

Trane Technologies - Morgan Stanley Sustainable Futures Conference

June 9, 2021

COMPANY PARTICIPANTS

Michael W. Lamach - Trane Technologies Plc, Chairman & Chief Executive Officer

David S. Regnery - Trane Technologies Plc, President & Chief Operating Officer

Paul A. Camuti - Trane Technologies Plc, Executive Vice President, Chief Technology & Strategy Officer

OTHER PARTICIPANTS

Joshua C. Pokrzywinski - Analyst

Mark Carlucci - Analyst

MANAGEMENT DISCUSSION SECTION

Joshua C. Pokrzywinski

Good afternoon and thanks for joining us for Morgan Stanley Sustainable Futures Conference. I'm Josh Pokrzywinski, the firm's US multi-industry analyst. I'm also joined by my colleague, Mark Carlucci in ESG Research. With me today representing Trane Technologies are Mike Lamach, Chairman and CEO; Dave Regnery, President & COO; and Paul Camuti, EVP and Chief Technology and Strategy Officer.

Before we get started, I do need to read a quick disclosure. So, please note that this webcast is for Morgan Stanley's clients and appropriate Morgan Stanley's employees only. This webcast is not for members of the press. If you are a member of the press, please reach out separately. For important disclosures, please see the Morgan Stanley Research Disclosure website at morganstanley.com/researchdisclosures. If you have any questions, please reach out to Morgan Stanley's sales representative. Also, if you have any questions during the webcast, please submit the questions in the portal and we'll leave a little bit of time at the end.

So, thanks for joining us, guys. I'd like to note also for those who might not be as familiar that following 11 years as Chairman and CEO, Mike will be retiring at midyear and succeeded by Dave. So, it's only fitting that after the building the company around sustainability that one of your last events is in ESG conference. So, appreciate you guys making the time. Mike, if you want to just sort of lead off with some opening remarks so we can dive into questions.

Michael W. Lamach

Thanks, Josh. Great to be with you, again. I'm hoping this is one of the last virtual events we're going to have to do together, but thank you for including us. Yeah. I think that it's been fitting for a sustainability conference to talk about the CEO succession as part of a sustainable company. There's two things you hope for, I realize as CEO at the end of it all: one is that you leave it a little bit better than you found it; and two, that you can leave it with the team and another CEO that you've got full trust and confidence in. I have that with my friend Dave, we've worked together for 18 years, 13 of them really close-knit together in the COO and CEO role for me. And I'm excited because he and I really have been working in the last two-and-a-half years around the whole re-blueprinting of Trane Technologies' strategy and the decisions that formed the company and the organization that we have in place. So, I couldn't be any happier today for the company. And it's just a great feeling to leave with that kind of confidence in somebody.

We have been green before, it was cool, Josh. We are at our third set of metrics. The first set of Science-Based Targets were set in 2014, we achieved those in 2018 and came out with 2030 Sustainability Commitments, which again were validated by SBTi. So, it's really good testament to our conviction and our belief that one company could change the industry and that our industry could change the world. We mean that, we believe that, because 100% of our businesses at Trane Technologies are really aligned with these global megatrends, powerful trends that we're seeing to reduce the energy intensity of the world, but also to reduce the carbon footprint of the world.

I think most people know at this – by this point in time that about a quarter of the world's emissions happen as a result of HVAC systems in buildings and through food loss and the cold chain. We believe it'll grow to maybe 35% by 2030. And so, it's timely that I think we've launched the company and we continue to put these bold challenges out there. We set an aggressive goal around 1 gigaton reduction. I'm sure we'll talk about that today, it's reducing 1 billion metric tons of carbon emissions for our customers by 2030. We pledged to be carbon neutral by 2030 and we're about halfway on that journey as we speak. We were the first in the industry, first probably industrial company to pledge to be gender neutral in terms of parity of management leaders in the company by 2030. And we're proud to have challenged the companies likeminded to have – to join us on that.

