



AS YOU SOW

New Web Tool Reveals Fossil Fuel Companies Hidden in Mutual Funds

FossilFreeFunds.org accelerates the transition to a clean energy future

OAKLAND, CA – September 15, 2015 – FossilFreeFunds.org was unveiled today by shareholder advocacy nonprofit As You Sow, using Morningstar fund holding data and in collaboration with Fossil Free Indexes (The Carbon Underground 200™), the Carbon Tracker Initiative, BrightScope, and HIP investor. This new, free-to-the-public web tool reveals where fossil fuel holdings are hiding in 1,500 of the most-held mutual funds. With this knowledge, consumers can be empowered to find out exactly what their money is invested in. The five major fund families including Fidelity, Vanguard, and TIAA-CREF that control recordkeeping at 75 percent of all employer-sponsored retirement plans, [valued at \\$5.6 trillion for 91 million Americans](#), do not offer any socially responsibly diversified mutual funds that are free of the 200 largest fossil fuel companies with the most oil, gas, and coal reserves.

Fossil Free Funds is filling this information gap, providing consumer awareness for those who wish to avoid the financial risk of a weak oil industry and the impact of the “carbon bubble.” This tool empowers investors who want to align their investments with their values and avoid supporting any company directly fueling climate change. It is the first-ever, publicly available, no cost site that allows investors to compare mutual funds’ holdings against the 100 largest coal and 100 largest oil/gas companies – known as the “Carbon Underground 200” —as measured by proven reserves. Stripping these companies from one’s portfolio is the minimum requirement of the [Divest-Invest pledge](#).

For investors wishing to more rigorously define “fossil free,” the easy-to-use platform allows screens for coal, smaller oil/gas companies, service industries (e.g. Halliburton), and fossil-fired utilities. Funds that are clear of investments in a given segment earn a green badge. Funds can earn a maximum of five badges. Out of the 1,500 funds with the highest plan count, only 12 diversified and SRI funds have earned the five badge rating, including Parnassus Endeavor fund (PARWX), Portfolio 21 Global Equity (PORTX), USA Mutuals Barrier (VICEX), Brown Advisory Sustainable Growth (BAWAX), PAX World Growth (PXGAX), Green Century Balanced (GCBLX), Gabelli SRI (SRIGX), and Shelton Green Alpha (NEXTX).

Armed with specific knowledge, investors can sell mutual funds that don’t align with their objectives and reinvest in funds that do, or work with their financial advisors to divest and reinvest. Employees without fossil free alternatives can download a toolkit to help them advocate with their retirement plan administrators to include fossil free investment options. This follows a trend noted by the [Morgan Stanley Institute for Sustainable Investing](#), which reported that 71 percent of active individual investors describe themselves as interested in sustainable investing, while nearly 65 percent believe sustainable investing will become more prevalent over the next five years. The survey finds millennials and women at the forefront of sustainable investing. Fossil Free Funds helps consumers get to the bottom of where oil, gas, and coal investments are hiding in their portfolios.

Thousands of [foundations](#) and [individuals](#), with assets totaling over \$50 billion, as of September 2014, have already taken the Divest-Invest pledge to decarbonize their portfolios. This number will increase exponentially, as will be discussed more during an announcement planned for a September 21 Divest-Invest press conference to be held at MSCI Headquarters in New York. But many investors are unaware that they even own fossil fuels, which are often hidden in retirement plans and buried deep inside

mutual funds. Many people who have taken the divestment pledge work at U.S. companies that have no fossil free employee-sponsored retirement investment options to fulfill their commitment.

“Since the beginning of the divestment movement, investors have been clamoring for transparency and a way to identify how they can use their portfolios to actively combat climate change,” said Andrew Behar, As You Sow’s CEO. “We developed FossilFreeFunds.org after we realized that our own 401(k) was composed of mutual funds that had major oil, gas, and coal extraction companies—but we had no idea. We figured that if we didn’t know, then probably no one did. This tool gives everyone the power to truly know what they own, so they can own what they own.”

According to Joanna McGinley, Head of Global Alliances and Redistributor Solutions for Morningstar, “With comprehensive fund holdings data, we are able to provide greater transparency and help investors better evaluate the sustainable and ethical effect of their investments.”

FossilFreeFunds.org empowers consumers to know exactly what they own, whether their mutual funds are held directly or through employer-provided 401(k) or 403(b) retirement plans. With this information in hand, investors can decide for themselves if they want to continue owning fossil fuel companies, or if they will divest and reinvest in funds and companies working for a clean energy future.

When investors hold mutual funds that contain fossil fuel extraction companies, fossil-fired utilities, and related service industries, they become owners of companies directly contributing to climate change. [The United Nations and 98 percent of the world’s scientists](#) agree that “business as usual” will lead to catastrophic damage to ecosystems, economies, and global populations, and cause potentially hundreds of millions of climate refugees.

"None of us want to fund the destruction of the planet—here's an easy tool to make sure you're not, and to turn you into a champion of solutions," said Bill McKibben, 350.org co-founder, environmentalist and author.

“The majority of people are carbon complicit and they don’t even know it,” said Ben Cohen co-founder of Ben & Jerry’s Ice Cream. “Now is the time to take the divestment pledge and move your money away from the fossil fuel companies that are destroying our future. Fossil Free Funds is a game-changer – it enables the majority of people who are invested in mutual funds to know what they own so they can commit to shifting capital and accelerating the transition to a clean energy future.”

