

Peacebuilding Business Index Methodology

Measuring business contributions
to peacebuilding in fragile countries

January 2019



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Executive summary

The PeaceNexus Foundation developed the Peacebuilding Business Index (PBBI) with the help of Covalence to support its mission-aligned investment strategy. The main purpose of the index is to define the universe of a peace investment fund, i.e. a thematic global equity investment vehicle promoting peacebuilding business practices through a sophisticated selection process and engagement with portfolio companies on their peacebuilding role. This document describes the methodology of the PBBI, based on the Peacebuilding Business Criteria (PBBC) as defined by PeaceNexus.¹

While the general categories structuring the PBBC and Environment, Social and Governance (ESG) criteria are similar, the peacebuilding criteria for business were developed for companies operating in fragile states. They outline possible business policy and practice that contribute to the stabilisation and rehabilitation of conflict-affected areas. While the level of ESG compliance is measured by the PBBI, the index additionally puts special emphasis on how companies address particular challenges in fragile contexts such as the disrespect for human rights, high levels of corruption, or the lack of public services.

A consensus approach was used to identify which places can be considered fragile states. We aggregated nine existing lists that select or rank countries based on criteria such as the risk of armed conflict, the level of development and the respect for human rights. Also, credit ratings were considered. Through this approach, we identified 75 fragile states.

The PBBI ranks the 300 companies with the biggest economic impact in fragile states. The fDi Markets database of the Financial Times is PBBI's main source of information to determine the economic impact of companies. fDi Markets provides information per company and country on investment projects, capital investment (FDI), and the number of jobs created. We also considered companies with a strong presence on the ground through business partnerships in fragile states via their supply chain or through the sale of products and services.

Our research and ranking focus on three main aspects: global peacebuilding-relevant ESG policies (25% of final score), local ESG practices (25%), and local peacebuilding practices (50%). The methodology combines the analysis of ESG data that is self-reported by companies with a semi-automated screening and classification of narrative content. Information is gathered from various sources, including companies' global and local communication, global and local media, and reporting by stakeholders such as trade unions and NGOs.

¹ Peacebuilding Business Criteria, PeaceNexus Foundation,
<https://peacenexus.org/wp-content/uploads/2019/01/PBBC-final-revision.pdf>
 PeaceNexus & Covalence SA 2019

Background

The PeaceNexus Foundation aligns its investments to its overall purpose: to improve the effectiveness of peacebuilding organizations. The Foundation invests using Environment, Social and Governance (ESG) screenings, exclusion filters and microfinance products, and has engaged with certain companies to discuss their peacebuilding efforts. However, financial products specifically dedicated to its mission are lacking. Therefore PeaceNexus committed to measuring business contributions to peacebuilding in conflict-affected areas in order to determine the universe of a peace investment fund. The objective was to compose a global equity investment portfolio of listed multinational companies that impact positively on the stabilisation of conflict-prone countries. Launched in January 2018, the Cadmos Peace Investment Fund is open to any investor with an interest in contributing to more peaceful societies.

As a first step to measuring companies' contributions to peacebuilding, PeaceNexus developed the Peacebuilding Business Criteria (PBBC). The PBBC illustrate business-relevant peacebuilding activities around labour practices, local sourcing, community relations, governance issues, security measures, and products. Covalence, a specialist in ESG research, was mandated to: a) identify the economically most powerful companies active in fragile states; and b) develop a methodology to analyse and score their contributions to peacebuilding according to the PBBC framework.

By the end of 2015, Covalence defined a universe of fragile states and produced a pilot peacebuilding business index covering 100 companies. The exercise revealed interesting examples of peacebuilding activities. For example, in Colombia, corporations like Unilever, Nestlé, ABB or Cemex promote reconciliation and support peace through jobs' creation and local sourcing. Telecommunications companies such as Vodafone develop applications helping displaced persons reconnect with their families. Intel and other companies committed to source conflict-free minerals only. An advertisement for Google Search promotes friendship across the India-Pakistan border. Togo-based Ecobank launched a facility to finance SMEs in conflict-affected states.

