



Case study

GLOBAL IMPACT EQUITY STRATEGY



Trane Technologies

The following case study is a selected example of a recent engagement with a company held in or considered for the portfolio. The example is not meant to be representative of every engagement held, but to illustrate the types of ESG engagements we are having with the managements of our investment companies.

REDUCING GREENHOUSE GASES (GHGs)

Trane Technologies

Pressure Points

Commercial and residential buildings' energy use represent 17.5% of the total amount of greenhouse gases emitted globally.¹ CO₂ emissions from building operations have risen in recent years, mainly because of the increasing use of heating and cooling equipment. We believe this has been partly driven by extreme weather events stemming from global warming. According to the IEA, the sector's energy intensity needs to drop nearly five times faster over the next 10 years than it did in the past five years to meet the net-zero emissions target by 2050.

Impact Thesis

Trane Technologies enables greater energy efficiency in commercial and residential settings and refrigerated transportation. The firm's products improve the low temperature-controlled supply chain (the cold chain), which reduces food waste. The company has committed to the ambitious Gigaton Challenge that aims to avoid 1 billion metric tons of greenhouse gas emissions by 2030. More efficient HVAC solutions also reduce the emission of F-gases in the atmosphere, which have a global warming potential up to 23,000 times greater than CO₂. We measure the positive impact of Trane's products on the environment by reporting the amount of carbon emissions it mitigates.

KPI: Customer carbon emissions it mitigates (in metric tons of CO₂e equivalent)

Five Dimensions of Impact

What: Mitigating climate change by developing systems that improve energy efficiency.

Who: Planet

How much: In 2020, Trane Technologies' products helped customers reduce their carbon emissions by 7.7 million metric tons of CO₂e (versus a 2019 baseline).²

Contribution: The company has committed to market-leading sustainability targets by 2030. These include achieving carbon neutrality in its operations, zero waste to landfills, and a 10% reduction of absolute energy use.²

Risks: Endurance Risk: As global climate change intensifies, extreme weather events could hinder the company's progress toward its carbon reduction targets. Participation Risk: A lack of policies to encourage investments in energy-efficient products.

Progress Monitoring

We continue to monitor the firm's progress toward the Gigaton Challenge commitment. The company recently launched the Center for Healthy & Efficient Spaces to advance indoor environmental quality solutions—we will evaluate progress on this initiative over time.

PRIMARY UN SDG



IMPACT PILLAR

Climate and Resource Impact

IMPACT SUB-PILLAR

Reducing Greenhouse Gases (GHGs)

IMPACT JOURNEY

Input

USD 12.4 billion total revenue³

Output

Energy-efficient products and solutions that enable more efficient food transportation

Outcome

Improved energy efficiency

Impact

7.7 million metric tons CO₂e emissions mitigated²

¹Source: Hannah Ritchie and Max Roser (2020). "CO₂ and Greenhouse Gas Emissions." Published online at OurWorldInData.org.

²Trane Technologies 2020 ESG Report

³Financial year 2020

Additional Disclosures

The examples shown in the case studies represent the largest active positions in each sub-pillar.

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