



T.RowePrice

T. Rowe Price Global Impact Equity Fund

2023 Annual Impact Report

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Actively seeking positive outcomes for the environment and society

2023 was a year where the bearish outlook forecasting a recession failed to materialize and markets performed well. While many impact stocks performed strongly, especially in industrials and technology, the extreme concentration in U.S. market leadership in a small number of mega-caps that are outside the impact universe was a headwind versus wider benchmarks.

Since the T. Rowe Price Global Impact Equity Fund's launch in 2021, we have continued to make refinements to strengthen our investment process, improving the quality of our data and company engagements while enhancing our impact reporting. We seek to always be fully transparent in our investments and the environmental and/or social impact that they can deliver. We have focused heavily on how to most effectively engage with the management teams of the companies that we own, giving us real hope that the debate and understanding of real-world impact is spreading, bringing change, growth, and opportunity for investors.

In our third year of managing the fund, we have continued to see growing interest in truly impact-oriented investment solutions, and maintaining the positive momentum in impact investing is critical. We believe that collaboration among asset owners, asset managers, and industry organizations is crucial to sharing best practices and providing clients with the best impact and risk-adjusted returns. This collaboration can lead to the harmonization of frameworks, which will improve transparency and comparability for our clients. Corporate disclosure requirements will encourage companies to consider and manage the impact of their activities.

The coronavirus pandemic highlighted the need for more robust health care systems and investments in improved patient outcomes. The war-linked developments in the energy markets emphasized the need for energy security, the dangers of dependency, and the vast improvements that come from building energy capabilities for self-sufficiency, which can increasingly come from clean energy sources. More than ever, there is a need for a universe of companies that are providing products and services to solve for these sustainability challenges—and beyond.

Excitingly, the global opportunity set available to active investors offers tremendous scope to invest in companies that can drive impact and financial performance. From the latest developments within health care, such as GLP-1 drugs that represent a watershed moment given their efficacy in treating both diabetes and obesity, to net zero-enabling technologies such as data center cooling innovation or precision agriculture technologies, we remain inspired by the continued potential to make a difference through investing in publicly listed companies.

B. Hari Shankar



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



In our third year of managing the fund, we have continued to see growing interest in truly impact-oriented investment solutions....

About Global Impact

The T. Rowe Price Global Impact Equity Fund was inspired by our desire to proactively address some of the challenges confronting our planet and society. We believe impact investing can be part of the solution to address these challenges—via conscious allocation of capital, company engagement, proxy voting, and the associated feedback loop.

Our approach targets impact, in combination with mispriced future economic returns, on a truly global, stock-by-stock basis. We believe impact investing is vital in helping investors who seek to own companies that are on the side of secular change and that support our impact goals. It creates a real opportunity to select stocks that we believe will deliver a favorable impact profile and capture the added return potential that this can bring. Aligning with the UN Sustainable Development Goals (UN SDGs), we apply a forward-looking, research-driven, and high-conviction approach, analyzing the full breadth of impact opportunities available in an evolving and complex world.

Our impact charter

As our world evolves, societal, governmental, regulatory, and fiduciary pressures are driving change on a range of environmental and social fronts. As companies and issuers respond and increasingly shift investment to address global pressure points, the opportunities to own businesses that create a positive impact on society and the planet are broader than they have ever been in public markets.

Generating impact, however, goes beyond simply owning and capturing the economics of certain types of companies. It draws active ownership—directing capital toward desired impact outcomes and encouraging change through impact-oriented company engagements and proxy voting. Our impact approach is framed around four principles—materiality, measurability, additionality, and resilience.



Material

We base our stock inclusion criteria on a corporation's activities and its alignment with clearly defined impact pillars, using a forward-looking perspective.



Measurable

Our approach is multidimensional and stock-based, using insights from our research platform and company engagements.



Additional

We aim to capture positive environmental and/or social outcomes on a global basis, but we also commit to using our scale and resources to promote and progress the impact agenda.

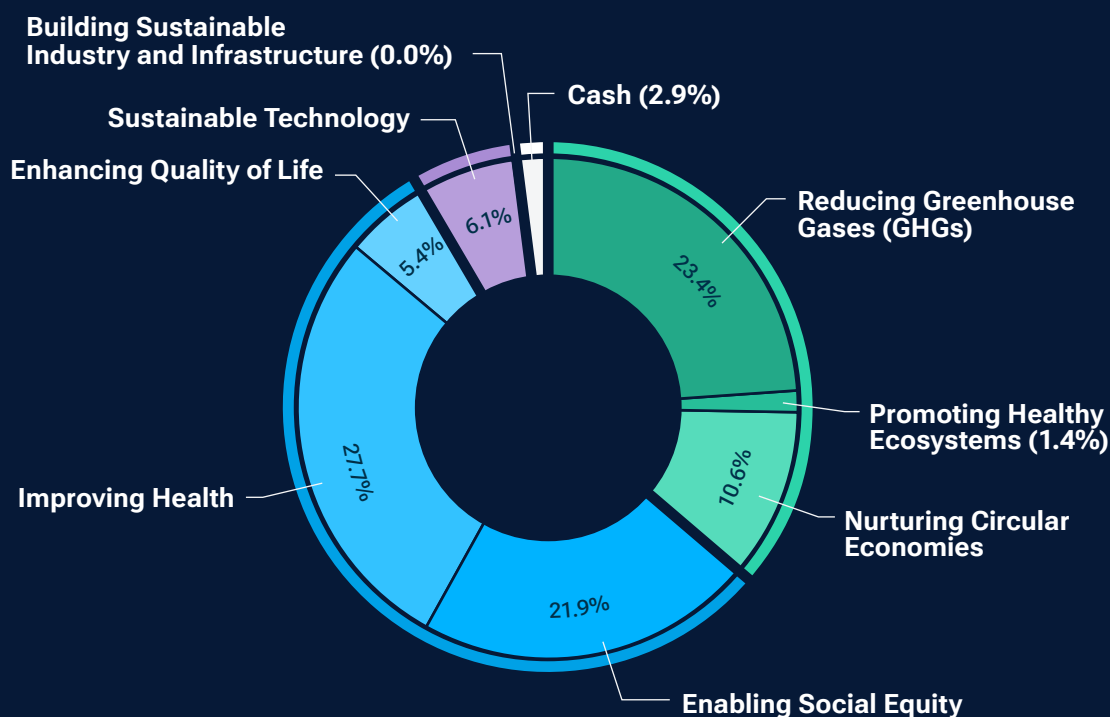


Resilient

In an era of disruption and extreme outcomes, patience and skillful portfolio construction is important in the pursuit of good client outcomes.

Portfolio by pillar*

As of December 31, 2023



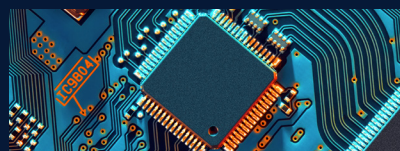
1

**Climate and
Resource Impact**
36.0%



2

**Social Equity
and Quality of Life**
55.0%



3

**Sustainable Innovation
and Productivity**
6.1%



**Reducing Greenhouse
Gases**
2023: 24.0%



Enabling Social Equity
2023: 21.9%



Sustainable Technology
2023: 6.1%



**Promoting Healthy
Ecosystems**
2023: 1.4%



Improving Health
2023: 27.7%



**Building Sustainable
Industry and
Infrastructure**
2023: 0.0%



**Nurturing Circular
Economies**
2023: 10.6%



**Enhancing Quality
of Life**
2023: 5.4%

*Pillars are proprietary to T. Rowe Price and were developed for the purpose of aligning portfolio holdings according to the impact being delivered. Data shown for the T. Rowe Price Global Impact Equity Fund as at 31 December 2023. Subject to change without notice. Figures may not total due to rounding.

Portfolio by primary United Nations Sustainable Development Goals



- Agilent Technologies
- AIA Group
- AstraZeneca
- Becton Dickinson
- Daiichi Sankyo
- Danaher
- Eli Lilly

- Evotec
- Hamamatsu Photonics
- HDFC Life Insurance
- Intuitive Surgical
- DSM-Firmenich
- Sartorius
- Sonova

- Stryker
- Thermo Fisher Scientific
- UnitedHealth
- Veeva Systems
- Zoetis



- Bright Horizons Family Solutions



- Mueller Water Products
- Veralto



- Brookfield Renewable Partners
- Canadian National Railway
- Hubbell
- Ingersoll Rand
- Li Auto

- Linde
- Monolithic Power Systems
- PG&E
- Roper Technologies
- Schneider Electric

- SolarEdge Technologies
- SPIE
- TE Connectivity
- Tesla
- Trane Technologies



- MercadoLibre
- MSA Safety



- ASML
- Bank Central Asia
- BDO Unibank
- Synopsys
- TSMC



- Asia Commercial Bank
- Axis Bank
- Chailease Holding
- GoDaddy
- HDFC Bank
- HubSpot

- Intuit
- Kanzhun
- Nu Holdings
- OneMain Holdings
- Shopify



- Ashtead Group
- Autodesk
- Ball Corporation
- Darling Ingredients
- Docusign

- IDEX Corporation
- Keyence
- Trex
- Waste Connections



- Fortinet



SUSTAINABLE DEVELOPMENT GOALS

Data shown for the T. Rowe Price Global Impact Equity Fund as of December 31, 2023. Subject to change without notice. The securities represent 100% of the publicly traded securities in the portfolio. There were no holdings primarily aligned with UN SDGs 1, 2, 4, 11, 13, 14, 15, or 17. The specific securities identified and described are 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. The specific securities identified and described do 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. Source for images: United Nations. <http://www.un.org/sustainabledevelopment/sustainable-development-goals/>. The trademarks shown are the property of their respective owners. Use does not imply endorsement, sponsorship, or affiliation of T. Rowe Price with any of the trademark owners.

Portfolio changes

Top five investments added*



Canadian National Railway

Canadian National Railway enables the decarbonization of freight transport by offering freight rail transport services in the U.S. and Canada, through conversion from road to rail, one of the least carbon-intensive modes of freight transport. According to the International Energy Agency, freight rail emissions per ton-kilometer are approximately 75% less than truck and approximately 90% less if electric. Converting freight transport from road to rail is particularly impactful in the U.S. and Canada, where around 70% of freight operates on trucks, according to the U.S. Bureau of Transportation Statistics and the Canadian government. The company pioneered the conversion of diesel locomotives to battery-electric through the purchase of innovative battery-electric trains, planned to be delivered in 2025.



TE Connectivity

TE Connectivity offers a range of connectivity products that enable the transition to electric and hybrid vehicles. Its products help to safely connect and protect the power flow in high-voltage systems used in these vehicles. This also includes components for charging stations, which enable the building of charging infrastructure that reduces potential range anxiety, one of the major obstacles to the adoption of electric vehicles. Other connectivity solutions are used for vehicle safety and/or autonomy features.



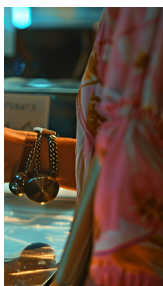
Asia Commercial Bank

Asia Commercial Bank helps to close the financial inclusion gap and enable economic growth in Vietnam by providing financing solutions to retail consumers and small and medium-sized enterprises (SMEs). Financial inclusion remains low in Vietnam, with 69% of the adult population remaining unbanked as of 2019 (source World Bank, April 2018). In addition, according to a study by McKinsey and the International Finance Corporation, although SMEs accounted for 50% of employment and 40% of the country's gross domestic product in 2020, they are facing an unmet financing need of VND 500 trillion (USD 21 billion).



MercadoLibre

MercadoLibre is an enabler of financial inclusion in Latin America via an e-commerce platform with its own integrated payments infrastructure as well as credit solutions. It provides payment solutions for merchants that help reduce operational costs and increase productivity. A 2018 study commissioned by Visa reports that the average cost of processing digital payments is 57% less than that of non-digital payments, with SMEs surveyed reporting an 8% increase in revenue after accepting digital payments. Furthermore, digital payments are a key solution to increasing financial inclusion as an access point for the unbanked to other formal financial services.



Autodesk

Autodesk is a leader in three-dimensional (3D) design and engineering software and services that focuses on Building Information Modeling (BIM). BIM is the process of designing, building, and operating a building collaboratively using a single coherent system of 3D models rather than separate design drawings. Autodesk's software is uniquely positioned to have a positive impact on the amount of embodied carbon in buildings, which accounts for around 11% of global greenhouse gas emissions, arising from the extraction, manufacturing, transportation, installation, maintenance, and disposal of building materials, (source: World Green Building Council, September 2019). Autodesk's design and manufacturing software facilitates manufacturing processes that are more efficient in energy and raw material use.



*Transactions made through calendar year 2023 across the T. Rowe Price Global Impact Equity Fund.

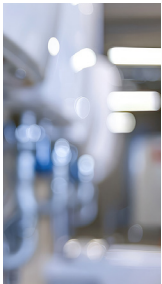
Portfolio changes

Top five investments eliminated*



Badger Meter

Badger Meter manufactures flow measurement and control products for municipal and utility water/wastewater and several industrial markets that help with efficient water conservation and consumption. We eliminated the position on financial grounds, due to full valuations on the back of very strong performance.



Lonza Group

Lonza Group's services help pharmaceutical and biotechnology companies accelerate the development and manufacturing of therapeutics from early-phase discovery through to commercialization. This ultimately helps accelerate biopharmaceutical innovation and reduce costs, delivering impact for patients across a wide range of drug modalities and therapeutic areas. We eliminated the position as the financial risk/reward became unattractive following strong performance.



Trimble

Trimble offers software and hardware that help customers digitalize and optimize processes, mainly in the construction, transportation, and agriculture end markets. Its products reduce operational costs, increase productivity, improve safety, enhance product quality, and reduce emissions. We exited the stock due to a negative growth outlook for the residential and agricultural end markets.



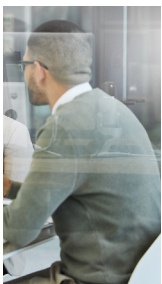
Rockwool

Rockwool's insulation products improve the energy efficiency of buildings and therefore lower their emissions. Furthermore, the company's highly fire-resistant insulation and ceiling tiles help protect the life and health of occupants and first responders. We sold our position due to a challenging outlook in the construction and residential end markets.



Atlassian

Atlassian is a cloud-based task sharing and work collaboration platform that meaningfully reduces the need to meet in person and enables resource efficiency. Cloud computing services help reduce energy consumption from traditional local data centers used by clients. As a consequence, clients' energy intensity is reduced, thereby contributing to the improvement of commercial energy efficiency. We eliminated our position due to a deteriorating growth outlook.



*Transactions made through calendar year 2023 across the T. Rowe Price Global Impact Equity Fund.



Could GLP-1s help rebalance the food trilemma?

The clear shift in global diets from “food poor” to “food rich” issues has highlighted signs of environmental and health tipping points in global food. This raises the possibility of a meaningful change in consumer attitudes and government policy on food. While both health and environment are contributing to the “hidden costs” within our food system, we believe there may be more catalysts for change from a health perspective due to the escalating pressure of health care costs on national budgets, reduced workforce productivity, and the emergence of glucagon-like peptide 1 (GLP-1) drugs and other anti-obesity medications.

The food trilemma and the planetary boundaries

Over the past 50 years, a dramatic shift in diets has had wide-ranging consequences for the environment and human health. Growing affluence and urbanization has driven calorie consumption higher, with global diets now including more ultra-processed food and animal products. Looking at this shift through the lens of the food trilemma, we see that changes in global diets have been negatively impacting human health (due to food quality and quantity) and the environment (due to increased agricultural activity). Consumers only pay for around half of the total societal cost of food—the rest is borne by broader society as governments are forced to remediate the environmental and health costs associated with today's diets.