A back-testing comparing the peacebuilding and financial performance of companies leading the pilot index in 2017 showed a strong correlation. The 20 global equities with very high rankings in the pilot peacebuilding index consistently outperformed the benchmark.² We believe that **the level of conflict-sensitivity of companies in fragile states is a proxy for sophisticated risk management, capacity to adapt and innovate, and the ability to effectively resist "shock-tests"**. These findings reinforce the conviction that a business and peace screening would be an attractive investment tool to identify financially interesting and peacebuilding relevant companies.

In 2017, we expanded the universe of companies to 300, found data to measure their economic importance in fragile states and continued to gather information on relevant policies, procedures and activities on the ground. That year, we discussed the setup of a Peace Investment Fund with de Pury, Pictet, Turrettini, the Swiss asset manager. This fund was launched at the start of 2018. We also tested best approaches to engage with companies on their peacebuilding impact.

² A backtesting of the PIF portfolio 2018 conducted with the support of Covalence demonstrates that the portfolio outperforms the MSCI World on 1 Y (+1.1%), 3 Y (+21.5%), and 5 Y (67.6%).

This document describes the methodology used to produce the Peacebuilding Business Index. It covers the “what” (PBBC and ESG metrics), the “where” (universe of countries), the “who” (universe of companies), and the “how” (ESG and peacebuilding measurement).

The Peacebuilding Business Criteria

This set of criteria was developed by PeaceNexus in order to simplify and harmonise competing conceptions of what is required of a business to be classified as engaging in peacebuilding³. The criteria are the basis for the index methodology and the construction of a targeted investment mechanism.

The Peacebuilding Business Criteria (PBBC) apply to **businesses that operate in fragile and conflict-affected states** and describe best-in-class or even exceptional behaviours of businesses. These businesses especially matter for PeaceNexus because they have an impact in the contexts where peacebuilding organisations are active. “Peacebuilding”

means: to stabilise a fragile environment and to build conditions for resilience and lasting peace. These conditions are based on functioning and legitimate public institutions, including the rule of law, and basic security. Lasting peace also requires a framework for economic growth and the respect for basic human rights.

PeaceNexus believes that companies, local and international, have the capacity and leverage to help create these conditions. With the Peacebuilding Business Criteria, we describe what companies can do within their business models to support peacebuilding.

PBBC & ESG criteria

At first glance, the PBBC look similar to existing Environment, Social and Governance (ESG) reporting guidelines and criteria (such as the Global Reporting Initiative, GRI). The criteria are structured around the following business areas and objectives: labour (inclusive hiring); sourcing (promoting the local economy); community relations (creating space for dialogue); governance (promoting accountability); products (seeking new business models); security (inclusive security measures); and environment (conflict-sensitive use of natural resources). The general categories are comparable to ESG criteria. However, there are important differences in the two types of metrics:

Geographical context

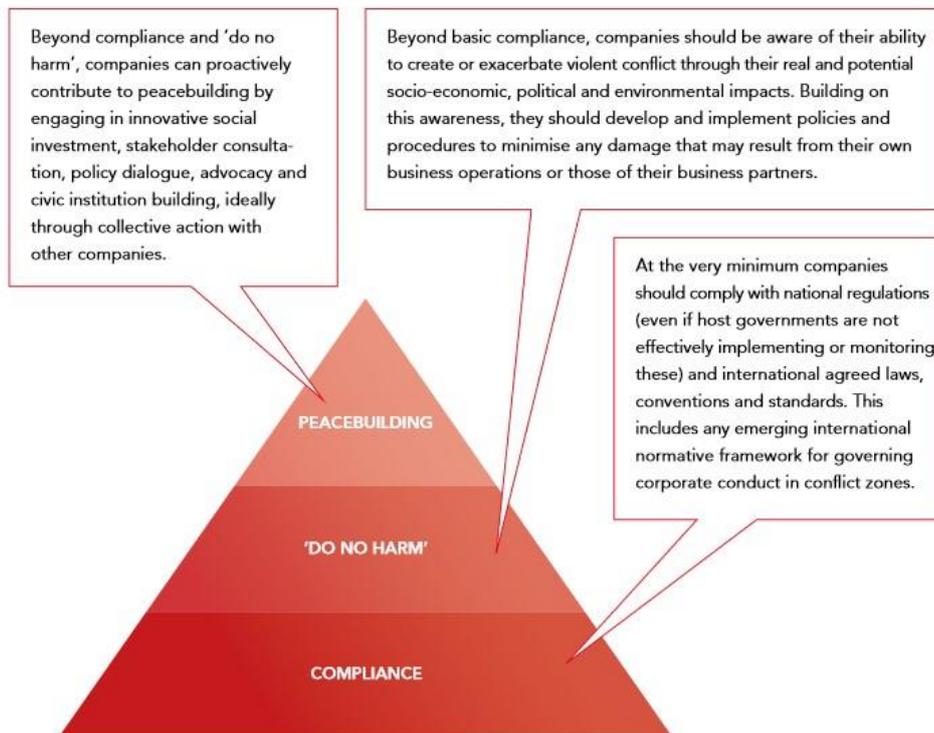
Sustainability reporting guidelines and ESG criteria usually have a global reach and are meant to cover operations of companies in all sorts of countries. The PBBC were developed to capture the role of companies in **fragile and conflict-affected areas**. For example, in supply chain management, global ESG criteria describe how companies should promote environmental and labour standards towards their

³ <https://peacenexus.org/wp-content/uploads/2019/01/PBBC-final-revision.pdf>
 PeaceNexus & Covalence SA 2019

suppliers. The PBBC focus on how companies should apply a due diligence process that checks the role of their suppliers in a conflict or post-conflict context, in addition to baseline ESG practice.

Higher level of expectations

The second main difference between the PBBC and other ESG metrics is the **level of expectations**. Referring to the pyramid below⁴, several existing frameworks are concentrated on the **compliance** and **‘do no harm’** levels. For instance, the Corporate Human Rights Benchmark (CHRB)⁵, in line with the UN Guiding Principles on Business and Human Rights, “focuses on measures to avoid adverse impacts on human rights” and “does not take into account positive impacts”.



The PBBC go beyond compliance and 'do no harm' principles. PBBC seek out opportunities for companies to pro-actively contribute to stability, for instance by collaborating with other companies to improve state accountability and public services.

⁴ Strategies for managing corporate-conflict risk, Banfield et al. 2003, in *Multinationals and Conflict*, Mark van Dorp, SOMO, December 2014, <https://www.somo.nl/wp-content/uploads/2014/12/Multinationals-and-Conflict-1.pdf>

⁵ Corporate Human Rights Benchmark - Pilot Methodology 2016, https://business-humanrights.org/sites/default/files/CHRB_report_06_singles.pdf

High expectations in terms of positive contributions of companies are also found in the UN Sustainable Development Goals (SDGs), a global agenda for the world community with objectives that should be reached by 2030 and with the help of the private sector. The PBBC resonate with SDG 16 Peace, Justice and Strong Institutions in particular: *“Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.”*⁶



In the SDG compass⁷, an initiative by the UN Global Compact, the Global Reporting Initiative and the World Business Council for Sustainable Development, the role of companies for peace is described as follows:

“A responsible business can through its core business, strategic social investment, public policy engagement and collective action make meaningful contributions to lasting peace, development and prosperity while ensuring long-term business success”

SDG Compass

The PBBC are meant to identify such “meaningful contributions”. Apart from SDG 16, the PBBC address other SDGs directly and/or indirectly: for example, SDG 1 on “Poverty Reduction”; SDG 8 aiming at “Decent Work and Economic Growth”; SDG 10 intended to achieve “Reduced Inequalities”; and SDG 12 with the purpose of “Responsible Consumption and Production”.

While the general categories structuring ESG criteria and the PBBC are similar, the PBBC show important differences in terms of scope: they focus on a specific geographical context (fragile states) and opportunities for companies to contribute to stable environments.

