



EXTRACTING FOSSIL FUELS FROM YOUR PORTFOLIO:

A Guide to Personal Divestment and ReinvestmentSM



ABOUT THE AUTHORS

350.org is a global network inspiring the world to rise to the challenge of the climate crisis. Since its inception in 2008, their online campaigns, grassroots organizing, and mass public actions have been led from the bottom up by people in 188 countries.

350 means climate safety. To preserve our planet, scientists tell us we must reduce the amount of CO₂ in the atmosphere from its current levels of 400 parts per million to below 350 ppm. 350 is more than a number — it's a symbol of where we need to head as a planet.

350 works in a new way — everywhere at once using online tools to facilitate strategic offline action — under the belief that if a global grassroots movement holds our leaders accountable to the realities of science and principles of justice, we can realize the solutions that will ensure a better future for all. As part of this mission, one of the campaigns is “Fossil Free: Divest from Fossil Fuels,” and this guide is a part of the newly launched Personal Divestment campaign.

For more information visit www.350.org or www.gofossilfree.org

Green Century Capital Management (Green Century)

is an environmentally responsible investment advisory firm. Founded in 1991 by a network of environmental non-profit organizations, it manages the fossil fuel free Green Century Balanced Fund. Green Century also leads a successful shareholder advocacy program that aims to protect our forests, water, and air.

Since 2005, Green Century's Balanced Fund has been 100% fossil fuel free by not investing in the exploration, drilling, refining, or production of oil, gas, or coal. The Balanced Fund is an actively managed fund made up of stocks and bonds and seeks to invest in well-managed companies that strive to maximize their environmental advantages and minimize their environmental risks. The Balanced Fund is almost 50% less carbon intensive than the S&P 500® Index as measured by the international data and analysis firm Trucost.¹

For more information visit www.greencentury.com

Trillium Asset Management, LLC has two fossil fuel free investment strategies. Trillium's Fossil Fuel Free Core meets the need for a core investment portfolio without direct fossil fuel exposure. Trillium's Sustainable Opportunities strategy focuses on companies whose core business addresses one of three themes: Green Solutions, Economic Empowerment, and Healthy Living. This strategy has been fossil fuel free since its inception.

Trillium also serves as the investment sub-advisor to the Green Century Balanced Fund, which has been fossil fuel free since 2005.

For more information visit www.trilliuminvest.com/trillium-investment-strategies/sustainable-opportunities/

Acknowledgements: This report was prepared with the help of Karin Chamberlain.

FOREWORD: BILL MCKIBBEN



If it's wrong to wreck the climate, then it's wrong to profit from that wreckage. I have repeated that message often as I've traveled the country in the last year in support of the Go Fossil Free campaign, which calls on institutions to divest from the largest 200 coal, oil, and gas companies holding the most proven reserves.

The response is more than we could have hoped for, with over 400 colleges, cities, and churches joining the campaign in less than a year. Through the campaign, we have also heard from countless individuals — educators, parents, young professionals — who want to use their power as individual investors to stop climate change.

350.org is supporting the individual investor's divestment movement by showing people that they are not alone.

You can make your personal climate change statement by reporting your divestment at <http://gofossilfree.org/mymoney/>. In addition to the website, this guide is designed for you — the individual investor who wants to learn more and take action. It provides the basics of divestment, answers your financial questions including information about sustainable reinvestment, and gives you all the steps you need to go fossil fuel free.

Climate change is no longer a far-off threat. It is already here. That means that the clock is ticking to protect our children and the planet from the consequences of this rapidly unfolding crisis.

Investors have an important and special role to play in the climate change movement. I hope this guide will help you find yours.

Onwards,

Bill McKibben

*Bill McKibben is an internationally recognized author and activist.
He founded 350.org in 2007 with a team of university friends.*

INTRODUCTION: MATT PATSKY AND LESLIE SAMUEL RICH



Climate change is one of the most serious threats of our time. Temperatures are rising, snow and rainfall patterns are shifting, and more extreme climate events — including heavy rainstorms and record high temperatures — are already affecting our communities and natural habitats.

Scientists agree that carbon emissions and pollution from burning fossil fuels like coal and oil are the main cause of climate change.

Action needs to be taken immediately to protect ourselves, future generations, and other species. Yet too often we've seen elected officials back away from the required steps, often in direct response to lobbying and pressure by the fossil fuel industry.

The fossil fuel divestment campaign provides an immediate and direct action that each of us can take to send a clear message through our retirement plans, individual stock holdings, or other investments.

This guide aims to help individuals better understand fossil fuel divestment, provide clear steps to move your money out of coal, oil, and gas companies, and give tips on how to proactively invest in sustainable companies and investment vehicles. We encourage you to use this guide and the resources in the appendix to educate yourself, your family, your friends, or your financial planner on the options to go fossil fuel free.

Thank you for taking the first step.

Matthew W. Patsky, CFA is the CEO of Trillium Asset Management and Leslie Samuelrich is the President of Green Century Capital Management.

BACKGROUND: CLIMATE CHANGE AND THE FOSSIL FUEL DIVESTMENT MOVEMENT

As policy progress to address climate change has stalled at the international and national levels, new strategies and tactics have emerged at the local level to expose and reduce the power that the fossil fuel industry has on policy and regulations. One of these strategies is the fossil fuel divestment campaign developed by 350.org.

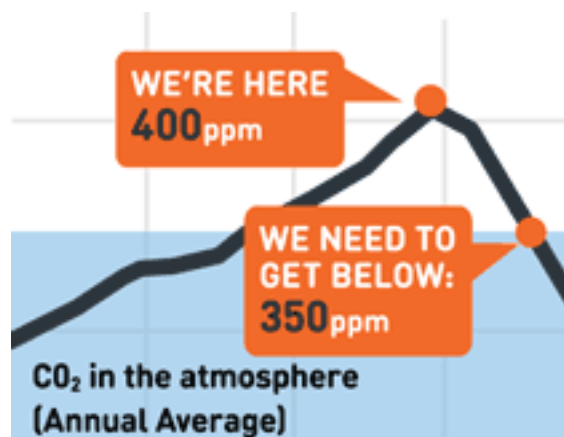
350.org was established in 2007 to call for immediate and concrete steps to address climate change. The number 350 represents the parts per million (ppm) that many scientists, climate experts, and national governments say is the safe upper limit for the concentration of CO₂ in our atmosphere. Sadly, as a global community, we recently crossed the critical threshold of 400 ppm².

In the fall of 2012, 350.org, As You Sow, Green Corps, and the Responsible Endowment Coalition launched a joint campaign, one that harnessed the power of investors to expose and pressure the fossil fuel industry. This campaign, inspired by the successful South African divestment campaign (which used investor pressure to protest Apartheid in the 1980s) calls on educational, religious, and other institutions, and city and state governments to divest from companies with exposure to large fossil fuel reserves. Soon thereafter, Bill McKibben held a 21-city sold out speaking tour that spread the campaign nationally. By winter 2012, more than 300 campuses were organizing divestment campaigns, and Unity College in Maine became the first school to go fossil fuel free, followed shortly by the cities of Seattle and San Francisco. During 2013, the campaign has received media attention across major national media outlet including the *New York Times*, *Forbes*, and National Public Radio.

