



# Terra Alpha Newsletter

## Terra Alpha celebrates Earth Day

April 22<sup>nd</sup> marked the 53rd official Earth Day. We always take a moment to celebrate the day, though as you will read in this newsletter, we work every day to enable a sustainable planet for society.

## Who wants less information when investing?

Over the last several years, there has been a significant increase in the available information for investors (individuals and institutional) to consider when making investment decisions. The bulk of the new information and data relates to how companies use and impact critical environment resources (e.g. air, freshwater systems, soil, forests, and oceans), how they treat and compensate their employees, how they manage their supply chains, and how they are managed/governed. This increased transparency provides decision makers, like Terra Alpha, with a broader and deeper understanding of the company and a better chance of assessing the risks that the company may or may not face in the future.

Our firm has long advocated for improved disclosure of environmental information and data from companies (See [Investors Ideal Disclosure of Environmental Data](#), 2017). Regular followers of our firm, particularly our investors, understand that our investment process does integrate

what we consider to be material environmental, social, and governance information and data.

As a professional investor, we (like all other market actors) have significant freedom to consider, or not, any or all information and data in our investment process. Yet, there are others who see this improved level of disclosure or the consideration of how a company impacts the environment, manages its employees, and who governs the entity as a threat.

Numerous efforts to develop and/or advocate for State or Federal level legislative action and/or regulatory changes to prevent investors from considering such information have appeared in 2023 (See [CERES Partner Anti-ESG Bill Tracker](#)). While in many cases these efforts have failed to gain significant support, some have been successful. We reject these cynical and politically motivated efforts to limit investor freedom to consider information and data considered relevant to the investor and/or the asset owner.

Terra Alpha Investments, along with hundreds of other investors and companies, recently signed the Freedom to Invest pledge, which in part states:




*We the undersigned investors, companies, and institutions from across the nation proudly represent the backbone of the U.S. economy. We take seriously our role as business leaders and stewards of our client's' or beneficiaries' assets and make decisions in the interest of our stakeholders.*

*Our consideration of material environmental, social, and governance (ESG) factors is not political or ideological. Incorporating these issues into financial decision-making represents good corporate governance, prudent risk management, and smart investment practice consistent with fiduciary duty. We factor financially material considerations, including the impacts of climate change, into our standard investment and risk management decisions, in order to protect our operations and our investments.*

# Terra Alpha Impact

## Enabling a Sustainable Planet for Society: 2022 Impact Report

At Terra Alpha, the work we do to enable a sustainable planet for society has three core components, each we believe will lead to real world impacts.

 <h3><u>Our Portfolio</u></h3> <ul style="list-style-type: none"> <li>+ Invests in companies leading the charge to a more sustainable global economy</li> <li>+ Companies in our portfolio – forward thinkers, enablers, and pioneers</li> <li>+ Our companies have significantly lower carbon, water, and waste intensity values versus their peers</li> </ul>	 <h3><u>Corporate Engagement</u></h3> <ul style="list-style-type: none"> <li>+ Increase Broad Disclosure – company-disclosed measurement leads to better management of natural resources</li> <li>+ Portfolio-wide Engagements</li> <li>+ Company Specific Engagement – analysts identify the highest priority issues to discuss based on materiality factors, etc.</li> <li>+ Active Proxy Voting</li> </ul>	 <h3><u>Thought Leadership</u></h3> <ul style="list-style-type: none"> <li>+ Collaboration – contribute to peer learning organizations &amp; collaborate with like-minded investors</li> <li>+ Public Advocacy – orchestrate &amp; participate in webinars, conferences, lectures, academia</li> <li>+ Public Education – EP Insights, Terra Alpha white papers, Terra Alpha Voices</li> </ul>
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Our annual impact reports seek to update our investors and other interested parties about the actions we have taken in the most recent year and their outcomes, while setting out our impact plans for the year ahead.

[Click here](#) or visit the Terra Alpha Investments [Resources page](#) on our website for the full 2022 Impact Report, as well as other Terra Alpha reports and publications over the years.

