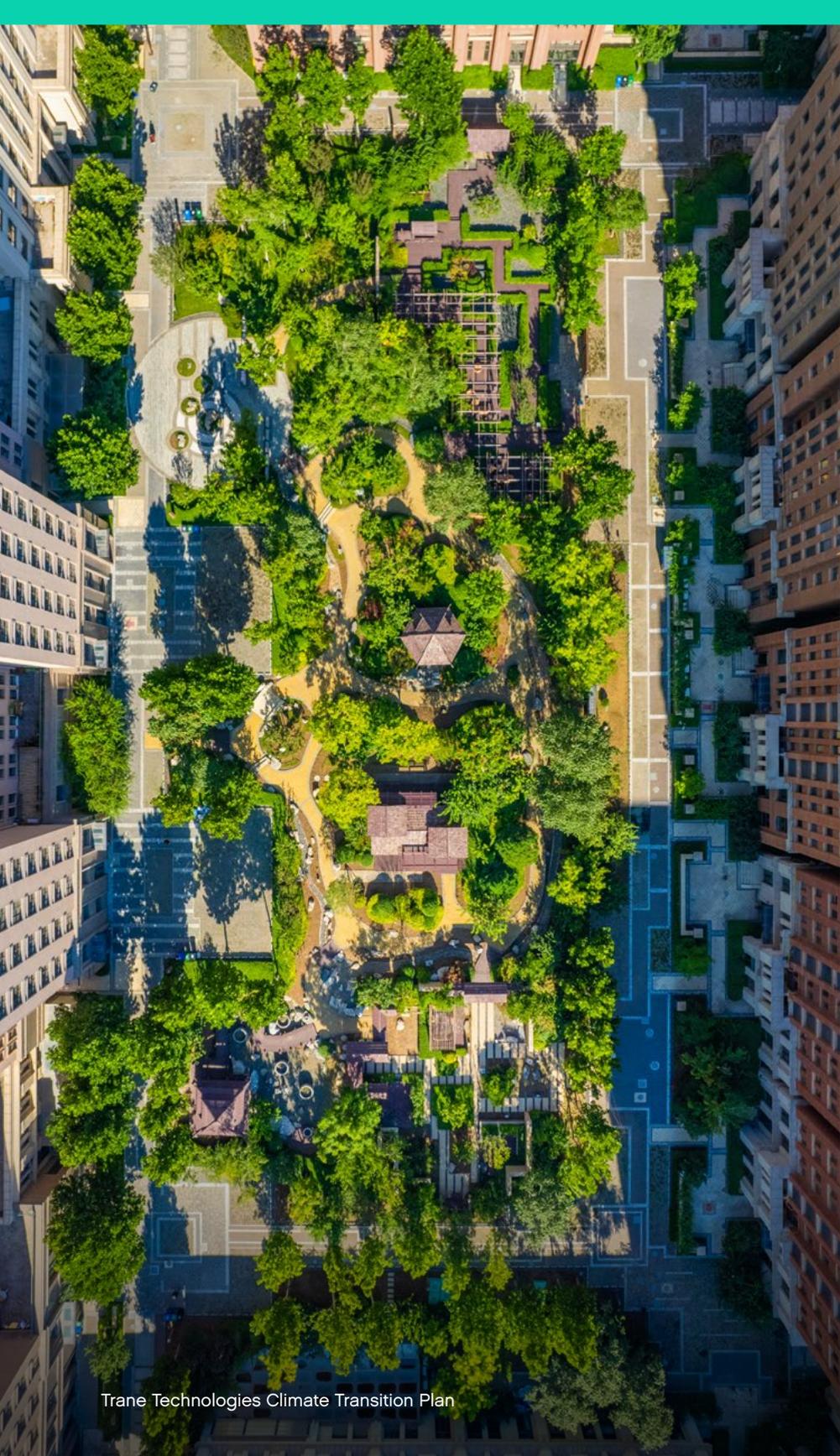


# Climate Transition Plan



# Trane Technologies' climate ambition

Urbanization, climate change and resource constraints are dramatically reshaping our world. According to the Intergovernmental Panel on Climate Change (IPCC), decarbonizing our economy by 2050 is essential to limiting global warming to 1.5 degrees Celsius or less.<sup>[1]</sup> The International Energy Agency's (IEA) climate analysis of greenhouse gas (GHG) emissions shows that buildings are responsible for approximately 30%<sup>[2]</sup> of global GHG emissions, and the transportation sector accounts for approximately 20% of global emissions.<sup>[3]</sup> As a climate innovator delivering energy-efficient and electricity-driven solutions and services for heating, cooling and energy management across the built environment, industry and transportation sectors, Trane Technologies operates exactly where global megatrends and innovation intersect.

Trane Technologies is dedicated to continuously innovating to support the advancement of our customers' carbon reduction journeys and deliver on our purpose to boldly challenge what's possible for a sustainable world. We view our climate strategy and climate innovation as key aspects of our overall business and sustainability strategies because, based on the results of our 2022 materiality assessment, climate risk, GHG emissions, energy and energy-efficient and low-emission products are material topics for our business. We designed our 2030 Sustainability Commitments, 2050 Net-Zero Roadmap and supporting decarbonization levers to reduce emissions associated with our operations, our customers' use of our products and our products' life cycles. We continuously strive to enhance our resilience to climate change and accelerate the global low-carbon economy transition.

1 IPCC, "[Climate Change 2021 The Physical Science Basis: Working Group I Contribution to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change](#)," 2021.

2 IEA, "[Tracking Clean Energy Progress 2023: Buildings](#)," 2023.

3 IEA, "[Tracking Clean Energy Progress 2023: Transport](#)," 2023.

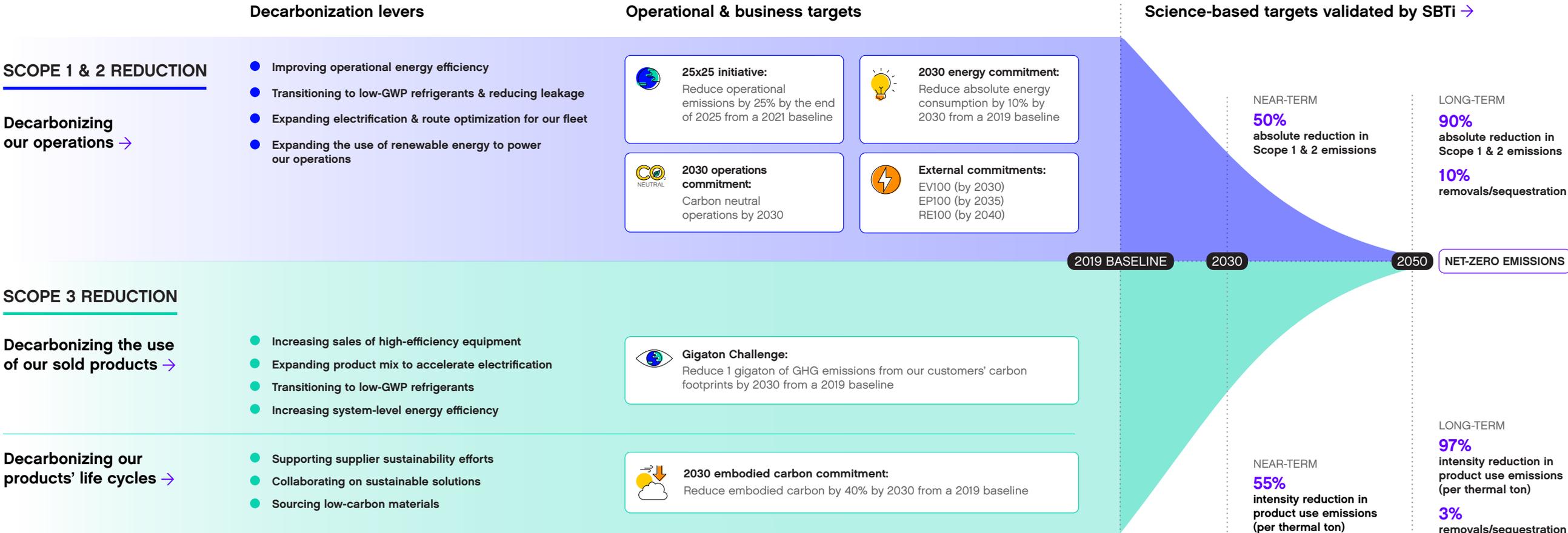
## Our Climate Transition Plan

Our Climate Transition Plan (CTP) outlines our forward-looking strategy to manage physical and transition climate risks and opportunities, reduce carbon emissions in line with international climate agreements, such as the Paris Climate Agreement and Montreal Protocol, and prepare for future policy, market and technological changes that will arise as companies further prioritize sustainability within overall business strategy.

In preparing our CTP, we referenced the [Transition Plan Taskforce \(TPT\) Disclosure Framework](#), released in October 2023. The TPT Disclosure Framework builds upon existing climate reporting frameworks, such as the Taskforce on Climate-related Financial Disclosures (TCFD) and the International Sustainability Standards Board's (ISSB) Sustainability Disclosure Standards. Our CTP is intended to complement our [annual multi-faceted reporting disclosures](#) and provide greater transparency to our investors and other stakeholders.

# Trane Technologies' Climate Transition Plan

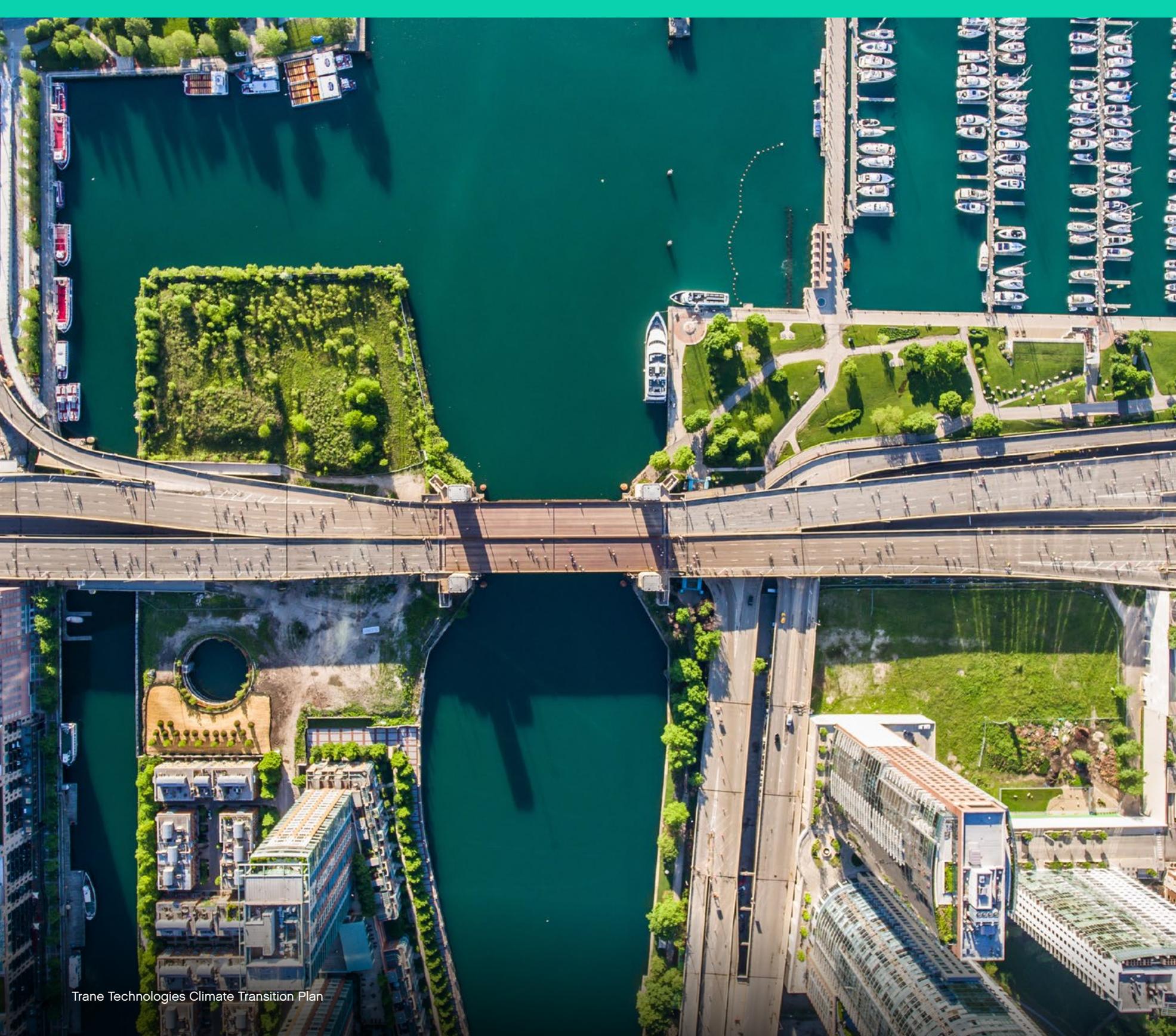
Our decarbonization strategy →



**Scope 1, 2 & 3 decarbonization strategy dependencies & external factors:** Market conditions, potential locked-in GHG emissions, extreme temperatures and weather events, policy and regulatory change, inconsistent climate legislation, technological developments, a lack of supplier climate action to reduce GHG emissions