The campaign's demands to the fossil fuel industry are the following:

- » stop exploring for new hydrocarbons
- » stop lobbying in Washington and state capitals across the country to preserve their special breaks
- » most importantly, pledge to keep 80% of their current reserves underground forever

In order to achieve these demands, the campaign aims to inspire political pressure through the simple but profound statement of divestment.



Source: 350.org

SECTION 1: WHY DIVEST

There are four primary reasons to divest:

1. To align your investments with your values

Many believe that climate change poses the greatest single threat to our families, our communities, and the world. If you want to keep your assets out of the industry that is at the center of climate change, then divesting may be the right course for you.

There is a long history of investors aligning their investments with their values. For over 100 years, many religious investors and others have shunned “sin” stocks, such as companies involved in alcohol or gambling. With the exposure of the tobacco industry’s role in nicotine addiction in the early 1980s, many investors divested their money from that industry. The divestment movement that most inspires the current campaign was the anti-Apartheid movement that achieved critical mass in

the late 1980s. This divestment movement was an important tool in helping to bring about the end of Apartheid. The role that divestment activists played was so critical that President Nelson Mandela’s first meeting in the U.S. after the fall of Apartheid was with students from UC/Berkeley — specifically to thank them for their leadership role in the campus divestment campaign.

Today, many investors believe that they have a ethical obligation to employ this same divestment approach with companies involved in fossil fuels. Many investors believe it is simply not acceptable to profit from a business inherently designed to accelerate climate change.

2. To shape public policy and limit influence by energy companies

For decades, fossil fuel companies have spent millions of dollars to influence legislation in state capitals and Congress and have been very successful in their efforts to secure preferential tax breaks, block carbon emission goals, and cut off support for clean and renewable energy sources.³ To put sensible solutions in place, the political climate needs to change. Divesting sends a signal that these efforts are not supported by investors and can erode the political influence on which these companies depend.

Divesting also helps you add the clout of investors to the national climate change movement — a movement that is critical in securing policy progression, such as new state solar energy goals or the proposed national cap on carbon emissions from power plants.⁴ In addition, joining the swelling ranks of investors who are moving their money helps gain media attention for the issue and educates others.



3. To potentially reduce your financial risk

Divestment may reduce your risk of holding stranded — and devalued — carbon assets. Oil, gas, and coal mining companies hold reserves of fossil fuels that they plan to use. Currently, these reserves, also referred to as carbon assets, are counted as positive assets on a company's balance sheet under the assumption that all listed reserves will be able to be extracted, sold, and burnt.

One important financial indicator is a fossil fuel company's level of capital expenditures, which is approximately how much money is spent seeking and developing new ways to extract fossil fuels. An analysis by Carbon Tracker Initiative shows that the top 200 fossil fuel companies (by reserves) had adjusted capital expenditures of \$674 billion over the past 12 months.⁵ **In contrast, these same companies paid** only \$126 billion

in dividends to their shareholders over the same period. What does this mean? Oil, gas, and coal companies are pouring the vast majority of their profits into projects to access even more oil, gas, and coal.

However, according to an analysis by Carbon Tracker Initiative⁶, The Union of Concerned Scientists and others, the burning of these fuels will exceed the carbon levels regarded as necessary to control global warming. And if governments act to restrict carbon emissions, companies owning fossil fuel reserves would experience severe devaluation. In this scenario, companies may have to take a loss on stranded assets, and investors would likely suffer. Divesting now could allow investors to reduce their exposure to a possible collapse of the so-called "carbon bubble."

NEXT GENERATION INVESTORS

Schools: In November 2012, 72% of Harvard University's undergraduates, voting in a referendum, supported divestment of fossil fuels from Harvard's endowment. In under one year, six colleges and universities, driven by student-led campaigns, have committed to pursue fossil fuel divestment, and another 301 more have active campaigns across the nation. From Georgetown University to the University of Chicago to Stanford University, students and often faculty are leading sophisticated campaigns.

The divestment movement also is spreading to high schools. For example, private high schools such as Phillips Exeter Academy in New Hampshire are looking at ways to invest fossil fuel free.

Cities: Across the country, 17 cities, several of them technology and innovation hubs (such as Cambridge, Mass., and San Francisco), have made a commitment to go fossil fuel free, with the belief that these actions will serve to attract new graduates to live and work in their cities.



The Millennial Generation is one of the major forces in the fossil fuel divestment movement believing that climate change is *the* challenge of their generation. Already, these activists are influencing their parents to invest fossil fuel free. As one generation of wealth is passed down to the next, this generation will demand that it be managed in a manner that aligns with their values. If investment managers and advisors fail to develop and adopt fossil free investment strategies, they run the risk of losing this generation of investors.

4. To reallocate investment to companies leading the transition to a more sustainable economy

By divesting from companies ignoring the costs and risks associated with fossil fuels, you free up money that can then be reinvested in companies that are identifying new market opportunities related to clean energy and the move to a more sustainable economy. These companies will be the beneficiaries as the incentives change to support a low-carbon future.

In a recent survey, the Bureau of Labor Statistics (BLS) reported that greener industries are growing faster than the overall economy. In fact, according to the BLS from 2010–2011 green jobs grew at a rate of 4.9%, almost four times the rate of overall jobs⁷.

SECTION 2: HOW TO DIVEST

Divestment is the process of removing certain investments from a portfolio based on moral values or political beliefs or motivations. You can divest by following these three steps:

Step One: Learn what you own

Whether you intended to or not, it is likely you hold investments in fossil fuel companies. For example, 8 cents of every dollar invested in the S&P 500® goes to companies on our list of the 200 largest holders of fossil fuel reserves⁸ (see Appendix 2). Many mutual funds and portfolios invest in energy, materials, or utility companies on this list. Luckily, there are many options for fossil fuel free investing, so keep reading.

When reviewing your portfolio, begin with your investments in publicly traded companies (stocks and corporate bonds). This is often the largest part of an individual investment portfolio and the place where divestment is arguably the easiest to implement.⁹

If you do your own investing and own stocks and securities directly, compile a list of all the stocks and other securities that you own. While it is likely that you are invested in fossil

fuel companies, the overall percentage you hold may be lower than you think. For example, the S&P 1500¹⁰ currently holds just 10.4% in the energy sector.¹¹

If you own mutual funds, whether directly or through your 401(k), you can find the list of companies held in the mutual fund in the fund's latest annual report. You can find the annual report on the mutual fund's website or you can call your mutual fund to request a copy of the report or a list of the current holdings in the fund. Pay attention to how much your funds have in the "energy sector" since this investment term roughly translates to "fossil fuel companies."

If you work with a financial advisor, ask for a list of all your investments in fossil fuel companies. See sidebar for more tips on working with financial advisors.

Step Two: Decide what you want to exclude and sell your fossil fuel investments.

350.org published a list of the 200 companies with the largest fossil fuel reserves (see Appendix 2) that they are asking investors to divest from. Some investors use this list as their starting point but go beyond to exclude any coal, oil, and gas companies.