Elements of the food trilemma

Food sustainability can be considered as part of a “food trilemma”—balancing the three key, and often conflicting, criteria outlined below:

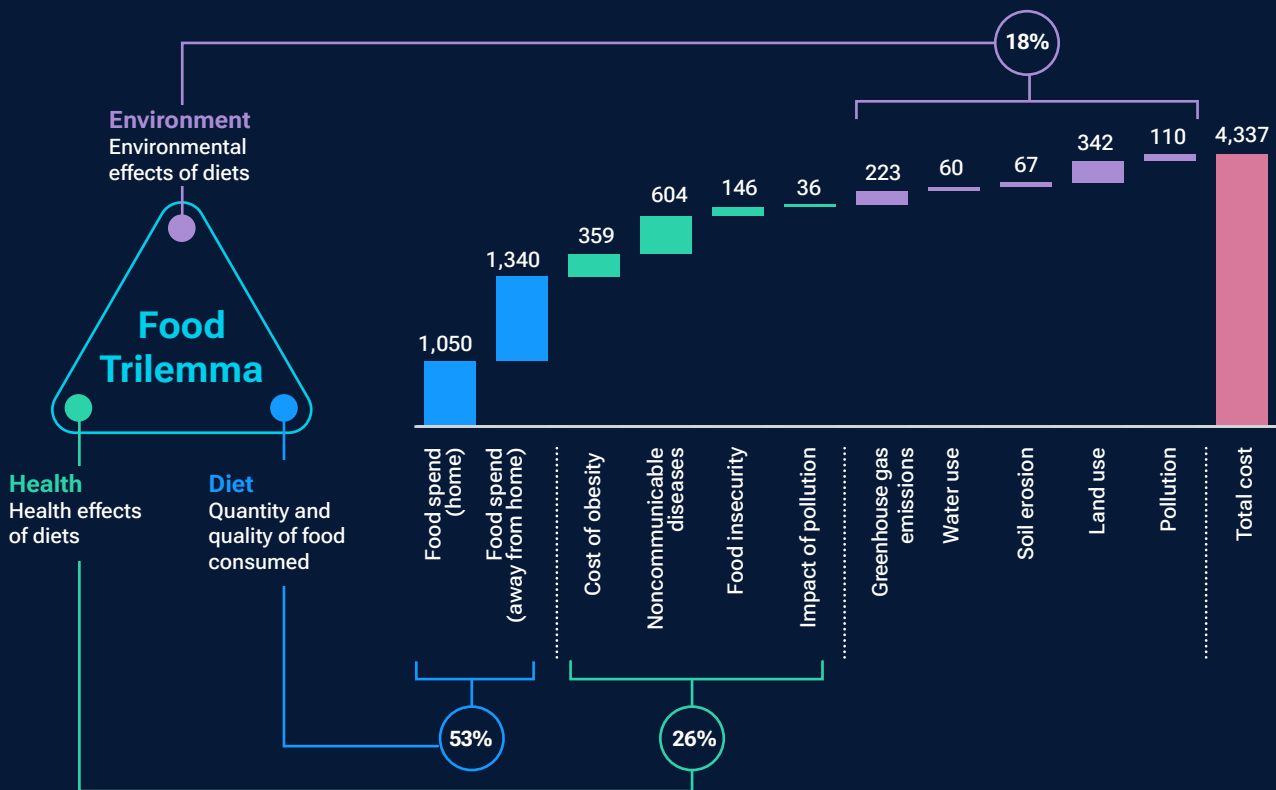
Diet—The types and quantities of food consumed.

Health—The health effects of diets characterized by inadequate, unbalanced, or excessive food consumption—i.e., how poor diet manifests itself in a burden of undernutrition and nutrient deficiency but especially obesity.

Environment—The role of agriculture in anthropogenic climate change, biodiversity loss, and water scarcity.

Balancing health, diet, and environment

(Fig. 1) Diet, health, and environmental costs as a proportion of the total cost of U.S. food



Costs are in USD billion. % figures show diet, health, and environmental costs as a proportion of the total cost of U.S. food. Total may not sum due to rounding.

Note: The cost of purchasing food accounts for around 50% of the total cost of food in this trilemma. For a food system to be sustainable, it has to address the total cost of food to society.

Sources: Analysis by T. Rowe Price; health and environmental cost estimates are sourced from the Rockefeller Foundation (as of July 2021), food spend is sourced from the U.S. Department of Agriculture (as of February 14, 2024).

The global food system is closely tied to seven of the nine processes within the planetary boundaries framework¹—namely biosphere integrity, land system change, freshwater change, climate change, novel entities, biogeochemical flows, and ocean acidification. With agriculture contributing around a quarter of greenhouse gas (GHG) emissions, tackling the environmental impact of the food system is critical to achieving net zero.² However, with cost-of-living pressures being experienced around the world, the political will to enact new regulation on farmers is limited.

The rising costs of diet-related diseases

Obesity is an increasingly common byproduct of the food system in almost all countries. In contrast to the outdated view of Western economies with “too much” food and emerging market economies with “not enough” food, obesity is now dominant in almost all countries. According to the World Health Organization (WHO), 1 in 8 people in the world are obese.³ With the societal burden of obesity increasing so dramatically in the last four decades, the number of disability-adjusted life years (DALYs)⁴ lost due to excess body mass index (BMI) has doubled, representing a greater increase than any other

¹ The planetary boundaries framework, which is tracked by the Stockholm Resilience Centre (Stockholm University), identifies 9 planetary processes whose interplay can determine the stability of the biophysical Earth system and defines the critical threshold for each of these processes. Moving beyond the critical threshold represents the point at which the system can no longer persist or adapt to feedback loops and will transform into something entirely different. A core tenet of the concept is that each of the processes should not be analyzed as separate issues—as doing so would miss the interactions between them.

² Net zero refers to a state where greenhouse gas emissions released into the atmosphere are balanced by removals (such as through forests or carbon capture and storage).

³ Obesity and Overweight fact sheet, as of 2022, World Health Organization, March 1, 2024.

⁴ DALYs are the sum of years of life lost due to premature death and years lived with disability due to health conditions or diseases that affect a particular population. One DALY represents the equivalent of one year of healthy life lost due to premature death and disability.

The global food system and the interaction of planetary boundaries

(Fig. 2) How different processes interact to determine the path for climate stability¹



¹ The other two planetary boundaries not featured in this graphic are atmospheric aerosol loading and stratospheric ozone depletion.

² Food and Agriculture Organization of the United Nations (FAO), 2020.

³ Source: United Nations environment, Frontiers 2018/19—Emerging Issues of Environmental Concern, March 2019.

⁴ Intergovernmental Panel on Climate Change (IPCC), 2021.

⁵ IPCC, 2019.

⁶ FAO, 2020.

⁷ Freshwater withdrawal refers to freshwater taken from ground or surface water sources.


⁸ United Nations Environment Programme, 2021.

⁹ The Food and Agricultural Organization of the United Nations (FAO).

¹⁰ FAO, 2021.

leading health risk.⁵ Obesity and other metabolic risk factors are now the dominant drivers of disease globally.

Alongside the general increase in obesity prevalence in almost all countries, the prevalence of severe obesity (BMI ≥ 40 per the Centers for Disease Control and Prevention (CDC) definition) greatly increases the cost of obesity. At a BMI of 30–35, median survival is reduced by two to four years, but at a BMI of 40–45, median survival is reduced by eight to 10 years (comparable to the effects of smoking).^{6,7} From an economic perspective, while obese patients accrue around 30% higher direct medical costs on average, severe obesity results in significantly more direct expense. In the U.S., the CDC relies on an estimate of USD 173 billion in obesity-related medical costs. Over 30 units of BMI, each additional unit of BMI resulted in an additional cost of USD 253 per person.⁸ This has contributed to a more than doubling of medical spending in the U.S. on obesity in the last 20 years.⁹

 We expect that anti-obesity medications (AOMs) such as GLP-1s will play an unquestionable long-term role in balancing the food trilemma....

– Maria Elena Drew
Director of Research, Responsible Investing

We expect that anti-obesity medications (AOMs) such as GLP-1s will play an unquestionable long-term role in balancing the food trilemma by directly addressing obesity as a key health pressure point and a dominant outcome of

food systems. However, we also believe that their uptake, alongside other factors such as scrutiny of ultra-processed food, could have much broader implications for public attitudes toward food and obesity.

GLP-1s are amplifying the narrative that obesity is not a failure of individual willpower, but rather a byproduct of the food system and a disease. The advent of GLP-1s, alongside scrutiny of ultra-processed food, could therefore increase public awareness of the science of food reward and health costs of contemporary diets. This raises the question of what (if any) measures will different societies take to address the underlying food system drivers of obesity.

Data suggest that GLP-1 treatment reduces food cravings and alters the types of food consumed.^{10,11} Rather than simply reducing the quantity of food consumed, patients substitute unhealthy food like sugary drinks, chocolate, and salty snacks with fresh produce, poultry, and fish.

While some patients are able to sustain weight loss by continuing healthier eating habits and other lifestyle changes, with currently available therapies, many patients regain weight after ceasing treatment.^{12,13} This reflects an underlying issue with food environments that promote weight gain. There are clearly several components to this, but a shift in diets toward ultra-processed food—especially in the U.S. and the UK—is a key driver. Ultra-processed food consumption is also accelerating in emerging markets.

The science of food reward

In addition to physiological energy needs, food intake is driven by pathways involved in reward processing and reward-motivated behaviors. The palatability of food is a crucial determinant of the decision to eat; food today is often explicitly engineered to be hyper-palatable and create the visual cues associated with increased craving that can trigger food intake in the absence of physiological energy needs.

⁵ “Global burden and strength of evidence for 88 risk factors in 204 countries and 811 subnational locations, 1990–2021: a systematic analysis for the Global Burden of Disease Study 2021,” *The Lancet* (2024).

⁶ “Body-mass index and cause-specific mortality in 900 000 adults: collaborative analyses of 57 prospective studies,” *The Lancet*, March 18, 2009.

⁷ “Body-Mass Index and Mortality among 1.46 Million White Adults,” *The New England Journal of Medicine*, December 2, 2010.

⁸ Ward, ZJ; Bleich, SN; Long, MW; Gortmaker, SL, “Association of body mass index with health care expenditures in the United States by age and sex,” 2021, PLOS ONE 16(3): e0247307. Costs are reported in USD 2019.

⁹ “Direct medical costs of obesity in the United States and the most populous states,” *Journal of Managed Care & Specialty Pharmacy*, January 20, 2021.

¹⁰ “Effects of once-weekly semaglutide on appetite, energy intake, control of eating, food preference and body weight in subjects with obesity,” *Diabetes, Obesity and Metabolism*, May 5, 2017.

¹¹ “Could Obesity Drugs Take a Bite Out of the Food Industry?” Morgan Stanley, September 5, 2023.

¹² “Weight regain and cardiometabolic effects after withdrawal of semaglutide: The STEP 1 trial extension,” *Diabetes, Obesity and Metabolism*, May 19, 2022.

¹³ Louis J. Aronne, MD; Naveed Sattar, MD; Deborah B. Horn, DO, MPH; et al., “Continued Treatment With Tirzepatide for Maintenance of Weight Reduction in Adults With Obesity: The SURMOUNT-4 Randomized Clinical Trial,” *JAMA*, December 11, 2023.

Obesity traditionally has been perceived as a failure of individual willpower, but this neglects both the physiology of excess BMI and how the food system contributes to its prevalence. The food system itself is designed in such a way that in many countries, energy-dense foods composed of refined grains, added sugars, or fats often represent the lowest-cost option for consumers.¹⁴

More scrutiny of food companies?

It is increasingly likely that food companies could face potentially more stringent regulatory regimes in individual markets due to closer scrutiny of their role in public health. On a much longer-term time horizon, the scale of obesity as a global health issue also raises the (albeit now seemingly slim) prospect of international multilateral efforts to combat its spread. While both the United Nation's 2000–2015 Millennium Development Goals and 2015–2030 Sustainable Development Goals have focused on hunger, perhaps the next round of goals could more specifically focus on reducing obesity.

At first glance, this draws similarities with tobacco—growing public awareness of health harms, stricter national regulation, and global initiatives (e.g., the WHO Framework on Tobacco Control treaty) also characterized efforts to combat the societal cost of smoking. However, we do not believe the food and tobacco sectors are directly comparable. First, nutritious food is a prerequisite for health—there is not the same clear existential threat from health concerns for food companies as those posed to cigarette smoking. Second, food companies can reformulate products to address health concerns, and health-focused product offerings are a significant strategic opportunity.

“

ESG investors may adopt a more nuanced, stock-specific approach versus the exclusions-oriented playbook applied to global tobacco....

– Daniel Ryan
Analyst, Responsible Investing

Environmental, social, and governance (ESG) considerations such as the food trilemma form part of our overall investment decision-making process alongside other factors to identify investment opportunities and manage investment risk. At T. Rowe Price, this is known as ESG integration. ESG investors may adopt a more nuanced, stock-specific approach versus the exclusions-oriented playbook applied to global tobacco when evaluating food and beverage companies. This would still be a departure from the positive ESG view of many food and beverage companies today. This approach may involve scrutinizing the nutrition characteristics of food portfolios, product labeling, advertising, and lobbying/influence in public health more than seen historically.

¹⁴Adam Drewnowski and SE Specter, “Poverty and obesity: the role of energy density and energy costs,” *The American Journal of Clinical Nutrition*, Volume 79, Issue 1, 2004, pages 6–16, ISSN 0002-9165. January 2004.

For certain types of investments, including, but not limited to, cash, currency positions, and particular types of derivatives, an ESG analysis may not be relevant or possible due to a lack of data. Where ESG considerations are integrated into the investment research process, we may conclude that other attributes of an investment outweigh ESG considerations when making investment decisions.



Spotlight on plastic pollution in impact investing

Environmental problems are among our central concerns as impact investors, encompassing a considerable range of interlinking, multifaceted issues. Among these is plastic pollution, which, as a growing body of studies and research has shown, has concerning implications for human health and global ecosystems.

It is a large-scale problem, but regulators, companies, and supranational organizations are developing specific solutions and technologies to address it. The need to alleviate plastic pollution creates opportunities for direct investment where it can have a positive impact and generate potentially attractive financial outcomes. These include water treatment companies and businesses that produce more sustainable and recyclable alternatives to single-use plastics.

A fast-growing problem

Plastic is an important invention that has changed many parts of our lives and considerably improved everyday convenience. It continues to shape our world. But it also comes with many problems.

Global plastic pollution amounted to 60 million tons in 2020¹ and continues to rise. Less than 10% of plastic waste is recycled—most is discarded or incinerated²—and half of the 8.3 billion tons of plastic ever produced was made in the last 13 years.³

Plastic can take hundreds of years to decompose¹ and even then, only breaks down into smaller and smaller pieces, known as microplastics. These infiltrate the environment, having been found in human blood⁴ and vital organs.⁵ They pollute all ecosystems, from the deepest parts of the world's oceans to the highest mountain peaks.⁶ Oceans are highly susceptible, as plastic is often dumped in the sea and then swallowed and absorbed by marine fauna and organisms.

