



Terra Alpha Newsletter

2021: From Reacting to Acting

2020 and the first month of 2021 were marked by how we, as a society, reacted to global events: how we reacted to COVID sweeping across the globe, how we reacted to social injustices, protests, and riots, how we reacted to political events and change, how we reacted to economic devastation, cyber-attacks, and market gyrations.

2021 will be measured more by how we act to redress the global threats and seize opportunities. How will we act to rebuild and reshape our economy? To address climate change? To redress social injustices? How will corporate leaders act to change “business as usual” models? How will consumers and employees act to demand more from companies? How will investors act to align their assets with their long-term interests?

At Terra Alpha, we see 2021 as a unique opportunity for action to influence all of the above questions. We are committed to actively participating in conversations with policymakers, business leaders, investors, and citizens. We will do all we can to advance the shift to a sustainable world.

Already this year, we have taken many significant actions. Each will require more detailed

action plans on our part to deliver positive change - expect more updates throughout the year.

In the first three months of 2021, we have taken these actions:

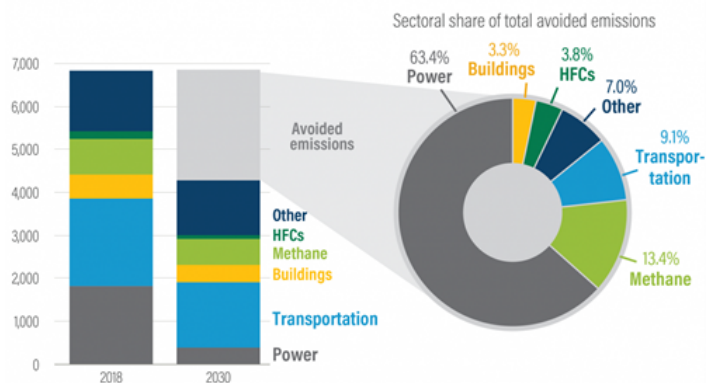
- We became an early signatory of the Net Zero Asset Manager Initiative, indicating our commitment as a firm and within our portfolios to align with the Paris Agreement's 1.5C degree target.
- We joined the Ceres Investor Network Policy Working Group and Paris Aligned Working Group to collaborate with other investors to drive greater government and corporate action to address climate change.
- We joined the FAIRR Initiative on Sustainable Aquaculture, a collaboration to push leading aquaculture firms to develop science-based feed programs.

In this newsletter, you will get more insights into these actions and hear about other ways we are delivering on our impact priorities.

Happy Earth Day from the Terra Alpha Team

U.S. Government Shifts into Action Mode on Climate Change – New Climate Targets

US Emissions by Sector (Gross) in 2018 and 2030: All-In Scenario



Source: Accelerating America's Pledge.
20102.23

 WORLD RESOURCES INSTITUTE

The number of important actions taken by the Biden administration on climate are almost too many to list. From the inclusion of John Kerry, Special Presidential Envoy for Climate, on the National Security Council to a Financial Stability Climate Committee at the Federal Reserve, the focus on climate change in all aspects of the Administration is evident.

On his first day in office, President Biden rejoined the Paris Agreement. In celebration of the

51st Earth Day, the administration has announced ambitious climate goals in the form of a Nationally Determined Contribution (NDC). The aggressive target is a 50% reduction in US greenhouse gas emissions from 2005 levels by 2030. This commitment will set into motion a wide range of policy actions and program announcements to support the work that cities, states, corporations, and people must undertake in order to achieve this goal.

Terra Alpha Becomes a Signatory of the Net Zero Asset Managers Initiative

Terra Alpha's science-based approach to sustainable investing places the decarbonization of the global economy at the center of our investment and impact work (see [Investing Beyond Fossil Fuels](#)). We see this as both essential for our planet's future and prudent for our investors. Every company that we consider for inclusion in our funds is assessed on its plans to meet the global climate goals set by the Paris Agreement. Over 70% of the companies in our funds today have been approved for or have committed to setting [Science-Based Targets](#) for their GHG emissions.

Joining the [Net Zero Asset Managers Initiative](#) is the natural step forward for Terra Alpha. Committing to the Net Zero initiative obliges us to set targets and methodologies for achieving net zero greenhouse gas emissions in our funds and as a firm well before 2050. It also requires us to publish TCFD aligned disclosures, including a carbon action plan, annually. These actions are consistent with the commitments we had previously set for ourselves as well as with those we expect from our portfolio companies.

[Read our full press release here.](#)

Ceres Investor Network's Policy Working Group and Paris Aligned Working Group – A More Active Voice on Policy

Until 2021, there have been few reasons for optimism regarding the U.S. Federal policy on climate change and other environmental challenges. As a result, our impact focus has been primarily focused on driving change through the capital markets. With the election of President Biden, the opportunity for public policy actions is now very real. Joining these [Ceres](#) working groups provides a pathway for Terra Alpha to help design and implement effective engagement strategies with elected officials, policy makers and corporations alongside other investors and NGOs.

FAIRR Sustainable Aquaculture Initiative – Salmar and Mowi Key Targets for Engagement

Sustainable aquaculture is one of several thematic areas that Terra Alpha utilizes to identify investment opportunities. We believe that this innovation has the potential to generate strong growth while solving a variety of planetary challenges. As the global population grows and demand for animal-based protein increases, the need to shift away from more

environmentally harmful proteins (e.g. ruminants like beef) will persist, as [24% of global emissions](#) are coming from the agricultural sector. Alternatively, proteins such as farmed Atlantic salmon have one of the lowest carbon and water footprints. At Terra Alpha, we understand that our planetary boundaries are increasingly stretched thin by our current rate of consumption, and we subsequently seek out sustainable opportunities to address these ever-growing issues. Terra Alpha is currently an investor in two leading Norwegian aquaculture companies and has recently signed on to join FAIRR's sustainable aquaculture engagement campaign.



