



# Sustainable Investing Guide

Investing Without Fossil Fuels





“One way to address climate change is to invest sustainably. Join the thousands of individuals who are concerned about our planet and have aligned their investments with their values to make a difference.”

– **Leslie Samuelrich**, President of Green Century Funds



“Climate change is at a critical point, driven by fossil fuels. You can help by investing fossil free. Learn how here.”

– **Cathy Becker**, Responsible Finance Campaign Director, Green America

## Introduction

Climate change is reshaping our world in big and small ways. From melting icebergs to erratic and extreme weather to changed ocean ecosystems, the repercussions of using fossil fuels are felt here and around the world.

The World Meteorological Organization (WMO) released its [State of the Global Climate 2024 Report](#), which concluded that 2024 marked a peak in the visible effects of human-induced climate change. It was the hottest year in 175 observational years.

Indeed, UN Secretary General António Guterres called climate change a “ticking time bomb.”

Yet, there are reasons for hope. We can limit carbon emissions and have never been better equipped to solve the climate challenge.

But we must act quickly to defuse this time bomb. As Guterres said, “we must do everything we can, everywhere we can, all at once.”

[The Green Century Funds](#) and [Green America](#) have been leading supporters of fossil fuel free investing for more than a decade. That’s why we updated this educational guide – to help you determine what is in your investments, align them with your values, and propel your interest in sustainable investing.

It is urgent to act – before our actions can no longer stop the worst effects of climate change. We hope this guide provides you with the requisite information and inspiration to help build a brighter future.



“Climate change is real. It is happening right now, it is the most urgent threat facing our entire species and we need to work collectively together and stop procrastinating.”

– **Leonardo DiCaprio**, Environmental Activist and Actor



# Why Go Fossil Fuel Free?

## Moral alignment

Society must reduce its fossil fuel consumption and transition to a clean-energy economy as quickly as possible.

Unfortunately, fossil fuel companies seem intent on stopping or delaying this transition.

That’s why so many people and institutions have taken action.

They simply do not want to support the industry and companies that misled the public for decades about climate change, ignored shareholder requests to change, and made token investments in renewable energy. Thousands of people have stopped supporting these polluting industries with their investment dollars and you can join them.



“We must stop climate change. And we can, if we use the tactics that worked in South Africa against the worst carbon emitters.”

– The late Archbishop of South Africa, **Desmond Tutu**

## Financial Reasons

While the moral case for green investing is clear, you may also want to consider these financial reasons:

**Performance:** A common question is, “What will happen to my investment performance if I don’t invest in fossil fuels?” While no one should guarantee performance for any company or industry, we can share some facts and some observations.\*

*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.*

**A leading global index provider, MSCI, has tracked the performance of one of their global indexes, both with and without fossil fuels, for years. In the chart to the right, the yellow line represents the index with fossil fuels. The blue line indicates the same index but without fossil fuel companies. The majority of the time, the index without fossil fuels had stronger performance.**

*Past performance is not a guarantee of future results and the performance quoted does not represent the performance for any Green Century fund.*

Jeremy Grantham is the long-term investment strategist and co-founder of Grantham, Mayo and van Otterloo who is described by *Institutional Investor* as having “an unusual knack for making prescient market predictions.” He 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.”

**Stranded Assets:** Coal, oil and gas corporations are valued partially on their reserves, which are fossil fuel deposits that have not yet been extracted. 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 stranded assets. This action can negatively affect a company’s valuation or share price.

**Climate Risk:** CDP, a nonprofit that runs a global greenhouse gas disclosure system, found more than \$1.3 trillion in climate-related business risks among the companies it analyzed in 2024. This marks a 29% increase from 2018, with regulation, market impacts and acute physical risks being among the main impacts for companies.

**Volatility:** This is when a stock or sector experiences periods of unpredictable, and sometimes sharp, price movements. The energy sector is one of the most volatile sectors, subject to regulatory shifts, technological changes and more. As long-term investors seek to reduce volatility in an uncertain market, the elimination of potentially volatile fossil fuel stocks may offer a ballast.

