Energy and resource firms have a crucial function in the provision of energy and minerals for economic activities. They can also play an important role in the efforts towards achieving future sustainable economies. As a result, their commercial and social conduct increasingly attracts the attention of energy and environmental researchers, investors and policymakers.

In this research, we investigate the financial performance, captured by stock market returns, of major international Socially Responsible Investment (SRI) energy and resource companies from 19 countries covering all six continents. We analyse the performance of these firms over a 10-year period (February 2005 - January 2015). In our study we construct portfolios of major energy and resource stocks with substantial environmental and social responsibility activities. We selected 53 companies from the Global 100 Most Sustainable Corporations in the World list that: i) produce energy, minerals and water, ii) produce energy related materials for consumption in energy or transport industry and iii) supply energy, minerals and water.
Our findings demonstrate that the annual average performance of the energy and resource SRI stocks portfolios was superior comparing with returns of the following global benchmark indices: i) the broad market index, ii) the energy sector index, iii) the SRI market sector index, and iv) the alternative energy market sector index. The energy and resource SRI stock investments were also more profitable on the risk-adjusted basis.

Additionally, we applied Fama-French and Carhart four factor models to further assess the risk-adjusted performance. The estimation results indicate that the returns of our portfolios are more consistently explained by the market factor than by other factors. We also show that oil price has a statistically significant influence on the returns of the SRI energy and resource stocks.

However, we also found that the performance of the energy and resource SRI stocks portfolios was no longer superior when dividends were excluded from the calculation of total returns. Indeed, the performance of the portfolios without dividends was poor compared to the benchmark indices in most sub-periods, in the sub-samples of bullish and bearish markets and in the full sample period.

This result demonstrates the importance of dividends in the overall stock market performance of the energy and resource SRI firms. We show that in our 10 years long sample period the investors in the SRI energy and resource industries were receiving a substantial reward in form of consistent and high dividend payments (including also in the bear market period). This finding suggests too that socially responsible firms from energy and resource sector tend to exhibit a high level of commitment to reward, protect and distribute profits to investors.

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