



Terra Alpha Newsletter

1.5°C

Some numbers matter more than others. At this moment, 1.5 degrees centigrade (1.5°C) might be the most important number in the world. All of our ability to focus on that number today, and in the decade ahead, will have a dramatic impact on every living thing (e.g., people, plants, crops, trees, animals) on this planet.

What is the significance of 1.5°C?

It is the consensus amongst climate scientists that we must limit our planet's atmospheric temperature rise from exceeding 1.5°C above the average temperature, which prevailed in the decades before the beginning of the industrial revolution (1880-1900), if we are to stave off the worst impacts of climate change. It is also the preferred maximum temperature rise agreed to by 195 global leaders under the Paris Agreement of 2015 (ratified by 190 as of 2021).

To put this number in perspective, 2020, the second hottest year ever recorded by NOAA, was 1.19°C (2.14°F) warmer than the pre-industrial period and 0.98°C (1.76°F) warmer than the average global temperature for the twentieth century of 13.9°C (57.0°F). The impacts of global temperature change are already felt by 85% of the world's population in the form of more severe weather patterns: heat storms, fires, flooding, and drought ([Nature Climate Change 2021](#)). These changes, and their negative economic and human costs, will continue to increase as the average temperatures rise.

How can we limit global temperature rise to 1.5°C?

We must reduce greenhouse gas (GHG) emissions by at least 80% before 2050. **Most importantly, we need nearly a 50% reduction in emissions by 2030.** This will require more action by governments in the form of regulatory and fiscal policies. We also need more leadership by the corporate sector, both in the form of support for climate action at the policy level and operational actions to rapidly transition to a low-carbon economy.

There are hopeful indications of real progress in both the corporate and investor communities. There are now over 3,200 corporates reporting environmental metrics to CDP (the leading repository of corporate carbon emissions data) and over 628 corporations have set science-based targets for their GHG emissions that are aligned with a 1.5°C trajectory. Over 128 asset managers have made a commitment to net zero investing. These commitments and targets are commendable, but now real action is imperative.

Terra Alpha was founded on the belief that our economy can, and must, shift to align with our planet's natural resource boundaries (clean air and water, healthy soil, forests and oceans) if we hope to sustainably thrive in the centuries ahead. To achieve this, immediate action is required to meet the 1.5°C goal and minimize the worst impacts of climate change. In this newsletter, you will see some of the actions we have taken in the last quarter to improve our ability to drive positive change by further aligning our firm and investment strategies with a 1.5°C trajectory.

Firm Developments

Net Zero Commitment



A simple premise underlies Terra Alpha's approach to investing: our economy must operate within Earth's physical boundaries in order to sustain opportunity and prosperity for generations to come.

We support rapid decarbonization of the global economy, and we committed to the [Net Zero Asset Managers initiative](#) in March 2021. In September 2021, our methodology and plan to achieve our goals were approved.

Our understanding of "net zero" means we advocate for:

- Reducing greenhouse gas emissions as much as possible, as rapidly as possible,
- Prioritizing immediate emissions reductions over postponed action, and
- Minimizing reliance on carbon removal technologies and carbon offsets.

For more on our approach to net zero investing, read our report, [Our Commitment to a Net Zero Emissions Portfolio](#).

Science-Based Target Commitment

Reflecting our values as a firm and building upon our recently-announced [Commitment to a Net Zero Emissions Portfolio](#), Terra Alpha Investments has joined the [Science Based Targets initiative \(SBTi\)](#). This expands upon our portfolio commitment to also include our firm's operational carbon footprint, assuring that we do as much as we can to mitigate the worst impacts of climate change.

By joining the initiative, we are committing to:

1. Submit our recently-announced portfolio targets (which address the largest component of our carbon footprint, the emissions we finance via our investments) to the SBTi for external validation of our approach, and
2. Develop and submit for validation additional targets that address emissions from our own office space and current employees (e.g., space heating and cooling, electricity consumption, business travel).

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

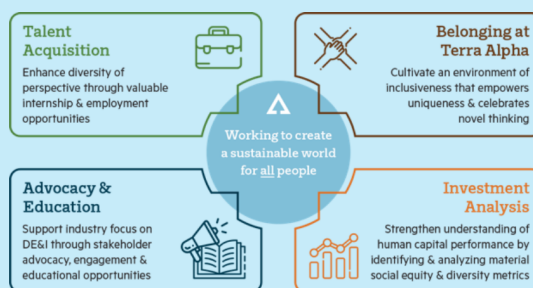
Formalizing Our Commitment to Diversity, Equity, and Inclusion

At Terra Alpha, we strongly believe that addressing diversity, equity, and inclusion (DE&I) as a firm, and in portfolio companies, is essential to build a truly sustainable economy. Earlier this year, we formed a DE&I Committee to develop a formal and comprehensive program to integrate these considerations within our culture, hiring, investment analysis, and advocacy. As a first step, our team and Advisory Board have wholeheartedly committed to the following DE&I Statement.