After you decide what you want to divest, sell them. If you own a mutual fund that holds these companies, sell your Fund shares by contacting your mutual fund directly or your financial adviser.**

TOP 10 LARGEST US COMPANIES BY FOSSIL FUEL RESERVES:¹²

ExxonMobil Corp.*	Oil/Gas
Chevron Corp.*	Oil/Gas
ConocoPhillips*	Oil/Gas
Peabody Energy Corp.*	Coal
Occidental Petroleum*	Oil/Gas
Arch Coal Inc.*	Coal
Devon Energy Corp.*	Oil/Gas
Consol Energy Inc.*	Coal
Apache Corp.*	Oil/Gas
Anadarko Petroleum*	Oil/Gas

Source: Carbon Tracker as of March 2012

**The sale of a mutual fund may produce a capital gain for tax purposes. Please consult your tax adviser to determine what is appropriate for your individual tax situation. The views expressed are those of the author at the time this material was created. These views may not be relied upon as investment advice or as indication of trading intent on behalf of any Green Century Fund or the Distributor and should not be construed as an offer to sell or a solicitation of an offer to buy securities or any product mentioned in this newsletter.

WORKING WITH AN ADVISOR:

Many individuals work with financial advisors who help guide their investment choices. Many advisors will be able to answer questions about fossil fuel free investment options.

Advisors should understand your values, support you in reaching your goals, and find appropriate investments for you. Some advisors may hold outdated notions about Socially Responsible Investing (SRI), so you may need to be clear and firm

in your intentions. Don't simply ask if you can divest tell your advisor that is what you want to do. See Appendix 3 for a sample letter that can be adapted for use as an email or talking points.

If your advisor does not offer you the option of fossil fuel free investing, consider finding a new advisor who has knowledge of this important issue and can meet your needs. You can find a list of SRI advisors compiled by US SIF [here](#).

Step Three: Identify and Invest in Fossil Fuel Free Investments

In addition to [Green Century's Balanced Fund](#) and Trillium Asset Management's fossil fuel free strategies¹³, all of which that have a long fossil fuel free track record, there are several other fossil fuel free investment options. See Appendix 1: Fossil Fuel Free Investment Strategies Available to the Individual Investor. You may also seek to invest in individual stocks with a positive sustainability story (see Section 3, Reinvestment).

As you evaluate these various options, it is important to consider:

Portfolio Manager Quality — Look for investment professionals with a substantial history of investing and relevant credentials, such as the Chartered Financial Analyst (CFA) designation.

Portfolio Manager Track Record — Look for managers who have a track record of successfully integrating sustainability factors into the investment process and who have an established fossil fuel free track record of at least three years. Managers who use strategies that simply exclude fossil fuel free companies without any other portfolio adjustments or that only offer single



sector exposure (such as an alternative energy sector fund) may not provide the risk mitigation that comes with a more diversified approach that you seek.

Fees — Most investment managers will not charge extra for a fossil fuel free approach, but confirm that overall fees are not out of line with industry peers.

Commitment to Shareholder Advocacy — Some fossil fuel free investment options include a shareholder advocacy component that encourages companies to

ADVOCATE FOR A FOSSIL FUEL FREE OPTION IN YOUR RETIREMENT PLAN OR 401(K)

For many individuals, the first and most significant place they make investment decisions is in their retirement plan, such as a 401(k) or 403(b). Unfortunately, many plans do not yet have a fossil fuel free option. But you can take active steps to move fossil fuels out of your 401(K) plan or other retirement plan:

- » Ask your retirement plan administrator (“administrator”) about fossil fuel free options available. (If you don’t know who your administrator is, contact your HR department.)
- » If there is nothing available, ask the administrator if employees can self-select funds that are not currently on the offered list of investments. This is sometimes called a “window” option.
- » If self-selecting is not an option, ask the administrator about the process by which employees can suggest a fund be added. Don’t get discouraged if the administrator is not enthusiastic.

- » Provide materials, including this guide, to address any concerns the administrator has about socially responsible investment options. For example, you can tell them that such options have been ruled acceptable within ERISA-governed plans.*
- » Involve other interested colleagues. Surveyed companies report that demand from plan participants is a major driver in adopting sustainable investment options†. So go to the next meeting with another colleague or two or with a statement of interest signed by several other colleagues.
- » Most importantly, follow up. Keep making your case until you secure the options you want.

* Advisory Opinion, PWBA Office of Regulations and Interpretations or [click here](#) for information

† “Opportunities for Sustainable and Responsible Investing in US Defined Contribution Plans”; The Forum for Sustainable and Responsible Investment and Mercer; September 2011 or [click here](#)

adopt more sustainable business practices. Pay attention to the concrete and measurable results achieved through the advocacy programs to evaluate effectiveness.

Carbon Footprint Analysis — Ask your mutual fund or investment manager if they have done a carbon footprint analysis of their fund or your portfolio. A carbon footprint analysis will help you understand the carbon impact of your investments. (visit www.trucost.com/portfolio-audits to see carbon footprint reports done by Trucost, an international data and analysis firm.)

Will divestment impact returns?

Divestment may have an impact on investment risk and return. In general, the level of impact depends on:

- » how many companies are excluded
- » how these exclusions are managed across the portfolio — including identifying appropriate replacements

In their 2013 report “Do the Investment Math: Building a Carbon-Free Portfolio,” Aperio Group concluded that divesting from fossil fuel companies could have a negligible impact on a portfolio’s performance and tracking error, a measure of portfolio volatility versus a benchmark and an indication of portfolio risk. For example, while the exclusion of the entire “Oil, Gas & Consumable Fuels” industry from the Russell 3000 had some impact on the risk and returns of portfolios, the impact was “far less significant than presumed.” Aperio determined in a back test that over rolling 10 year periods from 1988 to 2012, such a “carbon-free” portfolio resulted in a hypothetical tracking error of just 0.78% versus the benchmark and actually *outperformed* its benchmark 73% of the time.¹⁴

In another study, MSCI, a leading provider of investment decision support tools, looked at the impact of excluding companies owning carbon reserves from the MSCI All Country World Index (MSCI ACWI).¹⁵ It determined that

over a five-year period the active return differential was 1.2% better for the same index without the fossil fuel investments — with a tracking error of just 1.9%.¹⁶

While the first two studies evaluated the impact on risk and return of a fossil fuel free portfolio, Impax Asset Management's "Beyond Fossil Fuels: The Investment Case for Fossil Fuel Divestment" study looked at four different approaches ranging from basic divestment to divestment plus reinvestment of funds in sustainable reinvestment options. Impax concluded that all four approaches "would have improved returns with limited tracking error during the time periods reviewed (generally the last seven years)."¹⁷ The best performing strategy was one that proactively included leaders in the area of environmental opportunities to offset the traditional energy exclusion.

Actual fossil fuel free investment strategies have been shown to offer competitive long-term returns. One such strategy is Trillium Asset Management's Fossil Fuel Free Core.^{**} Over a five year period ending June 30, 2013 the annual return net of fees for this strategy was 7.1% as compared to the 7.3% return for its benchmark, the S&P 1500. (See Footnote 13.) Notably, the fossil fuel free returns were achieved while taking less risk for its investors. Both volatility and beta, the two most widely used measures of risk for stock portfolios, were lower for Trillium's Fossil Fuel Free Core Strategy than its benchmark.¹⁸

(When comparing overall performance between investment strategies or mutual funds, remember fees are included in net return calculations.)

^{**}The performance quoted does not represent the performance for any Green Century Fund, including the Green Century Balanced Fund.