Moreover, plastic exacerbates other environmental challenges—the production, conversion, and waste management of plastic generates about 4% of greenhouse gas emissions, and these are projected to more than double by 2060.⁷

Plastics by the numbers

60 M

Tons of global plastic pollution in 2020

<10%

Plastic waste that is recycled

>4 B

Tons of plastic produced in the last 13 years

~4%

GHG emissions that production, conversion, and waste management of plastic generates

¹ United Nations Environment Programme (UNEP).

² Plastic Waste and Recycling: Environmental Impact, Societal Issues, Prevention, and Solutions, 2020.

³ University of Georgia, 2017.

⁴ *Environment International*, 2022.

⁵ *Journal of Hazardous Materials*, 2021.

⁶ *One Earth*, 2020.

⁷ Global Plastics Outlook: Policy Scenarios to 2060 (OECD, 2022).

The PFAS problem

One specific example that underlines the wider issue—and that is keenly in focus for us—is perfluoroalkyl and polyfluoroalkyl substances, or PFAS. This group comprises thousands of synthetic chemicals found in many everyday products, including clothing, food packaging, and cookware. They are also important in technologies like electric car batteries. PFAS' essential property, the carbon-fluorine bond, is one of the strongest known chemical bonds. This is what makes PFAS so useful, but it also makes them particularly problematic for the environment as they do not break down. They have consequently been labeled “forever chemicals.”

Regulation to drive demand for environmental technologies

Studies link PFAS to increased risk of some cancers⁸ and other negative health effects as they build up in the human body over time. Regulatory scrutiny has increased as a result. The European Union has considered the possibility of a total ban.

While some countries have limits on PFAS levels in water supplies, the U.S. regulator, the Environmental Protection Agency (EPA), has been among the most stringent. Its legislation, which was finalized in April 2024, stipulates much lower levels than other regions. This is likely to create greater demand for technologies that test for, remove, and/or dispose of PFAS safely.

Disposal typically involves incineration at high temperatures, which creates hazardous byproducts that require careful handling or specially lined landfills. One of the safest established methods is to pump PFAS-concentrated liquids into specially constructed Class 1 wells, but this is not widely available in the U.S.

The three currently developed removal technologies are: (1) using a carbon filter to attract and bind PFAS; (2) exchanging negatively charged PFAS for a positively charged ion; and (3) driving PFAS-contaminated water through a membrane at high pressure, known as reverse osmosis.

Greater investment needed

Complying with the EPA's rules will require greater investment to meet demand for the technologies, but estimates vary on how much.

The EPA has committed to provide USD 21 billion worth of funding to help improve the country's water systems, USD 9 billion of which will be allocated to tackle PFAS and other contaminants, but this is likely to fall short of what is needed. In addition to upfront capital expenditure (capex), the EPA estimates that USD 0.8 billion–1.2 billion is needed in annual operational expenditure (opex).

Meanwhile, engineering, infrastructure, and technology industry leaders see the total investment needs, and potential opportunity, at USD 200 billion.⁹

The work to improve U.S. water systems and comply with the regulation has the potential to generate a reliable revenue stream for companies that provide consultancy services and technology. More complex projects, such as those involving PFAS, also have higher price premiums for providers.

Water companies like Xylem or Veralto could see strong demand for their services and products. Xylem manufactures equipment for the movement, treatment, and testing of water across the entire water cycle. It offers a range of PFAS remediation services across multiple end markets, such as municipalities and industrial wastewater. Since 2019, Xylem products enabled the treatment of over 13 billion cubic meters of water for reuse. Veralto's water analytics and treatment devices help support cleaner and more efficient water supply at scale. Veralto's TrojanUV water systems treat over 264 million cubic meters (70 billion gallons) of drinking water and wastewater every day across 100 countries.

Finding sustainable alternatives

Given the low rate of plastic recycling globally and the difficulty of eliminating plastic, efforts to address plastic pollution must include finding more sustainable alternatives. Companies that are producing packaging that is recyclable, biodegradable, and from renewable sources are one

⁸ National Cancer Institute, 2023.

⁹ *Environmental Business Journal*, Q3 2022.

area of opportunity, as are those developing fully recyclable plastic products.

U.S. manufacturer of wood alternative composite decking products, Trex, uses recycled plastic film and reclaimed wood fiber in its residential decking products. This helps to reduce plastic waste otherwise sent to landfills or oceans by recycling it as a feedstock. In 2023, Trex recycled 328 million pounds of plastic film. Encouragingly, the company recently developed a new plastics recycling and processing technology that will allow for more efficient processing of contaminated materials and a larger variety of recycled materials.

ecosystems face. Plastic pollution is a major problem that requires collective action, and quickly, to address the damage to human health and the environment.

We welcome growing awareness and understanding of the issue, alongside meaningful regulatory responses and innovative market solutions. While the means to alleviate and mitigate plastic pollution through technologies and alternative products are available, it is important they expand quickly. We think investors can play a role by identifying companies with the potential to deliver positive impact alongside attractive investment outcomes.

Investment can help address plastic pollution

We strive to deliver positive environmental impact through our investments, identifying opportunities that may help alleviate the threats the world's

U.S. PFAS regulation by the numbers



2,067 sites

Public water systems and industrial and military sites that have reported PFAS above the regulatory limit¹



3.5 K–6.5 K

Estimated number of U.S. public water systems that may need action²



USD 21 B

Amount of money from EPA funding to improve water systems³



USD 200 B

Investment opportunity for engineering, infrastructure, and technology industries⁴

¹ Environmental Working Group, August 2024.

² EPA estimates, April 2024.

³ EPA, April 2024.

⁴ *Environmental Business Journal*, 2022. (Company estimates.)

The specific securities identified and described are 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. The specific securities identified and described do 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. T. Rowe Price may have ongoing business and/or client relationships with the companies mentioned.

Measuring impact and outcomes

Five Dimensions of Impact framework

A critical component of our impact due diligence is defining an impact thesis and evaluating key performance indicators (KPIs) for each investment.¹ We utilize the Five Dimensions of Impact framework.² This framework helps assess a company's ability to deliver impact on a holistic basis, including any risks that could impair the impact thesis. The impact teams meet formally on a weekly basis to discuss and debate the findings of this analysis.

What	Who	How Much	Contribution	Risks
Determine the impact outcome being targeted	Identify the beneficiaries—people or planet	Quantify the scale, depth, and duration of outcome experienced by the stakeholders	Assess the company's contribution of the outcome relative to what would have occurred anyway	Evaluate the risks to people and the planet if impact is not delivered as expected

Theory of change

We use a “theory of change” model for impact measurement and reporting. This framework helps evaluate and measure impact over time by identifying how the activities of a company lead to particular outcomes.

Impact Journey

Input

Financial, human, or material resources the company puts into its business operations

Output

Products or services that result from the company's business activities

Outcome

Short- to medium-term effect on stakeholders attributable to a company's products or services

Impact

Long-term effect on the planet or society caused by a company's products or services

¹ The use of impact KPIs is not intended to provide a forward-looking view on the likely performance of each issuer held in the portfolio. Instead, it is intended to document how we will assess the positive additional impact that each issuer's economic activities are having on the planet. For example, we would note that increasing revenue streams from sustainable economic activities does not necessarily equate to increasing profits. Our investment analysis focuses on the profitability and perceived value of each issuer held in the portfolio, but this is not part of the impact KPI.

² Source: Impact Management Project (IMP). See Glossary for details on KPIs.

Impact outcomes

The companies in which the T. Rowe Price Global Impact Equity Fund invests deliver positive contributions across several areas of impact. Since we do not target specific themes and instead focus on company-specific outcomes, we primarily measure impact at the company level. However, where available and where it makes sense to do so, we aggregate these data points across companies. For example, where KPIs and measurement outcomes have a similar characteristic, aggregation can help investors more clearly identify the impact of their investment. Below, we present the estimation of short-term outcomes as well as long-term impact delivered by a sample of

companies we invest in (approximately 70% of assets under management), using annual reports as well as T. Rowe Price and third-party impact estimations.

While the absolute level of impact associated with each company may be sizable, the extent to which impact is associated with any one strategy naturally relies on the level of investment made. As such, the below data are presented in two ways: (1) in aggregate at the company level (left figure) and (2) normalized to represent the impact associated with USD 1 million invested in the T. Rowe Price Global Impact Equity Fund (right figure).

Environmental



Metric tons of CO₂e avoided

731.4 million
total impact
company level

226
total impact
per USD 1 million

Ashtead Group, ASML, Brookfield Renewable Partners, Canadian National Railway, Darling Ingredients, Docusign, Hubbell, Ingersoll Rand, Li Auto, Linde, Monolithic Power Systems, PG&E, Roper Technologies, Schneider Electric, SolarEdge Technologies, SPIE, TE Connectivity, Tesla, Trane Technologies, TSMC, Waste Connections



Cubic meters of water saved

362.6 million
total impact
company level

161
total impact
per USD 1 million

Darling Ingredients, Docusign, Mueller Water Products, Veralto



Megawatt hours of green energy produced

78.9 million
total impact
company level

23
total impact
per USD 1 million

Brookfield Renewable Partners, PG&E



Metric tons of waste avoided

23.7 million
total impact
company level

28
total impact
per USD 1 million

Ball Corporation, Darling Ingredients, Docusign, Trex, Waste Connections

For illustrative purposes only. The impact outcomes provided here can be susceptible to potential inconsistencies due to lack of precise information. Companies do not measure or report in a consistent or uniform way. Where information is not available, we have not included a company's contribution within the impact outcome. This means that these estimates may actually be conservative, but as companies get better at measuring impact, we expect these data points to become even more precise. Additionally, normalized data estimates the impact of the portfolio's holdings and is calculated by multiplying each core impact KPI at the aggregate company level by the fraction of the company's total enterprise value including cash (EVIC) that is owned by the portfolio based on a hypothetical investment of USD 1 million for the period end.

Individual company results may vary significantly and may not achieve the same level of impact in the future. Based on company-reported data.

CO₂e: carbon dioxide equivalent or CO₂ equivalent. This metric is used to compare the emissions from various greenhouse gases on the basis of their global warming potential by converting amounts of other gases to the equivalent amount of carbon dioxide with the same global warming potential. Source: Eurostat.

Social



Patients treated

206.6 million

total impact
company level

AstraZeneca, Becton Dickinson, Daiichi Sankyo, Eli Lilly, Intuitive Surgical, Linde, Thermo Fisher Scientific

17

total impact
per USD 1 million



Underbanked people served¹

26.3 million

total impact
company level

Asia Commercial Bank, Axis Bank, Bank Central Asia, BDO Unibank, Chailease Holding, HDFC Bank, NU Holdings, OneMain Holdings

14

total impact
per USD 1 million



Small and medium-sized enterprises (SMEs) supported

133.4 million

total impact
company level

GoDaddy, HubSpot, Intuit, Kanzhun, MercadoLibre

35

total impact
per USD 1 million



Loans provided (USD) to SMEs

120.2 billion

total impact
company level

Asia Commercial Bank, Axis Bank, Chailease Holding, HDFC Bank, Intuit, MercadoLibre

28,284

total impact
per USD 1 million

¹ Underbanked refers to people who do not have sufficient access to mainstream financial services.

For illustrative purposes only. The impact outcomes provided here can be susceptible to potential inconsistencies due to lack of precise information. Companies do not measure or report in a consistent or uniform way. Where information is not available, we have not included a company's contribution within the impact outcome. This means that these estimates may actually be conservative, but as companies get better at measuring impact, we expect these data points to become even more precise. Additionally, normalized data estimates the impact of the portfolio's holdings and is calculated by multiplying each core impact KPI at the aggregate company level by the fraction of the company's total enterprise value including cash (EVIC) based on a hypothetical investment of USD 1 million for the period end.

Individual company results may vary significantly and may not achieve the same level of impact in the future. Based on company-reported data.

1

Climate and Resource Impact



**Reducing Greenhouse
Gases (GHGs)**



**Promoting Healthy
Ecosystems**



**Nurturing Circular
Economies**



Case Study | Reducing Greenhouse Gases

Linde

Pressure points

Decarbonizing heavy industries with the help of transition technologies is key to achieving the Paris Agreement goal to limit the global average temperature increase to 1.5°C above preindustrial levels. According to the International Energy Agency, the steel and cement sectors are directly responsible for the same amount of emissions as the transport sector.

Impact thesis

Industrial gases company Linde helps customers reduce their carbon footprint by providing meaningful decarbonization solutions for heavy industries in their operations. Linde is also a key enabler of green hydrogen and carbon capture and storage technologies.

Impact journey

INPUT

Investments in decarbonization initiatives

- USD 69 million of research and development (R&D) invested in decarbonization (47% of total R&D budget)¹

OUTPUT

Multiple products that help customers lower GHG emissions

- Coatings to improve efficiency in gas turbines/jet engines
- Hydrogen for producing ultralow sulfur diesel
- Oxygen for more efficient steelmaking
- Krypton for insulation in windows

OUTCOME

Improvement in customers' energy efficiency and reduction in carbon emissions

IMPACT

Customer GHG emissions avoided

- 91 million tons of CO₂e²

¹ Linde 2023 Annual Report.

² Linde 2023 Sustainable Development Report.



Case Study | Reducing Greenhouse Gases

SPIE

Pressure points

Energy consumption in buildings contributes to 17.5% of global GHG emissions.¹ In EU households, about 79% of energy is consumed for space and water heating and cooling.² To meet the Paris Agreement goal to limit the global average temperature increase to 1.5°C above preindustrial levels, it is essential to reduce GHG emissions from buildings.

Impact thesis

SPIE helps European customers achieve energy efficiency and emission reduction goals by providing engineering and decarbonization services to a wide range of end markets. Solutions include installation, replacement, or maintenance of energy-efficient heating, ventilation, and air conditioning systems in buildings; energy-efficient building renovations; and operating voltage systems in transmission networks.

Impact journey

INPUT

Investment to enhance expertise in low-carbon engineering services consulting

- USD 231 million in capital expenditures³

OUTPUT

Innovative engineering services that help customers reduce energy consumption, deploy renewable energy, and reduce GHG emissions

OUTCOME

Infrastructure maintenance, replacement, and upgrading to enable the energy transition and improve energy efficiency

IMPACT

- Reduction in GHG emissions
- 29,353.41 mtCO₂e GHG emissions avoided by customers from renovation of buildings⁴

¹ Ourworldindata.org

² European Commission.

³ 2023 SPIE Annual Report.

⁴ Net Purpose estimate.



Case Study | Promoting Healthy Ecosystems

Mueller Water Products

Pressure points

Global water use has increased by approximately 1% every year since the 1980s, primarily due to rising industrial and domestic demand, creating global pressure on supplies.¹ Around 16% of all treated water in the U.S. is lost through leaks and other system inefficiencies, equating to 6.4 billion cubic meters of wasted drinking water. This costs the nation approximately USD 2.6 billion annually.²

Impact thesis

Mueller Water Products helps municipalities deliver clean, safe drinking water. The company also manufactures fire hydrants to protect life and improve the safety of properties.

Impact journey

INPUT

Investment into a broad range of innovative water infrastructure products and services

- USD 25.9 million investment in R&D³

OUTPUT

Broad range of products and services that increase access to clean and safe drinking water and minimize water loss

OUTCOME

Updating old and constructing new water infrastructure helps save water and enhances resilience to climate change events, such as heavy rainfall or drought

IMPACT

Water saved

- 1.8 billion gallons of water saved by using “EcoShore” products for leak detection in 2023⁴

¹ United Nations World Water Development Report 2023.

² United States Geological Service.

³ Mueller 2023 Annual Report.