According to Vanessa Green, Director of Divest-Invest Individual, “This is the tool individual investors have been waiting for. Fossil Free Funds will enable people across the economic spectrum to cut financial ties with fossil fuel companies that prioritize their own short-term gains over our health, safety, and security and deepen the climate crisis. Now, average working Americans have more power to avoid the risks of stranded fossil fuel assets and influence the very structures and systems that drive an economy – the markets.”

Additional Quotes:

According to Joanna McGinley, head of global redistributor solutions for Morningstar, “With comprehensive fund holdings data, we are able to provide greater transparency and help investors better evaluate the sustainable and ethical effect of their investments.”

According to Stuart Braman, Founder and Chairman of Fossil Free Indexes, “Fossil Free Funds is a huge step forward for individual investors who want to go fossil free. Until now, it was very cumbersome for investors to assess their exposure to fossil-fuel-reserve-owning companies. We applaud this important step in empowering individual investors who are ready to address the climate risk and stranded asset risk in their portfolios and we expect this will help accelerate the appearance of more fossil free investment opportunities for individual investors. Fossil Free Indexes is proud to do its part in empowering investors by publishing and maintaining The Carbon Underground 200™, thereby providing the core data to support carbon-responsible investors.”

According to Matthew Patsky, CEO of Trillium Asset Management, “Trillium’s Portfolio 21 Global Equity Fund has been fossil fuel free since its inception in 1999. Our investment management team integrates financial and ESG research to seek high quality growth companies at a reasonable price, working to provide both impact and performance to our investors. Also, the Q2 2015 Fund Fact Sheet, including performance information can be found here.” <http://portfolio21.com/wp-content/uploads/2015/08/Global-Equity-Fund-Fact-Sheet-Q2-2015.pdf>

According to Vidya Nathu, Manager of Advisor Relations at Parnassus Investments, “Over the past few years, university endowments and large investors have been encouraged by students and alumni to divest from investments in fossil-fuel-based companies as part of an effort to halt climate change. Investors and prospective clients have also suggested that Parnassus Investments should address this concern. The Parnassus Endeavor Fund first added the screen in May 2014. After much consideration, the Founder and President of Parnassus Investments Jerome Dodson added the screen to the Parnassus Fund in February 2015.”

According to Julie Fox Gorte, Senior Vice President for Sustainable Investing, Pax World Management LLC, “There are many things investors can do to address the risks created by climate change, especially the risks created by combustion of fossil fuels. One is to avoid fossil fuel stocks. At some point, fossil fuels will be stranded assets; this is already happening to coal, the dirtiest of fossil fuels. Michael Bloomberg recently noted that in his blog, ‘Obama Didn’t Kill Coal, the Market Did.’ Citigroup recently reported that if we are to limit future warming to 2° C, \$100 trillion worth of fossil fuel reserves will become stranded assets. This won’t happen overnight, but however it does, investors who are not prepared for it will wish they were.”

According to Leslie Samuelrich, President, Green Century Capital Management, “Green Century has been avoiding the biggest polluters from the start—and we officially made the Balanced Fund fossil fuel free in 2008 to reflect our strong critique of the industry’s role in driving climate change. Since then, the financial reasons to invest fossil fuel free in the sustainable companies and green bonds in the Balanced Fund just keeps growing, as evidenced by our track record of competitive returns. As the first family of

fossil fuel free funds, we're thrilled that this new tool will help investors see what's under the hood at mutual fund companies, finding authentic funds committed to a clean energy future."

According to Garvin Jabusch, co-founder of asset management firm Green Alpha Advisors, "Green Alpha's approach to investing is simple—don't invest in causes of global systemic risks, notably fossil fuels, and do invest in solutions to those risks. A stock portfolio is a vision for the future, so when investing it is critical to look at holdings and make sure they represent the future you believe is emerging economically, and also that they reflect the world you want to see. Why do we manage NEXTX that way? Because we've reached the point in history where it's obvious that no investment portfolio should contain the causes of our great systemic risks—climate change and resource scarcity—ever again. And, by extension, if the aggregate activities of a company aren't providing solutions to those risks, no one should invest in its stock, ever again."

According to R. Paul Herman, CEO of HIP Investor, "How can investors reduce future risk? By eliminating exposure to polluting energy (oil, gas, coal) and investing in clean, renewable energy. FossilFreeFunds.org is an essential tool for investors, advisers, fund managers and 401k plans to reduce future risk, enhance future return potential, and build a better world free of fossil free energy," says R. Paul Herman, CEO of HIP Investor, which rated several thousand stock and bond holdings of the mutual funds in As You Sow's 401(k) plan. "It's your money -- so you need to keep mutual fund managers accountable to your future, or switch fund managers who see the world as you do. Reducing exposure to fossil-fuel producers can strengthen your portfolio."

According to Timothy Yee, President of Green Retirement, Inc., "Most working people's savings are in their retirement plans. It is, therefore, of utmost importance that companies that sponsor these plans should observe prudence in choosing and monitoring the investment line up that they offer. Fiduciary responsibility dictates that all risks need to be evaluated and the potential financial downside that fossil fuel investments hold should be considered. It is entirely reasonable to include fossil fuel free choices in an organization's retirement plan. Experience has shown us that a completely fossil fuel free investment menu for retirement plans can also be adopted."

An electronic press kit can be found at
<https://fossilfreefunds.org/epk>

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As You Sow is a nonprofit organization that promotes environmental and social corporate responsibility through shareholder advocacy, coalition building, and innovative legal strategies. For more information visit www.asyousow.org.