The methodology of the Peacebuilding Business Index must therefore consider the geographical context described above and cover the three levels of the pyramid: compliance, ‘do no harm’, and peacebuilding (opportunity focus).

Levels of analysis

The PBBC define good practices that companies operating in fragile states can adopt to be considered as “peacebuilders”. The assessment methodology deriving from the PBBC is hence tailored to measure local peacebuilding practices. However, preliminary research reveals that not much is known about local peacebuilding practices of companies.

⁶ <https://sustainabledevelopment.un.org/sdgs>

⁷ <https://sdgcompass.org/sdgs/sdg-16/>

We start by considering global ESG policies that are relevant to the PBBC (for example, do companies have a policy to improve health & safety in their supply chain?). We then focus our attention on ESG practices in fragile states (for example, labour conditions, human rights, or environmental protection). Once the first levels of the pyramid are covered (compliance and do no harm), we move up to the last level and analyze local peacebuilding practices as described in the PBBC.

The PBBI is therefore based on three levels of analysis: global peacebuilding-relevant ESG policies, local ESG practices, and local peacebuilding practices.

Global peacebuilding-relevant ESG policies

At a global, corporate level, companies adopt policies on Corporate Social Responsibility, Human Rights, or Sustainability. These policies refer to international norms, conventions, guidelines and metrics such as the OECD Guidelines for Multinational Enterprises, the Global Reporting Initiative, the UN Guiding Principles Reporting Framework, or the UN Global Compact.

Certain elements of these global policies are relevant to the PBBC and hence the Index, for instance when they refer to workforce diversity or the respect for human rights.

Local ESG practices

Little is known about the implementation of global policies at local level, however. That is why the Index team compares the global policy statements of companies with data on their local practices. We use local media sources to identify positive action as well as controversies on issues such as employment, labour conditions, compliance with environmental standards, company approaches to protect human rights and to fight corruption, and their way to build relationships with communities affected by business.

Local peacebuilding practices

At the third level of analysis we focus more on peacebuilding and the extent to which indexed companies live up to PBBC recommendations. As our criteria are not (yet) widely known, we mostly concentrate on finding innovative responses of companies to conflict-specific problems, such as how they bridge the divide between different ethnic groups in their work force; how conflict sensitive they are when building partnerships with local businesses⁸; how they address context-specific difficulties through collaborative approaches with other companies to address issues such as corruption and missing public services.

All in all, **indexed companies score well if they find business solutions that contribute to the stabilisation and rehabilitation of conflict-affected areas.**

⁸ According to the Conflict Sensitivity Consortium, conflict sensitivity is: “knowing that our work could increase existing conflicts or create new ones, and doing something about it.” http://local.conflictsensitivity.org/wp-content/uploads/2015/05/Conflict-Sensitivity-Benchmarking-Paper_Short-Version.pdf.

Universe of countries

The contribution by companies to stability and peace mostly needs to happen in fragile environments, in countries that are in crisis or at-risk of crisis including armed conflict. Here is a definition of a fragile state:

“Countries in which the state institutions are weak or lack stability and whose populations suffer from extreme poverty, violence, corruption and political arbitrariness, are internationally designated as fragile states. The governments of fragile states are often either unwilling or unable to perform basic governance functions in the areas of security, rule of law and basic social services. Furthermore, there is little mutually constructive relationship between the government and society and limited effort to cooperate in the definition of political and socio-economic development objectives.”⁷

Universe of 75 countries and levels of fragility						
3	4	5	6	7	8	9
Tajikistan	Palestinian territories	Uganda	Comoros	Iraq	Sudan	Afghanistan
Azerbaijan	Laos	Guinea	Ivory Coast	Libya	Somalia	Yemen
Bangladesh	Russia	Solomon Islands	North Korea	Pakistan	Chad	Syria
Tanzania	Sierra Leone	Gambia	Egypt	Nigeria	Eritrea	DR Congo
Lesotho	Madagascar	Angola	Haiti	Ethiopia	South Sudan	Central African Republic
Marshall Islands	Rwanda	Swaziland	Republic of the Congo	Myanmar	Mali	Burundi
Tuvalu	Lebanon	Iran	Liberia	Zimbabwe	Cameroon	
Kiribati	Togo	Papua New Guinea	Venezuela	Guinea-Bissau		
Micronesia	Malawi	Djibouti	Kenya			
Colombia	Zambia	Equatorial Guinea	Mauritania			
Algeria	Cambodia	East Timor	Niger			
Honduras	Guatemala	Burkina Faso	Mozambique			
Mexico	Ukraine					
Gabon	Nepal					
South Africa	Turkey					