⁴ Mueller Water 2023 ESG Report.



Case Study | Promoting Healthy Ecosystems

Veralto

Pressure points

To protect human health and the environment, it is crucial to purify wastewater and industrial water. Wastewater contains harmful chemicals and pollutants that can contaminate rivers, lakes, and coastal waters if not treated properly. Untreated water can also pose health risks to people and other living things.

Impact thesis

Veralto's water analytics and treatment devices help support cleaner and more efficient water supply at scale for industrial, municipal, and residential end markets. Additionally, its marking and coding devices enable product quality and safety for the food and beverage and pharmaceutical industries.

Impact journey

INPUT

Investment into products to monitor, treat, and save water and to conduct effective coding and marking for the food and beverage and pharmaceutical end markets

- USD 225 million invested in R&D¹

OUTPUT

Broad range of products and services that increase access to clean and safe drinking water and minimize water loss

OUTCOME

Updating old and constructing new water infrastructure supports access to clean and safe drinking water at scale and minimizes water loss

- Trojan Technologies helps treat and recycle 13 trillion gallons of water each year²

IMPACT

Water saved

- 81 billion gallons of water saved by using ChemTreat solutions (water treatment products) in 2023²

¹ Veralto 2023 Annual Report.

² Veralto 2024 Sustainability Report.

Case Study | Nurturing Circular Economy

Docusign

Pressure points

Globally, people consume 55 kilograms of paper annually per person, but in North America, it reaches 215 kilograms, four times the global average.¹ The production of paper requires wood as a raw material and subsequent chemical and mechanical processes that cause negative environmental impacts such as deforestation and GHG emissions.

Impact journey

INPUT

Innovation that helps businesses reduce their reliance on paper-based processes

- USD 538 million R&D expense²

OUTPUT

Electronic signature software services

- 1.5 million clients²

OUTCOME

Fewer paper resources needed to conduct business

- 135,000 metric tons of conventional material production avoided³

IMPACT

Waste and emissions are avoided

- 635,026 mtCO₂e avoided³
- 7.5 million cubic meters water saved³

¹ Environmental Paper Network, 2018.

² Docusign 2024 Form 10-K Annual Report (as of January 31, 2024).

³ Net Purpose estimate.

Case Study | Nurturing Circular Economy

Trex

Pressure points

Over the past 20 years, annual plastic production and plastic waste generation have more than doubled. In 2019, only 9% of plastic waste was ultimately recycled. Average virgin plastic is associated with the emissions of 2.1 metric tons of CO₂ equivalent per kilogram produced, while recycling helps to save 38.1% of those emissions.²

Impact journey

INPUT

Investment into innovative decking and railing products that enable recycling of plastic waste and wood scrap

- USD 3.3 million invested in research and development³

OUTPUT

Manufacturing and distribution of durable decking and railing products that are 95% made of recycled product content⁴

OUTCOME

Collection and recycling of plastic waste and wood scrap to convert them into durable decking products made from recycled materials

- 164,000 metric tons of recycled polyethylene (PE) plastic³
- 258,000 metric tons of reclaimed wood sourced³

IMPACT

Use of recycled materials displaces requirement for decking and railing products to be produced from virgin materials

- 422,000 metric tons of waste avoided⁴

¹ Source: OECD—Global Plastics Outlook 2022.

² Source: Norden—Climate Benefits of Material Recycling.

³ Source: 2023 10-K annual report.

⁴ Source: 2023 Sustainability report. Calculated as the sum of PE plastic recycled and wood reclaimed in manufacturing of decking and railing products in pounds (i.e., 843 million pounds) converted from pounds to tons (1 metric ton = 2,204.62 pounds). Includes the sum of PE plastic recycled and wood reclaimed in manufacturing of decking and railing products.

2

Social Equity and Quality of Life



Enabling
Social Equity



Improving
Health



Enhancing
Quality of Life





Case Study | Improving Health

Eli Lilly

Pressure points

Mobilizing global health care innovation is a significant agenda item for the World Health Organization. While progress has been made, it has been uneven, and significant gaps between disease burden and research activity levels persist. Continued innovation is absolutely critical to improve global health care outcomes.

Impact journey

INPUT

Investment into drug research and development

- USD 9.3 billion in R&D expense¹

OUTPUT

Innovative drugs and therapeutics addressing major areas of need

- Patients reached in >100 countries¹

OUTCOME

Patients treated with Eli Lilly medicines

- >55 million people treated worldwide with Eli Lilly medicines²

IMPACT

2,955 lives extended³

- 2,904 through diabetes
- 51 via lung cancer treatment

¹ Eli Lilly 2023 Sustainability Report.

² Eli Lilly 2023 Annual Report.

³ Net Purpose estimates. Relative efficacy versus peer control drugs.



Case Study | Improving Health

Daiichi Sankyo

Pressure points

According to the World Health Organization, breast cancer is the most common cancer in women and the world's most prevalent cancer. Globally in 2022, 2.3 million women were diagnosed with breast cancer (approximately 0.5%–1% of breast cancers occur in men), and there were 670,000 deaths.

Impact journey

INPUT

Investment into drug research and development

- USD 2,507 million R&D expense (JPY 364.3 billion)¹

OUTPUT

Innovative drugs/therapeutics

- Enhertu (breast cancer treatment) sold in >50 countries²

OUTCOME

Patients treated—particularly by oncology therapies

- Approximately 52,400 patients treated with Enhertu in fiscal year 2023¹

IMPACT

38,704 lives extended³

- 325 through Enhertu
- 38,378 through hypertension and venous thromboembolism treatments

¹ Daiichi Sankyo Value Report 2024.

² Daiichi Sankyo.

³ Net Purpose estimates. Relative efficacy versus peer control drugs.

Note that Daiichi Sankyo has a March year-end. Financial data converted to USD using the JPY/USD exchange rate as of March 31, 2024.



Case Study | Enabling Social Equity

Nu Holdings

Pressure points

Globally, 1.4 billion people remain unbanked, meaning they lack an account at either a financial institution or a mobile money provider.¹ Financial system access through basic banking is critical to economic progression and social equity. A simple bank account allows for safer, easier, and cheaper transfer of wage and government payments, as well as remittances to family and the ability to pay bills.

Impact thesis

Nu, one of the world's largest digital banking platforms, is accelerating financial inclusion across Latin America, helping to empower individuals and SMEs through digital banking services to enable job creation and economic growth. The company contributes to financial empowerment through its low-cost banking platform, providing access to the financial system for customers that have been significantly underbanked.

Impact journey

INPUT

Financing retail and small and medium enterprises in Brazil, Colombia, and Mexico

- USD 23.7 billion of customer deposits¹

OUTPUT

Loans targeting increased access to financial services

- USD 17.5 billion of loans issued to retail customers²
- USD 0.7 billion of loans issued to SME customers²

OUTCOME

Enabling financial inclusion opportunities for vulnerable groups and/or underserved populations

IMPACT

Increasing financial inclusion

- 73 million people provided their first credit/debit card³
- Customers saved USD 11 billion in banking fees³

¹ Nubank 4Q23 Results Presentation.

² Nubank 2023 Annual Report.

³ Nubank 2023 ESG report.



Case Study | Enabling Social Equity

OneMain Holdings

Pressure points

Around 57 million people in the U.S. have subprime credit scores, meaning they will struggle to access credit due to the perceived higher risk.¹ People who are unable to access traditional credit may resort to using “fringe banking” services, which charge higher-than-average interest rates compared with regulated financial institutions.

Impact thesis

OneMain helps reduce financial inequalities within the U.S. by providing auto and personal loans primarily to subprime customers who have limited access to credit. OneMain's emphasis on financial advancement and success for customers (e.g., every customer gets a personalized budget) differentiates it from other lenders targeting underserved communities.

Impact journey

INPUT

Financing to underserved retail customers

- USD 24.3 billion of total assets²

OUTPUT

Auto and personal loans primarily focused on subprime customers

- USD 21.3 billion of loans issued²

OUTCOME

Capital provided to promote financial inclusion opportunities for vulnerable groups and/or underserved populations

IMPACT

Approximately 2.3 million underbanked people supported³

¹ Oliver Wyman and Experian, 2022.

² OneMain Holdings 2023 Annual Report.

³ T. Rowe Price estimates. Calculation based on the number of subprime clients served, based on 2022 data.



Case Study | Enhancing Quality of Life

MSA Safety

Pressure points

Approximately 2 million people die each year because of occupational accidents or work-related diseases globally, with around 360 million work-related injuries.¹ Providing a safe working environment has positive implications for employee safety and improved mental and physical health. This can feed through into better organizational performance and higher employee satisfaction.

Impact thesis

MSA Safety is a pure-play safety equipment company whose products help to save lives. The company's core products include self-contained breathing apparatus, fixed gas and flame detection systems, portable gas detection instruments, fire and rescue helmets, and fall protection devices.

Impact journey

INPUT

Investment in design, development, and manufacturing of safety equipment

- USD 68 million invested in research and development²

OUTPUT

Manufacturing and distribution of safety equipment

OUTCOME

Safety equipment helps workers perform their jobs more safely

IMPACT

>40 million workers protected in 2023³

¹ International Labor Organization.

² MSA Safety 2023 Annual Report.

³ MSA Safety 2023 Impact Report.



Case Study | Improving Quality of Life

Fortinet

Pressure points

According to the World Economic Forum, cybersecurity failure is considered the fourth most critical threat to the world, following infectious diseases, livelihood crises, and extreme weather events.¹ As the rate of cybercrime grows, costs are rising. It is estimated that by 2025, industries worldwide could pay as much as USD 10.5 trillion annually.²

Impact thesis

Fortinet delivers impact by providing network security to small and medium-sized businesses, enterprise, and telecommunication services providers to prevent cybersecurity and ransomware attacks. Fortinet is a leader in the firewall submarket within cybersecurity, specifically micro-segmentation, which layers mini firewalls within a network to contain potential breaches.

Impact journey

INPUT

Investment into design, development, and distribution of network security software

- USD 614 million in R&D expense³

OUTPUT

A suite of network cybersecurity software

- >1,500 held and pending global patents³

OUTCOME

More effective and timely detection and mitigation of cyberattacks with a lower total cost of ownership, faster throughput, and less power consumption than alternatives

- Fortinet ASIC technology consumes up to 90% less power than general-purpose central processing units⁴

IMPACT

Protection of critical infrastructure and economic interests

- >730,000 enterprises protected⁵

¹ World Economic Forum's Global Risks Report 2021.

² Global Cybersecurity Outlook 2022.

³ Fortinet 2023 Annual Report.

⁴ Fortinet, "The Benefits of Combining Custom ASICs with the Power of FortiOS," 2024.

⁵ Fortinet 2023 Sustainability Report.

3

Sustainable Innovation and Productivity



**Sustainable
Technology**



**Building Sustainable
Industry and
Infrastructure**



Case Study | Sustainable Technology

Synopsis

Pressure points

Semiconductors are crucial enablers of green and digital economies. As shrinkage in semiconductors' size and cost begins to slow, advancing the design process is critical for advancing performance and improving end product energy efficiency. This is a key issue for chip developers, with the impact felt across multiple industries.

Impact thesis

Advanced semiconductor chip design is a major driver of global technology progress. Synopsys is a critical player in driving this innovation as a leader in electronic design automation (EDA), enabling the optimization of chip design ahead of physical prototype production, saving time and energy and reducing greenhouse gas emissions and waste.

Impact journey

INPUT

Investment into EDA design and development

- USD 2,200 million investment (R&D and acquisitions)¹

OUTPUT

Software and services that enable the design and development of high-performance semiconductors capable of delivering improved efficiency

OUTCOME

Improved chip design that enables reduced power and energy consumption

- Over 3,000 active patents²
- System-on-chip (SoCs) designs enable 25% power reduction³

IMPACT

Reduction of GHGs associated with lower semiconductor power usage

¹ Synopsys 2023 Annual Report.

² Synopsys 2023 ESG Report.

³ Synopsys 2022 ESG Report.



Case Study | Sustainable Technology

ASML

Pressure points

Continuous innovation in lithography is vital for chip manufacturing and advancing semiconductor technology. Semiconductors enhance the energy efficiency of electronic devices and manufacturing processes. Moreover, lithography companies play an essential role in reducing energy consumption during fabrication, contributing to a more sustainable and efficient semiconductor industry.

Impact thesis

ASML enables the reduction in GHG emissions in semiconductor manufacturing. ASML is a key player in the extreme ultraviolet (EUV) lithography equipment market, which delivers unmatched levels of precision and is essential for semiconductor manufacturers to create high-performance microchips capable of challenging new frontiers of energy efficiency.

Impact journey

INPUT

Investment into design, development, and manufacturing of lithography equipment

- EUR 4.0 billion R&D expenses¹

OUTPUT

Lithography equipment that enables the development of high-performance semiconductors

OUTCOME

Support of downstream energy efficiency as ASML's lithography machines become more energy efficient

- ASML future-generation EUV NXE systems achieved a 40% reduction in energy use per exposed wafer since 2018 (company target: achieve -60% by 2025)¹

IMPACT

Reduction of greenhouse gases associated with semiconductor manufacturing.

- 724 kilotons CO₂ GHG emissions avoided²

¹ ASML 2023 Annual Report.

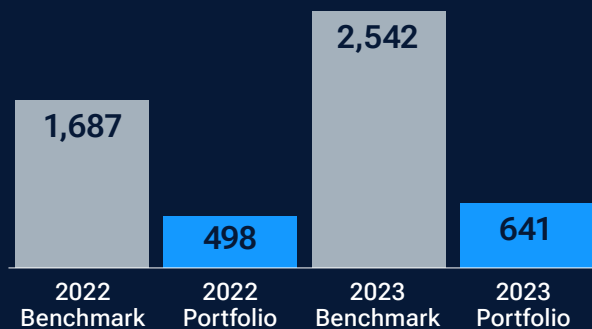
² T. Rowe Price estimates. GHG emissions avoided figure is estimated by taking the difference of actual emissions versus expected emissions using the GHG emissions intensity of use of sold products.

Carbon footprint profile¹

T. Rowe Price Global Impact Equity Fund

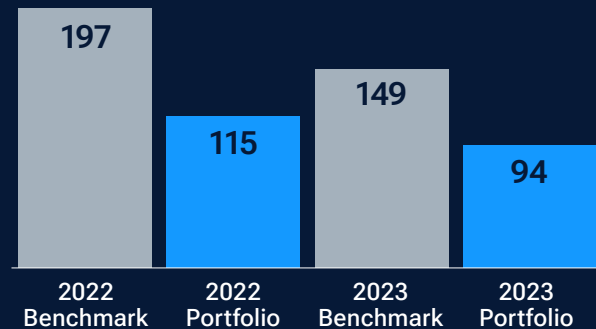
Total Carbon Emissions²

(metric tons of carbon dioxide equivalent)



Weighted Average Carbon Intensity²

(metric tons of carbon dioxide equivalent for each USD 1 million in revenue)



Top Five Company Contributors to Portfolio Carbon Emissions and Their Weighted Intensity²

Holding	Portfolio Weight (%)	Portfolio Carbon Emissions (mtCO ₂ e)	Portfolio Weighted Carbon Intensity (mtCO ₂ e/USD 1 Million in Revenue)
Linde	2.6	160	34
Darling Ingredients	1.7	122	7
Waste Connections	2.0	96	20
PG&E	1.7	76	5
Canadian National Railway	1.8	38	9

¹ Our carbon footprint analysis includes total carbon emissions and weighted average carbon intensity metrics.