Climate Transition Plan elements →

- [Climate change resilience](#) →
- [Financial planning](#) →
- [Business model design](#) →
- [Just Transition](#) →
- [Policy advocacy](#) →
- [Culture](#) →
- [Governance](#) →
- [Tracking & reporting progress](#) →



# Our decarbonization strategy

Within our broader climate strategy, our decarbonization strategy represents our plan to mitigate greenhouse gas (GHG) emissions. It was developed based on the latest scientific research and includes near-term and long-term science-based targets, as well as additional emissions reduction commitments related to significant categories for our business. Our strategy identifies the major decarbonization levers to reduce emissions associated with our operations, customers' use of our products and our products' life cycles.

Internally, we maintain detailed guidance on our reduction strategy for Scope 1 and 2 emissions, as well as each category of Scope 3 emissions. The guidance provides descriptions of how each type of emissions manifests in Trane Technologies' operations and value chain and the specific decarbonization actions we will take to reduce them. We educate our team members on our decarbonization plan and make our internal guidance available to employees.

## IN THIS SECTION

[Our baseline GHG emissions →](#)

[Our science-based targets →](#)

[Our 2050 Net-Zero Roadmap →](#)

[Decarbonizing our operations →](#)

[Decarbonizing the use of our sold products →](#)

[Decarbonizing our products' life cycles →](#)

## Our baseline GHG emissions

In 2019, we completed a GHG emissions inventory aligned with the [GHG Protocol](#) across our Scope 1, 2 and 3 emissions to serve as the baseline for our science-based targets. We chose 2019 as our base year because it represented an average production year and allowed us to set ambitious emissions reduction targets and strategies. The 2019 baseline Scope 1 and 2 GHG emissions and the Scope 3, Category 11 “use of sold products” GHG emissions serve as the starting point for our emissions reduction targets approved by the Science Based Targets initiative (SBTi). Additionally, our commitment to reduce embodied carbon by 40% by 2030 from a 2019 baseline is focused on reducing our Scope 3, Category 1 “purchased goods and services” emissions.

### TRANE TECHNOLOGIES' 2019 BASELINE GHG EMISSIONS:<sup>[1],[2]</sup>



# 442,700+

mtCO<sub>2</sub>e of absolute Scope 1 and adjusted market-based Scope 2 GHG emissions



# 4 million

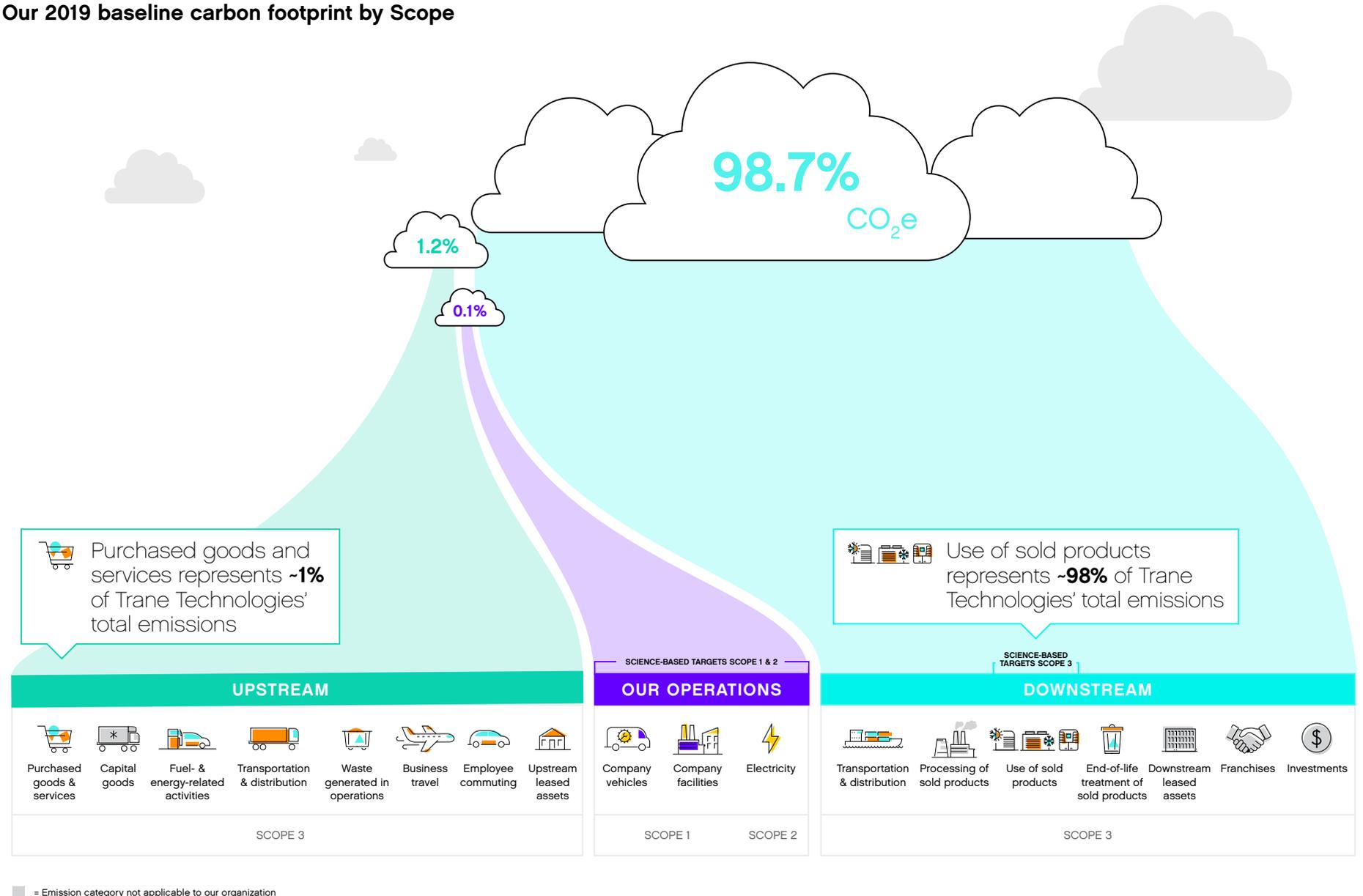
mtCO<sub>2</sub>e of Scope 3, Category 1 “purchased goods and services” GHG emissions



# 365 million

mtCO<sub>2</sub>e of Scope 3, Category 11 “use of sold products” GHG emissions

## Our 2019 baseline carbon footprint by Scope



1 mtCO<sub>2</sub>e = metric tons of carbon dioxide equivalent.

2 The 2019 baseline emissions data is as of December 31, 2024. We will restate the 2019 baseline data as required based on acquisitions and other activities. Restated data will be available in the most recent annual Sustainability Report.

## Our science-based targets

Our commitment to emissions reductions is evident in our decision to become the first in our industry — and one of the first companies in the world — to set a long-term net-zero target approved by SBTi. To achieve our goal of net-zero emissions by 2050, we first established SBTi-approved 2030 targets for our Scope 1 and 2 GHG emissions and our Scope 3 product use GHG emissions. These SBTi-approved targets are aligned with international climate agreements' aim to limit global temperature rise to 1.5 degrees Celsius. Our science-based Scope 3 intensity target is exclusively focused on product use emissions, as Scope 3, Category 11 "use of sold products" emissions represented over 98% of Trane Technologies' total GHG emissions in the 2019 base year.

As of the publication of our inaugural Climate Transition Plan (CTP) in 2025, we consider our 2030 science-based targets as near-term targets and our 2050 science-based targets as long-term targets. We define near-term targets as being one to five years out and long-term targets as being in excess of five years.<sup>[1]</sup>

### NEAR-TERM: OUR 2030 SCIENCE-BASED TARGETS

- **Absolute Scope 1 and 2 GHG emissions:** 50% reduction from a 2019 baseline.
- **Scope 3, Category 11 "use of sold products" GHG emissions:** 55% reduction per thermal ton<sup>[2]</sup> from a 2019 baseline.

### LONG-TERM: OUR 2050 SCIENCE-BASED TARGETS TO ACHIEVE NET-ZERO

- **Absolute Scope 1 and 2 GHG emissions:** 90% reduction below 2019 levels and neutralization of the remaining 10% of emissions through carbon removals and sequestration.
- **Scope 3, Category 11 "use of sold products" GHG emissions:** 97% reduction per thermal ton<sup>[2]</sup> below 2019 levels and neutralization of the remaining 3% of emissions through carbon removals and sequestration.

