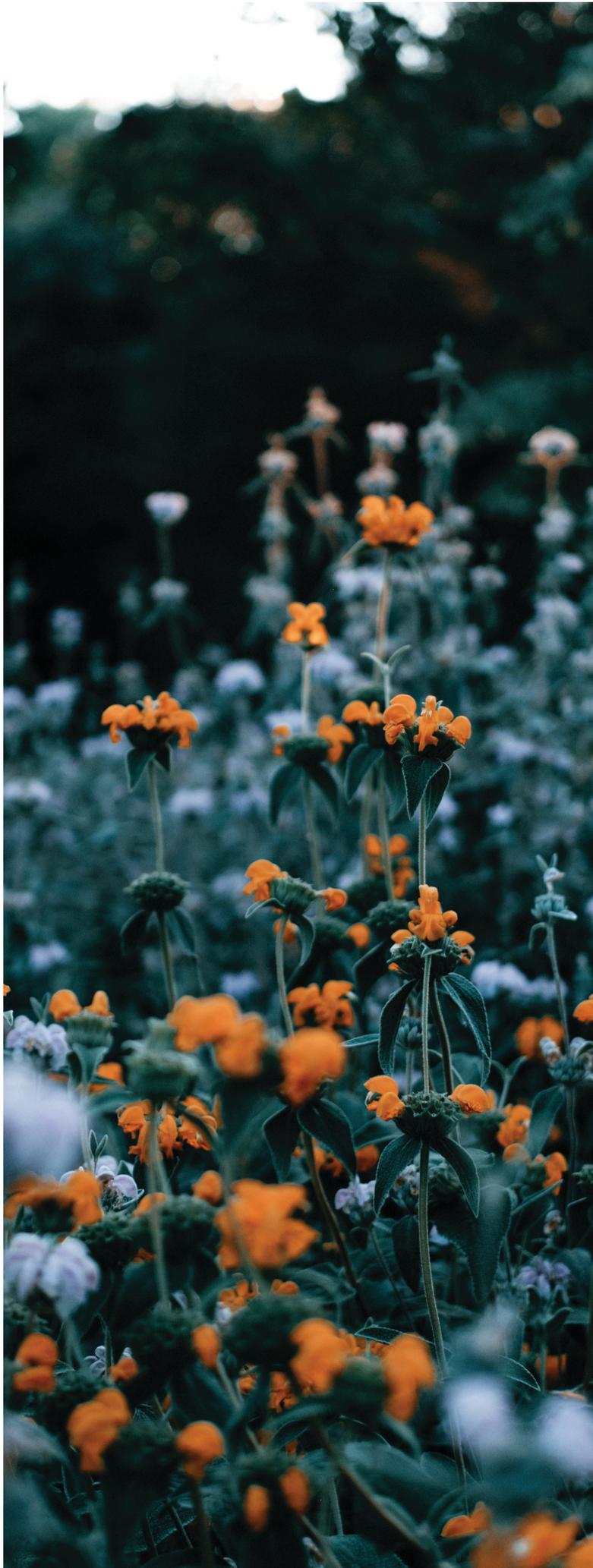


Making A Clean Break: Ethical Investing For A Sustainable Future

A guide to fossil fuel free investing





“Investors who care about the planet no longer need to financially support the corporations most to blame for the climate crisis.”

– Leslie Samuelrich, president of Green Century Capital Management

“Very few people on Earth ever get to say: ‘I’m doing, right now, the most important thing I could possibly be doing.’ If you join this fight, that’s what you’ll get to say.”

– Bill McKibben, founder of 350.org



Introduction

The climate crisis poses an unprecedented threat to humanity. To avoid the most catastrophic effects of climate change, the world must reduce greenhouse gas emissions by 45% by 2030 and reach net zero emissions by 2050, according to the United Nations Intergovernmental Panel on Climate Change.

This is an ambitious goal, and it only is achievable with a drastic reduction in the consumption of fossil fuels. One determined obstacle to realizing this goal? The fossil fuel industry.