SECTION 3: AN INTRODUCTION TO REINVESTMENT

Why is Reinvestment Important?

The other side of divestment is reinvestment — by taking the money from divestment to actively support companies involved in the transition to a more sustainable economy. As noted earlier, many fossil fuel free investment options already include a reinvestment approach.

Opportunities for Reinvestment

Opportunities for reinvestment can be found across asset classes, but this report will focus on publicly traded companies.¹⁹

Energy efficiency, power generation, and storage and distribution represent the most obvious categories of companies involved in clean technology. However, every company has an impact on climate change and is impacted by climate change. Understanding how companies are identifying and managing these climate risks can help determine which ones are appropriate for your portfolio. Companies that pro-actively address climate change through products, services offered, operations, and supply chain may be better positioned to succeed in the new economy.

BELOW ARE THE SEVEN PILLARS OF REINVESTMENT.



ENERGY EFFICIENCY



Pillar 1 Energy Efficiency

Sector Overview

Energy efficiency includes technology, products, and services such as power systems that operate more efficiently, demand response technology, energy reduction in data centers, energy efficient buildings and retrofits, and automotive technologies

that improve fuel economy. Energy efficiency is a powerful immediate theme in green investment as it represents the lowest hanging fruit with clear near-term as well as long-term financial and climate change impacts. Many of the companies involved in energy efficiency are long-standing companies that have refocused their product and service portfolios to focus on providing efficiency solutions. *Improved energy efficiency through the adoption of new technology or the retrofitting of existing technology reduces energy demand and every watt of energy we don't use is that much more not being emitted.*

Value to Shareholders

Energy efficiency offers more diversification to investors as they can choose from a range of companies that provide products and services (**Johnson Controls Inc.***) and the end users who integrate those technologies into their operations (**Liberty Property Trust***). Traditional industrial companies (**ABB Ltd.***) are the leaders in this

area. While not the most glamorous of the seven pillars, Energy Efficiency gives companies the biggest bang for their buck with the infrastructure they currently have in place through new technologies (**EMC Corp.***) and components (**BorgWarner***) that improve efficiencies.

Johnson Controls Inc. (NYSE:JCI), historically involved in facilities management as well as the automotive industry, took an early lead in energy efficiency retrofits and demand response. Through its Empire State Building project, the company is demonstrating how to reduce energy use and use the cost savings to pay for the retrofitted infrastructure. (see sidebar).

Liberty Property Trust (NYSE:LRY), a developer of green office, industrial, and warehouse facilities, is also a leader in retrofitting buildings for energy efficiency.

ABB Ltd. (NYSE:ABB) supplies “smart grid” components that increase energy efficiency, allow for the integration of low-carbon energy sources into the existing power network, and provide demand response technology, which not only balances electrical consumption with supply, but allows for the integration of new technologies to enable energy storage devices.

EMC Corporation (NYSE:EMC) provides energy reduction technologies for data centers.

BorgWarner, Inc. (NYSE:BWA) develops automotive powertrain technologies that not only improve fuel economy but also reduce emissions.

CASE STUDY: JOHNSON CONTROLS AND THE EMPIRE STATE BUILDING

Johnson Controls, in collaboration with Jones Lang LaSalle, the Rocky Mountain Institute, and the Clinton Climate Initiative, participated in a project to retrofit the Empire State Building with a goal to reduce the buildings' energy use by 38% on an annual basis. “The project reduces energy demand through addressing the building envelope (via the window and radiator projects) and

through tenant energy use (via tenant space design and energy management), as opposed to simply just focusing on traditional heating, ventilating, and air conditioning (HVAC) equipment replacements.”²⁰ If successful, the Empire State Building will be in the top quartile of the most energy efficient U.S. office buildings.

POWER GENERATION



Pillar 2 Power Generation

Sector Overview

Power generation includes solar, wind, geothermal, biofuels, and other technologies used to create electricity. There are multiple competing factors both driving and pulling back alternative power generation. While wind and solar have successfully

reduced costs, they face a moving bar of low natural gas prices. However in certain regions of the United States, solar and wind are already competitive, and with more and more states adopting renewable energy portfolio standards, demand continues to grow. One alternative power generation source that is competitive with current energy prices is geothermal. Alternatives in newer areas, such as biofuels using new alternative feed stocks (e.g., algae) that do not compete with traditional food stocks (e.g., corn), have high hurdles to overcome making them not quite ready for primetime investment by the retail market today. *We can dramatically reduce CO₂ emissions by the billions of tons annually simply by adopting and using alternative power generation from wind, solar, and other sources.*

Value to Shareholders

Despite the challenges currently facing alternative power generation, in 2012 renewable energy, including wind, biomass, geothermal, and solar, accounted for 49% of new capacity added in the U.S.²¹ Demand is driven by states adopting clean energy mandates, stricter regulations on emissions from traditional coal burning plants, nuclear power plants approaching end of life, and companies purchasing renewable energy credits and installing alternative energy sources to generate electricity onsite. Investors can look at companies supplying alternative power generation technologies (**First Solar Inc.***, **Ormat Technologies***), manufacturing inputs, and companies across sectors that are investing in onsite alternative energy projects (**Google Inc.***).

First Solar, Inc. (NASDAQ:FSLR) manufactures and sells thin-film photovoltaic (PV) solar modules. They also design and construct PV solar power systems.

Ormat Technologies, Inc. (NYSE:ORA) is a key player offering development and operations of geothermal and recovered energy-based power plants.

Google Inc. (NASDAQ:GOOG) has invested more than \$1 billion in global wind and solar projects.

STORAGE & DISTRIBUTION



Pillar 3 Storage and Distribution

Sector Overview

Storage (via batteries, fuel cells, and flywheels) and distribution (the electrical grid) play a critical role by serving as the backbone that will enable broad scale application of wind and solar power. Two of the biggest challenges facing wind and solar are

location (wind farms generally are located far away from the urban areas they serve) and intermittent power generation (solar is only available during the day). Just five years ago, unused renewable energy was wasted; however new developments in fuel cells, flywheels, and batteries now allow for that energy to be stored. The loss of power during transmission from generation site to location of use can be addressed through the adoption of smart grids. Finally, demand response services can reduce demand at peak times thereby reducing the need for excess capacity. *Storage and distribution helps curb climate change in a variety of ways from supporting alternative power generation to reducing power loss during distribution.*

Value to Shareholders

As demand for alternative power generation increases, the demand to get that power to market in an efficient manner and to store it off peak will continue to grow. Companies investing in these areas now will have a competitive advantage in the future. Currently there is a lot of consolidation in the energy storage sector with many of the large players buying the smaller players. Investors can look to companies that focus on storage and distribution (**EnerNOC, Inc.***), traditional infrastructure companies (**Quanta Services***), highly diversified industrial companies, or specialty players (**Polypore International***).

EnerNOC, Inc. (NASDAQ:ENOC) provides energy management applications, services and products for the smart grid, including demand response and data-driven energy efficiency. Customers include commercial, institutional, and industrial end-users of energy as well as electric power grid operators and utilities.

Quanta Services (NYSE:PWR) is a leader in electric grid infrastructure maintenance, looking for ways to connect renewable energy to markets and reduce the amount of energy lost during transmission.

