

## **Green Century Capital Management, Inc. Proxy Voting Policies and Procedures**

### **Introduction**

Green Century Capital Management, Inc. (Green Century), as the investment adviser, is responsible for voting the proxies for securities held by the Green Century Balanced Fund (the Balanced Fund), the Green Century Equity Fund (the Equity Fund), the Green Century MSCI International Index Fund (the International Index Fund) and for any other series of the Green Century Funds for which it serves as the adviser (the Funds and each a Fund). Green Century has performed this duty for the Balanced Fund since the inception of the Balanced Fund. Green Century has performed this duty for the Equity Fund since it became the Equity Fund's adviser on November 28, 2006. Green Century has performed this duty for the International Index Fund since the inception of the International Index Fund.

In considering each proxy vote, Green Century weighs first and foremost the best interests of the Funds and the best interests of the Funds' shareholders. Green Century's policy is to ensure that all of the Funds' proxies are at all times voted in the best interest of the Funds and their shareholders. The Green Century Capital Management, Inc. Proxy Voting Policies and Procedures (the Policies and Procedures) that follow are designed to protect the best interests of the Funds and their shareholders. Green Century is guided by these policies in making proxy voting decisions.

These policies do not discuss every issue on which a Fund may be asked to vote, and there may be occasions when Green Century believes that a vote that does not adhere strictly to these policies is in the best interests of a Fund and a Fund's shareholders. In these cases, Green Century will vote a Fund's shares in accordance with its view of the best interests of a Fund's shareholders.

### **Policies for the Green Century Balanced Fund, the Green Century Equity Fund and the Green Century International Index Fund:**

#### **Environmental Issues**

Green Century believes that environmental issues are the most critical issues facing our nation and our world in the twenty-first century. Environmentally destructive practices and policies are not just bad for the planet – they can also create significant risks and disadvantages for companies. Green Century will, on behalf of each Fund, vote proxies in favor of resolutions that encourage improved environmental performance and more sustainable business practices. In addition to voting a Fund's proxies in support of environmental protection, Green Century conducts shareholder advocacy campaigns to promote corporate environmental responsibility.

Below are the primary environmental issues that are frequently raised in shareholder resolutions and a discussion of how Green Century will vote on these issues on behalf of each Fund.

#### *Energy and Natural Resource Conservation*

America's prosperity has resulted largely from the extraordinary abundance of water, wood, oil, and other natural resources our country enjoys. But the enormous environmental cost of extracting and consuming these resources can be measured in increasing carbon emissions, rising temperatures, scarred

landscapes, and overflowing garbage dumps. Our breakneck rate of consumption has earned us the moniker “the throwaway society;” it has also contributed to the climate crisis where dangerous heat waves, shrinking snow pack and increased drought now demand immediate action.

Green Century advocates for the sustainable use of our natural resources. We call for the development of clean, renewable energy. We support conservation and efficiency, reuse and recycling, and other policies to ensure quality of life not just for ourselves, but for generations to come. We support increased disclosure and transparency of a company’s environmental impacts and support policies that encourage the reduction of these impacts.

Green Century will encourage the conservation of our natural resources by voting each Fund’s proxies as described below. When given the opportunity to vote on other conservation-related issues, Green Century will vote to support resource conservation.

Climate Change: Green Century will vote each Fund's proxies to **support** resolutions requesting that a company report on its contribution to global warming and disclose information on the environmental and financial risks of climate change, as well as resolutions requesting that a company take action to reduce its impact on the global climate and mitigate associated risks.

Renewable Energy and Energy Efficiency: Green Century will vote each Fund's proxies to **support** resolutions encouraging a company to increase its investments in renewable energy and energy efficiency.

Product Responsibility and Safety: Shareholders have asked companies to take responsibility for the impact of their products throughout their lifecycle, including addressing the environmental impact, ensuring product safety, reducing the toxic substances used to make products, and assisting in and promoting the recycling of products. Green Century will vote each Fund's proxies to **support** resolutions in these areas.

Use of Recycled Materials: Green Century will vote each Fund's proxies to **support** resolutions that request a greater use of recycled content in a company’s products, and the greater use of recycled paper overall.