Instead of taking the swift, decisive action the climate crisis demands, fossil fuel companies have spent billions and billions of dollars

blocking efforts to address climate change and disingenuously sowing doubt about the science behind it.

And, yet, without intending to, you're probably supporting these companies with your investments – but you don't have to!

Divesting from the fossil fuel industry is one of the most immediate and important steps you can take to speed the transition to a clean economy.

Already, more than 1,000 organizations and almost 60,000 individuals have joined the divestment movement; and it's changing the conversation around the fossil fuel economy.

Learn how you can join us!

Why go fossil fuel free?

Fossil fuel free investing aligns with your values

Climate change is real and the world already is experiencing its initial repercussions. To stave off even more disastrous consequences, it is clear that society must reduce its fossil fuel consumption and transition to a clean-energy economy.

Unfortunately, fossil fuel companies seem intent on stopping or delaying this transition. Despite this disturbing intransigence, many people who care about the environment continue to inadvertently support these very companies through their investments – but it doesn't have to be this way.

Investors who care about the environment can save for the future without compromising their ethics by joining the investors who are flocking to the divestment movement, which is modeled after the South African divestment campaign.

If divestment can help topple apartheid, it can help erode the influence of fossil fuel companies over U.S. policies. If we're going to take the necessary steps to block the worst effects of climate change, we must undermine the fossil fuel industry's ability to thwart progress. We must send the message that enough is enough.

Fossil fuel free investing may offer financial advantages

While the ethical case for divestment is clear, there are also sound financial and strategic reasons to stop investing in fossil fuel companies.

Performance

In the past, some investors may have been wary that divesting might impinge on the performance of their investments. Some fossil fuel free investments may outperform investments that include fossil fuel companies, however, as evidenced in the chart on page 5 by MSCI, a leading global index provider.

Any attempts to forestall the worst effects of the climate crisis will require the widespread adoption of clean and renewable energy, and it seems clear that this pivot will not benefit the fossil fuel industry.

Fossil fuel companies already seem to be feeling some effects of this energy paradigm shift. In 2018, the oil and gas sector placed dead last in performance returns in the S&P 500, its lowest level in over 40 years.

May minimize volatility

The energy sector consistently has been among the most volatile sectors in the global economy since 2005, according to MSCI. As long-term investors



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“We must stop climate change. And we can, if we use the tactics that worked in South Africa against the worst carbon emitters.”

Archbishop of South Africa,
Desmond Tutu

seek to reduce volatility in an uncertain market, the elimination of volatile fossil fuel stocks may offer a ballast.

Avoids stranded assets

Coal, oil, and gas corporations are valued partially on their fossil fuel reserves, which are fossil fuel deposits that have not yet been extracted. If corporations are unable to extract and sell their

Why go fossil fuel free?

Continued

reserves – for reasons such as changing demand, government regulation, or lawsuits – they may be forced to “write off” those assets. These stranded assets can negatively affect a company’s valuation or share price.

According to a recent CDP report, 215 of the world’s largest 500 companies could face \$1 trillion in costs from regulation and written off assets, such as reserves, starting in the next 5 years.

