



RI TRANSPARENCY REPORT

2020

Covalence SA

About this report

This report is an export of the individual Signatory organisation responses to the PRI Service Provider Reporting Framework during the 2020 reporting period. It shows your responses to mandatory indicators, as well as responses to voluntary indicators that your organisation has agreed to make public. You will be able to access the public RI Transparency report of your organisation and that of other signatories on the [PRI website](#).

The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information. As a result, the reports can be extensive. However, to help easily locate information, there is an **Index** which highlights where the information can be found and summarises the indicators that signatories complete and disclose.

Understanding the Index

The Index summarises the response status for the individual indicators and modules. It can be used by stakeholders as an 'at a glance' summary of reported information and to identify particular themes or areas of interest.

All indicators within a module are presented below. The status of indicators is shown with the following symbols:

Symbol	Status
✓	The signatory has completed all mandatory parts of this indicator
☑	The signatory has completed some parts of this indicator
🔒	This indicator was not relevant for this signatory
-	The signatory did not complete any part of this indicator.
🔍	The signatory has flagged this indicator for internal review

Within the table, indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.

Index

Organisational Overview			
Indicator	Short description	Status	Disclosure
OO 01	Basic information	✓	Public
OO 02	Reporting year	✓	Public
OO 03	Signatory category and services	✓	Public
OO 04	Other offerings/business activities	🔒	n/a
OO 05	Breakdown of ESG coverage	✓	Asset mix disclosed in OO 06
OO End		✓	-

Strategy and Governance			
Indicator	Short description	Status	Disclosure
SG 01	Responsible investment policy	✓	Public
SG 02	Norms used to develop policies	🔒	n/a
SG 03	Policy offerings to clients	✓	Public
SG 04	ESG/RI in business offerings	✓	Public
SG 05	Outsourcing of services	✓	Private
SG 06	Providing training/education	✓	Public
SG 07	Applying, advancing and promoting the PRI principles	✓	Public
SG 08	Actions taken to promote responsible investment	✓	Public
SG 09	Long term trends	✓	Public
SG 10	Interaction with asset owners	🔒	n/a
SG 11	Aligning approach with investor goals	✓	Public
SG 12	ESG recommendations not aligned with investor goals	✓	Public
SG 13	Seeking feedback from clients	✓	Public
SG 14	Managing conflicts of interest	✓	Public
SG End		✓	-

Research and Data Provision			
Indicator	Short description	Status	Disclosure
RDP 01	Product type	✓	Public
RDP 02	Sources for research and/or rating	✓	Public
RDP 03	Stakeholder input	✓	n/a
RDP 04	Up-to-date assessment and ratings	✓	Public
RDP 05	Balanced research and assessment	✓	Public
RDP 06	Consistency and comparability	✓	n/a
RDP 07	Emerging ESG issues and trends	✓	Private
RDP 08	Client use of outputs	✓	Private
RDP 09		-	n/a
RDP End		✓	-

Confidence building measures

Indicator	Short description	Status	Disclosure
CM1 01	Other product offerings, processes and/or activities	-	n/a
CM1 02	Assurance of responses	✓	Private
CM1 End	Module confirmation page	✓	-

Covalence SA

Reported Information

Public version

Organisational Overview

PRI disclaimer

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Basic Information

OO 01

Mandatory

Public

Descriptive

OO 01.1 Select the location of your organisation's headquarters.

Switzerland

OO 01.2 Indicate the number of countries in which you have offices (including your headquarters).

- 1
- 2 - 5
- 6 - 10
- 11 - 50
- >50

OO 01.3 Indicate the regions where you have offices.

- Africa/Middle East
- Asia (excluding Japan & Korea)
- Australasia
- Canada
- Continental Europe
- Japan & Korea
- Nordic
- South America
- UK & Ireland
- US

OO 01.4 Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).

FTE

4

Reporting Year

OO 02

Mandatory

Public

Descriptive

OO 02.1 Indicate the year end date for your reporting year.

