



T.RowePrice

Global Impact Credit Strategy

2023 Annual Impact Report



Issued February 2025.

For Investment Professionals only. Not for further distribution.

IMPORTANT INFORMATION:**Aggregated Report**

This impact report is based on the representative portfolio of the Global Impact Credit Strategy.

The strategy includes fund vehicles, which will have different investor bases, different inflows and outflows over time, and a different net asset value. Not all vehicles are available to all investors in all jurisdictions. Portfolio holdings of each fund vehicle may not be exactly the same as either the representative portfolio or other funds in the strategy. For similar reasons, the proxy voting patterns of the fund vehicles will not be exactly the same as each other, although they will be broadly aligned.

This impact report relates to the representative portfolio rather than each fund. It is therefore designed to give you an idea of how the strategy is deployed, with the case studies being selected to provide evidence of the investment process results in relation to the impact investments being made.

Proxy voting records; environmental, social, and governance factors; and impact engagements are selected to show you how T. Rowe Price interacts with the companies each fund invests in on your behalf.

If you wish to access fund-specific reporting, this will be available in the monthly fact sheets for each fund, as well as the interim and final regulatory reports and accounts, which are published semiannually.

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Finding New Avenues for Impact

A central driving force for us as impact investors is to address the funding gap for ensuring sustainable and inclusive economic growth and prosperity. Over the past year, the threat and cost of climate change have become more apparent, while the United Nations Sustainable Development Goals (UN SDGs) are behind target and underinvested.¹ None more so than SDG 14, Life below water, which sees only a fraction of the USD 175 billion it is estimated is needed in annual funding.²

The blue economy, and blue bonds, have become an important focus for us and across capital markets broadly. While our strategies have invested in select blue bond transactions, T. Rowe Price is also well advanced with plans to launch a dedicated blue bond investment vehicle, focused on directing capital to blue economy projects in emerging markets. We are optimistic on the prospects for the blue bond market from both an impact and financial return perspective. Blue bonds are a prime example of the ever-increasing diversity, continual evolution, and innovation that make impact investing so compelling and exciting to be involved in. The blue bonds we have invested in to date also offer attractive potential returns.

Another area of innovation we have enthusiastically supported has been the International Bank for Reconstruction and Development's (IBRD) impact outcome bonds, including the Plastic Waste Reduction Bond,³ which we expect to develop further in future. We previously partnered with the IBRD in 2022 on the Wildlife Conservation Bond, which has delivered positive outcomes in conserving the black rhinoceros in South Africa and is on track to provide an attractive payout to bondholders.

We continued to find opportunities in emerging markets, including telecom companies bridging the digital divide, companies providing affordable housing and green mortgages in South America, and Central and Eastern European banks driving financial inclusion and financing the low-carbon transition. These investments have helped us maintain an attractive yield relative to the wider market, offering the prospect of attractive financial returns. The depth of our research platform has proven invaluable in identifying and underwriting these exciting opportunities.

Despite the strong year for corporate bonds, fundamentals remain attractive, and pockets of value persist. We remain confident and expectant that the market for environmental, social, and governance-labeled bonds will continue to grow and provide fruitful impact and fundamental investment opportunities, which we are well placed to capture.

We are delighted to present you with the Global Impact Credit Strategy 2023 Annual Impact Report marking the end of the strategy's third year. I am genuinely grateful for everyone who continues to support us in this journey—my colleagues and partners across T. Rowe Price as well as our clients who have entrusted us to pursue impact and financial returns. We remain deeply committed to pushing for the highest impact standards in our investment decisions.



Matt Lawton, CFA
*Portfolio Manager,
T. Rowe Price Global
Impact Credit Strategy*



We are
optimistic on
the prospects
for the blue
bond market
from both an
impact and
financial return
perspective.

¹ UN SDG Progress Report.

² Marine Policy, February 2020.

³ Plastic Waste Reduction Bond issued in January 2024.

About Global Impact Credit

The breadth, depth, and liquidity of credit markets can allow investors access to a wider variety of impact opportunities. This also provides issuers with requisite capital to concurrently finance their operations and invest in long-term impact goals. The Global Impact

Credit Strategy seeks to have a positive impact on the environment and society whilst at the same time seeking to increase the value of its shares through both growth in the value of, and income from, its investments in global fixed income credit securities over a full market cycle.

Why T. Rowe Price Global Impact Credit?



Depth & breadth of resources

Cross-asset collaboration, combined with proprietary screening models, helps identify high-impact investments



Committed impact research, measurement & Engagement

In-depth impact analysis and engagement help to ensure materiality, measurability, and additionality



Risk-managed portfolio construction

Risk-aware portfolio management promotes controlled tracking error

Impact investing is a natural extension of environmental, social, and governance investing.

The Four Components of Our Impact Investing Charter



Material

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



Measurable

Our approach is multidimensional and security-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.



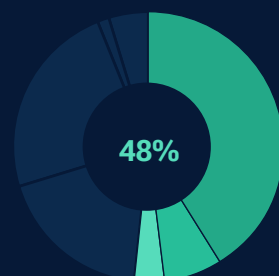
Resilient

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

Portfolio Positioning

Portfolio by Impact Pillar and Sub-pillar¹

Climate and Resource Impact



38.3% Reducing Greenhouse Gases

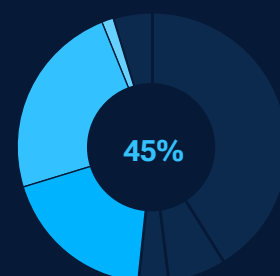


5.8% Promoting Healthy Ecosystems



3.6% Nurturing Circular Economies

Social Equity and Quality of Life



20.3% Enabling Social Equity

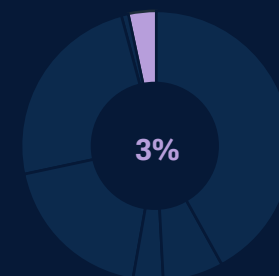


23.6% Improving Health



1.5% Enhancing Quality of Life

Sustainable Innovation and Productivity²



1.6% Sustainable Technology



0.9% Building sustainable infrastructure

Portfolio by Primary UN SDGs³



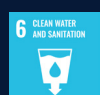
3.0%



23.1%



0.6%



0.9%



20.5%



2.3%



4.7%



14.3%



10.9%



4.0%



4.8%



1.8%

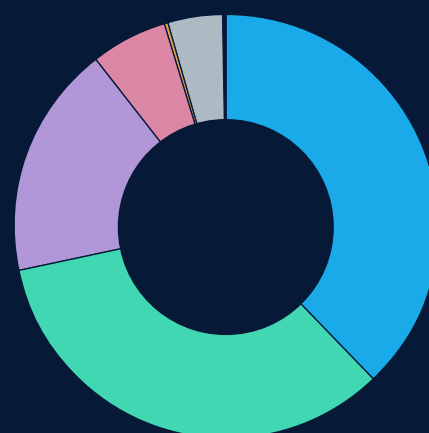


3.5%



1.2%

Portfolio by Bond Classification



38.0% Non-labeled Bonds

34.0% Green Bonds⁴

17.6% Sustainability Bonds

5.9% Social Bonds

0.2% Sustainability-Linked Bonds

4.4% Cash and Equivalents

¹ Data shown for the T. Rowe Price Global Impact Credit representative portfolio as of December 31, 2023. Subject to change without notice. Figures may not total due to rounding. **See Additional Disclosures for more details on the representative portfolio.** Pillars are proprietary to T. Rowe Price and were developed for the purpose of aligning portfolio holdings according to the impact being delivered.

² Note each of the securities under the Sustainable Innovation and Productivity pillar also meet the criteria of either the Climate and Resource or Social Equity and Quality of Life pillars. The Sustainable Innovation and Productivity pillar is being assessed for removal, subject to regulatory approval.

³ Balance of allocation (4.4%) is held in cash.

⁴ Includes Blue Bonds.

Source for images: United Nations: 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 by primary United Nations Sustainable Development Goals