Allows for greater investment in clean and renewable energy

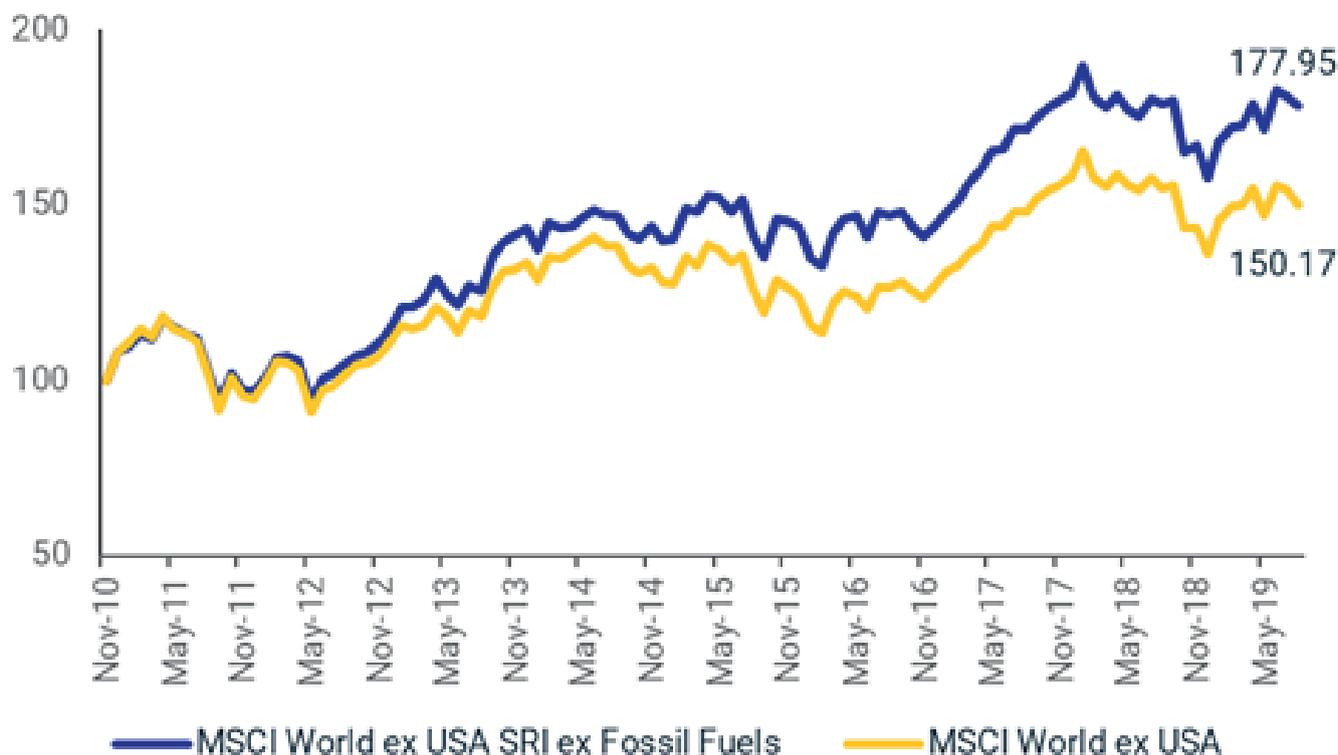
Instead of investing in the most environmentally-reckless corporations on the planet, you can invest in companies that are helping prevent and adapt to climate change.

The energy transformation is well underway. In April 2019, renewable energy generated more electricity in the U.S. than coal, for the first time ever. And, globally, more renewable energy capacity has been installed than fossil fuel and nuclear for four years in a row.

Consumer demand for renewable energy is robust. According to a 2018 Deloitte

study, more than half of all residential survey respondents indicated that it was “extremely or very important” that part of their electricity be powered by renewables. Nearly half of the business respondents reported that they already were working to source more renewable energy, as well.

Although past performance is not an indicator of future performance, investments in clean energy companies already are performing well. Since January 24, 2017, clean energy companies have seen returns of more than 50%, while fossil fuel companies produced returns of less than -10%, according to MSCI.



**See important disclosure information regarding MSCI ACWI ex Fossil Fuels and MSCI ACWI Index

Source: MSCI ACWI ex Fossil Fuels fact sheet: MSCI ACWI EX FOSSIL FUELS INDEX (USD)

Past performance is not a guarantee of future results and the performance quoted does not represent the performance for any Green Century Fund.



“The financial case for fossil fuel divestment is strong. Over the past three and five years, global stock indexes without fossil fuel holdings have outperformed otherwise identical indexes that include fossil fuel companies. Fossil fuel companies once led the economy and world stock markets. They now lag.”²

- Institute for Energy Economics and Financial Analysis

How to go fossil fuel free

Know what you own

To go fossil fuel free, it's important to review your current investments. If you don't have any current investments or are making new investments and are ready to begin your fossil fuel free investment journey, you can skip ahead [here](#).