This initiative is designed to address one of the long-term challenges of the aquaculture sector: how to increase production sustainably. More specifically, the initiative aims to evolve the current feed supply chain to minimize its negative impacts. The FAIRR Program builds a collaborative effort with shareholders of leading salmon companies to encourage them to invest research into new methods of feed and innovations in their feed supply chains.

Terra Alpha Voices – Jean Rogers and Amy Dine Share Their Perspectives

Terra Alpha Voices highlights thought leaders who inform our investment process, our impact work, and our understanding of current global affairs. This series, created in partnership with author and photographer [KK Ottesen](#), seeks to shed light on the subjects' diverse perspectives rather than their illustrious careers.

A few of our favorite excerpts from recent Voices interviews include:



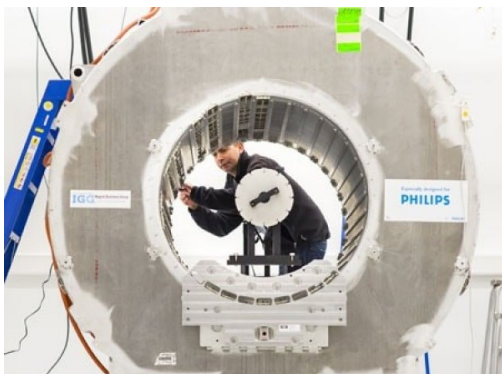
"My personal metaphor for the role of business in thinking about environmental and social issues and governance is a train. And there are different cars. I think the way Terra Alpha does it is kind of the premier car – transparent and totally data driven. But it doesn't really matter. As long as other people are on the train, they're still moving." - [Amy Dine](#)

"We used to have a problem called acid rain in the '80s and '90s. And it was causing devastation in the biosphere and in the ecosystem. We successfully worked across geopolitical boundaries and with industry to regulate and put the technology in place quickly to reduce acid rain. And it is actually no longer a problem. The point is we have banded together before – industry and public policy and technology – to quickly address a



large-scale environmental problem. And it didn't break the bank. You know, industry thrived, and the environment is better for it. So while climate is larger scale, and we're late to the game, I think we have a perfect storm in the best possible sense of the good convergence of interests now between policy, companies, and investors, where we're seeing the will to change." - [Jean Rogers, PhD](#)

EP Insights – Philips: A Circularity Champion



Koninklijke Philips N.V. is a health technology company based in the Netherlands.

Healthcare is a notoriously complex industry with regard to circular economics. Concerns over the safety of recycled and reused materials is just one example of the argument against installing more circular products and processes within the industry (see [Circular Economy and Health](#)).

Philips, however, has been a champion for circularity in the space for several years, even publicly acknowledging it as a key contributor to its long-term value creation.

[Read the full EP Insight here.](#)

Events and Updates

- Terra Alpha's assets under management (AUM) have now surpassed \$100 million thanks to the growing interest in our investment strategies and positive investment returns.
- Research Analyst Julianna Brunini passed her CFA Level 1 exam.
- Research Analyst Hayley McCurdy guest lectured at a University of Denver sustainability class.
- CIO Tim Dunn was interviewed for [Callaway Climate Insights](#), guest lectured a Virginia Wesleyan University course on business and sustainability, and facilitated a CERES webinar session on corporate engagement on water risks.
- Senior Research Analyst Jacob Hampton was selected to represent Terra Alpha in the [CDP Water Champions initiative](#).
- Director of Business Development Tara Doyle was interviewed by Top Tier Impact on [capital mobilization as a driving force for sustainable change](#).

Advisory Board Highlights

- Kathy Sullivan took personal environmental action in buying her first EV.
- Jean Rogers has been appointed to the Board of [Foran Mining Corporation](#), bringing her resilience thinking to a corporate board.
- Frank Loy was honored with a [William F. Reilly Environmental Leadership Award](#).



Team Spotlight: Terra Alpha Spring Interns



Nellie Ide

Nellie is from Minneapolis, Minnesota. She would have been a senior at Harvard this year, but decided to take the year off from school due to the pandemic. At Harvard, Nellie studies Neuroscience with a minor in Global Health and Health Policy, and is also a member of the Alpine Ski Team. She is currently living in Boston.



Gustav Ohrstrom

Gustav is from The Plains, Virginia. He studied at Bates College, where he majored in Economics and European Studies. For the past year he has been working for Effortless Electric, an electric vehicle charging startup, operating in the Washington, D.C. area. In his free time he is an avid cyclist, and enjoys exploring the roads around Philadelphia where he currently resides.



About Terra Alpha

Terra Alpha Investments is a public equity manager founded in 2014 by highly experienced investors who share the conviction that our rapidly evolving world requires a change in investing thinking. Our rigorous and proprietary Environmental Productivity (EP) analysis values our planet's natural resources and sits at the center of our successful investment process. Our unique combination of quantitative and qualitative analysis helps us identify companies with the optimal combination of enduring business models and superior EP; which we believe is the primary driver of our ability to deliver superior long-term investment returns for our investors.

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