1 NO POVERTY  <ul style="list-style-type: none"> Inter-American Development Bank International Bank for Reconstruction and Development 	2 ZERO HUNGER 	3 GOOD HEALTH AND WELL-BEING  <ul style="list-style-type: none"> Aflac AstraZeneca Avantor Becton Dickinson Cedars-Sinai Health System Centene Children's Hospital of Philadelphia CVS Health Eli Lilly European Investment Bank Health Care Service Hikma Humana IQVIA Kaiser Foundation Hospitals Memorial Sloan-Kettering Cancer Center Molina Healthcare Novartis Perkinelmer Pfizer Praemia Healthcare Rady Children's Hospital Sartorius Southern California Edison STERIS Sutter Health Thermo Fisher Scientific UnitedHealth Group 	
4 QUALITY EDUCATION 	5 GENDER EQUALITY  <ul style="list-style-type: none"> NatWest Group 	6 CLEAN WATER AND SANITATION  <ul style="list-style-type: none"> Xylem Mueller Water Products 	
7 AFFORDABLE AND CLEAN ENERGY  <ul style="list-style-type: none"> AES Corporation Autoliv BNP Paribas Digital Realty Trust Enel Chile Energias de Portugal Equitable Financial Life Eurogrid Hannon Armstrong Iberdrola International International Development Association 	<ul style="list-style-type: none"> International Finance Corporation Johnson Controls Linde Micron Technology Mueller Water Products New York State Electric & Gas NextEra Energy Niagara Mohawk Power NLB Group Orsted Pacific Gas & Electric 	<ul style="list-style-type: none"> Perkinelmer Reseau de Transport d'Electricite San Diego Gas & Electric SEGRO Sociedad de Transmision Austral Southern California Edison Standard Chartered Terraform Trane Technologies 	8 DECENT WORK AND ECONOMIC GROWTH  <ul style="list-style-type: none"> Allied Irish Banks CaixaBank Fondo Mivivienda
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE  <ul style="list-style-type: none"> Aptiv Bangkok Bank Bank Negara Indonesia Bank of Ireland Elisa Telefonica 	10 REDUCED INEQUALITIES  <ul style="list-style-type: none"> American Express Banca Transilvania Banco Sabadell Banco Santander BBVA Bancomer BPCE Ceska Sporitelna Cooperatieve Rabobank Council of Europe Credit Agricole Globe Telecom HDFC Bank Kookmin Bank OneMain Finance Orange PNC Financial Services Group 		
11 SUSTAINABLE CITIES AND COMMUNITIES  <ul style="list-style-type: none"> Aedifica Alexandria Real Estate Aptiv Bank of Ireland Boston Properties CenterPoint Energy Healthpeak Properties 	<ul style="list-style-type: none"> Infineon Technologies ING Groep Intesa Sanpaolo Kilroy Realty NatWest Group NXP Semiconductors 	12 RESPONSIBLE CONSUMPTION AND PRODUCTION  <ul style="list-style-type: none"> Autodesk Brambles Finance Darling Ingredients DS Smith Smurfit Kappa VF Corp 	
13 CLIMATE ACTION  <ul style="list-style-type: none"> Carrier Global Dana FedEx Ford Motor General Motors Johnson Controls LeasePlan 	14 LIFE BELOW WATER  <ul style="list-style-type: none"> Export-Import Bank of Korea Landsbankinn Orsted 	15 LIFE ON LAND  <ul style="list-style-type: none"> Inter-American Development Bank International Bank for Reconstruction and Development Munich Re Pacific Gas & Electric 	
16 PEACE, JUSTICE AND STRONG INSTITUTIONS  <ul style="list-style-type: none"> Fortinet 	17 PARTNERSHIPS FOR THE GOALS 		

SUSTAINABLE DEVELOPMENT GOALS

Data shown for the representative portfolio as of December 31, 2023. Subject to change without notice. The securities shown represent 100% of the publicly traded securities held in the portfolio. There were no holdings primarily aligned with UN SDGs 2, 4, 8, and 17. The specific securities identified and described do not represent all of the securities purchased, sold, or recommended for T. Rowe Price clients, and no assumptions should be made that investments in the securities identified and discussed were or will be profitable. Source for images: United Nations: 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.

Select Holdings by Region

We research a global universe of securities to construct a diverse portfolio with holdings from across the world. A selection of the portfolio¹ is illustrated on the map below and the following page. The specific securities listed are shown to illustrate the breadth of coverage of the UN SDGs in each of the regions.

U.S.



XYLEM

Pillar: Climate and Resource Impact
Sub-pillar: Promoting Healthy Ecosystems
Impact Activity: Protecting Air, Land, and Water



FEDEX

Pillar: Climate and Resource Impact
Sub-pillar: Reducing Greenhouse Gases
Impact Activity: Decarbonization and Carbon Capture



SUTTER HEALTH

Pillar: Social Equity and Quality of Life
Sub-pillar: Improving Health
Impact Activity: Providing Health Care Solutions



APTIV

Pillar: Sustainable Innovation & Technology
Sub-pillar: Sustainable Technology
Impact Activity: Innovative Growth and Smart Infrastructure

Americas ex-U.S.



FONDO MIVIVIENDA

Pillar: Social Equity and Quality of Life
Sub-pillar: Enabling Social Equity
Impact Activity: Financial Inclusion



SOCIEDAD DE TRANSMISION AUSTRAL

Pillar: Climate and Resource Impact
Sub-pillar: Reducing Greenhouse Gases
Impact Activity: Decarbonization and Carbon Capture



BBVA BANCOMER

Pillar: Social Equity and Quality of Life
Sub-pillar: Enabling Social Equity
Impact Activity: Financial Inclusion

¹ See Portfolio by Primary United Nations Sustainable Development Goals on the previous page for a full list of portfolio holdings as of December 31, 2023, and important disclosure.

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

Europe



BANCA TRANSILVANIA

Pillar: Social Equity & Quality of Life

Sub-pillar: Enabling Social Equity

Impact Activity: Financing Activities



ELISA

Pillar: Climate and Resource Impact

Sub-pillar: Reducing Greenhouse Gases

Impact Activity: Increasing Energy Efficiency



ORSTED

Pillar: Climate & Resource Impact

Sub-pillar: Reducing Greenhouse Gases

Impact Activity: Decarbonization and Carbon Capture

Asia



GLOBE TELECOM

Pillar: Social Equity and Quality of Life

Sub-pillar: Enabling Social Equity

Impact Activity: Digital Connections



EXPORT-IMPORT BANK OF KOREA

Pillar: Climate and Resource Impact

Sub-pillar: Promoting Healthy Ecosystems

Impact Activity: Protecting Air, Land, and Water



BANK NEGARA INDONESIA

Pillar: Social Equity and Quality of Life

Sub-pillar: Enabling Social Equity

Impact Activity: Enabling Enterprise Growth

Africa and Middle East



INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Pillar: Social Equity and Quality of Life

Sub-pillar: Enabling Social Equity

Impact Activity: Meeting Basic Needs/Affordable Housing



INTERNATIONAL FINANCE CORPORATION

Pillar: Climate and Resource Impact

Sub-pillar: Reducing Greenhouse Gases

Impact Activity: Increasing Energy Efficiency



HIKMA

Pillar: Social Equity and Quality of Life

Sub-pillar: Improving Health

Impact Activity: Providing Health Care Solutions

Source for images: United Nations: 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.



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 tons³ of plastic ever produced was made in the last 13 years.

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 (GHGs), 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.

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 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.

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 area of opportunity.

More sustainable alternatives include paper or aluminum-based packaging. As they are recyclable, they are less energy intensive than plastic and can save GHG emissions. Switching to these alternatives helps foster a circular economy in which goods are more frequently reused or recycled and landfill waste reduced.

⁸ National Cancer Institute, 2023.

⁹ *Environmental Business Journal*, Q3 2022.

Paper packaging producer Smurfit Kappa has helped numerous customers reduce plastic use. One example is a cake company in Colombia that has saved 84 tons of plastic through using its paper packaging.¹⁰

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 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 that they expand quickly. We think investors can play a role by identifying companies with the potential to deliver positive impact alongside attractive investment outcomes.

¹⁰ Smurfit Kappa, Sustainability Report 2023.

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.)



Case Study—World Bank Plastic Waste Reduction-Linked Bond

Efforts to mitigate plastic pollution will need to be coordinated across multiple fronts. Fixed income affords the ability to allocate funding directly into positive impact projects via earmarked bond proceeds. An innovative new type of bond from the International Bank for Reconstruction and Development, the development arm of the World Bank, that links returns to specific outcomes is particularly interesting.

The second of these types of bonds offered by the World Bank, the Plastic Waste Reduction bond, was launched in January 2024 following discussions with the IBRD in late 2023. This bond is financing the expansion of plastic collection and recycling projects in Indonesia and Ghana. The returns from the bond will depend on the plastic and carbon credits generated by the projects, as well as jobs created.

Plastic pollution is particularly acute in Indonesia and Ghana, as it is in many developing countries. Indonesia is the third-largest contributor to marine plastic pollution globally,¹ while it is estimated that 86% of plastic waste in Ghana is improperly disposed of, so it clogs up waterways and ends up in the ocean.²

The bond proceeds finance the ASASE Foundation in Ghana and SEArcular in Indonesia to expand existing plastic and recycling facilities and develop new capacity. ASASE is a community-based plastic waste collection and recycling project that helps set up small recycling plants as social enterprises and supports women entrepreneurs to build plastic waste collection businesses. SEArcular focuses on the metropolitan Surabaya region including its 66-kilometer coastline, working with local communities that provide training, employment, and (to negotiate) price premiums for the ocean-bound plastic they collect. The projects' networks collect plastics that are processed and reused in the production of various goods.

¹ UNEP.

² The World Bank, 2020.

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

The theory of change demonstrates how the portfolio's investments and activities directly contribute to greater deployment of products and services that help remediate critical environmental and social problems, leading to positive impacts.

We invest in specific business activities that have the potential for positive environmental and/or social impacts (asset contribution). We also aim to contribute to positive impact (investor contribution) through both stewardship activities and provision of new capital.

Impact Journey

Input

Financial, human, or material resources the company or fund puts into 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 Impact Glossary for details on KPIs.