So there is no tradeoff in our thinking between sustainability and between energy efficiency and being green and having a payback. And we found that

that was really important in 2013 as we launched the EcoWise portfolio. Dave was really instrumental in that. And I'm sure we'll talk a little about that because that really changed the game. When you're able to really market yourself as somebody who can do the right thing as relates to carbon emissions, but also do it in a way that's much more efficient than our competitors could do, that's when we started to see really strong growth across the company and its investments.

So with that, Paul and Dave will take all your hard questions and I'll take any softballs you want to throw, Josh.

QUESTION AND ANSWER SECTION

Analyst: Joshua C. Pokrzywinski

Question – Joshua C. Pokrzywinski: So I'll start off what I think is a softball, but at the very least it'll be a history lesson. So you talked about you guys were green before it was cool. I feel like I'm at least old enough to remember when no one really talked as much about efficiency or at the very least no one got paid in it in the HVAC world. It was offering out there, but customers didn't really use it. Now, we hear about are these short paybacks and the importance, I mean, building efficiency for customers and kind of their own strategic imperative. What changed and how do you view your offerings as being kind of instrumental in that change?

Answer – Michael W. Lamach: Yeah. I'll start and I'll give it to Dave for a bit, because he's got some history or two. But, look, I've been doing this for 36 years and I can honestly tell you that efficiency has been important in the nonresidential space for 36 years that I can tell you about. The energy intensity of buildings, those increased. We think about that as 40% to 60% of the energy used in the building comes from HVAC systems. But you add lighting and the plug loads from automation and computers over time, the intensity has increased. So it is the biggest source of energy demand in the building, and therefore it's always garnered the attention of building owners and managers to reduce that. What has really changed, though, has been this realization that you don't have to have this false choice between energy efficiency and greenhouse gas emission reduction. And that's been the breakthrough in my mind. Dave, probably since the EcoWise portfolio, came into place 2012, 2013. So maybe you can talk a bit about that.

Answer – David S. Regnery: Yeah, I certainly can. I think it was back in 2012, I was leading the commercial business in the Americas. And in the past, when you used low-GWP refrigerants, you typically had a tradeoff in efficiency of the product. And what our clever engineers were able to do is we were able to develop a – use a low-GWP refrigerant, this would be a refrigerant that had GWP of less than 1. And we were actually able to increase the efficiency of our product.

And I can remember we had a bunch of investors in and we were walking them around our showcase and I was explaining this invention that we've had. And at the time, everyone was like, so why is this important? I was like, no, no, no. This is part of our future, right? Think about it. We were able to increase the efficiency and what the impact to the environment is dramatic.

And we had customers that were asking for this. This would be more of our global customers. And they were saying, hey, we need these solutions and we just started to build on it. We introduced our whole EcoWise portfolio of products. And today, I don't have the exact percentage, but I mean all of our products are offered in low-GWP refrigerants and it's really just taken off.

So when Mike makes the statement that we were green before, it was cool to be green, we really were and it's really impactful. There was no regulation back in 2012 that said you needed to do this. We took the initiative. We had really creative people. And we created a solution that's really impactful to the environment. It was impactful back then and it's really taking a lot of momentum up today.

Question – Joshua C. Pokrzywinski: How does that conversation go with customers? I would imagine the answer is customers want everything all the time. And Mike, I think to your point, they don't want to trade off. But what is the kind of leading discussion? Is it around efficiency first and then low GWP is sort of a nice thing that they want to talk about it outside of that? Is it heat pumps versus kind of fossil fuel on the heating side? Maybe just sort of rank order the importance and what folks out in the fields seem to be asking most about?

Answer – Michael W. Lamach: Realize we do millions of engagements a year with customers and so they really vary and the best you could do is by archetype customer and what they're involved and where they live, either what their company or government commitments are and what's the state of their infrastructure, what's important to them, how they use the building. So it's hard to generalize. But one of the strengths we have is this ability to be on the

ground directly, the direct sales force, direct service force out there every day, largest direct service force in the HVAC business both in terms of selling and in terms of servicing. And you got your ear to the track. And I mean I think Dave will tell you that that's the most important thing is ear to the track on a customer and you can do it either way, right?

