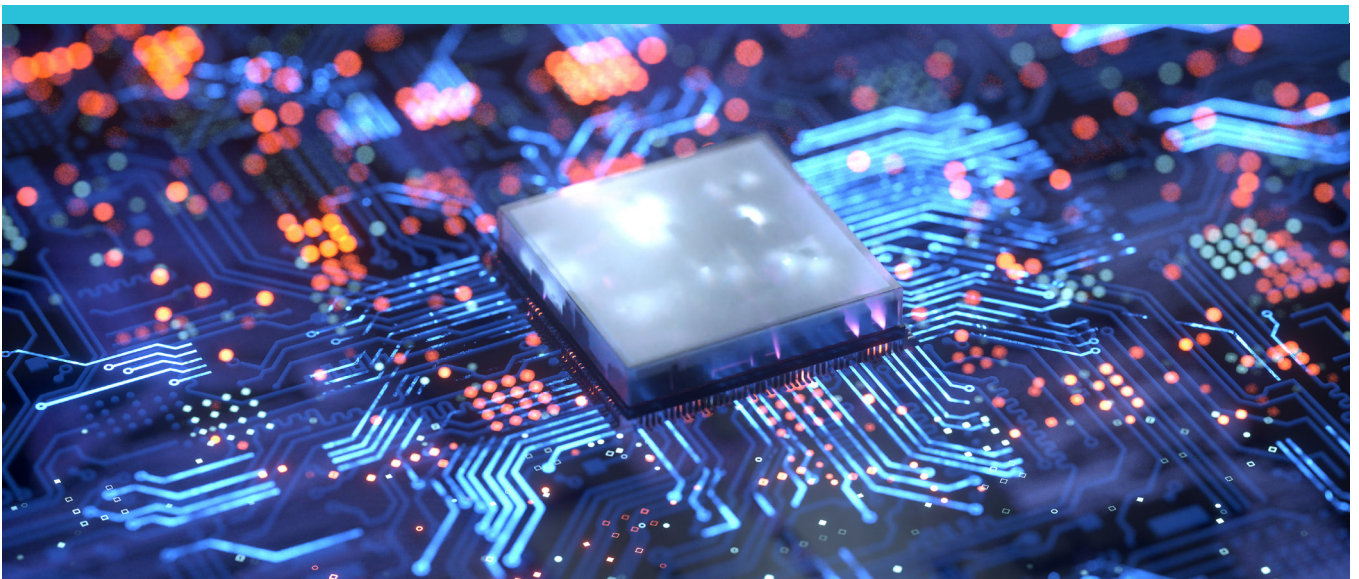




Case study

# GLOBAL IMPACT CREDIT STRATEGY



## Autodesk

The following case study is a selected example of a recent engagement with a company held in or considered for the portfolio. The example is not meant to be representative of every engagement held, but to illustrate the types of ESG engagements we are having with the managements of our investment companies.

## SUSTAINABLE TECHNOLOGY

## Autodesk

## Pressure Points

In 2020, the building and construction sector accounted for 37% of global energy-related CO<sub>2</sub> emissions.<sup>1</sup> Global material use is expected to more than double by 2060, with one-third of expected growth driven by the construction sector.<sup>2</sup> The construction sector ranks as the second-least-digitalized industry after agriculture.<sup>3</sup>

## Impact Thesis

Autodesk is a leading provider of computer-aided design software for 62 million professionals worldwide.<sup>4</sup> The software helps generate improvements in industrial processes through digitalization, connectivity, and optimization of resource management. Proceeds from the sustainability bond are expected to enable efficiency gains (making machinery and construction more efficient by using technologies that reduce material and fuel usage), technological innovation (in manufacturing, building, and industrial processes), and better energy and material choices.

**KPI:** CO<sub>2</sub> emissions saved, annual energy savings

## Five Dimensions of Impact

**What:** Investment in solutions that enable more sustainable design, engineering, and construction. The resulting enhancements to machine productivity and asset utilization facilitate efficiency gains and carbon emissions reductions.

