



REDWOOD
GROVE
CAPITAL



2026 Climate Impact Report



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Introduction

Climate research is an integral part of Redwood Grove Capital's (RGC) investment process. RGC's research process consists of two distinct and equally important parts: a fundamental analysis and a climate analysis. Both are done concurrently to identify good businesses at attractive valuations that are well positioned to benefit from climate trends. The results of those analyses are discussed in Redwood Grove's quarterly letters.

This Impact Report discusses the climate commitments and impact of our portfolio companies beyond investment returns. This is our fourth Climate Impact report, and so it will build on prior learnings and compare year-over-year results.

The report reviews our portfolio companies' climate performance relative to industry benchmarks and is broken into two sections: a comprehensive carbon emissions analysis for RGC's portfolio and related benchmarks and **company-specific summaries** of the broader climate impact. The carbon emissions analysis is designed to allow for comparability between RGC's portfolio and market indexes. The company-specific summary, while more detailed, is idiosyncratic and company-specific and does not allow for benchmark comparability. Combined, we hope that our clients and prospective clients will have a better understanding of the impact work done at RGC.

This 2026 edition of the RGC Climate Impact Report uses climate data from the 2025 CDP dataset, corresponding financial data for our companies, and portfolio weightings as of the end of 2025. In the 2026 edition, we share the same measurements as last year so that investors can track our progress. This report's carbon analysis examines:

- 1) RGC portfolio's Net Zero alignment compared to relevant benchmarks
- 2) RGC's portfolio's emission reduction curves on the portfolio and company levels
- 3) Our portfolio companies' corporate greenhouse gas reduction targets and their actual emissions
- 4) The percentage of targets covering the RGC portfolio approved by the Science-Based Target Initiative (SBTI)
- 5) RGC's portfolio's carbon efficiency
- 6) RGC portfolio's alignment with Net Zero Asset Managers Association (NZAM) criteria since 2019, when we first started tracking it

This report is only a summary of the climate impact work done by the RGC team. Please reach out to us if you would like to learn more about our approach to integrating climate science into our investment process, the climate impact of RGC's portfolio companies, or other issues covered in this report. We are still learning and improving our climate impact measurements. Any feedback about this report is greatly appreciated.

Executive Summary

- Only 3% of RGC's portfolio is Not Aligned with net zero goals - the lowest share of any benchmark we track and a fraction of the Russell 1000's 19%.
- 48% of the portfolio is Aligning or Aligned, at the top of the large-cap benchmark range (44–49%) and four times the Russell 2000 (12%). **This was achieved in a year when net zero commitments retreated across the market, as discussed in the section Leaving Net Zero.**
- **An additional 14% of RGC's portfolio is made up of clean tech companies** that do not report to CDP. They are not categorized as aligned or aligning, despite the core business being clean technology. Inclusive of clean tech non-reporting companies, RGC's portfolio is 62% aligned or aligning.
- **RGC portfolio companies continue to set more ambitious interim CO₂ emission reduction goals** on average than their benchmark peers.
- Portfolio companies' emissions are tracked company by company against their own reduction targets.
- **RGC portfolio holdings' reduction targets are more often approved by the Science-Based Targets Initiative.** 42% of RGC companies had targets approved by SBTi vs 31% for Russell 1000 Value and 2% for Russell 2000.
- **RGC's portfolio also remains the most carbon-efficient among its benchmarks**, generating 65 tons of CO₂ per \$1 million of sales versus 105 tons for the Russell 1000 Value, our most comparable benchmark.
- At the end of 2025, 50% of the portfolio was composed of companies with businesses that in whole or part help reduce emissions (Mitigators), 21% of companies helping us adapt to climate change's impacts (Adaptors), and 29% of companies setting the standards for climate consideration into their strategy and operations (Corporate Leaders).

Carbon Classifications

Carbon data can be instructive, but it does not yet have the credibility of audited financials. It is essential to be clear about greenhouse emissions data limitations, particularly when making comparisons to benchmarks. CDP data is not yet standardized, mandatory, or audited, so any analysis's accuracy is imperfect like the underlying data. Additionally, company reporting is not uniform across market caps or sectors, which creates uneven comparisons. While Redwood Grove's portfolio compares well to its benchmarks, uneven reporting and sector biases create significant tilts in the data. For example, large-cap companies are meaningfully more likely to report data to CDP. In 2025, 67% of the companies in the Russell 1000 reported data to CDP, while 70% of companies in the Russell 2000 did not.¹ As is true

¹ Weighted by companies' index share, based on RGC's research

in financial performance, ensuring the right benchmark is paramount. We have discussed these systematic biases in greater detail in our 2024 impact report.

Despite some of these tilts, RGC works diligently to standardize the available information and establish consistent classifications across all sectors. CDP is the leading provider of corporate carbon emissions disclosures and reduction targets with the broadest coverage and most detailed data. RGC also uses the Net Zero Asset Manager's Initiative classification system to categorize companies based on their efforts to reduce carbon emissions. By using this dataset and framework, RGC can standardize a comparison of portfolios against any benchmark.

NZAM has identified six categories of a company's net zero commitment:²

- **Net-Zero:** The company has already reached its net zero targets.
- **Aligned:** The company has a plan aligned with net zero targets.
- **Aligning:** The company is in the process of aligning.
- **Committed to Aligning:** No steps have been taken but a commitment has been made.
- **Not Aligned:** No commitment was made to align.
- **Not Material:** Industries with no impact on climate and thus not classified by NZAM.

RGC presents a seventh bucket for companies that are not reporting to CDP – “Missing Data.” CDP does not gather data directly to answer NZAM questions, so a signatory is required to interpret the level of commitment through the company's annual CDP report and other sources. To standardize and scale this process, RGC mapped CDP's questions to the NZAM categories.³ This standardization allows for an equal comparison between portfolios and indices.⁴

Leaving Net Zero

In the 2025 CDP data, the market-wide retreat from public Net Zero commitments is plain to see. Last year's Impact Report documented the start of the exodus, as household names including Walmart, Bank of America, Micron, Goldman Sachs, PepsiCo, Boeing, Coca-Cola, and ConocoPhillips stopped affirming Net Zero commitments, many of them consumer brands that had led the adoption cycle. **Figure 1** traces the market's arc through the Russell 1000 Value: the Aligned or Aligning share climbed from 43% in 2019 to 65% on 2024 data, then fell to 49% in 2025, while Missing Data jumped from 26% to 39%.

This year we saw continued pullback among blue-chip companies - Microsoft, JP Morgan, Wells Fargo, and Mastercard who stopped reporting a commitment to a transition plan. The Science Based Targets Initiative removed 239 companies from its list of Net Zero commitments, including former sustainability stalwarts like Unilever and Procter & Gamble.⁵ The retreat has spread from companies to the climate

² Details on these categories can be found in RGC's white paper entitled, CDP and Net Zero Data: Challenges and Opportunities.

³ All categories and analysis are based on end of 2023 data provided by CDP and the NZAM.

⁴ The mapping used by RGC is available upon request.

⁵ Bloomberg, “CO2 Watchdog Delists Net Zero Pledges of More Than 200 Companies,” March 22, 2024; Trellis, “Microsoft, P&G, Unilever and Walmart among 239 companies to miss net-zero deadline,” 2024.

alliances themselves: the Net-Zero Banking Alliance suspended its activities in 2025 after losing most of its large US members, and in February 2026 the Net Zero Asset Managers initiative relaunched with a commitment statement that no longer references the 2050 net zero goal - with just 12 US signatories, down from 44 before its suspension.⁶

Redwood Grove contacted CDP last year to understand the retreat. CDP suggested it may partly reflect a change in the question's wording - an insufficient explanation for large-cap companies with long track records of affirming this specific commitment - and we attribute much of the balance to political pressure from groups like the House Judiciary Committee, which had launched a campaign against Net Zero signatories and "ESG" investors. The 2025 data points to a second, structural force now at work: 2025 marked CDP's first decline in discloser numbers since it began tracking in 2001, just as mandatory regimes come online - California's SB 253 requires first Scope 1 and 2 reports in 2026 and Europe's CSRD is phasing in, making a voluntary questionnaire feel duplicative to companies that will soon be compelled to disclose.⁷

These trends are not contradictory: companies have become less willing to make and report Net Zero commitments, yet they are disclosing more emissions data than ever. Among S&P 500 companies, disclosure rates for Scope 1, 2, and 3 emissions all increased. Companies using the term ESG in their annual sustainability reports dropped from 40% in 2023 to 25% in 2024. In 2025, only roughly 6% did so.⁸ What is retreating is the politically exposed, voluntary layer - Net Zero commitments, ESG terminology, and the CDP questionnaire itself. The underlying measurement and disclosure of emissions continues to expand as mandatory regimes take hold.

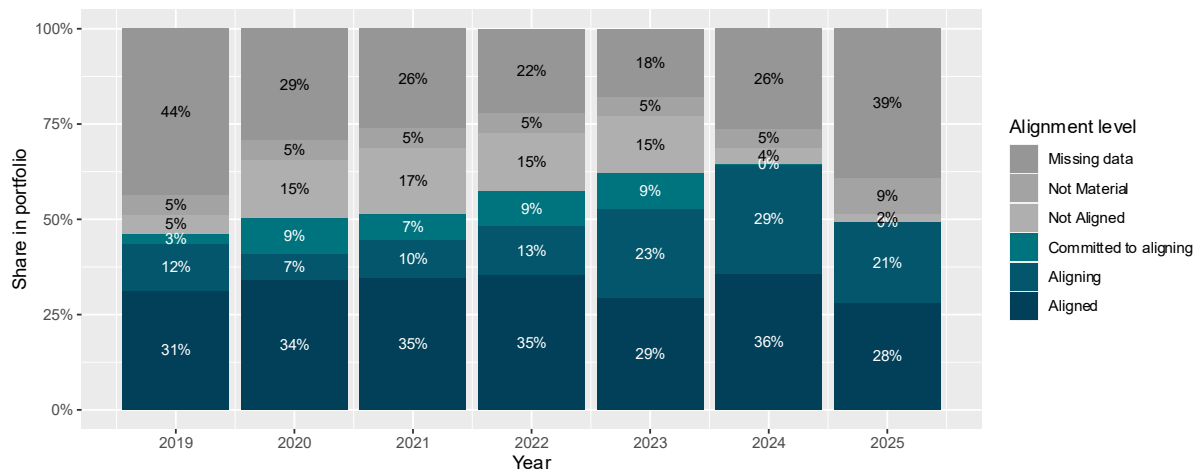
⁶ Net Zero Asset Managers initiative, "NZAM Relaunched with Global Investor Backing and Updated Commitment," February 25, 2026; ESG Dive, "Net-Zero Asset Managers relaunched with reduced US presence," March 2026.