² Total carbon emissions represent total amount of Scope 1 and Scope 2 greenhouse gas emissions that are released by the portfolio's holdings that are attributable to the percentage of ownership of the portfolio in each company. They are aggregated to give the total carbon emissions equivalent for the portfolio. This metric is grossed up using the percentage of data available to give the overall carbon footprint of the portfolio. The portfolio's weighted average carbon intensity is the weighted average, by portfolio weight, of the total carbon emissions per USD 1 million in revenue for each of the portfolio's holdings. This metric gives the portfolio's exposure to carbon-intensive companies. This is the Task Force on Climate-Related Financial Disclosures (TCFD) recommended metric. The benchmark for the fund is the MSCI All Country World ex Australia Index (Net). For sourcing information, please see Additional Disclosures.

Calculated by T. Rowe Price using data from Sustainalytics. Data for the T. Rowe Price Global Impact Equity Fund as of December 31, 2023. See Additional Disclosures for more information on the sources.

Accelerating impact through active ownership

We seek to deliver impact beyond simply owning companies whose business activities lead to positive social and/or environmental outcomes. We commit to being additional by using our scale and resources to promote and progress the impact agenda.

At T. Rowe Price, we believe it is our responsibility as an asset manager to safeguard our clients' interests through ownership and monitoring of and mutual engagement with the companies in which we invest. Thanks to the trust our investment clients have placed in us, T. Rowe Price manages significant assets worldwide. This affords us, in most cases, greater access to company management teams and board members.

Along with our role to direct capital toward desired impact outcomes, we prioritize company engagement and proxy voting and closely monitor the associated feedback loop on companies' behavior. This is applied with conviction and in partnership with our fundamental and responsible investing research teams.

The central focus of our engagement program is at a company level as we evaluate factors that may improve or impede a company's ability to deliver positive impact. We identify engagement targets through our proprietary impact due diligence framework based on the Five Dimensions of Impact framework, Responsible Investing Indicator Model analysis, governance screening, and our analysts' fundamental research.

Our ultimate goal is to increase the probability that a company will deliver better positive impact than its peers, enabling our clients to realize greater impact and investment performance potential. Success is measured through regular dialogue with management teams, enabling us to monitor impact outcomes over time using key performance indicators.



Engagement in action

Our investment process proactively identifies engagement targets, either through our company-level impact analysis and proprietary ESG analysis, governance screening, or our analysts' fundamental research. Engagements are carried out by the investment team as well as our Responsible Investing team.

While we engage with companies in a variety of investment contexts, ESG engagement focuses on exchanging perspectives on environmental practices, corporate governance, or social issues. Please refer to the table at the end of this section.

In addition, our impact engagement program aims to ensure that the fund's impact objective is successfully delivered.

This includes engaging with the underlying companies with the dual engagement objective of:

- Furthering the delivery of the intended positive impact outcome by encouraging, accelerating, or enhancing such outcome in line with the investment's impact thesis; and
- Mitigating any material negative environmental or social impacts resulting from pursuing the impact outcome.

Typically, an impact engagement program can be complemented with proxy voting. Progress of the

engagement objective is systematically monitored through the life of the investment and is measured against specific milestones.

In 2023, we held 56 engagements with 43 companies covering a broad array of environmental, social, and governance topics. We engaged specifically on impact investing topics with 26 companies. The purpose of the impact engagements was to progress the company's impact agenda on topics such as enabling energy efficiency, improving patient outcomes, or increasing financial inclusion. We shared guidance, for example, on how creating a positive impact shapes the company's product pipeline; suggested enhancements to impact measurement; and identified areas where the company may be falling behind its peers.

In this section, we provide two case studies and a summary of some of our impact engagements that took place in 2023.

Top Five Topics Covered in Impact Engagements

Environment



1. Environmental disclosure
2. Greenhouse gas emissions
3. GHG reduction/net zero
4. Product sustainability
5. Water

Social






1. Social disclosure
2. Access to medicine and drug pricing
3. Financial inclusion and affordability
4. Diversity
5. Product safety and sustainability

Data shown for the T. Rowe Price Global Impact Equity Fund as of December 31, 2023. Subject to change without notice. Figures may not total due to rounding.

Impact Engagement Case Study

Linde

Impact Thesis: Linde, a leading producer and distributor of industrial gases, enables the decarbonization of heavy industries. Linde helps customers in sectors such as manufacturing, energy, chemicals, and metals to reduce their carbon footprints by, for instance, improving efficiency in manufacturing processes. Linde is also a key enabler of green hydrogen and carbon capture and storage technologies. Furthermore, the company's products support the treatment of patients with respiratory conditions through its health care segment and help reduce food waste by supplying gases that extend the shelf life of foodstuffs.

Impact Pillar	Climate and Resource Impact/ Social Equity and Quality of Life	UN SDG ¹	 Affordable and Clean Energy
Sub-pillar	Reducing Greenhouse Gases/Nurturing Circular Economy/Improving Health		 Responsible Consumption
Engagement Topic	GHG Emissions, GHG Reduction Target		 Good Health and Well-Being

Objective

We engaged with Linde to discuss growth opportunities linked to the energy transition and encouraged increased disclosure on the real-world impact of its decarbonization, health care, and food preservation businesses.

Dialogue

In our engagement with Linde, we discussed the growth opportunity linked to the energy transition given Linde's research and development and operational excellence in this area. Linde is an important enabler of the energy transition, enabling heavy industries (manufacturing, energy, chemicals, metals) to decarbonize. We imparted our view on the opportunity for acceleration of these technologies in the company's product mix given the company's inherent advantage of scale; Inflation Reduction Act initiatives in the U.S.; and a strong balance sheet, which supports downside risk in potential tough economic backdrop.

Last year, we impressed upon the company the importance of improving on customer carbon emissions saved and the disclosures related to these emission savings. We welcome Linde's disclosure on 2.2x carbon emissions saved from its applications, which demonstrates that a subset of its applications allowed customers or end users to avoid more than twice the GHG emissions of all Linde operations in 2021. We believe that demonstrating greater additionality

and positive environmental/social impact could help attract incremental customer demand and therefore accelerate the company's positive environmental impact. Furthermore, we see opportunity for goals that are beyond the current "2x" goals, especially given Linde's own decarbonization journey and greater focus from customers on decarbonization.

Linde is committed to reducing its absolute Scope 1 and 2² GHG emissions by 35% by 2035 compared with 2021 emissions as a baseline. Given the significant relative cost advantage of renewables today, we see opportunity for an acceleration of that reduction.

Outcome

We imparted our views and provided feedback on Linde's impact and impact-related disclosure. For the most part, Linde makes good impact disclosures including relevant key performance indicators. We would like to see greater granularity on emissions avoided, so that we could track this by application where possible. A focus on carbon footprint is also warranted.

Progress monitoring

We will keep monitoring Linde's progress on impact-related disclosure and have regular impact engagements with the company regarding the opportunity linked to the energy transition.

Unless otherwise noted, data were provided by the company during the engagement or are available through company reports.

¹ Source for image: United Nations. The trademarks shown are the property of their respective owners. Use does not imply endorsement, sponsorship, or affiliation of T. Rowe Price with any of the trademark owners.

² 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).

Impact Engagement Case Study

Eli Lilly

Impact Thesis: Eli Lilly's portfolio of approved treatments benefits roughly 55 million patients in over 100 countries,¹ with particularly significant impact in diabetes via its class of glucagon-like peptide 1 (GLP-1) agonists. Diabetes is a disease affecting more than 400 million people worldwide—it results in around 1.5 million deaths annually, making it the eighth most common cause of death, according to the World Health Organization. Eli Lilly delivers positive impact by providing products that both help improve disease management for diabetes patients and alleviate the main cause of diabetes (obesity). Eli Lilly's GLP-1 drugs have the potential to extend lives and provide substantial health care system savings.

Impact Pillar

Social Equity
and Quality of Life

Sub-pillar



Improving
Health

UN SDG²



Good
Health and
Well-Being

Engagement Topic

Access to Medicine,
Impact Measurement,
and Sales Practices

Objective

We engaged with Eli Lilly to provide feedback on: (1) the company's approach to increase access to medicine, (2) how the company could better evidence its additionality in reporting and further its impact, and (3) sales practices.

Dialogue

Improving Pricing and Access to Insulin and Obesity Medicine: During the engagement, Eli Lilly highlighted being the first of the three main producers to cut insulin prices in March 2023, lowering the list price of Humalog® ~70% effective in the fourth quarter of 2023, and capping out-of-pocket costs at USD 35 per month. Management agreed that oral dosing of obesity drugs would meaningfully widen access to treatment and, ultimately, increase the societal impact of the drugs, given the consequential effects of broader population weight reduction to healthy levels.

The company is also making progress toward its 30x30 target of reaching 30 million patients annually in resource-limited settings by 2030. However, we believe Eli Lilly can be more effective in describing its overall strategy and see opportunity for more detailed disclosure on capacity-building programs to better align with peers. We highlighted this as an area of improvement.

Improving Impact Measurement: Eli Lilly has reported the number of patients reached by its treatments across the business for the past three years, and management noted its intention to make this data more prominent in its future reporting. We believe that providing additional context on the year-on-year changes in the number of patients

reached and breaking it down for specific medicines can drive capital toward research and development more effectively and supply networks on a larger scale over time. We suggested that the company could provide additional context on changes to this key performance indicator year to year, consistent with peers. Management was receptive and stated that the company is working toward developing a methodology to effectively track and forecast patient reach data going forward. Moreover, management intends to evaluate additional metrics it could report to evidence the company's impact, such as the number of patients who benefit from all Eli Lilly-derived innovation.

Sales Practices: Eli Lilly has proactively implemented heightened monitoring of its Mounjaro® sales agents, which will also apply to any future products launched in this class to ensure responsible conduct.

Outcome

We were able to impart our views on best practices for impact reporting and request disclosures that would help enhance Eli Lilly's impact additionality. We also recommended additional transparency on the company's access to medicine.

Progress monitoring

We will continue to monitor the company's patient reach, including for additional and/or improved disclosures related to any changes in impact KPIs, and will look for additional context on its strategy to improve access to medicine and details on its capacity expansion efforts.

Unless otherwise noted, data were provided by the company during the engagement or are available through company reports.

¹ Source: Eli Lilly 2023 annual report.

² Source for image: United Nations. The trademarks shown are the property of their respective owners. Use does not imply endorsement, sponsorship, or affiliation of T. Rowe Price with any of the trademark owners.

2023 Impact Engagements

Our engagement program aims to ensure the fund's impact objective is successfully delivered.

Please find below a summary of some of the engagement activity undertaken during 2023. For information regarding the impact thesis for each security, please see section the Portfolio Holdings section of this report.

Company Name	
Ashtead Group	We engaged with Ashtead to discuss the additionality of its business model. Ashtead increases resource efficiency and responsible consumption and promotes the circular economy by maximizing asset utilization through an "inner loop" equipment rental model. The company is collaborating with original equipment manufacturer suppliers to advance electrification and lower total cost of ownership. Additionally, the company plans to expand its hydrogen vehicle offerings, initially targeting large trucks. We also discussed broadening a case study on greenhouse gas emissions reduction via renting equipment versus direct ownership, published in the 2022 Sustainability Report, to other product categories and imparted our view on ways to overcome data collection challenges.
Asia Commercial Bank	We conducted due diligence on the bank's financial inclusion initiatives, in particular its retail and small and medium-sized enterprise lending, a key component to its impact contribution. Financial inclusion remains low in Vietnam, with 69% of Vietnam's adult population remaining unbanked as of 2019. ¹ We also took the opportunity to recommend best practice disclosures, such as reporting the number of financially empowered customers and those with their first formal credit or bank account.
ASML	Our impact thesis for ASML centers on enabling the reduction in emissions associated with semiconductor manufacturing. As many of ASML's customers, as well as their further downstream customers, have set their own net zero targets, the delivery of this positive impact is core to the investment thesis. In our engagement, we discussed the role of ASML technology in reducing emissions across the semiconductor value chain. However, we note that real-world emission savings of ASML products will depend on renewable energy use by customers. We discussed the feasibility of ASML's goal for net zero emissions by 2040, which includes emissions for its products sold, as this hinges on its customers moving to renewable energy. We see ASML taking a leading role in the industry collaborations focused on this topic, for example, through its leading position in the Semiconductor Climate Consortium—which aims to bring together companies in the value chain to problem-solve for the sector's rising emissions. We also discussed how ASML supports circularity in semiconductor manufacturing by (1) creating long-lasting machines, (2) delivering repair services, and (3) refurbishing end-of-life devices.
AstraZeneca	We engaged with AstraZeneca on access to medicine. To ensure that everyone can fulfill their right to health equally—regardless of social, economic, demographic, or other factors—it is crucial for pharmaceutical companies to consider access to medicine from the very beginning of the research and development process. We encouraged the company to disclose its access planning during R&D. We also suggested that the company provide more detailed information on the number of patients reached, in line with peers. We believe disclosing these two data points will encourage the company to holistically consider its impact and drive additional impact by reaching more patients.
Autodesk	We encouraged Autodesk to enhance its disclosures on avoided emissions to enable customers to make more accurate assessments of emissions avoided using the company's products. This will allow its customers to develop more credible decarbonization plans and ultimately reduce their emissions over the long term and support demand for Autodesk's products. We also discussed ESG disclosure where the company is closely monitoring Corporate Sustainability Reporting Directive (CSRD) disclosure requirements to incorporate best practice for KPI disclosure.
Axis Bank	We discussed financial inclusion in India, where 20% of the population remains excluded from the financial system because of a range of barriers, including distance and high transaction/time costs (source Global Findex Database, 2021). We discussed how the bank combines its physical reach with its digital investments to serve these communities, the impact delivered by its social security scheme and microfinance program, and how the bank increased affordable housing loans compared with March 2022. It was encouraging to see that Axis Bank was already looking to quantify the number of customers for which it was their first bank, to evidence its impact on financial inclusion of underserved communities. We also discussed climate strategy and disclosures as well as the management of material negative environmental impacts resulting from the company's financing activities. To bring the bank in line with regional best practice, we recommended it publicly report on its transition action plan in its next Taskforce on Climate-Related Financial Disclosures report.

¹ Source: World Bank, April 2018.

