



Climate Action Portfolios

Q2 2024 update

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 [Northland Power](#).



Electric utilities play a pivotal role in the energy transition towards renewable sources. [Electricity accounts for over 40% of global energy-related CO2 emissions.](#) Utilities can accelerate the transition by investing in renewable energy generation, grid modernisation, and energy storage technologies.

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.

Northland Power is a Canadian renewable energy company that develops, owns, and runs clean energy projects globally. Specialising in wind, solar, and offshore energy, Northland Power contributes to sustainable energy generation, reducing carbon emissions and promoting the transition to a low-carbon economy through its innovative renewable energy solutions.

FUND IN FOCUS

[Kayne Anderson Renewable Infrastructure Fund](#)

Kayne Anderson

Energy Infrastructure Fund

Northland Power receives investment through the Kayne Anderson Renewable Infrastructure Fund, which looks to invest in a blend of renewable energy leaders and transition-orientated companies that have advanced plans to retire legacy coal generation assets. Other examples of their holdings include [The AES Corp](#) and [Xcel Energy](#).

Northland Power has transitioned to a more renewable-focused company by strategically investing in and developing clean energy projects globally. [In 2014, thermal coal accounted for 18% of the company's electricity generation mix,](#) whilst today the company no longer holds any thermal coal assets. Northland Power have made significant investments into both offshore wind and solar projects.

In 2017 it led a consortium of companies that [built a 600 MW offshore wind farm in Netherlands known as Gemini.](#) The project is one of the biggest in the world. As of 2022, [over 75% of Northland Power's generating capacity comes for renewable sources,](#) showing the significant progress the company has made in the last 10 years. The company has outlined a roadmap to becoming a net zero business by 2040, with short-, medium- and long-term strategy to ensure they meet these goals.





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 [Autotrader](#).

AutoTrader

Autotrader is an American online marketplace for buyers and sellers of new and used vehicles. Most of Autotrader's emissions come from downstream scope 3 emissions resulting from the use of sold products. In 2020, emissions from use of sold products equated to [302,267 tonnes of CO₂ equivalent](#). [The company has managed to reduce this figure to 56,323 tonnes of CO₂ equivalent in 2023](#). The company has looked to support customers in making the switch to more environmentally friendly vehicles, whether that be electric vehicles or hybrids. The focus has been on pushing EV purchases through increased advertising and providing more information on battery range and charge time to promote adoption.



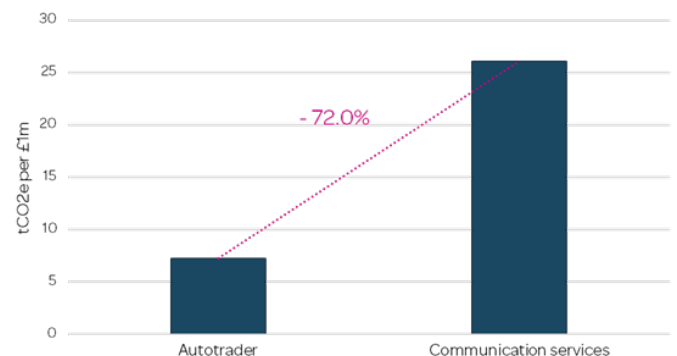
Science based targets



Autotrader committed to the [Science Based Targets Initiative \(SBTi\)](#) in 2021 and has committed to reaching net zero greenhouse gas emissions across its value chain by 2040. The company has a further medium target to reduce absolute scope 1 and 2 emissions by 50% by 2030 and reduce absolute scope 3 emissions by 46.2% over the same time frame.

Autotrader has also reduced its direct carbon footprint by having 99% of its energy usage coming from renewable energy tariffs, as well as switching all data centres to cloud computing infrastructure, improving efficiency.

All the policies and initiatives implemented by Autotrader show why it is considered a low carbon leader within its sector, with 72% lower emissions relative to its industry.



FUND IN FOCUS

[AB Low Carbon](#)



Autotrader receives investment through several different funds in the Climate Action portfolios, including the Alliance Bernstein Global Low Carbon Equity fund which holds other low carbon champions such as [Marsh & McLennan](#) and [Informa](#).



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 [Carlisle Companies](#).

Outdated building materials contribute to high energy consumption due to poor insulation, air leakage, and inefficient heating/cooling systems. [Buildings account for about 40% of total energy consumption in the United States](#), with a significant portion wasted due to inefficient structures. Retrofitting buildings with energy-efficient materials can significantly reduce energy consumption. [For instance, upgrading insulation can save up to 30% on heating and cooling costs. With energy demand for buildings continuing to increase](#), it's crucial that efficiency gains are made to help mitigate potential adverse environmental effects.

to lower carbon emissions. Carlisle's single-ply roofing membranes reflect sunlight, reducing the [urban heat island effect](#) and therefore decreasing energy consumption for air conditioning.

In 2022, Carlisle sold enough poly insulation to save building owners [88 million megawatt hours of energy over the product's lifetime](#) in avoided heating and cooling demand, enough energy to power over 7.8 million homes in the U.S. for a year. In 2022, the company's sold products resulted in [avoiding 33 million metric tonnes of CO2 emissions](#) for customers.



Carlisle Companies is a diversified industrial company that manufactures a wide range of products, including roofing materials, aerospace components, industrial coatings, and fluid handling systems.

The company's roofing materials account for 70% of the company's revenue and have been pivotal in advancing energy savings for both commercial and residential buildings. The roofing materials include energy-efficient options that reduce heating and cooling needs, leading

FUND IN FOCUS
[Ninety One Global Environment Fund](#)



Carlisle Companies receives investment from the Ninety One Global Environment Fund, which invests in companies engaged activities that help to drive decarbonisation through their products and services. Other companies in the fund include [Schneider Electric](#) and [Aptiv](#).





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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