⁷ Trellis, "Why CDP faces an uncertain future after 25 years of progress," 2025; California Air Resources Board, climate disclosure rulemaking under SB 253/261, 2025.

⁸<https://www.prnewswire.com/news-releases/last-year-just-25-of-big-companies-used-esg-in-their-report-titles-the-slowdown-continues-in-2025-302441386.html>

Figure 1.

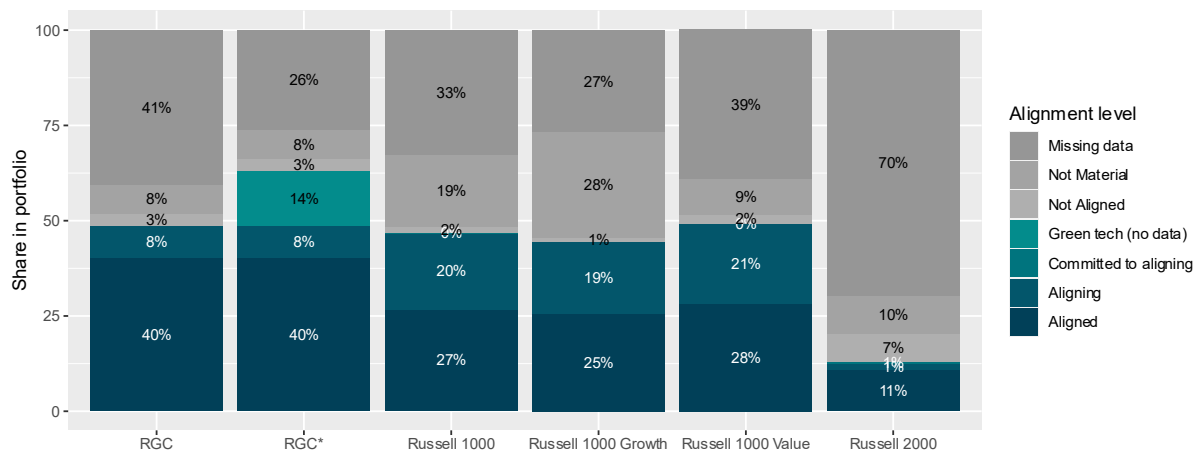
Companies in Russell 1000 Value divided into NZAM categories over the past six years. Source: RGC



The portfolio compares favorably with every benchmark we track (Figure 2). On 2025 data, 48% of RGC’s portfolio is Aligned or Aligning versus 47% for the Russell 1000, 44% for the Russell 1000 Growth, 49% for the Russell 1000 Value, and just 12% for the Russell 2000. Only 3% of the portfolio is affirmatively Not Aligned - against 19% for the Russell 1000 and 28% for the Russell 1000 Growth. RGC’s holdings are also better verified than their peers: 42% of the portfolio’s targets are SBTI-approved, versus 31% for the Russell 1000 Value and 2% for the Russell 2000, as we discuss in more detail later.

Figure 2.

Companies in Russell indices and RGC portfolio divided into NZAM categories weighted by their index/portfolio shares. RGC* contains non-reporting green tech companies reclassified to a separate category. Source: RGC



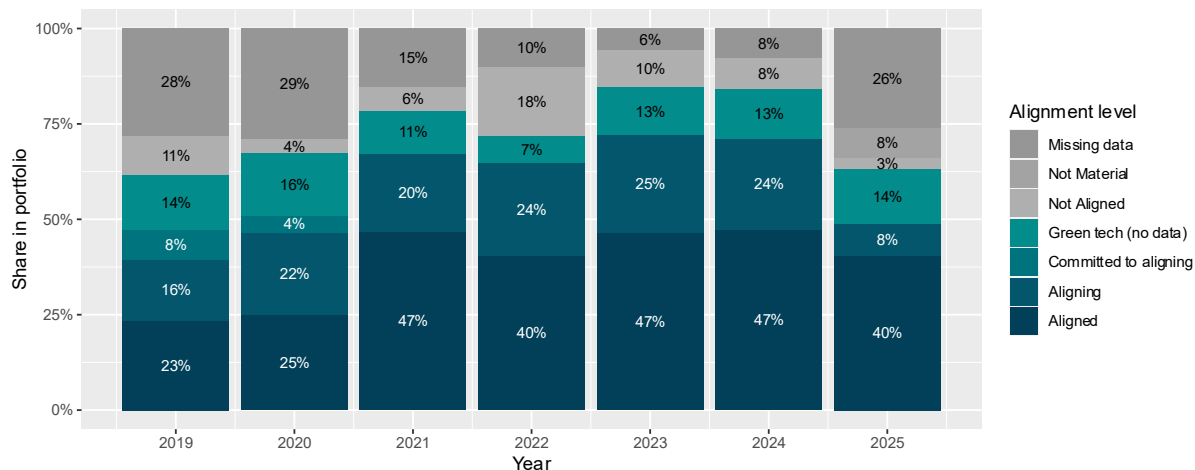
On 2025 CDP data and NZAM categories, Redwood Grove’s portfolio is 48% Aligned or Aligning, compared to 71% on 2024 data. Most of the decline sits in the weakest categories: the fully Aligned share eased from 47% to 40%, the softer Aligning category fell from 24% to 8%, and Missing Data rose from 8% to 26%. The affirmatively Not Aligned share actually fell, from 8% to 3%, the lowest we have recorded. Companies have gone quiet rather than renouncing their commitments. Concerningly, of the

companies that maintained their Net Zero commitments, fewer are reducing emissions at a pace consistent with meeting them by the target date.

To distinguish quiet retreat from quiet migration, this year we hand-checked every portfolio holding that newly entered the Missing Data bucket against its own published reporting. Each showed the same thing: Bank of America exited the Net-Zero Banking Alliance in December 2024 yet still publishes its emissions inventory and sustainable finance reporting; Merck no longer promotes its 2025 operational carbon-neutrality pledge but has set a net zero target for 2045; Alphabet removed net zero from its headline sustainability messaging while continuing full disclosure. These companies are still doing the work - they have stopped talking about it. Others in our portfolio continue to affirm and publicly increase their commitments: Humana expanded its SBTi-validated targets in June 2025, and PayPal reaffirmed its 2040 net zero commitment in December 2025 after surpassing reductions stated in its 2025 target.

Six years of data help put 2025 in context. Since 2019, RGC’s portfolio has nearly doubled its fully Aligned share, from 23% to 40%, while its Not Aligned share has fallen from 11% to 3%. The 2025 pull-back in the headline number is concentrated almost entirely in the softer Aligning category and in reporting attrition - not in reversals of commitments. Including non-reporting pure-play clean tech companies, 62% of the portfolio is either aligned with net zero or fighting climate change directly with its products. Much of the market-wide decline, we believe, is a measurement artifact of a voluntary disclosure system losing participants from two directions: political pressure discourages voluntary climate commitments, while mandatory regimes crowd out voluntary reporting – companies required to report to a regulator become less likely to also file with CDP. Disclosure itself is not disappearing; it is migrating from the voluntary channel to mandatory ones. That is why RGC increasingly relies on primary-source verification rather than CDP classifications alone. The market traces the same arc: the Russell 1000 Value stood at roughly 65% Aligned or Aligning on 2024 data versus 49% on 2025 data. Companies found in the Growth Benchmark are no longer disproportionately clean. The Russell 1000 Growth now carries the highest Not Aligned share of any benchmark we track (28%), as the AI build-out makes the growth complex more carbon-intensive and software a smaller share of its market value.

Figure 3.
Companies in RGC portfolio divided into NZAM categories over the past six years. Source: RGC



Clean Technology Companies' Low Reporting Rate

Clean tech companies continue to be disproportionately less likely than other companies to disclose emissions data to CDP or set net zero targets: 14% of RGC's portfolio consists of clean tech companies that do not report, on top of the 26% of the broader portfolio now missing data. Counter-intuitively for sustainability-minded investors, the more clean technology companies in a portfolio, the less likely it is to be aligned with Net Zero commitments.

As the companies in question are hesitant to explain directly, Redwood Grove can only speculate why green companies are not proactive when it comes to their own emissions and disclosures. At RGC, we believe corporate actions are often driven by economic incentives and this is probably the case here. Companies decide to spend money on reporting and emission reduction to get access to capital from investors such as ours, who care about reaching carbon neutrality and are aware of risks and opportunities coming from climate change megatrends. Green tech companies have access to this capital anyway; there is little reason to incur additional costs if there are no incremental benefits.

Is Artificial Intelligence the New High-Emitting Sector?

Artificial Intelligence (AI) is changing the economic and investing landscape at a rapid pace. However, like the utility sector, AI must be looked at as a high-emission sector where reductions are critical if we are going to meet economy-wide decarbonization goals. The training, deployment, and operational scaling of large machine learning models - particularly large language models (LLMs) and generative AI - require vast computational resources, increasingly powered by energy-intensive data centers. According to the International Energy Agency (IEA), data center electricity demand may more than double, from 460 TWh in 2022 to over 1,000 TWh by 2026-largely driven by AI workloads.⁹ This places AI in conflict with global decarbonization targets unless paired with aggressive renewable energy procurement, grid efficiency, and hardware innovation.

Cloud and AI companies like Google, Microsoft, and Amazon, historic leaders in carbon emission reductions, have all fallen behind their emission reduction targets. The numbers accelerated in the latest reporting cycle: Microsoft's emissions rose roughly 25% in fiscal 2025 on its data-center build-out, with Google and Amazon reporting increases of approximately 18% and 16%.¹⁰ Absolute reduction targets and rapid growth are colliding. The portfolio version of the same story is visible in **Figure 6**, where fast-growing First Solar's absolute emissions have roughly tripled since 2020 even as its products displace far more carbon than its factories emit. Alphabet, by contrast, still runs below its Scope 1 and 2 pathway in Figure 6 – its recent increases are concentrated in supply-chain (Scope 3) emissions, which the figure does not capture. Investors must distinguish companies that miss targets because they are growing from those that miss because they are not trying and press the mega-caps to keep decarbonizing while using AI to cut emissions elsewhere.

⁹ International Energy Agency, Electricity 2024 (January 2024). <https://www.iea.org/reports/electricity-2024>

¹⁰ Fortune, "Microsoft's carbon emissions surged 25% in 2025 amid data center buildout," July 2026; TechCrunch, "A warning sign about AI's real cost, courtesy of Google and Amazon," July 2026.

AI's value lies in its ability to optimize complex systems across sectors—from electricity grids and transportation networks to supply chains and building operations driving significant emissions reductions through enhanced efficiency. Boston Consulting Group estimates AI could cut global GHG emissions 5–10% by 2030 if deployed across high-emitting sectors.¹¹

Redwood Grove believes it is important to acknowledge the dynamic landscape where once corporate leaders are falling short and where there are future opportunities. Currently, investments in AI, such as Google, have underperformed our expectations for reducing carbon emissions. At the same time, we continue to believe they lead their peers in climate awareness and renewable energy commitments and can use this new technology to continue to unlock carbon emissions reductions. Our approach is to monitor the evolving landscape, understand the potential for catalytic positive change, and ensure that our holdings stay on track.