Stocks and bonds – Begin with a review of any stocks or bonds that you own. You may not be invested in ExxonMobil, Shell, or Conoco Phillips, but hundreds of other companies explore, transmit, process, etc. fossil fuels. Review your holdings against sector allocations in Morningstar and other online sources.

Mutual Funds and ETFs – Use a search platform, such as [Fossil Free Funds](#), to discover if any of your investments are being used to support the fossil fuel industry. The most direct way is to search for your mutual funds and see if they have earned five “fossil free badges.”

Financial Advisors – If you have a financial advisor, you can ask her for a profile of your overall portfolio and inform her of your intention to divest. Some advisors may be relatively unfamiliar with sustainable investing, so feel free to provide them with this guide as a resource.

Divest

If you identify any fossil fuel investments in your stocks, bonds, or ETFs, sell them. If you own shares in a mutual fund that holds problematic companies, redeem your shares by contacting your mutual fund directly or your financial advisor.

If your advisor seems reluctant to follow through with your instructions, consider finding one who is willing to help you align your investments with your values. You can find a list of socially responsible investment (SRI) advisors compiled by US SIF: The Forum for Sustainable and Responsible Investment [here](#).





Define fossil fuel free investing

There is no universally-accepted definition of fossil fuel free, but we believe that fossil fuel free investments avoid:

- Any companies that explore for, extract, process, refine, or transmit coal, oil, and gas;
- Any companies with proven carbon reserves; and
- Any utilities that burn fossil fuels to produce electricity.

Know that names can be deceiving. A mutual fund or ETF may sound as if it eschews investing in fossil fuel companies, but you should check its prospectus to be sure.

For example, the only exclusion in the S&P 500 Fossil Fuel Free Index pertains to companies with carbon reserves, not fuels, so it still can invest in environmentally-reckless corporations, such as fracking or pipeline companies.

It is important to note that “low carbon” and “ESG” (environmental, social, and governance) are not synonymous with fossil fuel free. “Low carbon” is an unregulated term with multiple meanings, but a mutual fund could have investments in coal, oil, and gas companies and still market itself as “low carbon.”

For example, State Street Global’s SPDR® MSCI ACWI Low Carbon Target ETF holds 36 oil and gas companies, 5 coal companies, and 15 of the [world’s top 200 companies](#) with the most coal and oil gas reserves.

The utilization of ESG ratings also does not connote fossil fuel free. For example, the Pax MSCI EAFE ESG Leaders Index Fund holds \$49.8 million in fossil fuel companies.

How to go fossil fuel free

Continued

Reinvest – Fossil Fuel Free Investing

Once you've identified and verified the fossil fuel free investment vehicles that are most appealing to you, and divested, it's time to reinvest.

Stocks and bonds – If you want to directly invest in specific stocks or bonds, you can do it yourself or through a financial advisor.

To do it yourself, you can open an online brokerage account with firms such as E*TRADE or TD Ameritrade, Inc. Once you have an account, simply search for the investment options you identified. You can search via the ticker symbol of the stocks or mutual funds.

Another option is to open a brokerage account with a firm, such as Fidelity or Charles Schwab, which allows you to manage your account online or with a financial advisor.

Mutual Funds and ETFs – If you've identified a fossil fuel free mutual fund or ETF that you want to invest with, you can contact them directly, through a brokerage account, or via a financial advisor.

Green Century – Investing with Green Century is the easiest and most surefire way to go fossil fuel free, of course. Green Century is proud to be the first family of fossil fuel free, responsible, and diversified mutual funds in the U.S.

You can invest directly with Green Century, through your online brokerage account, or with your financial advisor. The Green Century ticker symbols are:

[GCBLX](#) – Green Century Balanced Fund

[GCEQX/GCEUX](#) – Green Century Equity Fund Individual Investor Share Class/Green Century Equity Fund Institutional Share Class, and

[GCINX/GCIFX](#) – Green Century International Index Fund Individual Investor Share Class/Green Century International Index Fund Institutional Share Class



How to add fossil fuel free options to a 401(k) or retirement plan

Unfortunately, many employer-sponsored retirement plans, such as a 401(k) or 403(b), do not offer environmentally responsible – let alone fossil fuel free – options. To address that, talk to your Human Resources or Payroll department and find out who makes decisions about which options are available through the plan.