Polypore International, Inc. (NYSE:PPO) is a high-technology filtration company that develops specialized microporous membranes used in energy storage.

TRANSPORTATION



Pillar 4 Transportation

Sector Overview

Companies are looking for new ways to reduce their transportation footprints. Railroads represent one of the most energy efficient modes of transportation. Intermodal transportation systems (using containers that can be easily moved

between ships, trains, and trucks) provide door-to-door, truck-like service that can take advantage of the efficiency of railroads while serving areas without direct access to railroads. Automobile manufacturers, supported by auto-supply companies, are developing more efficient hybrid and electric vehicles. Even manufacturers of sea vessels are jumping on the hybrid wagon (**Rolls-Royce***). Finally, mass transit use is seeing a revival as younger generations postpone the purchase of their first car and older generations take advantage of the cost savings as gas prices remain high. *Transportation is the second largest contributor to greenhouse gas emissions in the U.S. after electricity.*

Value to Shareholders

While it is nearly impossible to find leaders in addressing climate change in the transportation sector that are also pure plays with zero exposure to fossil fuel, this is an important sector in the transformation to a low-carbon economy. By making current transportation systems more efficient (**Wabtec***), whether they serve cargo or people (**Tesla***), companies can not only reduce air pollution but see real cost savings.

Wabtec Corp. (NYSE:WAB) provides products, services, and systems to the rail and intercity passenger transit industries.

Tesla Motors, Inc. (NASDAQ:TSLA) is a fast growing electric car company that is rapidly gaining a reputation as *the* luxury sports car for eco-focused consumers.

Rolls-Royce Holding PLC (LON:RR) recently launched a hybrid system for offshore, merchant, and fishing vessels that increases efficiency and reduces CO₂ and NO_x emissions.



Pillar 5 Sustainable Agriculture

Sector Overview

Sustainable agriculture, including organic farming, involves the practice of efficient use of non-renewable resources and the integration of natural biological cycles such as integrated pest management.²² Modern

farming techniques are fossil fuel intensive with the manufacture of inorganic fertilizer accounting for over 30% of farming energy consumption according to the Organic Consumers Association.²³ Organics use less resources to create the same products. Reducing the distance products travel to market is another way to reduce the carbon footprint, and the buy local movement is a large part of the sustainable food system that advocates organic agriculture and consumption of locally raised produce. *Agriculture is one of the biggest contributors to climate change and at the same time it is one of the most vulnerable industries to extreme weather associated with climate change.*

Value to Shareholders

Sustainable agriculture is also an important field that may benefit in a resource constrained world. Investors can

find companies that focus on more efficient irrigation (**Valmont Industries***) and farm management processes (**Trimble Navigation***). Organic and natural foods represent a high-growth area in the consumer space. There are opportunities for investors in distribution (**United Natural Foods***), specialty supermarkets (**Whole Foods Market, Inc.***), and producers (**The Hain-Celestial Group Inc.***).

Valmont Industries, Inc. (NYSE: VMI) is the world's largest irrigation equipment company, providing highly efficient and reliable water application in arid areas.

Trimble Navigation, Ltd. (NASDAQ: TRMB) provides an integrated information management system for farms to track rainfall, field operations, and fleet locations to help improve farm efficiency.

United Natural Foods, Inc. (NASDAQ: UNFI) is the largest distributor of natural foods in the U.S.

Whole Foods Market, Inc. (NASDAQ: WFM) offers a wide variety of organic and natural products, has a Local Producer Loan Program, labels where it produce comes from, and promotes the sale of other local products in its stores.

The Hain-Celestial Group Inc. (NASDAQ: HAIN) offers over 50 brands of natural and organic food and personal-care products.

WATER

Pillar 6 Water

Sector Overview

Water technology and water treatment is a growing business area. Using water in the most efficient manner possible while properly treating wastewater are the two key components to water management. Smart meters, water treatment systems,

and technology that support efficient water management can help companies reduce both costs and risks. Climate change can impact the availability and quality of water, a finite and vital resource that is an essential input to many industries. Industries that rely heavily on water usage include biotechnology, food and beverage, agriculture, and utilities. *Water shortages across all regions of the U.S. have occurred in the last five years.*

Value to Shareholders

The growing awareness of water as a critical business issue is reflected by the fact that signatories to the Carbon Disclosure Project's water program has almost quadrupled over three years to 530 signatories with \$57 trillion in assets.²⁴ Due to widespread water shortages, investors should look to companies that offer products and services that support water management (**Pentair Ltd.**, **Itron Inc.**, **IBM**).

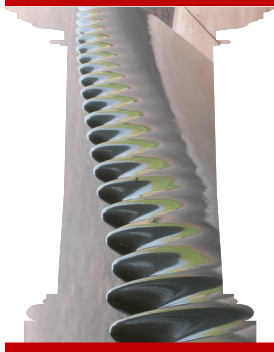
Pentair, Ltd. (NYSE:PNR) provides water management and fluid processing products and solutions for a wide range of applications including municipal, industrial, agriculture, and residential.

Itron, Inc. (NASDAQ:ITRI) develops and manufactures smart meters and meter communication systems for water systems. Itron is also involved in smart grids.

IBM (NYSE:IBM) has created a cloud-based dashboard and analytics platform for municipal wastewater management that decreases wastewater overflow and sewage backups, and identifies leaky pipes.

SUSTAINABLE DESIGN

Joe Subirana / WhalePower



Pillar 7 Sustainable Design

Sector Overview

Strategies to address climate change through sustainable design, manufacturing processes, and packaging can be found across industries. Biomimicry (design and production modeled on biological entities and processes) is

emerging as a sustainable design philosophy in clean technology development such as wind turbine blades modeled on whale “technology” (the bumps at the front edge of whale fins increase efficiency, reduce drag, and increase lift). Other companies are adopting complete lifecycle management systems that ensure that, from the raw materials used through manufacture and to end of life, their products use the least amount of resources and minimize waste. Finally, when thinking about fossil fuel free investing, one must not forget the many petroleum products used in everyday life with the most prevalent being plastic bags and packaging. *Companies that actively seek to reduce their packaging and find alternatives to plastic can achieve cost-savings and reduce their carbon footprint.*

Value to Shareholders

By looking at the different ways companies across sectors reduce their carbon footprint through product

design and lifecycle analysis including manufacturing (**Interface***) and packaging, retail investors can round out their fossil fuel free portfolio. More often than not companies involved in biomimicry are start-ups on the cutting edge of innovation and may not be available to the retail investor.

Interface Inc. (NASDAQ:TILE) is an example of a company that has integrated sustainable design through full lifecycle management into its products. Not only does the company use recycled material in its carpet squares, but it has a take-back program for worn carpet squares that are in turn recycled into new products.

Importance of a Diversified Approach to Reinvestment

A holistic and diversified approach that looks across sectors for companies undertaking one or more of the Seven Pillars is the key to a successful reinvestment strategy. One shouldn't simply substitute solar and wind stocks (or other alternative energy stocks) for fossil fuel stocks. Instead, look for a wide variety of companies that are adapting quickly to consumer demand for new, resilient, and environmentally sustainable products and services that may provide a competitive advantage in the emerging sustainable economy.

