just capital" of Paul Tudor Jones, Michael Porter's "shared value capitalism," Lynn Forester de Rothschild's "inclusive capitalism," or Marc Benioff's "compassionate capitalism," the collective message is unambiguous: Your father's capitalism needs some modification.

Fortune's new Change the World list is our contribution to this trend. It is meant to shine a spotlight on companies that have made significant progress in addressing major social problems as a part of their core business strategy. It is based on our belief that capitalism should be not just tolerated but celebrated for its power to do good. At a time when governments are flailing, its powers are needed more than ever.

In doing this, we have enlisted the help of a small army of *Fortune's* friends and mentors. The list includes some of the most thoughtful leaders we know in the corporate and non-profit realms, as well as a number of scholars who bring both perspective and insight to the public discourse on business.

We are particularly indebted to FSG, a nonprofit think tank led by Mark Kramer and guided by Harvard professor Michael Porter, for investing many hours of their valuable time collecting and vetting nominations for the list. They have been pioneers in this effort, and we are lucky to have their assistance. While the editors of *Fortune* are ultimately responsible for the final list, we couldn't have done it without their expertise and effort.

A couple of caveats: We have made no effort here to rate companies on their overall "goodness" or "social responsibility." That's a task beyond our competence. We recognize that these are large global companies with complex operations that may be ameliorating one great global problem even as they contribute to another (and we will continue to encourage our reporters to uncover the latter). Moreover, we acknowledge that some of these companies have undertaken the actions highlighted here in part to counter public criticism for past actions that are less than laudable.

Our point is simply this: Business in pursuit of profit still offers the best hope of addressing many of mankind's most deeply rooted problems. Companies that are making genuine efforts to change the world for the better should be encouraged. The future of capitalism—and the future of mankind—depends on it. ¶

WASTE MANAGEMENT

Rethinking recycling to make it actually work.

NO.

46

U.S.

SECTOR
Industrials

COMPANY TYPE
Public

INDUSTRY
Waste Management

CEO
David P. Steiner

COUNTRY
U.S.

WEBSITE
www.wm.com

REVENUES (\$ MILLIONS)
13.996

IMPACT SEGMENT
Environmental Impact

In 2001, Waste Management revolutionized its industry as the first major player to introduce single-stream recycling, which allows customers to skip the sorting and throw all recyclables in one bin. But Americans have become increasingly lazy about throwing all sorts of things in their blue recycling bins, running up the cost of processing. The company is now investing in educational campaigns to end the complacency and get trash out of the recycling stream, while renegotiating contracts so that it can still make a profit in the new era. "Waste Management is going to recycle forever," says CEO David Steiner.



Workers sorting recyclable materials at Waste Management.

COURTESY OF WASTE MANAGEMENT

METHODOLOGY: For *Fortune's* first "Change the World" list, we've found 51 companies that have made a sizable impact on major global social or environmental problems as part of their competitive strategy. This list is not meant to be a ranking of the overall "goodness" of companies or of their "social responsibility." Big corporations are complex operations that affect the world in myriad ways. The goal here is simply to shine a spotlight on instances where companies are doing good as part of their profit-making strategy, and to shed new light on the power of capitalism to improve the human condition. ¶ To assemble our list, the editors of *Fortune* and FSG, a nonprofit social-impact consulting firm, reached out to dozens of business, academic, and nonprofit experts around the world, asking for their recommendations. *Fortune* and a joint team from FSG and the Shared Value Initiative then vetted more than 200 nominees. In our evaluation, we considered four criteria: the degree of business innovation involved, the measurable impact at scale on an important social challenge, the contribution of the shared-value activities to the company's profitability and competitive advantage, and the significance of the shared value effort to the overall business. A team of journalists from *Fortune* then further vetted each of the nominees and reported on their impact. The final list of 51 was selected and ranked by the editors of *Fortune* based on the magazine's own reporting and by the analysis provided. **CREDITS:** By Erika Fry with additional reporting by Scott Cendrowski, Jonathan Chew, Ryan Daly, Brian Dumaine, Nina Easton, Claire Groden, Matt Heimer, Kia Kokalitcheva, Beth Kawitt, Michal Lev-Ram, Laura Lorenzetti, Brian O'Keefe, Scott Olster, Anne Vandermercy, Phil Wahba, Vivienne Walt, Jen Wiczner, and Claire Zillman.