



Terra Alpha Newsletter

Celebrating Earth Day

April 22nd will mark the 54th official Earth Day. While we always take a moment to celebrate the day, which highlights the importance of environmental conservation and sustainability, and encourages the world to take action for a healthier planet, we work every day to enable a sustainable planet for society.

Pushing Forward for a Better Planet

In a world that is constantly changing, in both good and bad ways, Terra Alpha's operating philosophy is to keep pushing forward in our commitment to delivering better outcomes for our investors and a more sustainable world for all. In the initial months of 2024 the environmental changes that stand out include the continued unanticipated jump in ocean temperatures that began in early 2023, the ongoing record-breaking global air temperatures, an entire year's rainfall in Dubai in one day, cocoa bean prices more than tripling over the last year due to the third season of climate-driven production shortfalls, the US Securities and Exchange Commission formally acknowledging climate change as a material issue for companies, and the Swiss government being found liable for failing to mitigate the effects of global warming in order to protect human living conditions and health by the European Court of Human Rights.

Ironically, we continue to be regularly asked to make the case for the importance of considering environmental impacts in our research and investment decision making. In short, there is no alternative reality. It is our contention that changes in planetary environmental systems are already impacting each and every one of us, every country, community, and company around the world, and every investment we might make.

In this quarter's newsletter we feature several powerful examples of positive actions we have taken, and are continuing to take, to support the interests of our investors and the broader world. This

includes our impact work through engaging directly with companies to catalyze faster action to reduce the negative environmental impacts from their products, services, and operations; our thought leadership featuring the great work of others including [Lisa Renstrom and Bob Perowitz](#), [Confluence Philanthropy](#), and [1% for the Planet](#); and updates on the growth of our own investment team.



Tim Dunn, CFA
Co-Founder and CIO

Terra Alpha Impact

2023 Impact Report: Enabling a Sustainable Planet for Society

Through our fourth Impact Report, we seek to share with our investors and other interested parties our efforts and outcomes during this past year.

Enabling a sustainable planet for society is our ultimate goal at Terra Alpha. Our work is 100% focused on leading this shift to a sustainable economy, and we do this through our three core components:

Our Portfolio

- + We are invested in companies that are profitably leading the transition toward a truly sustainable economy (forward thinkers, enablers, and pioneers)
- + Our portfolio has significantly lower carbon emissions, water usage, and waste streams per \$ of revenues versus market indices and the overall economy
- + We are committed to moving our portfolio's coverage of companies with science-based targets for carbon to 80% by 2025 (77.6% as of 2/29/2024)

Corporate Engagement

- + We broadly advocate for corporations to adopt environmentally smart business practices and disclosure
- + We have analyst-driven customized engagement with portfolio holdings based on identified highest opportunities and risks
- + Our active ownership ranges from proxy voting aligned with policies to filing shareholder resolutions if necessary

Thought Leadership

- + We contribute to peer learning organizations and collaborate with like-minded investors
- + We are active participants in webinars, conferences, lectures, and academia
- + We compose EP Insights, Terra Alpha white papers, and Terra Alpha Voices
- + We engage in public advocacy, including direct communication with federal agencies

Our first step is through our investment process and portfolio construction. Secondly, through engagement directly with portfolio companies including proxy voting, thematic campaigns across companies, and company-specific interaction. Thirdly, we express our voice in thought leadership and advocating with collaborative efforts on the policy front.

A few of the most notable actions and impacts from 2023 and early 2024 are that we:

Portfolio:

- Financed 82% less carbon emissions, 88% less water usage, and 35% less waste generation (compared to the global index) via our investment portfolio, and
- Surpassed our 2025 portfolio science-based target (SBT) coverage goal of 75%. Current coverage stands at 77%, from 43% baseline in 2020.

Corporate Engagement and Advocacy:

- We continued a portfolio-wide campaign on Net Zero commitments and action plans,
- Had a total of 92 active engagements with portfolio companies,
- Included our DE&I data disclosure expectations in our initial engagement letter to companies,
- Co-filed one shareholder resolution,
- Launched an engagement campaign regarding data centers' resource use and impact, and
- Collaboratively engaged in policy advocacy alongside peer organizations and companies.

Thought Leadership:

- We added more depth to our Advisory Board with [Kathy Baughman McLeod joining us](#),
- Led a weeklong [Wall Street Diversity Accelerator](#) bootcamp, and
- Expanded our reach through podcasts, webinars, a university course, and participation on conference panels.

Looking forward, our 2024 focus builds upon what we share in this report. **Investing and engagement can be an iterative process, and we anticipate impact in the year ahead via:**

- Continuing our drive to bring our portfolio companies to validated science-based targets (SBTs) and action plans to achieve them,
- Holding our companies and firm to high standards of DE&I,
- Using a science-based targets for nature-oriented framework to illuminate water-use management more broadly and deeply across the portfolio,
- Intensifying our waste and biodiversity risk considerations including FLAG, (Forest, Land, and Agriculture), and
- Deepening our assessment of Scope 3 emissions in our investment process.

[View Full 2023 Impact Report Here](#)



Amy Dine
Director of Corporate Engagement

1% for the Planet



[1% for the Planet](#) is an international organization whose members contribute at least one percent of their annual revenue to environmental causes to protect the environment.