**Allows for greater investment in sustainable companies:** If you don’t put your money into companies that degrade the environment, then you have the option of investing those same dollars in sustainable companies. You can invest in individual stocks, a mutual fund, and even [Certificates of Deposit that support clean energy](#).

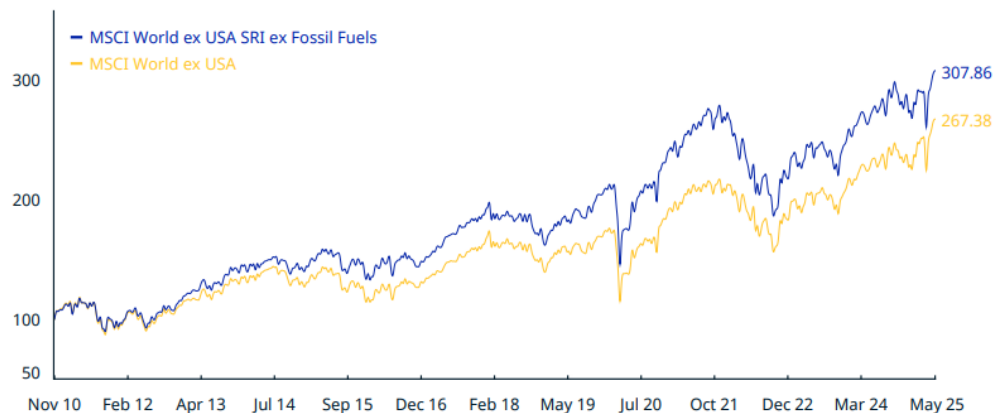
**History:** Individuals have been avoiding fossil fuel companies in their investments for decades. The international movement started 12 years ago when environmental organizations began a campaign to convince institutions and individuals to pledge to stop making any new investments in fossil fuel stocks.

Based on the successful divestment campaign that helped topple South Africa’s apartheid system, the fossil fuel free divestment movement’s main goal was to take away the “social license” of coal, oil and gas companies and to reduce their influence on public policy. During the first 10 years of [the campaign](#), thousands of individuals and institutions pledged to move \$40.76 trillion out of fossil fuel companies.

These days, sending a message about the role that fossil fuel companies play in driving climate change is more important than ever. The fossil fuel industry currently enjoys more support, and the renewable energy sector faces less backing from Congress and the current Administration. But individuals across the country have turned to supporting more local and individual actions, including investing sustainably.

## Strategic Considerations

CUMULATIVE INDEX PERFORMANCE – GROSS RETURNS (USD)  
(NOV 2010 – MAY 2025)



**Source:** MSCI World ex USA SRI ex Fossil Fuels fact sheet: MSCI WORLD EX USA SRI EX FOSSIL FUELS INDEX (USD)

*\*See important disclosure information regarding MSCI World ex USA SRI ex Fossil Fuels and MSCI World ex USA Index. Past performance is not a guarantee of future results.*

# How To Go Fossil Fuel Free

## Know what you own

To start, review your current investments. If you don't have any current investments or are making new investments and are ready to begin your fossil fuel free investment journey, you can skip ahead.

Contact or look up your mutual fund or ETF. Look up your mutual fund on its website or at [FossilFreeFunds.org](https://fossilfreefunds.org). A fossil fuel free mutual fund will have zero percentage (0 %) in the Energy category.

Stocks and bonds: Begin with a review of any stocks or bonds that you own. You may not be invested in ExxonMobil,\* Shell\* or ConocoPhillips,\* but hundreds of other companies explore, transmit and process coal, oil and gas. To find out if you own any of them, review your holdings against sector allocations in Morningstar and other online sources.

**Financial advisors:** If you have a financial advisor, ask them to identify investments that hold fossil fuel companies.

## Search For Fossil Fuel Free Options

### Decide on What You Want to Exclude

There is no universally accepted definition of fossil fuel free, but a strong standard is below. You can use this as a guide.

- Companies that explore for, extract, process, refine or transmit coal, oil and gas;
- Companies with proven carbon reserves; and
- Utilities that burn fossil fuels to produce electricity.