The first thing you talk about is holistically what you're trying to do, which is this combination of energy efficiency, of carbon emission reduction and more recently into air quality and putting those – clip those three things together in a systematic way to give customer choices. We often give customers choices. We model multiple systems. There's no two applied systems that have ever been designed that are exactly alike. And the ability to have a very sophisticated technical sales force capable of thinking through these options, presenting alternatives, making trade-offs for customers in terms of how they think about that question has really been the key to it for a long period of time.

Answer – David S. Regnery: Yeah, I would add, Josh, that it really depends where you are. As Mike said, it's – there's a multitude of different customers we're dealing with there. But in Europe, for sure, we're leading with efficiency. We're leading with the fact that you can take a conventional building that had a chiller plant and they had a boiler plant and now with some of our science and engineering technologies, we've been able to combine the tubes into a variable water flow system and I'd be able to achieve efficiency levels that are 4x what conventional systems would have been able to achieve in the past. And it's really – it's more – I know we used the metaphor before saying it was a heat pumping and it's based on that technology. But we've been able to really expand the operating map in which the system can operate in. So, in a conventional system, you would typically be limited to the ambient condition, so if you're in a very cold climate, these products in the past would not have been very efficient or if you needed very warm heating water temperature, again this would be limited.

Our creative engineers have figured out how to really open that envelope. And we're now able to operate efficiency in very cold climates and we're able to deliver 180 degrees F which is what you needed to kill some bacteria in the water. So, this is an exciting area in Europe. It's expanding. We're getting requests in northern China. We're getting requests in the US to expand this.

Answer – Michael W. Lamach: Yeah. Josh, a lot of buildings have complex situation of having simultaneous heating and cooling loads. So, it's the seasonality of heating and cooling loads that move past each other at the same time. And the significance of what Dave said is heating, generally for

every unit of energy put in to create heat you only generate 0.8 units of energy back out. And with a simultaneous cooling load we can take a unit of energy and create 4 units of heat. And so you're talking about 400% improvement in efficiency, multiples of system efficiency. We use next-generation refrigerants that again have this very low to no global warming potential effect on the atmosphere. And to the extent the customer has green the source of power it's an immediate net zero offering.

So you think about a country in the EU all of which have either a carrot or a stick above trying to encourage this evolution to from fossil fuels to efficient heat. You have a solution that is just magnitudes of difference better than what we're putting in and immediately get to net zero commitment for their pledges. All of them have some 2030 or 2040 or 2050 commitments toward net zero. And so we're doing this at the city level, at the building level, at the – meeting customers kind of where they are with their needs.

Answer – Paul A. Camuti: The only thing I would add here is that, I mean, you asked the question about sort of what's changed. We're unpacking this story. The customers generally are asking for a little bit higher order of thing. And it requires that we bring that technology or we really explain how we can accomplish the outcomes that the customers are looking for. So this level of efficiency like our customer is not going to come ask us, hey, do you have something that can simultaneously heat and cool my building and save me 400% energy, right? Their questions are a lot simpler. And we're bringing forward the technology, which requires that we have really, really good application folks engaged in understanding customers' applications and being able to service that after the fact. So this direct sales and service model really is the translator between what the customer is asking for and the great creative solutions that we're discussing.

Answer – Michael W. Lamach: And it's good for shareholders because 90% of the EU business, that the EU market is heating, not air conditioning. We aren't in the heating business. We're in the air conditioning and ventilation business. Now we've got this \$2 billion opportunity, we will carve out a very significant market share from that to go and it will look much like our chiller portfolio going in and offering a solution that literally nobody else in the marketplace has and we really only have a couple of small competitors in the marketplace.