Ask the plan administrator if employees can self-select funds that are not currently on the offered list of investments, which is sometimes referred to as a “window option.” For example, many of the current fossil fuel free options are available on the Fidelity platform and can be accessed through the “Brokerage Link.” If self-selecting is not an option, ask the decision maker how employees can suggest that a fund be added to the employer-approved list.

Let the decision maker know that these options have been ruled [acceptable within ERISA-governed plans](#).

Most importantly, follow up. Keep making your case until you secure the options you want.



About the Authors

Green Century Capital Management ([Green Century](#)) is the first family of fossil fuel free, responsible and diversified mutual funds in the United States. For more than 25 years, Green Century has been helping people save for their future without compromising their values.

Green Century's unique three-pronged approach has helped investors make an environmental impact in a way no other mutual fund company can.

Green Century:

- Invests in [sustainable companies](#). The Green Century Equity Fund, Balanced Fund, and MSCI International Index Fund invest in environmental innovators and companies with industry-leading environmental, social, and governance (ESG) performance ratings.
- Leads an award-winning shareholder advocacy program. Green Century

presses dozens of companies every year to improve their corporate sustainability practices by sourcing more clean and renewable energy, reducing carbon emissions, ending deforestation in their supply chains, and adopting more sustainable agriculture policies. Learn more [here](#).

- Supports environmental and public health nonprofit organizations. Green Century is the only mutual fund company in the U.S. wholly owned by environmental and public health nonprofit organizations. 100% of the profits Green Century earns managing its Funds can be used to support their work to protect the environment and public health. Learn more [here](#).

For more information please visit [Green Century](#), email info@greencentury.com, or call 1-800-934-7336.

[350.org](#) is an international network active in more than 188 countries working to build a global grassroots climate movement that will hold leaders accountable to the realities of science and the principles of justice.

Since its founding in 2008, 350 has been at the forefront of online campaigns, grassroots organizing, and mass public actions to raise awareness about the need to decrease carbon dioxide concentration in the atmosphere from its current levels of more than 400 parts per million (ppm) to below 350 ppm in order to avoid the most damaging effects of climate change.

In its simplest form, 350 means climate safety. As part of this mission, one of the 350 campaigns is “Fossil Free: Divest from Fossil Fuels” and this guide is an update to the Personal Divestment campaign launched in 2013.

For more information visit [350.org](#) or the [Go Fossil Free Campaign](#).



**The MSCI ACWI ex Fossil Fuels Index is based on the MSCI ACWI Index, its parent index, and includes large and mid-cap stocks across 23 Developed Markets (DM) and 23 Emerging Markets (EM) countries. The index represents the performance of the broad market while excluding companies that own oil, gas and coal reserves. It is a benchmark for investors who aim to eliminate fossil fuel reserves exposure from their investments due to concerns about the contribution of these reserves to climate change. The Index is a member of the MSCI Global Fossil Fuels Exclusion Index family. The Index is unmanaged and it is not possible to invest in the MSCI ACWI ex Fossil Fuels Index.

The MSCI ACWI Index captures large and mid cap representation across 23 Developed Markets (DM) and 23 Emerging Markets (EM) countries. With 2,484 constituents, the index covers approximately 85% of the global investable equity opportunity set. The Index is unmanaged and it is not possible to invest in the MSCI ACWI Index.

You should carefully consider the Funds' investment objectives, risks, charges, and expenses before investing. To obtain a Prospectus that contains this and other information about the Funds, please click [here](#) or visit www.greencentury.com, email info@greencentury.com, or call 1-800-934-7336. Please read the Prospectus carefully before investing.

Diversification does not ensure a profit or protect against a loss in a declining market.

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