**Who:** People: Customers in the architecture, engineering, construction, and automotive industries.

**How much:** Scope 3<sup>5</sup> (customers' emissions) CO<sub>2</sub> emissions fell by 45% in 2021 to 125,000 tons, from 228,000 in 2020. The company is targeting a 25% minimum reduction in scope 3 emissions per dollar of gross profit by 2031 versus 2020. Autodesk expects bond proceeds to yield energy savings of at least 20% across production sites.<sup>4</sup>

**Contribution:** Research and development initiatives drive industrial innovation and technological advances. Software capabilities deliver insights that optimize energy, waste, and water efficiencies and improve the resilience of building, infrastructure, and industrial projects.

**Risks:** Autodesk's software products and solutions are not tailored to any specific industry. Products may be used by companies operating in industries associated with negative environmental and social impact. Data privacy and security breach risks are possible due to the large volumes of sensitive customer data being handled.

## Progress Monitoring

We await the inaugural sustainability bond post-issuance allocation and impact report, which will provide impact metrics associated with funded projects. This will allow us to assess the scale of impact delivered both outright and relative to our expectations.

## PRIMARY UN SDG



## IMPACT PILLAR

Sustainable Innovation and Productivity

## IMPACT SUB-PILLAR

Sustainable Technology

## IMPACT JOURNEY

### Input

USD 1 billion bond proceeds allocated to eligible environmental and social projects<sup>4</sup>

### Output

Capital invested in research and development and technological innovation, enabling better energy and material choices

### Outcome

Improvement in energy and resource efficiency of customers

### Impact

Reduction in scope 3 emissions and energy cost savings<sup>4</sup>

<sup>1</sup> United Nations – Global Status Report for Buildings and Construction (2021)

<sup>2</sup> OECD – Global Material Resources Outlook (October 2018)

<sup>3</sup> McKinsey – Imagining Construction's Digital Future (June 2016)

<sup>4</sup> Autodesk Impact Report (2021)

<sup>5</sup> Scope 1 (direct emissions from owned or controlled sources), scope 2 (indirect emissions from the generation of purchased electricity, steam, or cooling), scope 3 (all other indirect emissions).

## GLOBAL IMPACT CREDIT STRATEGY Objective

The composite of the Global Impact Credit Strategy simultaneously seeks benchmark outperformance and positive environmental and social impact by investing in durable, growing businesses with measurable impact criteria.

### Risks—the following risk is materially relevant to the portfolio:

**ABS and MBS risk** - Asset-Backed Securities (ABS) and Mortgage-Backed Securities (MBS) may be subject to greater liquidity, credit, default and interest rate risk compared to other bonds. They are often exposed to extension and prepayment risk.

**Contingent convertible Bonds risk** - Contingent Convertible Bonds may be subject to additional risks linked to: capital structure inversion, trigger levels, coupon cancellations, call extensions, yield/valuation, conversions, write downs, industry concentration and liquidity, among others.

**Convertible bonds risk** - Convertible bonds contain an embedded equity option which exposes them to risks linked to equity as well as fixed income. They may be subject to higher market and liquidity risk.

**Credit risk** - Credit risk arises when an issuer's financial health deteriorates and/or it fails to fulfill its financial obligations to the portfolio.

**Distressed or defaulted debt risk** - Distressed or defaulted debt securities may bear substantially higher degree of risks linked to recovery, liquidity and valuation.

**Default risk** - Default risk may occur if the issuers of certain bonds become unable or unwilling to make payments on their bonds.

**Derivatives risk** - Derivatives may be used to create leverage which could expose the portfolio to higher volatility and/or losses that are significantly greater than the cost of the derivative.

**Emerging markets risk** - Emerging markets are less established than developed markets and therefore involve higher risks.

**High yield debt risk** - High yield debt securities are generally subject to greater risk of issuer debt restructuring or default, higher liquidity risk and greater sensitivity to market conditions.

**Interest rate risk** - Interest rate risk is the potential for losses in fixed-income investments as a result of unexpected changes in interest rates.

**Liquidity risk** - Liquidity risk may result in securities becoming hard to value or trade within a desired timeframe at a fair price.