31/12/2019

Signatory category and services

OO 03

Mandatory

Public

Gateway

OO 03.1

Indicate which of the following categories reflect your core offering or main business activity:

- Reporting
- Active Ownership Services
- Investment consultancy
- Research and Data Provision
- Other, specify (1)
- Other, specify(2)

OO 03.2

Indicate any other business activities that your organisation offers. Indicate whether you wish to report on these business areas.

- Reporting
- Active Ownership Services
- Investment consultancy
- Other, specify (3)
- Other, specify (4)
- None of the above

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Strategy and Governance

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Policy on ESG beliefs

SG 01	Mandatory	Public	Gateway
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SG 01.1

Describe how your organisation's philosophy incorporates environmental, social and governance factors, and the link to your business offerings.

Covalence offers Environment, Social, Governance (ESG) services to finance professionals, helping them implement responsible investment strategies with ESG ratings, SDG assessments, thematic products, impact stories, and ESG research.

SG 01.2

Indicate whether you have policies that formalise the incorporation of your ESG beliefs in your business offerings.

Yes

No

SG 03	Mandatory	Public	Descriptive
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SG 03.1

Indicate whether you offer standard, off the shelf, policies to clients as part of your product offerings, and/or whether you create tailored versions for individual clients.

	Off the shelf	Tailored
Asset class-specific RI guidelines	<input type="checkbox"/>	<input type="checkbox"/>
Sector-specific RI guidelines	<input type="checkbox"/>	<input type="checkbox"/>
Screening/exclusions policy	<input type="checkbox"/>	<input type="checkbox"/>
Engagement policy	<input type="checkbox"/>	<input type="checkbox"/>
(Proxy) voting policy	<input type="checkbox"/>	<input type="checkbox"/>
RI guidelines set out within the Investment Policy Statement (IPS)	<input type="checkbox"/>	<input type="checkbox"/>
RI guidelines set out in a freestanding RI policy	<input type="checkbox"/>	<input type="checkbox"/>
Multi-year RI implementation project plan	<input type="checkbox"/>	<input type="checkbox"/>
Conflict of interest management policy	<input type="checkbox"/>	<input type="checkbox"/>
Stockbroker allocation policy	<input type="checkbox"/>	<input type="checkbox"/>
Securities lending policy	<input type="checkbox"/>	<input type="checkbox"/>
Other, please specify (1)	<input type="checkbox"/>	<input type="checkbox"/>
Other, please specify (2)	<input type="checkbox"/>	<input type="checkbox"/>
Other, please specify (3)	<input type="checkbox"/>	<input type="checkbox"/>
None of the above	<input checked="" type="checkbox"/>	<input type="checkbox"/>

SG 04	Mandatory	Public	Descriptive
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SG 04.1	Briefly describe how you include ESG/RI factors as part of your business offerings.
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Business area

Research and Data Provision

How you include ESG/RI factors

Covaleance approach is based on multiple sources of information and relies on web monitoring, artificial intelligence together with human analysis. We oppose ESG data publicly reported by companies (disclosure) to online narrative content reflecting the views of stakeholders such as NGOs and the media (reputation). This approach allows users to track inconsistencies, monitor changes and benefit from timely alternative data. The information is delivered in an actionable format to support ESG risk exposure mitigation and long term value creation.

SG 04.2 Indicate the roles in your organisation, and indicate for each whether they have oversight and/or implementation responsibilities for ESG/RI within the organisation.

Roles present in your organisation	Oversight/accountability for ESG/RI	Implementation of ESG/RI
Board	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Directors	<input type="checkbox"/>	<input type="checkbox"/>
Chief Executive Officer (CEO), Chief Financial Officer (CFO)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Chief Operating Officer (COO), Chief Information Officer (CIO)	<input type="checkbox"/>	<input type="checkbox"/>
Other chief-level staff	<input type="checkbox"/>	<input type="checkbox"/>
Other heads of department	<input type="checkbox"/>	<input type="checkbox"/>
Dedicated ESG/RI staff	<input type="checkbox"/>	<input type="checkbox"/>
Other role, specify (1)	<input type="checkbox"/>	<input type="checkbox"/>
Other role, specify (2)	<input type="checkbox"/>	<input type="checkbox"/>
Other role, specify (3)	<input type="checkbox"/>	<input type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>

SG 04.3

Indicate how you ensure ESG/RI expertise for the roles where there are RI oversight/accountability or implementation responsibilities.