## Our 2050 Net-Zero Roadmap

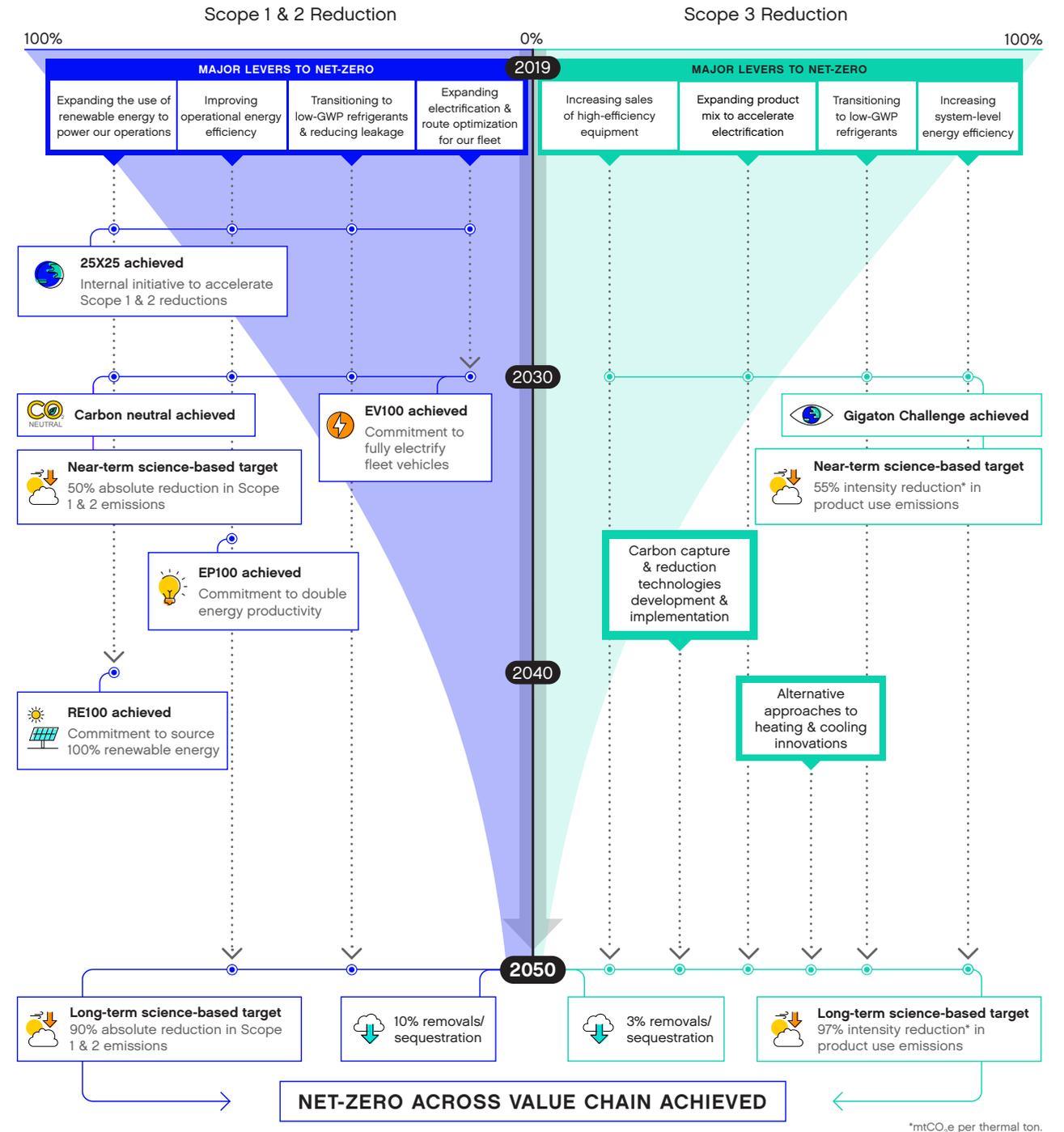
Trane Technologies' 2050 Net-Zero Roadmap represents our plan to achieve net-zero emissions across our value chain by 2050. It is focused on our Scope 1 and 2 and Scope 3, Category 11 "use of sold products" science-based targets. The roadmap also includes internal and external commitments that contribute to emissions reductions and can help us achieve our science-based targets.

1 We utilize our Enterprise Risk Intelligence program's definitions for "near-term" and "long-term" when categorizing targets.

2 Emissions per thermal ton (capacity) equals total emissions divided by total thermal capacity/ton.

## 2050 Net-Zero Roadmap

Our plan to achieve our science-based targets



## Decarbonizing our operations

We aim to achieve our Scope 1 and 2 science-based targets by reducing operational emissions through four major decarbonization levers. Additionally, we commit to assessing the inclusion of clean hydrogen as fuel and emerging technologies, such as direct air capture, in our operational decarbonization strategy as they become technologically feasible.

### SCOPE 1 & 2 DECARBONIZATION LEVERS<sup>[1]</sup>



#### EXPANDING THE USE OF RENEWABLE ENERGY TO POWER OUR OPERATIONS

**~30% of the Scope 1 & 2 emissions reductions needed to achieve our 2030 science-based target<sup>[2]</sup>**

We commit to sourcing renewable energy to power our operations. We source renewable-based electricity directly from our own on-site photovoltaic (PV) / solar generation systems and indirectly through contracts with power suppliers and long-term power purchase agreements. To maximize the use of renewable energy power in our operations, we intend to continue examining different sourcing approaches to ensure we select the optimal approach for the location. In 2024, we had ten facilities with on-site solar generation, and in the coming years we plan to construct new PV systems at our facilities. As part of our membership in RE100, we set a goal to source 100% renewable electricity globally by 2040.



#### IMPROVING OPERATIONAL ENERGY EFFICIENCY

**~10% of the Scope 1 & 2 emissions reductions needed to achieve our 2030 science-based target<sup>[2]</sup>**

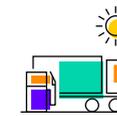
By lowering our overall energy consumption, we can reduce business costs and decrease GHG emissions. We install passive heating and cooling solutions to reduce the needed load from heating, ventilation and air conditioning (HVAC) systems and automate mechanical systems to reduce energy use. By designing smarter systems that support renewable energy integration, we shift electricity demand during peak periods to reduce the consumption of carbon-intensive electricity from the grid. We have energy-related commitments that contribute to our Scope 1 and 2 science-based targets and our 2030 Sustainability Commitment to achieve carbon neutral operations by 2030. These energy-related commitments include our EP100 commitment to double our energy productivity by 2035 from a 2013 baseline, and our 2030 Sustainability Commitment to reduce absolute energy consumption by 10% by 2030 against a 2019 baseline.



#### TRANSITIONING TO LOW-GWP REFRIGERANTS & REDUCING LEAKAGE

**~50% of the Scope 1 & 2 emissions reductions needed to achieve our 2030 science-based target<sup>[2]</sup>**

Each year, we continue to invest in the transition to low-global warming potential (GWP) refrigerants. We upgrade our plants to enable the use of new refrigerants for product manufacture and testing. By preventing leaks in our operational equipment, switching from hydrofluorocarbons (HFCs) to low-GWP refrigerants and maintaining our equipment, we can effectively reduce our Scope 1 emissions from refrigerant use. In addition to efforts within our operations, we continue to lead an industry-wide transition to low-GWP refrigerants through our innovation and advocacy efforts. Read more in the [Policy advocacy](#) section.



#### EXPANDING ELECTRIFICATION & ROUTE OPTIMIZATION FOR OUR FLEET

**~10% of the Scope 1 & 2 emissions reductions needed to achieve our 2030 science-based target<sup>[2]</sup>**

Our vehicle fleet uses gasoline, diesel, biofuels and electricity as fuel, with our use of gasoline and diesel contributing to our Scope 1 emissions. As part of our efforts to reduce Scope 1 emissions, we committed to EV100, which calls us to transition 100% of our sales and service vehicles to electric vehicles (EVs) by 2030, where practical and technically feasible. Most of our global fleet of 8,000 vehicles will be transitioned to EVs, including our service trucks and vans, sports utility vehicles (SUVs) and traditional passenger cars. In 2023, we partnered with a fleet management company to help us meet our EV100 commitment and address several specific barriers, including our rate of vehicle purchases and the need for charging infrastructure.

<sup>1</sup> These actions have been defined based on research and data as of 2019.

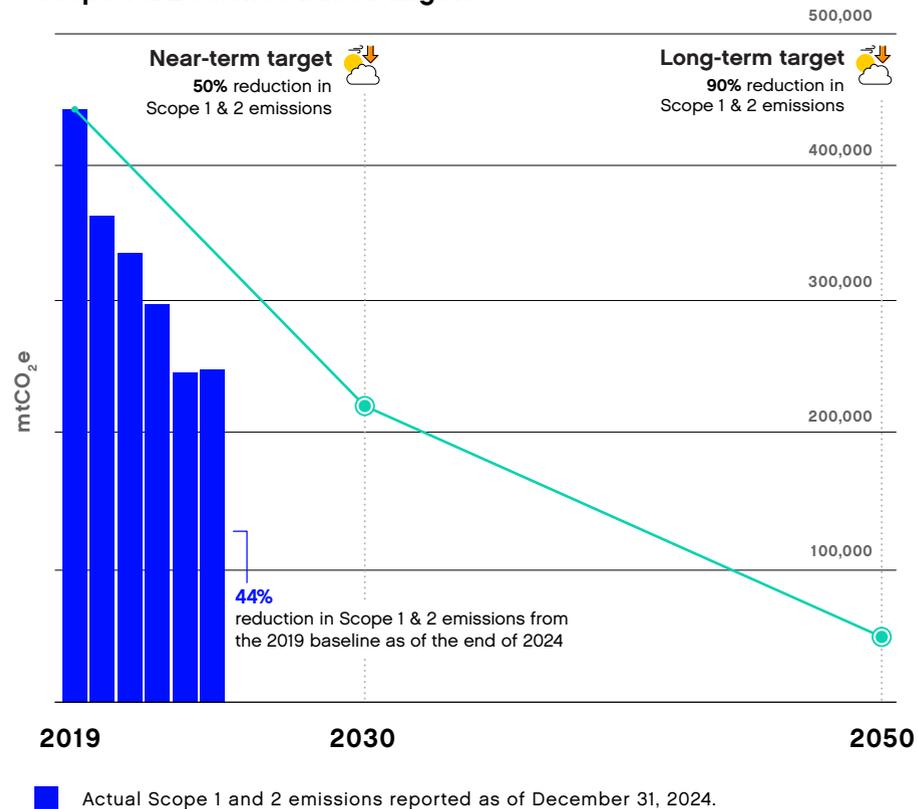
<sup>2</sup> The percentages represent each lever's estimated contribution to achieve our near-term science-based target to reduce absolute Scope 1 and adjusted market-based Scope 2 GHG emissions by 50% by 2030 from a 2019 baseline. These estimated contributions have been defined based on actual Scope 1 and 2 emissions reductions through 2024 from the 2019 base year, as well as planned reductions by 2030. The levers' contributions to emissions reductions may be subject to change over time.

Trane Technologies made significant progress in reducing Scope 1 and 2 emissions between the 2019 base year and 2024. Our adoption of internal commitments and initiatives and engagement in voluntary external climate commitments helps contribute to operational emissions reductions, advancing progress on Scope 1 and 2 science-based targets.

### INTERNAL COMMITMENTS & INITIATIVES

Two of our [2030 Sustainability Commitments](#) encourage and contribute to operational emissions reductions. Driving progress on our commitment to achieve carbon neutral operations by 2030 is directly dependent on reducing Scope 1 and 2 emissions. Leading up to 2030, we intend to maximize our operational emissions reductions through our decarbonization levers to limit the amount of verified carbon offsets needed to meet our carbon neutrality commitment. We commit to using high-quality verified carbon offsets to neutralize remaining operational emissions.