Terra Alpha has been a member of 1% for the Planet since 2017 and has committed to sending profits to environmental organizations. As of year-end 2023, we have donated **\$54,359** to nonprofits, including:

- + 1% for the Planet
- + CDP (formerly Carbon Disclosure Project)
- + CERES
- + Columbia Earth Institute
- + Intentional Endowments Network (IEN)
- + Sustainability Accounting Standards Board (SASB)
- + UN Principles of Responsible Investment (PRI)
- + US Sustainable Investment Forum (US | SIF)
- + World Resources Institute
- + Yale Environment 360



WORLD
RESOURCES
INSTITUTE



Thought Leadership

Terra Alpha Voices | Lisa Renstrom & Bob Perkowitz



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.

In our latest installment and first ever dual-Terra Alpha Voices, KK Ottesen sat down with environmental leaders, impact investors, and wife-husband duo Lisa Renstrom & Bob Perkowitz to discuss how they got involved with sustainability and environmental issues, their a-ha moments, and how they communicate with people who may view climate change in a different way.

"Nature will get the final word. Nature is not this beautiful thing to protect. Nature is a system that we are a part of – we, and our economy, are a wholly owned subsidiary of nature – and it is brutal. If a certain species gets too large, something will put it back into balance. Our economic system, our financial system, our health system, none of them are as resilient as nature." - [Lisa Renstrom](#)

[Read the full Terra Alpha Voices here.](#)

2024 Confluence Philanthropy Gathering



CIO Tim Dunn moderated the "Transparency into the Real Challenges of Decarbonizing the Economy" panel at [Confluence Philanthropy's](#) 14th Annual Practitioners Gathering that took place in Denver, Colorado in March.

Tim was joined by [Cambridge Associates'](#) Partner & Managing Director, [Tom Mitchell](#), [Mercer's](#) Partner & US ESG Investments Practice Leader [Tamara Larsen](#), and [VF Corporation's](#) Vice President, Global Sustainability [Jeannie Renne-Malone](#). The session engaged in a deep analysis of the challenge of delivering on net-zero commitments faced by asset owners, asset managers, and public companies.

The Practitioners Gathering is a landmark annual event that brings together a diverse and passionate community of foundation leaders, high-net-worth individuals, and investment advisors working at the cutting edge of investing. Together, they engaged in critical dialogue on the "why" and "how" of impact investing and forging a path toward a more sustainable and equitable future.

Sponsorships & Attendance

- Tim Dunn and Director of Business Development, Phil Swan, attended the 2024 [Intentional Endowment Network](#)'s Higher Education Climate Leadership Summit in Long Beach, California in February. Terra Alpha was a sponsor of the event.
- Phil Swan, attended the [Association of Governing Board's National Conference on Trusteeship](#) in Boston, Massachusetts in March.

Investment Team Update

As we do with the companies in which we invest, we recognize the critical role that people have in the success of our firm. We are exceptionally proud of the caliber and the commitment of each member of the team who works every day to deliver superior outcomes for our investors and for the world.

Other than the most senior founding members of the investment team (**Tim Dunn, CFA**, **Dan Sanborn, CFA**, and **Amy Dine** who have over 50 years of investment experience), our investment team has been primarily recruited directly out of university with limited prior investment experience. Why? Because most mainstream investment firms train analysts to focus mostly on near-term financial issues that might influence short-term stock price changes. These "learned practices" are hard to "unlearn" and are often counterproductive to our very long-term and fundamentally holistic investment analysis and engagement process. Hence, we have developed our own highly intentional on-boarding and professional development programs, which alongside our Environmental Productivity and Enduring Business Model investment frameworks have yielded powerful outcomes.

At the beginning of 2024, three long-term members of the investment team received well-earned promotions that recognized their years of experience and their professional and personal development.

- [Jacob Hampton](#), who joined the firm in 2015 after completing his MBA at Southern Methodist University's Cox School of Business, was promoted to **Associate Portfolio Manager – Consumer**.
- [Nathaniel Schwartz \(CFA Level III candidate\)](#), who joined the firm in 2017 after completing his BA in Finance at Auburn University, was promoted to **Senior Investment Analyst**.
- [Julianna Brunini, CFA](#), who joined the firm in 2019 from Education Advisory Board (EAB) and with a BA in Earth and Planetary Sciences from Harvard University, was also promoted to **Senior Investment Analyst**.

As our investment assets and investor list grows, we feel it is important to continue deepening our investment team. In 2023, we added a fifth full-time research analyst. This year, [Dan Sanborn, CFA](#), is relinquishing his research responsibilities in order to focus more of his time on portfolio management and oversight. We are pleased to announce Dan Sanborn's promotion to **Senior Portfolio Manager**. This reflects Dan's expanded capabilities and role in Terra Alpha's portfolio analytics, construction, and oversight.

In turn, **Julianna Brunini, CFA**, while continuing as a Senior Investment Analyst, has been elevated from Associate Director of Research to **Director of Research**. Her primary duties as the Director of Research include overseeing the TAI research process & frameworks, coordinating the five-person research team, and chairing investment calls.

We congratulate and thank each member of the investment team for their passionate commitment to our sustainable investment approach.

Baby Announcement!

On February 21st, 2024, Jacob Hampton and his wife Shannon welcomed their third child, Kellan Evans Hampton, to the world. We congratulate Jacob and his family on their exciting new addition and send them the best of wishes. Jacob is currently on parental leave and will return in May.



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.

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