Emission Reduction Targets compared to Actual Emissions

The Net Zero definition of Aligned companies is imprecise, which calls for a more nuanced analysis. Aligned companies have set a goal of reaching net zero emissions by 2050 or before. However, the categorization does not attach any criteria for or weight to a company's intended path to reach that goal. While often overlooked, the pace of corporate emission reductions is important. For this reason, RGC also analyzes the pace of planned reductions. There are two benefits to this level of analysis. First, it differentiates the best-in-class Aligned companies. Second, RGC tracking of a company's progress relative to its goals provides an opportunity for engagement with portfolio companies about their greenhouse gas emission reduction progress, often well before the final target date. There is currently no penalty for failing to meet net-zero or interim targets. It is unclear how, or even if, the market or investors will respond to missed or pushed-out targets. This is evidenced in the 2025 data as many companies have dropped their commitments and we cannot identify one that suffered a lasting share-price penalty.

RGC believes that this ability to track and hold accountable corporate targets is the most impactful feature of net zero commitments. The Conference Board finds that 84% of large US companies now disclose an emissions reduction target, yet most companies with Scope 1 targets have not meaningfully cut emissions since 2021.¹² While few companies provide a detailed year-by-year road map for emission reductions, RGC models reduction curves based on companies' targets to assess how they are progressing.

The targets themselves also vary dramatically and in important ways. RGC tends to believe shorter-dated targets, even if not for 100% of emissions, are more credible than 2050 targets with no stated

¹¹ Boston Consulting Group, "Reduce Carbon and Costs with the Power of AI" (2021); reaffirmed in BCG/Google, "Accelerating Climate Action with AI" (2023). <https://www.bcg.com/publications/2021/ai-to-reduce-carbon-emissions>

¹² The Conference Board and ESGAUGE, "84% of Big US Companies Have Climate Targets - But Most Aren't Cutting Emissions," 2025. <https://www.prnewswire.com/news-releases/report-84-of-big-us-companies-have-climate-targets-but-most-arent-cutting-emissions-302825948.html>

path to reach them. RGC first looks at a portfolio level, tracking our portfolio’s emission reduction targets. This helps RGC differentiate companies with more aggressive decarbonization plans. **Figure 4** shows RGC's portfolio’s emission reduction targets relative to our benchmark, while Figure 5 shows the individual company’s targets. RGC uses both to measure the performance of our own portfolio as well as to work with companies.

CDP’s raw data miss some real targets - net-negative companies like Ameresco do not report to CDP, as well as one of the most climate-forward utilities, Portland General. Companies such as PayPal and Sanofi have net zero goals, but their stated net zero targets are not correctly captured in the CDP database. In **Figure 5**, we present corrected curves which account for those misrepresentations. At the portfolio level (**Figure 4**), we present the reduction ambition curve both with and without announced net zero targets that have not yet been reported to CDP. In 2025, the aggregate ambition curve of RGC’s portfolio reaches approximately 62% of base-year Scope 1 and 2 emissions by 2050 - the steepest reduction path of any portfolio shown in **Figure 4** - versus 71% for the Russell 1000 Value, and 97% for the Russell 2000, whose aggregate ambition is essentially flat.

Figure 4.

CO₂ absolute Scope 1&2 emissions reduction ambitions for companies in Russell indices and RGC portfolio. Shares in indices/portfolio were used as weights. Companies not reporting to CDP and those with no targets were assumed to have constant emissions. In “RGC corrected,” Sanofi and PayPal were corrected due to errors in CDP reporting. Portland General and Ameresco do not report to CDP, so targets reported in their sustainability reports were included. For companies with the most ambitious target covering all three scopes, this target is used as the Scope 1&2 target. Source: CDP, RGC

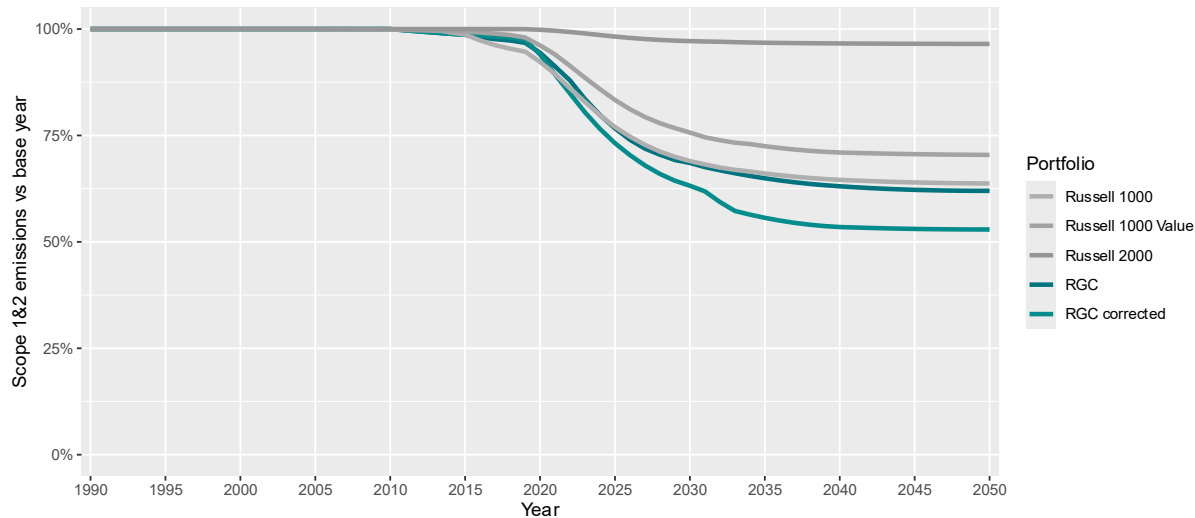
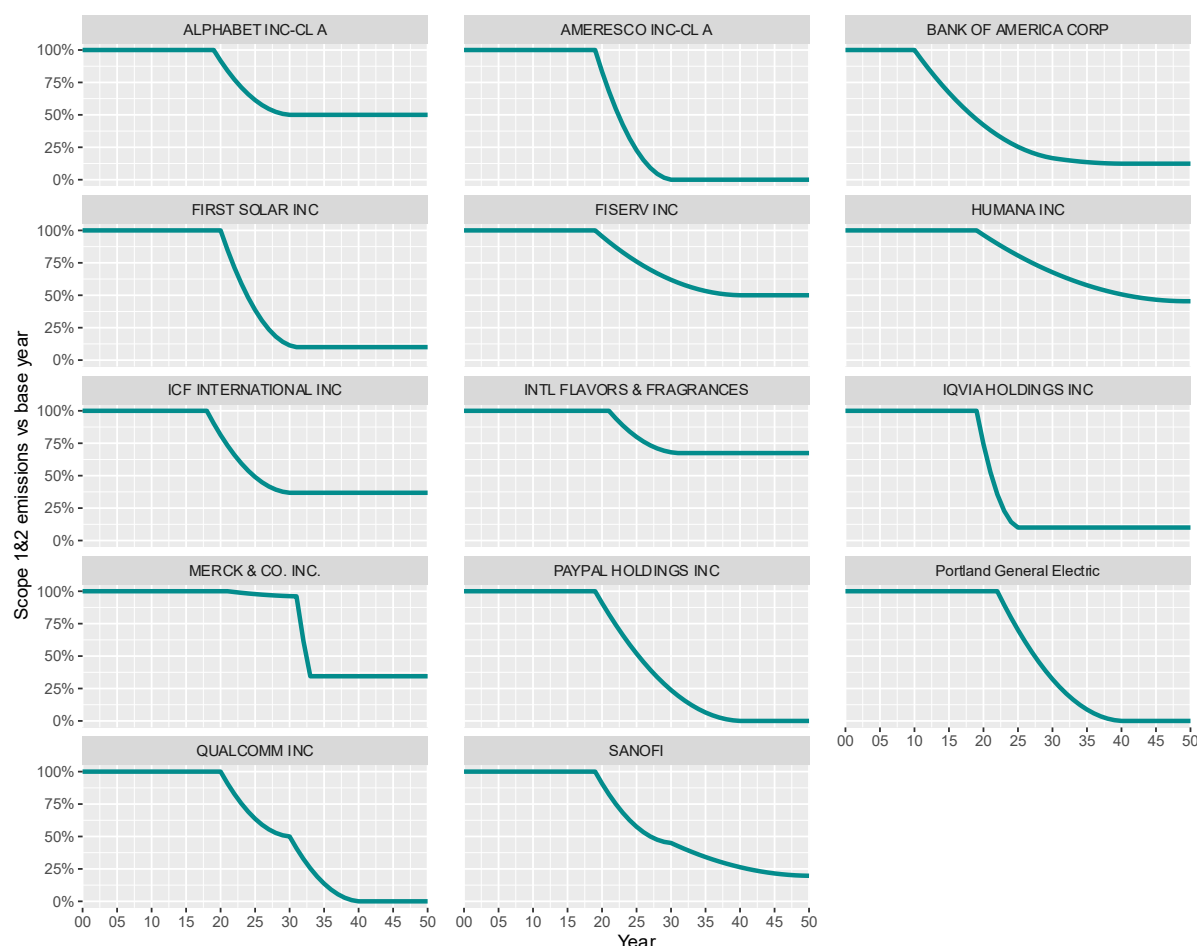


Figure 5.

CO₂ absolute Scope 1 and 2 emissions reduction ambitions for companies in the RGC portfolio. All Scopes were summed up into one reduction curve. Only companies covered by CDP are shown. The curves for Sanofi and PayPal were corrected due to errors in CDP reporting. Portland General and Ameresco do not report to CDP, so targets reported in their sustainability reports are shown. For companies with the most ambitious target covering all three scopes this target is used as Scope 1&2 target. Source: CDP, RGC



Very few companies have explicit pathways from their start point to target date. To solve this, RGC uses exponential decay curves to establish an estimated path that the company would take to meet its greenhouse gas reduction target. RGC prefers this to a linear approximation on the assumption that emission cuts get progressively harder.