Impact outcomes

The securities in which the Global Impact Credit Strategy invests deliver positive contributions across several areas of impact. Since we do not target specific themes and instead focus on issue-specific outcomes for labeled bonds, and company-specific outcomes for non-labeled alignment of revenue bonds, we primarily measure impact at the security level. However, where available and where it makes sense to do so, we aggregate these data points across securities. 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 securities we invest in (approximately 79% 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 security 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 data below are presented in two ways: (1) in aggregate at the security level (i.e., issue-specific outcomes for labeled bonds and company-specific outcomes for non-labeled alignment of revenue bonds) (left figure) and (2) normalized to represent the impact associated with USD 1 million invested in the Global Impact Credit Strategy representative portfolio (right figure).

Environmental



Metric tons of CO₂e avoided

1.2 billion

**total impact
security level**

1,021

**total impact
per USD 1 million**

Multiple issuers—key contributors were Aptiv, Autoliv, CenterPoint Energy, International Finance Corporation, Kilroy Realty, Kookmin Bank, New York State Electric & Gas, Pacific Gas & Electric, Praemia Healthcare



Cubic meters of water saved

304.9 million

**total impact
security level**

4,477

**total impact
per USD 1 million**

Aflac, Alexandria Real Estate, Boston Properties, Darling Ingredients, Digital Realty Trust, Hannon Armstrong, Healthpeak Properties, Intesa Sanpaolo, Mueller Water Products, VF Corp, Xylem



Metric tons of waste avoided

31.5 million

**total impact
security level**

197

**total impact
per USD 1 million**

Brambles Finance, Darling Ingredients, DS Smith, FedEx, Fondo Mivivienda, Intesa Sanpaolo, Munich Re, Smurfit Kappa, Standard Chartered

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. Individual company results may vary significantly and may not achieve the same level of impact in the future. Based on company-reported data. Additionally, normalized data estimates the impact of the representative portfolio's holdings and is calculated, for non-labeled bonds with a listed equity equivalent, 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 in the portfolio for the period end. Non-labeled bonds without a listed equity equivalent, use the total value of all bonds in the corporate structure plus the book value of equity. Labeled bonds use face value of all bonds where the proceeds are used in the calculation of the KPI. 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



Underbanked people served

43.9 million

total impact
security level

Banco Santander, Bangkok Bank, Bank Negara Indonesia, BBVA Bancomer, CaixaBank, HDFC, Kookmin Bank

11

total impact
per USD 1 million



Loans provided (USD) to SMEs¹

568 billion

total impact
security level

Aflac, Banco Sabadell, Banco Santander, Bangkok Bank, Bank Negara Indonesia, BBVA Bancomer, BPCE, Cooperative Rabobank, Credit Agricole, HDFC, Kookmin Bank, NatWest

68,912

total impact
per USD 1 million



Jobs supported

12.9 million

total impact
security level

Multiple issuers—Key contributors were Banca Transilvania, Banco Santander, Bank Negara Indonesia, Council of Europe, Credit Agricole, Inter-American Development Bank, International Bank for Reconstruction and Development, International Development Association

16

total impact
per USD 1 million



Patients treated

1.1 billion

total impact
security level

Multiple issuers—Key contributors were AstraZeneca, Becton Dickinson, CaixaBank, Centene, Children's Hospital of Philadelphia, Novartis, PerkinElmer, Pfizer, Praemia Healthcare

89

total impact
per USD 1 million

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.

Individual company results may vary significantly and may not achieve the same level of impact in the future. Based on company reported data, T. Rowe Price estimates, and Net Purpose estimates.

Additionally, normalized data estimates the impact of the representative portfolio's holdings and is calculated, for non-labeled bonds with a listed equity equivalent, 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 in the portfolio for the period end. Non-labeled bonds without a listed equity equivalent, use the total value of all bonds in the corporate structure plus the book value of equity. Labeled bonds use face value of all bonds where the proceeds are used in the calculation of the KPI.

¹ Small and Medium Enterprises.

1

Climate and Resource Impact



**Reducing Greenhouse
Gases**



**Promoting Healthy
Ecosystems**



**Nurturing Circular
Economies**



Case Study | Reducing Greenhouse Gases

Micron Technology

Green
Bond

Pressure points

Demand for technology, and particularly artificial intelligence (AI), is growing rapidly, which is in turn driving increasing demand for energy, while the production of semiconductors, an integral component of AI, is highly water intensive.

Impact journey

INPUT

Micron Technology's 2021 Green Bond allocated USD 1 billion to financing environmental sustainability objectives from 2019–2023.

OUTPUT

Financing provided for green buildings, energy efficiency projects, and sustainable water management.

- USD 241 million for green buildings
- USD 14.6 million for energy efficiency
- USD 10.4 million for sustainable water management

OUTCOME

Capital-financed improved energy efficiency of buildings, reduced water usage, and lower-carbon emissions.

- 9 LEED Gold projects
- 150 kilowatts (kW) renewable energy capacity installed
- 270 megawatt hours (MWh) generated annually
- 139,000 MWh annual savings from 24 energy efficiency projects
- 20 water management projects

IMPACT

- 500,000 square meters of LEED Gold facilities
- 62,090 metric tons of carbon dioxide equivalent (mtCO₂e) GHG reduction
- 4 million cubic meters annual water savings
- 2.4 million kilograms annual waste reduction

Source: Micron Green Bond Report 2023.



Case Study | Reducing Greenhouse Gases

Niagara Mohawk

Green
Bond

Pressure point

Reducing GHG emissions from the power sector, as well as enabling the electrification and decarbonization of the wider economy, is paramount in helping mitigate climate change. Decarbonization requires a significant acceleration in upgrades and adaptations to the power grid.

Impact journey

INPUT

NMPC issued a green bond in September 2022, raising USD 500 million for investing in electricity transmission and distribution (T&D).

OUTPUT

Proceeds from this bond were invested in electricity T&D infrastructure in New York state.

At an issuer level, NMPC:

- Owns and operates 85,000 km of electricity distribution lines¹
- Serves 1.7 million electricity customers¹

OUTCOME

Additional renewable capacity integrated into the grid.

Issuer does not report this KPI

IMPACT

2,935,187 tons of CO₂ equivalent (tCO₂e) annual GHG emissions avoided² (attributable to the bond).

¹ Niagara Mohawk Factsheet May 2024.

² National Grid plc Green Financing Report 2022/23.



Case Study | Reducing Greenhouse Gases

Orsted

Blue
Bond

Pressure points

The health of the world's oceans is under significant threat. The challenges include pollution, including from plastic and sewage; ocean acidification; damage to marine ecosystems and biodiversity; and overfishing. Improving ocean health will be critical to tackling the global biodiversity and climate crises as oceans are a vital carbon sink.

Impact thesis

Orsted's blue bond promotes the sustainable use of ocean resources across its offshore wind activities and sustainable shipping fuels business, while preserving biodiversity and the health of the ocean ecosystem. Capital raised will be used to scale-up existing efforts on marine biodiversity and to support the transition to sustainable shipping.

Impact journey

INPUT

EUR 100 million proceeds supporting biodiversity and the health of the ocean ecosystem.

OUTPUT

Principal investment will be used to scale-up existing efforts on marine biodiversity and to support the transition to sustainable shipping.

OUTCOME

Area of improved marine ecosystems, measured using biodiversity indicators.

IMPACT

Increase in biodiversity as a result of conservation efforts.

Source: Orsted Blue Bond Impact Report 2023.



Case Study | Promoting Healthy Ecosystems

Munich Re

Green
Bond

Pressure points

Forests are the most biodiverse ecosystems on land, and as such, deforestation is one of the biggest threats to the Earth's ecosystem, with the rate of deforestation having risen hugely in the past century. It is estimated that 10 million hectares of forest are cut down each year.¹

Impact thesis

Munich Re's green bond proceeds are invested in sustainable forestry and sustainable agricultural practices that have been certified. This will help provide meaningful and measurable CO₂ savings, while promoting sustainable land use and forest conservation.

Impact journey

INPUT

EUR 1.3 billion allocated to manage land use more sustainably, improve the management of water/wastewater, green buildings, green energy, and waste-to-energy projects.²

OUTPUT²

Principal investment into green assets and sustainable forest initiatives, which yielded 90,000 hectares of sustainable forest products, 169 megawatts (MW) of installed capacity, 17,000 tons of waste recycled, 719,000 cubic meters of water saved, and 80,000 square meters of green buildings.²

OUTCOME²

Sustainable production of wood products, water and renewable power service across homes and businesses, and improved energy efficiency in buildings.

- 803,000 MWh renewable power generated
- Supplied power to 100,000 homes²

IMPACT²

Avoidance of GHG emissions, which ultimately yields decarbonization through a focus on forest conservation.

- 163,000 tCO₂e avoided
- 29.4 mtCO₂e stored²

¹ Earth.org.

² Munich Re Green Bond Allocation & Impact Report.

Case Study | Nurturing Circular Economies

DS Smith

Green
Bond

Pressure points

Rising pollution and waste resulting from single-use packaging is rising, particularly from plastic packaging. This is a major environmental problem and is raising increasing concerns for human health (see insights section).

Impact thesis

DS Smith's green bond is focused on circular economy-adapted projects and processing, including collection and recycling of paper products, manufacturing of recyclable paper-based products, and conversion.

Impact journey

INPUT

Assets related to the reclamation and recycling of used fibers, as well as the facilities that produce packaging solutions from recycled feedstock.

OUTPUT

Production of more sustainable packing solutions—both by producing packaging from recycled feedstocks and by producing packaging that is recyclable.