### *Public Health*

Clean air, clean water and safe food are the most basic necessities of a healthy life. Yet, from “The Jungle” of Upton Sinclair to the 2010 oil well blowout in the Gulf of Mexico, corporations and the government have a long track record of gambling with the public’s health.

Green Century supports action to protect the public from threats to the purity of our air, water and food, including the elimination of dangerous chemicals and practices and the cleanup of areas that have been contaminated with dangerous pollutants. Green Century also pressures industry to find safer ways of doing business in order to prevent future pollution.

Green Century will promote public and environmental health protections by voting each Fund’s proxies as described below. When given the opportunity to vote on other public or environmental health issues, Green Century will vote to support those protections.

Chemical Safety: Shareholders have asked companies to take a variety of actions relating to toxic and potentially toxic chemicals. These actions include phasing out or eliminating, where appropriate, use of the chemicals, reporting on the availability of alternatives, or reporting on the business risk from liability or changed regulations. Green Century will **support** these and similar resolutions.

Toxic Waste Sites: Green Century will vote each Fund's proxies to **support** resolutions that encourage a company to report on areas that it has contaminated with toxic waste, including Superfund sites and brownfields, and to take responsibility for cleaning up those sites.

Environmental Hazards to Communities: Green Century will **support** resolutions asking companies to disclose the use of substances that pose an environmental health or safety risk to communities in which they operate.

PVC Plastics: Polyvinyl chloride (PVC) plastics have been linked to cancer and other debilitating illnesses. Green Century will vote each Fund's proxies to **support** resolutions that seek the elimination of the use of PVC.

Mercury: Green Century will vote each Fund's proxies to **support** resolutions that seek the elimination of the use of mercury in consumer and medical products.

Genetically Engineered (GE) Foods: Green Century will vote each Fund's proxies to **support** resolutions requesting that a company report on and reduce its use of GE ingredients, as well as resolutions asking for the labeling of such foods.

Animal Welfare: Green Century will **support** resolutions asking restaurants and other corporations to adopt animal welfare standards for their operations worldwide, and to report these standards to shareholders.

### *Preservation Issues*

The natural environment is the ecological bedrock on which all life depends. Yet from the extinction of species to the vanishing wilderness, the pursuit of short-term gain has come at a terrible cost to our natural heritage. Green Century supports the preservation of our environment – for its own sake, for its ecological value, and for the inspiration and wonder it provides for the world's people. Green Century supports the protection of natural ecosystems, large and small, around the world, as well as the endangered and threatened species that need them to survive.

Green Century will help to preserve our environment by voting each Fund's proxies as described below. When given the opportunity to vote on other preservation issues, Green Century will vote to support the preservation of our wilderness and public lands.

Sensitive ecosystems and other wilderness areas: Green Century will vote each Fund's proxies to **support** resolutions asking a company to reduce its negative environmental impacts and/or not to conduct destructive operations, such as oil drilling or mining, in these areas.

Responsible Forestry: Green Century will vote each Fund's proxies to **support** resolutions that promote sustainable forest management practices.

Sprawl and Open Space: Green Century will vote each Fund's proxies to **support** resolutions that demand that a company not unnecessarily destroy or develop open spaces and wilderness areas.

Water Use: Green Century will **support** resolutions requesting companies to report on the business risks associated with their use of water, and steps taken to mitigate the impact on water supplies of communities near company operations.

## **Tobacco Issues**

The tobacco industry has created an environmental and public health disaster. Millions of people die each year from tobacco-related illnesses. Green Century believes that the industry must take responsibility for the production, marketing, and distribution of its products so that consumers, especially children and non-smokers, are not harmed.

Green Century will help to bring about this change by voting each Fund's proxies as described below. When given the opportunity to vote on other issues in this area, Green Century will vote to support responsible tobacco industry policies.

Green Century will, on behalf of each Fund, **support** resolutions which aim to limit or eliminate tobacco sales, use and advertising.

Sales to Minors: Green Century will vote each Fund's proxies to **support** resolutions that call on retailers to stop selling cigarettes and resolutions that ask retailers to ensure that they are not selling tobacco products to minors.

Smoke-Free Policies: Green Century will vote each Fund's proxies to **support** resolutions that encourage restaurants and other businesses to adopt smoke-free policies.

Tobacco Advertising: Green Century will vote each Fund's proxies to **support** resolutions that request that media companies report on the effects of tobacco advertising and that encourage restrictions on such advertising.

