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F&B's Improve Ethical Reputation Despite Inclusion of Monsanto

Covalence Food & Beverages Report 2008

The Food & Beverage sector keeps improving its ethical reputation after inclusion of Monsanto, a major producer of GMO's, states a report published today by Geneva-based research firm Covalence, *Covalence Food & Beverages Report 2008*.

Following its reference index Dow Jones Sector Titans, Covalence now categorizes Monsanto in the Food & Beverage sector. This sector covers a large spectrum in Covalence's Ethical Ranking, from leaders Unilever (which ranks 3rd across 18 sectors and 541 companies), Diageo (16th) and Kraft Foods (20th), to laggards Monsanto (541th), Archer Daniels Midland (521th), and Kirin Holdings (468th). The sector averages 7th place out of 18 sectors in Covalence's EthicalQuote score for the period 2002-2008. In 2008 only Food & Beverages registered the 6th position.

Corrolary to the inclusion of Monsanto are the risks and opportunities embedded in the challenge of providing a global market with sustainable food and drinks, as well as the development and humanitarian challenges of feeding a hungry world. For some, GM technology is too risky in terms of biodiversity and social equilibrium, while for others it offers a panacea to climate change, water scarcity, and hunger. In this highly controversial field, F&B companies are increasingly expected to position themselves clearly.

Compared to the 18-sector benchmark, Food & Beverages are the subject of significantly more negative news in the area of Impact of Product. The human risks of product were seen in relation to GMOs and other nutrition-related issues such as children's health, melamine, fat, and marketing practices; major environmental risks of products were seen in relation to Monsanto's production of GMOs and pesticides.

However, several factors allowed the Food & Beverage sector to improve its ethical reputation over 2008: the Food & Beverage sector seems to face fewer ethical consequences from the current economic crisis compared to the benchmark (fewer criticisms related to job-cuts); the F&B sector shows competitive advantages on criteria such as social Sponsorship, United Nations Policy, and Social Stability (community initiatives); Partnerships with renowned social and environmental organizations are a powerful means to increase trust in global brands - Food & Beverages companies have well understood that; Climate change issues such as Packaging, waste, recycling and Carbon emissions were high in the news with other environment-related issues such as Water and Energy.

More information on Covalence Food & Beverages Report 2008:

> [Extract: Covalence Food & Beverages Report 2008](#)

About Covalence

Covalence' s ethical quotation system is a reputation index based on quantifying qualitative data, which are classified according to 45 criteria such as *Labour standards*, *Waste management*, *Product social utility* or *Human rights policy*. It is a barometer of how multinationals are perceived in the ethical field.

The system integrates thousands of documents found among media, enterprise, NGO and other sources, for producing the EthicalQuote curves. These curves measure the historical evolution of the reputation of companies regarding ethical issues. They are created through the cumulative addition of positive news (documents coded as "ethical offers", which are weighed as +1, curve ascends) and negative news ("ethical demands" weighed as -1, curve descends). The Reported Performance measure is given by cumulating positive news only.

This tool received the Cantonal Sustainable Development Prize (Geneva) in 2004 and prompted Covalence among the finalists of the Social Entrepreneur of the Year 2005 award organised by the Schwab Foundation. Covalence research is also distributed by Reuters, Thomson Financial and Bloomberg.

Covalence is closely monitoring 18 sectors including 550 companies that are classified as the largest market capitalizations in the Dow Jones World Index. Covalence is a limited company that was founded in Geneva in 2001 by six persons with political science and finance backgrounds.

Online information: Covalence company and methodology

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