



Terra Alpha Quarterly



October 2018

Impact Through Public Equities

The world's public equity markets are the largest and most free-flowing pool of capital with over \$80 trillion of value in the hands of pensions, endowments, foundations, and individuals. The flows in the public equity markets have enormous influence in shifting the status quo towards a more sustainable and equitable system. A new report by Virginia Impact Investing Forum, features Terra Alpha's views on incorporating Environmental Productivity across the global economic system, and the role of public equity markets in achieving this transition.

[Full Report](#)

What is Measured, Matters

At Terra Alpha, we have identified three key material pieces of environmental data that we feel are material for investors and business leaders: emissions, water, and waste. Measuring and managing these three key pieces of environmental data will allow for greater shareholder returns and resilience within business models, particularly as climate change poses a chronic risk.



There remains a gap, however, between our expectations for environmental data disclosure and current corporate disclosure practices. As part of our engagement efforts, we have encouraged companies within our portfolio to disclose water and waste data, which we began at our outset in 2015. While all companies we hold disclose Scope 1 and Scope 2 GHG emissions, 50% of our portfolio holdings have yet to disclose water and waste emissions. We reiterated our formal ask to every company in our portfolio that does not yet disclose fully around water and waste to please do so. The engagement effort resulted in:

- 50% responded with detailed answers, a number of them letting us know of upcoming increased disclosure such as new [Science Based Target](#) setting for some who did not already do it.
- 10% relayed water or waste disclosure that will add them to our ‘trifecta disclosure’ set by the end of the summer.
- We also found discrepancies where companies thought they were disclosing data, yet it was not showing up in all expected sources. This highlighted further the ongoing evolution and challenges around availability and accuracy of environmental data disclosure.

Environmental Productivity™

Environmental Productivity™ analysis is a measure of a company’s operational efficiency in its use of and impact on natural resources. Marine Harvest and Kingspan are examples of leaders in Environmental Productivity™, incorporating natural resource efficiency within their business strategies. Both companies have gained greater shareholder returns, garnered substantial reputational benefits, and continue to drive progress towards a more sustainable economy.

Marine Harvest



Marine Harvest, based in Norway, is sustainably farming the world’s oceans. With the global population continuing to rise and wild fish stocks continuing to decline, aquaculture is a compelling mechanism to serve the world’s protein needs. The World Bank predicts that by 2030, 62% of fish for human consumption will come from aquaculture. Addressing this need, Marine Harvest, is already one of the largest seafood companies in the world with 48 open ocean farms and four freshwater loch farms. In 2017, Marine Harvest, produced 60,000 tons of salmon, meeting one fifth of global demand for Atlantic Salmon.

As a food producer, Marine Harvest’s business model has provided its customers with a more sustainable grocery option. Salmon farming has a 20% lower carbon impact than chicken and 90% lower impact than beef. Further, salmon farming uses 3 to 10 times less water than chicken and beef, respectively. Therefore, choosing salmon over agriculture-based protein enables consumers to reduce both their carbon and water footprint. In addition to preventing GHG emissions, Marine Harvest’s recycling program represented 99,871 kg of waste that did not end up in landfills or the ocean. In 2016, a total of 124 839 kg of the firm’s nets were recycled in Norway. The bulk of this recycled net is used to produce swimwear and carpet yarn.

Kingspan



Kingspan, an Irish building materials company, produces insulation materials such as Kooltherm, Optim-R and Quadcore. These products provide the most thermally efficient materials available in their respective market sectors, and have enabled customers to reduce their annual energy consumption by over 600 million megawatt hours over the past five years - the equivalent to saving over 372 million barrels of oil.

Shifting the energy and emissions impact of construction and the building sector brings an impactful result - the building sector alone contributes 30% of global annual greenhouse gas emissions and accounts for 40% of global energy consumption. Additionally, Kingspan has committed to becoming a Net Zero Energy company by 2020, which requires it to source 100% renewable energy across their 111 global manufacturing sites. In 2016 Kingspan passed the halfway mark along its path to Net Zero Energy by 2020, with renewable energy accounting for 57% of its total energy use, and is well on its way to meeting its targets.

New Advisory Board Member - David Yeh



Terra Alpha has added David Yeh to our Advisory Board. David has over a decade of business and investment experience, he has worked for the Obama administration, where he oversaw the federal energy and transportation office, was a private equity analyst at Generation IM's Climate solution fund, and launched the strategy and business development for an energy efficiency lending franchise backed by the World Bank and Chinese Ministry of Finance. He currently focuses on developing proprietary investments and partnerships to address energy and infrastructure needs.

[Full Bio](#)

New Communications Associate - Julia Tarantino

Julia recently joined the Terra Alpha team this past June as a Communications Associate. In her role at Terra Alpha, Julia is responsible for assisting in the preparation of all external publications and communications.

Julia grew up in Summit, NJ, and graduated from Colorado College this past May with a BA in Environmental Policy. While in college, Julia wrote for Colorado College's newspaper, The Catalyst, played Division III Lacrosse, worked at 350Colorado.org as an advocacy intern, and the Fine Arts Center, as a research intern. Her desire to overcome climate challenges and forge a healthier, more equitable future for the planet alongside her professional and academic background, attracted her to Terra Alpha and its mission.



[Full Team](#)