## **Corporate Governance Issues**

When corporations are not controlled by a strong system of democratic corporate governance, they are then able to ignore the best interests of their shareholders. This betrayal of shareholders' best interests harms not only the shareholders but also other stakeholders such as the company's employees, the general public, and the environment.

Green Century believes that a strong system of democratic corporate governance is necessary to protect investors and other stakeholders from corporate mismanagement and malfeasance.

Green Century will help to bring about needed reforms by voting each Fund's proxies as described below. When given the opportunity to vote on other issues in this area, Green Century will vote to support corporate responsibility and shareholder democracy.

## *General*

Management Compensation and Environmental and Social Performance: Green Century will vote each Fund's proxies to **support** resolutions that request reports on the link between executive compensation and a company's record on environmental and social issues.

Director and Executive Compensation: Green Century will vote each Fund's proxies to **support** resolutions that request a report on director and executive compensation, as well as resolutions that would require policies to restrict compensation to reasonable levels. Green Century will also vote in favor of "say on pay" resolutions for compensation packages that are sustainable and equitable.

Auditor Independence: Green Century believes that auditors who provide non-audit-related services, other than tax services, to a company could have a conflict of interest. Therefore, Green Century will vote each Fund's proxies to **support** the appointment of a company's auditor only if the auditor did not receive any non-audit-related fees, excluding tax services fees, from the company in the previous two years. Also, Green Century will vote each Fund's proxies to **support** resolutions that encourage companies to have only audit-related services and tax services provided by the company's auditor.

In-Person Annual Meetings: Some companies are replacing in-person annual meetings with meetings held via the Internet. Green Century believes that this practice limits shareholder democracy; thus, Green Century will vote each Fund's proxies to **support** resolutions asking companies to commit to continuing to hold in-person annual meetings.

Political Contributions: Green Century will vote each Fund's proxies to **support** resolutions encouraging a company to cease contributing to political parties or partisan activities. Green Century will also vote each Fund's proxies to **support** resolutions encouraging boards of directors to establish corporate political contributions guidelines and reporting provisions, and to produce reports detailing the use of corporate resources for political purposes. Green Century will also **support** proposals advancing principles of corporate nonpartisanship.

Supermajority Voting: Green Century will **oppose** proposals that require supermajority voting, or require a level of voting approval in excess of a simple majority. Green Century will **support** proposals that decrease a mandatory level of support for proposals unless the decrease is to a level below that of a simple majority.

Mergers and Acquisitions: Green Century will **oppose** the merger of a company into a company held by a Fund if the company to be merged would not meet a Fund's criteria for environmental or social responsibility. Green Century will also **oppose** the acquisition of a company if that company would not meet a Fund's criteria for environmental or social responsibility.

#### *Boards of Directors*

Green Century will, on behalf of each Fund, support resolutions designed to enhance the independence and diversity of boards of directors and, where possible, to encourage concern for corporate environmental responsibility among the members of a board of directors.

Candidates for Director: Green Century will vote each Fund's proxies to **support** the slate of directors if the company, to the best of Green Century's knowledge, has a demonstrated commitment to the environment, although Green Century reserves the right to **oppose** any director who has not demonstrated a

commitment to the environment or has individual qualifications that are determined to not be in the best interests of a Fund's shareholders. Green Century will **support** resolutions that call for the separation of the Chairperson of the board position from the Chief Executive Officer of the company position.

Staggered or Classified Boards: Some companies stagger the terms of their directors; thus, all directors are not up for election each year. Green Century believes this practice limits opportunities for shareholder democracy; thus Green Century will vote each Fund's proxies to **support** resolutions that would eliminate staggered boards.

Cumulative Voting: This practice allows shareholders to cast all of their director votes for one candidate. Green Century believes cumulative voting aids in the election of independent directors to a company's board. Thus, Green Century will vote each Fund's proxies to **support** resolutions to allow cumulative voting.

Majority Voting: Most U.S. corporations elect their directors based on a plurality vote standard. Under this standard, a director could be elected, even if 99.9% of shareholders withheld their vote. Green Century will **support** resolutions asking that boards of directors amend the Company's governance documents (certificate of incorporation or bylaws) to require that directors be elected by a majority of votes cast at the annual meeting.