OUTCOME

Using postconsumer waste as a feedstock reduces the amount of waste going to landfills.

DS Smith's products also substitute for fossil-based plastic packaging in the consumer space.

IMPACT

82% of raw material mix came from recycled inputs.

Source: DS Smith Green Finance Report 2024.

Case Study | Nurturing Circular Economies

Brambles

Green
Bond

Pressure points

There are certain materials and processes where recycling is not plausible or efficient to do. In these instances, other methods must be explored to ensure progress toward a system that minimizes waste.

Impact thesis

Brambles provides a complete circular business model for pallets and containers that reduces waste and associated emissions, limits the use of natural resources, and improves the efficiency of global supply chains.

Impact journey

INPUT

Investments and expenditures to develop, manufacture, and distribute circular economy projects related to Brambles' "share and reuse" model.

- USD 1.7 billion capital expenditure

OUTPUT

Rollout of Brambles' "share and reuse" model.

- USD 6 billion in revenues
- 353 million assets shared and reused throughout the world's supply chains

OUTCOME

Brambles' "share and reuse" model enables customers to reduce waste and associated GHG emissions.

- 2.3 million trees saved
- 2.2 million cubic meters of wood saved
- 4,161 million cubic meters of water saved

IMPACT

GHG emissions avoided.

- 2 mtCO₂e GHG emissions avoided
- 1.3 million tons of waste eliminated from landfills

Source: Brambles 2023 Sustainability Review.

2

Social Equity and Quality of Life



Enabling
Social Equity



Improving
Health



Enhancing
Quality of Life





Case Study | Enabling Social Equity

Bank Negara Indonesia

**Conventional
Bond**

Pressure points

Less developed and emerging market economies continue to have significant underbanked communities. Social inequality also remains a problem. After decades of improvement and income convergence, it appears the coronavirus pandemic caused a backward move in between-country inequality.

Impact journey

INPUT

Financing to corporate, SME, and retail customers for the purpose of enabling enterprises to grow, supporting job creation, improving financial inclusion, and reducing inequalities within the regions the bank operates in.

USD 52.6 billion (bn)/ Indonesian rupiah (IDR) 810.7 trillion of total deposits¹

OUTPUT

- USD 15.3 bn/IDR 235.4 bn of corporate loans, minus reported exposure to customers in ESG-sensitive sectors
- USD 12.6 bn/IDR 194.5 bn of loans to micro and SME customers
- USD 8.1 bn/IDR 124.5 bn of loans targeting increased access to financial services for retail customers²

OUTCOME

Capital provided to corporate, micro, and SME businesses allows them to invest to grow and/or maintain their businesses. This enables businesses to hire additional employees and contributes to regional economic growth. The bank promotes financial inclusion opportunities for vulnerable groups and underserved populations.

IMPACT

- Job creation
- Contribution to Indonesia's gross domestic product
- 111,661 SME customers receiving financing¹
- 20 million unbanked customers brought into the financial system²

¹ Bank Negara Indonesia 2023 ESG report.

² Bank Negara Indonesia Q4 2023 Investor Presentation. IDR/USD exchange rate was 0.065 as of December 29, 2023.



Case Study | Enabling Social Equity

NatWest Group

**Social
Bond**

Pressure points

Gender inequality remains prevalent in many aspects of social life. Female-led enterprise remains underrepresented in the global economy. At the current rate, it will take 140 years to achieve equal representation in leadership in the workplace.¹

Impact journey

INPUT

NatWest Group issued a social bond in March 2023 specifically designed to lend to women-led businesses in the UK.

Amount raised from this issue.

- EUR 500 million (93.6% allocated as of December 31, 2023)

OUTPUT

- Financing provided to support women sole traders, and women-led and women-owned SMEs.
- 14,545 loans to women-led businesses

OUTCOME

Capital provided to women-led businesses. This in turn will help women entrepreneurs meet their financial or business goals.

IMPACT

- 87% of loan recipients believe the loan supported them in meeting their business's goals.²

¹ UN Department of Economic and Social Affairs.

² NatWest 2023 GSS Bonds Allocation and Impact Report.



Case Study | Improving Health

Kaiser Foundation Hospitals

Conventional
Bond

Pressure points

Despite the continuous advancement in modern medicine and treatments, health care remains essential for people of all ages and backgrounds. Additionally, costs associated with these treatments price out many of the poorest members of society unless financial assistance is provided to address such inequalities.

Impact thesis

Kaiser Foundation Hospitals delivers impact for patients through its integrated health delivery system that provides health care services through plans, hospitals, and physicians groups serving 12.6 million plan members. The hospital also provides significant charity and uncompensated care to patients.

Impact journey

INPUT

Investment into drug research and development.

- USD 168 million research and development expense¹

OUTPUT

Patients admitted and development of innovative drugs.

OUTCOME

Improve patient health by treating diagnosed illnesses.

- 403,000 members received help through financial assistance program
- 118,000 babies born
- 2,330 clinical studies and trials
- 105.3 million prescriptions filled²

IMPACT

66,037 lives extended.³

¹ Kaiser Foundation Hospitals 2022 Form 990, Schedule H.

² Kaiser Permanente 2023 ESG Report.

³ 2022 California Health and Human Services Statistics (gross figure calculated based on Actual # of Cases – Actual # of Deaths, for 14 likely fatal ailments).



Case Study | Improving Health

IQVIA

Conventional
Bond

Pressure points

The World Health Organization estimates that one-third of the world's population (and up to half in some regions of Asia and Africa) can neither regularly receive nor purchase essential medicines. The development of new drugs at affordable prices is vital for promoting good health and well-being worldwide.

Impact thesis

IQVIA's contract research organization services help its biopharmaceutical clients reduce time to market and costs when developing new drugs—this ultimately delivers impact for patients by bringing innovative treatments to patients faster.

Impact journey

INPUT

Investment directed toward the development of innovative software and services for the life sciences industry.

- 87,000 employees¹

OUTPUT

Software/services used by biopharmaceutical and life sciences customers to (1) streamline product development processes and (2) enhance the effectiveness of commercial launches.

- USD 14,984 million revenues
- >10,000 life science, regulator, and provider customers in >100 countries
- >1.2 billion non-identified unique patient records¹

OUTCOME

Pharmaceutical companies are able to reduce time lost to administrative processes across clinical and commercial settings.

- >400 academic papers published using IQVIA's research during 2023
- >300,000 enrolled participants in decentralized clinical trials²

IMPACT

Accelerated drug development and commercialization.

¹ Veeva FY24 10K.

² IQVIA 2023 ESG Report.

Case Study | Enhancing Quality of Life

Fortinet

Conventional
Bond

Pressure points

High levels of cyber insecurity have a destructive impact on a country's development. Improving cyber protection across the expanding attack surface helps organizations to enable and better protect their cloud and data center journey more efficiently.

Impact thesis

Fortinet is a leading global network security provider to SMEs and telecommunication services providers. Its cloud-based security solutions are helping reduce the environmental footprint of its customers.

Impact journey

INPUT

Investment in design, development, and distribution of network security software.

- USD 614 million research and development expense in 2023¹

OUTPUT

Network security helps mitigate cybersecurity attacks aimed at small businesses and enterprises.

- USD 5.3 billion revenues¹
- 1,354 global patents issued²
- 50+ enterprise security products³

OUTCOME

More cyberattacks are thwarted.

- 90 zero-day threats discovered³

IMPACT

Protection of critical infrastructure and economic interests.

- 775,000 customers protected³

¹ Fortinet Annual Report 2023.

² Fortinet 2022 Sustainability Report.

³ Fortinet company website.

Case Study | Enhancing Quality of Life

Southern California Edison

Green
Bond

Pressure points

The rise in temperatures across the globe is significantly increasing the risk and severity of wildfires. California is one of the most-affected states in America.¹

Impact thesis

Bond proceeds will be used to refinance wildfire prevention and risk mitigation capital expenses incurred between August 2019 and July 2021 in "high fire risk areas," representing 33% of Southern California Edison's service area.

Impact journey²

INPUT

Investment into transmission grid hardening.

- USD 425 million wildfire mitigation investments

OUTPUT

- 863 additional covered conductor hardened circuit miles
- 3,326 transmission and distribution wood poles replaced with fire-resistant fiberglass/steel

OUTCOME

- More reliable grid operations
- 1.04 system average interruption frequency
- 115.9 minutes/year per customer system average interruption duration index
- 75%–80% reduction in probability of catastrophic wildfires caused by equipment (versus 2018 levels)

IMPACT

Fewer wildfires and improved accessibility of power.

¹ U.S. Environmental Protection Agency.

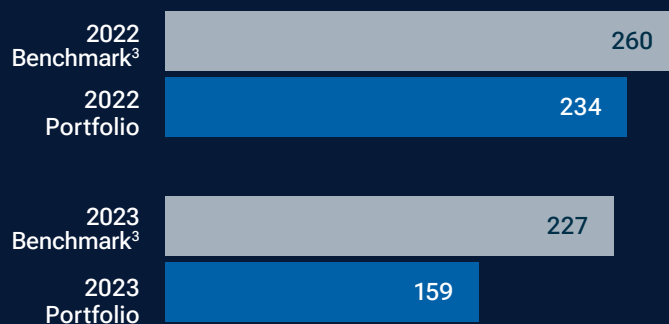
² 2022 Edison International Sustainable Financing Report.

