GREEN CENTURY

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. While we believe the moral case for divestment is strong, there are also sound financial and strategic reasons to stop investing in 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. One study by leading asset manager, GMO, and as stated in *The Mythical Peril of Divesting from Fossil Fuels* is that "investors with long-term horizons should avoid all oil and chemical stocks on investment grounds."

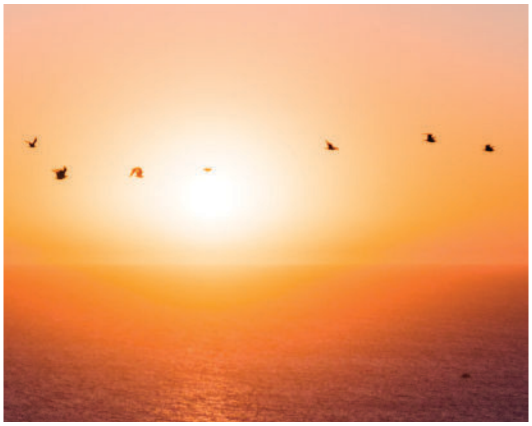
Other financial and performance reasons to consider divesting from fossil fuels include:

Volatility: According to a report from IEEFA, the fossil fuel industry has exhibited the highest volatility among all S&P sectors in 7 of the last 10 years.

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.

Photo credit: Luke Richardson on Unsplash

More Reasons to Divest from Fossil Fuels



Align your investments with your values: Most mutual funds, even those that advertise themselves as "sustainable" still invest in oil, coal and fracking companies. Green Century went fossil fuel free 10 years ago because we believe that investors who care about the future do not want to put their money into an industry that does not take responsibility for their role in carbon pollution, erratic weather and climate change.

Divestment weakens the fossil fuel industry's political influence over national policy: Joining thousands of people and institutions puts pressure on the fossil fuel industry and chips away at their power.

Engagement cannot change a core business: Stakeholder advocacy has successfully changed many company policies, but it will not change a corporation's core business. It's like asking Starbucks to stop selling coffee.

Engagement has not worked: In 1990, investors filed the first shareholder resolution with ExxonMobil. Despite 35 years of investor requests and meetings, the company has misled the public, lobbied against pollution limits, and endangered our lives and planet. It's time to stop pursuing this ineffective strategy.

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