**Prepayment and extension risk** - Mortgage and asset-backed securities could increase the fund's sensitivity to unexpected changes in interest rates.

### General Portfolio Risks

**Capital risk** - the value of your investment will vary and is not guaranteed. It will be affected by changes in the exchange rate between the base currency of the portfolio and the currency in which you subscribed, if different.

**Counterparty risk** - an entity with which the portfolio transacts may not meet its obligations to the portfolio.

**ESG and Sustainability risk** - may result in a material negative impact on the value of an investment and performance of the portfolio.

**Geographic concentration risk** - to the extent that a portfolio invests a large portion of its assets in a particular geographic area, its performance will be more strongly affected by events within that area.

**Hedging risk** - a portfolio's attempts to reduce or eliminate certain risks through hedging may not work as intended.

**Investment portfolio risk** - investing in portfolios involves certain risks an investor would not face if investing in markets directly.

**Management risk** - the investment manager or its designees may at times find their obligations to a portfolio to be in conflict with their obligations to other investment portfolios they manage (although in such cases, all portfolios will be dealt with equitably).

**Operational risk** - operational failures could lead to disruptions of portfolio operations or financial losses.

## Important Information

**This material is being furnished for general informational and/or marketing purposes only.** The material does not constitute or undertake to give advice of any nature, including fiduciary investment advice, nor is it intended to serve as the primary basis for an investment decision. Prospective investors are recommended to seek independent legal, financial and tax advice before making any investment decision. T. Rowe Price group of companies including T. Rowe Price Associates, Inc. and/or its affiliates receive revenue from T. Rowe Price investment products and services. **Past performance is not a reliable indicator of future performance.** The value of an investment and any income from it can go down as well as up. Investors may get back less than the amount invested.

The material does not constitute a distribution, an offer, an invitation, a personal or general recommendation or solicitation to sell or buy any securities in any jurisdiction or to conduct any particular investment activity. The material has not been reviewed by any regulatory authority in any jurisdiction.

Information and opinions presented have been obtained or derived from sources believed to be reliable and current; however, we cannot guarantee the sources' accuracy or completeness. There is no guarantee that any forecasts made will come to pass. The views contained herein are as of the date written and are subject to change without notice; these views may differ from those of other T. Rowe Price group companies and/or associates. Under no circumstances should the material, in whole or in part, be copied or redistributed without consent from T. Rowe Price.

The material is not intended for use by persons in jurisdictions which prohibit or restrict the distribution of the material and in certain countries the material is provided upon specific request. It is not intended for distribution to retail investors in any jurisdiction.

**DIFC**—Issued in the Dubai International Financial Centre by T. Rowe Price International Ltd. This material is communicated on behalf of T. Rowe Price International Ltd. by its representative office which is regulated by the Dubai Financial Services Authority. For Professional Clients only.

**EEA**—Unless indicated otherwise this material is issued and approved by T. Rowe Price (Luxembourg) Management S.à r.l. 35 Boulevard du Prince Henri L-1724 Luxembourg which is authorised and regulated by the Luxembourg Commission de Surveillance du Secteur Financier. For Professional Clients only.

**Switzerland**—Issued in Switzerland by T. Rowe Price (Switzerland) GmbH, Talstrasse 65, 6th Floor, 8001 Zurich, Switzerland. For Qualified Investors only.

**UK**—This material is issued and approved by T. Rowe Price International Ltd, 60 Queen Victoria Street, London, EC4N 4TZ which is authorised and regulated by the UK Financial Conduct Authority. For Professional Clients only.

© 2022 T. Rowe Price. All Rights Reserved. T. ROWE PRICE, INVEST WITH CONFIDENCE, and the Bighorn Sheep design are, collectively and/or apart, trademarks of T. Rowe Price Group, Inc.

CCON0123972\_Autodesk  
202208-2343809

For more information on T. Rowe Price and our investment capabilities, please visit our website:

[troweprice.com](https://troweprice.com)

**T. Rowe Price**<sup>®</sup>  
INVEST WITH CONFIDENCE