

The EQ Climate Action portfolios allow you to align your financial goals with the global effort to reduce climate change risks and reach net zero. In these quarterly updates we showcase examples of *'transition'*, *'low-carbon leader'*, and *'solution'* companies and funds to which investors gain exposure.



Climate transition companies are either those on a credible science-based path to decarbonising their business model or those that need investor engagement to put them on a pathway to net zero. Our transition company showcase this quarter is [ENEL](#).



Achieving net zero will require high-emitting companies to transition. Therefore, financing and supporting companies with credible plans to decarbonise will have meaningful effect in combating climate change.

ENEL is an Italian multinational energy company that operates in the production, distribution, and sale of electricity and gas. In 2016, most of ENEL's power generation came from [coal \(28%\)](#). ENEL have committed to becoming a net-zero business by 2040. In order to achieve this ambitious goal, [the company has committed to phase-out all its coal-fired plants by 2027, and by 2030 85% of the companies installed capacity will be renewable.](#)

One important component of ENEL's strategy is the issuance of green bonds. These are bonds that are specifically issued to fund projects that are creating a positive environmental impact. ENEL has issued

FUND IN FOCUS

AXA Green Short Duration Bond



ENEL's green bond received investment through the AXA Green Short Duration Bond. The fund invests exclusively in green bonds, with the proceeds used for various green projects such as renewable energy, energy efficiency, and sustainable infrastructure.

Other examples of green bonds held in the fund are [Iberdrola](#) and [National Grid](#), both utility companies.

three green bonds since 2017, amounting to over £3 billion. These green bonds have been used to fund the construction of new renewable energy capacity like wind and solar farms, as well as develop transmission networks and smart grids.

So far ENEL has used the proceeds of its green bond issuances to install a capacity of [5,871 MW of renewables](#), which is [1.5x](#) the new capacity installed in 2022 in the UK.

The proceeds have been used to fund projects in emerging markets too. For example, [in 2019, ENEL installed a 34 MW solar plant in Ngonye in Southern Zambia](#). Projects like these are crucial in helping countries like Zambia leverage its power generation potential, improving energy access and building the foundations for sustainable growth.





Companies that fall into the low-carbon leader category are those that are ahead of the curve in carbon efficiency, with at least 33% lower emission intensity than their industry peers. Our low-carbon leader company showcase this quarter is [Ecolab](#).

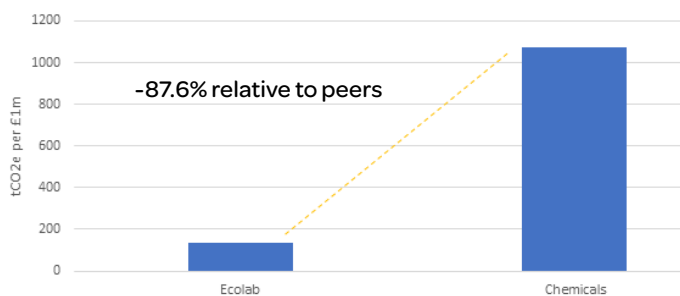


For over 100 years, Ecolab has been focused on improving the health of people, planet, and businesses around the world through water treatment and hygiene solutions. It has strong climate commitments across its own business and is helping its customers to tackle their climate impact.

Science based targets



Ecolab is deeply committed to reducing its carbon footprint, with an approved Science Based Targets initiative (SBTi) target to halve its Scope 1 & 2 emissions by 2030 and achieve net-zero across all scopes by 2050. Significant progress has already been made, with a [24% reduction in Scope 1&2 emissions recorded in 2022](#) from a 2018 base year, exceeding the annual target by 146%.



Key to these reductions is Ecolab's commitment to 100% renewable energy usage by 2030. The company has already partnered with [Clearway Energy Group](#) and [Low Carbon](#) to secure renewable electricity contracts for North America and Europe. Together these will cover 80% of Ecolab's electricity use, up from the current 60% level.

Additionally, Ecolab is focused on increasing energy efficiency across its operations, this includes electrifying its 25,000-strong vehicle fleet.,

Finally, Ecolab aims to extend its positive impact on the climate crisis beyond its own operations. Ecolab's solutions include low temperature laundry programmes, energy efficient heating-and-cooling and industrial cleaning systems.

