



Season's Greetings from [Beyond Advisors](#), part of the [Beyond Investing](#) vegan investment platform, created in 2017 with the aim of adding a vegan component to environmental, social and governance screening to demonstrate the benefit of avoiding animal exploiting and environmentally harmful businesses in investment portfolios.

In this season of compassion and goodwill to all living beings, Beyond Advisors is pleased to provide more information on its screening processes, which we apply across our range of Vegan Climate Indexes, and specifically the US Vegan Climate Index, which was launched in June 2018.

### Introduction

Ethical screening, Socially Responsible Investment, ESG, SDGs - all are terms used to describe investment approaches that consider non-financial aspects of corporate activity. guidelines. Approaches taken range from filtering out companies that operate in a way which is unacceptable to the investment strategy (negative screening), through identifying companies that have potential to improve with the help of the Investment manager to steer them in what they believe is the best socially or environmentally right direction (engagement strategies), to actively targeting investment in the companies that best fit a set of sustainability criteria (positive screening, best-in-class, or impact approaches).

This think piece describes the screening process used by Beyond Advisors to create the US Vegan Climate Index. This Index, based primarily on the US large cap universe, is designed to address the preferences of vegans, animal lovers and environmentalists, by avoiding investing in companies whose activities directly contribute to animal suffering, climate change and damage to the natural

any material or deliberate involvement in the excluded activities enter the Index.

The rules of the index aim to reflect the views and concerns of our target investors and the decisions to pass or fail companies are based on the information that is generally available, although we will contact companies for clarification if their policies are not clear. While acknowledging that it will never be possible to achieve 100% agreement on ethical issues, we commit at all times to adhere to the stated values and rigorously apply the policies of the Index.

## The Principles

According to the values of the Index, companies whose business models rely on products and services involved in these areas will be excluded:

### Animal Testing

- Cosmetics
- Household Products
- Pharmaceutical products
- Medical Devices and Equipment
- Arms and Weaponry (animals used in military training)
- Chemicals
- Rearing and breeding of animals for testing purposes

### Animal-derived Products

- Rearing and breeding of animals for the use of any of their body parts or secretions
- Abattoirs
- Transport of live animals
- Equipment, chemicals, technology, and machinery manufactured specifically linked to intensive farming and transportation of live animals
- Food processors where animal products are a principal activity
- Food retailers and animal-based restaurants and catering companies
- Leisure and lodging where there is an emphasis on providing animal-derived products
- Companies making significant use of animal by-products (gelatin/collagen/leather)
- Fish farming
- Manufacture and retailing of products containing fur, animal skins, wool or feathers
- Trapping and other means of removing animals from the wild

### Animals in sport and entertainment

- Operators of horse and dog racing facilities
- Pet stores and intensive breeding facilities

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- Hunting equipment - traps/guns etc
- Film Production where trained animals are used as actors
- Zoos and theme parks where animals are kept in captivity
- Travel and leisure operations based around hunting of live animals

#### Genetic modification

- Research and development of genetically engineered animals
- Use of genetically engineered animals - pharmaceutical/food/other products

#### Fossil Fuels

- Extraction of fossil fuels
- Refining of fossil fuels
- Burning of fossil fuels for electricity
- Companies whose services are principally related to the extraction and refining of fossil fuels

#### Chemicals

- Herbicides and pesticides which have an undue deleterious effect on the natural environment

#### Military

- Manufacture of weapons, vehicles, munitions, services/activities/products deemed to be of strategic support/value for military purposes.

#### The Process

Following an initial categorisation of companies as potentially passes or fails based on their industry group, each company will then be individually analysed to gain a 'deep dive' understanding of what it does, how it does it, what its products and services are, and what processes and ingredients go into creating them. We look at the target customers of each company to gain a better understanding of who the company seeks to enter into relationships with and who it seeks to develop and design its products and services for.

To simply approach a company by its market sector and categorisation isn't enough to truly understand what they do and, critically, identify whether the company has a negative and unsustainable impact on animals, people, and our planet, as enshrined in our policies. In all too many cases a company may be categorised as operating in an innocuous sector, but it could have a subsidiary trading in a completely different area, perhaps one which involves the exploitation of animals or which may be materially contributing to climate change.

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operations, and any ethical research process needs to acknowledge this complexity and be robust enough to work through the layers of subsidiaries, products, and services, to be as certain as possible that a company is safe to be included in the screened Index.

In many ways the screening process is akin to forensic analysis of the evidence unearthed during the research process, allied to some tangential thinking based on experience and expectation. Not taking a company at face value is a critical part of robust ethical research; once one starts to scratch, it's amazing what one can find lurking under the surface.

Examples of detailed research findings:

- A manufacturer of fairly standard agricultural vehicles, which might if that was the sole product range lead to the company passing the ethical screen and being allowed in the Index. However, it was found that the business made products specifically for use in hunting, and certain machinery used in the slaughtering process for smallholdings. Finding this out required an extra level of checks and clarification. As a result the company was classified as a fail based on involvement in animal exploitation.
- An airline that looked broadly similar in its operations to other airlines. Further work was undertaken into the types of goods/freight carried by this particular airline. It was found that it specifically marketed itself to customers as being equipped to carry hunting trophies. Because this airline was deliberately marketing its services to hunters, it was failed on grounds of association with animal exploitation. There is a significant difference between being open to carry the baggage of customers and targeting a specific activity that is in direct conflict with the values of the Index.
- Within the field of media production, two similar companies were assessed for their use of animals. It was found that one of the companies was involved in the commissioning and production of programmes which involved the use of animals trained for entertainment. The other company simply produced wildlife documentaries. The former company, because of the use of trained animals to produce entertainment programmes, failed the ethical screening process.
- Our screening process does not exclude the manufacture or sale of alcohol as a business activity. However, a brewer was identified as using animal-derived products as part of its brewing process and as such failed the ethical screening process. Other producers of alcohol have ceased the use of animal products in their processes.
- A producer of vegetable-derived foods and snacks would not generally be in breach of our screening filters. However, in one such situation, a certain company in the group produced a range of products which were cheese coated or cheese filled. The use of dairy therefore disqualified the company from inclusion within the Index.

Beyond Advisors hopes that this exploration of its screening process provides greater insight into the rules underlying the Index and the depth of company

Stay posted in the New Year for further think pieces on our ethical screening as well as news on upcoming product launches. For those who are looking to embed saving animals into their day-to-day life we strongly recommend taking part in [Veganuary](#), the annual challenge to go vegan throughout the month of January.

Till then, the whole team at Beyond Investing sends warm wishes to you for a peaceful and happy festive season.

The US Vegan Climate Index includes no US company whose business activities directly harm animals, so avoiding funding the slaughter of at least 13 animals a year for every \$1,000 invested.

The Index demonstrates vastly reduced carbon emissions, reduced water utilization, reduced generation of waste and avoidance of environmentally and socially damaging companies, and contributes more towards environmental solutions than the standard broad market benchmark.

With burning of fossil fuels and animal agriculture both large contributors to greenhouse gas emissions, the US Vegan Climate Index provides the most complete solution for divestment from the causes of climate change. These two industries are also responsible for the majority of environmental pollution, species extinction, ocean dead zones, water pollution and habitat destruction.



Beyond Advisors commits to devoting a proportion of net profits from the creation of financial products, index licensing contracts and sale of data towards animal advocacy and saving animals from harm and exploitation.

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