#### Emissions reductions trajectory of our Scope 1 & 2 science-based targets



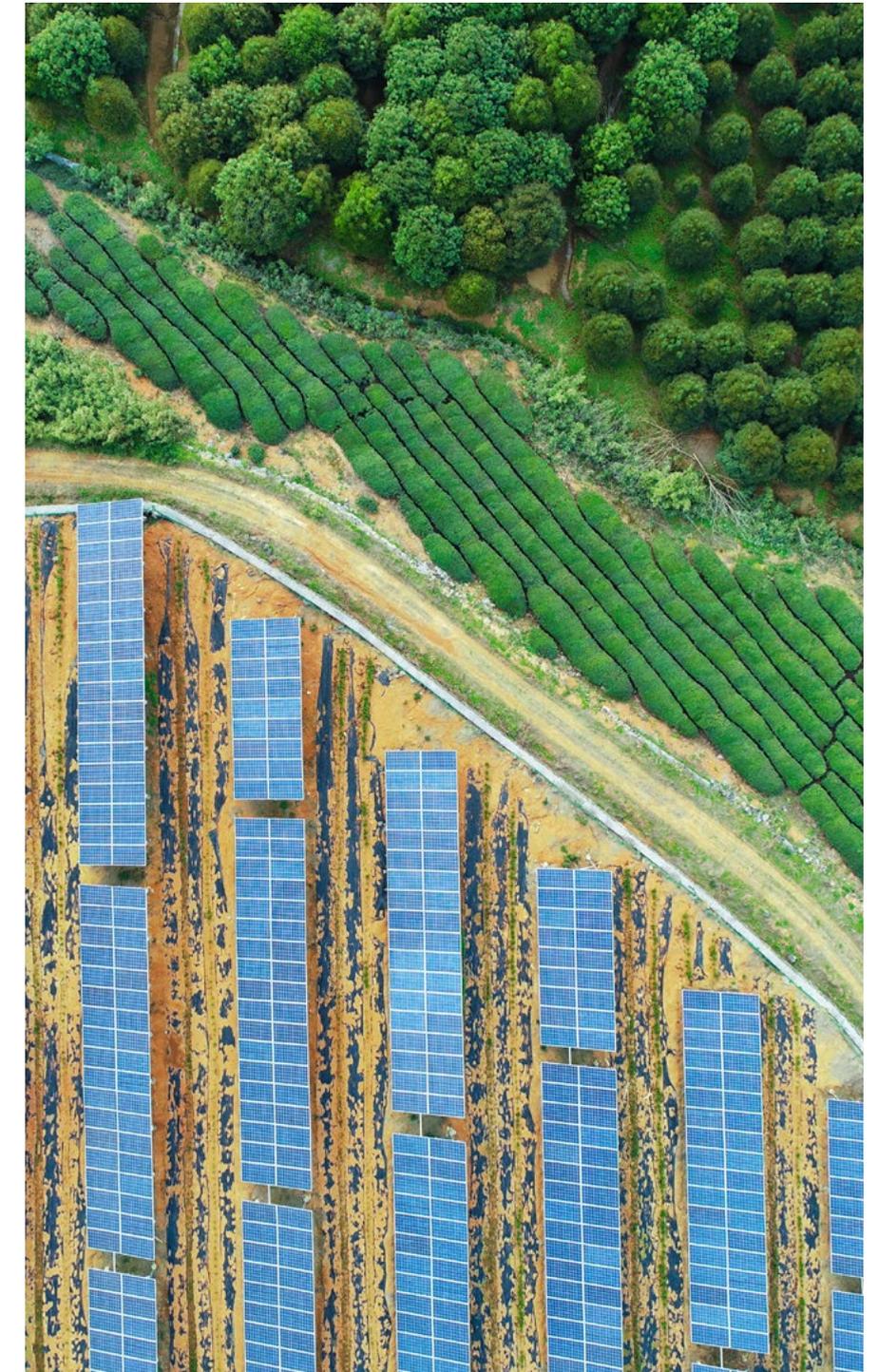
Our 2030 Sustainability Commitment to reduce absolute energy consumption by 10% by 2030 from a 2019 baseline contributes to Scope 1 and 2 emissions reductions and is aligned with our “improving operational energy efficiency” decarbonization lever. We detail our plan to meet this commitment in our [Energy Policy](#).

Additionally, in 2022, we launched our internal 25x25 initiative to reduce our operational GHG emissions by 25% by the end of 2025 from a calendar year 2021 baseline. This initiative was intended to accelerate progress toward our SBTi-approved Scope 1 and 2 targets and our commitment to carbon neutral operations. In 2024, we achieved our 25x25 initiative a year early, reducing Scope 1 and 2 GHG emissions by 26% from a 2021 baseline. Operational efforts contributing to the initiative aligned with our Scope 1 and 2 decarbonization levers and included transitioning to low-GWP refrigerants, expanding the use of renewable energy and installing energy-efficient Trane® HVAC systems with smart controls.

### EXTERNAL CLIMATE-RELATED COMMITMENTS

We participate in voluntary external climate commitments that help us drive progress toward meeting our near-term and long-term Scope 1 and 2 emissions reduction targets. For example, we are members of Climate Group’s [EV100](#), [EP100](#) and [RE100](#) initiatives, which strongly align with our Scope 1 and 2 decarbonization levers and require us to establish commitments to transition to an electric fleet, increase energy productivity and source renewable electricity. Through our involvement in various external initiatives, we engage in collective action and cross-industry collaboration and information sharing, helping scale and accelerate emissions reduction progress.

<b>CLIMATE GROUP</b> <b>EV100</b>	We commit to fully transitioning to an electric fleet by 2030, eliminating Scope 1 emissions from gasoline and diesel engines
<b>CLIMATE GROUP</b> <b>EP100</b>	We commit to doubling our energy productivity by 2035 from a 2013 baseline
<b>RE100</b> <b>CLIMATE GROUP</b>	We commit to sourcing 100% renewable electricity globally by 2040



# Decarbonizing the use of our sold products

Customers' use of our products represents our greatest area of impact, with over 98% of Trane Technologies' total GHG emissions categorized as Scope 3, Category 11 "use of sold products" emissions. Our Scope 3 product use decarbonization levers focus on reducing Scope 3, Category 11 emissions through developing and increasing sales of low-emissions products and services. We also established our [Gigaton Challenge](#) to reduce emissions from customers' use of our sold products. We are committed to a green-for-green approach, pioneering innovative solutions that provide exceptional payback while further driving sustainability.

We will continue to [track and report](#) on key actions taken to decarbonize the use of our sold products in our annual Sustainability Report.

## SCOPE 3 PRODUCT USE DECARBONIZATION LEVERS<sup>[1]</sup>



### INCREASING SALES OF HIGH-EFFICIENCY EQUIPMENT

Higher-efficiency products consume less electricity and have fewer related indirect GHG emissions. We continually expand our product portfolio to include more innovative and efficient equipment and digital solutions to help our customers decarbonize.



### EXPANDING PRODUCT MIX TO ACCELERATE ELECTRIFICATION

Transitioning to electricity-driven products, such as replacing a gas-powered boiler with an electric heat pump, can reduce our customers' reliance on fossil fuels. We offer customers a broad range of electric product options to support their decarbonization efforts. Additionally, when drawing power from a grid that generates electricity from renewable sources, electric products have the potential to be net-zero solutions.



### TRANSITIONING TO LOW-GWP REFRIGERANTS

We innovate products that use next-generation, low-GWP refrigerants that enable our customers to transition away from high-GWP refrigerants and reduce their Scope 1 emissions. Our [refrigerant reclaim program](#) also helps our customers manage their refrigerants. Additionally, we evaluate technologies, processes, systems and practices to reduce refrigerant leaks and offer customers the ability to track on-site emissions. We are engaged as an industry thought leader in the development of a circular refrigerant life cycle where refrigerants can be repurposed into new products or alternate materials.



### INCREASING SYSTEM-LEVEL ENERGY EFFICIENCY

We promote system-level approaches to increase energy efficiency, including building envelope improvements, controls and lighting upgrades, as well as energy and maintenance services. For example, we provide highly efficient heat pumps and all-electric thermal management systems that reduce the use of existing fossil fuel-powered boilers. Digital services, AI-powered building automation and analytics and auxiliary power units also contribute to gains beyond equipment efficiency, which lead to further emissions reductions for customers.

<sup>1</sup> These actions have been defined based on research and data as of 2019.

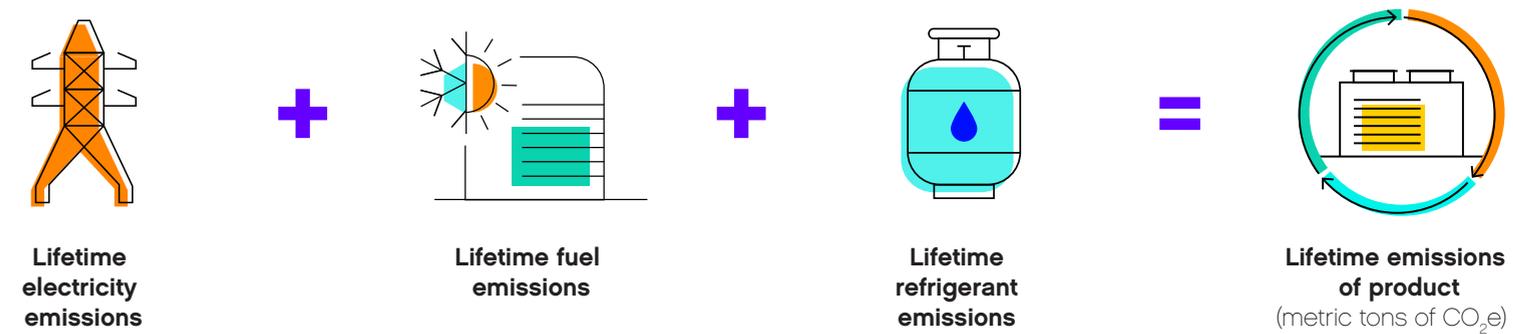
## GIGATON CHALLENGE: OUR MECHANISM FOR MEETING OUR SCOPE 3 PRODUCT USE EMISSIONS TARGETS

In 2019, we created the [Gigaton Challenge](#) to address our largest area of impact within our Scope 3 emissions — customers' use of our products — and to help achieve our near-term and long-term science-based Scope 3 product use emissions targets. Through our Gigaton Challenge, we aim to reduce 1 gigaton of GHG emissions (1 billion mtCO<sub>2</sub>e) from our customers' carbon footprints by 2030 from a 2019 baseline. It is the first-of-its-kind climate commitment related to customer product use of any business-to-business company.

The Gigaton Challenge covers our entire product portfolio and rallies our team members to innovate to reduce our Scope 3 emissions and address global challenges related to climate change. To reduce product-use emissions, our product development strategies focus on innovating higher efficiency products, electricity-driven products and products that utilize next-generation, low-GWP refrigerants. The key levers to achieve our Gigaton Challenge align with the four Scope 3 product use decarbonization levers.

### How we calculate product use emissions

Each year, we sum the lifetime emissions generated by all products sold during the calendar year and compare the sum to the equivalent lifetime emissions generated by all products sold during our baseline year of 2019, normalized to account for volume growth.<sup>1)</sup> The difference in emissions between the current year and the baseline year is that year's product emissions contribution to the Gigaton Challenge. A third party provides limited assurance of our absolute product use emissions annually.



<sup>1)</sup> The normalization of the data to account for unit volume is based on emissions per thermal ton (which is a measure of emissions per unit of energy).

In addition to product use emissions, the Gigaton Challenge also tracks avoided emissions, which capture customer emissions avoided through the use of our services. We use a proprietary calculation methodology to determine avoided emissions because there is no widely applied universal standard calculation. Examples of services we calculate avoided emissions for include the installation of building controls or intelligent services for customers and the reduction of customer food loss due to the expansion of the mature cold chain.

We track progress toward our Gigaton Challenge commitment on a quarterly basis for each business unit. We measure and calculate avoided emissions and absolute product use emissions reductions separately to help us capture both accurately. Additionally, leadership meets monthly to discuss key insights and evaluate opportunities to reduce our customers' carbon footprints. Read more about our commitment in our [Gigaton Challenge Playbook](#).



### Engaging our customers

Every aspect of our business focuses on helping customers achieve their sustainability and financial goals through delivering sustainable solutions. We provide industry-leading technology and product innovations in electrification, energy efficiency, digital services and autonomous controls and the use of low-GWP refrigerants.

Across our businesses, we equip customers and dealers with tools that can support the success of their decarbonization efforts. For example, Thermo King® offers an Electrification Readiness Program for dealers in the U.S. The program equips our vast dealer network with technical expertise, resources and support for deploying and servicing the next generation of hybrid and electric equipment to advance decarbonization for customers in the transport refrigeration sector.

We also serve as a resource for our commercial customers through our online [Legislation and Incentives Resource Center](#). The resource center provides insights into major legislation, policies and incentives affecting commercial buildings today and shares expert guidance to help customers adapt for the future.