Working to create a sustainable world for all people

Our Diversity, Equity, and Inclusion Commitment

Terra Alpha is founded in the belief that our global economic system must evolve to create a more sustainable, equitable, and inclusive planet for all. We strive to cultivate a workplace that welcomes individuals of every identity and lived experience. Our firm is dedicated to fostering a sense of belonging and being valued, and to empowering all people to utilize their diverse perspectives to help build an enduring business.



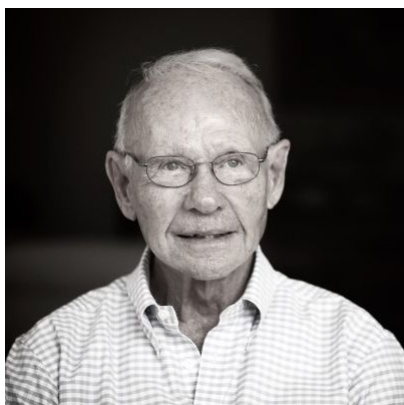
Workplace Equity Disclosure Statement

In collaboration with As You Sow and 124 additional signatories, Terra Alpha signed onto the [2021 Workplace Equity Disclosure Statement](#) calling for companies to increase transparency on workplace equity data through specific data measurement and disclosure.

Thought Leadership

Terra Alpha Voices – Roger Sant

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.



Our favorite excerpt from recent Voices interviews include:

“You know, originally, it might have been \$15 a ton, the carbon price. Now it’s got to be more like \$100. Because it’s got to be really something that penalizes pollution so much that people just can’t afford to do it. And in order to force the transition to where it needs to be. I mean, one of the things that I loved about conservation is it was market-driven. Fortunately for us, it was the cheapest alternative. And so you had the wind at your back instead of trying to convince people to do expensive things.” - [Roger Sant](#)

Team News

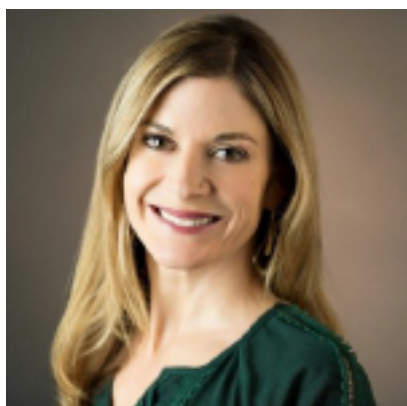
Amy Dine Has Rejoined the Team as Director of Corporate Engagement



Amy E. Dine rejoined the Terra Alpha team in the newly created role of Director of Corporate Engagement. In this role, Amy oversees our corporate environmental, social, and governance (ESG) engagement strategy, integration, and tools, our proxy voting, and informs our policy work. Founder Tim Dunn offered these words on Amy's rejoining, "I am so pleased to have Amy back on the Terra Alpha team. She will work directly with the investment team as we accelerate our impact work through our corporate engagement."

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

Carter Ingram, PhD, Has Joined the Terra Alpha Advisory Board



In August, we welcomed Jane "Carter" Ingram to our Advisory Board. Carter brings over 20 years of experience in the academic, non-profit, and private sectors, with particular focus on sustainable development in emerging markets. Terra Alpha founder Tim Dunn noted, "Carter's deep academic knowledge about climate change and natural systems, and her experience working with companies on sustainable strategies and programs will add incredible insights to our investment process and to our impact work." She joins an advisory board that has expertise in a diverse range of topics including: planetary sciences,

investments, corporate reporting, governance, and policy. The board's role is to help inform our investment process and engagement work.

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

Phil Swan Has Joined Terra Alpha as Director of Business Development



Terra Alpha is delighted to announce that Phil Swan joined the firm as the Director of Business Development in September 2021. In this role, he is responsible for setting the firm's business development strategy and its implementation. Phil brings extensive experience in business development and client wealth management having spent over 30 years in the industry. On joining Terra Alpha, Phil commented, "I couldn't be more excited by this opportunity to have a role at Terra Alpha which authentically embodies my investment experience and my passion for the environment and conservation."

Read the full press release [here](#). Find Phil's full bio [here](#).

Events and Updates

- Hayley McCurdy passed level two of SASB's Fundamentals of Sustainability Accounting (FSA) and is now a Credential-holder.
- Dan Sanborn, CFA completed the CFA UK Certificate in ESG Investing.
- Tim Dunn spoke at a number of events, including: CERES Paris Working Group panel on Net Zero; [OECD Roundtable](#) on valuing water; Planet Impact Podcast on careers in sustainability, which reaches 10,000 students across India.



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.

Contact

info@terraalphainvestments.com