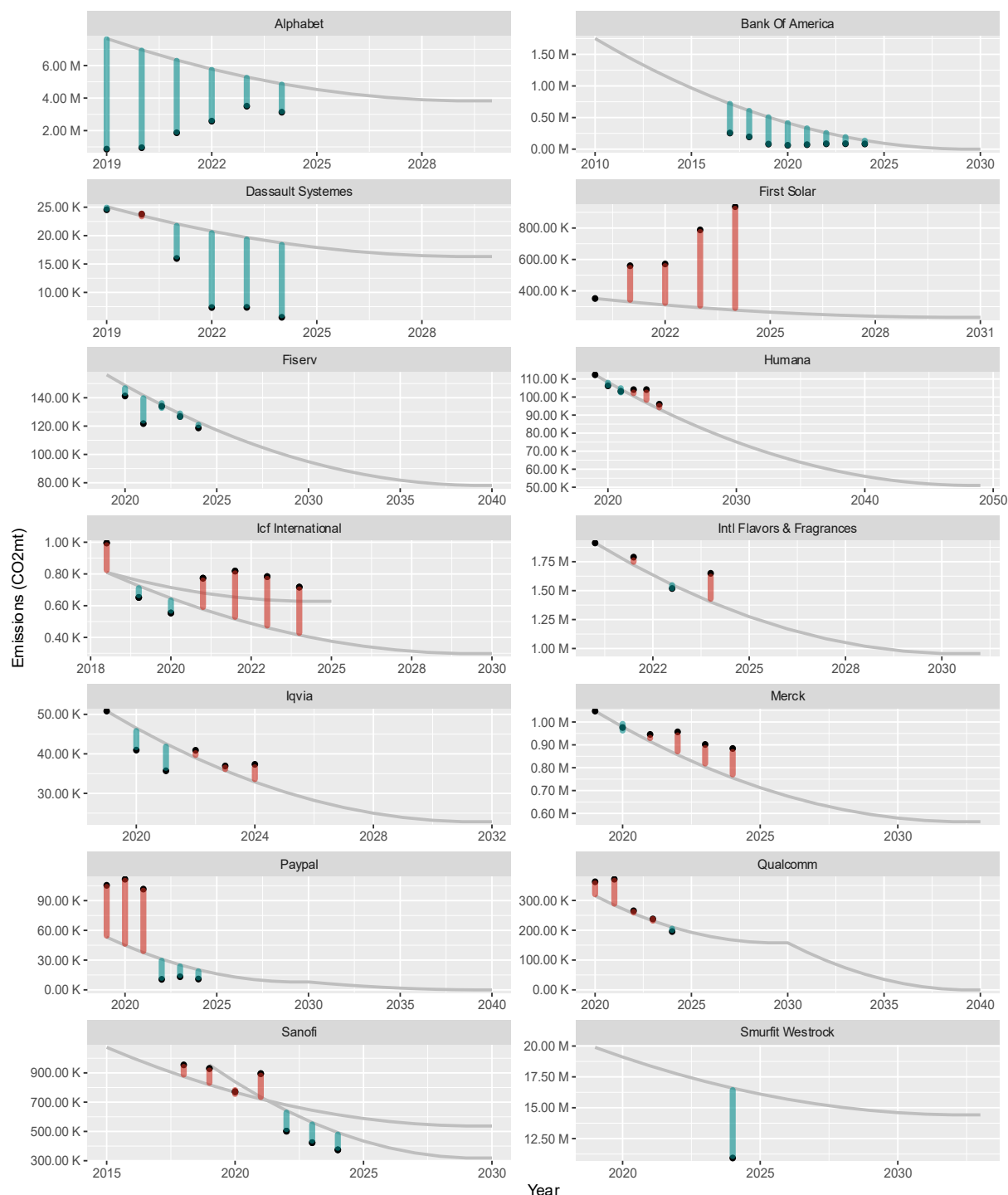
RGC has found that many companies with emission reduction targets have emissions that continue to grow, making the slope steep and the probability of reaching these targets increasingly low. RGC tends to avoid such companies as they have yet to approach the problem in earnest. Some companies report actual emissions below RGC's expected pathway but appear to be slowing reductions and now report some increases as they get closer to the target date. The graph in **Figure 6** for Bank of America is an example of this phenomenon. Other companies, such as Merck, remain above the likely curve but continue to cut emissions roughly in line with the stated target, particularly when using a straight-line

pathway rather than an exponential one. In both cases, we are comfortable with the companies' efforts to date.

RGC strives to invest in companies leading the way to net zero. In **Figure 6**, we present targets and actual emissions for 14 companies from RGC's portfolio that have active Scope 1 and 2 targets and report their corresponding emissions. Seven of the fourteen – Alphabet, Bank of America, Dassault Systèmes, Fiserv, PayPal, Sanofi, and Smurfit Westrock – are currently running at or ahead of our ambitious exponential target curves, with Qualcomm on track against its near-term target; the remaining six lag. The laggards are a sobering reminder – convincing companies to set targets and report emissions is just the beginning. **Holding them accountable and making sure that they work towards their goals is a task climate-aware investors must stay engaged with for decades.** As the framework becomes more durable and more investors are willing to engage companies on these issues, like RGC, we believe the pathways and efforts will improve.

Figure 6.

CO₂ absolute combined Scope 1 and 2 emissions reduction ambitions (lines estimated using RGC's declining exponential approach), actual emissions (dots), and differences (red and green lines) for companies in the RGC portfolio. Companies with active Scope 1 and 2 reduction targets which report their actual emissions to CDP are shown. When the company has more than one active target, all are shown, and the most ambitious is used as a base. Source: CDP, RGC



Science Based Targets

Ambition of targets and actual emission reductions are important tools in RGC's net zero toolbox. However, they do not verify the validity of long-term targets. To verify the quality of long-term targets, RGC monitors what share of targets is verified by the Science Based Target Initiative.

Science Based Target Initiative (SBTI) is an organization focused on helping companies create realistic, achievable emission reduction goals that align with the current state of scientific research. SBTI's main contribution is ensuring that a company's target is achievable and in line with Paris Agreement goals – limiting warming to 1.5°C above pre-industrial levels.

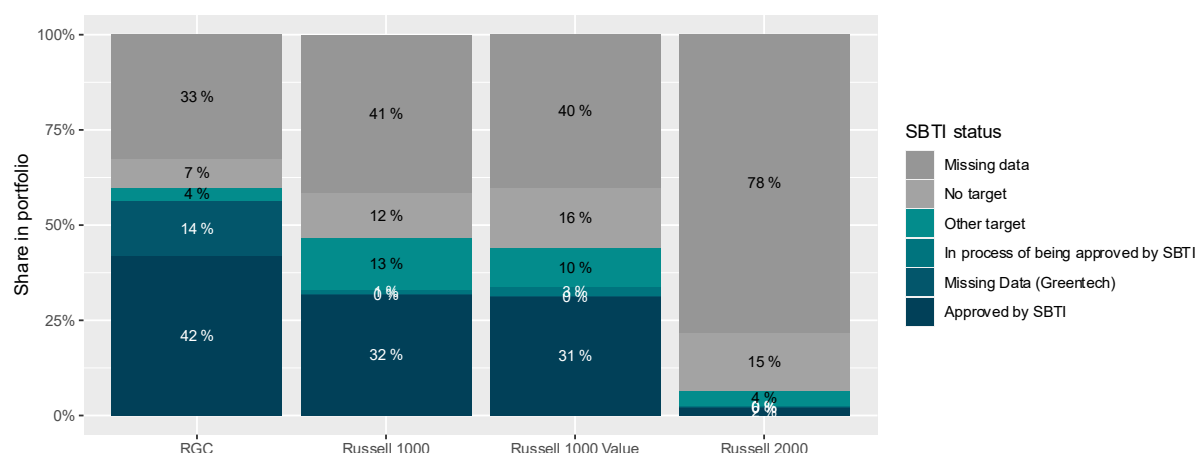
RGC pays close attention to the quality and achievability of targets set by its portfolio companies. Companies in the RGC portfolio set more science-based targets than in relevant benchmarks, Russell 1000 Value and Russell 2000, but also those in Russell 1000. This gives RGC conviction that its portfolio companies not only have ambitious goals but also that those goals are well thought-out and achievable in the declared magnitude and timeframe.

SBTI published Version 2.0 of its Corporate Net-Zero Standard in 2026. Beginning in 2027, new validations will be assessed under the stricter Version 2.0 criteria, and companies with existing approved targets will need to re-validate as those targets come up for renewal. Every SBTI approval cited in this report will therefore be re-tested in the coming years; we will report the results next year.

Figure 7 compares the percentage of companies with SBTI targets in RGC portfolio to comparable indices. In 2025, 42% of RGC's portfolio (weighted) carried SBTI-approved absolute reduction targets, and another 4% was in the approval process, versus 32% approved for the Russell 1000, 31% for the Russell 1000 Value, and just 2% for the Russell 2000. The portfolio also has the smallest share of companies with no target at all, at 7%, versus 12–16% for the large-cap benchmarks. When an RGC holding sets a target, it is usually one validated against climate science. Note again that our clean tech companies - 14% of the portfolio, shown as Missing Data (Greentech) in **Figure 7** - do not appear as conforming to SBTI targets even though their products directly displace emissions; no benchmark carries a comparable share.

Figure 7.

Percentage of portfolios (weighted by companies' portfolio shares) by their absolute emission reduction targets' SBTI status. Companies are classified by their "best" target. Source: CDP, RGC



Carbon Efficiency

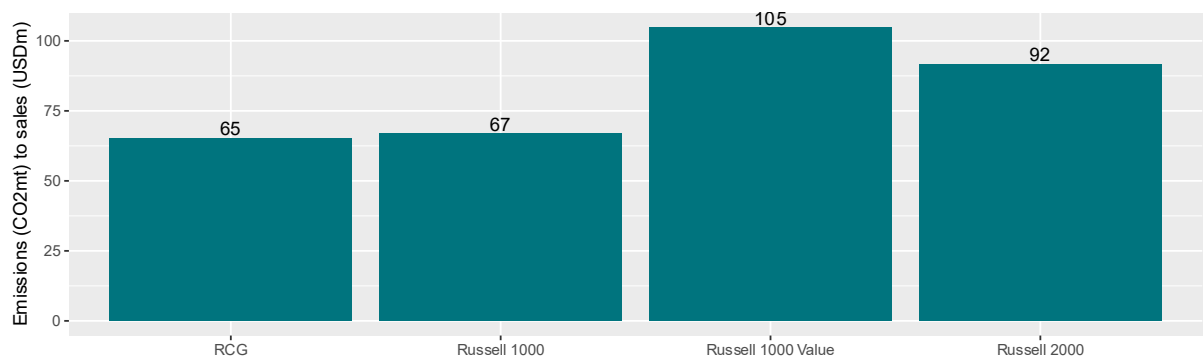
Carbon efficiency is another way to look at a portfolio's climate impact. Carbon efficiency measures how much CO₂ is required to generate a unit of output. RGC looked at CO₂ efficiency against a company's revenue and four profitability measures: gross margin, net profit, gross profit, and EBITDA. Each of the four profitability measures raised challenges around the ability to standardize data across sectors, as some sectors do not report certain profitability measures. RGC discovered that the overall results did not materially change between revenue and profitability measures. As a result, and because of the ubiquity of revenue, RGC opted to use revenue as a measure of economic unit output. We also found that other publications and research tend to rely on revenue for this purpose.