Levels of fragility from 3 to 9: number of times countries appear in the lowest positions of 9 country rankings

For the PBBI, the universe of fragile states is defined through a consensus approach: we looked at nine existing lists that select or rank countries based on indicators translating their level of fragility. These indexes look at issues such as conflict risk, human rights, and the state of democracy. We also considered credit ratings⁸. As a result of this exercise, we identified 75 countries that are mentioned at least three times in the nine lists relative to the most fragile states in the world. The above table shows the countries identified in 2016 and the number of times they are mentioned in relevant rankings. We use these numbers as a proxy for the level of fragility.

⁷ Definition by the Swiss Development Agency: <https://www.eda.admin.ch/deza/en/home/themes-sdc/fragile-contexts-andprevention/fragile-states.html>

⁸ The following rankings have been used: Democracy Index 2017, Authoritarian regimes, (The Economist Intelligence Unit); Global Conflict Risk Index December 2017, Top 20 countries by predicted conflict probability; Harmonized List of Fragile Situations FY 19 a/, World Bank; Fragile States Index 2018, Fund for Peace, high warning or worse (> 80); Global Peace Index 2018, low or very low state of peace; OECD States of Fragility 2018; Credit ratings of countries TE “non-investment grade” or worse by at least one of the credit rating agencies / no credit ratings available, 2018; Global Fragility Ranking 2016, all red flags, Carleton university; SDG Index 2018, Goal 16 score < 60 OR no score.

Universe of companies

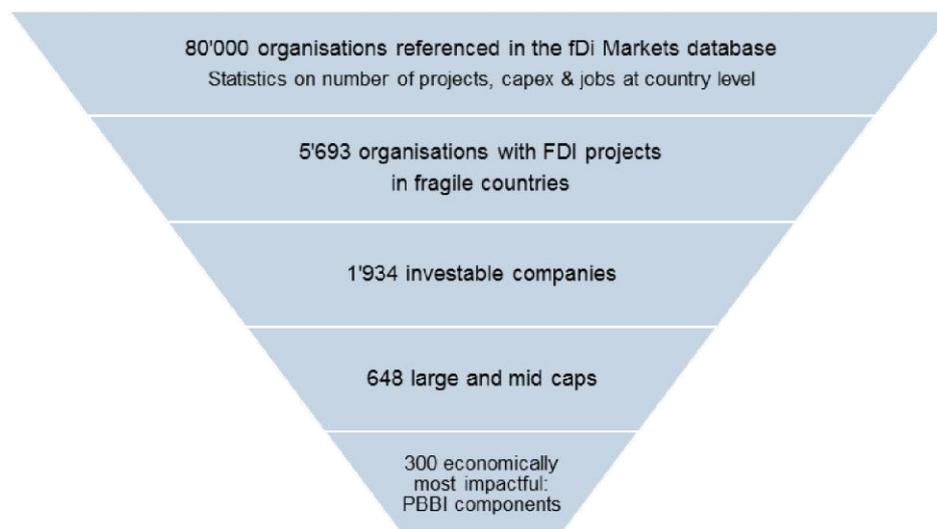
As a next step, we identified the 300 companies with the biggest economic impact in fragile states for 2016. We assume that these companies have the best potential to leverage their economic importance to address sources of fragility.

The most coherent and complete database that we could find to document the economic impact of companies at country level is **fDi Markets**, a service from The Financial Times. This database provides quantitative figures on important economic indicators at country level. fDi Markets records the **number of foreign direct investment projects, the capital expenditure, and the number of jobs created** by around 80'000 different organisations in each country.