## Investor Climate Action Plan (ICAP)

The intention of Terra Alpha's [Investor Climate Action Plan](#) (ICAP) is to publish a standalone document that directly lays out these climate-related investment strategy actions. In short, our climate action is seen in our philosophy and operations - it is seen in our targets, investment process, and in our engagement and advocacy, including in the stewardship of our company proxy voting. We invest and engage with a lens to accelerate the transition to a world that is actively pursuing and enacting low or no-carbon options, mitigating climate change and preserving natural resources, through more efficient and sustainable business operations.

# Thought Leadership

## Terra Alpha Joins the Intentional Endowment Network's (IEN) Net Zero Steering Committee

Terra Alpha has been an active member of the Intentional Endowment Network since 2017. We share common goals with the organization. Near the end of the first quarter, we joined IEN's Net Zero Endowment Steering Committee in order to support those organizations that are

considering and/or on the path towards net zero investing goals.

## Key Takeaways from the 2023 Intergovernmental Panel on Climate Change (IPCC) Report

In March, the IPCC released its sixth synthesis assessment on the state of climate change and climate change mitigation.

As the report's "headline statements" for policymakers explain, the climate is changing, and we are already seeing the consequences:

*"Human activities, principally through emissions of greenhouse gases, have unequivocally caused global warming, with global surface temperature reaching 1.1°C above 1850–1900 in 2011–2020" (A.1)*

*"Widespread and rapid changes in the atmosphere, ocean, cryosphere and biosphere have occurred. Human-caused climate change is already affecting many weather and climate extremes in every region across the globe.*

*This has led to widespread adverse impacts and related losses and damages to nature and people (high confidence). Vulnerable communities who have historically contributed the least to current climate change are disproportionately affected (high confidence)." (A.2)*

We would be wise to pursue deep emissions reductions, sooner rather than later. As the headline statements continue:

*"Risks and projected adverse impacts and related losses and damages from climate change escalate with every increment of global warming (very high confidence)." (B.2)*

*"Deep, rapid and sustained mitigation and accelerated implementation of adaptation actions in this decade would reduce projected losses and damages for humans and ecosystems (very high confidence), and deliver many co-benefits, especially for air quality and health (high confidence)." (C.2)*

*"There is a rapidly closing window of opportunity to secure a live-able and sustainable future for all (very high confidence). [...] The choices and actions implemented in this decade will have impacts now and for thousands of years" (C.1)*

Finally, the report calls on policy, finance, and technology–guided by the principles of sustainable development, equity, and inclusion–to further accelerate action and cooperation.

At Terra Alpha, the report serves as a reminder of our role and responsibility as investors. Though we are proud of our efforts to date, much work remains ahead.

To read all of the report's "headline statements," see here:

<https://www.ipcc.ch/report/ar6/syr/resources/spm-headline-statements/>.

## Sponsorships & Attendance

In the 1st Quarter of 2023:

- Tim Dunn and Abdulrahman Gabriel attended the 2023 Intentional Endowment Network's Climate Summit in Miami, FL. Terra Alpha was a sponsor of the conference.
- Tim Dunn and Amy Dine attended the 2023 Confluence Philanthropy Practitioner's Gathering conference in Boston, MA. Tim was a panelist on Net Zero Climate Solutions. Terra Alpha was a sponsor of the conference.

## Firm Updates

### Terra Alpha Welcomes Kathy Baughman McLeod to the Advisory Board



Terra Alpha is pleased to welcome **Kathy Baughman McLeod** to our Advisory Board. Kathy is a pioneer in the field of climate resilience and adaptation, and blends expertise in science, strategy, and finance with proven leadership skills to deliver groundbreaking climate-risk management solutions. Terra Alpha founder **Tim Dunn** noted, "We are incredibly honored to have Kathy join our advisory board. She brings deep expertise and a new voice to our firm's mission of enabling a sustainable planet for all of society." Read the [full press release](#) here.

### Baby Announcement!

On the 28th of March, 2023, our very own Emily Hiltz gave birth to a beautiful baby boy, Matthew Hiltz! We congratulate her on the beginning of this beautiful journey with her family and we send her the best of wishes. Emily is currently on maternity leave and will return on July 5th.



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 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 as we seek to deliver superior long-term investment returns for our investors.

## Contact

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