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## **Corporate Environmental Performance: Determinants and Real Effects**

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### **ABSTRACT**

This study mainly addresses two questions. The first question is: what determine the “greenness” of a company? The second question is: what are the impacts of a company’s green policies on its investment decisions and financial performance? Using the green score published by Newsweek in 2009, 2010 and 2011, we find that firms are more likely to adopt good practices in their environmental policies if they have more top women executives and have more operations overseas. Furthermore, we document that more environmentally responsible companies invest less, but their investments contribute more to firm performance, suggesting that good environmental policies help companies reduce agency problems by avoiding over-investments.

**Keywords:** Newsweek, green score, corporate social responsibilities, environmental performance, financial impacts, investment policies