Carbon footprint profile¹

T. Rowe Price Global Impact Credit Representative Portfolio

Weighted Average Carbon Intensity²

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



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

Company	Industry	Portfolio Weight (%)	Portfolio Weighted Carbon Intensity (mtCO ₂ e/USD 1 Million in Revenue)
New York State Electric & Gas	Utilities	0.74	34.9
CenterPoint Energy	Utilities	0.47	22.2
Sociedad de Transmision Austral	Utilities	0.44	20.9
AES Corporation	Independent Power and Renewable Electricity Producer	0.21	9.8
Energias de Portugal	Utilities	1.04	7.8

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

² The portfolio's weighted average carbon intensity is the weighted average, by weight, of the total carbon emissions per USD 1 million in revenue for each of the T. Rowe Price Global Impact Credit representative portfolio holdings. Total carbon emissions represent the total amount of Scope 1 and Scope 2 greenhouse gas emissions that are released by the T. Rowe Price Global Impact Credit representative portfolio 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 T. Rowe Price Global Impact Credit representative portfolio. This metric is grossed up using the percentage of data available to give the overall carbon footprint of the portfolio. This metric gives the T. Rowe Price Global Impact Credit representative portfolio exposure to carbon-intensive companies. This is the Task Force on Climate-Related Financial Disclosures-recommended metric. The benchmark for the T. Rowe Price Global Impact Credit representative portfolio is the Bloomberg Global Aggregate Credit Index hedged to USD. Calculated by T. Rowe Price using data from Sustainalytics. Data for the T. Rowe Price Global Impact Credit representative portfolio as of December 31, 2023. See Additional Disclosures for more information on the sources and the representative portfolio.

³ Bloomberg Global Aggregate Credit USD Hedged Index.

Investor Contribution

The investment manager further contributes to the delivery of the strategy's impact typically through stewardship and provision of new capital.

Stewardship

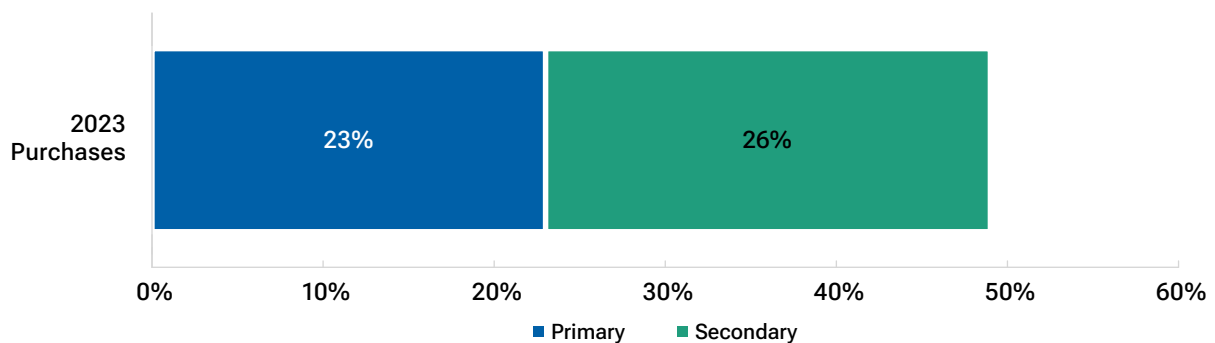
Our stewardship program is aimed at ensuring the strategy's impact objective is successfully delivered. Please find further information in section Engagement in Action pages below.

Provision of new capital

By participating in the primary market, the strategy can direct new capital to bonds where proceeds are allocated to discrete projects or issuers that help to deliver positive environmental or social impact objectives. This is measured by the amount of financing provided for primary issuance for a specific impact activity.

As of December 31, 2023, 49% of the bonds in the representative portfolio were purchased in the previous 12 months, of which just under half was in the primary market. In total, 41 bonds held as of December 31, 2023 were purchased in the primary market in 2023.

2023 Purchases in Primary and Secondary Markets (% Portfolio Weight)¹



¹ Data for the T. Rowe Price Global Impact Credit representative portfolio between January 1, 2023 and December 31, 2023.

Engagement in action

Our engagement program frequently identifies impact and environmental, social, and governance (ESG) targets through our impact screening and proprietary Responsible Investing Indicator Model analysis, governance screening, and analysts' fundamental research. ESG engagement meetings are carried out by the portfolio manager as well as analysts from our credit teams and our ESG specialists. While we engage with issuers in a variety of investment contexts, ESG engagement focuses on exchanging perspectives on environmental practices, corporate governance, or social issues.


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

This includes engaging with the underlying issuers 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

- Mitigating any material negative environmental or social impacts resulting from pursuing the impact outcome.

Typically, an impact engagement program will be carried out through a series of meetings with representatives from the company, government, or other type of issuers over the investment period. Progress of the engagement objective is systematically monitored through the life of the investment and is measured against specific milestones.



In 2023, we held 75 engagements with 51 issuers covering a broad array of environmental, social, and governance topics. Of these engagements, 31 of them focused specifically on impact investing topics.

Engagement Case Studies

For illustrative purposes, below, we evidence our investor contribution and impact engagement framework based on our discussions with Energias de Portugal, Darling Ingredients, and CaixaBank. While we apply a consistent framework as these examples demonstrate, it is applicable to different scenarios and can have different outcomes.

Case Study

Energias de Portugal

Impact Thesis: Energias de Portugal's green bond finances renewable energy, solar, and wind projects, aiming at reducing Greenhouse Gas Emissions toward the transition to a low carbon emission economy and the fight against climate change

Impact Pillar Alignment

1 Climate and Resource Impact

Sub-pillar Alignment



Reducing Greenhouse Gases

UN SDG Alignment



Affordable and Clean Energy

Engagement Topic

Enhancing Green Bond Reporting

Objective

We engaged with Energias de Portugal (EDP) to provide recommendations for ways to improve green bond standards and renewable project disclosures as a way to attract more capital and further its impact additionality.

Outcome

Having made several recommendations on how EDP could strengthen its green bond reporting, the company was receptive to the idea of reporting impact at the bond level and impact key performance indicators (KPIs) year on year.

Dialogue

Green bond reporting: We discussed the fact that EDP's green bond impact reporting currently only reports on the total green bond portfolio and not on specific green bonds, which means it is difficult to assess the exact impact of the specific green bonds the Global Impact Credit representative portfolio holds. We asked for several enhancements to the reporting: (1) more granular disclosure, including reporting on the individual green bonds that it has issued rather than just reporting on the total portfolio; (2) for year-on-year impact KPI reporting; and (3) more information on the geographical split of assets in the green bond portfolio.

Progress Monitoring

Monitoring for reporting of year-on-year impact KPIs, to be included in the 2024 report.

Case Study

Darling Ingredients

Impact Thesis: 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, supporting a circular economy.

Impact Pillar Alignment

1

Climate and
Resource Impact

Sub-pillar Alignment



Nurturing
Circular
Economies

UN SDG Alignment



Responsible
Consumption
and Production

Engagement Topic

Impact Strategy,
Emissions Reduction,
and Water Targets

Objective

We met with Darling Ingredients to discuss how the company was thinking around impact given recent commitments to increased production of sustainable aviation fuel (SAF). We also provided recommendations on impact key performance indicators (KPIs) we think would be useful to help the company manage and further the impact of its products.

Outcome

We gained a better understanding of how Darling was thinking around its future impact and encouraged the firm to publish more robust impact disclosures on emissions and water targets.

Dialogue

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. This can also be positive 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 help increase impact in the health care segment. We also requested improved impact metrics—such as total carbon avoided figure from its operations—which can help the company manage and further the impact of its products.

Progress Monitoring

We will follow up with the company to see whether it has made progress on improving disclosure related to our suggested KPIs and continue our engagement on the company's strategy to further its impact.

Case Study

CaixaBank

Impact Thesis: CaixaBank's social bond supports employment generation and promotes financial inclusion through small and medium-sized enterprise and microfinancing in the most economically disadvantaged regions of Spain. Its social loan portfolio helps to improve the financial health of customers, supporting job creation and economic growth.

Impact Pillar Alignment

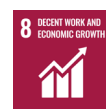
2 Social Equity and Quality of Life

Sub-pillar Alignment



Enabling Social Equity

UN SDG Alignment



Decent Work and Economic Growth

Engagement Topic

Sustainable Development Goal Bonds, Climate Strategy, and Regulation

Objective

We met with CaixaBank to discuss changes to its sustainable development goal (SDG) bond framework and appetite for future issuance. We also engaged on climate strategy and provided feedback on best practices.

Outcome

The call gave us an opportunity to understand the changes CaixaBank made to its SDG bond framework and to encourage further improvements to evidence its impact on financial inclusion of underserved communities. We shared our desire for the bank to allocate proceeds to new projects and to limit refinancing to 2 years or less to provide further additionality of their capital. We also provided recommendations on how the bank can bring its climate strategy in line with global best practice and discussed the management of material negative environmental impacts resulting from the company's financing activities.