## Find Fossil Fuel Free Investments

**Search for mutual funds or ETF's that exclude fossil fuels.**

[Green America](https://greenamerica.org) offers information on investments that exclude fossil fuels and even financial advisors that can help you.

**How to tell if a mutual fund excludes coal, oil and gas companies:**

**Look for 0% percentage in the Energy Sector.** There are 12 "sectors" of the economy, and each company is assigned to one. Coal, oil and gas companies are assigned to the Energy Sector, so you want that percentage to be zero.



Renewable energy companies are assigned to other sectors so you won't eliminate them if you use this method.

**Find the "screens," exclusions or guidelines in the prospectus for mutual funds.** The prospectus is the legal document that every mutual fund writes and must follow. Make sure it matches your intentions.

**Pay attention to exceptions.**

Every firm can define their own "fossil fuel free" policy so make sure it matches what you want.

Example: Impax Asset Management has a Fossil Fuel Policy that allows funds with this description to hold up to 20% of its stocks in the oil and fracking industries.

Please visit [Green Century Funds](https://greenamerica.org) for more sustainable investing information.





# How To Search For Fossil Fuel Free Options

## Avoid Greenwashing

Do not rely on the name of a product. For example:

### • “Low Carbon” or “Climate Action”

Example: Blackrock’s “Low Carbon” ETF invests in 39 fossil fuel companies including the oil company ADNOC Drilling Company,\* and Fidelity’s Climate Action Fund invests in fossil fuel companies.

### • “Fossil Fuel Reserves Free”

This exclusion pertains to companies with carbon reserves and does not necessarily exclude extraction, processing and mining of coal, oil or gas.

Example: State Street’s Fossil Fuel Reserves Free fund invests in 47 fossil fuel stocks, including a major coal producer, Duke Energy.\*

### • ESG or Environmental, Social and Governance

Environmental, social and governance data can be used in multiple ways by firms to assess risk to a company. But, it is not usually used to describe exclusionary screens so “ESG” funds do not necessarily avoid any one industry.

### • Sustainable and Responsible

This guide uses the word sustainable to describe avoiding fossil fuel companies but these words have no legal or shared definition among investment firms.

Example: Calvert’s International Responsible Index Fund has over \$46 million invested in fossil fuel reserves.

## Consider Additional Exclusions:

### Ties to the Fossil Fuel Industry

In recent years, some people have expanded their definition of fossil fuel free to include industries that are supporting coal, oil and gas corporations. For example, lending banks can play a key role in allowing new fossil fuel free exploration or gas pipelines to move forward. In the 2025 Banking on Climate Chaos report, researchers found that the world’s 65 biggest banks have provided \$7.9 trillion of financing over nine years to the fossil fuel industry. The authors report that JP Morgan Chase,\* Citigroup\* and Bank of



America\* were the three largest bank fossil fuel financiers from 2021 to 2024. Look at the individual stocks you own or in the list of the companies Diversified Financials or Financials sectors of your mutual funds or ETFs.

There’s been increased attention to the role of insurance companies in supporting the fossil fuel industry. Green Century has been urging insurance companies to stop supporting new fossil fuel projects and Green America’s publishes a [Climate Smart Insurance Directory](#) that provides alternatives to the mega-insurance companies that are underwriting and investing in fossil fuels.

### Other Dangerous Industries

While you are making changes, you may also want to consider avoiding other environmentally dangerous industries, such as tobacco, nuclear weapons, or factory farming. Not all investments that avoid one industry eliminate others so do not make assumptions. You need to look under the hood, so to speak.

### Renewable Energy

If you want to invest in renewable energy, note that renewable energy companies are not listed under the Energy sector and are listed in multiple other categories. If you want to specifically invest in renewable energy, you can search for funds or ETFs that only invest in these companies. Note that investing in one industry may carry more risk since the stocks are concentrated in one field.



