Green and sustainable bonds are issued by companies, governments, and supranational institutions to help finance environmental and climate change mitigation projects around the world.

Green Bonds

Green Century was an early proponent of green and sustainable bonds. The Green Century Balanced Fund purchased its first green bonds in 2008, when they were still a new development. Green and sustainable bonds now constitute more than 50% of its fixed-income holdings.¹

While the marketing of green bonds is expanding, not all “green” bonds fund projects with clear, definable, and measurable environmental benefits. Green Century has a high standard for inclusion. Our bonds:

- Have earned the Green Bond label. While the term “green bond” is not legally defined in the U.S., many issuers abide by voluntary third-party standards that determine what projects are eligible for green bond financing.
- Follow value-based screens. We do not invest in bonds associated with fossil fuels, tobacco, factory farms, GMOs, nuclear power, or weapons (which disqualifies U.S. Treasury bonds).
- Score highly on financial standards, credit quality, and the Environmental, Social, and Governance (ESG) criteria of the issuer.
- Make an impact. We seek out solution-oriented bonds, including those that provide clean water, public transportation, and renewable energy.

Delphin Nyiraneza is one of the small lot farmers who bring their coffee from the hillsides in surrounding communities to a Rwandan processing facility supported by the Starbucks Sustainability Bond.*

[Photo by Joshua Trujillo / Starbucks Newsroom.]
1. As of June 30, 2020, green and sustainable bonds comprised 52.16% of total bonds held in the Green Century Balanced Fund.

As of June 30, 2020, Starbucks Corporation, the City & County of San Francisco CA Community Facilities District No. 2014-1, United States International Development Finance Corporation, and the European Investment Bank comprised 0.23%, 0.00% and 0.00%; 2.07%, 0.00% and 0.00%; 1.07%, 0.00% and 0.00%; and 0.91%, 0.00% and 0.00% of the Green Century Balanced Fund, the Green Century Equity Fund, and the Green Century MSCI International Index Fund, respectively. References to specific securities, which will change due to ongoing management of the Funds, should not be construed as a recommendation by the Funds, their administrator, or their distributor.

Promoting sustainable agriculture

Starbucks committed to improving the environmental impact of its coffee supply chain with the $500 million Starbucks Sustainability Bond, the first U.S. corporate sustainability bond. Proceeds from it are being used to train farmers in sustainable crop growing and harvesting practices in Rwanda, Tanzania, Colombia, China, Costa Rica, Indonesia, Guatemala, and Ethiopia.

Enhancing public transportation

The San Francisco Transbay Transit Bay Bond* is expanding public transportation in the Bay Area to reduce carbon pollution and ease congestion. Proceeds from it will be used to finance the new Transbay Transit Center, a multi-modal transportation center that will connect downtown San Francisco with 11 local, regional, and statewide transit systems.

Building solar power plants

U.S. International Development Finance Corporation* is financing the construction of ten solar power plants in rural, low-income areas of El Salvador. The solar plants will help meet growing energy demand and reduce El Salvador's dependence on imported fuel.

Expanding renewable energy and energy efficiency

In 2007, the European Investment Bank (EIB)* issued the world's first Green Bond, labeled a Climate Awareness Bond, and it is now the largest green bond issuer. EIB bonds are earmarked to match disbursements to EIB lending projects, particularly in the fields of renewable energy and energy efficiency.

Stocks will fluctuate in response to factors that may affect a single company, industry, sector, country, region or the market as a whole and may perform worse than the market. Foreign securities are subject to additional risks such as currency fluctuations, regional economic or political conditions, differences in accounting methods, and other unique risks compared to investing in securities of U.S. issuers. Bonds are subject to risks including interest rate, credit, and inflation. A sustainable investment strategy which incorporates environmental, social and governance criteria may result in lower or higher returns than an investment strategy that does not include such 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 www.greencentury.com for more information, email info@greencentury.com or call 1-800-934-7336. Please read the Prospectus carefully before investing.