

Carrier

On April 3, 2020 Carrier debuted as a stand-alone, publicly traded company after completing its separation from United Technologies. Carrier is a leader in HVAC and refrigeration products, which have a profound impact on the world's carbon footprint. Every refrigerator and air conditioner contain chemical refrigerants that absorb and release heat; in some cases, the chemicals are HFCs (hydrofluorocarbons) that contribute to global warming. In October 2016, officials from more than 170 countries met in Kigali, Rwanda to address problems associated with HFCs. The result was an amendment to the Montreal Protocol, which focused on phasing out HFCs – starting with high-income countries in 2019. According to a study by researchers at the *Lawrence Berkley National Laboratory*, “improved efficiency in refrigeration and phasing out fluorinated gases used for cooling could eliminate a full degree (Celsius) of warming by 2100.” Moreover, Carrier plans to use its legacy of leadership and sustainability to create long-term, energy efficient solutions with lower impact on global warming.

Carrier recently completed its first ESG materiality assessment utilizing GRI steps of identification, prioritization, and validation. Through this study, Carrier realized the largest opportunity for GHG reductions is within the use of its products. It launched the Carrier CO2NSERVATION Meter that estimates avoided GHG emissions resulting from the installation of high-efficiency Carrier air conditioning, heating and refrigeration systems. From 2000 to 2019, Carrier estimates that their products have avoided nearly 300 million metric tons of greenhouse gas emission -- equal to taking more than 60 million cars off the road for one year. Examples of new, energy efficient products that Carrier launched in 2019 include Carrier's Vector HE trailers refrigeration units that can reduce fuel consumption up to 30% and maintenance costs up to 15%. Another example is the AquaEdge 19DV, which provides an ultra-low GWP refrigerant with zero ozone depletion and an A1 safety rating.

Deploying newer HVAC systems can not only help reduce GHGs but may also help reduce the spread of COVID-19. Many scientists believe that the virus is spread through droplets that are emitted by infected people; however, there is debate over how they travel. There is some evidence, that the droplets may be small enough that they remain suspended in the air, pushed by air currents. According to ASHRAE (American Society of Heating, Refrigerating and Air-Conditioning Engineers), “Ventilation and filtration provided by heating, ventilating, and air-conditioning systems can reduce the airborne concentration of SARS-CoV-2 and thus the risk of transmission through the air.” One way to counter poor ventilation and aerosols indoors include changing to HVAC systems that exchange air in the room with air from outside; another way is through removing air virus particles with filters. In April, to help hospitals treating patients with COVID, Carrier launched the OptiClean™ portable negative air machine, which cleans and removes air potentially contaminated by the virus.

Carrier has not gone without negative press. For instance, ahead of the 2016 presidential election, Carrier announced the closure of its Indianapolis plant, which would move 1,400 jobs to Mexico due to ongoing cost and pricing pressures. Ultimately, the Company only ended up moving 632 jobs. However, according to an article written by the *New York Times*, workplace morale suffered with the prominence of exhausted workers and increased absenteeism. One union group leader, Paul Roell who had been at the plant for 19 years said, “Carrier has been ‘running the factory hard,’ forcing employees to work up to 60 hours per week, six days in a row, with ‘mandatory’ overtime.”

Nonetheless, Carrier's ESG report discusses various workplace initiatives aimed to retain and develop talent. For example, the Company offers a leadership development program, *Talent Possible*, that aims to provide development opportunities for early career, mid-career and senior leadership. In addition, Carrier offers a company-sponsored employee education program. Since its inception in 1996, the Company has invested more than \$156 million to advance employees' formal education, helping 630+ participants earn degrees. The Company is also committed to improving diversity and inclusion; it recently launched its Diversity & Inclusion strategy, which aims to reduce the gap by recruiting more diverse talent to Carrier, developing diverse senior leaders, and driving inclusion. Over 50% of direct reports to the CEO are either women or people of color.

Because the company is a recent spin off from UTX, it does not yet have an OWL rating.

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