Company Name	
Badger Meter	We engaged with Badger Meter on the company's impact on water preservation and decarbonization strategy. The company discussed challenges in terms of customer data collection to obtain an estimate of annual water savings that could be reported. While this work is underway, we encouraged Badger Meter to report on the number of water leaks detected annually and increase disclosure on its products' environmental capability. Improved impact disclosures would help Badger Meter's customers to have a more accurate assessment of water they are saving and design robust water savings programs. In turn, this should support demand for Badger Meter's products.
Becton Dickinson	Following our 2022 engagement where we highlighted access to health care as a gap in the company's reporting, it was pleasing to hear that the company has since formalized a more comprehensive strategy, underpinned by three pillars: (1) technology and innovation, (2) public-private partnerships to enhance access, and (3) investment in health system strengthening. We believe that considering health care access more systematically during product development and commercialization may help the company to reach more patients and further expand client reach. We encouraged the company to also provide consistent quantitative KPIs, such as patients reached, which are increasingly being reported by peers.
Canadian National Railway	The impact thesis for Canadian National Railway (CNI) hinges around replacing truck transportation with rail, which enables the decarbonization of freight transport. We provided feedback on the company's decarbonization and net zero strategy. We were encouraged by its Science-Based Targets initiative (SBTi)-validated targets supported by fuel-efficient locomotives and bio/renewable diesel. The company aims to test its first 100% battery-powered locomotive in 2025. We also discussed better quantification of the amount of greenhouse gas emissions avoided from rail conversion. Improved impact data can help CNI customers to assess the amount of GHG emissions they are avoiding using CNI rail services as opposed to trucks and can develop more credible decarbonization plans.
Danaher	Danaher's life science tools and services help accelerate drug discovery and development and support improved clinical decision-making through diagnostics. We followed up on outstanding requests made in a previous engagement during which we asked for additional impact disclosures from the company (e.g., addressing bioprocessing, diagnostic tests enabled). We were pleased to see that the company now publishes relevant impact KPIs annually. We believe publishing real-world impact metrics provides a more well-rounded picture of the company's impact for its customers. In turn, this should help the company drive additional impact. We also suggested that Danaher include additional information on the methodology and assumptions used to arrive at its impact KPIs (for instance, those around the number of cancer diagnoses enabled). The company was receptive to this suggestion.
Darling Ingredients	Darling Ingredients delivers impact by utilizing waste as a raw material to produce value-added products such as animal feed, food for human consumption, and bioenergy. We met with Darling Ingredients to discuss the company's recent commitment to produce more sustainable aviation fuel (SAF). This should be additive from an impact standpoint given the limited but increasing number of SAF mandates and commitments by companies and regions, as well as from a business standpoint, given higher margins versus renewable diesel. We also discussed how sustainable proteins from insect sources could increase the positive impact of its business model. This is a promising area according to the company and will likely help increase impact in the health care segment. We also requested improved impact metrics—such as the total carbon avoided figure from its operations—which can help the company manage and further the impact of its products.
DSM-Firmenich	We discussed the merger of DSM and Firmenich and its potential for greater additionality. While DSM had always been strong in health and nutrition, Firmenich was able to make this better tasting and in a sustainable way, e.g., producing dairy products with less sugar but the same amount of sweetness. We recommended enhancing impact disclosure. Demonstrating the positive environmental and social effects of DSM-Firmenich products could help customers recognize their health benefits, reduce greenhouse gas emissions, and increase revenues from healthy food products. We also discussed the perfumery and beauty segment, which does not align with our impact framework. The company is preparing a factbook for this segment to clarify product applications, which we welcomed.
GoDaddy	GoDaddy delivers impact by providing essential services to small and medium-sized enterprises that equip them with tools to build online businesses. We have engaged with the company on its product road map to enhance buyer-seller interactions through platform improvements. This engagement target furthers both our impact and investment thesis as GoDaddy customers enhance efficiency for SMEs and as they become better supported, more jobs are created, and the economy is strengthened. We asked GoDaddy to demonstrate how its product drives better outcomes for its customers with additional KPIs other than gross or net retention rates. We suggested the company disclose a KPI such as a company survival rate after five years. This KPI will help the company demonstrate its impact in supporting SME formation and growth, therefore potentially increasing client demand and leading to the onboarding of more customers.
HDFC Bank	We engaged with HDFC Bank to discuss its financial inclusion initiatives. We believe that HDFC Bank remains a regional leader for financial inclusion, and the continued growth in semi-rural and rural branch openings supports this view. We encouraged the bank to continue opening more branches in these underserved areas, as we believe this will not only enhance financial access for the communities but will also benefit the bank's growth, given that rural and semi-rural regions are where HDFC Bank is seeing its largest increase in customers.

Company Name	
Hubbell	We met with the leadership of Hubbell's utility franchise, including the new chief technology officer, who has been tasked with fostering innovation across segments, to discuss the company's product pipeline. We think this appointment is accretive for the investment thesis and delivery of positive impact, which is centered on energy-efficient electrical components. Additionally, we suggested several impact metrics to help clients monitor the utility grid efficiency achieved from Hubbell's products and allow them to develop more robust decarbonization plans.
Keyence	We were pleased to learn that Keyence has started implementing some of the suggestions from our engagement in 2022 (i.e., providing impact data that demonstrate the environmental benefits associated with the company's products). It now provides one simulated case study on reducing manufacturing waste, energy, and emissions from the use of ultraviolet (UV) laser coders for packaging marking. Improved impact data can help Keyence's customers to have a more accurate assessment of manufacturing waste and GHG emissions they are avoiding using Keyence products and therefore help them develop more credible decarbonization plans. In turn, this should support demand for Keyence's products. We aim to maintain dialogue with the company through further engagements.
Mueller Water Products	We engaged with the company to discuss how its water management products are increasingly embedding energy-efficiency features, which enable customers to save energy while saving water. We encouraged increasing disclosure on energy efficiency, which would complement the company's existing disclosure on saving water. The company will aim to provide additional disclosure on this topic/KPIs subject to being able to collect and measure customers' data. By increasing transparency on energy efficiency, we believe customers will obtain a more accurate understanding of their environmental profile, which should ultimately help them reduce climate-related risks in the long term. In turn, this should support demand for Mueller Water Products' offering.
PG&E	Following up on an engagement from 2022, we sought an update on PG&E's wildfire mitigation measures and its undergrounding program. We were pleased that these measures had addressed the California Public Utilities Commission (CPUC) concerns and that the company had consequently been removed from the CPUC's enhanced oversight program. Given PG&E's role in enabling the rollout of renewable power capacity in California, we made suggestions on ways to further improve its climate impact-related disclosures. Encouragingly the company is working on a more in-depth climate vulnerability assessment.
Rockwool	Rockwool's impact thesis is focused on insulation products that improve energy efficiency for buildings and therefore lower emissions in the buildings sector. We discussed the company's impact reporting and climate strategy updates. Rockwool currently has greenhouse gas emission reduction targets covering Scope 1–3 ² that are validated by the SBTi as being aligned with a "well below 2°C" scenario. We asked whether there was potential to align with a 1.5°C pathway. While Rockwool may wait for the Science Based Targets initiative to develop a sectoral decarbonization pathway before revising its climate targets, the company has affirmed its long-term commitment to achieve net zero targets across Scope 1-3. We also followed up on the company's progress in implementing remedial actions following a complaint by the Danish Mediation and Complaints-Handling Institution for Responsible Business Conduct (NCP Denmark) regarding Rockwool's mineral wool manufacturing facility in West Virginia. In response, Rockwool created a detailed community engagement guide.
TE Connectivity	We engaged to with TE Connectivity to better understand the company's revenue segments deriving from sustainable applications. Because TE Connectivity is an enabler of energy efficiency, we also asked the company to measure the GHG emissions avoided from using its products in sustainable applications such as electric vehicles, renewable power, and energy-efficient data centers. This can help TE Connectivity's customers to assess the amount of emissions they are avoiding using TE Connectivity products and therefore develop more credible decarbonization plans, which should also support demand for TE Connectivity's product offerings. We are pleased to see that the company has published these metrics in its 2024 sustainability report.
Thermo Fisher Scientific	We engaged with Thermo Fisher Scientific twice over the year. We engaged on the company's nondisclosure of certain impact KPIs that were previously disclosed (e.g., number of patients treated daily with medicines manufactured by the company, number of diagnostic tests enabled), which it attributed to data challenges. We stressed the value of these KPIs to help measure and consequently further the impact on delivering health care solutions. We also discussed the company's efforts to expand access to diagnostics in low- and middle-income countries and associated staff targets.

² 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).

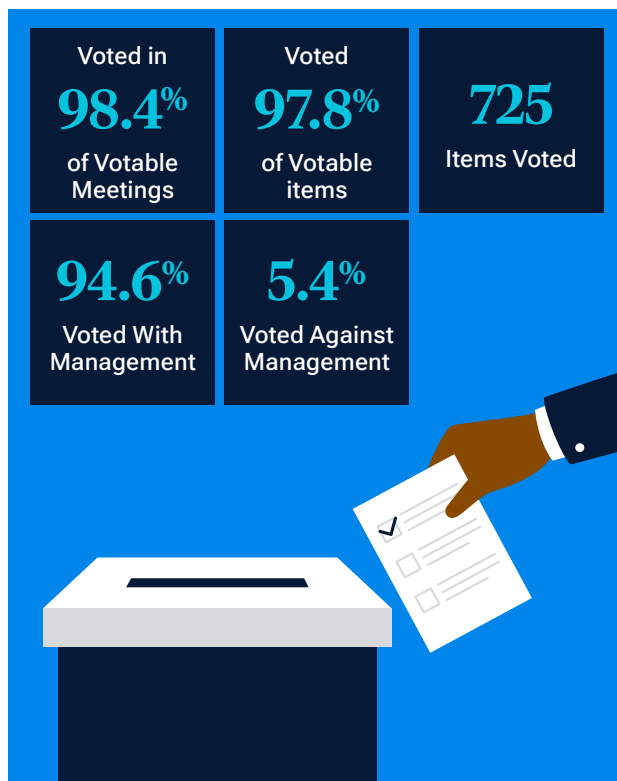
Company Name	
UnitedHealth	Part of our impact thesis for UnitedHealth stems from its strength in delivery of value-based care, which can help drive improved patient outcomes and lower costs. Increasing the number of enrollees covered under value-based approaches should support a better impact outcome (higher-quality, cost-efficient care) and long-term financial outcome (owing to the secular tailwinds favoring value-based care in the U.S. and potentially reduced benefit costs associated with value-based care approaches). We revisited our discussion on the company's "care gaps closed" objective from a previous engagement. A care gap occurs when a patient does not receive the care recommended based on health care best practices. UnitedHealth's impact targets (access to care, affordability, outcomes) are key growth drivers for the company's impact in providing access to health care services and treatments. We reiterated our request for additional disclosure on the types of care gaps closed either by disease type or focused on the demographic mix of patients for whom care gaps have been closed. We also suggested that the company measures and discloses KPIs related to value-based care outcomes in Medicare Advantage.
Veeva Systems	We engaged with Veeva Systems to provide feedback on ways in which the company can evidence how its customer software enables operational efficiency in the health care ecosystem, thus accelerating drug development. We suggested the company could provide additional quantitative disclosure about its commercial client base as well as the revenue split of commercial solutions between specialty therapeutics and traditional drugs/generics. We believe these data points would be particularly useful to assess Veeva Systems' solutions impact at a more granular level and potentially further accelerate drug development delivered by its customers.
Waste Connections	We engaged with Waste Connections to provide feedback on the company's landfill waste management practices and climate strategy. Achieving net zero for the waste management industry is extremely challenging, but the company makes a significant impact in neutralizing emissions from waste through significant offsetting measures (e.g., sequestration, recycling, biogas recovery, alternative vehicle emissions). Encouragingly, the company aims to meet 2033 targets for waste recycling, biogas production, and leachate recovery. We gave positive feedback that setting clear decarbonization targets can help the company track progress and achieve its decarbonization goals.

2023 ESG Engagements

Company Name	Environmental	Social	Governance
Agilent Technologies			●
Ashtead Group	●		●
Asia Commercial Bank		●	
ASML	●		●
AstraZeneca	●	●	●
Axis Bank	●		
Badger Meter	●	●	
BDO Unibank	●	●	●
Becton Dickinson	●	●	●
Canadian National Railway	●		
Capitec Bank Holdings		●	●
Danaher	●	●	●
Darling Ingredients	●		●
Docusign			●
DSM-Firmenich	●	●	
Eli Lilly	●	●	●
EssilorLuxottica		●	●
Evotec	●	●	●
Fortinet	●	●	●
GoDaddy		●	
HDFC Bank	●	●	

Company Name	Environmental	Social	Governance
Hubbell	●	●	●
HubSpot			●
Ingersoll Rand			●
Intuit	●		●
Keyence	●		
Linde	●		
Monolithic Power Systems	●		
Mueller Water Products	●		
PG&E	●		
Rockwool	●	●	
Sartorius			●
Schneider Electric	●		●
Synopsys	●		
TE Connectivity	●		
Tesla			●
Thermo Fisher Scientific		●	●
Tomra Systems	●		
UnitedHealth		●	●

Proxy voting



Proxy data for the T. Rowe Price Global Impact Equity Fund from December 31, 2022, through December 31, 2023.

Proxy voting is a crucial link in the chain of stewardship responsibilities we execute on behalf of our clients. A separate set of proxy voting guidelines is administered for the T. Rowe Price impact funds. These portfolios require a separate voting policy because they have two express mandates: Seeks long-term growth in value of investment and to have a positive impact on the environment and society.

The T. Rowe Price Global Impact Equity Fund proxy voting program serves as one element of our overall relationship with corporate issuers. We use our voting power in a way that complements the other aspects of our relationship with these companies, including engagement, investment diligence, and investment decision-making. A customized set of proxy voting guidelines different from other T. Rowe Price funds helps us establish governance norms and follow a differentiated stewardship approach. We take a hands-on approach to joining voting and engagement activities as part of our commitment to additionality, driven from discussions at weekly impact research meetings.

From the autumn of 2023, the impact policies decided to adopt the climate-related guidelines in the net zero voting policy to clarify the implementation of the climate expectations in their voting policy. In practice, the voting by the net zero and impact strategies between July 1, 2022, and June 30, 2023, was aligned, with both impact equity strategies supporting around 70% of all shareholder resolutions on environmental or lobbying topics.

63 Votable Meetings

Meetings Not Voted (1)

Meetings Voted: 62

741 Votable Items

Items Not Voted (16)

Items Voted: 725

Management Proposals	# of Proposals	% With Mgmt.	% Against Mgmt.
Elect Directors (Uncontested)	407	95%	5%
Management Compensation: Say-on-Pay and Equity Plans	117	97%	3%
Routine Business and Operational Matters	61	95%	5%
Capital Structure Items	37	95%	5%
Appoint Auditors/Approve Auditor Fees	55	100%	0%
Other	27	100%	0%
Total	704		

Shareholder Proposals	# of Proposals	% With Mgmt.	% Against Mgmt.
On Social, Political, or Environmental Matters	13	46%	54%
To Adopt or Amend Shareholder Rights	-	-	-
Amend or Remove Takeover Defenses	-	-	-
Related to Director Policies	1	0%	100%
Related to Routine Business and Operational Matters	7	86%	14%
Total	21		

21 Shareholder Resolutions Voted

Environmental (0)

Political Spending and Lobbying (0)

Corporate
Governance 8

Social 13

Initiatives promoting advocacy and engagement

Global initiatives/standards

Principles for Responsible Investment (PRI)

Signatory since 2010

International Corporate Governance Network (ICGN)

Member since 2021

International Capital Market Association (ICMA)

Member since 2017; member of the ICMA Principles since 2022: Green Bond Principles (GBP), Social Bond Principles (SBP), Sustainability Bond Guidelines (SBG), and Sustainability-Linked Bond Principles (SLBP); member of the ICMA Advisory Council since 2023

United Nations Global Compact

Signatory since 2021

International Financial Reporting Standards (IFRS) Sustainability Alliance (formerly the SASB Alliance)

Member since 2021



Regional initiatives/standards

UK

Stewardship Code

Signatory since 2020

Pensions and Lifetime Savings Association (PLSA)

Stewardship advisory group member since 2020

30% Club Investor Group

UK chapter member since 2021

UK Investor Forum

Founding member since 2017

U.S.

Council of Institutional Investors (CII)

Associate member since 1989

Investor Stewardship Group (ISG)

Founding member since 2017

Asia

Japan Stewardship Code

Signatory since 2014

Asian Corporate Governance Association (ACGA)

Member since 2016

Japan Stewardship Initiative

Founding member since 2017

Emerging markets

Associação de Investidores no Mercado de Capitais (AMEC)

Member since 2015

Emerging Markets Investors Alliance

Founding member since 2020

As of December 31, 2023, at least one T. Rowe Price entity is a signatory, founder, or member of the above-mentioned groups committed to change.