Answer – David S. Regnery: And the only other point I'd add Josh and we could talk all day on this because we're so passionate about it, but Mike talked briefly about indoor air quality and the impact that that is having on

efficiency. When you improve the indoor air quality, the two easiest way to do it is to filter density which costs – which takes more energy to push the air through the ducts. The second is bringing in more fresh air from the outside which that needs to be conditioned before it enters the space.

We're now seeing that these – both these solutions use a lot of energy. So customers that have implemented solutions we're getting calls and they're saying, hey, look my energy bill just went up by 20%. So we then go back on our day two or what we call day two and really say, hey, look, let's look at the energy side of this equation, not just the indoor air quality. How do you improve the indoor air quality while reducing the energy that you're consuming? And we have some pretty clever solutions there that we're working with our customers on.

Answer – Michael W. Lamach: Yeah. And some of the innovation that's coming out, too, that's forthcoming here shortly would be solution systems that have the highest efficacy around some of the pathogens and VOCs that people are worried about without having any of that system drag on energy. And that will be again a game changer because right now, customers are struggling through how do I get back to some normalcy around energy budget. I've done by hard work on the IAQ. I'm spending 30% more than I was. It's call it 12 to 15% of my total budget to my building. It's a huge number. How do I come back? And I think we're helping him do that now and we've got some innovations that will help them get back to square one.

Question – Joshua C. Pokrzywinski: So I want to follow up on a couple of points that Dave and Paul made there around, the customer has a simple question or a simple need, and the solution that you're providing is often much more complicated and technical than that. It sounds like a couple of those examples. Indoor air quality obviously in the COVID environment is a pretty need a pretty clear discussion. I think maybe what people miss in this market is that so much of it is replacement and the installed base is huge. What sort of starts the conversation around more of an efficiency-based upgrade beyond the indoor air quality angle? And then what sorts of savings as customers make these – implement solutions are they seeing? What sort of percentage or at what terms should folks think about it?

Answer – David S. Regnery: Yeah. We've been doing energy audits in buildings for decades, okay. And our historical database will tell you that most buildings over, say, a three-year period from when they're commissioned, will operate between 20% and 30% inefficient. And that usually has nothing to do with the equipment. It really has to do with how it's being operated. There is

some mechanical things that can go wrong obviously using mechanical products. But we're able to hone in what needs to be changed to actually get back to the design state or when this equipment was normally – originally conditioned.

And those could be simple things like the dampers need to be adjusted, so you bring in fresh air if the ambient temperature outside is at the set point which you required it to be. It could be putting drives on older systems so they don't peak when they start up. They gradually increase. There's lots of different things. We have a lot of experience in energy conservation measures and we typically go into a building and save 25% to 30% and have that be done in a relatively quick period of time.

Answer – Michael W. Lamach: We can do it very quickly, Josh, in a building and very quickly have building archetypes on a square foot basis, what should an elementary school in Missouri be consuming on a square foot basis and know pretty quickly if there's a problem or not. And so we're not spending our time in areas that we don't necessarily have an opportunity to create an opportunity for the customer. That's a big part of it.

And of course, the more you do, the more the phone rings. And so you tend to have customers that are warm and ready that want to talk about something. It could be a capital plan. It could be a quality issue. It could be a system failure. Just could be curiosity at the hearing about things that we're doing and we stay busy through that. So, demand creation is about 85% of what we do. It's another 15% likely responding to an RFP and about 85% of what we do on a revenue basis would be creating demand either responding to a direct customer request or doing his initial screens or through our base and our competitive installed base, understanding the age and condition of equipment to know if there's an opportunity.

Answer – David S. Regnery: And we also really leverage the service agreements that we have outstanding. I mean, the service technicians are sometimes some of our best salespeople. No offense to our sales associates. But they're in there every day. They're making contacts. They know where the opportunities are. They're able to explain the new solutions that they've seen us develop and they become – often they become the first point with our customer.

Question – Joshua C. Pokrzywinski: So I'm hearing a lot of kind of the innovation that technology is being Q&A more what you're doing some of that self-driven beyond what the industry is involved with. What prevents other

technology companies or software companies from getting into the space? It seems like the addressable market is huge. There's a ton of savings, customers want to have the conversation. What puts a moat around Trane's markets and maybe Trane specifically?