- Staff training on ESG/RI incorporation
- Including ESG/RI knowledge factors in personal development goals
- Having development plans that aim to enhance ESG/RI knowledge of certain departments/teams/individuals
- Including ESG in selection requirements when hiring new employees
- Other, specify (1)
- Other, specify (2)
- Other, specify (3)
- Other, specify (4)

SG 04.4

Indicate whether your organisation has any ESG/RI linked incentives for its employees.

- Yes
- No
- Not applicable, we ensure that employees incorporate ESG/RI into services through other mechanisms.

SG 06**Mandatory****Public****Descriptive****SG 06.1**

Indicate whether you provide training/educational services on ESG/RI. Tick all that apply.

- Board/trustee training
- Investment manager training
- Regulatory bodies/authorities or public policy makers
- Corporate executive training
- ESG analyst training
- Other, specify (1)
we offer training and education to students of various schools
- Other, specify (2)
- Other, specify (3)
- Other, specify (4)
- None of the above

SG 06.2

Describe the main components of your training/educational services on ESG/RI and any variations depending on the group you provide training/education to.

Antoine Mach, Managing Partner of Covalence, also co-manages the Certificate of Advanced Studies in Sustainable Finance offered by the Haute école de gestion de Genève <https://www.hesge.ch/heg/sf>

SG 06.3

Describe whether these training/educational services include any commercial elements.

Yes, schools pay us to teach

SG 07	Mandatory	Public	Descriptive
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SG 07.1 Describe how your organisation applies, advances and promotes the PRI Principles.

We promote the PRI through our core activity which is to produce ESG ratings and analysis, and offer them to investment managers.

SG 08	Mandatory	Public	
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SG 08.1 Indicate which of the following actions your organisation has taken to promote responsible investments during the reporting year, independently of collaborative initiatives.

- Provided or supported education or training programmes for clients, investment managers, legal advisers or other investment organisations
- Provided financial support for academic or industry research on responsible investment
- Encouraged better transparency and disclosure of responsible investment practices across the investment industry
- Spoken publicly at events and conferences to promote responsible investment
- Written and published in-house research papers on responsible investment
- Encouraged the adoption of the PRI
- Written and published articles on responsible investment in the media
- Policy engagements and other interactions
- Other, specify
- None of the above

SG 09	Mandatory	Public	Descriptive
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SG 09.1 Indicate which of the following long-term trends are addressed in your product outputs.

- Changing demographics

SG 09.2 Explain how this long-term trend affects your product outputs.

We use 50 criteria inspired by the Global Reporting Initiative, as well as the Sustainable Development Goals, to guide our research and products.

- Climate change

SG 09.2 Explain how this long-term trend affects your product outputs.

We use 50 criteria inspired by the Global Reporting Initiative, as well as the Sustainable Development Goals, to guide our research and products.

- Resource scarcity

SG 09.2

Explain how this long-term trend affects your product outputs.

We use 50 criteria inspired by the Global Reporting Initiative, as well as the Sustainable Development Goals, to guide our research and products.

Technology developments

SG 09.2

Explain how this long-term trend affects your product outputs.

We use 50 criteria inspired by the Global Reporting Initiative, as well as the Sustainable Development Goals, to guide our research and products.

Other, specify (1)

Other, specify (2)

None of the above

SG 11

Mandatory

Public

Descriptive

SG 11.1

Describe how you typically align your organisation's philosophy and approach to ESG/RI with your investor clients' goals.

Describe

This is not relevant for my organisation

SG 12

Mandatory

Public

Descriptive

SG 12.1

Describe what steps you take, if any, when your ESG recommendations are not in line with your investor clients' goals.

Describe

This is not relevant for my organisation

SG 13

Mandatory

Public

Descriptive

SG 13.1

Indicate whether you seek feedback from clients on your RI/ESG services and product offerings

Yes

SG 13.2

Describe how you use this feedback in your RI/ESG services and product offerings.