T. Rowe Price may be a member of other initiatives, standards, principles, working groups, or other organizations not listed. Additionally, individual T. Rowe Price associates may be members of working groups not listed.

Climate related

Task Force on Climate-Related Financial Disclosures (TCFD)
Supporter since 2020

TCFD Consortium (Japan)
Member since 2021

Institutional Investors Group on Climate Change (IIGCC)
Member since 2020

Net Zero Asset Managers initiative
Signatory since 2022

Thematic engagement

Farm Animal Investment Risk & Return (FAIRR)
Member since 2020

Access to Medicine Foundation
Signatory since 2020

Access to Nutrition Initiative
Signatory since 2022

Working groups

Investment Association Climate Change Working Group
Member since 2020

Japan Working Group of the Asian Corporate Governance Association (ACGA)
Member since 2020

30% Club UK Investor Group Race Equity Working Group
Member since 2021

Investment Management Education Alliance (IMEA) ESG Committee
Member since 2021

China Working Group of the Asian Corporate Governance Association (ACGA)
Member since 2022

ICMA (Impact Reporting; Social Bonds; Climate Transition Finance; Sustainability-Linked Bonds)
Member since 2022

Taskforce on Nature-related Financial Disclosures (TNFD)
Forum member since 2022

IIGCC (Sovereign Bonds and Country Pathways Working Group; Derivatives and Hedge Funds Working Group)
Member since 2023

GC100 and Investor Group—Directors' Remuneration Reporting Guidance
Member since 2023



Impact investing

Global Impact Investing Network (GIIN)
Member since 2021

Responsible Investment Association Australasia (RIAA)
Member since 2020

Japan Impact-Driven Financing Initiative
Signatory since 2022













As of December 31, 2023, at least one T. Rowe Price entity is a signatory, founder, or member of the above-mentioned groups committed to change.

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Portfolio holdings













T. Rowe Price Global Impact Equity Fund

Pillar 1: Climate and Resource Impact

Company	Business Activity	Impact Goal	KPI	Primary UN SDG	% of Fund
Ashtead Group	Provider of rental services for construction equipment	Reduce the need to produce new equipment units and, therefore, carbon emissions associated with equipment ownership and underuse.	Rental services helped save 595,581 tons of carbon dioxide equivalent (tCO ₂ e)	 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	1.2
Autodesk	Provider of three-dimensional design, engineering, and entertainment software and services	Facilitate building and manufacturing processes that are more efficient in energy and raw material use.	USD 1.0 billion spent on research and development	 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	1.1
Ball Corporation	Manufacturer of aluminum packaging	Reduce reliance on single-use plastics and replace with highly recyclable material, decreasing waste that goes to landfills.	Use of recycled material helped avoid approximately 1.9 million of waste	 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	1.3
Brookfield Renewable Partners	Solar, wind, and hydro electricity provider	Contribute toward the generation of zero-carbon electricity.	Renewable energy generation helped mitigate 42 million tons of carbon dioxide equivalent (tCO ₂ e)	 7 AFFORDABLE AND CLEAN ENERGY	1.9
Canadian National Railway	Operator of rail transport services	Enable decarbonization of freight transport in the U.S. and Canada through conversion from road to rail.	Conversion from road to rail freight helped mitigate 13.1 million tons of carbon dioxide equivalent (tCO ₂ e)	 7 AFFORDABLE AND CLEAN ENERGY	1.8
Darling Ingredients	One of the oldest and largest rendering companies	Contribute toward circularity by recycling and reusing byproducts of the rendering process.	Rendering business and biodiesel production helped mitigate 19.5 million tons of carbon dioxide equivalent (tCO ₂ e)	 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	1.7
Docusign	Technology provider for front-office digital transformation	Improve paper-use practices and reduce waste by moving legacy processes onto digital platform.	Electronic signature software services helped mitigate 635,029 tons of carbon dioxide equivalent (tCO ₂ e)	 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	0.8
Hubbell	Electrical equipment and power systems provider	Enable electricity grid resilience through modernization and electrification while also integrating renewables.	Products helped mitigate 78,843 tons of carbon dioxide equivalent (tCO ₂ e)	 7 AFFORDABLE AND CLEAN ENERGY	1.9
IDEX Corporation	Provider of engineering and life sciences solutions, including pumps, valves, and flow meters	Supply engineered solutions to create efficiencies in manufacturing, life sciences, and health care.	USD 175 million spent on research and development	 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	1.6
Ingersoll Rand	Manufacturer of energy-efficient air compressors and air treatment equipment	Increase energy efficiency while allowing customers to reduce their carbon footprint.	Products helped mitigate 27.1 million tons of carbon dioxide equivalent (tCO ₂ e)	 7 AFFORDABLE AND CLEAN ENERGY	1.4

Sources: T. Rowe Price, Net Purpose estimates, individual company annual reports.








Data shown for the T. Rowe Price Global Impact Equity Fund as of December 31, 2023. Subject to change without notice. The securities shown represent 100% of the publicly traded securities held in the pillar shown.

Company	Business Activity	Impact Goal	KPI	Primary UN SDG	% of Fund
Keyence	Innovation and supply of precision robotic vision sensing	Reduce manufacturing waste while improving product safety.	USD 162.8 million spent on research and development		1.9
Li Auto	Developer of new energy vehicles (NEVs)	Develop NEVs, which have lower air pollution impact than internal combustion engine vehicles.	Li Auto electric vehicles sold helped mitigate 444,916 tons of carbon dioxide equivalent (tCO ₂ e)		0.9
Linde	Producer and distributor of industrial gases	Accelerate environmental transition and a lower-carbon future through innovation in green hydrogen and carbon capture, as well as decarbonizing heavy industries.	Solutions helped mitigate 91 million tons of carbon dioxide equivalent (tCO ₂ e)		2.6
Monolithic Power Systems	Semiconductor company focused on power management	Help improve energy efficiency of chips and aid decarbonization in end markets with high power density semiconductors.	Products helped mitigate 1.4 million tons of carbon dioxide equivalent (tCO ₂ e)		1.2
Mueller Water Products	Water infrastructure and technology	Help deliver clean, safe drinking water, enabling sustainable management and efficient use.	Mueller Water Products 'EcoShore' solutions helped save 1.8 billion gallons of water		0.8
PG&E	Electric utility services company serving the state of California	Enable decarbonization by increasing electrification.	Renewable energy generation helped mitigate 680,000 tons of carbon dioxide equivalent (tCO ₂ e)		1.7
Roper Technologies	Multi-industrial company focused on water metering, health care, and software to improve efficiency of processes	Increase resource efficiency.	Cloud-based productivity software helped mitigate approximately 1.2 million tons of carbon dioxide equivalent (tCO ₂ e)		2.8
Schneider Electric	Global electrical distribution and management	Enable electrification and industrial digitization, thus reducing emissions.	Products helped mitigate 112 million tons of carbon dioxide equivalent (tCO ₂ e)		1.5
SolarEdge Technologies	Residential- and utility-scale solar systems and inverter provider	Enable solar energy generation, mitigating carbon dioxide emissions from fossil fuel-based power.	Solar energy systems helped mitigate 40 million tons of carbon dioxide equivalent (tCO ₂ e)		0.9
SPIE	Provider of mechanical, electrical, and energy engineering and maintenance services	Help customers increase energy efficiency, scale up renewable energy projects, and reduce emissions.	Renovation of buildings helped mitigate 29,353 tons of carbon dioxide equivalent (tCO ₂ e)		0.8
TE Connectivity	Connectivity solutions provider for hybrid and electric vehicles (EVs)	Enable the transition and adoption of EVs and enhance safety and autonomy features through connectivity solutions.	Solutions helped mitigate 261 million tons of carbon dioxide equivalent (tCO ₂ e)		1.1
Tesla	Manufacturer of electric vehicles and provider of renewable energy solutions	Accelerate decarbonization by improving access to electric vehicles and renewable energy sources in place of fossil fuel-powered alternatives.	Electric vehicles helped mitigate 20 million tons of carbon dioxide equivalent (tCO ₂ e)		0.7












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Data shown for the T. Rowe Price Global Impact Equity Fund as of December 31, 2023. Subject to change without notice. The securities shown represent 100% of the publicly traded securities held in the pillar shown.

Company	Business Activity	Impact Goal	KPI	Primary UN SDG	% of Fund
Trane Technologies	Manufacturer of heating, ventilation, and air conditioning equipment	Improve energy efficiency in commercial and residential buildings.	Products helped mitigate 64 million tons of carbon dioxide equivalent (tCO ₂ e)		0.8
Trex	Major manufacturer of wood-alternative composite decking	Increase use of recycled plastic and wood, reducing landfill and deforestation.	Use of recycled material helped avoid approximately 422,000 metric tons of waste		1.0
Veralto	Industrial company engaged in water testing and marking and coding	Help support cleaner and more efficient water supply at scale and enhance product quality and safety.	Veralto's ChemTreat water treatment solutions helped save 81 billion gallons of water		0.6
Waste Connections	Waste management and recycling specialist	Enable improved waste recycling rates while mitigating methane emissions from waste.	Recycling operations helped mitigate 22.6 million tons of carbon dioxide equivalent (tCO ₂ e)		2.0













Pillar 2: Social Equity and Quality of Life

Company	Business Activity	Impact Goal	KPI	Primary UN SDG	% of Fund
Agilent Technologies	Leading life science and diagnostics firm	Improving health care innovation and patient outcomes by being the leading supplier of life science and diagnostic tools to a wide range of end markets.	Approximately 3.4 billion diagnostic tests enabled		1.0
AIA Group	Leading pan-Asian life and health insurance group	Offer access to insurance products in a region where penetration rates remain very low.	Access to life and health insurance services helped extend approximately 347,000 lives		1.7
Asia Commercial Bank	Private bank focused on retail and small and medium-sized enterprise segments in Vietnam	Increasing financial inclusion in Vietnam, enabling economic growth and reduction in financial inequalities.	Supported 46,200 jobs and 7.1 million underbanked people approximately		1.0
AstraZeneca	Global pharmaceutical and biotechnology company and leader in immuno-oncology	Push the boundaries of science to deliver life-changing medicines while increasing access to essential medicines.	Delivery of medical treatments helped extend approximately 68,000 lives		1.5
Axis Bank	One of India's largest financial institutions	Increase financial inclusion for retail and micro, small, and medium enterprises in India.	Supported 92,000 jobs and 3.9 million underbanked people approximately		1.6
Bank Central Asia	Largest privately owned bank in Indonesia	Supporting financial inclusion in Indonesia.	Supported 61,400 jobs and 79,000 underbanked people approximately		2.0
BDO Unibank	Universal bank in the Philippines	Increasing financial inclusion in the Philippines, enabling economic growth and reduction in financial inequalities.	Supported 109,900 jobs and 1.9 million underbanked people approximately		1.3







Sources: T. Rowe Price, Net Purpose estimates, individual company annual reports.
Data shown for the T. Rowe Price Global Impact Equity Fund as of December 31, 2023. Subject to change without notice. The securities shown represent 100% of the publicly traded securities held in the pillar shown.

Company	Business Activity	Impact Goal	KPI	Primary UN SDG	% of Fund
Becton Dickinson	Provider of medical equipment and technology used to improve health outcomes	Provide solutions that improve health care delivery, treatment, and patient outcomes.	Approximately 30.3 million patients treated by the company's products		1.7
Bright Horizons Family Solutions	Child-care, early education, and eldercare provider	Allowing working parents to more effectively manage careers while providing more opportunities for dual careers, reducing gender inequities.	Back-up care services helped families save approximately 100,800 missed working days due to emergency childcare needs		1.5
Chailease Holding	Taiwanese leasing company with a specific focus on SMEs	Offer leasing services to SMEs often neglected by large institutions.	Supported 211,000 jobs and 226,888 underbanked people approximately		1.5
Daiichi Sankyo	Global pharmaceutical company based in Japan	Create innovative pharmaceuticals addressing diverse medical needs, especially in the field of cancer treatment.	Delivery of medical treatments helped extend approximately 38,000 lives		1.3
Danaher	Life sciences company providing science and technology solutions to solve health challenges	Advance patient health and improve treatment outcomes through solutions that enable superior clinical decision-making, research, and manufacturing of therapeutics.	Approximately 1 million tests performed per hour on Beckman Coulter instruments		2.0
Eli Lilly	U.S. pharmaceutical company with leading diabetes franchise	Increase access to truly innovative care in diabetes, Alzheimer's disease, and oncology.	Delivery of medical treatments helped extend approximately 2,955 lives		3.2
Evotec	Provider of drug discovery and development solutions for pharmaceutical companies	Provide sophisticated drug discovery tools and platforms that help reduce the cost and time involved in drug development.	Solutions help enable reduction in time and cost of drug development by 30% and 50%, respectively, compared with conventional in-house discovery		0.9
Fortinet	Global network and cloud security solutions provider	Provide cyber protection for cloud and data center operations powered by energy-efficient solutions.	Over 730,000 enterprises protected by Fortinet solutions		1.6
GoDaddy	Provider of digital products that help customers establish an online business	Enable formation and growth in online presence of small businesses, individual entrepreneurs, and developers.	Supported 21 million SMEs approximately		0.8
Hamamatsu Photonics	Manufacturer of optical sensors, electric light sources, and other optical devices as well as automotive safety solutions	Improve the detection of health care issues through better imaging as well as improving automotive safety through LiDAR technology.	JPY12.3 billion spent on research and development		1.2
HDFC Bank	Indian bank offering financing services to India's underserved population	Increase financial inclusion for retail and micro, small, and medium enterprises with a specific focus on semiurban and rural areas.	Supported 492,000 jobs and 4.9 million underbanked people approximately		2.0




Sources: T. Rowe Price, Net Purpose estimates, individual company annual reports.
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Company	Business Activity	Impact Goal	KPI	Primary UN SDG	% of Fund
HDFC Life Insurance	One of the largest life and health insurance companies in India	Narrow the protection gap by providing insurance solutions to the most underprotected and vulnerable populations.	65 million people protected from economic impact from health care costs or death of a family member		1.3
HubSpot	Cloud-based platform offering sales and marketing automation solutions to SMEs	Enable financial inclusion by providing affordable technology solutions to SMEs powered by energy-efficient solutions.	Supported 205,091 SMEs approximately		1.4
Intuit	Financial software provider focused almost exclusively on SMEs	Promote financial inclusion using new technology to help consumers and SMEs.	Supported 6,445 jobs and 100 million SMEs approximately		2.1
Intuitive Surgical	Global leader of robotic-assisted surgery	Make surgery more effective, less invasive, and easier on patients and surgeons through advanced robotics.	Surgical procedures assisted by Intuitive's da Vinci robotic systems helped extend approximately 1,300 lives		1.8
Kanzhun	Provider of digital recruitment platform in China	Promotes greater inclusivity of employment by increasing opportunities for underprivileged groups.	Supported approximately 11.6 million small and medium-sized enterprises (SMEs)		0.8
DSM-Firmenich	Global purpose-led, science-based company specializing in nutrition, health, and bioscience	Reduce hunger and malnutrition in the food chain and improve nutrition for those who need it most.	Reached 227 million people with immunity-supporting products and 62 million people with plant-based food		1.3
MercadoLibre	Payment solutions provider and e-commerce company in Latin America	Facilitate transition from cash to online payments, helping advance financial inclusion.	Supported approximately 110,840 jobs and 574,000 small and medium-sized enterprises (SMEs)		1.4
MSA Safety	Leading manufacturer of safety equipment	Protect workers from injuries and health-threatening incidents.	Over 40 million workers protected by personal protection equipment		0.8
Nu Holdings	Brazilian digital bank operating throughout Latin America	Promote financial inclusion by providing low-cost services to underserved or unbanked populations.	Supported 5.7 million underbanked people approximately		1.0
OneMain Holdings	Lender focusing on subprime personal and auto loans	Improve credit access to those with limited access while also providing budgeting and financial literacy resources.	Supported 2.3 million underbanked people approximately		2.0
Sartorius	Life sciences company providing tools and equipment to improve health outcomes	Improve patient outcomes by providing products that help make the therapeutic manufacturing process cheaper and more efficient.	EUR 170 million spent on research and development		1.4
Shopify	Multinational cloud-based e-commerce platform largely focused on SMEs	Enable SMEs easy access and opportunity to create and manage online businesses enabling effective competition.	Supported 5.2 million jobs		1.5

Sources: T. Rowe Price, Net Purpose estimates, individual company annual reports.
Data shown for the T. Rowe Price Global Impact Equity Fund as of December 31, 2023. Subject to change without notice. The securities shown represent 100% of the publicly traded securities held in the pillar shown.