Below in **Figure 8** is a graph of RGC's portfolio carbon efficiency relative to economic unit produced. On 2025 data, RGC's portfolio is the most carbon-efficient of the group, generating 65 tons of CO₂ per \$1 million of sales - its most comparable benchmark, the Russell 1000 Value, emits 62% more carbon per dollar of sales (105 tons), and the Russell 2000 emits 42% more (92 tons); the broad Russell 1000, at 67 tons, is roughly level with RGC. For a value-oriented portfolio, this is unusual: value benchmarks carry heavier carbon-emitting sectors.

Carbon efficiency is a very sensitive measure. Any exposure to certain sectors, like Utilities or Energy, will cause a significant decrease in a portfolio's efficiency. As a result, portfolio efficiency measures should be considered in the context of sector weightings and only as a part of a more holistic analysis of the company's and portfolio's climate impact. RGC believes that blindly maximizing the carbon efficiency of the portfolio leads to sector biases and limited impact where it matters most – among companies with the highest climate impact.

Figure 8.

CO₂ efficiency of RGC’s portfolio and selected indices measured as emissions to sales. When actual emissions were unavailable, average efficiencies for corresponding industries were used instead. Source: CDP, RGC

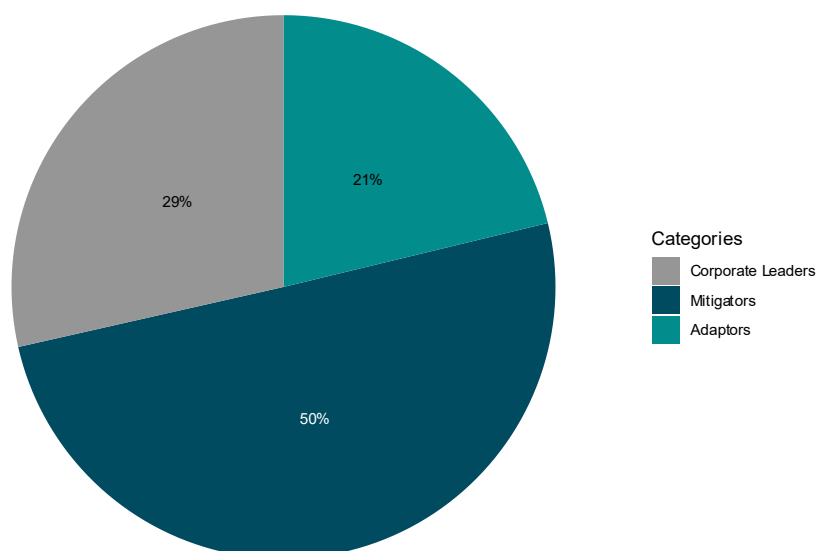


Summary of Net Zero Research of Portfolio Holdings

RGC publishes an annual climate impact report. We are pleased to show that the portfolio is more efficient per economic unit and has more NZAM-aligned companies than comparable benchmarks, with reduction goals that are more aggressive than those of peers and more often approved by SBTi. However, we remain mindful that a company’s net zero targets do not capture the totality of its economic positioning relative to the secular trend of climate change. As a result, we have included a company-by-company summary of the qualitative research RGC performs. Even this is just a bite-sized summary of the climate research performed and does not include any mention of the fundamental research conducted concurrently. In **Figure 9**, the RGC portfolio has been broken into three groups: Corporate Leaders, Mitigators, and Adaptors. While companies are often working on multiple of these categories, we force-rank them based on the primary group we believe they fit best. In the write-ups below, their categorization can be identified by the first group mentioned.

Figure 9.

The composition of the RGC portfolio divided into three major buckets: mitigators, adaptors, and corporate leaders. Source: RGC



Alphabet

Corporate Leadership: Alphabet, the parent company of Google, is recognized as a leading corporate actor on climate through its aggressive decarbonization goals, emissions transparency, and innovation in digital infrastructure and energy systems. The company has operated on 100% renewable energy for its electricity consumption since 2017 (Scope 2, market-based), and is pursuing a more ambitious target of matching its electricity use with carbon-free energy (CFE) on a 24/7 basis by 2030-an industry first.

Alphabet retains its goal of net-zero emissions across its entire value chain (Scopes 1, 2, and 3) by 2030, though it now describes the target as an intentionally aspirational "moonshot" that is "getting harder" to reach, and in late 2025 it removed the pledge from the headline of its sustainability website, relegating it to report appendices. These efforts are supported by one of the most robust climate governance structures in the technology sector. From 2010 through 2025, Alphabet signed more than 240 agreements to purchase nearly 35 GW of net-new clean energy - including a record 12+ GW signed in 2025 alone - directly stimulating utility-scale clean energy buildout globally. The company played a key role in developing corporate procurement frameworks for renewables, including methodologies now widely adopted across the private sector.

AI-driven energy consumption continues to surge - Google's electricity demand rose 37% in 2025, its largest load growth on record - yet operational (Scope 1 and 2 market-based) emissions fell 2% year-over-year while the company matched 100% of consumption with renewable purchases for the ninth consecutive year. Supply-chain (Scope 3) emissions, however, rose 25%, leaving Alphabet well behind

the trajectory implied by its 2030 ambition. However, the company has deployed its DeepMind AI to improve data center cooling efficiency by 40% and continues to invest in next-generation energy storage technologies (e.g., Malta's thermal energy system) and geothermal heating and cooling (via Dandelion Energy).

In addition to decarbonizing its operations, Alphabet supports global emissions reductions through its Environmental Insights Explorer (EIE), a geospatial tool that provides cities with GHG inventories, renewable energy potential assessments, and policy scenario modeling.

Alphabet's climate strategy is comprehensive, spanning clean energy procurement, R&D, operational decarbonization, and data-enabled systems change. These efforts contribute materially to SDGs 7 (Affordable and Clean Energy), 9 (Industry, Innovation and Infrastructure), and 13 (Climate Action).



Mitigation: Ameresco is an energy efficiency and renewable energy company that develops, owns, and operates clean energy assets. Energy efficiency remains the most cost-effective method of reducing greenhouse gas emissions and Ameresco implements customized solutions for large institutions, including government facilities, schools, and hospitals. Through Energy Saving Performance Contracts, Ameresco provides clients with guaranteed energy savings, having deployed more than \$16 billion in energy solutions since inception. As of the end of 2025, Ameresco had helped avoid over 140 million cumulative metric tons of CO₂e, up from 120 million the year prior. The company owns and operates 839 MWe of energy assets, including solar (446 MW), battery storage (226 MW), renewable natural gas, and other biogas and has a development and construction pipeline of an additional 568 MWe as of March 31, 2026. Ameresco is also a key partner in building community microgrids and enhancing grid resiliency, including projects that integrate distributed energy resources in underserved areas.

In addition to Net Zero targets by 2040, they have a goal of reducing carbon emissions for their clients by 500 million metric tons by 2050. Through the end of 2025, they are 28% of the way there.



Mitigation: Array Technologies designs and manufactures solar tracking systems for utility-scale photovoltaic installations. These systems increase solar plant output by approximately 25-30% by enabling panels to track the sun, improving land-use efficiency and reducing the levelized cost of electricity (LCOE). In June 2026, Array surpassed 100 GW of cumulative solar tracker deliveries across more than 30 countries. Based on modeled performance, these systems enable an estimated 17 million metric tons of CO₂ emissions avoidance annually.

Array has established a corporate target to support the deployment of 90,000 MW of additional solar capacity by 2025. The firm has also committed to a 30% reduction in direct emissions intensity and to sourcing at least 50% of its own operational energy needs from renewable sources. The company is

integrating life cycle assessment tools to quantify product-level environmental impacts and participates in cross-industry collaborations to enhance sustainability across the solar supply chain. These actions are aligned with global decarbonization objectives and contribute to SDGs 7 (Affordable and Clean Energy), 11 (Sustainable Cities and Communities), and 13 (Climate Action).



Corporate Leadership and Mitigation: Bank of America has implemented a comprehensive climate strategy that integrates emissions reduction targets, sustainable finance commitments, and climate-related risk disclosure. The company achieved operational carbon neutrality (Scope 1 and 2) in 2019, one year ahead of its stated goal, and continues to source 100% of its electricity from renewable sources.

The firm has committed to maintaining carbon neutrality in operations while reducing location-based GHG emissions by 75% and potable water use by 55%. For financed emissions - a critical area for financial institutions - Bank of America has set sector-specific decarbonization targets covering auto manufacturing, energy and power generation, aviation, and cement.

Amid growing political scrutiny of ESG-related initiatives, Bank of America has continued annual sustainability reporting and kept its headline net-zero aspiration, but has visibly softened its posture - exiting the Net-Zero Banking Alliance and rolling back coal and Arctic financing prohibitions. The company's latest CDP score stands at A-, reflecting strong climate governance and disclosure practices.

Bank of America was a founding member of the Net-Zero Banking Alliance but exited the alliance on December 31, 2024, alongside every other large U.S. bank; the NZBA itself suspended activities in 2025 following the exodus. It continues to state an aspiration of net-zero emissions across financing activities, operations, and supply chain before 2050, anchored by a \$1.5 trillion sustainable finance goal by 2030 - of which \$1 trillion is dedicated to the environmental transition, with the balance aimed at broader Sustainable Development Goals. The firm had pledged in 2021 to stop financing new thermal coal mines, coal-plant expansions, and Arctic petroleum exploration, but in early 2024 it removed these outright prohibitions from its Environmental and Social Risk Policy Framework; such projects now face only "enhanced due diligence."

Bank of America has issued six corporate green bonds totaling \$7.4 billion since 2013 (within \$14.9 billion of ESG-themed issuance overall, the most of any U.S. corporate issuer). These actions support alignment with SDGs 8 (Decent Work and Economic Growth) and 9 (Industry, Innovation, and Infrastructure).



Adaptation and Corporate Leadership: Brown & Brown is one of the largest insurance brokers in the world, generating \$5.76 billion in commissions and fees in 2025 and its economics are directly geared to the physical intensification of climate change. As a broker, the firm earns commissions as a percentage of premiums, so when climate-driven losses push property insurance premiums higher, its revenue rises with them - without carrying the underwriting risk itself. Swiss Re Institute estimates global insured natural-catastrophe losses reached roughly \$107 billion in 2025, the sixth consecutive year above \$100 billion.¹³ Catastrophe pricing itself softened in 2025 as record reinsurance capital returned to the market, but broker economics follow the premium base, which the loss trend keeps raising across cycles. Brown & Brown's 10-K lists hurricanes, floods, wildfires, droughts, and "extreme weather or other climate events" among its risk factors, with revenue concentrated in Florida (about 16% of 2025 revenue, 68 offices and headquarters there) and other catastrophe-prone states.