Dialogue

We gave our view that the bank could improve the additionality of its social bonds by allocating unused proceeds to new projects and/or reducing the refinancing look back to two years or less, rather than three. We commended the bank on its, in our view, gold standard impact reporting and reiterated our desire to see the financing versus refinancing split. We also discussed the bank's appetite to issue more thematic bonds, which it was considering.

Progress Monitoring

As at the end of 2023, CaixaBank plans to publish the financing versus refinancing split in upcoming SDG bond reporting, and its 2024–2027 sustainable banking plan, as well as provide information on how it evaluates customer transition plans.

2023 Impact Engagements

Company Name	Date	Environmental	Social	Governance
Pacific Gas & Electric	Jan.	●		
Energias de Portugal	Jan.	●	●	
Carrier Global	Feb.	●		
International Finance Corporation	Mar.	●		
NXP Semiconductors	Mar.	●		
Allied Irish Banks	Mar.	●	●	
Intesa Sanpaolo	Mar.	●		
Iberdrola International	Apr.	●		
Linde	Apr.	●		
International Bank for Reconstruction and Development	Apr.		●	
International Finance Corporation	Apr.	●		
Autoliv	May	●	●	
Thermo Fisher Scientific	Jun.		●	
Eli Lilly	Jun.	●	●	
Realtyome	Jul.	●		●
American Express	Jul.	●	●	
Dana	Aug.	●		
Mueller Water Products	Sep.	●		
Humana	Sep.	●		●
Autodesk	Sep.	●		
CenterPoint Energy	Oct.	●		
UnitedHealth Group	Oct.		●	
Bank Negara Indonesia	Oct.	●	●	
Novartis	Nov.	●	●	●
NatWest Group	Nov.	●	●	
ASML Holding	Nov.	●		
Danaher	Nov.	●	●	●
VF Corp	Nov.	●	●	
Darling Ingredients	Dec.	●		
HDFC Bank	Dec.	●	●	
CaixaBank	Dec.	●		

2023 ESG Engagements

Company Name	Date	Environmental	Social	Governance
CVS Health	Jan.	●	●	●
Enel SpA	Jan.	●		●
Fortinet	Jan.	●	●	●
Iberdrola	Mar.		●	●
ING Groep	Mar.	●		
ASML Holding	Mar.			●
Mercedes-Benz Group	Mar.	●	●	
BNP Paribas	Apr.			●
Pfizer	Apr.		●	●
American Express	Apr.			●
Eli Lilly	Apr.			●
Danaher	Apr.			●
Enel SpA	Apr.			●
Enel SpA	May			●
Enel SpA	May			●
Equitable Holdings	May			●
BNP Paribas	May	●		
UnitedHealth Group	May		●	●
Telefonica	Jun.	●	●	
Bangkok Bank	Jun.	●		
Muenchener Rueckversicherungs-Gesellschaft in Muenchen	Jul.	●		
Becton Dickinson	Aug.	●	●	●
BXP	Aug.	●		
Nova Ljubljanska Banka	Sep.	●		●
Banca Transilvania	Sep.	●		●
Micron Technology	Sep.	●		●
Pfizer	Sep.		●	
AstraZeneca	Sep.	●	●	●
NXP Semiconductors	Oct.		●	●
Thermo Fisher Scientific	Oct.		●	●
Bangkok Bank	Oct.	●	●	
AstraZeneca	Oct.			●
PNC Financial Services Group/The	Oct.			●
American Express	Oct.			●
Darling Ingredients	Oct.			●
ING Groep	Nov.			●
Semptra	Nov.	●		●
Banco de Badajoz	Nov.	●	●	
Nova Ljubljanska Banka	Nov.			●
Eli Lilly	Nov.		●	●
HDFC Bank	Nov.	●		
Amgen	Dec.		●	●
Equitable Holdings	Dec.	●		●
CVS Health	Dec.	●	●	

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.

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.

Global Impact Credit Representative Portfolio Holdings

Pillar 1: Climate and Resource Impact


Issuer	Bond Type	Impact Thesis	Sub-pillar	Primary UN SDG
Aedifica	Sustainability bond	Aedifica's sustainability bond proceeds are allocated to green buildings and health care facilities that will yield material energy efficiency gains and social benefits.	Reducing Greenhouse Gases	
AES Corporation	Green bond	The proceeds from this green bond primarily finance onshore wind and solar power projects in the U.S., as well as associated electricity interconnections and energy storage.	Reducing Greenhouse Gases	
Alexandria Real Estate	Green bond	Alexandria Real Estate is a U.S. industry leader in green buildings. The company issued green bonds to finance energy-efficient buildings leading to material and measurable greenhouse gas, water, and energy savings.	Reducing Greenhouse Gases	
Autodesk	Conventional bond	Autodesk is a leading provider of computer-aided design software for 62 million professionals worldwide, driving improvements in industrial processes through digitalization, connectivity, and optimization of resource management. ¹	Reducing Greenhouse Gases	
Autoliv	Green bond	Autoliv's green bonds support the reduction of carbon emissions by investing in capital expenditure and research and development related to the products for the manufacturing of electric vehicles and therefore supporting the growth and adoption of electric vehicle production.	Reducing Greenhouse Gases	
Bank of Ireland	Green bond	The proceeds from the green bond finance residential and commercial green buildings will provide meaningful and measurable CO ₂ reduction. Projects focus on the highest-rated green buildings with LEED and BREEAM certifications.	Reducing Greenhouse Gases	
BNP Paribas	Green bond	BNP Paribas issued a green bond in January 2023 aimed at facilitating the transition to a resilient low-carbon economy. Green proceeds have provided sustainable financing and loans that target a positive environmental impact, such as increasing energy efficiency and reducing GHG emissions.	Reducing Greenhouse Gases	
Boston Properties	Green bond	Boston Properties is an industry leader in green buildings. The company's green bond finances green buildings and energy-efficient projects that will reduce greenhouse gas emissions and advance efficient use of resources in office real estate.	Reducing Greenhouse Gases	

¹ Source: Autodesk.

Source: T. Rowe Price.

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Issuer	Bond Type	Impact Thesis	Sub-pillar	Primary UN SDG
Brambles Finance	Conventional bond	Brambles provides a complete circular business model for pallets and containers that reduces waste and associated emissions, limits the use of natural resources, and improves the efficiency of global supply chains.	Nurturing Circular Economies	
Brambles Finance	Green bond	The green bond's proceeds will be used to finance projects related to the circular economy, including reusable pallets and related equipment.	Nurturing Circular Economies	
Carrier Global	Conventional bond	Carrier manufactures energy-efficient heating, ventilation and air conditioning, and transport refrigeration systems. These primarily improve energy efficiency and reduce emissions for both residential and commercial buildings.	Reducing Greenhouse Gases	
CenterPoint Energy	Green bond	Centerpoint Energy's green bonds are expected to reduce greenhouse gas emissions in the electricity sector and contribute to U.S. climate goals through investments in renewable energy projects.	Reducing Greenhouse Gases	
Dana	Green bond	Dana's green bond finances efficient electric vehicle systems that support the development and manufacturing of electric vehicles and result in reduced GHG emissions and support the achievement of material reduction of CO ₂ emissions and Paris Climate Agreement targets in countries around the world.	Reducing Greenhouse Gases	
Darling Ingredients	Conventional bond	Darling Ingredients is one of the oldest rendering companies in the world and the largest independent renderer in North America. Its rendered products are sold as animal feed, food for human consumption, and bioenergy, thereby supporting a circular economy.	Nurturing Circular Economies	
Digital Realty Trust	Green bond	Digital Realty is a data center real estate company based in the U.S. playing a role in helping to foster a more sustainable digital future. The green bond proceeds will help finance a low-carbon and climate-resilient future through green buildings, energy efficiency, and renewable energy projects.	Reducing Greenhouse Gases	
DS Smith	Green bond	DS Smith's green bond is focused on circular economy adapted projects and processing, including: collection and recycling of paper products, manufacturing of recyclable paper-based products, and conversion.	Nurturing Circular Economies	
Energias de Portugal	Green bond	Energias de Portugal's renewable energy, solar, and wind projects will help people and businesses prosper, specifically toward the transition to a low-carbon emission economy and the fight against climate change.	Reducing Greenhouse Gases	
Elisa	Green bond	The green bond is financing investments intended to increase the energy efficiency of its network infrastructure and data centers as well as products and solutions aimed at decreasing greenhouse gas emissions and energy use of its customers.	Reducing Greenhouse Gases	

Source: T. Rowe Price.

