COP26 at tipping point

COP26 - the UN Climate Change Conference in Glasgow - is now underway, with a strong sense that we are reaching a point of no return when it comes to halting climate emissions.

Nations that signed up to the 1992 United Nations Convention on Climate Change (UNFCCC) pledged to reduce emissions and take action to decrease critical temperature rises. And yet, since then, we've seen a steady rise in emissions, in temperature, and increasingly frequent weather anomalies, from flooding to drought, to wildfires to melting permafrost.

UN Climate Change Executive Secretary Patricia Espinosa describes the Glasgow Summit as "a credibility test for global efforts to address climate change" while calling on nations to show "bold and courageous climate leadership."

There's little that's bold or courageous about making piecemeal tweaks to pollution-spewing fossil fuel facilities. There's nothing courageous about flying into Glasgow, offsetting personal emissions to assuage your conscience.

Admission of emissions

What *would* be courageous is for world leaders to realise that a simple, straightforward way to reduce emissions enormously would be to phase out using animals for food.

What's shocking is that a few seconds of research reveals the stark reality of the effect of food production on the planet's scarce and delicate ecosystem.

The UN's own research, via its Food and Agriculture Organization, reveals total emissions from global livestock stand at 7.1 Gigatonnes of Co2-equiv per year, representing 14.5% of all anthropogenic (human activity-related) greenhouse gas emissions. Many more recent studies find that figure to be much greater.

The UN refers to the 'nexus' of sustainable development – food, water and energy. We need food; that's a given. And the population continues to expand rapidly (that's a topic for another time). Food production for an ever-hungry and more populous world involves massive amounts of water and energy.

Perhaps unsurprisingly, the highest sector in terms of greenhouse gas production is cattle raised to be eaten, followed by sheep, then cattle used for their milk, then prawns.

Combined, those top four sources generate nearly 200 kilograms (199.37) of carbon dioxide equivalents (kgCO_2eq) *per kilogram* of food product every year.

Compare this to foods at the lower end of the scale. For example, potatoes produce just 0.46 kgCO_2eq annually, tomatoes 2.09 kgCO_2eq, and maize 1.7 kgCO_2eq.

Take animals out of the food production equation, and there's a pronounced reduction in emissions.

The elephant in the (conference) room

Every day, we are being told to take all sorts of actions, like not owning or using fossil-fuel powered vehicles, switching to local produce, consuming less and conserving water. But the elephant in the COP26 conference suites is that there is simply not enough dialogue around consuming less meat and dairy.

Governments and bold leaders need to be introducing policies, new regulations and dietary guidelines to bring about a reduction in the consumption of animals. At the very least they could stop subsidising the meat and dairy sectors who right now are being paid to pollute.

As with fossil fuel, industry behemoths dominate. The five largest meat and dairy firms produce more annual emissions than big oil. Based in just five economic areas, Brazil, the USA, China, Japan and the European Union, action on the part of just five government entities could deal with the majority of the problem.

Individuals can vote with their wallets – stop buying meat and dairy, take time to understand the effects of individual lifestyle choices on climate emissions and consider what harmful activities your money in supporting.

Beyond Investing offers the world a chance to only invest in carefully screened portfolios of companies, based on real, measurable adherence to ESG goals. Its flagship responsible investment index launched in 2018 – the US Vegan Climate Index - is now available as an investment product in both the US and Europe. This index has consistently reported significantly lower greenhouse gas emissions, waste generation and water consumption than other ESG indexes, as well as outperforming the S&P500 since inception.

It's time to get serious about climate change. Governments, policymakers and civil society need to step up and address the root causes of emissions. It's a balancing act, but the facts speak for themselves. And yet, as underlined by Friends of the Earth in a recent report, despite the global impact of meat, no country has yet created a strategy to reduce consumption or transform production.

Simply put, to protect the planet's future, the developed world must at least halve its meat consumption.

Time to pivot to plants

Global demand for meat is growing: over the past 50 years, rearing animals for human consumption has more than tripled. The world produces more than 340 million tonnes each year. Moreover, meat consumption is increasing as the world is getting richer.

Globally, around 800 million tonnes of bovine milk is taken each year – more than double what was consumed fifty years ago.

Both the physical impacts of climate change and the rapid expansion of the alternative proteins industry will massively impact meat industry profits, if not decimate the sector in the coming decades. Global leaders can and should encourage the meat industry to pivot to more efficient, sustainable and humane food production, without the industrial scale raising and slaughter of animals.

Ahead of COP26, the UK's Chief Scientific Advisor, Sir Patrick Vallance, along with 40 leading scientists, called for a step-change in habits, including a reduction in meat-eating.

Apparently, a plant-forward, more sustainable menu is being offered to the thousands of delegates in Glasgow. But, even as delegates discuss the need to cut global greenhouse gas emissions, there is still meat on the menu.

It’s a simple choice: encourage global change in the food industry, and in particular meat consumption, or face catastrophic, irreparable damage to our planet.