Answer – Michael W. Lamach: Well, I'll start and I'm going to give Paul to answer, but there's a physical aspect to what we do and a logical aspect of what we do – sort of a physical and digital aspect of what we do. These aren't necessary blue collar jobs, not white collar jobs. They're sort of the blended things. It's really critically important to have the intimacy to understand how the systems actually should be working, so systems knowledge of HVAC and buildings themselves. And you have to have the ability of fixing mechanical and electrical equipment, and you've got to have the ability from software perspective to understand how software is applied, programmed and used. And so, that's a difficult skill set. We do find opportunities working with companies that may have a particular niche of data. I'll maybe cover this in a little bit and some of the ideas that we have there that have been working for us. But largely, it's a very complex ecosystem for somebody to come in there and add enough value just with the data alone.

Answer – Paul A. Camuti: Yeah. I mean I think that's exactly it. I mean this – as simple as it might seem because everybody interacts with these systems, if it's in your home or whatever, you're like what – how complex could this be. I set a temperature and I want to be comfortable. And then you start feeling the layers here. And it turns out that it's actually pretty complicated, right? The system – those systems thing. So you think about the equipment by itself. I mean just with technology involved in our water-cooled chillers are very complex. There's materials, there's physics, thermodynamics, controls, software, heat exchangers. There is a lot there. And so something as simple as just looking for a low GWP refrigerant change kicks off a whole set of considerations that we have to do in order to be able to make high-performing equipment. Then that equipment is put together with other equipment and put into a building, and each building is unique.

And so the ability to model and understand the physics, it's a very stochastic problem, right? I mean it's not easily figured out. Airflow, air quality in a room or a space, much less a whole building. And so, there's a really deep understanding required of the application. And then today, Dave was mentioning this ability to really improve the efficiency and we're talk – we're not talking about like 1% or 2% efficiency improvements. He was mentioning 20% and 30% efficiency improvements in that digital overlay, right, where a lot of the technology companies – yeah, there's a whole set of technology that

you need to understand in order to be able to do that. But without understanding the physics all the way down to the chiller, that software isn't going to get you the type of impact and efficiency that you want. So...

Answer – David S. Regnery: Yeah, a great analogy...

Answer – Paul A. Camuti: ...I think we believe that that whole stack is important and it's not easily replicated.

Answer – David S. Regnery: Great analogy. Google Maps help you get where you're going, but it's not going to drive the cars. It's not going to maintain the car and we find a lot of Google Maps applications that we incorporate into the systems over time. A great example of integration would be if you think about really utilizing buildings in more of a biodefense way, not in a militaristic way but in a biodefense way around keeping buildings healthy and protecting from pathogens and VOCs. I mean the way to do that isn't just arbitrarily of all of the dilution of air and the filtration, nor is it a sense of occupancy. It's best to measure the specific pathogens and VOCs in the space and then utilize that microsensing that – those microducts to be able to form the software to be able to drive the HVAC system to do whatever needs to be done to mitigate that particular instance. That's the sort of thing that we're incorporating here. So, what we want to be is the expert doing that application together, the most trusted people to apply it on a customer's location.

Question – Joshua C. Pokrzywinski: So we talked a lot about some of the larger applications out there. You mentioned applied a few times as examples. How should we think about some of the smaller applications or even outside of the building like in transport refrigeration? Do a lot of the same rules apply? Does it get more challenging as you get into smaller applications? How should folks think about some of those angles?

Answer – Michael W. Lamach: Go ahead, Paul. Do you want to start?