## Decarbonizing our products' life cycles

In 2024, we announced our commitment to reduce embodied carbon in our products by 40% by 2030 from a 2019 baseline. This is an industry-first, precedent-setting commitment and is distinct from our Scope 3 product use science-based targets. Embodied carbon refers to the total amount of GHG emissions associated with a product material's life cycle, including the extraction of raw materials, manufacturing, distribution and end-of-life. It contributes to our overall carbon footprint. Our commitment aligns with guidance from leading global non-governmental organizations in the building space, which suggest that the building and construction sector should work to reduce embodied carbon in building materials and equipment by at least 40% from 2019 levels by 2030.<sup>[1]</sup>

While reducing Scope 1 and 2 emissions associated with manufacturing and Scope 3 upstream and downstream transportation emissions helps reduce embodied carbon, our commitment primarily aims to address our Scope 3, Category 1 "purchased goods and services" emissions. Most of the embodied carbon in our products is generated upstream and is related to the goods purchased from our suppliers. With this in mind, we identified three levers to decarbonize our products' life cycle emissions.

<sup>1</sup> The [World Green Building Council \(WorldGBC\)](#) envisions that "by 2030, all new buildings, infrastructure and renovations will have at least 40% less embodied carbon with significant upfront carbon reduction," and the [World Business Council for Sustainable Development \(WBCSD\)](#) states that "embodied carbon in building materials and equipment needs to be reduced by at least 40% from today's levels by 2030 and to net-zero by 2050."

### SCOPE 3 PURCHASED GOODS & SERVICES DECARBONIZATION LEVERS<sup>[2]</sup>



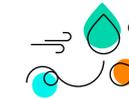
#### SUPPORTING SUPPLIER SUSTAINABILITY EFFORTS

Engage suppliers to understand where they are on their sustainability journey and support them in emissions reduction target setting and achievement in alignment with our [Sustainable Procurement Policy](#).



#### COLLABORATING ON SUSTAINABLE SOLUTIONS

Partner with suppliers to discover and apply sustainable and circular solutions, such as investigating new technologies, decreasing waste, optimizing material recycled content and enhancing material and energy efficiency.



#### SOURCING LOW-CARBON MATERIALS

Prioritize procuring materials with lower embodied carbon by integrating sustainability as a key criterion in product development and sourcing decision-making.

<sup>2</sup> These actions have been defined based on research and data as of 2024.

## PRIORITIZING THE DECARBONIZATION OF PURCHASES WITH THE GREATEST EMBODIED CARBON

Since most of the GHG emissions comprising our products' carbon footprints are generated by our upstream suppliers, sourcing low-carbon materials is paramount to achieving our embodied carbon commitment. We plan to take a phased approach to addressing embodied carbon in our procured materials. Among the commodities we purchase, steel, aluminum, copper and metal fabricated parts are the top sources of embodied carbon, so we are prioritizing decarbonization efforts related to these materials.

To encourage the decarbonization of the steel market and catalyze commercial adoption of low-carbon commodities, we are members of organizations like [SteelZero](#) and the [First Movers Coalition](#). We have set commitments to procure, specify or stock net-zero steel in our material selection in alignment with our organizational memberships. These memberships allow us to support suppliers' sustainability efforts and collaborate on sustainable solutions.

## MEASURING EMBODIED CARBON & SUSTAINABLE PRODUCT DEVELOPMENT

We aim to measure embodied carbon in key products using life cycle assessment (LCA) tools and methodologies, which allow us to measure the carbon footprint of the entire product life cycle. Calculating embodied carbon helps us track and understand emissions "hotspots" outside of the product-use phase and prioritize reductions across our value chain. Additionally, we will continue to pursue and publish Environmental Product Declarations (EPDs) to transparently communicate the environmental performance or impact of products over their entire life cycle. Trane Technologies' EPDs are publicly available on product websites and reference International Organization for Standardization (ISO) standards that govern EPDs and LCAs.

To further measure and track our progress in reducing Scope 3, Category 1 "purchased goods and services" emissions and moving toward a circular and sustainable product portfolio, we estimate sustainable revenue. Trane Technologies measures sustainable revenue from products made with recycled inputs proportionate to the percentage of the recycled inputs used in manufacturing the product. Our definition and calculation are aligned with the Corporate Knights Sustainable Economy Taxonomy.<sup>[1]</sup>



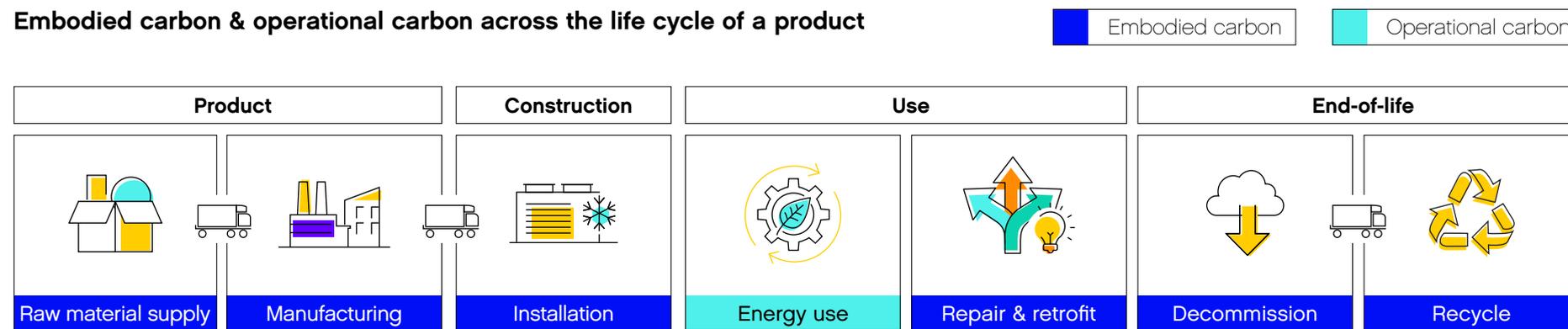
## Helping our suppliers reduce emissions

In our [Sustainable Procurement Policy](#), Trane Technologies commits to reducing environmental impact by preferred purchasing of environmentally sustainable products and materials and encouraging and expanding supplier engagement in sustainable practices. We expect our suppliers to adhere to our [Business Partner Code of Conduct](#) and strive toward the goals outlined in our [Supplier Sustainability Expectations](#), which include the expectations that our suppliers create an emissions inventory to measure their Scope 1 and 2 GHG emissions, transition away from high-GWP refrigerants and have an energy management program. We support key suppliers in implementing these initiatives and work with them to improve our understanding of the specific emissions in the products we buy and our suppliers' emissions reduction goals.

We send our Supplier Sustainability Survey to all our significant suppliers<sup>[2]</sup> to understand how they manage energy, emissions, waste and water usage. Supplier responses are benchmarked against our standards and, based on the results, we find opportunities to provide support and implement action plans to help them continue to drive progress. We also support suppliers' alignment with our [2030 Sustainability Commitments](#) by providing training workshops, best practice webinars and toolkits.

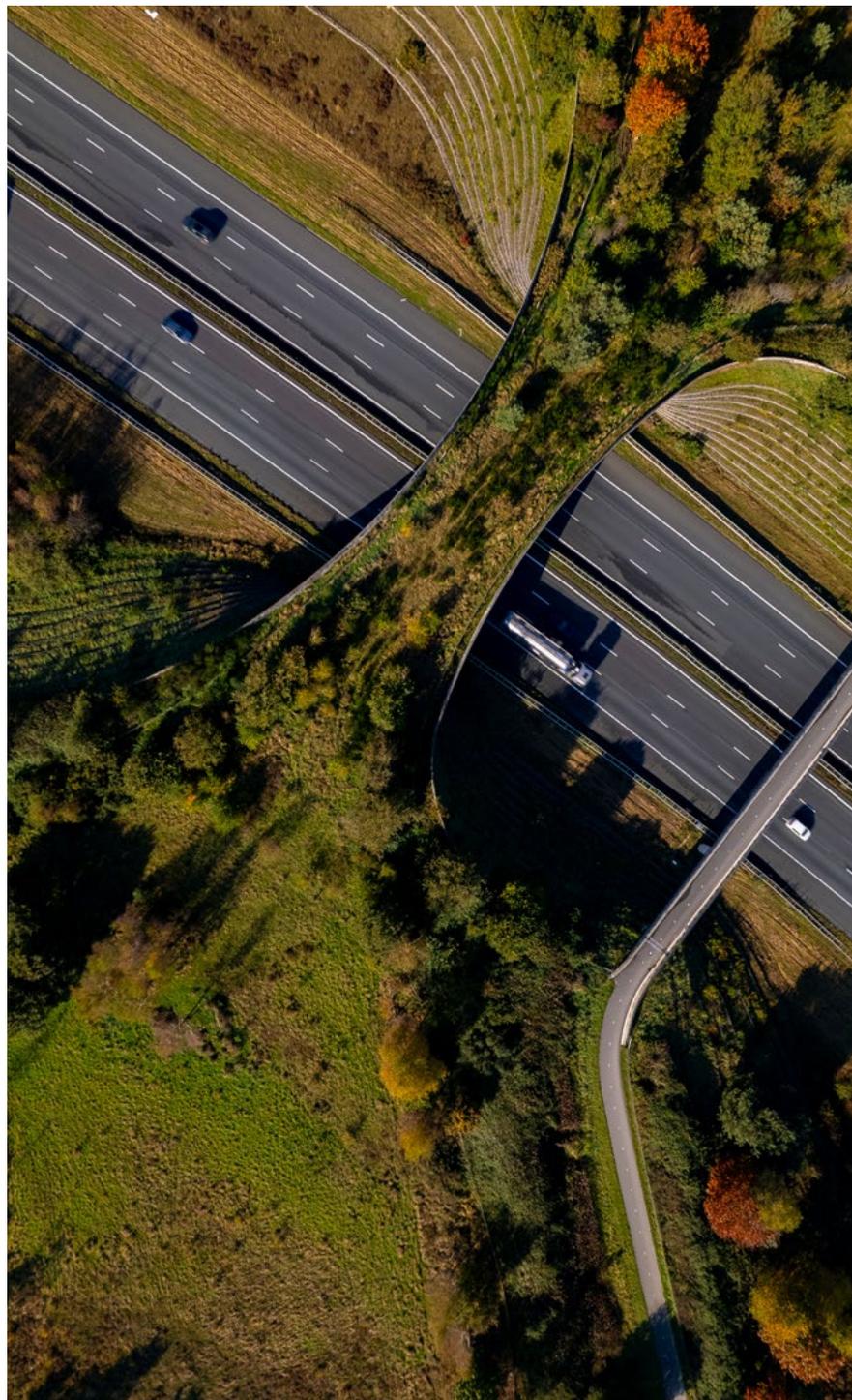
Collaborating with our key suppliers helps us maximize progress toward achieving our emissions reduction and embodied carbon targets.

## Embodied carbon & operational carbon across the life cycle of a product



1 Corporate Knights Inc. is a leading sustainable-economy media and research organization. The [Corporate Knights Sustainable Economy Taxonomy](#) provides a global standard to calculate sustainable revenue, which Corporate Knights defines as "revenue from sales of goods and services that contribute to an efficient, renewable, low-carbon energy system, or to a circular economy, or to sustainable production generally, and in a limited number of well-defined cases, to social benefits."

2 Significant suppliers are identified based on their risk of negative environmental impacts due to large quantities of carbon produced from their products in Trane Technologies' value chain.