The team filtered all organisations having activities in at least one fragile state. Among these, we then reduced the universe to companies that are listed, large or mid-caps and part of either the MSCI World Index, the MSCI Emerging Markets Index, or the MSCI Frontier Markets Index. For the remaining companies we calculated a score of their economic impact based on the intensity of their investments - projects, jobs created, capital invested - and their exposure to fragile states according to the level of fragility as illustrated in the table above. We also considered companies with extensive partnerships and generally strong presence in fragile states.

The selection process is illustrated by the steps in the pyramid below. More details on defining the universe of companies for the PBBI are available upon request.

Peacebuilding Business Index: Selection Process



Measurement

For a first basic assessment we filter relevant information from all available open sources. “Relevant” is any information on policy and activities of selected companies in fragile states that can be linked to ESG and peacebuilding criteria. The data points selected by our algorithm are checked by analysts and categorised. We compare positive versus negative mentions and rank selected companies accordingly.

As any index, we face challenges including data inadequacy and data gaps. Many company assessments are often either overly positive, especially if one only considers self-reporting by companies, or overly negative, especially if one emphasises on the opinion of NGOs. Generally, we can only assess what we know, check collected information through alternative sources and draw conclusions with the help of several factors. Ranking results show trends rather than absolute realities. Trends are important, however. And we believe that what we find out through the PBBI methodology gives us a good idea of who in the business world has a significant peacebuilding potential.

The following chapters explain some of the methodological challenges more in detail.

Challenges and data gaps

The task of measuring business contributions to peacebuilding in fragile states faces several challenges, some of which are well known to ESG analysts, while others are more specific to this project:

Not institutionalized

Corporate reporting on the management of conflict-sensitive environments is not yet standard. Business and peace is not yet **institutionalised as a topic in corporate narratives** as, for instance, climate change mitigation or employee health & safety. Peacebuilding-relevant activities can however be found on local corporate websites and are sometimes mentioned by external sources, but they are absent in existing categories and largely missing from global websites and sustainability reports.

Sensitivity

A related challenge is that corporate disclosure of peacebuilding-relevant activities efforts may be perceived as **sensitive and political** by companies, especially when they touch upon how they manage their relationships with host governments.

Credibility

Considering the full ESG spectrum (including the compliance and ‘do no harm’ levels), there is naturally a **positive bias** in the data disclosed by companies, as observed by the Global Reporting Initiative amongst others. ESG analysts know that the use of **third-party sources** is required to monitor controversies and produce a balanced and credible view of a company’s sustainability performance.

Inhibition

The fear of being perceived as practicing greenwashing may inhibit companies or even lead to green muting⁹. Companies are hesitant to talk about their “social” investments, especially if they make efforts of the kind in conflict-affected countries. They fear that NGO watchdogs will be keen to find evidence to question these efforts. As a consequence, there are quite a number of companies that “do-good” and don’t talk about it - ironically. For this index, however, good examples are significant, not the least because peacebuilding-relevant activities by business can be innovative and serve as examples for others to follow.

Types of Sources and Classification

Corporate, media and stakeholder sources were used to extract relevant data with search engines and web-scrapers. Sources include web pages published by companies (headquarters, subsidiaries and affiliates in fragile countries), stakeholders (peace NGOs, etc.), and the media (global and local).

Covalence uses a customised set of software and machine learning techniques for data extraction and classification. On top of it, a team of analysts double checks each entry proposed by the software, thus ensuring high curation standards. The use of classification algorithms allows us to fully automatise the extraction and pre-classification of information, including complex information such as polarity - or sentiment - as well as multiple criteria. The data relating to local ESG practices is classified using a set of 50 criteria inspired by the GRI sustainability reporting guidelines.¹⁰

To document local peacebuilding practices, a business & peace keywords’ dictionary was drawn up. It is based on the Peacebuilding Business Criteria defined by PeaceNexus. To identify PBBC-relevant data we used the business & peace keywords dictionary as well as Covalence’s criteria and enlarged ESG keywords dictionary. Combining keywords and criteria enabled us to identify and code PBBC-relevant data, both in the existing database and in the new data sets.