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Issuer	Bond Type	Impact Thesis	Sub-pillar	Primary UN SDG
Enel Chile	Conventional bond	Enel Chile's growing renewables portfolio provides zero carbon electricity in Chile and is helping to decarbonize the country's power sector.	Reducing Greenhouse Gases	
Equitable Financial Life	Sustainability bond	The bond helped finance a range of projects focused on (1) decarbonization (primarily through solar and wind-powered energy and green buildings projects), (2) meeting basic needs and delivering affordable housing (projects focused on access to health care in the U.S. and social housing in the UK), and (3) water supply (namely for a city in the U.S.)	Reducing Greenhouse Gases	
Eurogrid	Conventional bond	Through its electricity transmission infrastructure, Eurogrid is helping accelerate the rollout of renewable electricity capacity in Germany and is therefore helping to decarbonize the power industry in Europe.	Reducing Greenhouse Gases	
Export-Import Bank of Korea	Blue bond	Export-Import Bank of Korea issued its inaugural USD 3.5 billion blue bond to support investments in sustainable maritime transportation. The investment's goal is to minimize adverse climate and environmental impacts of sea and coastal freight, water transport, and vessels for port operations in South Korea.	Promoting Healthy Ecosystems	
FedEx	Sustainability bond	FedEx's inaugural sustainability bond is financing projects that are (1) reducing transport fleet emissions, (2) generating a positive social impact across its supply chains, and (3) reducing waste through investments in waste management programs.	Reducing Greenhouse Gases	
Ford Motor	Green bond	Ford's USD 1.75 billion green bond is focused on clean transportation projects related to design, development, and the manufacturing of electric vehicles and therefore supporting the decarbonization of the transport sector.	Reducing Greenhouse Gases	
General Motors	Green bond	General Motors issued green bonds to finance clean transportation, specifically the conversion of two factories to exclusively produce electric vehicles and therefore supporting the decarbonization of the transport sector.	Reducing Greenhouse Gases	
Hannon Armstrong	Green bond	Hannon Armstrong's green bonds support projects focused on reducing the impacts of, or increasing resiliency to, climate change through allocation of capital across the energy efficiency, renewable energy, and other sustainable infrastructure markets that positively impact the environment and/or make more efficient use of natural resources.	Reducing Greenhouse Gases	
Healthpeak Properties	Green bond	Proceeds from Healthpeak's green bond are invested in the construction, maintenance, and refurbishment of green buildings that have exceptional green building certifications. This provides meaningful and measurable CO ₂ reduction and advances efficient use of resources in health care real estate.	Reducing Greenhouse Gases	

Source: T. Rowe Price.

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Issuer	Bond Type	Impact Thesis	Sub-pillar	Primary UN SDG
Iberdrola International	Green bond	Iberdrola's green bond finances renewable energy sources, specifically onshore wind, which will help people and businesses prosper toward the transition to a low-carbon emission economy and the fight against climate change.	Reducing Greenhouse Gases	
Infineon Technologies	Conventional bond	Infineon's position in power semiconductors supports electrification and improved energy efficiency into end markets such as automotives, home appliances, industrials, smart buildings, and data centers.	Reducing Greenhouse Gases	
ING Groep	Green bond	ING green bond proceeds are allocated to residential and commercial green buildings, as well as financing of wind and solar projects, which collectively yield avoided carbon emissions.	Reducing Greenhouse Gases	
International Bank for Reconstruction and Development (IBRD)	Sustainability bond	The IBRD is part of the World Bank. Its Wildlife Conservation Bond (Rhino Bond) is a sustainable development bond that directly channels funds to conservation outcomes, specifically by targeting black rhino populations in South Africa. The primary impact focuses on improving biodiversity, with a secondary impact directed to improved education and job training.	Promoting Healthy Ecosystems	
International Development Association (IDA)	Sustainability bond	IDA's sustainability bonds support the financing of a combination of green and social "sustainable development" projects, programs, and activities in IBRD member countries. Each project is designed to achieve both positive social and environmental impacts and outcomes in line with the World Bank's twin goals of eliminating extreme poverty and promoting shared prosperity.	Reducing Greenhouse Gases	
International Finance Corporation	Green bond	Providing loans toward investments in equipment, systems, and services, which enable the productive use of energy from renewable resources that will help people and businesses prosper, specifically toward the transition to a low-carbon emission economy and the fight against climate change.	Reducing Greenhouse Gases	
Intesa Sanpaolo	Green bond	The bank's green bond provides loans toward renewable energy projects. Renewable energy provides substantial benefits for climate, environment, public health, and the economy. Increasing the supply of renewable energy would allow people to replace carbon-intensive energy sources and significantly reduce global warming emissions.	Reducing Greenhouse Gases	
Johnson Controls	Green bond	The proceeds of this bond are linked to (1) eco-efficient and/or circular economy adapted projects, production technologies, and processes (mainly for its heating, ventilation and air conditioning, and transport refrigeration business) and (2) green building projects for Johnson Controls' own facilities.	Reducing Greenhouse Gases	

Source: T. Rowe Price.

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Issuer	Bond Type	Impact Thesis	Sub-pillar	Primary UN SDG
Johnson Controls	Conventional bond	Johnson Controls manufactures energy-efficient heating, ventilation, and air conditioning, and transport refrigeration systems. These improve energy efficiency and reduce emissions for both residential and commercial real estate end markets.	Reducing Greenhouse Gases	
Johnson Controls	Sustainability-linked bond	The bond proceeds will be used for general corporate purposes, with coupon step-up events tied to two key performance indicators. These are: (1) a 35% reduction in Scope 1 and 2 GHG emissions by 2025 and, (2) a 5% reduction in Scope 3 GHG emissions from use of sold products by 2025, both versus a 2017 baseline.	Reducing Greenhouse Gases	
Kilroy Realty	Green bond	Kilroy's green bonds finance the development of green buildings with a minimum certificate of LEED Gold or above, which will yield meaningful and measurable GHG reduction.	Reducing Greenhouse Gases	
Landsbankinn	Green bond	Green bond proceeds have been allocated to sustainable fisheries, sustainable water and wastewater, green buildings, renewable energy, energy efficiency, and circular economy projects.	Promoting Healthy Ecosystems	
LeasePlan	Green bond	LeasePlan's financing of battery electric vehicles will create healthier environments in towns and cities by promoting cleaner, low-emission vehicles and the infrastructure required to make these automobiles a viable option for customers.	Reducing Greenhouse Gases	
Linde	Conventional bond	As an industrial gas company, Linde is an important "enabler" of the energy transition—it enables its customers to avoid and reduce their own carbon footprints, for example, by improving efficiency in manufacturing processes. Linde is also a key enabler of green hydrogen and carbon capture and storage technologies.	Reducing Greenhouse Gases	
Micron Technology	Green bond	Micron Technology provides four technologies that support emissions reduction capabilities. The company is a leader in computer memory and computer data storage solutions.	Reducing Greenhouse Gases	
Mueller Water Products	Conventional bond	Mueller Water Products helps municipalities deliver clean, safe drinking water to hundreds of millions of people as well as manufacturing fire hydrants to ensure safety of life and property.	Promoting Healthy Ecosystems	
Munich Re	Green bond	MunichRe's green bond proceeds are invested in sustainable forestry and sustainable agricultural practices that have been certified. This will help provide meaningful and measurable CO ₂ savings, while promoting sustainable land use and forest conservation.	Promoting Healthy Ecosystems	
New York State Electric & Gas	Green bond	The proceeds from this bond will primarily be invested in electricity transmission and distribution infrastructure in New York. This will help to integrate more renewable power into the grid, to improve the efficiency of the networks, and to increase the climate resiliency of the grids.	Reducing Greenhouse Gases	

Source: T. Rowe Price.

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Issuer	Bond Type	Impact Thesis	Sub-pillar	Primary UN SDG
NextEra Energy	Conventional bond	NextEra Energy (NEE) is a leader in renewable energy generation and is the largest investor in renewables globally. NEE expects to derive over 50% of revenue from renewable energy generation by 2030. ²	Reducing Greenhouse Gases	
Niagara Mohawk Power	Green bond	The majority of the proceeds from the green bond were invested in renewable energy projects and supporting electricity transmission and distribution infrastructure, in order to increase the share of renewables in the U.S. power grid and therefore decarbonize the U.S. power sector.	Reducing Greenhouse Gases	
NLB Group	Green bond	The bank's green bond is helping empower a successful transition to a low-carbon, inclusive, and sustainable future in Slovenia.	Reducing Greenhouse Gases	
Orsted	Green bond	Proceeds from Orsted's green bonds will be used exclusively to finance onshore and offshore wind power generation projects, as well as solar photovoltaic projects.	Reducing Greenhouse Gases	
Orsted	Blue bond	Orsted's blue bond (a type of green bond) promotes the sustainable use of ocean resources across its offshore wind activities and sustainable shipping fuels business, while preserving biodiversity and the health of the ocean ecosystem. Capital raised from this blue bond will be used to scale up existing efforts on marine biodiversity and to support the transition to sustainable shipping.	Promoting Healthy Ecosystems	
Pacific Gas & Electric	Sustainability bond	Pacific Gas & Electric's (PG&E) electric transmission and distribution infrastructure is helping to enable the rollout of renewable power capacity in California and is therefore helping to enable the decarbonization of the power sector in the U.S.	Reducing Greenhouse Gases	
Pacific Gas & Electric	Green bond	PG&E's wildfire mitigation bond provides the company with capital to fund the expenses associated with wildfire prevention and risk mitigation. In turn, this will help improve the safety and reliability of service for the utility's customers.	Nurturing Circular Economies	
Reseau de Transport d'Electricite (RTE)	Green bond	100% of RTE's green bond proceeds will be used toward reducing greenhouse gas emissions, promoting grid flexibility, and developing renewable sources of electricity.	Reducing Greenhouse Gases	
San Diego Gas & Electric	Green bond	San Diego Gas & Electric's sustainability bond will support climate change adaptation through infrastructure and grid hardening; investment in clean energy infrastructure, including green hydrogen, renewable natural gas, and energy storage; and expenditures related to supplier diversity programs.	Reducing Greenhouse Gases	

² Source: NextEra Energy.

