



PRESS RELEASE

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Research: Does CSR rating throw a new light on companies' financial performance?

During the 11th International Governance Conference in Lyon on May 24th and 25th, the Academic Governance International Association (AAIG)

has rewarded three French academics from CERAG⁽¹⁾

for their work on the CSR dimensions that matter for financial investors.

Isabelle Girerd-Potin⁽²⁾, Sonia Jimenez-Garcès⁽³⁾ and Pascal Louvet⁽²⁾ from CERAG (French Applied Research Centre on Management of Pierre Mendès France University in Grenoble) were rewarded for their article entitled: «*Which dimensions of social responsibility concern financial investors?*».

This award was given by the organizers of the Conference, Pierre-Yves Gomez and Peter Wirtz and by the academic chair of "Alter-Governance" represented by Xavier Hollandts.

This research is based on the ratings and analysis of Vigeo, partner of CERAG since 2004.

This research deals with the links between CSR performance, profitability of financial investments and financial cost of companies. It relies on a sample of 816 companies, rated by Vigeo between December 2003 and December 2010.

It highlights three dimensions of the companies' commitments towards their stakeholders:

- the "direct non-financial" stakeholders (human resources, customers and suppliers, human rights),
- the "indirect" stakeholders (environment and civil society)
- and the "financial" stakeholders (governance quality).

The authors highlight the fact that investors demand a significantly higher profitability for companies for which insurance levels expressed by Vigeo are low, compared to the companies which CSR responsibility are more convincing.

If this phenomenon can be observed from the scores granted by Vigeo on the three CSR dimensions identified by CERAG researchers, they add that the risk premium is clearly more important when it comes to sanction the under-performance towards the direct stakeholders (human capital, human rights, customers, suppliers, customers and market ethics).

This dimension is evaluated by Vigeo on 15 criteria dealing with the respect of human rights on the workplace and in the society, the respect for freedom of association and the right to collective bargaining, the non-discrimination, the responsible management of the restructurings, the continuous improvement of working conditions, the respect for customer rights and interests, the prevention of social and environmental dumping in the supply chain, and the prevention of corruption.

⁽¹⁾CERAG : French Applied Research Centre on Management of Pierre Mendès France University in Grenoble

Fouad Benseddik, Director of Methodology and Institutional Relationships declared: *“Vigeo praises CERAG’s team which work will undoubtedly be a turning point in the knowledge and assessment of CSR as an upward alignment factor of companies and shareholders’ interests. They have paved a very interesting way. Companies who don’t give enough proof of their CSR commitments are seen as riskier by investors and they ask for more profitability. Companies with a convincing CSR profit of a low-cost funding. That is some good news.”*

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⁽³⁾ [Sonia Jimenez-Garcès](#) is a finance teacher at Lumière Lyon 2 University and investigator at CoActis laboratory.

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About Vigeo

Vigeo is the leading European expert in responsible performance. Founded in 2002 and headed by Nicole Notat, Vigeo measures the performances and risks of companies with regard to six areas of corporate social responsibility: environment, human rights, human resources, community involvement, business behaviour and corporate governance.

Vigeo offers two lines of services through two business brands:

- *Vigeo rating –the way to responsible investment-* offers a broad range of products and services to investors seeking a sustainable and responsible performance of their investments;
- *Vigeo enterprise –the way to responsible management-* conducts global CSR audits and benchmarks in organizations of all sizes, public and private, support teams and integrate CSR/SRI criteria into business functions and strategic operations.

Vigeo rating’s research meets high quality standards and is externally certified to the CSRR-QS 2.1 standard.

Vigeo is present in Paris, Casablanca, Brussels, Milan, London and Tokyo and has more than a hundred employees.

www.vigeo.com

About CERAG

Dedicated to research in the management science department, the CERAG (French Applied Research Centre on Management) is a Mixed Research Unit (UMR 5820) linked to Pierre Mendès France University (UPMF) in Grenoble and to the CNRS (French National Centre for Scientific Research (section 37 of the Scientific Direction).

It counts 149 members, 94 of whom PhD students, linked to five research teams, 6 ITA, 49 researchers and teachers coming from the UMPF (IAE of Grenoble, IUT of Grenoble and Valence) and from the CNRS.

The CERAG is structured in five sections covering all the management sciences: management of the human resources, finance and financial accounting, strategic management, entrepreneurship and purchasing, marketing, information system and flow. The CERAG is one of the few university research center for management science linked to the CNRS.

www.cerag.org