



VIGEO ACADEMIC CONFERENCE

February, 25th – 2013

Celebrating 10 years of successful ESG rating activity, Vigeo held on February 25th its first academic conference in Paris. The event, supervised by Vigeo's Scientific Board, invited research teams from diverse backgrounds (finance, economics, human resources) to present important conclusions regarding major studies based on exploration and analysis of Vigeo's database. Key findings were discussed with RI experts and Vigeo partner companies engaged in CSR.

Aldo Cardoso, chairman of Vigeo's Scientific Board, launched the event putting CSR into perspective and demonstrating that current events in the business world show and confirm every day the involvement of corporate responsibility issues in controversies as well as companies' successes. Therefore, Mr. Cardoso said, representing both new risk areas and opportunities to develop innovative business models, CSR issues must be considered as an investment and no more as a cost. Embracing this constructive approach, the Scientific Board supports the development of Vigeo's methodology.

Yet, as Fouad Benseddik, Head of Methods and Institutional Relations at Vigeo, noted, it is through a demanding and objective framework that Vigeo catches now for a decade the ESG performance of organizations and thus helps investors, companies and researchers to explore those opportunities.

Submitted to the wisdom of research teams in 58 partner universities and institutes, Vigeo's data, tools and analysis framework have thus proven their richness and reliability, paving the road to research presented by their authors at Vigeo's first academic conference.

THE IMPACT OF EXTRA FINANCIAL RATING IN THE INVESTMENT WORLD

Examining the impact of extra-financial rating on corporations' financing required 7 years of Vigeo's data. Isabelle Girerd-Potin and Pascal Louvet, researchers at the CERAG (a French economics research center), concluded that extra-financial information provided by rating agencies is indeed unreadable in commonly available data on financial markets and thus represents a new and relevant input in investors' decision process.

Investors therefore require a risk premium from companies showing low CSR engagement, which has been estimated by the research team at a level between 2.4% and 4.2% depending on the issue considered.

CSR plays a key role in the capacity and methods for corporate financing, all the more so as the low performers in corporate responsibility tend to handle more debt in a shrinking credit environment, thus confirming the importance of extra-financial information for market players according to the researchers.

This was confirmed by Pierre Chollet and Alexis Cellier's study, researchers at Montpellier and Paris' University of Management Research Units, respectively, who demonstrated and evaluated the impact of extra-financial rating disclosure on European markets.

More precisely, this second study, conducted within a 6 000 billion euro market with over 2 000 events in a 4 year period highlighted important expectations among investors regarding extra-financial information. Indeed, researchers observed that markets react twice: first at rating disclosure considering the event, and then by integrating the extra-financial information itself at the disaggregated level. Furthermore, researchers found that investors grant a bonus to companies with high levels of respect for human rights and more parsimoniously to top performers in other CSR areas.



Extra-financial rating's added value lies therefore not only in its originality but also in its depth, providing investors with a unique tool to approach responsible investment within their own strategic and cultural prism, thus unleashing SRI market growth potential with tremendous success in the last ten years, as underlined by Mr. Luc Van Liedekerke, member of Vigeo's Scientific Board.

These developments were lauded by Patrick Viallanex, Managing Director of AGICAM, who recalled the maturity challenge faced by the SRI market and players with increasing expectations regarding the quality of extra-financial information, the strength of its analysis and the refining of investors' selection process.

Marie-Pierre Peillon, Head of financial and extra-financial analysis at Groupama AM, noted that CSR criteria also enable the reconsideration of the concept of performance. Moreover, those criteria are, beyond short-term profitability issues, a key tool to risk assessment and strategic analysis when considering companies' activities and development.

CORPORATE RESPONSIBILITY AND ECONOMIC PERFORMANCE

Questioning the relation between CSR and economic performance, Patricia Crifo, researcher at the Economics Laboratory - Ecole Polytechnique, established various profiles of inclusive and exclusive performing CSR strategies, thus highlighting the difficulty of a global approach from a performance perspective.

The challenge was underlined in its human dimension by Magalie Marais, researcher at the Management Research Center of Montpellier, who studied the motivations and constraints of CSR managers in companies. Diversely oriented by the various interests of companies' stakeholders, CSR managers are nonetheless guides paving the road to new business models, considering corporate responsibility as an engine for innovation and growth.

Approaching the CSR challenge in a communication perspective, Remi Bazillier, researcher at LEO (Economic Laboratory of Orléans), and affiliated with the CNRS and the University of Orléans, warns against the risk of greenwashing, which jeopardizes the legitimacy and relevance of the actions and players in the CSR field. As such, strong measures like the legal obligation of external authentication of companies' CSR data, as recently passed in French law, provide useful watchdogs.

Taking part in the final round table, Halina Ward (FDSD), Craig Smith (INSEAD), members of the Scientific Board of Vigeo, Hélène Valade, Sustainable Development Director at Lyonnaise des Eaux and President of the C3D (a French CSR leaders association) and Claude Darnault, Sustainable Development Director at Essilor International, welcomed the interest of researchers in CSR issues and the contribution of their studies to the companies willing to improve their strategies and enter new fields of innovation and experimentation.

To conclude the conference, Jacques Igalens, research director at ESC Toulouse, underlined the enthusiasm of the researchers and thanked Vigeo for its key role in bridging the academic, corporate and investor world.

By tearing down the wall between the research and business universes, the studies presented contributed to open CSR and SRI fields in a plural and meaningful approach towards new, important evolutions to be discovered at the next Vigeo's academic conference.

For more information regarding the research and studies presented, please visit us at : <http://www.vigeo.com/csr-rating-agency/en/etudes-en-partenariats>