

It's not easy finding green

With so many companies from which to choose, some investors look to put their money where it will do some good

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Former Vice President Al Gore's movie "An Inconvenient Truth" and all the publicity surrounding the issue of global warming are warming up "green" investment strategies.

Still, green investments can be compared to what the Irish call the forty shades of green in Ireland. Some companies are more green than others.

Chicago-based Exelon and BP, which has a research center in DuPage County, are on lists of socially responsible companies, yet some green investors shy away because Exelon is the largest nuclear power company in the country and BP makes more oil than ethanol mixes.

"We don't include green-washing companies on our lists," said Isabel Schechter, the Chicago regional coordinator for the upcoming Chicago Green Festival April 21 and 22 at McCormick Place in Chicago.

Environmental activists say green washing companies have environmental initiatives as window dressing but mostly do work that damages the environment.

Later this month, the first-ever Chicago Green Festival will feature about 400 green businesses, each vetted for their green credentials.

"The green economy is growing by leaps and bounds — it's incredible," Schechter said.

However, individual investors will have to do their homework to find companies they believe are green enough. And the answers are likely to vary from investor to investor.

For example, Exelon's Chicago headquarters is a model for how energy savings should be incorporated in a building. It voluntarily aims to reduce its greenhouse gas emissions across the company by 8 percent by next year. It uses hybrid vehicles and biodiesel fuels. It invests in wind, landfill gas collection and hydroelectric projects.

And by its own estimates, BP is investing \$8 billion in alternative energy resources, such as solar, wind and hydrogen alternatives. It finances green research at University of Illinois, part of a \$500 million program. Last year alone it mixed 718 million gallons of gasoline with ethanol. Indeed, BP is the world's largest biofuel company.

Nevertheless, nuclear power plants and oil are sticking points for some green investment lists. It's a view companies like BP and Exelon would like to alter.



"I think there are many environmentalist lists that will be changing their minds when they see what we're doing," said Helen Howes, vice president of environmental health and safety at Exelon, the parent company of ComEd.

Investment trend

Coop America, a nonprofit consumer organization promoting environmental sustainability, estimates \$2.2 trillion dollars are invested in socially responsible firms. That is one in every \$10 invested and the sum is growing.

However, most of the companies deemed green by Coop America are private firms. Small, niche firms may be more purely green than a BP. But compared to larger public companies, it can be difficult for them to find funding.

At the same time, it's hard for the individual investor to find such companies and decipher if they will make money.

Wheaton-based Blue Haven Capital is one company looking to fill that void.

It has a series of funds, one of which exclusively invests in what it considers green firms.

On its list of 15 firms is Energy Conversion Devices, which produces solar films, hydrogen refueling systems and energy efficient batteries. Another is Sun Tech Power, which makes photovoltaic cells for solar energy.

Blue Haven co-founder Don Cummings said it isn't enough to be green; the businesses also have to be money makers. He acknowledges that requirement means some of his picks are on that 40 shades of green spectrum, not pure green.

"Just because you can't do something completely doesn't mean you should do nothing at all," Cummings said.

He said he was a traditional investment broker until he decided to look for "profitability and diversification" in socially responsible companies.

Blue Haven's green portfolio, founded last fall, doesn't yet have a track record, but Cummings said he aims to beat the performance of the Standard & Poor's 500 index.

The chief investment officer at Harris Trust and Savings Bank, Jack Ablin, has his doubts about the profitability of such investment strategies.

Since June of 2004, a socially responsible index called KLD has risen 22 percent. At the same time, the general index for smaller companies, known as the Russell 2000 index, is up 46 percent, he said.

"You are going to handicap yourself from what you can draw with this kind of investment, in my judgment," Ablin said.

True believers, however, counter with other statistics.

Socially responsible investing is the fastest growing segment of the managed money sector, up 250 percent between 1995 and 2005, according to the Social Investment Forum in Washington, D.C. And the Domini 400 Social Index has posted annual returns of about 12 percent for the last 16 years.

Clearly, there is a growing demand from both institutions and individuals to invest in companies that are good for the environment and the pocketbook, said Craig Miller, a principal at Oak Ridge Capital in Northbrook and president of the advisory board of the Association of Corporate Growth, which promotes socially responsible investment.

Miller estimates the market for green investment has doubled in recent years.

"I look at this market as the Internet was in the early 1990s," Miller said. "It really is a new economy."

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