



T. ROWE PRICE GLOBAL IMPACT EQUITY FUND

Nurturing Circular Economies

Trex

Pressure Points

Plastic pollution is one of the most pressing environmental issues our Planet faces. Over the past twenty years, annual plastic production and plastic waste generation have more than doubled. In 2019, only 9% of plastic waste was ultimately recycled, while 19% was incinerated and almost 50% went to sanitary landfills. The remaining 22% was disposed of in uncontrolled dumpsites. The carbon footprint of the plastics lifecycle is significant, contributing 3.4% of global greenhouse gas emissions throughout their lifecycle, coming primarily from their production and conversion from fossil fuels¹. Innovation in waste prevention and recycling, leading to more affordable solutions from the private sector, in tandem with more ambitious public policies, are paramount to reducing the environmental impact of plastics.

Impact Thesis

Trex is a manufacturer of wood alternative composite decking products. Trex's manufacturing approach uses recycled materials as a feedstock to the extent it is possible. Recycled plastic film and reclaimed wood fiber make up 95% of its residential decking products.

Key Performance Indicator (KPI): Amount of recycled plastic and wood used/diverted from landfill (lbs millions).

Five Dimensions of Impact

What: Reducing plastic waste otherwise sent to landfill or oceans by recycling it as a feedstock, while contributing to forests preservation by using reclaimed wood fiber by-products (as opposed to cutting trees).

Who: Planet

How much: Largest manufacturer of composite decking globally with growth in capacity of 70% between 2019 and 2021.

Contribution: Trex has completed a USD\$200m expansion plan while investing in material science and product development to be able utilize "cruder" and more contaminated feedstock. This will enable additional waste reduction.

Risks: Trex's impact potential is tied to demand volumes and therefore linked to macroeconomic growth, as well as adoption of its specific composite products, which is inherently dependent on quality and affordability versus competitors.

Progress Monitoring

During our engagement with Trex, we were pleased to learn that the company is making significant capacity investments to help meet rising demand in products using recycled materials. It was also encouraging to learn that the greater the investment in capacity, the greater the tonnage of plastic taken out of landfill. However, recycled plastic film supply is becoming a challenge due to new competitors entering the market, higher demand for recycled plastic content in packaging, and higher costs for non-recycled plastics. We are monitoring the firm's approach to supply challenges which includes a focus on contaminated and less consistent material streams as part of research and development, in addition to capturing post-consumer waste.

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



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PRIMARY UNITED NATIONS SUSTAINABLE DEVELOPMENT GOAL (UN SDG)²



IMPACT PILLAR

Climate and Resource Impact

IMPACT SUB-PILLAR

Nurturing Circular Economies

IMPACT JOURNEY

Input

USD \$881m Total Revenue

Output

Composite decking and railing products (largest global manufacturer)

Outcome

362m lbs of plastic recycled, 547m lbs of wood recycled in 2020.³

Impact

476,736 MT CO₂e mitigated, reduced deforestation and landfill³

¹ Source: OECD (2022), Global Plastics Outlook: Economic Drivers, Environmental Impacts and Policy Options.

² <http://www.un.org/sustainabledevelopment/sustainable-development-goals/>

³ Source: Trex 2020 annual report, 2020 ESG report. Potential impact estimated by Netpurpose.

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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