This has already resulted in significant [environmental savings for its customers](#), including improving waste and water efficiencies. It helped customers [avoid 3.6 million tons of GHG emissions in 2022](#).

FUND IN FOCUS

[Lyxor Net Zero 2050 S&P 500 ETF](#)

LYXOR
Asset Management

Ecolab receives investment from the Lyxor Net Zero 2050 S&P 500 ETF which tracks the S&P 500 Paris-Aligned Climate Net Total Return Index, a collective of the largest US companies aligned with the Paris Agreement which set out to limit the rise in global temperatures to 2 degrees above pre-industrial levels and keep the rise to 1.5 Degrees.

Other companies in the ETF include [UnitedHealth Group](#) and [Home Depot](#).





Climate solution companies are those whose products and services provide solutions to decarbonisation. It also includes financing targeted at green projects. Our climate solution company showcase this quarter is [Trimble Agriculture](#).



Nitrous oxide (N_2O) is a potent greenhouse gas, [remaining in the atmosphere for about 114 years and possessing a warming potential almost 300 times that of carbon dioxide](#). It contributes to around 6% of greenhouse gas emissions and notably affects global climate change and ozone layer depletion. In agriculture, [responsible for 74% of anthropogenic US \$N_2O\$ emissions](#), it mainly emanates from the overuse of nitrogen-based fertilisers and weedkillers as well as improper soil management.

Nitrogen fertilisers, [both synthetic \(urea, anhydrous ammonia\) and organic \(manure\)](#), account [for 56% of fertiliser use](#). However, plants absorb only half the applied nitrogen, leaving the rest to be oxidised and lost to the air as N_2O . Furthermore, the excess use of nitrogen fertiliser can have long-term damages to soil health, which overtime will reduce productivity. Ensuring that nitrogen fertiliser is used in a responsible manner is key to mitigating climate change.

[Trimble Agriculture](#) is an Agri-tech firm offering effective farm management solutions via advanced software and innovative equipment. Its [weed seeker 2 technology](#) diminishes the need for blanket weedkiller spray reducing [herbicide use by up to 90%](#), preserving soil structure and reducing N_2O emissions.

Trimble's software, [Trimble AG](#), combined with the [Field IQ crop input control system](#), allows farmers to optimise fertiliser application and manage nitrogen rates and soil conditions efficiently. These tools aid in precise planting, reduce waste, and minimise soil disturbance, together contributing to decreased N_2O emissions. Utilising satellite technology, they also enhance the accuracy of farm equipment positioning.

Trimble promotes efficient farming and mitigates agriculture's N_2O emissions, positioning it as a key player in sustainable farming and a significant solution in the fight against climate change.

FUND IN FOCUS

[UBAM Biodiversity Restoration Fund](#)



Trimble receives investment from the UBAM Biodiversity Restoration Fund, which invest across a diversified portfolio of companies whose businesses are materially linked to the biodiversity theme through either protecting against or restoring biodiversity loss. Other examples of companies in the fund include [Stantec](#) and [Clean Harbors Inc.](#)





SCIENCE BASED TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

The SBTi is a partnership between CDP, the United Nations Global Compact, World Resources Institute and the World Wide Fund for Nature. Science-based targets show companies and financial institutions how much and how quickly they need to reduce their greenhouse gas emissions to prevent the worst effects of climate change.

The Science Based Targets initiative (SBTi):

- Defines and promotes best practice in emissions reductions and net-zero targets in line with climate science.
- Provides technical assistance and expert resources to companies who set science-based targets in line with the latest climate science.
- Brings together a team of experts to provide companies with independent assessment and validation of targets.
- The SBTi is the lead partner of the Business Ambition for 1.5°C campaign - an urgent call to action from a global coalition of UN agencies and businesses, mobilizing companies to set net-zero science-based targets in line with a 1.5°C future.

The change has already begun and action is gaining pace. Over 2,000 organizations worldwide are leading the transition to a net-zero economy by setting emissions reduction targets grounded in climate science through the SBTi.

Within the EQ Climate Action Portfolios, EQ Investors uses the Science-based targets initiative as the gold standard framework to evaluate companies' climate ambitions.

Find out more: <https://sciencebasedtargets.org/>

Risk warning

Past performance is not a guide to future performance. The value of investments and the income derived from them may go down as well as up and investors may get back less than they originally invested. The Climate Action Portfolios are available in seven different risk profiles.

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