SECTION 4: CONCLUSION

There are compelling ethical, political, and financial reasons to move your investments out of fossil fuel companies. We hope this guide has both provided you with the inspiration, information, and tools to stop investing in the industry that is accelerating climate change and encourages you to take steps toward those companies that are creating a cleaner and more sustainable economy and future. Remember that when you divest and reinvest, you are not acting alone. Your actions are amplified by your neighbors and other investors who have also made the decision to divest. Join them by getting your decision counted on the Divestment Counter by visiting www.gofossilfree.org/mymoney. As this movement builds, it is bound to attract even more attention from the media, policy makers, and fossil fuel executives. This heightened awareness and pressure will help bring about the changes we so urgently need to address climate change. Please let us know your questions, stories and thoughts as we build a better future together.

Trillium Asset Management Disclosure: The views expressed are those of the authors as of the date written and are subject to change at any time based on market or other conditions. These views are not intended to be a forecast of future events or a guarantee of future results. These views may not be relied upon as investment advice. The information provided in this material should not be considered a recommendation to buy or sell any of the securities mentioned. It should not be assumed that investments in such securities have been or will be profitable. To the extent specific securities are mentioned, they have been selected by the authors on an objective basis to illustrate views expressed in the commentary and do not represent all of the securities purchased, sold, or recommended for advisory clients. The information contained herein has been prepared from sources believed reliable but is not guaranteed by us as to its timeliness or accuracy, and is not a complete summary or statement of all available data. This piece is for informational purposes and should not be construed as a research report.

Stocks will fluctuate in response to factors that may affect a single company, industry, sector, or the market as a whole and may perform worse than the market. Bonds are subject to risks including interest rate, credit, and inflation.

*As of September 30, 2013, International Bank for Reconstruction and Development (World Bank Green Bonds), Johnson Controls Inc., BorgWarner, Inc., Google Inc., Wabtec Corp., Valmont Industries, Inc., United Natural Foods, Inc., Whole Foods Market, Inc., Pentair, Ltd., and International Business Machines Corporation (IBM) comprised 1.69%, 2.29%, 1.54%, 1.39%, 1.66%, 1.40%, 0.55%, 1.28%, 0.65%, and 1.44% of the Green Century Balanced Fund. Other securities mentioned were not held in the portfolio as of September 30, 2013. References to specific securities, which will change due to ongoing management of the Fund, should not be construed as a recommendation by the Fund, its administrator, or its 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 [click here](#) or visit www.greencentury.com, email info@greencentury.com, or call 1-800-93-GREEN. Please read the Prospectus carefully before investing.

The views expressed and any forward-looking statements are as of the date of the publication and are those of the portfolio managers and/or the Advisor. Future events or results may vary significantly from those expressed and are subject to change at any time in response to changing circumstances and industry developments. This information and data has been prepared from sources believed reliable. The accuracy and completeness of the information cannot be guaranteed and is not a complete summary or statement of all available data.

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APPENDIX 1: FOSSIL FUEL FREE INVESTMENT STRATEGIES

Visit <http://gofossilfree.org/mymoney/> to see the mutual funds and investment managers compiled by 350.org

Visit <http://greenamerica.org/fossilfree/> to see the mutual funds and investment managers compiled by Green America

Mutual funds listed, other than the Green Century Balanced Fund, are not distributed by UMB Distribution Services, LLC.

APPENDIX 2: THE CARBON TRACKER INITIATIVE'S TOP 200 LISTED COMPANIES BY ESTIMATED CARBON RESERVES

Click here to access the list through the www.gofossilfree.org

Click here to download the list in Excel.

RANK	COAL COMPANIES	COAL (GTCO2)	OIL & GAS COMPANIES	OIL (GTCO2)	GAS (GTCO2)
1	SEVERSTAL JSC	141.6	LUKOIL HOLDINGS	42.59	0.97
2	ANGLO AMERICAN PLC	16.75	EXXON MOBIL CORP.	38.14	2.89
3	BHP BILLITON	16.07	BP PLC	32.68	1.92
4	SHANXI COKING CO. LTD.	14.98	GAZPROM OAO	14.87	13.96
5	EXXARO RESOURCES LTD.	13.37	CHEVRON CORP.	20.11	1.11
6	XSTRATA PLC	11.6	CONOCOPHILLIPS	18.11	1.03
7	DATANG INTERNATIONAL POWER GENERATION CO. LTD.	11.21	TOTAL S.A.	16.9	1.12
8	PEABODY ENERGY CORP.	10.23	ROYAL DUTCH SHELL PLC	14.11	2.09
9	MECHEL OAO	8.9	PETROBRAS	11.45	0.17
10	INNER MONGOLIA YITAI COAL CO. LTD.	7.78	ROSNEFT	10.7	0.08
11	CHINA SHENHUA ENERGY CO. LTD.	6.91	ENI S.P.A.	7.51	0.53
12	COAL INDIA LTD.	6.69	OCCIDENTAL PETROLEUM CORP.	7.36	0.22
13	ARCH COAL INC.	5.57	BASHNEFT	7.25	0.01
14	RIO TINTO	5.23	SINOPEC SHANDONG TAISHAN PETROLEUM Co.Ltd.	6.61	0.22
15	EVRAZ GROUP S.A.	4.86	CANADIAN NATURAL RESOURCES LTD.	4.35	0.14
16	PUBLIC POWER CORP. S.A.	4.56	DEVON ENERGY CORP.	3.77	0.42
17	CONSOL ENERGY INC.	4.5	SUNCOR ENERGY INC.	3.74	0.07
18	YANZHOU COAL MINING CO. LTD.	4.46	APACHE CORP.	3.32	0.33
19	MITSUBISHI CORP.	4.31	ANADARKO PETROLEUM CORP.	3.14	0.33
20	DATONG COAL INDUSTRY CO. LTD.	4.3	HESS CORP.	3.01	0.12
21	BUMI RESOURCES	3.28	REPSOL YPF S.A.	2.75	0.29
22	UNITED CO. RUSAL PLC	3.02	BG GROUP PLC	2.29	0.48
23	VALE SA	3.01	MARATHON OIL CORP.	2.51	0.12
24	PINGDINGSHAN TIANAN COAL MINING CO. LTD.	2.97	INPEX CORP.	2.44	0.1
25	TATA STEEL LTD.	2.96	STATOIL ASA	2.23	0.25
26	TECK RESOURCES LTD.	2.7	BHP BILLITON	1.82	0.2
27	BANPU PCL	2.55	CNOOC LTD.	1.85	0.09
28	SASOL LTD.	2.51	HUSKY ENERGY INC.	1.76	0.06
29	UNITED INDUSTRIAL CORP. LTD.	2.48	YPF S.A.	1.68	0.12
30	POLYUS GOLD OAO	2.47	NOVATEK	–	1.73
31	ALPHA NATURAL RESOURCES INC.	2.29	TALISMAN ENERGY INC.	1.47	0.19
32	MAGNITOGORSK IRON & STEEL WORKS	2.2	PIONEER NATURAL RESOURCES CO.	1.5	0.11
33	RASPADSKAYA OJSC	2.09	SK HOLDINGS CO. LTD.	1.56	–