The most direct adaptation lever is Wright National Flood Insurance Company, Brown & Brown's flood insurer operating under the National Flood Insurance Program's "Write-Your-Own" arrangement, in which private insurers sell and service federal flood policies for a fee while the government retains the underwriting risk. Wright serves more flood policyholders than any other write-your-own insurer in the United States, distributing federal flood coverage through more than 17,000 independent agencies - infrastructure that becomes more essential as flood frequency and severity rise.

Like many mid-cap companies, Brown & Brown has not yet made a net-zero commitment; its environmental reporting is qualitative and framed to SASB standards, describing LEED-certified space, LED lighting, water-efficiency measures, and a solar-equipped flagship office in Somerton, England. Climate change is a clear demand tailwind for this business, but the firm remains a laggard on measuring and disclosing its own footprint.



Mitigation and Corporate Leadership: Dassault Systèmes is the French industrial-software leader whose 3DEXPERIENCE platform and "virtual twin" technology let customers design, simulate, and test products, buildings, and cities digitally before committing physical resources. The climate relevance sits in what the company calls its "handprint" - avoided emissions its software enables downstream. Because products, factories, and buildings are tested digitally before anything physical is built, customers avoid prototypes, scrap, and inefficient designs. A study Dassault Systèmes co-authored with Accenture projected that, applied across construction, cities, consumer goods, mobility, and life sciences, virtual

¹³ Swiss Re Institute, sigma 1/2026: "2025 marks sixth year insured natural catastrophe losses exceed USD 100 billion," December 2025. <https://www.swissre.com/press-release/2025-marks-sixth-year-insured-natural-catastrophe-losses-exceed-USD-100-billion-finds-Swiss-Re-Institute/f710c271-58c8-4c48-9004-05203634d1e0>

twins could avoid roughly 7.5 gigatons of CO₂ by 2030.¹⁴ The firm voluntarily reports the estimated footprint of the use of its sold solutions at 114,078 tCO₂ for 2024.

Dassault's software not only avoids waste in the design process but is also used to design emission-mitigating products. 3DEXPERIENCE platform has been used to design 90% of BEVs currently on the market, as well as a significant number of windmill blades and other products where aerodynamics is crucial for efficiency and performance.

On its own operations, Dassault Systèmes has held SBTi-approved targets since 2021, resubmitted and re-approved in 2023 to reflect the Medidata acquisition: a 35% reduction in Scope 1 and 2 emissions by 2027 and a 20% reduction in Scope 3 (business travel and employee commuting) by 2027, both against a 2019 baseline, plus 50% of suppliers by emissions holding science-based targets by 2025, all aligned to a 1.5°C pathway. The company targets carbon neutrality by 2040 at the latest. Governance is notable: an independent Lead Director of Sustainable Development sits on the board, a Chief Sustainability Officer reports into a quarterly steering committee, and an ESG indicator factors into executive variable pay.

Meets UN Sustainable Development Goals 9 (Industry, Innovation and Infrastructure), 12 (Responsible Consumption and Production), and 13 (Climate Action).



Mitigation and Adaptation: Elanco Animal Health is a pure-play animal-health company whose products increasingly double as methane-reduction tools for livestock. Ruminant agriculture is one of the largest sources of methane, a greenhouse gas roughly 80 times more potent than CO₂ over 20 years, and Elanco sells the feed products that cut it. In 2024, the company launched Bovaer (3-nitrooxypropanol) in the U.S. after the FDA completed its review. Fed to a lactating dairy cow, Bovaer suppresses the rumen enzyme that forms methane and reduces methane emissions by about 30%, or roughly 1.2 metric tons of CO₂ per cow annually. Elanco's Experior for reduced ammonia emissions, the first FDA-approved product carrying an environmental claim, - reached blockbuster status in 2024. Its UpLook emissions engine covered more than 1 million cows, over 11% of the U.S. dairy herd, by year-end 2024 and helped U.S. dairy farmers earn roughly \$10 million from the first verified U.S. dairy carbon-inset market.

Adaptation reinforces demand: warming raises heat stress, which can cut dairy milk yield materially and expands the range of vector-borne cattle diseases such as babesiosis, increasing the need for animal-health interventions.

Elanco's own footprint is another matter. Scope 1 and 2 emissions rose to 478,414 tCO₂ in 2024 from 430,209 in 2023, driven by the TriRx Speke acquisition and renewable electricity fell to just 4% of consumption from 13%, prompting the company to reevaluate its 100%-renewable-by-2030 goal. Elanco has no SBTi-validated target; its Climate Transition Plan remains "under evaluation" and is

¹⁴ Dassault Systèmes and Accenture, "Designing Disruption: The critical role of virtual twins in accelerating sustainability," 2021.

targeted only for 2028 reporting. The mitigation story is in the products, not yet in the operations. Aligns with UN Sustainable Development Goals 2 (Zero Hunger) and 13 (Climate Action).



Mitigation and Corporate Leadership: First Solar is a vertically integrated manufacturer of thin-film photovoltaic (PV) modules using cadmium telluride (CdTe) semiconductor technology. CdTe panels offer a lower lifecycle carbon footprint and energy payback period (under one year) compared to conventional crystalline silicon technologies. The company's modules have an expected operating life exceeding 30 years, with high performance in hot, humid, and dusty conditions.

In 2025, First Solar sold a record 17.5 gigawatts (GW) of solar modules and ended the year with a 50.1 GW contracted backlog. Based on standard emissions factors for displaced grid electricity, this output is estimated to avoid 13–27 million metric tons of CO₂ emissions annually. The company is a key contributor to U.S. solar deployment; solar accounted for 54% of new electricity-generating capacity additions nationwide in 2025 (79% when counted together with storage) - its fifth consecutive year as the largest source of new capacity - with 43 GW installed.

First Solar's climate strategy emphasizes decarbonization, circularity, and accountability. The company has committed to reducing absolute Scope 1 and 2 emissions by 34% by 2028, using a 2020 baseline, and aims to reach net-zero emissions by 2050. These targets have been validated by the Science Based Targets initiative (SBTi).

Operationally, First Solar has pledged under RE100 to power its global manufacturing with 100% renewable electricity by 2028, with an interim goal of carbon-free electricity for its U.S. facilities by 2026. While the company uses renewable energy certificates (RECs) as part of this strategy, it maintains transparency around their use. In parallel, First Solar operates the industry's first global PV module recycling program, with annual capacity to process 88,000 metric tons of retired modules, recovering over 90% of materials for reuse.

First Solar's climate alignment is notable for its combination of product-level mitigation impact, aggressive operational targets, and leadership in end-of-life module management. Its strategy contributes directly to SDGs 7 (Affordable and Clean Energy), 9 (Industry, Innovation and Infrastructure), and 13 (Climate Action).



Corporate Leadership and Mitigation: Operationally, Fiserv is pursuing decarbonization across its footprint, with a target to reduce Scope 1 and 2 greenhouse gas emissions by 50% by 2030, from a 2019 baseline; as of 2024 (latest data available), emissions were 28% below that baseline, slightly ahead of

the required trajectory. In 2024, the company began implementation of its first climate targets, following through on a 2023 commitment. Scope 3 efforts are focused on supplier engagement, with a goal for 25% of vendors to provide actual emissions data by 2030.

Data centers represent a significant portion of Fiserv's emissions profile. The company is addressing this by consolidating infrastructure-closing 30 data centers and 75 office locations-and targeting LEED or equivalent certification for all new real estate projects. Fiserv has also initiated formal climate risk assessments aligned with the Task Force on Climate-Related Financial Disclosures (TCFD) and appointed a dedicated executive to lead Corporate Social Responsibility.

Fiserv is a global financial technology and payments company whose primary climate relevance stems from operational efficiency, data infrastructure management, and the enablement of lower-emission digital financial systems. The company's digital payment products reduce reliance on cash, an activity associated with upstream emissions from cash production, distribution, and ATM infrastructure. According to industry estimates, cash handling emits approximately 4 million metric tons of CO₂ annually. By supporting electronic transactions at scale, Fiserv contributes indirectly to emissions reductions within the financial services ecosystem.

While Fiserv has not yet made a formal net-zero commitment, management has signaled a strategic pivot toward stronger climate integration. Current disclosures and emissions reduction plans are directionally aligned with UN SDG 11 (Sustainable Cities and Communities) and SDG 12 (Responsible Consumption and Production).

GENERAC®

Adaptation, Mitigation, and Corporate Leadership: Generac manufactures backup power systems and distributed energy technologies, positioning the company at the intersection of climate adaptation and grid modernization. The growing frequency and severity of extreme weather events exacerbated by climate change have increased the incidence of grid outages across the U.S. Generac holds approximately 75% of the North American residential standby generator market, providing critical power continuity during these disruptions.

While the company's core generator products historically relied on diesel and natural gas, Generac is actively transitioning toward cleaner technologies. Product development now includes solar photovoltaic (PV) systems, battery energy storage solutions, bi-directional home energy management, and smart thermostats (via its Ecobee subsidiary). These technologies support grid flexibility and decarbonization by enabling residential demand response and distributed generation. Since its founding in 2007, Ecobee's smart thermostats have saved owners an estimated 53.9 TWh of electricity and kept roughly 11.1 million metric tons of CO₂ out of the atmosphere.

Generac is also pursuing grid integration through connected technologies that allow utilities to access and dispatch customer-owned distributed energy assets. These capabilities offer system-wide benefits, including peak load reduction and improved grid resilience, and may displace more carbon-intensive dispatchable power such as coal peakers.

From a governance perspective, Generac publishes an annual Sustainability and Impact Report (most recently for 2025, published April 2026) and measures Scope 1 and 2 emissions. It has not announced SBTi-validated emissions reduction targets. The company's environmental strategy is overseen at both executive and board levels, with incentive structures linked to emissions performance.

Generac's business model reflects both climate risk and opportunity, and its strategic evolution is aligned with SDGs 7 (Affordable and Clean Energy), 11 (Sustainable Cities and Communities), and 13 (Climate Action).



Adaptation and Corporate Leadership: Humana is a leading provider of Medicare Advantage insurance, serving a senior population that is particularly vulnerable to climate-related health risks. Scientific evidence indicates that rising temperatures and more frequent heat waves increase emergency room visits, hospitalizations, and chronic illness exacerbation among older adults. For example, temperatures exceeding 90°F are linked to statistically significant increases in emergency department utilization among the elderly. These dynamics represent both a public health challenge and a material cost driver for healthcare payors like Humana.

In response, Humana has begun evaluating climate-related risks and integrating adaptation strategies into its healthcare model. Emerging interventions-such as targeted climate control benefits for at-risk beneficiaries-are being piloted to reduce heat-related morbidity and downstream costs. These programs align with the broader sectoral trend of value-based care, where preventative and environmental health interventions are increasingly linked to cost savings and patient outcomes.