Independent Boards: Green Century will vote each Fund's proxies to **support** resolutions that require a majority or more of a company's directors be independent of the company.

Independence of Committees: Green Century will vote each Fund's proxies to **support** resolutions that require that audit, compensation, and nominating committees of directors be filled exclusively with independent directors.

Diversity of Board: Green Century will vote each Fund's proxies to **support** resolutions encouraging companies to adopt policies to promote a diverse slate of board of directors' candidates.

## **Corporate Structure**

Employee Stock Ownership Plans (ESOP's): Green Century will vote each Fund's proxies to **support** resolutions to create and maintain these plans as a means of fostering employee ownership if at least 90% of the company's employees are eligible to participate in such plans.

Stock Option Plans: Green Century will vote each Fund's proxies to **support** stock option plans only if at least 90% of the company's employees are eligible to receive the options granted under the plan.

Stock Issuance: Green Century will vote each Fund's proxies to **support** the issuance of stock of a company unless Green Century has reason to believe that the issuance of stock is not in the best interest of the company's shareholders.

## **Reporting and Disclosure of Information Issues**

Public disclosure of information is fundamental to democracy and the country's financial system. Investors who are armed with accurate and complete information about a company can hold that company

accountable for its performance. Unfortunately, all too often companies do not disclose significant risks that their business faces, especially when these risks concern environmental and social issues.

Green Century believes that investors and the general public are entitled to information relating to a company's performance in all areas, including environmental and social impacts of a company's operations. Green Century supports further regulatory action to require that public companies disclose risks relating to environmental, social and governance issues.

Green Century will support greater disclosure by voting each Fund's proxies as described below. When given the opportunity to vote on other issues in this area, Green Century will choose to vote to support the disclosure of information unless Green Century believes that such disclosure may not be in the best interest of the company's shareholders.

**Environmental Reports:** Green Century will vote each Fund's proxies to **support** resolutions requesting that a company disclose information on the company's practices, programs or risks related to the environment.

**Sustainability Reports:** Green Century will **support** proposals asking companies to produce a sustainability/corporate social responsibility report.

**Standards of Conduct:** Green Century will vote each Fund's proxies to **support** resolutions that request that a company report on and develop policies to regulate its conduct overseas, especially regarding its environmental impact.

**Standards for Vendors:** Green Century will vote each Fund's proxies to **support** resolutions that request that a company report on and develop policies to regulate the conduct of its vendors, suppliers, and contractors overseas, especially regarding its environmental impact.

**Natural Resource Extraction in Developing Countries:** Green Century will vote each Fund's proxies to **support** resolutions that request a report on the impact of natural resource development on the environment and on indigenous populations.

**CERES Principles:** Green Century will vote each Fund's proxies to **support** resolutions asking a company to adopt the CERES Principles.

**Fair Lending Practices:** Green Century will vote each Fund's proxies to **support** resolutions requesting that a company report on the potential results of adopting fair lending practices, including prohibitions on redlining and on predatory or discriminatory lending.

**Excessive Drug Prices:** Green Century will vote each Fund's proxies to **support** resolutions requesting that a company report on policies that would ensure that consumers are charged a reasonable price for prescriptions medications.

**Equal Employment and Affirmative Action Reports:** Green Century will vote each Fund's proxies to **support** resolutions that request a report on issues relating to equal employment opportunity and affirmative action programs.

Discrimination based on Sexual Orientation: Green Century will vote each Fund's proxies to **support** resolutions that request that a company report on its reasons for not adopting policies to prohibit discrimination based on sexual orientation.

Pay Equity: Green Century will vote each Fund's proxies to **support** resolutions requesting that a company disclose pay comparisons between its women and minority employees and other employees.

Political contributions: Green Century will **support** proposals that call on the company to disclose, or improve disclosure of its lobbying and political contributions, including payments to trade associations and other tax exempt organizations.

### **Other and Miscellaneous Issues**

Green Century will vote each Fund's proxies on a **case-by-case** basis on any other issues that may arise for which a policy has not been specified.

