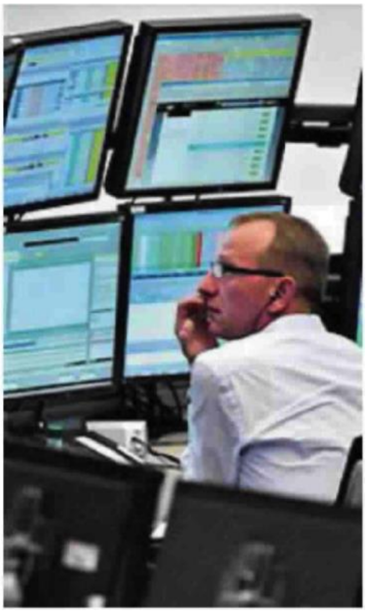

Social responsibility reaps benefits

Banor analyses performance: “Ethics and success are linked”

Bonds issued by companies aware of social responsibility principles have had better market results. This is shown in an analysis by Banor SIM

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IS IT BETTER to purchase bonds issued by a socially responsible company or a company slightly less mindful of sustainability and business transparency issues? Reading the results of research carried out recently by Banor SIM and the Politecnico di Milano School of Management, answering this question is not difficult.
Bonds issued by companies aware of social responsibility principles have had better market performances. Translated into financial jargon, this means that bonds issued by companies that are mindful of ESG issues (an acronym used to refer to protecting the environment, social impact and business transparency, Ed.), are perceived by investors as more reliable, with lower short- and mid-term risk.

“**TO CARRY OUT** our analysis,” explains Massimiliano Cagliero, chief executive officer and founder of Banor SIM, “we adopted the same approach and the same methodology used by George Serafeim, a professor at Harvard Business School, one of the most renowned individuals in the field of responsible investment. For years, he has analysed the phenomenon and correlation between ESG criteria and market performance.”
Cagliero reminded that, in 2018, Banor SIM carried out a similar analysis, one that focused on the stock market. “This year,” said the manager, “we wanted to explore the other side of the market, bonds, where our customers have traditionally always been very active.”
Even by shifting the focus of the research, the results are still more or less the same. The companies that are most mindful of sustainability are also those that perform better on international financial markets.
In the case of bonds, however, it was shown that the most significant parameter for investors and the business community is good governance, namely the transparent and forward-looking management of a company, whereas the environmental and social factors seemed to be perceived as slightly less relevant. Details aside, in any case, one thing is certain: the analysis by Banor SIM and the Politecnico di Milano, which looked at 536 bonds listed on European markets and issued by 146 medium and large companies, demonstrates once again that social responsibility, as well as being

appreciated from an ethical standpoint, is also a success factor in the business world.

THESE SUBJECTS were discussed at a convention organised by Banor held on 15 May in Rome, which was attended by Professor Serafeim of the Harvard Business School, as well as Alessandro Tappi, chief investment officer of the European Investment Fund and Giancarlo Giudici from the Politecnico di Milano School of Management, the study coordinator. "ESG issues are the centre of attention like never before," said Giudici. "And investors are demonstrating their increasing desire to invest their savings whilst considering parameters of environmental sustainability, social responsibility and good corporate governance."
In relation to this trend, the professor from the Politecnico di Milano School of Management then invited asset managers, those who manage household investments, to ready themselves for the new challenges awaiting on the horizon.
Yields, risk protection and sustainability, in summary, are destined to go even more hand in hand.

RESEARCH ON EUROPEAN MARKETS
Massimiliano Cagliero, CEO and founder of Banor SIM: "We analysed 536 bonds listed in Europe"