From a corporate governance perspective, Humana has committed to reducing absolute Scope 1 and 2 greenhouse gas emissions by 54.6% by 2032 from a 2019 baseline. In June 2025, the company added an SBTi-validated target: 67.3% of its listed equity and corporate bond portfolio (by invested value) must have set science-based targets by 2029, from a 2022 base year. Separately, Humana targets a 30% absolute cut in Scope 3 emissions from purchased goods and services and upstream transportation and distribution by 2032. These targets are validated by the Science Based Targets initiative (SBTi).

Environmental oversight resides with both the executive team and the board of directors, including the General Counsel, Chief Administrative Officer, and ESG Steering Committee. Climate performance is tied to executive compensation, and emissions data is reported regularly.

Humana's adaptation-oriented model highlights the intersection of climate change and public health and reflects alignment with SDG 3 (Good Health and Well-being) and SDG 13 (Climate Action).



Mitigation and Adaptation: ICF International is a global consulting and technology firm whose largest business helps utilities, governments, and companies cut emissions and adapt to a changing climate. Its commercial energy practice is implementing utility programs for energy efficiency, flexible load management, electrification, and grid optimization. It grew 24% for full-year 2025 and represented roughly one-third of total revenue, with about 80% of commercial energy revenues tied to utility programs. ICF also runs a substantial disaster-management and climate-resilience practice, positioning it on both sides of the RGC thesis. In its 2025 Climate Transition Plan, ICF disclosed that 46% of its \$2.02 billion in 2024 revenue came from environmental work supporting energy savings, resilience, natural resources, or emission-reduction programs.

On its own footprint, ICF holds an SBTi-validated near-term 1.5°C target (validated December 2024): a 63.19% cut in absolute Scope 1 and 2 emissions and a 58.50% cut in Scope 3 intensity per employee by 2030, both against a 2018 base, plus 100% renewable electricity through 2030. Total emissions fell 47% from 2018 to 2024, and ICF submits third-party-verified inventories to CDP. Meets UN Sustainable Development Goals 7 (Affordable and Clean Energy) and 13 (Climate Action).



Adaptation, Mitigation, and Corporate Leadership: IDEX Corporation is a diversified maker of pumps, fluidics, and precision-engineered components whose products increasingly address climate-driven physical stress on water and energy infrastructure. As climate change brings more intense rainfall that overwhelms aging sewer systems, utilities turn to IDEX's ADS Environmental Services for wastewater monitoring: one of the largest U.S. wastewater systems, a Florida utility managing more than 3,900 miles of sewer lines and 1,300 pumping stations, used ADS level monitors and machine-learning analytics to cut sewer-cleaning work orders 35% while preventing overflows that pollute waterways. On the mitigation side, IDEX's Warren Rupp electric diaphragm pump uses roughly 75% less energy than prior models, its BAND-IT and SFC Koenig units supply clamp systems for hydrogen fuel-cell vehicles, and Viking Pump serves wind-turbine gearbox lubrication.

The company targets only a 30% reduction in Scope 1 and 2 emissions intensity by revenue by 2035 against a 2021 baseline, an intensity target, not an absolute one. It does not yet report Scope 3 emissions, though it has begun building the capability. Absolute Scope 1 and 2 emissions were 63,130 metric tons CO₂ in 2024, down about 2% from 2023, while emissions intensity ticked up slightly to 19.7 as emissions-heavy acquisitions were absorbed.

IDEX conducts TCFD-aligned scenario analysis across 2030–2050 horizons and, in its first year, certified 18 business units under its internal IDEX Green efficiency program. Meets UN Sustainable Development Goals 6 (Clean Water and Sanitation) and 13 (Climate Action).



Adaptation, Mitigation, and Corporate Leadership: IFF operates at the nexus of global food systems, consumer products, and climate resilience. The company develops flavor, fragrance, and nutrition solutions used across food, beverage, personal care, and home products. Climate change presents both a material risk and a growth opportunity for IFF, particularly through its impact on agricultural inputs, food quality, and consumer behavior.

Long-term warming trends and volatile weather patterns are expected to alter the availability, cost, and flavor profiles of key food ingredients. Scientific forecasts suggest increased bitterness in leafy greens, textural changes in meat, and reduced quality in wine, coffee, and spices, all of which intersect with IFF's product offerings. IFF is actively investing in innovation to address these shifts, including technologies to enhance taste and aroma in climate-stressed ingredients.

The company's R&D is increasingly focused on climate-linked growth themes, including sustainable protein and food system transformation. In 2024, IFF expanded its RE-IMAGINE PROTEIN platform, investing in high-moisture extrusion technology for plant-based meat analogs. This segment supports both emissions mitigation and food security objectives.

From an operational perspective, IFF has committed to reducing absolute Scope 1 and 2 greenhouse gas emissions by 50% below 2021 levels by 2030. As of 2023, the company had achieved a 21% reduction in Scope 1 and 2 emissions below 2021 levels, alongside a 26% reduction in Scope 3. It also targets a 30% reduction in Scope 3 emissions by 2030, focusing on supply chain engagement and product life cycle impacts. These targets are aligned with the Science Based Targets initiative (SBTi); IFF also commits to achieving net-zero Scope 1 and 2 by 2040 and 100% renewable electricity by 2030 (it is an RE100 member).

IFF's climate strategy reflects its dual exposure to mitigation and adaptation imperatives and contributes to SDGs 2 (Zero Hunger), 9 (Industry, Innovation and Infrastructure), and 13 (Climate Action).



Adaptation and Corporate Leadership: IQVIA is the leading global provider of healthcare data, analytics, and clinical research services, with roughly 88,000 employees serving more than 10,000 life-sciences and healthcare customers. Its differentiated position sits at the intersection of climate and public health: climate change is expanding the range and intensity of climate-sensitive diseases, with a striking rise over the past two decades in scientific attention to warming-driven vector-borne illness as shifting temperature, precipitation, and humidity alter pathogen and vector transmission. IQVIA established a dedicated global public health business now working with more than 75 clients, and in 2024 deployed resources against poliovirus, Marburg, and mpox outbreaks and mapped viral respiratory disease outbreaks in Brazil to flag those with endemic or pandemic potential, capabilities that grow more valuable as climate reshapes disease burden.

On corporate leadership, IQVIA's near- and long-term emissions targets were validated by the Science Based Targets initiative in October 2023, anchoring a Net Zero Roadmap to net-zero across the value chain by 2050. The near-term goal is a 55% absolute cut in Scope 1 and 2 emissions by 2030 from a 2019 baseline; the long-term goal is a 90% absolute reduction across Scopes 1, 2, and 3 by 2050. By the end of 2024, IQVIA had achieved a 27% reduction in Scope 1 and 2 emissions against 2019 and reached 71% progress toward its 2027 Scope 3 supplier target, with 50% of suppliers by emissions having set or committed to set science-based targets. All of IQVIA's laboratories are now My Green Lab certified. Meets UN Sustainable Development Goals 3 (Good Health and Well-being) and 13 (Climate Action).



Mitigation, Adaptation, and Corporate Leadership: Merck & Co. (MSD outside the U.S. and Canada) is a global biopharmaceutical company with substantial exposure to climate-related health risks and opportunities. Climate change is expected to increase the incidence and severity of diseases influenced by air quality, heat stress, and pathogen distribution, factors that intersect directly with Merck's oncology and cardiovascular portfolios. For example, research from the University of California, San Francisco links rising air pollution levels to an increase in cancer cases, while extreme heat is a growing risk factor for cardiovascular disease, which already affects nearly half of Americans.

Merck offers therapies that address these health impacts, including class-leading cancer immunotherapies and cardiovascular medications, positioning the company as a potential beneficiary of climate-driven shifts in disease burden. In this context, climate adaptation and public health resilience are emerging as long-term growth vectors for the firm.

On the corporate leadership side, Merck targets a reduction of at least 46% in operational (Scope 1 and 2) GHG emissions by 2030 versus a 2019 baseline, and 100% renewable purchased electricity by 2025, - the latter 15 years ahead of its original 2040 target. Scope 3 emissions, which are more than seven times Merck's combined Scope 1 and 2 footprint, are targeted for a reduction of at least 30% by 2030 versus a 2019 baseline. The company's climate goals are aligned with the Science Based Targets initiative (SBTi) and include a commitment to achieve net-zero across its full value chain (Scopes 1, 2 and 3) by 2045 (a commitment made in 2024).

Merck has institutionalized climate risk governance through its Low Carbon Transition Playbook (LCTP), which guides emissions reductions across facilities, product design, and procurement. All new sites are subject to an Energy Design Guide, and recently acquired facilities are benchmarked using an internal energy efficiency scorecard.

These initiatives underscore Merck's leadership within the healthcare sector and support alignment with SDG 3 (Good Health and Well-being), SDG 7 (Affordable and Clean Energy), and SDG 13 (Climate Action).



Corporate Leadership and Mitigation: The company has formalized its climate strategy through ambitious science-based targets. It has committed to achieving net-zero emissions across its value chain (Scopes 1, 2, and 3) by 2040, with a medium-term target to cut absolute operational (Scope 1 and 2) emissions by 85% by 2030 from a 2019 base year, aligned to a 1.5°C trajectory. As of 2024, PayPal achieved 100% renewable electricity use across its operations in the U.S., Canada, and global data centers, among the most energy-intensive components of its business model.

PayPal's core business, digital payments, supports decarbonization by displacing the need for physical cash, reducing emissions from cash handling, ATM operations, armored transport, and related logistics. The transition toward cashless economies is estimated to avoid up to 4 million metric tons of CO₂ annually. By providing a secure, scalable digital payment infrastructure, PayPal contributes to emissions reduction across consumer and enterprise financial transactions.

PayPal is also leveraging its supplier relationships to drive broader emissions reductions. The company has engaged 300 of its top vendors on climate risk disclosure and emissions tracking. It has set a target for 80% of its suppliers by spend to disclose Scope 1 and 2 emissions and set reduction targets by 2030, superseding an earlier goal of having 75% of top suppliers adopt science-based targets by 2025. This supplier engagement represents a material step toward addressing Scope 3 emissions, which account for the majority of the firm's climate impact.

While PayPal's environmental footprint is modest compared to industrial or energy-intensive firms, its strategic influence as a digital finance platform extends across sectors and geographies. The company's climate initiatives are consistent with SDGs 11 (Sustainable Cities and Communities) and 12 (Responsible Consumption and Production), and its decarbonization efforts are enhanced by its broad technological reach and growing emphasis on ESG-aligned vendor partnerships.



