

IMPACT INVESTING MONTHLY

January 2024

Alpha Omega Wealth Management

Your monthly update on impact investing

Impact Investing at AOWM

Seeking companies that
turn a profit making a
sustainable impact on
society and the
environment

January's update includes a company highlight on Trane Technologies, a chart on the global growth of air conditioning, and links to interesting articles and podcasts. As always, if you would like to talk about impact investing in general or your impact portfolio specifically, please do not hesitate to email.

Grace and Peace,



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Company Highlight on Trane Technologies

Trane Technologies (tranetechnologies.com) designs, manufactures, and services HVAC systems for homes and buildings, as well as refrigeration for transporting food, medicine, and other perishables. Trane's purpose is to "boldly chal-



TRANE
TECHNOLOGIES™



lenge what's possible for a sustainable world," and it seeks to reduce greenhouse gases "while enabling healthier, efficient indoor environments and safe, reliable delivery of essential temperature-controlled cargo."¹

You can see more about Trane [here](#), or check out its podcast "[Healthy Spaces](#)." See more as well about [how HVACs work](#) and the [history of AC](#). Trane currently ranks 23rd in [Corporate Knights Global 100](#), a list of the 100 most sustainable public companies that are "driving the transition to a low-carbon, circular economy," and 18th on [JUST Capital](#), a ranking of the largest U.S. public companies regarding their investment in all stakeholders.

¹ 2022 Trane Technologies Annual Report

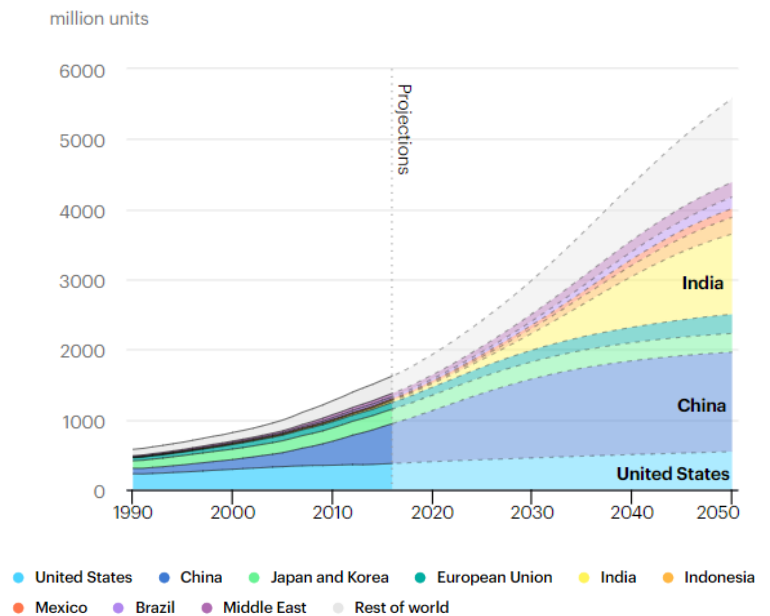
Chart of the Month

This chart comes from the International Energy Agency's 2018 report, "[The Future of Cooling](#)." It shows the growing demand and projected usage of air conditioning around the world through 2050, and you can see the full report [here](#).

Of the roughly 3 billion people in the hottest parts of the globe, only about 8% have an AC unit, and [demand is increasing](#) with rising incomes. China, India, and Indonesia are projected to account for half of the air conditioning use by 2050, a title currently held by the U.S. and China's combined AC use. AC, alongside refrigeration, has enabled rising living standards via temperature control and ventilation in buildings, as well as the preservation of food and medicine during transport and storage.

[Environmental concerns](#) with AC center around the refrigerants they use and power they require. [Refrigerants](#) from decades past caused ozone depletion (no longer allowed), while more recent versions proved to be potent [greenhouse gases](#) ([phasing these out](#) is a work in [process](#)). ACs also use a lot of energy. New technologies, paired with stronger standards, to advance efficiency and enlist less harmful coolants will be crucial to extending the benefits of air conditioning while [minimizing their environmental impacts](#). Ensuring buildings and homes have proper insulation and draw energy from renewable sources will also be key.

Global air conditioner stock, 1990-2050



Links to Interesting Reads & Podcasts

"The Unexpected History of the Air Conditioner"

Smithsonian Magazine, Haleema Shah
June 24, 2019
(5 minute read)

Sustainable Nation Podcast

Interview with Scott Tew, Trane's Center for Energy Efficiency & Sustainability
December 15, 2023
(35 minute listen)

"Keepin' It Cool: How the Air Conditioner Made Modern America"

The Atlantic, Rebecca Rosen
July 14, 2011
(5 minute read)

"How to Prevent Air Conditioners from Heating the Planet"

Scientific American
June 23, 2021
(7 minute read)

What is Impact Investing?

The term **“Impact Investing”** focuses on investments made *“with the intention to generate positive, measurable social and environmental impact alongside a financial return.”*¹ Many people talk about this intersection of social, environmental, and financial values as a focus on the **triple bottom line** of **people, planet, and profit.**² Others also highlight the ways that environmental, social, and financial values are really **“blended values,”**³ given that the operations, products, and services of any business always have effects (whether positive or negative) on society, the environment, and the financial bottom line.

“ESG” is a term that stands for “Environmental, Social, and Governance” factors that can affect a company’s long term financial health as well as well-being for broader society and the environment. The term ESG was coined in a 2004 United Nations report entitled, *“Who Cares Wins: Connecting Financial Markets to a Changing World,”* and this report highlights the ways *“successful investment depends on a vibrant economy, which depends on a healthy civil society, which is ultimately dependent on a sustainable planet.”*⁴

ESG analysis usually focuses primarily on how a changing world (socially and environmentally) might affect a company’s financial return. Impact analysis usually focuses on how a company’s operations and products affect society and the environment. The two types of analysis are distinct but complementary and can be used to help you blend your values with your investments.

Sources

¹ Thegiin.org; see also rockefellerfoundation.org/from-the-archives/global-impact-investing-network-giin/

² “Triple bottom line,” *The Economist*, Nov 17, 2009. economist.com/news/2009/11/17/triple-bottom-line

³ Blendedvalue.org

⁴ UNepfi.org/fileadmin/events/2004/stocks/who_cares_wins_global_compact_2004.pdf

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