## Decarbonization strategy dependencies

Our ability to achieve our GHG emissions reduction targets and climate commitments may be impacted by external factors, including:

- **Economic, political and business conditions in the markets in which we operate**, including recessions, economic downturns, price instability, slow economic growth and social and political instability.
- **Potential locked-in GHG emissions in key assets and products**, which may also drive transition risk.
- **Extreme temperatures and weather events, including floods, hurricanes and other forms of severe weather**; these events could adversely affect our operations through physical damage and complete or partial closure of one or more of our plants or by impacting our supply chain and the availability and cost of materials needed for manufacturing.
- **Policy and regulatory change**, which may affect the availability and use of regulated materials, energy consumption and efficiency standards for products, the transportation and shipping of raw materials and products, the transition to renewable energy sources, the potential availability of certain low-GWP refrigerants and the reuse, recycling and disposal of products and their components.
- **Inconsistent climate legislation**, which creates economic and regulatory uncertainty and may impact the demand for our products.
- **Technological developments**, including the availability of affordable carbon removal and sequestration technologies, which we plan to use to help achieve our 2050 net-zero commitment.
- **A lack of supplier climate action to reduce GHG emissions**, which may affect our ability to meet our embodied carbon commitment and reduce our Scope 3, Category 1 “purchased goods and services” GHG emissions.

## LOCKED-IN GHG EMISSIONS

The European Sustainability Reporting Standards (ESRS) define “locked-in GHG emissions” as “estimates of future GHG emissions that are likely to be caused by an undertaking’s key assets or products sold within their operating lifetime.”<sup>1</sup> Locked-in GHG emissions represent future emissions that the company cannot reduce. The amount of locked-in GHG emissions depends on the emissions or energy intensity and the expected lifetime of an asset or product, as well as the anticipated utilization rate of the asset or product during its lifetime. Trane Technologies expects to have some locked-in GHG emissions due to the use of refrigerants in our products.

We believe the locked-in GHG emissions will not jeopardize our targets because we accounted for locked-in emissions when setting our science-based targets. To meet our 2050 net-zero commitment, we plan to use carbon removals and sequestration to reduce the final 10% of Scope 1 and 2 emissions associated with our key assets and the final 3% of Scope 3 emissions associated with the direct use-phase GHG emissions of sold products.

<sup>1</sup> European Commission, “[Consolidated text: Commission Delegated Regulation \(EU\) 2023/2772 of 31 July 2023 supplementing Directive 2013/34/EU of the European Parliament and of the Council as regards sustainability reporting standards \(Text with EEA relevance\)](#)” 2024.



# Climate Transition Plan elements

Our Climate Transition Plan (CTP) includes strategic elements that support and influence the implementation of our climate strategy. Financial planning, business model design, policy advocacy and our culture support the implementation of our climate strategy and enhance its effectiveness. Our commitment to a Just Transition and our determination to strengthen our resilience to climate change through scenario analysis and adaptation planning influence our climate strategy and actions. Ultimately, accountability for the governance and execution of our climate strategy, as well as tracking our emissions reduction progress, is paramount to achieving our commitments.

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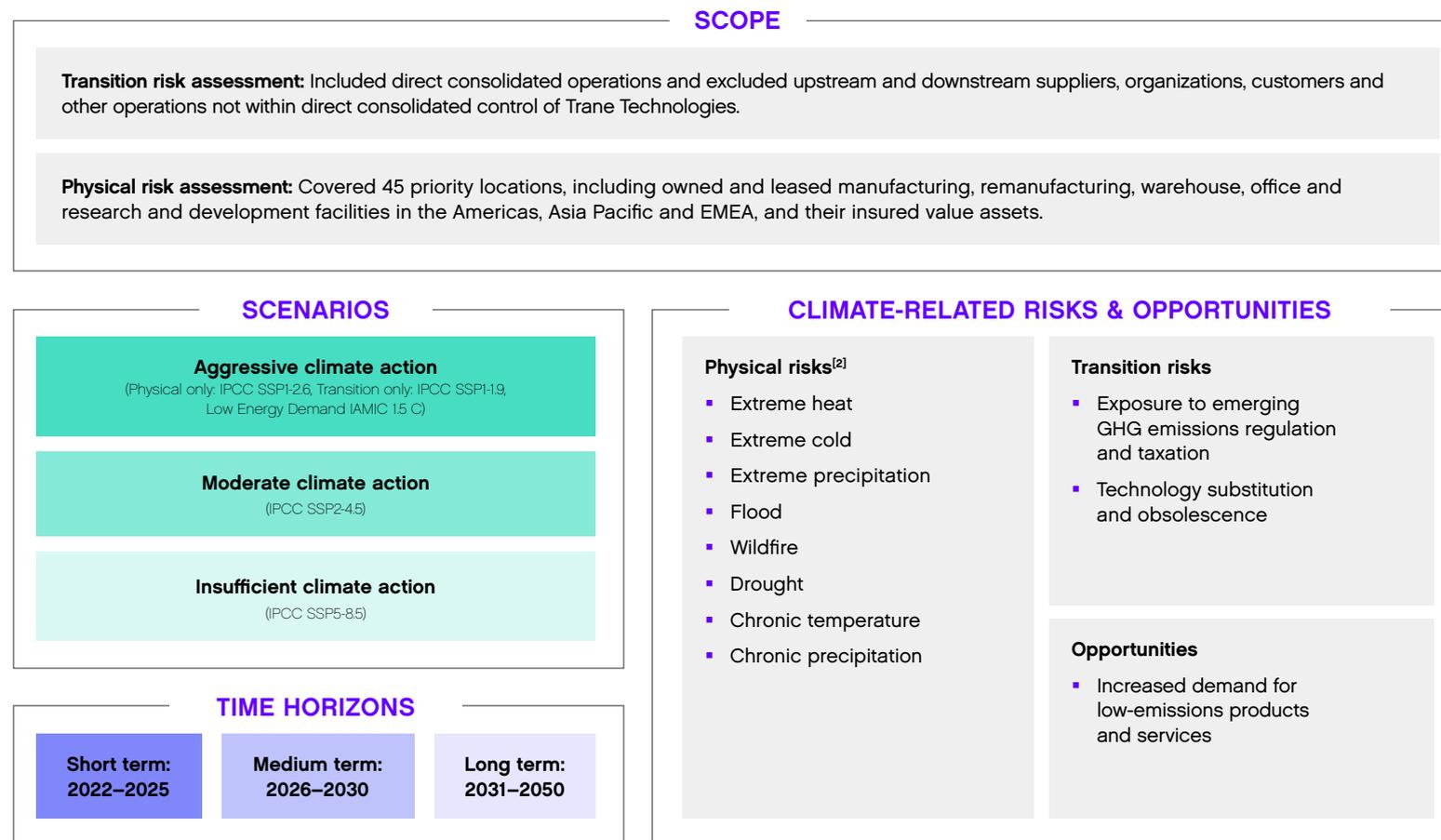
## Climate change resilience

In 2022, Trane Technologies completed a quantitative and qualitative climate scenario analysis to identify climate-related business risks and opportunities that may arise under different future scenarios. We used scenario analysis to assess our exposure and sensitivity to potential futures surrounding policy and technology developments, market shifts and physical impacts. Based on our exposure, we interpreted the implications and impacts of different future scenarios on our business.

Our climate scenario analysis included physical and transition climate risk assessments using four of the Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report's Shared Socioeconomic Pathways (SSPs). The SSPs represent different projections of greenhouse gas (GHG) emissions based on plausible major global socioeconomic developments.<sup>[1]</sup> For instance, the IPCC SSP1-1.9 scenario is most consistent with the Paris Agreement's aim to limit global warming to 1.5 degrees Celsius; it was used to identify transition events and assess our exposure to them. An overview of our climate scenario analysis process and our key physical and transition risks and opportunities is detailed in the infographic below.

To strengthen our resilience to climate change, our Enterprise Risk Intelligence Committee (ERI) integrated the results of the climate scenario analysis into our risk management process. The committee works with the Enterprise Leadership Team to plan, manage and assess climate risk mitigation strategies to enhance the resilience of Trane Technologies' direct operations and value chain. The results of our climate scenario analysis also informed the development of our decarbonization strategy and 2050 Net-Zero Roadmap, which we detail in the [Our decarbonization strategy](#) section. We have and will continue to implement climate risk mitigation and adaptation actions and encourage the pursuit of climate-related opportunities.

### Trane Technologies' 2022 climate scenario analysis



- Physical risks:** To mitigate the impact of acute and chronic physical climate risks on our facilities and communities, our Environmental, Health and Safety (EHS) team developed the Trane Technologies Crisis Management Resource Guide and Facility Crisis Management Plans to manage severe physical events at the local level through a structured, timely and practiced response.
- Risk of exposure to emerging GHG emissions regulation and taxation:** Trane Technologies' operations and bottom line may be negatively affected by changes in legislative and regulatory GHG emissions requirements or potential defunding of climate-related international agreements or initiatives. Our government affairs team works to manage our exposure to risks and create business opportunities through our advocacy strategy. As a climate leader with significant energy-efficient and low-emission product offerings, our advocacy work often focuses on generating support for policies that support the low-carbon economy transition. Learn more about our advocacy strategy in the [Policy advocacy](#) section.
- Risk of technology substitution and obsolescence and opportunity to meet increased demand for low-emissions products and services:** Our 2050 Net-Zero Roadmap helps address the risk of technology obsolescence or customers substituting our existing technologies, products and services with lower emission options by defining four [Scope 3 product use decarbonization levers](#). These levers guide our product development strategy and are factored into our acquisition and growth strategy, helping us embrace the opportunity to continuously meet customers' increased demand for low-emissions products and services.

1 IPCC, "Introduction to WGII AR6 Fact Sheets: General Information," February 2023.

2 While our physical risk assessment projected that Trane Technologies' direct operations will experience impacts related to the eight "physical risks" under the aggressive, moderate and insufficient climate action scenarios, our greatest physical risks are exposure to extreme heat, extreme cold and extreme precipitation, as well as flooding at our coastal facilities.

## Financial planning

We believe that our climate strategy improves our business resiliency and contributes to Trane Technologies' growth. Our customers look to us as trusted advisors to help them balance their near- and long-term financial, operational and sustainability goals, and our investors value our focus as a climate innovator.