Mitigation and Corporate Leadership: Portland General Electric (PGE) has emerged as a leading U.S. utility in decarbonizing power generation. The company retired its Boardman coal plant in October 2020, two decades ahead of schedule, and replaced the lost capacity with the Wheatridge Renewable Energy Facility, a first-of-its-kind utility-scale hybrid site combining 300 MW of wind, 50 MW of solar, and 30 MW of battery storage. This transition illustrates a broader strategic shift toward clean energy investments that are both emissions-reducing and earnings-accretive.

PGE's decarbonization roadmap includes a commitment to reduce greenhouse gas emissions by 80% by 2030, 90% by 2035, and 100% by 2040 (relative to a 2010 baseline). The company plans to triple its renewable energy resources by the end of this decade, supported by capital deployment into solar, wind, and grid modernization. Non-emitting resources reached a record ~45% of its energy mix in 2024,

with ongoing improvements in grid reliability-counteracting concerns that clean energy adoption undermines system resilience.

The company has also aligned its strategy with state-level policy leadership. PGE supported Oregon's House Bill 2021, which mandates the complete decarbonization of retail electricity sales by 2040 and prohibits in-state coal delivery after 2030. This regulatory alignment enhances policy durability and supports long-term capital planning.

Internally, PGE is pursuing net-zero operations by 2040 and targeting electrification of 60% of its vehicle fleet by 2030. These operational efforts complement its system-wide decarbonization strategy and reflect the company's dual focus on supply- and demand-side emissions.

PGE's integrated approach to renewables, storage, and policy alignment places it at the forefront of U.S. utility decarbonization. The company's actions support SDGs 7 (Affordable and Clean Energy), 11 (Sustainable Cities and Communities), and 13 (Climate Action).



Mitigation and Corporate Leadership: Qualcomm plays a foundational role in enabling low-carbon digital infrastructure through its leadership in 5G technology, mobile chipsets, and Internet of Things (IoT) connectivity. The company holds a significant share of global 5G patents and produces what are widely regarded as the most energy-efficient chipsets and modems in the sector. These technologies are critical to powering smart cities, connected transportation systems, and energy-efficient industrial applications, all of which contribute to systemic decarbonization.

If fully implemented, IoT technology can lead to emission reductions of up to 15% across key sectors, according to Ericsson estimates.¹⁵ Qualcomm's hardware and licensing model supports this transition by embedding efficiency into the device level and through system-wide interoperability. In urban infrastructure, 5G-connected IoT devices manage traffic flows, reduce electricity and water consumption, and enhance the operational efficiency of buildings and utilities. These downstream impacts align with multiple SDGs, particularly SDG 7 (Affordable and Clean Energy), SDG 9 (Industry, Innovation, and Infrastructure), and SDG 11 (Sustainable Cities and Communities).

Qualcomm also supports emissions reduction through innovations in mobile computing. The company's chipsets enable smartphones and tablets to perform increasingly complex tasks using significantly less power than traditional computing platforms - 5W on a phone compared to 60–250W on a desktop. This advancement contributes to reduced electricity consumption across the global computing ecosystem.

While 5G networks currently consume more energy per unit than their 4G predecessors, Qualcomm is driving improvements in base station and device-level energy efficiency. Its roadmap includes continued

¹⁵ Ericsson Research, "ICT's potential to reduce greenhouse gas emissions in 2030: Exploring the effects of ICT solutions on GHG emissions." <https://www.ericsson.com/en/reports-and-papers/research-papers/exploring-the-effects-of-ict-solutions-on-ghg-emissions-in-2030>

investment in ultra-low-power semiconductors and wireless protocols designed to reduce transmission energy demands.

On the corporate leadership front, Qualcomm met its goal to reduce Scope 1 and 2 emissions 30% by 2025 (from a 2014 baseline) two years early - achieving a >35% reduction in 2023 and now targets a 50% absolute reduction by 2030 from a 2020 baseline. Scope 3 emissions are targeted for a 25% reduction by 2030, with a full net-zero commitment across all scopes by 2040. These goals have been validated by the Science Based Targets initiative (SBTi) and reflect growing investor and regulatory expectations around tech-sector sustainability.



Adaptation and Corporate Leadership: From an adaptation perspective, Sanofi is well positioned to benefit from the increasing burden of climate-sensitive diseases. Warmer temperatures and shifting weather patterns are expected to expand the range of vector-borne diseases such as dengue, Zika, and yellow fever. According to peer-reviewed research, up to 900 million additional people could be exposed to Aedes-borne viruses by 2080. Sanofi currently manufactures the only FDA-approved yellow fever vaccine and maintains a robust pipeline of tropical disease vaccines. Its established manufacturing capacity and global distribution networks further strengthen its role in climate-related public health preparedness.

Sanofi stands out among pharmaceutical peers for its proactive integration of climate risk into corporate strategy, product development, and regulatory disclosures. The company explicitly identifies climate change as a material business risk in its legally mandated annual report, a rare level of transparency for the sector. Environmental risk themes include greenhouse gas emissions, water usage, pharmaceuticals in the environment, waste management, and biodiversity.

Sanofi has established science-based targets to reduce its absolute Scope 1 and 2 emissions by 55% by 2030 (vs. a 2019 baseline). They have already achieved a 43% reduction as of 2024 and plan carbon neutrality across all scopes for 2030 and net-zero GHG emissions by 2045. Sanofi sourced roughly 85% renewable electricity in 2024, en route to 100% by 2030. The company's Scope 3 strategy includes assessments of upstream and downstream emissions, and Sanofi's action plan aligns with the Science Based Targets initiative (SBTi).

Sanofi's combination of risk disclosure, emissions reduction, and product development aimed at climate-sensitive health conditions supports SDG 3 (Good Health and Well-being) and positions the company as both a climate leader and a beneficiary of long-term adaptation trends.



Mitigation: Shoals Technologies Group is a key enabler of utility-scale solar, battery storage, and datacenter infrastructure through its specialized focus on electrical balance-of-system (EBOS) solutions.

EBOS components are critical for safely and efficiently transmitting electricity from solar panels to inverters and ultimately to the grid. Unlike modules or inverters, which receive more market attention, EBOS systems represent a substantial share of project risk failures and can result in asset downtime, revenue loss, and even safety hazards such as fire or electrocution.

Shoals has differentiated itself through high-reliability, plug-and-play EBOS systems that streamline installation, reduce labor requirements, and improve safety. As solar and battery projects scale in complexity and geographic reach, Shoals' pre-assembled wiring solutions and modular designs offer both cost and time efficiencies. The company's products are also increasingly being integrated into utility-scale battery storage infrastructure, expanding its relevance across decarbonization vectors.

As the penetration of renewable energy and energy storage grows globally, Shoals is well-positioned to benefit from the long-term buildout of clean energy infrastructure. While the company does not manufacture generation hardware, its role in optimizing the efficiency, safety, and deployment speed of clean energy projects makes it a vital participant in the energy transition.

Though Shoals has not publicly disclosed science-based emissions targets, its business model is inherently climate-aligned and directly supports the deployment of renewable energy systems. Shoals' technology contributes to reducing the lifecycle emissions of solar and storage assets and indirectly supports SDG 7 (Affordable and Clean Energy), SDG 9 (Industry, Innovation, and Infrastructure), and SDG 13 (Climate Action).



Mitigation and Corporate Leadership: WestRock, now operating as Smurfit WestRock following its merger with Smurfit Kappa, is one of the world's largest manufacturers of sustainable fiber-based packaging. The company plays a key role in reducing plastic waste and decarbonizing the global packaging sector by focusing on corrugated and consumer paper-based packaging solutions. Its two primary climate-aligned business lines include: (1) right-sized shipping boxes, which reduce material waste and emissions from transportation, and (2) paper-based substitutes for plastic packaging in consumer goods.

On average, packaging boxes are 14% larger than necessary, resulting in inefficient logistics and a material waste stream equivalent to a forest the size of Denver every year. WestRock's precision packaging technology reduces this excess, minimizing emissions from both packaging production and freight. In addition, the company is a leading innovator in replacing single-use plastic rings and wraps with recyclable cardboard alternatives now increasingly visible on beverage cans and six-packs in major retail channels.

Consumer preferences and tightening regulations around single-use plastics are expected to support continued demand for sustainable packaging. WestRock's alignment with this macro trend positions it as a beneficiary of both top-line growth and improved customer retention among environmentally conscious brands.

From a climate governance perspective, the combined company set new 2030 targets in its first integrated (2025) sustainability report: reduce Scope 1 and 2 GHG emissions across operations by 28% versus a 2019 baseline, cut mill water intake by 22%, and reduce mill waste to landfill by 24%. In addition, Smurfit WestRock now discloses Scope 3 emissions (roughly 11,499 metric kilotons CO₂ in 2025) and is reviewing a Scope 3 target while exploring science-based (SBTi) validation of its goals. Reporting is grounded in a post-merger materiality assessment covering 11 sustainability topics.

Smurfit WestRock's business model directly supports SDG 12 (Responsible Consumption and Production), SDG 13 (Climate Action), and SDG 14 (Life Below Water) through plastic waste reduction and lower-carbon packaging solutions.



Adaptation and Corporate Leadership: United Rentals (URI), the largest equipment rental provider in North America, is strategically positioned at the intersection of infrastructure buildout and climate adaptation. As climate-related disasters grow in frequency and severity, the demand for equipment used in emergency response, infrastructure repair, and resiliency projects is expected to rise. Storm damage in the U.S. now regularly accounts for \$100–300 billion in annual losses, equivalent to 8–20% of total construction spending and increasingly serves as a secular growth driver for the industry.

Historically viewed as one-off events, extreme weather episodes such as Hurricanes Harvey and Irma in 2017 provided URI with a material EBITDA uplift (25% above expectations), suggesting that climate volatility is becoming a recurring revenue catalyst. URI's geographic exposure, including a significant footprint along the Gulf Coast, further amplifies its role in disaster recovery and climate adaptation.

On the corporate leadership front, URI is taking steps to reduce the emissions intensity of its rental fleet. The company provides clients with emissions tracking tools, idle-time reduction software, and performance benchmarking—all aimed at improving equipment utilization and lowering greenhouse gas emissions. Electric and hybrid models now account for 20% of its fleet and URI was the first rental company to set a formal emissions reduction target.

The company has committed to reducing its GHG emissions intensity covering Scopes 1 and 2 plus third-party hauling within Scope 3 by 35% by 2030 (from a 2018 baseline), and had cut intensity 27.3% versus 2018 as of 2024; it continues to invest in cleaner technologies to expand its offerings. URI's dual focus on enabling customer decarbonization and meeting escalating climate adaptation demands makes it both a climate risk responder and an indirect mitigator.

United Rentals contributes to SDG 9 (Industry, Innovation, and Infrastructure) and SDG 11 (Sustainable Cities and Communities) through its support of resilient infrastructure and emissions-conscious operations.

RGC Partnerships



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