

Why We Choose Divestment Over Engagement with Fossil Fuel Companies



Deepwater Horizon oil spill explosion



ExxonMobil* CEO, Rex Tillerson

At Green Century we believe that shareholder engagement with the fossil fuel industry will yield too little, too late. That is why we have championed the fossil fuel divestment movement since its founding in 2012 and continue to help individuals and institutions divest from fossil fuels and reinvest in opportunities that advance the transition toward a clean, sustainable economy.

All of Green Century's mutual funds are fully divested from fossil fuel companies, going beyond excluding just the 200 companies that have the highest levels of carbon reserves.¹

Engagement with Fossil Fuel Companies Has Not Succeeded in Changing Their Core Business

Company engagement through shareholder advocacy can be successful when working with companies to adopt more sustainable business practices. It is not a viable avenue when trying to inherently change a company's core business. For example, shareholder resolutions that oppose oil drilling and fracking are not permitted with oil and gas companies. Furthermore, shareholders have filed more than 100 climate-related resolutions with fossil fuel companies since 1990, and despite these efforts, none have directly reduced production of fossil fuels.

Fossil Fuel Companies Use Shareholder Advocacy to Improve Reputation

Shareholder resolutions can inadvertently increase global climate change. For instance, Royal Dutch Shell* supported a resolution in 2015 to analyze its business plan in the context of international climate agreements, which media and environmental advocates celebrated while the company simultaneously announced its intentions to begin drilling in the Arctic Circle. Similarly, Chevron* continues to promote its work to reduce greenhouse gas (GHG) emissions although the company's emissions increased between 2009 and 2015.²

The Time for Change is Now

Fossil fuel companies are already reporting reserves five times greater than the amount that, if burned, would increase global temperatures more than 2 degrees Celsius, which is the widely accepted limit to prevent the most dangerous effects of climate change.³ With regard to the fossil fuel industry, divestment is one of the strongest and most immediate forms of shareholder engagement.

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Avoid Potential
Financial Risk



Reinvest in
Clean Solutions



Divestment presents a way for funds to be reallocated toward investment in a clean, sustainable economy. It not only aligns with our mission and the values of our investors, but also may benefit our investors financially in both the long and short term. According to global index provider MSCI, the energy sector has consistently been among the most volatile sectors in the global economy since 2005.⁴ Additionally, coal, oil, and gas companies are valued partially based on the reserves they hold being brought to market in the future. Given the recent United Nations Climate Talks and resulting Paris Agreement, these reserves may become devalued or “stranded assets” as we transition toward a low-carbon global economy.

Wind and solar power projects are now competitive with traditional energy sources such as coal, oil and gas,⁵ which is providing individuals and institutions viable opportunities to invest in sustainable companies and environmental innovators.

- All of Green Century’s mutual funds are fully divested from fossil fuel companies.
- The **Green Century MSCI International Index Fund** invests in companies selected for their outstanding environmental, social and governance ratings.
- The **Green Century Equity Fund** invests in the longest running socially responsible stock index and further excludes any fossil fuel companies in the index.
- The **Green Century Balanced Fund** invests in the stocks of environmentally responsible companies and green bonds, which focus on raising capital for new and existing projects with environmental benefits.
- Ticker symbols: **GCBLX** (Balanced Fund), **GCEQX** (Equity Individual Investor Share Class), **GCEUX** (Equity Institutional Share Class) **GCINX** (MSCI International Index Individual Investor Share Class), and **GCIFX** (MSCI International Index Institutional Share Class).

Rex Tillerson, CEO, ExxonMobil photo: By William Munoz CC BY 2.0 via Wikimedia Commons

Deepwater Horizon offshore drilling unit on fire photo: Wikimedia Commons

¹ <http://gofossilfree.org/top-200/>

² <https://www.ceres.org/investor-network/resolutions/chevron-ghg-goals-2015>

³ <http://www.cop21.gouv.fr/en/why-2c/1>

⁴ 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

⁵ <http://www.bloomberg.com/news/articles/2015-08-31/solar-wind-power-costs-drop-as-fossil-fuels-increase-iea-says>

*As of March 31, 2018, no securities mentioned were held in the portfolios of the Green Century Funds. 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.

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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, email info@greencentury.com, or call 1-800-934-7336. Please read the Prospectus carefully before investing.

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