



Terra Alpha Newsletter

Moving Backwards and Forwards at the Same Time

Despite this year's global rise in greenhouse gas (GHG) emissions (thanks largely to impacts from Russia's invasion of Ukraine), the growing number of climatic catastrophes, and increased lobbying efforts to stymie important progress on environmental threats, there is room for optimism regarding the transformation of our global economy to better serve societal needs and more closely align with our planet's natural resource systems.

Some reasons for optimism include:

- The passage of the most significant climate-related legislation in US history with the 2021 Infrastructure Investment and Jobs Act, 2022 Chips and Science Act, and Inflation Reduction Act of 2022. Combined, these three pieces of legislation could result in over \$500 billion in incremental climate spending over the decade, according to Rocky Mountain Institute. In total, the funds from the three acts are largely aimed at building more resilient infrastructure, funding basic research on technologies that will help transform heavy industries, and accelerating the transition to electric vehicles and renewable power.
- US Securities and Exchange Commission (SEC) released proposed rules to enhance corporate disclosure of GHG emissions. The proposed rules could include Scope 3 emissions (primarily from supply chains), which are particularly important. Separately, proposed rules for asset managers would improve transparency regarding the

incorporation of environmental, social, and governance information into investment funds. While the final rules are yet to be released, the evolution of the rules suggest progress.

- Net zero and science based targets (SBT) for GHG emissions amongst companies are increasingly a de facto requirement. There are now over 3,900 companies across the globe which have committed to SBTs. Of them, over 1,500 companies have now had their commitment verified. These commitments are a critical **first step** on the road towards lowering corporate GHG emissions. The next essential step for companies is to develop, disclose and implement actual plans to achieve their ambitious goals. *Note: Terra Alpha Investments is the only U.S.-based asset manager with a verified SBT.*

Conference of the Parties (COP)

The 27th United Nations Climate Change Conference of the Parties (COP27) in Egypt and 15th United Nations Biodiversity Conference of the Parties (COP15) in Canada are quickly approaching. This year, one of the primary focuses of the climate change meetings is financing to help countries achieve their Nationally Developed Contribution (NDCs) goals. Meanwhile, COP15 is working towards more structured commitments and protocols to protect natural systems and preserve biodiversity.

There is increased awareness that mitigating climate change and preserving the habitats that protect biodiversity must be considered in tandem. For example, a recent analysis by the World Resources Institute indicates that natural systems (oceans, forests, and land masses) absorb 40% of our global GHG emissions. Thereby, the continued loss of those systems would make achieving climate targets all the more challenging.

Several members of the Terra Alpha community will participate in the COP events. Emeritus Advisory Board Member Ellen Stofan will be attending both COP events (COP27 as a member of the US delegation). Current Advisor Carter Ingram will be attending COP15 on biodiversity. Chief Investment Officer Tim Dunn will be a virtual panelist at COP27 on an Albright Stoneridge Group session to provide the investor's perspective on the risks of corporate greenwashing. We look forward to sharing their reflections after these important gatherings.

Terra Alpha Impact

2022 Global Investor Statement to Governments on the Climate Crisis

Terra Alpha Investments has joined 532 investors representing \$39 trillion in assets in signing

the [Investor Agenda](#) 2022 statement urging all governments to commit to ambitious climate action by the 27th United Nations Climate Change Conference of the Parties.

[The full statement can be found here.](#)

2021 PRI Reporting Cycle Results

The UN Principles for Responsible Investment (UN PRI) released the results from the 2021 reporting cycle during the quarter. Terra Alpha Investments has been a signatory to the UN PRI since 2017, and first reported in 2018. We are pleased to continue to be active signatories of UN PRI, as we have always advocated for greater disclosure of material environmental information and data.

[You can find Terra Alpha's full Transparency Report here.](#)

Note: The high-level assessment methodology can be found [here](#) and question-level assessment criteria can be found after each indicator in the Investor Reporting Framework, [here](#). Note that the 2021 scoring methodology has changed to reflect the new Reporting Framework, and is incomparable with scores from previous PRI years.

