Covalence - Ethical Quotation System

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Covalence measures the reputation of multinational companies on ethical issues.

Covalence SA was founded in 2001 in Geneva (Switzerland) in the form of a private limited company by a group of six professionals from finance and social sciences backgrounds.

The creation of Covalence has been supported by the Graduate Institute of Development Studies (University of Geneva) and several NGOs.

Using its ethical quotation system, Covalence makes standard and customized reports for:

- Multinational enterprises - Know your reputation!
- Banks – Know your investments!
- Governments and NGOs: Know your partners!

Covalence’s main function is to collect and code information which is publicly available online. A binary concept has been defined to code the orientation of documents found: ethical demand (information about what society is asking the company to do, weigh: -1) and ethical offer (information about what the company is doing for society, weigh: +1). 45 “criteria of business contribution to human development” have been defined according to an international legal framework. Rather than definitive judgments, these criteria should be seen as open boxes made for receiving diverse and changing information.

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1 Covalence SA Pl. des Augustins 7, CH-1205 GENEVE, Tel: +41 (0)22 800 08 55 ; Fax: +41 (0)22 800 08 56; info@covalence.ch ; http://www.covalence.ch. Covalence SA won the Cantonal Award 2004 for Sustainable Development.
The EthicalQuote curves are calculated by the cumulative addition of documents coded according to their orientation: ethical offers make the curve go up, indicating a progressing reputation, while ethical demands make it go down.

The graph downwards shows the volume of information, given by adding relevant documents for each period of time without considering sign +/-, illustrating mediatic density. Since 2001 Covalence has collected 15’000 documents producing 40’000 notices, from more than 2’000 different sources. The main types of sources used are Enterprise, NGO, Media.

In 2004, Covalence is following 300 companies within 14 industries selected from the Dow Jones World Index (large caps). Among the industries that Covalence monitors are: Automobiles, Banks, Chemicals, Entertainment & Leisure, Food & Beverage, Mining & Metals, Oil & Gas, Pharmaceuticals, Retailers, Technology.

Since 2001, 40 interns from 15 countries have collected and coded information to feed the database, in partnership with several universities. Each week they perform 100 hours of reading and monitoring.

Covalence has established a network of informers present in 35 countries, sending regular messages that enrich the database and weigh on the “ethical quote” of companies.

A study by SustainAbility (UK) and Mistra Foundation - Values for Money: Reviewing the Quality of SRI Research (2004) – places Covalence on their short-list.

Figure 1: EthicalQuote and volume of information, Automobile industry
and mentions Covalence’s approach among the best & most innovative practices for its “inclusive source model that allows stakeholders to include themselves in information gathering processes”.

In 2004, Covalence received the Cantonal Sustainable Development Prize (Geneva).

Among the clients of Covalence are Médecins sans frontières, Centre lémanique d’éthique (Universities of Geneva and Lausanne), DuPont, Gap Inc, Philips.