

Spring 2007 Shareholder Advocacy Program Ends Successfully

June 20, 2007

Green Century Capital Management Inc. (Green Century), a Boston-based environmentally responsible investment advisor, successfully wrapped up its Spring 2007 advocacy agenda this month. Green Century brought requests for improved environmental practices to more than 50 high-profile companies, and garnered a number of important victories for the environment.

The fact that Green Century engages in dialogue with a company does not indicate that either of the Green Century Funds (the Funds) necessarily owns shares in that company. In some cases Green Century Capital Management itself, the Funds' advisor and administrator, buys shares in a company to allow it to advocate for improved environmental practices. Green Century may do this even if the company does not currently meet the Funds' environmental standards. See the last paragraph for a list of companies mentioned that are not owned by either of the Funds.

Here are some of the positive results from the 2007 season:

Pure Water and Safe Food

In response to a shareholder resolution filed by the Nathan Cummings Foundation and co-filed by Green Century, Smithfield Foods* agreed to increase reporting on the environmental impacts of its hog farms. In the coming year the company will begin collecting and publishing data on the releases of emissions into water by farms working under contract for Smithfield Foods. In addition, the company will undertake a full facility report for one company-owned farm. Green Century views these commitments as incremental but nonetheless valuable steps in the direction of decreased environmental impact of these large farming operations.

Political Contributions

As large corporations enter the political debate over global warming regulation, Green Century has won important victories for political transparency from three utility companies. American Electric Power*, FirstEnergy*, and Xcel Energy* have each agreed to improved policies governing political contributions. These policies require board oversight of political contributions and annual disclosure of all contributions made with corporate funds. In addition, the companies will track and report any contributions made to trade associations that are ultimately used for political contributions. Trade associations have historically been used to advocate for hard-line corporate positions, positions that member companies themselves may not want to be publicly associated with. These reports will make companies accountable for the political positions they take on global warming and other important issues, whether those positions are voiced directly by the companies, or indirectly through the trade associations to which they belong.

Sustainability

In response to a shareholder resolution filed by Green Century, OfficeMax* agreed to begin publishing an annual sustainability report, describing its corporate performance on a range of environmental and social issues. Following the dictum of "what is measured is managed," sustainability reports provide a basis for benchmarking a company's environmental performance, comparing it to other companies, and tracking improvements from year to year.

In taking this step, OfficeMax follows its two competitors, Staples* and Office Depot*, which already publish sustainability reports.

Toxics and Environmental Health:

As the Spring 2007 shareholder season drew to a close, Green Century contacted 19 packaged food companies, including the Campbell Soup Company*, General Mills*, the Coca-Cola Company*, Kraft*, and the Hain Celestial Group*, urging each company to take steps to eliminate the use of bisphenol A (BPA) in food packaging. BPA is a constituent of polycarbonate plastic, and is often used to line the interior of food cans. Unfortunately, a large number of scientific studies show that BPA has the power to mimic the hormone estrogen, potentially leading to a number of negative health impacts. These letters followed the release of a report that BPA often leaches from cans into the food stored inside. Green Century has not yet received responses from the companies contacted. We look forward to pressing this issue in the coming year.

Also this year, Apple, Inc* responded to a diverse coalition of investors and non-profit activists by improving its recycling programs and pledging to reduce the use of toxic materials in its products. Key to this victory were shareholder resolutions filed by Trillium Asset Management and As You Sow, two shareholder groups with which Green Century frequently collaborates.

Green Century also filed a shareholder resolution on the use of pesticides and other lawn chemicals by the TruGreen subsidiary of ServiceMaster, Inc*. Unfortunately, this resolution will not be brought to a vote of the company's shareholders, as ServiceMaster has agreed to be acquired by the private equity firm Clayton, Dubilier & Rice. This outcome illustrates one of the dangers of private equity buyouts: as public companies become privately held, opportunities for public influence over important policies are closed off.

Wilderness Preservation and Biodiversity:

Green Century again filed a shareholder resolution at ConocoPhillips*, asking the company to report on the environmental consequences of drilling for oil in the Teshekpuk Lake region of Alaska. The resolution was supported by over 26% of ConocoPhillips shareholders. This strong show of support by shareholders will help us press our case in the coming year.

Green Century joined a large coalition of investors in successfully pressing Kimberly Clark* to improve its fiber acquisition policies, thereby reducing pressure on the world's endangered forests. This effort was led by Green Century ally, Domini Social Investments.

*As of March 31, 2007, neither of the Green Century Funds was invested in American Electric Power, ConocoPhillips, FirstEnergy, Kraft, OfficeMax, ServiceMaster, Smithfield Foods, or Xcel Energy. As of March 31, 2007, Apple, Inc comprised 0.51% of the Green Century Balanced Fund and 1.24% of the Green Century Equity Fund; the Campbell Soup Company was not held by the Green Century Balanced Fund and comprised 0.14% of the Green Century Equity Fund; the Coca-Cola Company was not held by the Green Century Balanced Fund and comprised 1.53% of the Green Century Equity Fund; General Mills comprised 0.77% of the Green Century Balanced Fund

and 0.31% of the Green Century Equity Fund; Hain Celestial Group was not held by the Green Century Balanced Fund and comprised 0.02% of the Green Century Equity Fund; Kimberly-Clark was not held by the Green Century Balanced Fund and comprised 0.50% of the Green Century Equity Fund; Office Depot was not held by the Green Century Balanced Fund and comprised 0.15% of the Green Century Equity Fund; and Staples comprised 1.27% of the Green Century Balanced Fund and 0.29% of the Green Century Equity Fund. Portfolio composition will change due to ongoing management of the Funds. References to specific securities should not be construed as recommendations by the Funds, their administrator or distributor.