



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,¹ 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 2050.²

Impact Thesis

With nearly USD 100 billion in clean energy infrastructure deployed since 2011,³ 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 CO₂e 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 CO₂e 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 2019.³

Contribution: Between 2005 and 2020, the firm cut its CO₂ emissions rate by 56.6% and its absolute CO₂ emissions by 24.2%.³

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 CO₂e levels further.

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



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Impact Equity Fund

PRIMARY UNITED NATIONS SUSTAINABLE DEVELOPMENT GOAL (UN SDG)⁵



IMPACT PILLAR

Climate and Resource Impact

IMPACT SUB-PILLAR

Reducing Greenhouse Gases (GHGs)

IMPACT JOURNEY

Input

USD 4.8 billion revenue from renewable energy³

Output

21,578 megawatts installed renewable energy generation³

Outcome

58.6 million megawatt hours (MWh) electricity produced³

Impact

- 19.1 million metric tons CO₂e avoided⁴
- 1,099 lives extended⁴

¹ Source: Hannah Ritchie and Max Roser(2020). "CO₂ and Greenhouse Gas Emissions." Published online at OurWorldInData.org.

² Source: IEA (2021), Net Zero by 2050, IEA, Paris

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

⁴ Net Purpose estimates

⁵ <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.

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