CDP Climate Change Reporting

As part of our obligation to the Net Zero Asset Managers initiative, we must provide TCFD-aligned disclosures annually and submit to an Investor Agenda via a partner organization. Accordingly, we completed the CDP Climate Change questionnaire in August 2022; which is accessible to registered CDP members.

Thought Leadership

Terra Alpha Voices: Carter Ingram and George Serafeim

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:



“We all appreciate the intrinsic value of nature when we go into a big national park, go scuba diving on a coral reef, or just sit outside and see the stars; I think that’s just fundamentally who we are as humans. But we have to understand the other values that nature provides if we’re going to influence decision making – the economic values, the benefits for human health, for air quality, for nutrition.” - [Carter Ingram](#)



“I believe very much that one of the most important things a society needs to have is meritocracy. And I think the only way to have meritocracy in society is to have accountability for the outcomes that you’re producing. And the only way to have accountability is by having transparency in a society.” - [George Serafeim](#)

EP Insight: Barry Callebaut



Barry Callebaut AG (BARN SE), a leading manufacturer of cocoa, chocolate, and confectionary products, has broadened its impact on the chocolate industry with the release of [WholeFruit chocolate](#), its first chocolate product made from 100% pure cacao fruit.

WholeFruit—with its unique sensory and nutritional profile—directly aligns with [Barry Callebaut’s mission](#) to produce quality, healthier chocolate through a more sustainable process.

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

First Year Reflections from our Director of Business Development

During the summer of 2021, when I interviewed with the Terra Alpha team, I knew I was engaging with an informed and dedicated group of people. It was thrilling to discover a firm that shared my high conviction that corporations and the capital markets need to be full participants and active partners in responding to the existential threat of climate change. The opportunity to meld my



long and growing concern about climate change, and its many impacts on our environment and quality of life, with my professional skills in business development and client service, was a compelling proposition. I really wanted to work at Terra Alpha!

[Read Phil's full blog post here.](#)

Team Updates

Terra Alpha Team Annual Retreat

2022 has been full of geopolitical, social, economic and financial setbacks, which challenge even the most optimistic of us. In times like this, the benefits of nature on human health are very evident. Getting outside for a walk in a park, a bike ride in the neighborhood, or some time on the water helps slow the heart rate and clear the mind.

The Terra Alpha team spent two days earlier this month at the Airlie Center, in a rural community on the outskirts of DC, to step back from the markets and reconnect with nature and share ideas about how we can improve our work. All agree that our mission to deliver better financial returns, better environmental outcomes, and build a better world is the right one. These have never been easy goals, and the events of the last few years have both underlined their importance and the need to move faster and smarter. In order to achieve these goals, we will continue to improve all aspects of our work from the investment process, engagement with companies, and thought leadership aimed at policy makers, regulators, corporations, and peer investment professionals.

Abdulrahman Gabriel Joins Our Team



Terra Alpha Investments welcomed Abdulrahman Gabriel to our team as a Business Development Analyst in August. In this role, he supports our business development program by conducting research on prospective investors, aiding with meeting preparation, and supporting the marketing and communication efforts of the firm. He is based in Washington, DC.

On joining Terra Alpha, Abdul says: "Everything I have come to learn about Terra Alpha, its people, and the way it is run, has been inspiring and motivating. I am proud to call myself a part of the Terra Alpha team and I hope that I can truly make my mark."

Other Updates

- Katie Bovard, Manager of Investor Relations at Terra Alpha, has relocated to New York City and will work fully remote.
- CIO Tim Dunn shared his perspectives on a career in finance that began during the Cold War and is now firmly focused on building a sustainable future with the College of William & Mary Business School at their annual Dog Street to Wall Street event.
- Advisor Kathy Sullivan recently sat down with Charles Bolden, Jr., also an Advisory Board Member, on her podcast, *Kathy Sullivan Explores*. [You can listen to the conversation here.](#)

Resources

- Advisory Board Member George Serafeim just released a book entitled, *Purpose and Profit: How Business Can Lift Up The World*.
- Nature released [a helpful article](#) on how to effectively communicate about climate to gain support from your audience.
- The World Resources Institute, in partnership with a number of other climate groups, recently released the State of Climate Action 2022 report, [available here](#).



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.

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