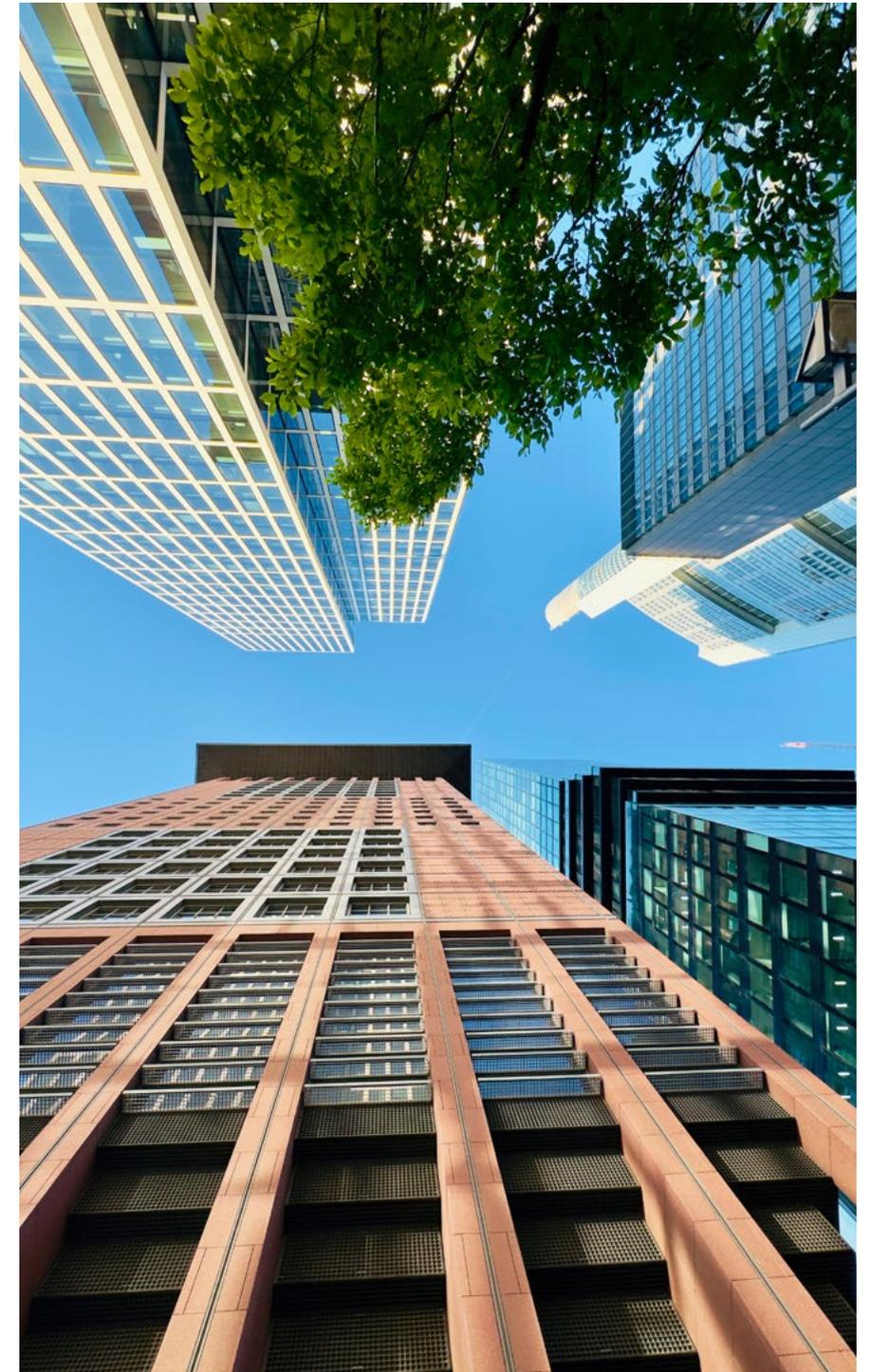
Our decarbonization strategy influences our financial position and performance. We annually report the amount of capital we invest in sustainability-driven research and development, and the percentage of business development spend focused on sustainability-related objectives. We will consider disclosing information on financial planning related to the decarbonization levers and the financial effects of the transition plan in alignment with climate-related financial planning disclosure requirements. We will use the methodology specified in the Commission Delegated Regulation 2021/2178 to disclose our investments and funding supporting the implementation of our transition plan in compliance with the EU Taxonomy, including our capital and operating expenditures.

## Business model design

Trane Technologies' overall purpose, business and growth strategy are focused on pursuing climate innovation to deliver sustainable solutions that support our customers' decarbonization journeys. Our four [Scope 3 product use decarbonization levers](#) guide our product development strategy and are factored into our growth strategy. When engaging in business development activities, we evaluate whether the potential merger, acquisition, joint venture or strategic partnership aligns with our decarbonization strategy.

Leading up to 2030, we anticipate that three key climate-related strategic ambitions will shape our business and value chain:

- Our embodied carbon commitment, announced in 2024, will require more strategic sourcing practices to procure low-carbon materials. Our commitment will alter our upstream value chain as we reevaluate and introduce new suppliers. We also anticipate our embodied carbon commitment to have downstream effects in the value chain by attracting new customers seeking low-carbon products. Learn more on our [Value Chain](#) webpage.
- While we have incorporated circular practices in our operations for many years, we have an opportunity to advance our development of more circular products by further considering our products' life cycles from conception to end-of-life during product design. Designing for circularity reduces GHG emissions by minimizing the need for new raw materials and extending product longevity through maintenance, reuse, recycling or remanufacturing.
- We aim to increase our work in sectors with significant energy demands, such as industrial organizations and high-tech data centers. Collaborating with these types of customers will shape our product innovation efforts. Helping customers with significant energy demands to decarbonize will also reduce our Scope 3, Category 11 "use of sold products" GHG emissions and enhance our impact.





## Just Transition

We recognize that climate change disproportionately affects underrepresented and poorer communities. We commit to ensuring a Just Transition and strive to ensure that environmentally sustainable economies are promoted in a way that is fair and inclusive, creating decent work opportunities and benefiting everyone. In 2024, we began internal discussions to further define and embed our Just Transition strategy throughout our business in alignment with the [International Labor Organization \(ILO\) Guidelines for a Just Transition](#). We continually examine how our efforts can contribute to a transition that empowers people and creates equitable climate change resiliency.

Examples of how we aim to advance a Just Transition for our workers, suppliers and customers include:

- Committing to identifying equitable ways to retain and retrain our workers associated with electrification and decarbonization so their careers can evolve alongside technology and innovation.
- Creating new pathways to training and career advancement for skills-based talent through programs like the [Trane Technician Apprenticeship Program](#).
- Working toward our [2030 Sustainability Commitment](#) to create Opportunity for All.
- Sourcing in-region for region, including purchasing from local suppliers and small businesses that generate economic value in their community.
- Engaging with our workers, suppliers and customers through surveys and conversations to understand how we can further support them.

Our ambition to foster a Just Transition in the communities surrounding our facilities is reflected in our Sustainable Futures corporate citizenship strategy, which is focused on uplifting students, as well as our [2030 Sustainability Commitment](#) to invest \$100 million in building sustainable futures by expanding access to healthy foods, education and green career pathways. Examples of how we support our communities, industry and the world include:

- Funding programs and partnering with a wide variety of global organizations with the aim to broaden access to STEM educational resources and exposure to career paths that support economic advancement.
- Investing in broad workforce development and innovation opportunities that help communities and our sector, such as our co-creation of the [Electrification Engineering Graduate Certificate](#) with the University of Minnesota's Technological Leadership Institute.
- Encouraging team members to develop and lead initiatives in their local communities via our [Purple Teams](#), including initiatives focused on fostering a Just Transition by providing STEM education and support to rural students.
- Supporting [environmental policy changes](#) that aim to positively affect the health and well-being of everyone in our communities through the development of clean energy infrastructure and the use of low-global warming potential (GWP) refrigerants.

## Policy advocacy

As a signatory of the [COP27 Action Declaration on Climate Policy Engagement](#), Trane Technologies commits to policy engagement activities, including lobbying, aligned with the objectives of the Paris Agreement's goal to restrict global temperature rise to 1.5 degrees Celsius above pre-industrial levels. We manage our policy positions in accordance with this commitment. We thoroughly assess all new policies related to climate and GHG emissions in our major markets to establish an internal position and advocacy strategy. Additionally, we review the positions and advocacy activities of the coalitions and industry trade group partnerships we are involved in to ensure alignment.

We support and advocate for policies that enable and encourage the adoption of decarbonization solutions. To share our perspective, we participate in forums and organize meetings with government leaders and policymakers at national and local levels. We also submit formal written comments during policy and regulatory development. Our public comments and testimonies are available on our [Sustainability Advocacy](#) webpage.

### KEY ADVOCACY AREAS

- **Refrigerant transition:** Advocating for an accelerated refrigerant transition away from the consumption and use of high-GWP hydrofluorocarbons (HFCs) to low-GWP HFCs.
- **Energy efficiency:** Encouraging the adoption of energy-efficient building energy codes and standards, as well as minimum energy performance standards (MEPS) that promote energy efficiency.
- **System-level energy efficiency:** Championing policies that advance system-level energy efficiency, such as policies promoting real-time energy consumption data to reduce system-level energy waste.
- **Renewable energy:** Encouraging renewable energy development and energy-efficient load shifting.
- **Electrification:** Advocating for building, transport and refrigeration electrification policies and more stringent energy codes at the federal and state levels, as well as policies and incentives encouraging the adoption of efficient heat pumps.
- **Extreme heat:** Supporting updates to building codes, legislation and regulations to protect against extreme heat.

## INVOLVEMENT WITH INDUSTRY GROUPS

Trane Technologies collaborates with and belongs to representative trade, industry and policy associations that seek to accelerate the low-carbon economy transition. We commit to advocating for Paris-aligned lobbying within the industry groups we belong to as part of our participation in the [Climate Action 100+](#) initiative.

We continually assess our memberships to ensure we collaborate with organizations that share our commitment to climate action. We provide an updated list of our involvement in our annual Sustainability Report, which is available on our [Sustainability Reports](#) webpage.

“Heat waves touch everybody and can pose significant risks to children, the elderly and people with chronic illness. It’s important for us to innovate, collaborate and advocate for solutions.”

Helen Walter-Terrinoni, Global Director of Decarbonization Advocacy, Trane Technologies



## Culture

We take deliberate steps to foster a culture of innovation and impact that furthers our purpose to boldly challenge what's possible for a sustainable world. We embed sustainability in our culture by asking our employees to set a sustainability-focused performance goal; building our workforce's climate competencies and awareness through comprehensive training offerings and sustainability-focused communications; encouraging employee involvement in our Sustainability Ambassador Network; and motivating leadership to drive progress on our climate commitments with financial incentives.

### GOAL SETTING: DEVELOPING IMPACT-FOCUSED MINDSETS

To help our workforce adopt an impact-focused mindset, we ask all salaried employees to set at least one annual performance goal that describes how they will contribute to our [2030 Sustainability Commitments](#). We provide employees with tools and resources to help them set smart and measurable goals that drive business value, further operationalizing sustainability. We also help new managers lead effective goal setting by offering sustainability tools and resources like our "Sustainability Starts with Us" eLearning course to learn more about our business ambition, Sustainability Commitments and the importance of setting individual sustainability goals.

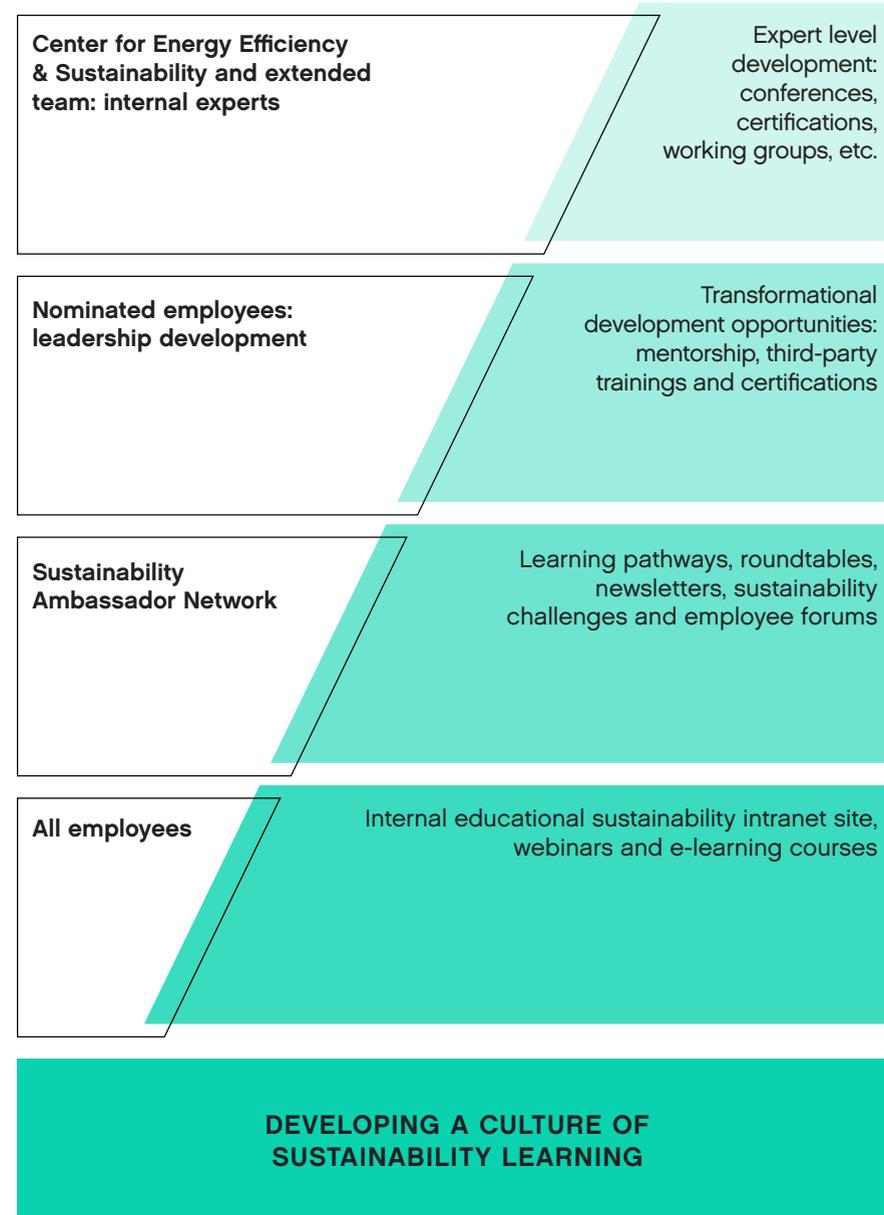
### TRAINING & COMMUNICATIONS: BUILDING CLIMATE COMPETENCIES