We work on improving simplicity and clarity of our products

No

SG 14

Mandatory

Public

Descriptive

SG 14.1

Indicate whether your organisation has a policy for managing potential conflicts of interest.

Yes

No

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Research and Data Provision

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Product level

RDP 01

Mandatory

Public

RDP 01.1 Indicate your product type. Tick all that apply.

- Analysis
- Benchmarking reports
- ESG ratings
- Credit ratings
- ESG indices
- Raw data
- Second party opinion on green or social bonds
- Surveys
- Other, specify

RDP 01.2 Indicate whether you make any of your products publicly available.

- Yes, all products
- Yes, some products
- No, we do not

Research/process level

RDP 02

Mandatory

Public

RDP 02.1 Indicate the types of sources you use for research and/or ratings of companies/sectors/geographies or similar. Tick all that apply.

- Your organisation`s independently collected data from public sources
- Regulatory sources
- Information from NGOs and other stakeholders
- In-person meetings or calls with company or industry representatives
- Primary data (self-reported from companies or other organisations)
- Secondary data (from other research provider databases)
- Other, specify (1)
- Other, specify (2)
- Other, specify (3)

RDP 02.2 Indicate how ESG factors are incorporated into your research and/or rating methodology

- Identifying exposure and risk to ESG factors
- Considering responses to self-assessment questions on ESG
- Assessing current and future capacity to manage or mitigate ESG risks
- Assessing past and potential future performance on ESG factors
- Assessing alignment and compliance to different policies and regulations
- Assessing alignment and compliance explicitly to the Sustainable Development Goals (SDGs)
- Assessing current and future positive ESG impacts
- Other, specify (1)
- Other, specify (2)
- Other, specify (3)

RDP 02.3 Describe how you define materiality and how this is captured in your research and/or rating methodology as well as final product.

The data has been analyzed in terms of keywords, criteria and topics to identify which business impact is at stake. This approach is inspired by the Value Driver Model developed by The UN Global Compact and The Principles for Responsible Investment (PRI):

Growth: New markets and geographies, New customers & Market Share, Product & Services Innovation, Long-term Strategy

Productivity: Operational Efficiency, Human Capital Management, Reputation Pricing Power

Risk: Operational & Regulatory Risk, Reputational Risk, Supply Chain Risk, Leadership & Adaptability

RDP 04

Mandatory

Public

Descriptive

RDP 04.1 Indicate how you ensure that your ESG assessment of companies/ sectors/ geographies or similar is up-to-date and that new information is incorporated or new assessments are conducted at reasonable intervals.

- Regular update cycles (annual or more frequent)
- Allowing assessments/ ratings to be adjusted at any time by your organisation
- On-going alerts systems in place for new events and information that might have implications on the original assessment/ ratings
- On-going monitoring of possible controversies and compliance to conventions, regulations and similar
- Providing tools for companies/ sectors or others to update the researcher, rating agency or data provider with new information
- Other, specify (1)
- Other, specify (2)
- Other, specify (3)

RDP 05

Mandatory

Public

Descriptive

RDP 05.1 Indicate how you typically ensure a balanced approach to your research methodology and assessing/rating of companies/sectors/geographies or similar. Tick all that apply and explain your approach to each option.

Type of indicators

- Balancing quantitative and qualitative indicators

Explain your approach

We oppose ESG data publicly reported by companies (disclosure) to online narrative content reflecting the views of stakeholders such as NGOs and the media (reputation).

- Balancing management/process oriented indicators and performance indicators
- Balancing reference to past and current performances, such as whether the rating object's performance is improving or deteriorating

Explain your approach

We use a daily ESG news monitoring system; ratings are updated on a monthly basis.

- Balancing environmental, social and governance indicators
- Balancing self-reported and public data

Explain your approach

We oppose ESG data publicly reported by companies (disclosure) to online narrative content reflecting the views of stakeholders such as NGOs and the media (reputation).

- Other, specify (1)
- Other, specify (2)
- None of the above

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