



Karner Blue Capital, LLC (“Karner Blue”) evaluates companies based on the appropriateness of their use of animals, their treatment of animals held in captivity, their treatment of animals used for testing, and the impact of their activities on wild animals and animal habitats. Karner Blue’s corporate investment and engagement strategies seek to raise animal welfare standards across industries and the globe.

The Karner Blue Animal Welfare Principles (the “Principles”) provide a framework for this evaluation and represent the most fundamental standards of animal care. There are few, if any, companies that will satisfy all of the Principles. However, through the application of the Principles, Karner Blue seeks to identify those companies that strive to promote best practices for animals.

FARM AND CAPTIVE ANIMALS



- Disclose a transparent and detailed animal welfare policy.
- At a minimum, demonstrate a strong commitment to the “[Five Freedoms](#)” as defined by the Farm Animal Welfare Council. These include:
 - Freedom from hunger and thirst;
 - Freedom from discomfort;
 - Freedom from pain, injury, and disease;
 - Freedom to express normal behavior; and
 - Freedom from fear and distress.
- Demonstrate adoption or progress toward modern best practices, such as those developed by the Global Animal Partnership, which certifies companies in a series of six [steps](#):
 - No cages, crates, or crowding;
 - Enriched environment;
 - Enhanced outdoor access;
 - Pasture centered;
 - Animal centered, with no physical alterations; and
 - Animal centered, with entire life on the same farm.
- On the farm, Karner Blue looks for companies that are addressing common but serious practices by adopting the following policies:
 - Avoid the use of growth-enhancing hormones and non-therapeutic antibiotics in feed;
 - Adopt breeding programs that enhance welfare, and transition away from programs that induce growth and cause pain or discomfort to animals; and
 - Avoid battery cages for laying hens and gestation crates for pregnant pigs (sows).

RESEARCH ANIMALS



Karner Blue envisions a world where legal requirements for animal testing may be eventually phased out, as outlined by the National Academy of Sciences in a 2007 [report](#). In the meantime, Karner Blue will invest in companies that adhere to the following practices:

- Conduct testing on animals only when required by law;
- Embrace and demonstrate commitment to the “Three R’s:” reduce, replace, refine. Companies should reduce the number of animals tested on over time, replace animals in research with computer models or other means, and refine testing to be as humane as possible;
- Provide transparent and accessible animal welfare policies, research protocols (including animal sourcing), and welfare standards;
- Comply with the voluntary National Institutes of Health Guide for the Care and Use of Laboratory Animals for lab rats, mice and birds; and
- Provide for the adoption and/or retirement of post-research animals when possible.

ANIMALS IN THE WILD



- Protection of endangered species and native flora and fauna;
- Maintenance of wildlife corridors;
- Prohibition of hunting and poaching;
- Minimization of human-wildlife contact and conflict;
- Control of invasive species introduction;
- Net-zero deforestation policy;
- Third-party certification of ecological monitoring for operations and/or supply chain vendors where applicable;
- Minimization of biodiversity and ecosystem disruptions through use of detailed and accountable biodiversity action plans that include: avoidance of sensitive/protected areas, consultation with biodiversity experts, targets and objectives, monitoring, measurement, evaluation and restoration of affected areas; and
- Management of by-products including emissions, waste and waste water.

KBC seeks to avoid investing in any company involved in the manufacture of weapons, tobacco products, or alcohol or those which promote gambling, or engage in the production or sale of fur as a primary business.

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