Types of analysis

To address the challenges described above and to cover the 3 levels of analysis defined previously (global peacebuilding-relevant ESG policies; local ESG practices; and local peacebuilding practices), we combined two types of analysis: analysis of ESG indicators disclosed by companies, and semi-automated analysis of narrative content gathered from diversified sources.

⁹ How to tell your sustainability story, GreenBiz, 3 March 2016, <https://www.greenbiz.com/article/how-tell-your-sustainability-story>

¹⁰ <http://www.covalence.ch/index.php/methodology/criteria/>

Peacebuilding Business Index: Methodology Overview				
Level of analysis	Type of analysis	Sources	Weight	Examples
Global peacebuilding-relevant ESG policies	Analysis of ESG indicators disclosed by companies	Corporate	25%	Policy to improve employee health & safety in supply chain? YES/NO Targets on diversity and equal opportunity? YES/NO
Local ESG practices	Semi-automated analysis of narrative content	Corporate, Media, Stakeholders	25%	Stories on positive and negative impacts of companies in fragile countries regarding ESG issues: labour conditions, human rights, corruption, environmental protection, etc.
Local peacebuilding practices			50%	Stories on positive and negative impacts of companies in fragile countries regarding peacebuilding issues (PBBC): inclusive hiring, mediation, supply chain security, local sourcing, social business models, etc.

Analysis of ESG indicators disclosed by companies

Third-party providers offer access to self-reported ESG data of companies in corporate reports or questionnaires. Some of these indicators were selected as they inform on global ESG policies relevant to the PBBC. For each indicator, the data is normalized into a 0-100 scale. An average is calculated to provide an aggregated score. The score calculated to measure the performance of companies on global peacebuilding-relevant ESG policies accounts for 25% of the final score.

Examples of indicators:

<ul style="list-style-type: none"> • Policy Supply Chain Health & Safety • Policy Fair Trade • Policy Diversity and Opportunity • Product Access Low Price • Targets Diversity and Opportunity • Board Cultural Diversity • Human Rights Contractor • Global Compact • Human Rights Breaches Contractor 	<ul style="list-style-type: none"> • Stakeholder Engagement • Policy Bribery and Corruption • CSR Sustainability Report • Policy Community Involvement • Whistleblower Protection • ESG Reporting Scope • Employee Engagement • Bribery, Corruption and Controversies
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Semi-automated analysis of multi-source narrative content

To document local ESG and local peacebuilding practices, we undertake a semi-automated screening and classification of narrative content using a multi-source approach. Narrative content is found in different types of documents such as press articles, corporate reports or NGO campaign material. We only consider sources that are publicly available and online.

Thousands of qualified corporate, stakeholder and media sources
+ 800 specialized peace sources
+ focus on corporate websites of subsidiaries and local media in fragile countries



Media monitoring, Twitter and RSS feeds



In-house web scraper, crawler, automated extraction techniques, algorithm and database hosting 3000 news items / day, machine learning, Natural Language Processing
+ business & peace keywords dictionary



Scoring system

The scores of ranked companies are a result of the three core aspects we assess (see chapter “levels of analysis”): their global peacebuilding-relevant ESG policies (weighting 25% in the final score), their local ESG practices (25%), and their local peacebuilding contributions (50% as they are at the heart of the Peacebuilding Business Index).

Company	Rank	Final (PBBC*2+ESG+Global)/4	PBBC (Local peacebuilding practices)	ESG (Local ESG practices)	Global (Global peacebuilding-relevant ESG policies)
Company A	1	85%	85%	93%	78%
Company B	2	81%	82%	78%	82%
Company C	3	80%	77%	82%	83%
Company D	4	79%	84%	79%	71%
Company E	5	79%	79%	72%	86%

Global - Global peacebuilding-relevant ESG policies

This score is based on the analysis of global ESG indicators disclosed by companies and selected for their relevance to the business and peace topic and to the Peacebuilding Business Criteria. It covers global peacebuilding-relevant ESG policies. Examples of such indicators include the establishment of policies to improve employee health & safety in the supply chain (YES/NO), and targets on diversity and equal opportunity (YES/NO).

