



GREEN CENTURY FUNDS



As the peril posed by global climate change becomes increasingly clear, more and more investors are choosing to stop supporting the corporations that are most to blame for it.

While we believe the moral case for divestment is strong, there may also be sound financial and strategic reasons to stop investing in fossil fuel companies.

Green Century^o recognized these rationales early and has championed fossil fuel free investing since even before the divestment movement's founding in 2012.

All of Green Century's mutual funds are fully divested from fossil fuel companies.

Reasons to Invest Fossil Fuel Free

Divestment may help to avoid potential financial and performance risks associated with the fossil fuel industry

Performance – Many studies have analyzed the impacts of fossil fuel free investing. Leading asset manager, GMO, stated in *The Mythical Peril of Divesting from Fossil Fuels* that “investors with long-term horizons should avoid all oil and chemical stocks on investment grounds.”

Other specific financial and performance reasons to consider divestment include:

Volatility – The energy sector was the most volatile sector in the 2010s.

Stranded assets – Fossil fuel reserves impact the valuations of coal, oil and gas companies. If companies are unable to extract and sell their reserves – for reasons such as changing demand, government regulation or lawsuits – they may be forced to prematurely “write off” those assets. Stranded assets can negatively affect a company's valuation or share price.

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.

Divestment aligns investment with values

Unlike Green Century, most mutual funds invest in oil, coal and fracking companies. Green Century believes that responsible mutual funds should not invest in some of the most environmentally irresponsible companies in the world. Investors who care about the planet may not want to financially support the corporations most to blame for global climate change.

Divestment changes the fossil fuel industry's political influence over national policy

For decades, fossil fuel companies have used their money to conceal the truth about global warming and their influence to promote self-serving economic and environmental policies. If divestment can play a role in toppling apartheid in South Africa, then it can help erode the influence fossil fuel companies have over U.S. policies.

Divestment allows greater investment in clean and renewable energy

Instead of propping up fossil fuel corporations, Green Century investors can help propel clean and renewable energy companies and other firms offering environmentally beneficial products and services.

Why Choose Divestment Over Engagement

Engagement does not reflect the dire situation we face today

The world's leading climate scientists have warned there is only 12 years for global warming to be kept to a maximum of 1.5 degrees Celsius; temperature rise beyond even half-degree will significantly worsen the risks of drought, floods, extreme heat and poverty for hundreds of millions of people.

Engagement is not the right tool to ensure the reduction of fossil fuel use

The fossil fuel industry has been misleading the public and its shareholders about the risk climate change poses to people, the planet and its financial future for decades. Shareholder engagement can work to assess risks and shareholder advocacy can help change a company's policies. But both are predicated on a company being transparent and truthful with its investors and the public. Engagement cannot replace divestment when faced with corporations that have continually hidden scientific data from its investors for almost 40 years.

Engagement cannot change a core business

Stakeholder advocacy has successfully changed many company policies, but it will not change a corporation's core business.

Giant oil and gas companies are not going to stop being oil and gas companies, just as Starbucks* is not going to cease being a coffee company.

Engagement has not been successful in reducing emissions

The first climate-related investor resolution with ExxonMobil* was filed in 1990 and through three decades of engagement, shareholder engagement did not produce any tangible reductions. In 2017, ExxonMobil agreed to issue a report on how climate change would impact its business. This gave the company a chance to change its course. Instead, when Exxon released its report, it outlined a business-as-usual approach, dismissing potential carbon impacts and material and financial risks. In 2020, activist investor Engine No. 1 secured three seats on the ExxonMobil board of directors. This was a highly publicized vote. However, it remains to be seen how these directors, who are unable to make any direct changes to the corporation on their own and represent only 25% of the board, will be able to influence the company's trajectory.

**Green Century Capital Management, Inc. (Green Century) is the investment advisor to the Green Century Funds (the Funds).*

**As of March 31, 2023, Starbucks Corporation comprised 1.71%, 0.65% and 0.00% of the Green Century Balanced Fund, the Green Century Equity Fund and the Green Century MSCI International Index Fund respectively. Other securities mentioned were not held in any of the portfolios of the Green Century Funds as of the same date. 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.*

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.

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.