

Four Reasons to Divest from Fossil Fuel Companies



The unprecedented Gulf oil explosion and spill exemplifies the potential risks of oil exploration.



Green Century Funds invest in clean energy companies to speed the transition to more renewable energy.

Since the fossil fuel divestment campaign began in 2012, individuals and institutions have started divesting their holdings from the coal, oil, and gas industries for the following reasons:

1. MORAL: ALIGN YOUR INVESTMENTS WITH YOUR VALUES

Most mutual funds, such as those used in IRA's and retirement plans, invest in coal, oil, and fracking companies. But, you care about the planet and don't want to support the very companies that have driven climate change. That's why people and institutions who want their investments to reflect their morals and ethics are changing their investments to fossil fuel free funds.

2. FINANCIAL: RISK, DIVIDENDS, STRANDED ASSETS

- **Risk.** According to global index provider MSCI, the "energy sector has consistently been among the most risky sectors in the global economy since 2005."¹
- **Short term dividends.** There is growing concern about current capital expenditure spending by fossil fuel companies. According to Carbon Tracker, a leading global analyst, "capital could easily be wasted developing new high cost projects" such as offshore or Arctic oil drilling instead of returning to shareholders as dividend payments.³ For example, in 2013 the top 200 fossil fuel companies (by reserves) spent **\$674 billion in capital expenditures** and **paid only \$126 billion in dividends** to their shareholders.⁴
- **Long term assets.** If governments move to restrict carbon emissions, the reserves of coal, oil, and gas held by many fossil fuel companies may become devalued or stranded assets.

*"We're staring down a climate bubble that poses enormous risks to both our environment and economy."
- Henry Paulson, Jr., Former Secretary of the Treasury²*

3. POLITICAL: REDUCE CORPORATE INFLUENCE

By naming the fossil fuel industry's influence — and by highlighting its role in causing climate change — the divestment movement hopes to break the hold that the industry has on the economy and governments. Inspired by the successful South African divestment campaign, the fossil fuel divestment movement already has mobilized millions of people and billions of dollars to put the industry on the defensive.

4. REINVEST IN CLEAN SOLUTIONS

Divesting frees up funds to invest in a clean, sustainable economy. Both of Green Century's Funds seek to invest in companies focused on renewable energy, energy efficiency, and water conservation, making them a combined divestment-reinvestment solution.



Green Century is proud to be the first and only family of responsible and diversified fossil fuel free funds. Neither fund invests in coal, oil, or fracking exploration, extraction, processing, or refining.

The Green Century Equity Fund invests in the longest running socially responsible stock index, minus the fossil fuel companies in that index.

The Green Century Balanced Fund invests in the stocks of environmentally responsible companies and green bonds.

To learn more:

 greencentury.com/fossilfuelfree

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¹ MSCI, "Responding to the Call for Fossil Fuel Free Portfolios," https://www.msci.com/resources/factsheets/MSCI_ESG_Research_FAQ_on_Fossil-Free_Investing.pdf.

² Henry M. Paulson, Jr., "The Coming Climate Crash," *The New York Times*, June 21, 2014.

³ Carbon Tracker Initiative, "Capex Tracker," <http://www.carbontracker.org/report/capex-tracker-a-lead-indicator-of-global-warming/>.

⁴ Carbon Tracker Initiative and Grantham Research Institute, "Unburnable Carbon 2013: Wasted capital and stranded assets," <http://carbontracker.live.kiln.it/Unburnable-Carbon-2-Web-Version.pdf>.

Stocks will fluctuate in response to factors that may affect a single company, industry, sector, or the market as a whole and may perform worse than the market. Bonds are subject to risks including interest rate, credit, and inflation. The Funds' environmental criteria limit the investments available to the Funds compared to mutual funds that do not use environmental criteria.

This information has been prepared from sources believed to be reliable. The views expressed are as of the date of this writing and are those of the Advisor to the Funds.

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 visit greencentury.com for more information, email info@greencentury.com or call 1-800-93-GREEN. Please read the Prospectus carefully before investing.

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