We recognize that we must enhance the skills, competencies and knowledge of our team members to foster an innovative and informed workforce that can help us achieve our emissions reduction targets. We provide our employees with a range of sustainability trainings and resources through our Sustainability Learning Framework, as well as our internal communications.

Each month, we share internal sustainability-focused micro-learning intranet articles and resources to build our workforce's climate competencies. For example, we published an internal GHG reduction guide detailing the key levers to emissions reductions across our value chain and shared it with employees to inform them of our strategy. Additionally, on a quarterly basis, we host sustainability webinars open to all team members. The webinars feature internal and external subject matter experts and include topics exploring the basics of energy efficiency policy, thermal storage and circularity.

## Sustainability Learning Framework

Our Sustainability Learning Framework provides an overview of sustainability-focused educational resources available to our employees.



## OUR SUSTAINABILITY AMBASSADOR NETWORK: PROMOTING SUSTAINABLE PRACTICES

Our Sustainability Ambassador Network is a global, employee-led network with the mission to educate participants on our sustainability commitments and strategies, and have them promote sustainable practices across our broader workforce. Open to all employees, Sustainability Ambassadors are provided with continuous learning opportunities on sustainability topics and participate in key programs, including developing quarterly sustainability newsletters, delivering roundtables and driving sustainability challenges to share emissions reduction best practices globally.

## ANNUAL INCENTIVE MATRIX: ENCOURAGING SUSTAINABILITY-MINDED DECISION-MAKING

One of the primary components of our executive compensation program is our Annual Incentive Matrix (AIM) remuneration structure. The AIM provides our top executives and our leaders with clarity on their ability to earn an annual variable cash incentive based on strong performance relative across several metrics, including a financial score, a Sustainability Modifier and individual performance scores.

The Sustainability Modifier is a performance factor that aligns with progress on our 2030 Sustainability Commitments. These performance factors are considered in conjunction with the Human Resources and Compensation Committee's holistic review of our key accomplishments and actions taken during the year to advance sustainability along with business growth.

The AIM financial score is calculated by adjusting the Financial Metrics based on the Sustainability Modifier performance and multiplying by the individual's performance against pre-defined objectives.

Our Annual Report includes more information about our AIM and can be accessed on our [Annual Reports & Proxies](#) webpage.

## Governance

Our Board of Directors and Enterprise Leadership Team (ELT) view our climate strategy as a key element of our business strategy and value proposition. Our Chair and CEO approves our CTP, which details our climate strategy. Specific Board Committees closely monitor and address climate-related risks and market opportunities, and executive leadership collaborates with teams throughout the business to implement our climate strategy.

### BOARD OVERSIGHT OF OUR CLIMATE STRATEGY

The Sustainability, Corporate Governance and Nominating Committee within our Board of Directors oversees Trane Technologies' sustainability efforts, including the development, management and implementation of our CTP. The committee tracks our performance against sustainability targets and commitments.

Our Technology and Innovation Committee also considers climate-related risks and opportunities. The committee proposes strategies for innovative solutions to address climate change and GHG emissions and advance energy efficiency in process and product development. Both the Technology and Innovation Committee and Sustainability, Corporate Governance and Nominating Committee are responsible for considering and making recommendations to the Board of Directors concerning our 2050 Net-Zero Roadmap and decarbonization strategy.

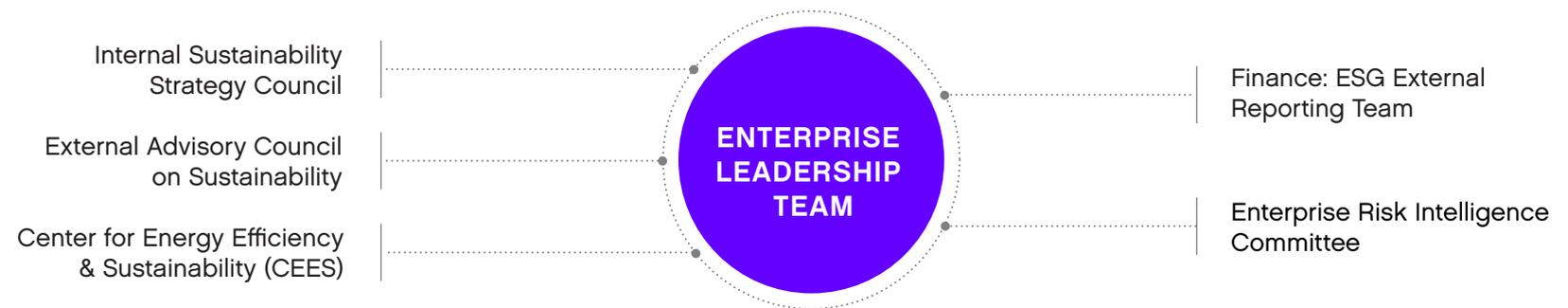
Our Audit Committee engages with sustainability and climate matters as part of its oversight responsibilities to shareholders and investors. The committee regularly reviews applicable and significant legislative and regulatory developments related to environmental, social and governance (ESG) reporting and disclosures. The Audit Committee also partners with the Sustainability, Corporate Governance and Nominating Committee to review the alignment of our financial reporting and ESG disclosures, the information to be included in our ESG disclosures within our periodic financial reports and the internal controls and procedures related to ESG disclosures, including any assurance being provided by the independent auditor or other third party with respect to ESG disclosures.

Learn more about the structure and responsibilities of our Board Committees in our formalized, Board-approved [committee charters](#).

### IMPLEMENTATION OF OUR CLIMATE STRATEGY

Our Vice President of Sustainability and Executive Director of the Center for Energy Efficiency and Sustainability (CEES) oversees the review and implementation of the climate strategies detailed in our CTP to meet our emissions reduction commitments. This executive works with key senior

## Climate strategy governance



leaders to set annual goals, establish pathways and reduction strategies, get our emissions reduction targets validated by the Science Based Targets initiative (SBTi) and track our decarbonization progress. Our CEES team provides day-to-day oversight and management of our climate strategy.

Our Vice President of Environmental, Health and Safety leads our operational emissions reduction strategy and reports on internal progress toward our targets. A third-party benchmarking platform allows us to track and calculate emissions, energy and other activity data from each of our sites. Customized GHG dashboards and reports track emissions for each location, monitor performance trends and help us determine if certain sites need a tailored annual emissions reduction. Our ESG External Reporting team within the Finance function helps oversee and test the effectiveness of controls related to ESG data governance. The team also works with the CEES team to ensure Trane Technologies complies with global reporting requirements.

Our management and leadership teams consult our Internal Sustainability Strategy Council and [External Advisory Council on Sustainability](#) for guidance on sustainability topics and emerging issues, including climate change

mitigation. The councils help us understand key sustainability issues that may impact our operations and help us tailor our strategies to mitigate risks and embrace opportunities to create more innovative products and solutions.

### Climate risk management

Our Enterprise Risk Intelligence Committee (ERI) is responsible for integrating the CTP into Trane Technologies' Enterprise Risk Intelligence Program. The committee will use the CTP, as well as the climate-related risks and opportunities identified through our scenario analysis and materiality assessment, to inform our risk mitigation process.

The ERI collaborates with our Chief Technology and Sustainability Officer and ELT to evaluate, manage and plan risk management for our upstream, downstream and direct operations. Together, the ERI and ELT hold our facilities and product development teams accountable for implementing the decarbonization strategy identified in the plan. Throughout each year, the committee will connect with our ELT to assess progress on our climate-related targets and the success of our climate-related risk mitigation measures.

### Tracking & reporting progress

We plan to update our standalone CTP when there are significant operational or market changes or, at the latest, every three years in alignment with the TPT Disclosure Framework's recommended publication cycle. We will disclose our progress in implementing the CTP in our annual Sustainability Report. Each year, we will share key climate change mitigation and decarbonization actions taken, progress on our climate targets and metrics and updates on new decarbonization initiatives and low-carbon products. Our annual Sustainability Reports can be accessed on our [Sustainability Reports](#) webpage.

### MEASURING OUR EMISSIONS REDUCTIONS

We use the [GHG Protocol](#) standards to measure and manage our progress toward our Scope 1 and 2 and Scope 3 emissions reduction targets. To confirm the accuracy of our emissions calculations, we perform audits through an annual internal assurance process and use an independent third party to verify our Scope 1 and 2 GHG emissions data, Scope 3, Category 1 "purchased goods and services" GHG emissions data and Scope 3, Category 11 "use of sold products" GHG emissions data. We report on our progress against each of these commitments in our annual Sustainability Report.

### FORWARD-LOOKING STATEMENTS

This report contains certain forward-looking statements, which are statements that are not historical facts, including statements regarding our 2030 Sustainability Commitments; our pathway to net-zero by 2050; our sustainability targets, goals, commitments and programs; our product and service innovations; and other business plans, initiatives and objectives. These forward-looking statements are based on our current expectations and are subject to risks and uncertainties, which may cause actual results to differ materially from our current expectations. These forward-looking statements generally are identified by the words "aim," "believe," "project," "dedicate," "expect," "commit," "estimate," "propose," "forecast," "intend," "strategy," "invest," "plan," "may," "could," "should," "will," "would," "will be," "will continue," "will likely result" or the negative thereof or variations thereon, or similar terminology generally intended to identify forward-looking statements.

All such statements are intended to enjoy the protection of the safe harbor for forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. Our actual future results, including the achievement of our targets, goals or commitments, could differ materially from our projected results as a result of changes in circumstances, assumptions not being realized or other risks, uncertainties and factors. Such risks, uncertainties and factors include the risk factors discussed in Item 1A of our most recent Annual Report on Form 10-K and subsequent quarterly reports on Form 10-Q filed with the SEC. We urge you to consider all the risks, uncertainties and factors identified above or discussed in such reports carefully in evaluating the forward-looking statements in this report. New risks and uncertainties arise from time to time, and it is impossible for us to predict these events and how they may affect our company. We assume no obligation to update these forward-looking statements.



