

THE GREEN PAGES

Choose the greener outcome for your investment strategy



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Poker is a strategic game intended to accumulate wealth. Since I don't know how to play, I'd need to hire a professional if I wanted to make any money at the game.

First, I'd hand over some cash, telling the gambler when I wanted my return, and then I'd walk away until the winnings (or losses) arrived. I could only judge my player by the cash he gained without any thought to the illegal, shady, backroom dealings that may have occurred in the interim.

The approach is similar for the average mutual fund investor who never really knows if his or her player is following the rules or even which rules the game is using. But for more than

30 years, socially responsible investment (SRI) funds have provided the conscientious investor with the power to exclude cheaters and dirty players. These defensive actions have paved the way for the current discipline of sustainable investing: using environmental, social and governance (ESG) analysis to determine which businesses are a good environmental bet.

Historically, SRI funds screened out wagers on those involved with the "sinful" acts of alcohol, tobacco or firearms use. Beginning with the Pax World Balanced Fund — started by a few Methodists who did not want their dollars to support the Vietnam War — the philosophy grew to screen against all sorts of evils like the unethical treatment of animals, unfair labor standards, homogenized hiring practices or unsafe work procedures. Environmental degradation was quickly added to the screening menu. SRI funds are still around, and some including Pax World Balanced (www.paxworld.com) have a good financial track record.

Today, the defense of these values is still very important, but the game has shifted toward aligning financial wealth with environmental health. Sustainable investing tends to be more about who is included in the game rather than just banning those who should not be, in order to support companies that are finding solutions to our growing ecological problems.

Some argue that shrinking the number of players could reduce returns, but the sustainable investment discipline already has a track record of profitability, and the field is poised for great success as more of us demand that public companies create a future that is safe,

clean and prosperous. As Joyce Moore, president of Joyce Moore Financial Services in Macungie points out, "I see no reason why a person has to sacrifice a single return in order to make a conscientious investment."

This is partly because, Moore says, "there is an awful lot of investment in green industry by virtue of what is happening in Washington right now." That fact alone makes the environment an eligible contender at today's table.

An easy way for any organization to foster green investment is to include sustainable investment strategies in its employees' 401(k) plan offerings. Employees can then have greater control over the byproduct of their investments. Not every portfolio need be constructed with 100 percent of these

funds; oftentimes, organizations set up a mix of screened and unscreened plans, allowing employees to make their own choice.

Besides a 401(k), the following are two wild cards that fuel investment in

ecofriendly products, services, and business processes:

Shareholder Advocacy — "involves (qualified) stockholders going to annual meetings and putting forth resolutions," says Moore, who has been using this to address issues for at least a decade.

Community Investing — can be as simple as buying a certificate of deposit from your community development bank instead of a large national bank. These regional banks support the community because it's their mission, not because they are mandated to do so.

More information can be found on community investing and shareholder advocacy at www.coopamerica.org/socialinvesting.

No matter who you are, it pays to get advice from a dedicated advisor committed to wholeheartedly furthering your good intentions. One can be tough to find. Macungie-based Moore, for example, has focused on socially responsible investing as well as retirement and estate planning since 1991. On the Web at www.jmfs.com, she is able to help employers set up a 401(k) through her affiliation with SocialK.com.

A high-stakes poker game is played for fast cash without regard for consequence. Meanwhile, long-term, sustainable investment can also produce a positive return, derived from support of clean and innovative businesses that might even be your trusted neighbors or your own publicly traded company.

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