### **Conflict of Interest Policies and Procedures**

Where voting on a particular issue on behalf of a Fund may represent a material conflict between the interests of the Fund and the interests of Green Century, Green Century will provide full disclosure, prior to voting the proxy in question, to a committee of the Board which shall be comprised solely of independent Trustees. The disclosure will include an explanation of the issue, the potential conflict involved, and Green Century's proposed resolution of that conflict. The committee of the Board has the authority to approve or change Green Century's proposed vote on the proxy issue in question. In following these procedures, Green Century's goal is to vote at all times in accordance with the best interests of each Fund and its shareholders.

### **Proxy Voting Procedures**

Green Century has established procedures to ensure that its proxy votes on behalf of each Fund are based on the best available knowledge and careful consideration of the best interests of the Funds. Before voting a proxy, Green Century staff conduct a review of the proxy materials, weighing the views of management and any opposing views that are presented. The Green Century staff then recommend a voting position on each issue in the proxy; in making recommendations, the Green Century staff are guided by the Policies and Procedures and strive to make each vote in accordance with them, unless such a vote would not be in the best interests of a Fund. A Green Century corporate officer reviews all recommendations, makes final determinations on each Fund's votes, and authorizes votes on all voted proxy documents. Other Green Century staff then cast the votes, at present via the Broadridge ProxyEdge platform.

### **Disclosure of Proxy Voting Policies and Procedures**

As representatives of the Funds, each member of the Board of Trustees is entitled to request a copy, without charge, of the Policies and Procedures from Green Century at any time. Members of the Board of Trustees may do so by sending a written request to 114 State Street, Suite 200, Boston, MA 02109; an email request to [info@greencentury.com](mailto:info@greencentury.com); or a telephone request by calling 1-800-934-7336.



The Funds' shareholders and others may obtain a description of Green Century's Policies and Procedures without charge through any of the above-listed methods, as well as access this information at the Green Century Funds' website, [www.greencentury.com](http://www.greencentury.com). Green Century will mail a description of the Policies and Procedures via first class mail no later than three business days following receipt of the request. All of each Fund's Semi-Annual and Annual Reports have and will include disclosure notifying shareholders that they may obtain Green Century Policies and Procedures through these methods. Also, the Policies and Procedures are attached to each Fund's Statement of Additional Information.

### **Disclosure of Proxy Votes**

As representatives of the Funds, each member of the Board of Trustees is entitled to at any time request a copy, without charge, of a record of how Green Century voted proxies on behalf of a Fund. Members of the Board of Trustees may do so by sending a written request to 114 State Street, Suite 200, Boston, MA 02109; an email request to [info@greencentury.com](mailto:info@greencentury.com); or a telephone request by calling 1-800-934-7336.

The Funds' shareholders and others may obtain a copy of a Fund's proxy voting record without charge through any of the above-listed methods, as well as access this information at the Green Century Funds' website, [www.greencentury.com](http://www.greencentury.com). Green Century will mail a copy of the proxy voting record via first class mail no later than three business days following receipt of the request. Green Century posts the information included in Form N-PX to the Green Century Funds' website on the same day that it files Form N-PX with the SEC. All Semi-Annual and Annual Reports of each Fund have and will include disclosure notifying shareholders that they may obtain a Fund's proxy voting record for the previous year through these methods. Also, each Fund's Statement of Additional Information includes this disclosure.

By each August 31st, Green Century files Form N-PX on each Fund's behalf, disclosing information relating to any securities for which a Fund was entitled to vote during the one-year period ended the previous June 30. A Fund's Form N-PX includes information on the Fund's votes during the period covered, including the company's name, its ticker symbol, its CUSIP number, the meeting date, the issue voted on, whether the issue was proposed by management or a shareholder, whether the Fund voted, how the Fund voted, and whether the Fund voted with or against management.

### **Recordkeeping Procedures**

Green Century keeps and maintains the following records regarding its proxy voting on behalf of each Fund: Green Century's Policies and Procedures; records of votes Green Century cast on behalf of a Fund; records of requests from members of the Board of Trustees (and shareholders of the Funds) for the Policies and Procedures and/or proxy voting information and, in the case of requests for the proxy voting record, records of Green Century's response; and any documents created by Green Century that were material to making a proxy voting decision, or that document the basis for the decision. These records are kept in Green Century's office. Green Century keeps these records in its office for at least two years after the end of the fiscal year in which the record was last revised or updated.

For more information, contact Green Century at 1-800-934-7336, or email [info@greencentury.com](mailto:info@greencentury.com).

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