

## **Vegan Investing is Tough – Avoid Crayons and even some Beers**

It is far more difficult than it might seem for vegans and even vegetarians to align their values with their investments. Choosing the right companies means going beyond seemingly obvious choices such as alcoholic beverage firm Diageo or Crayola crayons owner Hallmark Cards, which may use animal products. Investors need to pore through the products.

### **Vegan Investing Framework**

Whether for ethical or environmental or other reasons, vegans and vegetarians seek to avoid meat in their meals. When going vegan is based on an ethical framework of protecting animals, consistency should mean using the same framework for investing.

“As we take stands daily to fight animal abuse by purchasing cruelty-free products,” People for the Ethical Treatment of Animals (PETA) explained, “we can also take steps to choose investments that do not cause or contribute to animal suffering. Cruelty-free investing means investing in companies, mutual funds, bonds, and other investment vehicles that do not support, cause, or contribute to animal exploitation and suffering.”

It seems straightforward. Don't invest in companies that produce meat, use animal products as ingredients or use animals for testing.

The financial results of this approach can seem quite good. The Beet said that the US Vegan Climate Index exchange traded fund (ETF), comprised of vegan-friendly stocks, claims to avoid companies involved in unethical practices such as animal exploitation. The fund returned about 27.6 percent through September 2020, compared to about 19.6 percent for the S&P 500 index.

And Yahoo Finance writer Will Ashworth suggested investing in seven companies that he identified when he reviewed the world of plant-based foods and vegan stocks following the IPO success of Beyond Meat, saying he believes they have “serious potential to make a lot of money in the long run.”

### **Dig Deeper to Find the Ingredients**

Dig a little deeper, though, and you will find that what you thought were vegan stocks may be from companies selling meat, using animal products or exploiting animals.

A research study by Morningstar writers Chau Pham and Madison Sargis looked at funds that claim to exclude companies engaged in activities that investors might find objectionable for ethical or religious reasons, or due to practices such as animal testing. When they looked at funds that claim to exclude companies that test on animals, they found that all but one breached those exclusions.

Yahoo Finance provides an example amongst its recommendation of ten vegan-friendly stocks. One is food manufacturer Conagra Brands, which in addition to making vegan products also sells foods such as four meat pizza and chicken patties.

Even Unilever, which says it avoids animal experiments, also notes that “some governments test certain products on animals as part of their regulations.” Even a company that tries to take the right approach can get caught.

Putting money in a savings account at a bank may be ethically fraught, too, since banks lend money to companies in sectors that may not match vegan values.

It soon becomes clear, then, that simply believing financial advice or a prospectus doesn't mean your investments will align with your vegan values. If you want to invest with your ethics and beliefs in companies that follow vegan ideals, you'll need to do more.

What investors can do, PETA suggests, is to identify companies that do or don't test cosmetics, toiletries, and other household products on animals. PETA said it lists companies in its Caring Consumer Database, where you can find out if a company supports animal testing. PETA also suggests exercising caution before selecting companies in industries such as building and construction, chemicals, clothing, consumer products, energy, food, beverages, leisure, recreation, medical supplies, mining, oil, and pharmaceuticals. Cruelty-

free investing is consistent with a commitment to being caring consumers, PETA said, and acting every day to make consumer choices that will not harm animals.

Financial advisory site MarketWatch also suggests screening companies by using tools from non-profit organisation Cruelty Free Investing, which groups publicly traded U.S. stocks into “good” and “bad” categories based on whether they produce vegan products, engage in animal experimentation or breed animals for either use.

You’ll also need to do some research that looks at ingredients in companies’ products. What you find may surprise you. Business Insider highlighted a number of products that seem innocuous, for example, yet may contain animal products. Some beers contain isinglass, it said, which is a chemical found in fish bladders. Some scents or perfumes list castoreum, which comes from beavers’ castor sacs, as an ingredient. The refining processes for white and brown sugar may use bone char, made from animal ashes. Some crayons include ingredients such as stearic acid, a derivative of beef fat, to deliver a certain smell and a waxy consistency. And many companies supplement orange juice with Omega-4 fatty acids, which come from fish.

While it may be difficult to invest totally as a vegan, coming close to your ideal can create better alignment between your money and your values. By using screening tools from reputable organisations and doing some research, you can make sure that you’re doing well both with what you put in your mouth when you eat and with what you put your money into when you invest.