RANK	COAL COMPANIES	COAL (GTCO2)	OIL & GAS COMPANIES	OIL (GTCO2)	GAS (GTCO2)
34	KUZBASSENERGO	2.03	PETROLEUM DEVELOPMENT CORP.	–	1.51
35	RWE AG	1.94	CENOVUS ENERGY INC.	1.4	0.06
36	MASSEY ENERGY CO.	1.93	NEXEN INC.	1.4	0.02
37	EURASIAN NATURAL RESOURCES CORP. PLC	1.93	EOG RESOURCES INC.	0.97	0.38
38	WESFARMERS LTD.	1.86	NOBLE ENERGY INC.	1.04	0.12
39	CHURCHILL MINING PLC	1.74	OMV AG	1.02	0.06
40	IDEMITSU KOSAN CO. LTD.	1.58	CHESAPEAKE ENERGY CORP.	0.39	0.57
41	TATA POWER CO. LTD.	1.49	PENN WEST PETROLEUM LTD.	0.91	0.03
42	ALLIANCE RESOURCE PARTNERS L.P.	1.47	OIL SEARCH LTD.	0.91	–
43	NACCO INDUSTRIES INC. (CL A)	1.33	WOODSIDE PETROLEUM LTD.	0.54	0.27
44	NOVOLIPETSK STEEL OJSC	1.3	CANADIAN OIL SANDS LTD.	0.78	–
45	NEW HOPE CORP. LTD.	1.3	IMPERIAL OIL LTD.	0.75	0.01
46	TRANSALTA CORP.	1.23	MURPHY OIL CORP.	0.69	0.03
47	SHERRITT INTERNATIONAL CORP.	1.15	WHITING PETROLEUM CORP.	0.7	0.01
48	PT BAYAN RESOURCES	1.14	ENCANA CORP.	0.24	0.47
49	NEW WORLD RESOURCES N.V.	1.07	PLAINS EXPLORATION & PRODUCTION CO.	0.67	0.04
50	mitsui & co. ltd.	1.03	NEWFIELD EXPLORATION CO.	0.53	0.11
51	KAZAKHMYS PLC	0.99	DENBURY RESOURCES INC.	0.6	0
52	AFRICAN RAINBOW MINERALS LTD.	0.95	CONTINENTAL RESOURCES INC. OKLAHOMA	0.54	0.02
53	INTERNATIONAL COAL GROUP INC.	0.95	LINN ENERGY LLC	0.49	0.03
54	PATRIOT COAL CORP.	0.94	PACIFIC RUBIALES ENERGY CORP.	0.5	0.02
55	ASTON RESOURCES PTY LTD.	0.93	CRESCENT POINT ENERGY CORP.	0.47	0
56	AGL ENERGY	0.89	CONCHO RESOURCES INC.	0.44	0.02
57	TOKYO ELECTRIC POWER CO. INC.	0.89	QUICKSILVER RESOURCES INC.	0.36	0.08
58	CLOUD PEAK ENERGY INC.	0.85	PTT PCL	0.33	0.12
59	CLP HOLDINGS LTD.	0.83	BERRY PETROLEUM CO. (CL A)	0.4	0.03
60	POLO RESOURCES LTD.	0.82	RANGE RESOURCES CORP.	0.27	0.11
61	WHITEHAVEN COAL LTD.	0.79	ENERGEN CORP.	0.34	0.04
62	MONGOLIAN MINING CORP.	0.75	ENERPLUS CORP.	0.34	0.03
63	PT ADARO ENERGY	0.74	TULLOW OIL PLC	0.36	0.01
64	ALLETE INC.	0.72	ECOPETROL S.A.	0.35	0.01
65	OPTIMUM COAL HOLDINGS LTD.	0.67	SANTOS LTD.	0.19	0.17
66	ARCELORMITTAL	0.62	SANDRIDGE ENERGY INC.	0.33	0.03
67	COAL OF AFRICA LTD.	0.59	CAIRN ENERGY PLC	0.35	0
68	JAMES RIVER COAL CO.	0.57	ARC RESOURCES LTD.	0.3	0.03
69	WESTMORELAND COAL CO.	0.56	EL PASO CORP.	0.23	0.1
70	AQUILA RESOURCES LTD.	0.53	PENGROWTH ENERGY CORP.	0.3	0.02
71	MACARTHUR COAL PTY LTD.	0.53	LUNDIN PETROLEUM AB	0.31	0
72	FIRSTENERGY CORP.	0.5	PETROBANK ENERGY & RESOURCES LTD.	0.31	0
73	WESTERN COAL CORP.	0.49	BAYTEX ENERGY CORP.	0.3	0
74	CLIFFS NATURAL RESOURCES INC.	0.47	FOREST OIL CORP.	0.22	0.07
75	WESCOAL HOLDINGS LTD.	0.46	MARINER ENERGY	0.27	0.02

RANK	COAL COMPANIES	COAL (GTCO2)	OIL & GAS COMPANIES	OIL (GTCO2)	GAS (GTCO2)
76	WALTER ENERGY, INC.	0.45	ATP OIL & GAS CORP.	0.24	0.01
77	HUOLINHE OPENCUT COAL INDUSTRY CORP. LTD.	0.41	BANKERS PETROLEUM LTD.	0.25	–
78	GUJARAT NRE COKE LTD.	0.4	SOCO INTERNATIONAL PLC	0.25	–
79	STRAITS ASIA RESOURCES LTD.	0.39	ZHAIKUNAI L.P.	0.22	0.01
80	CAPITAL POWER CORP.	0.38	CIMAREX ENERGY CO.	0.18	0.05
81	FUSHAN INTERNATIONAL ENERGY GROUP LTD.	0.34	QUESTAR CORP.	0.12	0.11
82	NOBLE GROUP LTD	0.34	GDF SUEZ S.A.	0.17	0.05
83	ITOCHU CORP.	0.34	SWIFT ENERGY CO.	0.2	0.01
84	JIZHONG ENERGY RESOURCES CO. LTD.	0.3	COMPANIA ESPANOLA DE PETROLEOS S.A.	0.21	–
85	NORTHERN ENERGY CORP. LTD.	0.29	PETROBAKKEN ENERGY LTD.	0.21	0
86	NTPC LTD.	0.28	PREMIER OIL PLC	0.18	0.03
87	PROPHECY RESOURCE CORP.	0.28	BONAVISTA ENERGY CORP	0.18	0.03
88	mitsui matsushima co. ltd.	0.28	MOL HUNGARIAN OIL AND GAS PLC	0.19	0.01
89	FORTUNE MINERALS LTD.	0.28	SM ENERGY CO.	0.17	0.02
90	BLACK HILLS CORP.	0.27	WILLIAMS COS.	–	0.18
91	JINDAL STEEL & POWER LTD.	0.26	EQT CORP	0.01	0.17
92	GRUPO MEXICO S.A.B. DE C.V.	0.26	OIL & NATURAL GAS CORP. LTD.	–	0.18
93	GANSU JINGYUAN COAL INDUSTRY & ELECTRICITY POWER	0.26	GLOBAL ENERGY DEVELOPMENT PLC	0.17	0
94	BANDANNA ENERGY LTD.	0.25	OIL INDIA LTD.	0.16	0.01
95	IRKUTSKENERGO	0.23	VENOCO INC.	0.16	0.01
96	ALCOA INC.	0.23	INA-INDUSTRIJA NAFTE	0.17	–
97	HOMELAND ENERGY GROUP LTD.	0.23	PA RESOURCES AB	0.16	–
98	NEYVELI LIGNITE CORP. LTD.	0.19	ULTRA PETROLEUM CORP.	–	0.16
99	ZHENGZHOU COAL INDUSTRY & ELECTRIC POWER	0.15	RESOLUTE ENERGY CORP.	0.16	0
100	GUJARAT NRE COKING COAL LTD.	0.12	SOUTHWESTERN ENERGY CO.	0	0.16
	GRAND TOTAL	389.19	GRAND TOTAL	319.13	37.34

Source: *Unburnable Carbon*, The Carbon Tracker Institute.