Introducing Beyond Investing and its Vegan Climate Indexes

Beyond Investing is a European-based ESG research firm and US SEC-registered adviser, founded in June 2017 with the aim of promoting the development of vegan investment products for the masses.

It started as a collaboration between three established financial markets professionals and long-term vegans:

- CEO Claire Smith, with 36 years' experience working in the finance industry in areas including equity derivatives, investment fund research and consulting at UBS and Albourne Partners
- Head of Ethical Screening, Lee Coates, OBE, founder of UK financial advisor Ethical Investors and ethical pension fund Cruelty Free Super in Australia
- CIO Larry Abele, chief investment officer of Impact-Cubed, an FCA-regulated ESG-focused asset management firm in London.

Since that time it has undertaken investment research into public companies in order to develop ethical screening and proactive tilts that satisfy the values of the vegan community and indeed all investors who care about animals and the environment.

The US Vegan Climate Index (VEGAN) examines the 500 largest US stocks and removes companies engaged in:

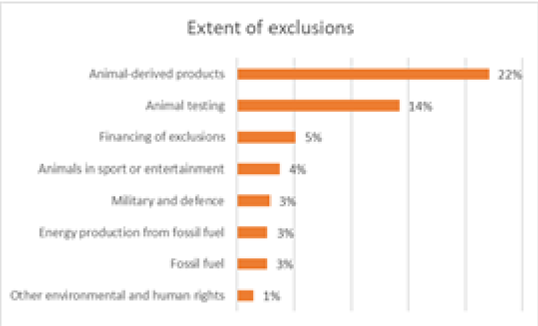
- - fossil fuel extraction and energy production
- - all types of harm to and exploitation of animals
- - military and defence
- - human rights abuses
- - other environmentally damaging activities
- - financing of damaging activities

and proactively adds in midcap stocks in plant-based companies and renewables as replacements for those companies it excludes.

VEGAN was launched in June 2018 and has been calculated continually since then, with daily prices available from Solactive as well as being quoted on the Stuttgart stock exchange and on Bloomberg under the ticker: VEGAN

How is VEGAN different from other ESG indexes?

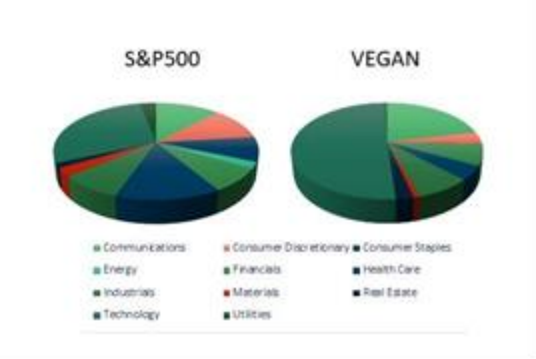
VEGAN removes far more companies from the S&P 500 Index, thanks to its strict rules on avoiding animal exploitation, in addition to eliminating fossil fuels and other environmentally and socially damaging activities. No other broad market index takes out all animal exploitation, although some remove meat producers and animal testing organisations.



VEGAN removes 55% by weight of the S&P500 Index, with the largest proportion of stocks removed because of their production or sale of animal products.

Figures as at last rebalance in June 2021

VEGAN takes out most of the stocks in some sectors like consumer products and energy, since their business activities directly harm animals and the environment, and as a result it is more biased towards technology and financials.



Cutting out the emitters, water guzzlers and polluters

VEGAN has consistently reported better metrics for the climate and biodiversity, calculated using tools developed by Impact-Cubed.

Its environmental footprint, in terms of greenhouse gas emissions, water consumption and waste generation, is lower than the S&P500 Index and many other ESG indexes.

- Companies in VEGAN emit 120.76 fewer tonnes of greenhouse gases, for every $1 million of revenue (**78% less** than S&P500 Index constituents).
- Companies in VEGAN generate 144.68 tonnes less waste per $1 million of revenue (**98% less** than the S&P500 Index constituents)

- Companies in VEGAN consume 4,250 cubic metres less fresh water to produce $1 million of revenue (**93% less** than S&P500 Index constituents)

Figures as at last rebalance in June 2021

Outperformance since inception

Thanks to the underperformance of the companies it excludes, VEGAN has outperformed the S&P500 Index, adding an average annual excess return of 4.35% over the S&P500 Index on a price basis, since its inception in June 2018.

The Europe Vegan Climate Index (VEGANE) examines the 600 largest UK and European stocks and removes companies engaged in:

- - fossil fuel extraction and energy production
- - all types of harm to and exploitation of animals
- - military and defence
- - human rights abuses
- - other environmentally damaging activities
- - financing of damaging activities

VEGANE was launched in June 2021 and has been calculated continually since then, with daily prices available from Solactive as well as being quoted on the Stuttgart stock exchange and on Bloomberg under the ticker: VEGANE

VEGANE also demonstrates reduced environmental impact when compared with the Solactive Europe Large and MidCap Index on carbon, waste and water.

For more details please visit our site www.beyondinvesting.com and follow our social media channels for the latest news on animal-friendly and ethical investing.