### Bonds

If you are interested in avoiding fossil fuels in your bonds, also known as fixed income, you can find funds that include [green bonds](#). Companies, governments and supranational institutions can issue green bonds to help finance environmental and climate change mitigation projects around the world. [The Green Century Balanced Fund](#) includes green bonds.

*A sustainable investment strategy that incorporates environmental, social and governance criteria may result in lower or higher returns than an investment strategy that does not include such criteria.*



# Make An Impact

If you are interested in how your investment not only can align with your values, but also directly improve corporate behavior, look for firms or funds that lead shareholder engagement or [shareholder advocacy](#) programs. These widely used terms may describe proxy voting, sending letters to a company or more pointed discussions. One way to determine if a firm is making an impact is to look for outcomes of their engagement or advocacy on their website. See if they only record the number of activities they have done or if they report on the results of these actions.

Green Century uses many shareholder engagement and advocacy tools but focuses on securing new and improved environmental policies from global corporations. In the last five years, the Green Century team has won 93 new policies from global corporations to reduce carbon emissions, source renewable energy, and reduce plastic pollution.

For example, Green Century negotiated with Verizon\*, the world's second-largest telecommunications company, to source more renewable energy. The company surpassed its goal of sourcing half of its electricity from renewable energy one year early in 2025 with 56 percent. This change has resulted in cutting 2.3 million metric tons of carbon

dioxide — equivalent to taking about 500,000 cars off the road — each year.

Some shareholder advocates also have worked to protect tropical forests from being bulldozed and burned as a way to curb climate change. For example, Green Century Funds persuaded Archer Daniels Midland (ADM)\*, one of the largest agricultural companies in the world, to strengthen protections for South America's ecosystems that are critical to global biodiversity and curbing climate change. Under the company's new policy two years in the making — it will no longer buy soy and corn grown on plantations created by destroying wild lands.

## Add Fossil Fuel Free Options To Your Retirement Plan

Many employer-sponsored retirement plans, such as a 401(k) or 403(b), may not



offer fossil fuel free plans — let alone environmentally or socially responsible ones. To change this:

- Talk to your Human Resources or Payroll Department to address this issue and find out who and how options can be added.
- Talk with fellow employees to present your case. Most importantly, follow up until you secure the options you want.
- In the interim, ask the plan administrator if employees can self-select funds that are not currently on the offered list of investments, which is sometimes referred to as a “window option.” For example, several fossil fuel free options are available on the Fidelity platform and can be accessed through the “Brokerage Link.”
- Green America offers [Plan for a Better Future: How to Add Socially & Environmentally Responsible Investment Options to an Employer's Retirement Plan](#).



# Move Your Money

Once you've identified and verified the fossil fuel free investments that appeal to you the most, then it is time to invest:

**Stocks and bonds:** If you want to directly invest in specific stocks or bonds, you can do it yourself or through a financial advisor. If you don't already invest directly, you may open a brokerage account with a firm, such as Fidelity or Charles Schwab, which allows you to manage your account online or with a financial advisor.

**Mutual funds and ETFs:** If you've identified a fossil fuel free mutual fund or ETF that you want to invest in, you can contact them directly or through a financial advisor.

You can invest directly with Green Century, through your online brokerage account or with your financial advisor.

There are three Green Century funds:

[Green Century Balanced Fund Individual Share Class/Institutional Share Class \(GCBIX/GCBUX\) that combines stocks and bonds.](#)

[Green Century Equity Fund Individual Share Class/Green Century Equity Fund Institutional Share Class \(GCEIX/GCEUX\) that invests in U.S. equities.](#)

[Green Century MSCI International Index Fund Individual Share Class/Institutional Share Class \(GCINX/GCIFX\) that invests in international stocks.](#)

**Roll over your 401(k):** After people leave their jobs, they often keep their 401(k) in the investments that were offered by their previous employers. But you have the option of moving or "rolling over" your retirement savings into different investments. If you are interested in Green Century's funds, email or call us if you want help. Green Century is proud to offer a set of green investments that keep your money out of fossil fuel companies and other environmentally dangerous companies.\*

\*Additional costs or fees may apply to rollover RA.