APPENDIX 3: SAMPLE LETTER TO FINANCIAL ADVISOR

Dear (advisor):

I am concerned about climate change and would like to do what I can in order to diminish the power that fossil fuel companies have in slowing the progress of new energy alternatives. I also agree with the research that has been done to illustrate that fossil fuel companies may be significantly overvalued and may not represent a good long-term investment.

I would like to know if you would be able to assist me in divesting my personal investments from fossil fuel companies. The following link provides a list of 200 companies identified as holding the largest amount of carbon reserves: <http://gofossilfree.org/companies/>. I want to divest from any direct holdings, any mutual funds that hold these companies, and any other assets invested in coal, oil, or gas companies.

Would you be so kind as to cross-reference this list with my portfolio and report the amount of my holdings represented on this list? After we have identified my investment position in regards to carbon reserves, I would like to discuss reinvestment options. I am interested in investment choices that reflect my values on this issue.

If you are not in a position to assist, I understand and will explore alternatives. If you are in a position to assist, please contact me so we can discuss what will be involved in repositioning my portfolio, how it can be done consistent with my investment objectives, and how it may impact my investment costs.

Kind Regards,

(Your name)

FOOTNOTES

- 1 The S&P 500® Index is an unmanaged index of 500 selected common stocks, most of which are listed on the New York Stock Exchange. The S&P 500® Index is heavily weighted toward stocks with large market capitalization and represents approximately two-thirds of the total market value of all domestic stocks. It is not possible to invest directly in the S&P 500® Index. The analysis was performed by leading environmental data and analysis firm Trucost® and is based on measuring the tons of carbon emissions per million dollars of revenue of the companies held by the Balanced Fund and those of the companies included in the S&P 500® Index as of January 31, 2013. The 1/31/13 analysis is based on measuring the tons of carbon emissions per million dollars of revenue of the companies held by the Balanced Fund and those of the companies included in the S&P 500® Index.
- 2 “Heat-Trapping Gas Passes Milestone, Raising Fears,” *New York Times*, May 10, 2013 or [click here](#) for the article.
- 3 Environmental Law Institute, Energy Subsidies Black Not Green, or [click here](#) for the paper
- 4 Environment America, No New Dirty Coal Plants, September 20, 2013, or [click here](#) for more information
- 5 Carbon Tracker Initiative, [click here](#) or visit www.carbontracker.org
- 6 <http://gofossilfree.org/faq/>. Scroll down and click “What does ‘Do The Math’ Mean?”
- 7 Green Jobs Grow Four Times Faster than Others, *Los Angeles Times*, March 19, 2013 or [click here](#) for article
- 8 Carbon Tracker Initiative, [click here](#) or visit www.carbontracker.org/, March 2012
- 9 This report primarily focuses on investments in stocks and corporate bonds whether direct or in mutual funds. You can find resources for addressing climate change in other asset classes later in the report.
- 10 The S&P 1500 or the S&P Supercomposite 1500 Index is an unmanaged broad-based capitalization-weighted index comprising 1500 stocks of large-cap, mid-cap, and small-cap U.S. companies. It is not possible to invest directly in the S&P Supercomposite 1500 Index.
- 11 Trillium Asset Management, [350.org](#), and Factset Research as of 6/30/13
- 12 Carbon Tracker Initiative, March 2012, www.carbontracker.org or [click here](#) for list
- 13 Trillium Asset Management, LLC (Trillium) claims compliance with the Global Investment Performance Standards (GIPS®). Trillium is an investment advisor registered with the Securities and Exchange Commission under the Investment Advisors act of 1940. For the purposes of establishing and maintaining compliance with the GIPS standards, the firm has elected to define itself exclusive of wrap-fee assets under management both currently and historically.
The Sustainable Opportunities Composite was created on September 14th 2011 and has an inception date of October 1, 2008. The U.S. Dollar is the currency used to express valuations and performance.
The Fossil Fuel Free Core Composite was created on August 28, 2011 and has an inception date of January 1, 2007. The U.S. Dollar is the currency used to express valuations and performance.
Performance is presented for all periods net of trading costs and both net and gross of management fees, includes the reinvestment of all income, and is vested and calculated on a trade date basis. Individual performance will vary from that of the composite.
Lists, descriptions, and GIPS compliant presentations are available upon request for all Trillium performance composites.
Past performance is no guarantee of future results. Every investment carries the potential for both profit and loss.
Investments in smaller companies generally carry greater risk than is customarily associated with larger companies for various reasons, such as narrower markets, limited financial resources and less liquid stock.
- 14 “Do the Investment Math: Building a Carbon-Free Portfolio.” Aperio Group, LLC. 2013 or [click here](#) for the report
- 15 The MSCI All Country World Index captures large- and mid-cap representation across 24 Developed Markets and 21 Emerging Markets countries. With 2,424 constituents, the index covers approximately 85% of the global investable equity opportunity set. It is not possible to invest directly in an index.
- 16 “Responding to the Call for Fossil-fuel Free Portfolios.” MSCI. June 2013 or [click here](#) for the research paper.
- 17 “Beyond Fossil Fuels: The Investment Case for Fossil Fuel Divestment.” Impax Asset Management. 2013 or [click here](#) for the white paper.
- 18 Trillium Asset Management, LLC (Trillium) claims compliance with the Global Investment Performance Standards (GIPS®). Trillium is an investment advisor registered with the Securities and Exchange Commission under the Investment Advisors act of 1940. For the purposes of establishing and maintaining compliance with the GIPS standards, the firm has elected to define itself exclusive of wrap-fee assets under management both currently and historically.
- 19 For more information on how to invest in other asset classes, see the USSIF web-site at: www.ussif.org/climateinvestment
Addressing climate change is possible in every type of asset class. For example, there are green bonds such as World Bank Green Bonds* or municipal bonds for clean technology, energy efficiency, or general projects that reduce carbon intensity. Community development loan fund notes (CDFI's) that support energy efficient housing and facilities are another option for fossil fuel free investors. Unfortunately, alternative investments, where much of the focus on emerging clean technology exists via private equity, venture capital, or hedge funds, may not be suitable for the retail investor.
- 20 “Empire State Building Fact Sheet,” Johnson Controls or [click here](#)
- 21 Clean Energy Trends 2013 Report (p5). http://www.cleantedge.com/sites/default/files/CE Trends2013_Final_Web.pdf.
- 22 www.epa.gov, Integrated Pest Management or [click here](#)
- 23 www.organicconsumers.org/corp/fossil-fuels.cfm or [click here](#)
- 24 Environmental Leader “CDP Investors Up 10 Percent in 2013,” February 13, 2013 or [click here](#)



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