Answer – Paul A. Camuti: Yeah. I mean I think it absolutely applies. Again, if you could think about the residential applications, if you think about some of unitary commercial applications, the real difference in those systems is more packaging, right? They're still made up of the same basic system elements. And I think that the price performance envelope that we're trying to innovate in is a little bit tighter, but those systems are digitizing. And actually this is a big opportunity because the knowledge of the equipment that I referenced brought together with some digital overlay can really aid in cutting

or assisting, usually in this case, independent installers, contractors in much more efficient troubleshooting. In fact, we can do a lot of that actually remotely now which has been a big driver during COVID. So I think that the same things apply. The only real difference is sort of that price performance envelope gets a little bit tighter.

And for that matter, you mentioned transport refrigeration, very similar situation, right? You think about the system efficiency of a truck or a trailer. You have to start with the design, the installation, the modeling of the trailer. You have to put a highly efficient unit on there and you have to maintain it over time. The one difference is bouncing air conditioning over the roads creates some unique design challenges for that equipment, right? It has to be much more robust, maintainable in really remote places. But, yeah, the general model I think applies everywhere.

Answer – David S. Regnery: Josh, great example there on the transport would be our Advancer product in Europe. It's a product that's 30% more efficient than what was the best on the industry. And by the way, that was our product as well. So again, 30% more efficient. And by the way it takes 60% less energy to produce the unit. So we went at that in a very environmentally friendly way, thinking all the way through as to how you manufacture it and the impact it would have on the customer.

Answer – Paul A. Camuti: Yeah. People ask a lot how do you get 30% efficiency out of a product that is pretty similar to the one that it replaced. And it comes back to the systems approach to the product that's – there is not one thing in there that's 30%. There's 30 things in there that are really 1% and when you put them all together, it's a really powerful thing for our customers.

Question – Joshua C. Pokrzywinski: Got it. That's helpful. So I want to bring in Mark Carlucci from our ESG team to sort of talk about some of the other imperatives here. I could geek out about HVAC technology all day. But I want to cover some of the other...

Answer – Michael W. Lamach: Well, let's do it.

Question – Joshua C. Pokrzywinski: I would hope so.

Answer – David S. Regnery: We want to go deep too, Josh.

Question – Joshua C. Pokrzywinski: Mark, why don't you take it away?

Analyst:Mark Carlucci

Question – Mark Carlucci: Thanks, Josh. And thanks, Mike, Dave and Paul, for doing this. We have about 5 to 10 minutes left, so I figure I'll just ask a few high-level sort of ESG questions to round out the discussion. So just to start, I was hoping you can just give a quick sort of overview of how ESG is integrated into the organization, how you incentivize some of those sustainable values throughout the company.

Answer – Michael W. Lamach: Yeah, it starts with the purpose of the company. It's right in the purpose of the company. The way that we have structured the 2030 sustainability goals, I mean the story truly is we were finishing the 2020 goals in 2018. I had a board meeting, we were talking about the company strategy. We were talking about frankly the beginning of the possibility of splitting the company because it was becoming too complicated to communicate even internally about our strategy when we had Clubcar and tools and other parts of the business.

I had a strategy document. I had the 2030 sustainability goals on my desk. 95% of the document was the same document. And to me, it became clear that the strategy of the company is actually sustainability. 100% of the company we knew we were going to run going forward was going to be Trane Technologies focused on that 35% greenhouse gas emission problem by 2030. We knew we had a technology for it. We just had to get the rest of the system aligned all the way through to when it shows up on our engagement surveys, when we talked – well, first of all, we've retained about 96% of our people, our talent over the last 10, 12 years a year, right? So that's just an amazing difference relative to our competitors because most of our people actually say that they're here for the purpose, not the profits, right? I mean, they – I think that if you follow a purpose, if you've got a good business system, the profits are going to follow. That's actually what's happened here. There hasn't been a strange trade-off between being green and being profitable. We've been able to do both at the same time, really grow our profits by doing the right things.

The last thing we've done here is tied 2,300 of our people's comp to this. And so, their bonuses can move by 40 points, 20 up, 20 down depending on the milestone that we set each year against those 2030 sustainability commitments. And so we started a center for energy efficiency sustainability back in that 2013 timeframe. That's been an integral part of convening NGOs,

getting an outside board involved in helping us guide those strategies and experts around the world.