## Open an IRA

Green Century offers both traditional and Roth IRAs, which allows you to save for your retirements with annual or monthly contributions in one of our fossil fuel free mutual funds. Explore Green Century's IRA options [here](#).

**If you invest through a financial advisor:** Tell your advisor of your intentions. Some advisors may be relatively unfamiliar with or try to dissuade you from pursuing a fossil fuel free sustainable portfolio. If your advisor seems reluctant, remember that they work for you. Give them this guide and encourage them to investigate investments that fit your request.

Green America's [Green Business Directory](#) and [Values Advisor](#) contains information about financial advisors.

## About the Authors

**Green America** harnesses economic power — the strength of consumers, investors, businesses and the marketplace — to create a socially just and environmentally sustainable society. We work for a world where all people have enough, where all communities are healthy and safe, and where the abundance of the Earth is preserved for all the generations to come. Green America has supported the Divest-Invest movement since it began and offers information and resources on how to align your investments, bank account and credit cards with your values.

**Green Century Funds** offers sustainable investing options in our fossil fuel free mutual funds. For 35 years, Green Century Funds has been helping people save for their future without compromising their values. Our three-part approach includes:

**1. Sustainable Investing Screens.** All of the Green Century Funds avoid fossil fuels, tobacco, nuclear energy, guns and nuclear weapons.

**2. An award-winning shareholder advocacy program.** Green Century Funds negotiates with companies to improve their corporate sustainability practices by sourcing renewable energy, protecting ocean wildlife from plastic pollution and adopting sustainable agriculture policies. [Learn more here.](#)

**3. Support for environmental and public health nonprofit organizations.** Green Century Funds is wholly owned by nonprofit organizations and 100% of the profits it earns managing its Funds can be used to support their critical campaigns to protect the environment and public health. [Learn more here.](#)

For more information, please email [info@greencentury.com](mailto:info@greencentury.com), or call 1-800-934-7336. To get started, visit [www.greencentury.com](http://www.greencentury.com)

<sup>o</sup>Green Century Capital Management, Inc. (Green Century) is the investment advisor to the Green Century Funds (the Funds).





# Disclosures

\*The World ex USA SRI ex Fossil Fuels Index is a custom index calculated by MSCI Inc. The World ex USA SRI ex Fossil Fuels Index is comprised of the common stocks of the companies in the MSCI World ex USA SRI Index (the World ex USA SRI Index), minus the stocks of the companies that explore for, extract, produce, manufacture or refine coal, oil or gas or produce or transmit electricity derived from fossil fuels or transmit natural gas or have carbon reserves included in the World ex USA SRI (Socially Responsible Investment) Index. The World ex USA SRI Index includes large and mid-cap stocks from approximately 22 developed markets countries (excluding the U.S.). The World ex USA SRI Index is a capitalization weighted index that provides exposure to companies with what MSCI calculates to have high Environmental, Social and Governance (ESG) ratings and excludes companies whose products have negative social or environmental impacts. It is not possible to invest directly in an index.

The MSCI World ex USA Index is a custom index calculated by MSCI Inc. The MSCI World ex USA Index includes large and mid-cap stocks across 22 of 23 Developed Markets (DM) countries and excludes the United States. With 1,023 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country. The MSCI World ex USA Index is a free float-adjusted market capitalization index. It is not possible to invest directly in the MSCI World ex USA Index.

\*As of June 30, 2025, Bank of America Corporation comprised 1.24%, 0.00% and 0.00%; ADM comprised 0.00%, 0.00% and 0.23%; Verizon Communications, Inc. comprised 0.78%, 0.75%, 0.00% of the Green Century Balanced Fund, the Green Century Equity Fund, and the Green Century International Index Fund, respectively. As of the same date, other securities mentioned were not held in the portfolios of any 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.

**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 1-800-934-7336. Please read the Prospectus carefully before investing. Diversification does not ensure a profit or protect against a loss in a declining market.**

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 and political conditions, differences in accounting methods, and other unique risks compared to investing in securities of U.S. issuers. Bonds are subject to a variety of risks including interest rate, credit, and inflation risk.

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