



## T. ROWE PRICE GLOBAL IMPACT EQUITY FUND

Reducing Greenhouse Gases (GHGs)

# NextEra Energy

## Pressure Points

With energy generation responsible for over 73% of global greenhouse gas emissions,<sup>1</sup> decarbonizing the sector is essential to limiting temperature rises to 1.5° C. From a health perspective, the World Health Organization (WHO) also estimates that air pollution kills 7 million people annually. Electrification will be a key feature of decarbonization efforts. In its Net Zero Emissions by 2050 Scenario, the International Energy Agency (IEA) identified low-emissions electricity replacing fossil fuels as a principal driver of emissions reductions, potentially accounting for around 20% of the total reduction target by 2050.<sup>2</sup>

## Impact Thesis

With nearly USD 100 billion in clean energy infrastructure deployed since 2011,<sup>3</sup> NextEra Energy is the largest renewable energy generator in the United States. Its clean energy generation significantly reduces emissions of harmful greenhouse gases. As of 2020, 56% of NextEra's revenues are aligned to our Reducing Greenhouse Gases (GHGs) sub-pillar, with 28% of revenues derived from renewable energy generation and 28% of revenues related to electricity transmission and distribution. Renewable energy generation is expected to exceed 50% of revenues by 2030 with continued incremental capital investment. We report NextEra's energy impact on the environment by measuring the amount of CO<sub>2</sub>e emissions avoided from clean energy generation and number of lives extended.

**Key Performance Indicator (KPI):** Amount of electricity produced by renewable energy sources and greenhouse gas emissions mitigated (in metric tons of CO<sub>2</sub>e avoided)

## Five Dimensions of Impact

**What:** Reduction of greenhouse gas emissions from the generation of electricity

**Who:** Planet

**How much:** 58.6 million MWh of electricity produced using renewable sources in 2020, 18% more than 2019.<sup>3</sup>

**Contribution:** Between 2005 and 2020, the firm cut its CO<sub>2</sub> emissions rate by 56.6% and its absolute CO<sub>2</sub> emissions by 24.2%.<sup>3</sup>

**Risks:** Levelized cost of renewable energy does not trend downward as planned, or fossil fuels continue to be used more broadly for longer than anticipated.

## Progress Monitoring

While NextEra is clearly assisting the energy transition, its carbon footprint and intensity is one of the largest in the representative portfolio. Therefore, we are focused on understanding and pushing NextEra's commitment to reducing its electricity generation from fossil fuels. Coal plays a very minor role in the firm's generation mix, but we will continue to monitor its reduction and push to reduce CO<sub>2</sub>e levels further.

Note: T. Rowe Price uses a proprietary custom structure for impact pillar and sub-pillar classification.



**Hari Balkrishna**  
Portfolio Manager  
T. Rowe Price Global  
Impact Equity Fund

## PRIMARY UNITED NATIONS SUSTAINABLE DEVELOPMENT GOAL (UN SDG)<sup>5</sup>



### IMPACT PILLAR

Climate and Resource Impact

### IMPACT SUB-PILLAR

Reducing Greenhouse Gases (GHGs)

### IMPACT JOURNEY

#### Input

USD 4.8 billion revenue from renewable energy<sup>3</sup>

#### Output

21,578 megawatts installed renewable energy generation<sup>3</sup>

#### Outcome

58.6 million megawatt hours (MWh) electricity produced<sup>3</sup>

#### Impact

- 19.1 million metric tons CO<sub>2</sub>e avoided<sup>4</sup>
- 1,099 lives extended<sup>4</sup>

<sup>1</sup>Source: Hannah Ritchie and Max Roser(2020). "CO<sub>2</sub> and Greenhouse Gas Emissions." Published online at OurWorldInData.org.

<sup>2</sup>Source: IEA (2021), Net Zero by 2050, IEA, Paris

<sup>3</sup>Source: 2021 NextEra Energy ESG report. Renewable energy includes wind and solar power.

<sup>4</sup>Net Purpose estimates

<sup>5</sup><http://www.un.org/sustainabledevelopment/sustainable-development-goals/>

## Additional Disclosures

**Impact pillar and sub-pillar (T. Rowe Price):** Impact activities that are aligned to the UN SDGs which guide all investment decisions. All stocks in the impact universe are linked to at least one of the three pillars and eight sub-pillars. See Impact universe (T. Rowe Price).

**Impact universe (T. Rowe Price):** The universe of stocks that is available to the T. Rowe Price Global Impact Equity Fund to invest. To define our impact universe, we start by applying the T. Rowe Price Impact Exclusion list to the global developed and emerging all-cap opportunity set (MSCI All Country World ex-Australia Index (net of withholding tax)). This list excludes areas of the global economy that, in our view, do not generate positive impact. Our pillar alignment process and impact analysis based on the Five Dimensions of Impact then ensure a starting point for deeper impact eligibility and inclusion.

The example shown in the case study represents the largest active positions in each sub-pillar.

The specific security identified and described is for informational purposes only and do not represent recommendations or statement of opinion intended to influence a person or persons in making a decision in relation to investment. It does not represent all of the securities purchased, sold, or recommended for the portfolio, and no assumptions should be made that the securities identified and discussed were or will be profitable.

---

## Important Information

Equity Trustees Limited ("Equity Trustees") (ABN: 46 004 031 298, AFSL: 240975) is a subsidiary of EQT Holdings Limited (ABN: 22 607 797 615), a publicly listed company on the Australian Stock Exchange (ASX:EQT). Equity Trustees and T. Rowe Price Australia Limited ("TRPAU") (ABN: 13 620 668 895, AFSL: 503741) are, respectively, the responsible entity and investment manager of the T. Rowe Price Australian Unit Trusts.

A Target Market Determination for each T. Rowe Price Australian Unit Trust (or class of units in a Trust) is available [here](#). It describes who the financial product is likely to be appropriate for (i.e. the target market), and any conditions around how the product can be distributed to investors. It also describes the events or circumstances where Equity Trustees Limited, the responsible entity of the T. Rowe Price Australian Unit Trusts to review the Target Market Determination for the financial product.

**Past performance is not a reliable indicator of future performance.** The price of any fund may go up or down. Investment involves risk including a possible loss to the principal amount invested. For general information purposes only, does not take into account the investment objectives, financial situation or needs of any particular investor. For further details, please refer to each fund's product disclosure statement and reference guide which are available from Equity Trustees ([www.eqt.com.au/insto](http://www.eqt.com.au/insto)) and TRPAU ([www.troweprice.com.au/investor](http://www.troweprice.com.au/investor)).

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 noted on the material 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.

This document has been prepared without taking account of any person's individual objectives, financial situation or needs. A person should, before making any investment decisions, consider the appropriateness of the information in this document and seek independent professional advice having regard to their objectives, financial situation and needs.

Any person should consider the relevant product disclosure statement ("PDS") in relation to the fund(s) named in this document (if any) before making a decision in relation to the relevant product. Contact Equity Trustees Limited, the responsible entity and T. Rowe Price Australia Limited, the investment manager, for a copy of the PDS.

© 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.

APAC-AU-3273  
202205-2189323