



# Terra Alpha Newsletter

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## A Glass Half Empty, Is Also Half Full

Considering that 2021 began with an attempt to thwart the US democratic process and ended with a global resurgence of COVID, while being filled with numerous reminders of the growing impact of climate change (e.g., fires, heat waves, and floods), it is understandably easy to overlook the positive events of the past year. The US did peacefully transition to a new administration just two weeks after the attack on the US Capitol Building. The growing availability of effective vaccinations lowered the mortality rate of COVID, while we appear to be moving closer to the end of the pandemic. The global economy began to recover, albeit in a sputtering manner as production and supply chain issues abounded, allowing millions of people to return to work or find new jobs. Indicating that we continue to be capable of amazing achievements, SpaceX, Blue Origin, and Virgin Space each successfully launched private citizens into space, and NASA flew a helicopter over the surface of Mars. The COVID “experience” led many people to reconsider their life/work balance (a.k.a. The Great Resignation) in ways that could improve our health and wellbeing, and provide environmental benefits.

On the climate front, the UN Climate Change Conference’s 26th meeting of the Conference of the Parties (COP26) gained the attention of business leaders, including those in the fossil fuel industry and the finance community, in record numbers. At both national and local levels, many steps were taken on the policy and regulatory front to lessen the worst impacts of climate change. At home, the US recommitted to the Paris Agreement and the Environmental Protection Agency

proposed rules to sharply reduce methane emissions.

There is also increasing evidence that the transition to a sustainable economy is well underway. Electric cars are currently outselling diesel engine cars in Europe, and global capital investment in renewable energy sources is now exceeding that for oil & gas. Over 1,100 companies around the world have committed to setting a science-based target for their GHG emissions that aligns with the 1.5°C trajectory established by the Paris Agreement.

Recognizing the fragility of our political, environmental, and social systems in our rapidly changing world, we remain focused on our work to drive positive systemic change through our investments, our corporate engagement work, and our thought leadership programs. As you will read in this newsletter, over the past year, we invested in organizational capacity and formalized our commitments to net zero investing and to a more diverse, equitable and inclusive world.

Happy New Year from the Terra Alpha team.

# Sustainability Accounting

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## Critical Infrastructure for a Sustainable Economy

This past fall, the International Sustainability Standards Board was established under the leadership of the International Financial Reporting Standards Foundation. This organization will bring together several of the leading standard setting organizations that have built the knowledge and methodologies that will inform the future of international accounting and reporting systems. Those organizations include the Sustainability Accounting Standards Board (a.k.a. Value Reporting Foundation) and the Carbon Disclosure Standards Board (CDSB).

To learn more about what this means for corporate accounting and financial reporting, read the full interview with Terra Alpha Emeritus Advisory Board member and SASB Founder Jean Rogers and former SASB Chair Bob Eccles, [available here](#).

## Team Updates

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In 2021, Terra Alpha added four incredible individuals across the team and Advisory

Board:

- **Anea Ferrario** joined as the Business Development Associate soon after his graduation from Brown University.
- **Amy Dine** rejoined the team in a newly established role of Director of Corporate Engagement.
- **Carter Ingram**, Executive Director at Pollination Group, joined our Advisory Board and brings deep experience in land use and biodiversity.
- **Phil Swan** joined the firm as our new Director of Business Development.

In July, Katie Bovard was promoted to Manager of Investor Relations. In this role, Katie is responsible for supporting existing and prospective investors, managing the organization and content of firm materials and communications, and onboarding clients.

In November, Julianna Brunini was promoted to Associate Director of Research. In this role, Julianna will continue to provide research coverage of the Industrials, Materials, and Energy sectors while she works with Dan Sanborn on our research frameworks and processes. With this promotion, she also joined Terra Alpha's Management Committee.

## Firm Developments



Throughout the year, we made important progress in our own work to build a truly sustainable economy.

We codified our commitment to help reduce global GHG emissions through [our commitment to the Net Zero Asset Managers initiative](#) and set a [science-based target](#) for our portfolio and operational GHG emissions.

We established formal organizational protocols and plans to support a more diverse, equitable, and inclusive society thanks to the leadership of our Advisory Board and our Diversity, Equity, and Inclusion Committee.

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.



*Note: A more complete review of all of our impact world will be provided in our upcoming Impact Report.*

# Thought Leadership

## VINCI: Low-Carbon Concrete Solutions



*VINCI (DG:FP) is a French construction, infrastructure, and concessions company at the forefront of low-carbon concrete adoption.*

Decarbonization is about more than just renewable energy and power. It is also about low-carbon materials.

Take, for example, cement—a key ingredient in the ubiquitous and useful building material concrete. Cement production is responsible for an estimated ~7% of global carbon dioxide emissions annually ([McKinsey 2020](#), [BNEF 2020](#)), and it is an especially difficult production process to decarbonize. Switching from fossil fuels to renewable fuels is not enough, because the conversion of raw materials like limestone into the cement precursor “clinker” is a chemical reaction that actually produces CO<sub>2</sub> as a byproduct (see [Freeman 2021](#)).

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

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## Terra Alpha Voices – Tim Dunn



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:

“...companies have impacts on the environment, society – we all have impacts. And if we don’t recognize those and do something about them, we’re creating the problems.” - [Tim Dunn](#)

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## General Mills: Sustainability-Linked Bonds in Practice



*General Mills (GIS:UN) is a manufacturer and marketer of packaged foods such as Cheerios, Häagen-Dazs, Pillsbury and more.*

Sustainability-Linked Bonds (SLBs), commonly referred to as Green Bonds, are having a breakthrough year. Less than six months into 2021, issuance of SLBs had already [surpassed 2020's total-year issuance](#). As capital flows into SLBs, understanding what they are and learning how to evaluate them will allow for more nuanced conversations on the utility of SLBs.

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

# Events and Updates

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- [Podcast](#): Kathy Sullivan Explores...Marrying the Economy and the Environment with Tim Dunn.
- [Confluence Philanthropy](#): My Journey from the Cold War to Climate Crisis Investor by Tim Dunn.
- By signing the 2021 Global Investor Statement to Governments on the Climate Crisis, Terra Alpha Investments joins 733 investors who are calling on governments to raise their climate ambition and implement robust policies to address the climate crisis. [Read our full statement here](#).
- Tim Dunn spoke on a webinar for [Traditional Fund Intelligence](#) on the impacts of ESG on investment compliance.
- Research Analyst and Associate Director of Research, Julianna Brunini, passed the CFA Level II exam.
- What our CIO is currently reading:
  - [The Ministry for the Future](#) by Kim Stanley Robinson: A truly fascinating, plausible, perhaps optimistic, perspective of what the world might look like in a few decades ahead in order to adapt to unchecked climate change.
  - [Saving Us](#) by Katharine Hayhoe: A very helpful guide on how any of us could be an effective agent for change regarding climate change. Dr. Hayhoe shares her lessons of what works and what doesn't when talking about climate change in America (and Canada!).

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***Accredited investors and/or financial representatives who would like information about our approach to sustainable investing please email us at [invest@terraalphainvestments.com](mailto:invest@terraalphainvestments.com).***





Signatory of:



## 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

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