Frankly, we just added and then created a second center around healthy and efficient environments to deal with some of the indoor environmental quality problems that are out there. So people in the company would really see this as the strategy and the purpose. And when we're talking about specific goals for the year whether they be ESG or 2030 sustainability-related or related to just improving the business, they generally can tie those right back to something on their own goal sheets.

Question – Mark Carlucci: Great. And you mentioned earlier in the call that the 1 gigaton of reduced emissions from your technology through 2030. I was wondering if you could elaborate on that, how you set that target, sort of what the pathway is there.

Answer – Michael W. Lamach: Paul, will you?

Answer – Paul A. Camuti: Sure. Yeah. I mean there's actually – there's three big pillars around our 2030 goals. And the one that you're referencing is the external greenhouse gas reduction. This is really – you can think about this as Scope 3 emissions from our seat and obviously its Scope 2 and 3 from our customer seat. What we did is we really based on 2019, so you take sort of the state of technology and the mix of technology that we were selling in 2019. And we are working with others around protocols for this in order to be able to capture it for efficiency, refrigerant changes and servicing digital connectivity with our customers to count both reduction in Scope 3 emissions and then avoided emissions through optimization of these systems.

Mark, the important thing for me here is this – there's some controversy in the sustainability world around Scope 3 emissions on accounting because they can get double counted in the system somehow. But we don't really get too involved in that particular discussion. What we're really committed to is making sure that there's clear rules, if you will, or models or how we can really capture or reduce carbon intensity of the applications that we're putting our products into. And we're working with third-parties and NGOs to validate those methodologies.

David already – and I can give you one specific there which is David referenced some of the EcoWise portfolio. So if we're replacing a chiller with a lower GWP refrigerant, that would be a lot of refrigerant that would have 1,500 times the impact on the environment than a powerful emitting carbon

dioxide. And we replace that with a zero GWP or an equivalent to CO2. We're having a big impact on the environment in reducing our customers' Scope 3 emissions. And if it saves energy, it's also helping the customer to reduce their emissions.

Answer – Michael W. Lamach: And if we just forget the movement. And I don't care if everybody double counts it. The point is that we take fluorine chlorine out of these refrigerants, put next-generation refrigerants, olefins in. If we reduce the energy intensity of building the systems and we deal with IAQ and still get that to happen, I mean we green the grid at some point, right, continue to do that. Didn't matter who counts it. But in terms of our accounting for it, it's rigorous and it goes through third-party audit around the sort of couple of levels. And it's something that's done monthly. And we're working at a way of capturing this in an automated way. Today, it's a combination of automation and manual. But it's exciting because everybody's counting it.

Answer – Paul A. Camuti: And the one thing I have to say about the target because 2030 – when you're sitting in 2018 or 2019 developing 2030 targets, there wasn't a clear known technical pathway to how we were going to get to a gigaton. We had started on a path. We had some ideas. We know some regulations that may come in over that time period, but there's still a gap and this is really what energizes the team around innovation. We still have the work to do in order to be able to get all of the ideas.

Answer – Michael W. Lamach: Yeah. When we did 2014, we did not have figured out. And it was around 2016 we figured it out. 2018, we achieved it. Right now, as I'm sitting here, we've got about 60%, 70% of it figured out. And we've got the balance left to go. But this is what drives some of the innovation and some of the passion around to sort of figure that out. We will figure that out. It's just been a come in innovation.

Mark Carlucci

Yeah. Very interesting. I think we're bumping up against time here. So, Josh, I'll turn it back to you to close the call.

Joshua C. Pokrzywinski

Absolutely. Thanks, Mark. Dave, Mike, Paul, thanks so much for the time. Always a pleasure. Mike, especially appreciate you making the time here as part of the swansong. Thanks for those on the line who were able to join us

today. Please reach out to either Mark or myself with any questions. We'll leave it there. Everybody, enjoy the rest of the day. Thanks so much.