Company	Business Activity	Impact Goal	KPI	Primary UN SDG	% of Fund
Sonova	Manufacturer of hearing aids and cochlear implants	Help diagnose and address hearing loss for patients and enhance their quality of life.	Approximately 5 million patients treated by the company's hearing devices		0.5
Stryker	Medical technology company with specific leadership in orthopedics and medical surgery solutions	Provide innovative solutions that improve treatment outcomes and quality of life for patients.	Approximately 150 million patients served by the company's devices		1.7
Thermo Fisher Scientific	Life science tools company providing science and technology solutions to solve health challenges	Provide innovative solutions to help improve life for patients and therapeutic research and development outcomes.	Organ transplants enabled by Thermo Fisher helped extend 224,000 lives		2.3
UnitedHealth	Largest health insurer and value-based care technology provider in the United States	Provide a health care safety net while improving coverage for aging populations and pursuing cost reduction initiatives.	Approximately 11,500 lives extended as a result of Medicaid membership		2.4
Veeva Systems	Cloud-based software solutions provider for the life sciences industry	Enabling health care companies to engage in faster and more accurate clinical trials and achieve better health care outcomes.	Veeva's software solutions serve roughly 1,432 customers		1.4
Zoetis	World's largest producer of medicine and vaccinations for pets and livestock	Provide products and services that improve companion animal health and the quality of life in the livestock food chain.	USD 614 million spent on research and development		2.0

Pillar 3: Sustainable Innovation and Productivity

Company	Business Activity	Impact Goal	KPI	Primary UN SDG	% of Fund
ASML	Leading provider of lithography to semiconductor industry; sole supplier of extreme ultraviolet lithography machines in the world	Enable energy efficiency and digital connections through innovation in chip manufacturing.	Downstream energy efficiency gains through products helped mitigate 724,000 tons of carbon dioxide equivalent (tCO ₂ e)		2.7
Synopsys	Largest and fastest-growing electronic design automation company with a dominant position in digital design	Enable innovative chip design that improves energy efficiency and reduces the digital divide.	25% power reduction enabled by Synopsys Systems on a chip (SoCs) designs		1.5
TSMC	World's largest semiconductor manufacturer	Improve energy efficiency and foster digital connections throughout the world.	Products helped mitigate 12.9 million tons of carbon dioxide equivalent (tCO ₂ e)		2.0

Sources: T. Rowe Price, Net Purpose estimates, individual company annual reports.
Data shown for the T. Rowe Price Global Impact Equity Fund as of December 31, 2023. Subject to change without notice. The securities shown represent 100% of the publicly traded securities held in the pillar shown.

Global Impact Equity Team

Our people

Hari Balkrishna is the portfolio manager for the T. Rowe Price Global Impact Equity Fund and has ultimate responsibility for portfolio decision-making. He is closely supported by Impact Equity Analyst Chris Vost, who helps with idea generation, company fundamental and impact analysis, and engagement. Hari and Chris are supported

by Lead Portfolio Analyst Fatna Chelihi and also work closely with the investment teams of T. Rowe Price's other impact funds. Collaboration and communication among the entire impact team is critical to the success of our platform, and we use established formal and informal channels to ensure that information flows seamlessly.

Portfolio Manager

Drives portfolio construction, risk allocation, and performance



Hari Balkrishna

Portfolio Manager—T. Rowe Price Global Impact Equity Fund

- 19 years of investment experience
- 14 years with T. Rowe Price

Fund Investment Team



Chris Vost

Impact Equity Analyst

- 12 years of investment experience
- 9 years with T. Rowe Price



Fatna Chelihi

Lead Portfolio Analyst

- 11 years of investment experience
- 3 years with T. Rowe Price

T. Rowe Price Impact Team

Provides cross-asset impact collaboration and idea generation, along with joint issuer engagement



David Rowlett

*Portfolio Manager—
T. Rowe Price US
Impact Equity Strategy*

- 21 years of investment experience
- 16 years with T. Rowe Price



Kaoutar Yaiche

Impact Equity Analyst

- 3 years of investment experience
- 3 years with T. Rowe Price



Matt Lawton, CFA

*Portfolio Manager—
Global Impact Credit
Strategy, Global
Impact Short Duration
Bond Strategy*

- 17 years of investment experience
- 13 years with T. Rowe Price



Willem Visser

*Fixed Income
ESG Sector
Portfolio Manager*

- 12 years of investment experience
- 7 years with T. Rowe Price



Ellen O'Doherty, CFA

Impact Credit Analyst

- 4 years of investment experience
- 4 years with T. Rowe Price

As of June 30, 2024.

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Effective, January 1, 2025, Chris Vost transitioned to portfolio manager of the International Select Strategy. He is expected to transition off of the impact strategies in April 2025.

ESG Investment Resources¹

T. Rowe Price Associates (TRPA) Responsible Investing



Maria Elena Drew

Director of
Research,
Responsible
Investing (London)



Tongai Kunorubwe

Head of ESG,
Fixed Income
(London)



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Analyst (London)



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Ashley Hogan

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TRPA Governance



Donna Anderson

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Kara McCoy

Governance
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Yijiang Wang

Governance
Analyst (London)

¹ As of June 30, 2024.

² ESG data and business support.

Impact glossary

Additional (impact context): The extent to which an action or item adds to the existing activities of a company and results in a greater impact. Engagement and proxy voting are two important tools at the Global Impact Equity team's disposal to be additional and accelerate the impact agenda.

Alignment (with SDGs): When a given company links its business activities to specific United Nations Sustainable Development Goals (UN SDGs) and targets. An increasing number of companies report and communicate on SDGs in their sustainability reports.

CO₂e: Carbon dioxide equivalent or CO₂ equivalent. This metric is used to compare the emissions from various greenhouse gases on the basis of their global warming potential by converting amounts of other gases to the equivalent amount of carbon dioxide with the same global warming potential.

Due diligence (impact): The process of assessing the intended impact of a company before investing. The key benefits are a deep understanding of the investee's activities, incorporating stakeholders' perspectives, identifying material ESG factors, and aligning anticipated impacts with UN SDGs. Every stock selection decision begins with a clearly identified positive impact thesis tied to one of three investment pillars and eight sub-pillars. See Theory of change.

ESG: Environmental, social, and governance (ESG) criteria—a set of standards for a company's operations that socially conscious investors use to screen investments. Environmental criteria look at how a company performs as a steward of the natural environment. Social criteria examine how a company manages relationships with its employees, suppliers, customers, and the communities where it operates. Governance deals with a company's leadership, staff remuneration, audits and internal controls, management structures, employee relations, tax compliance, and shareholder rights.

ESG integration (T. Rowe Price): Incorporating environmental, social, and governance factors into investment analysis for the purpose of maximizing investment performance. For certain non-impact T. Rowe Price investment strategies, some investments, including, but not limited to, cash, currency positions, and particular types of derivatives, an ESG analysis may not be relevant or possible due to a lack of data. Where ESG considerations are integrated into the investment research process, we may conclude that other attributes of an investment outweigh ESG considerations when making investment decisions.

Fiduciary: A person or organization that acts on behalf of another person or persons, putting their clients' interests ahead of their own, with a duty to preserve good faith and trust.

Five Dimensions of Impact: A framework used to assess a company's ability to deliver impact on a holistic basis, including the risks that may affect its ability to deliver the targeted impact. The five dimensions are:

- **What** outcome is occurring in the period?
- **Who** experiences the outcome?
- **How** much of the outcome is occurring (scale, depth, and duration)?
- **Contribution**—Would this change likely have happened anyway?
- **Risks**—What is the risk to people and the planet if the impact does not occur as expected?

(This framework has been developed by the Impact Management Project.)

Global Impact Investing Network (GIIN): A nonprofit organization dedicated to increasing the scale and effectiveness of impact investing around the world. thegiin.org

Impact: Primary and secondary long-term effects produced by an intervention or investment directly or indirectly, intended or unintended. Can be positive and/or negative. Impact is often used to refer to higher-level effects of a program that occur in the medium or long term. See Theory of change.

Impact investing: Investing that aims to generate specific beneficial social or environmental effects in addition to financial gain. Impact investing is a subset of socially responsible investing (SRI), but while the definition of socially responsible investing encompasses avoidance of harm, impact investing actively seeks to make a positive impact by investing, for example, in nonprofits that benefit the community or in clean technology enterprises. Investments are made into companies, organizations, and funds with the intention to generate social and environmental impact alongside a financial return.

Impact Management Project (IMP): A project by Bridges Fund Management that has brought together a range of different impact practitioners to build and further global consensus on how to measure, assess, and report impacts on people and the environment. [impactmanagementproject.com](https://www.impactmanagementproject.com)

Impact measurement: Measuring and managing the process of creating social and environmental impact in order to maximize and optimize it.

Impact pillar and sub-pillar (T. Rowe Price): A proprietary structure where impact activities are aligned to the UN SDGs, which guide all investment decisions. All stocks in the impact universe are linked to at least one pillar and sub-pillar. See Impact universe (T. Rowe Price).

Impact thesis: Explains how a given company's activities are expected to generate results likely to contribute to intended impacts. Every stock selection decision begins with a clearly identified positive impact thesis tied to one of three investment pillars and eight sub-pillars, which are aligned with the UN SDGs. The impact thesis ensures material and measurable environmental and social impact. See Theory of change.

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)). Securities are screened to exclude those whose activities may be considered harmful to the environment and/or society and incorporates both category and conduct based exclusions. The exclusions are set in the Impact Exclusion List Policy and for further details, please also refer to T. Rowe Price's Australian Unit Trusts Impact Statement, both of which are available at www.troweprice.com.au/investors. 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.

Key performance indicators (KPIs): A set of quantifiable measures that the impact manager uses to determine a company's progress in achieving its strategic, operational, and impact goals.

Material (impact context): The process of defining the social and environmental topics that matter most to a given business and its stakeholders.

Measurable (impact context): A hallmark of impact investing is the investor's commitment to measure and report the social and environmental performance and progress of underlying investments, ensuring transparency and accountability. See Impact universe (T. Rowe Price).

Outcome: A result or effect caused by or attributable to the product, services, or policy of a given company. Outcome often refers to more immediate and intended impact. See Theory of change.

Private equity markets: Private equity refers to capital investment made into companies that are not publicly traded.

Proxy Voting Impact Policy (T. Rowe Price Associates): The T. Rowe Price Global Impact Equity Fund has a custom voting policy. It has the flexibility to vote differently from the rest of TRPA, particularly on "impact issues."

Public equity markets: Public equity investments available and easily traded daily through public market exchanges.

Responsible Investment Association Australasia (RIAA): The RIAA champions responsible investing and a sustainable financial system in Australia and New Zealand. The RIAA is dedicated to ensuring capital is aligned with achieving a healthy society, environment, and economy. responsibleinvestment.org

Scope 1 carbon emissions: Direct emissions from owned or controlled sources (e.g., factories, owned fleet).

Scope 2 carbon emissions: Indirect emissions, such as those from the generation of energy used for heating or cooling consumed by the reporting company.

Scope 3 carbon emissions: Includes all other indirect emissions that occur in a company's value chain, upstream and downstream (e.g., for a company like T. Rowe Price, this would include emissions associated with business travel and waste disposal).

Small and medium-sized enterprise (SME): The categorization SME is designed to differentiate businesses with relatively small amounts of capital and/or personnel from larger organizations, particularly in relation to market segmentation, financial assistance, or regulatory issues.

Social: Relating to society or its organization. Social impact is the effect of an activity on the social fabric of the community and well-being of individuals and families.

Socially responsible investment (T. Rowe Price): Imposing value-based investment parameters on a portfolio regardless of their potential impact on performance.

Theory of change: Impact measurement framework that explains the steps taken by a company to produce specific societal and environmental outcomes on a chronological basis. It provides an opportunity to dig deep into a company's activities and understand the short- and longer-term effects on stakeholders. We use the "theory of change" model as a basis for evaluating how the efforts of each holding or prospective investment are delivering impact through the measurement of achieved outcomes.

We scrutinize each candidate against the following theory of change criteria to help us clearly identify the positive impact thesis for each:

- **Input**—Financial, human, or material resources a company puts in its business operations
- **Output**—Products or services that result from a company's business activities
- **Outcome**—Short- to medium-term effect on stakeholders attributable to a company's products or services
- **Impact**—Long-term effect on the planet or society caused by a company's products or services

See Case Studies for examples of the impact journey.

United Nations Sustainable Development Goals (UN SDGs): The UN Sustainable Development Goals encompass 17 goals to end poverty, protect the planet, and ensure prosperity. Each of the goals has specific targets to be reached between 2015 and 2030 and corresponding regulatory guidelines. While the UN SDGs are a tool for countries, and not corporations, they serve as a useful framework for identifying the world's pressure points. As such, investors have adopted the framework to understand how companies are impacting their various nonfinancial stakeholders.

The T. Rowe Price Global Impact Equity Fund reporting framework incorporates the UN SDGs as they are a recognized and accepted tool that helps the asset management industry form a common language around sustainability.

Additional Disclosures

Holdings shown are for illustrative purposes only and are subject to change without notice.

Company specific data were provided by the company during an ESG engagement or are available through company reports. Information presented has been obtained or derived from sources believed to be reliable and current; however, we cannot guarantee the sources' accuracy or completeness.

The specific securities identified and described are 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. The specific securities identified and described do 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. T. Rowe Price may have ongoing business and/or client relationships with the companies mentioned in this report.

The use of impact key performance indicators is not intended to provide a forward-looking view on the likely performance of each issuer held in the portfolio. Instead, it is intended to document how we will assess the positive additional impact that each issuer's economic activities are having on the real world. For example, we would note that increasing revenue streams from sustainable economic activities does not necessarily equate to increasing profits, nor does it necessarily equate to positive share price performance. Our investment analysis will also focus on the profitability and perceived value of each issuer and their sustainable initiatives, but this does not form part of the impact KPI.

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INVEST WITH CONFIDENCE™

T. Rowe Price identifies and actively invests in opportunities to help people thrive in an evolving world, bringing our dynamic perspective and meaningful partnership to clients so they can feel more confident.

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