For each indicator, the data is normalised into a 0-100 scale. An average is calculated to provide an aggregated score. The global peacebuilding-relevant ESG policies score accounts for 25% of the final score.

ESG - Local ESG practices

The ESG score reflects positive and negative impacts of companies in fragile countries regarding Environment, Social, and Governance (ESG) issues such as labour conditions, human rights, corruption, environmental protection, etc. It is based on a semi-automated analysis of narrative content gathered online from diversified sources - corporate, media, and stakeholders – and classified according to Covalence’s 50 GRI-inspired ESG criteria and to their positive or negative orientation (sentiment) vis-à-vis named companies.

A score is given by the ratio of positive mentions over total mentions. For example, if a company has Total mentions = 100, Negative mentions = 40, Positive mentions = 60, the score is $60 / 100 = 60\%$.

The aggregated score combines a transversal performance, which can be strongly influenced by one or a few widely-shared issues, initiatives or controversies that are found across categories and criteria (for example, a major accident with human, economic and environmental consequences, or a corporate initiative aiming at improving labour conditions, supporting local communities and stimulating economic development), with the average of scores calculated in each category. To get a good aggregated score, a company must therefore demonstrate solid credentials across all, or almost all categories. This score on local ESG practices accounts for 25% of the final score.

PBBC - Local peacebuilding practices

The PBBC score reflects positive and negative impacts of companies in fragile countries regarding issues described in the Peacebuilding Business Criteria (PBBC), such as inclusive hiring, mediation, supply chain security, local sourcing, social business models, etc. It is based on a semi-automated analysis of narrative content gathered online from diversified sources - corporate, media, and stakeholders – and classified according to the PBBC and to their positive or negative sentiment.

A score is given by the ratio of positive mentions over total mentions. For example, if a company has Total mentions = 100, Negative mentions = 40, Positive mentions = 60, the score is $60 / 100 = 60\%$.

The aggregated score combines a transversal performance with the average of scores calculated in each category, which favours companies showing a diversified performance. This score on local peacebuilding practices accounts for 50% of the final score.

Details on the universe of companies as well as on the measurement approach are available upon request.

About the Partners of PBBI

PeaceNexus Foundation

PeaceNexus Foundation’s core mission is to provide peacebuilding champions – multilateral organisations, governments, non-profit organisations and businesses – with expertise and advice on how they can make best use of their peacebuilding role and capacity to help stabilise and reconcile conflict-affected societies. Since our founding in 2009, PeaceNexus has engaged in numerous partnerships with economic actors to improve outcomes in fragile states, as well as applied research projects on the contributions of business to peacebuilding. Our foundation can support **businesses who wish to leverage their peacebuilding potential** and **improve conflict-sensitivity** throughout their operations. In addition, PeaceNexus acts as a “nexus” between organizations: we can provide guidance on suitable partners to assist businesses in managing conflict, peace and security issues. PeaceNexus works with dozens of organizations in 4 regions primarily:

- ▶ Western Africa
- ▶ Western Balkans
- ▶ Central Asia
- ▶ Myanmar

Our grantee selection process is rigorous; our network of partners includes many of the most promising young organizations in peacebuilding, as well as the most experienced.

Covalence

Founded in 2001, Covalence SA helps companies and investors integrate Environment, Social and Governance (ESG) factors into strategy and decision making. Our services include: **ESG ratings**, **thematic investment products**, and **ESG news monitoring**, both positive (impact stories) and negative (controversies). Covalence also delivers data and research to corporates, academics and non-profits relying on its EthicalQuote reputation index.

Covalence 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.

Covalence is a signatory of the Principles for Responsible Investment (PRI), an institutional partner of Sustainable Finance Geneva (SFG), a founding member of Swiss Sustainable Finance, and a member of the Chamber of Social and Solidarity Economy in Geneva APRÈS-GE.