



PRESS RELEASE

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Paying the Penalty : the cost of CSR misconduct

In 2012 and 2013, one out of five companies received a CSR sanction. These lawsuits in total have cost around 95.5 billion euros.

This **new Vigeo Study**, drawn from the observation of 2,500 listed companies from around the world, provides very significant findings on the existence of a strong link between the principles, objectives, and management of social responsibility factors and the legal risks for companies .

Within the 19.2% of companies in the sample that received a sanction, it is not uncommon for a single company to be the subject of several legal procedures on various issues directly related to their social responsibility.

Whether in the form of court convictions, administrative sanctions or resolved transactionally with regulatory authorities, these actions amounted to some 95.5 billion euros for the universe during the period under review .

The study identifies the sectors and regions that are particularly vulnerable to legal action as well as the CSR violations that generated the highest costs.

The main findings show that the judicial actions taken on social responsibility vary:

- By region: Around 1 out of 3 North American companies were sanctioned during the period under review, 1 out of 5 European countries and barely 1 out of 10 companies in the Asia-Pacific zone. In the end, 8% of companies from emerging market countries received sanctions.
- By sector: 15 sectors are particularly exposed to law suits, notably, water distribution and waste management (50%), the automobile industry (43%), food (23%), the pharmaceutical industry (34%), and banks (21%). In terms of frequency, the 15 companies that are most frequently sanctioned belong to the Pharmaceutical and Biotechnology sector, the Banking sector, and the Energy sector.
- By domain: the domains that have the biggest risk of receiving a sanction deal with subjects related to Market Behavior (55% of lawsuits), including retention of or failure to provide information to clients, involvement in corruption cases, price fixing agreements or market shares.
- The highest collective financial sanctions fall between 5 and 25 billion dollars.

By Fouad Benseddik, Director of Methodology and Institutional Relations at Vigeo: *“Even if it is still uneven across countries and sectors, the judicialization of social responsibility is spectacular and constitutes a very real material risk. It is a sign to managers that tangible and measurable engagement with stakeholders and reporting on objectives and CSR performance contribute to legal security, which is itself a key component of the capacity for value creation.”*

For further information or to receive the full study, please contact:



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About Vigeo

Founded in 2002 and led by Nicole Notat, Vigeo is the leading European agency in evaluating corporate responsibility through six domains: business behavior, community involvement, corporate governance, environment, human rights and human resources.

Vigeo offers two types of services through two business brands:

- *Vigeo rating – the way to responsible investment* – offers a broad range of products and services on more than 3 000 issuers, companies, regions and state, to investors and asset managers who seek a sustainable and responsible performance from their investments ;
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- *Vigeo enterprise – the way to responsible management* – works directly with organizations of all sizes from both public and private sectors, conducts global CSR audits and benchmarks, supports teams and integrates CSR/SRI criteria into business functions and strategic operations.

Vigeo rating's research meets high quality standards and has been externally certified to the Arista standard since 2009, a quality standard for SRI research.

Vigeo is present in Paris, Casablanca, Brussels, Milan, London, Tokyo and Santiago of Chile and has more than 120 employees.

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