Source: T. Rowe Price.

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Issuer	Bond Type	Impact Thesis	Sub-pillar	Primary UN SDG
SEGRO	Green bond	SEGRO is a regional/industry leader with 99% of its developments completed in 2023 certified to BREEAM "Very Good" or better and 92% of developments certified to BREEAM "Excellent" as the company commits to reduce the carbon emissions within its building stock and reach net zero by 2030. The green bond will finance green buildings and seek to improve the environmental performance of its portfolio of assets. ³	Reducing Greenhouse Gases	
Smurfit Kappa	Green bond	Smurfit Kappa creates innovative and sustainable paper-based packaging solutions for its customers and operates a circular business that influences the whole packaged goods value chain. Green bond proceeds finance recycling and circular economy adapted projects.	Nurturing Circular Economies	
Sociedad de Transmision Austral	Green bond	Proceeds from this green bond will be invested in electricity transmission and distribution infrastructure in Chile. These investments will help to facilitate the connection of renewable energy projects to the power grid as well as helping to improve the efficiency of the grid itself.	Reducing Greenhouse Gases	
Southern California Edison	Sustainability bond	Sustainability bond proceeds finance renewable energy generation connection, clean transportation, and energy efficiency, which will reduce greenhouse gas emissions from the power and transportation sectors.	Reducing Greenhouse Gases	
Standard Chartered	Sustainability bond	Standard Chartered's sustainability bond finances a diverse set of green and social projects resulting in CO ₂ emissions avoided, small and medium-sized enterprise (SME) loans disbursed, microfinance loans enabled, and cubic meters of water supplied.	Reducing Greenhouse Gases	
Telefonica	Green bond	Telefonica's sustainability bond proceeds financed projects aimed at improving energy efficiency and reducing digital inequalities.	Reducing Greenhouse Gases	
Terraform	Conventional bond	Terraform is an owner and operator of over 4,200 megawatts of renewable power including solar and wind assets in North America and Western Europe. These assets provide a meaningful and measurable positive environmental impact.	Reducing Greenhouse Gases	
Trane Technologies	Conventional bond	Trane is a leading heating, ventilation, and air conditioning technologies manufacturer that improves energy efficiency for buildings in both commercial and residential real estate markets. It also provides energy-efficient refrigeration systems for indoor applications and for the transportation of food, medicines, and other perishable goods.	Reducing Greenhouse Gases	

³ Source: Segro Responsible Review 2023.





Source: T. Rowe Price.

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Issuer	Bond Type	Impact Thesis	Sub-pillar	Primary UN SDG
VF Corp	Green bond	VF Corp's green bond will fund (1) sustainable products and materials—purchasing fabric containing >50% recycled nylon and polyester, organic cotton or Better Cotton Initiative certified cotton, and paper/cardboard with >80% recycled content; (2) sustainable operations and supply chain—investing in sustainable buildings, renewable energy, and other projects designed to improve the energy/waste/water efficiency of its operations and to reduce greenhouse gases; and (3) natural carbon sinks—investing in reforestation conservation, regenerative farming, and other projects designed to create and restore natural sources of carbon capture.	Nurturing Circular Economies	
Xylem	Green bond	Xylem's green bond proceeds finance projects that will improve water security through technological advancements, enable the supply of high-quality drinking water, and reduce water loss.	Promoting Healthy Ecosystems	

Pillar 2: Social Equity and Quality of Life

Issuer	Bond Type	Impact Thesis	Sub-pillar	Primary UN SDG
Aflac	Sustainability bond	The bond has helped finance a range of projects focused on (1) decarbonization (through renewable energy and green buildings projects), (2) meeting basic needs and delivering affordable housing, and (3) enabling SMEs—particularly focused on improving access to financial/banking services to underserved businesses that are majority owned by minority or vulnerable populations.	Enabling Social Equity	
Allied Irish Banks	Social bond	Allied Irish Bank's social bonds will finance loans dedicated to improving economic and social inclusion within Ireland through improving access to healthcare, providing social and affordable housing, providing access to education, and SME financing in socio-economic disadvantaged areas.	Enabling social equity	
American Express	Sustainability bond	American Express's sustainability bond is funding social projects, predominantly including socioeconomic advancement and empowerment and affordable housing, which will drive financial inclusion and enable social equity.	Enabling Social Equity	
AstraZeneca	Conventional bond	AstraZeneca's approved medicines deliver impact for over 105 million patients annually across more than 130 countries in its core therapy areas, including oncology, rare diseases, cardiovascular, and respiratory. ⁴	Improving Health	
Avantor	Conventional bond	Avantor plays an important role in the life sciences ecosystem by supplying customers with an expansive range of products and acts as a key enabler of pharmaceutical development and production. Avantor's products enhance clinical outcomes, and research supports improvement in industrial processes.	Improving Health	

⁴ Source: AstraZeneca Annual Report 2022.

Source: T. Rowe Price.

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Issuer	Bond Type	Impact Thesis	Sub-pillar	Primary UN SDG
Banca Transilvania	Sustainability bond	The proceeds are used to finance and refinance projects that enable the transition to a low-carbon and climate-resilient economy and/or have a positive social impact and alleviate social problems.	Enabling social equity	
Banco Sabadell	Conventional bond	Banco de Sabadell is driving financial inclusion across Spain, the UK, and Mexico. Sabadell reduces the financing barriers to underbanked groups and further supports employment generation globally by enabling access to finance for individuals, families, and SMEs.	Enabling Social Equity	
Banco Santander	Conventional bond	Banco Santander is driving financial inclusion with retail and SME loans accounting for much of its loan book. By enabling access to finance for individuals, families, and SMEs, Santander reduces financing barriers to underbanked groups and supports employment generation.	Enabling Social Equity	
Bank Negara Indonesia	Conventional bond	Bank Negara Indonesia is helping to close the financial inclusion gap, reduce financial inequalities, and enable economic growth in Indonesia with a large exposure to retail and SME lending.	Enabling Social Equity	
BBVA Bancomer	Conventional bond	BBVA is driving financial inclusion with retail and SME accounting for 66% of BBVA's loan book. The bank is also at the forefront of sustainable finance in Europe and is growing its sustainable financing portfolio, which accounts for 19% of its loan book. ⁵	Enabling Social Equity	
Becton Dickinson	Conventional bond	Becton Dickinson is a leading global medical technology company engaged in the development, manufacture, and sale of medical supplies. The company's products lead to improved health outcomes for patients' lives.	Improving Health	
BPCE	Social bond	BPCE's social bond supports local economic development through financing of small businesses, SMEs, local authorities, and nonprofit organizations that seek to benefit people who live and work in economically and/or socially disadvantaged areas.	Enabling Social Equity	
CaixaBank	Social bond	CaixaBank supports employment generation and promotes financial inclusion through SMEs and microfinancing in economically disadvantaged regions of Spain. The bank's social loan portfolio helps to improve the financial health of individuals, microbusinesses, and SMEs, facilitating job creation economic growth.	Enabling Social Equity	
Cedars-Sinai Health System	Conventional bond	Cedars-Sinai Health System is a nonprofit academic medical center that provides health care services to the surrounding community. The hospital's community benefit service area primarily is composed of underserved communities.	Improving Health	

⁵ Source: BBVA Bancomer Annual Report 2022.

Source: T. Rowe Price.

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Issuer	Bond Type	Impact Thesis	Sub-pillar	Primary UN SDG
Centene	Conventional bond	Centene is a leading Medicaid (a publicly funded program helping to cover medical costs for people with limited incomes) managed care provider, serving vulnerable populations, including low-income families and disabled people, through state Medicaid plans, the Children's Health Insurance Program, and other programs.	Improving Health	
Ceska Sporitelna	Conventional bond	Ceska Sporitelna is driving financial inclusion with retail and SME lending, with presence predominantly in the Czech Republic. By enabling access to finance for individuals, families and SME, Ceska Sporitelna contributes to reducing the financing barriers to underbanked groups and further supports employment generation globally.	Enabling Social Equity	
Children's Hospital of Philadelphia (CHOP)	Conventional bond	As a children's hospital, CHOP inherently provides positive social impact and contributions of high-value clinical research. It is one of the world's largest pediatric research facilities.	Improving Health	
Cooperatieve Rabobank	Conventional bond	Rabobank is a Dutch cooperative bank with a leading position in domestic retail banking and in the food and agribusiness markets worldwide. The bank drives financial inclusion with a strong focus on retail and SME lending.	Enabling Social Equity	
Council of Europe	Social bond	Council of Europe's social bond is financing activities to promote education and job training, as well as financing micro businesses, SMEs, social, and affordable housing, as well as health and social care.	Improving Health	
Credit Agricole	Social bond	Credit Agricole works to support enterprise creation and local ecosystems. The group's network of regional banks supports mid-caps and SMEs by providing credit, investing in their development, and mobilizing their territorial network for business creation.	Enabling Social Equity	
CVS Health	Conventional bond	CVS is helping individuals improve their health by providing a wide array of health care benefits and services. CVS's Medicare and Medicaid programs serve low-income and vulnerable populations.	Improving Health	
Eli Lilly	Conventional bond	Eli Lilly's portfolio of approved products drives impact for over 51 million patients worldwide across over 100 countries, with significant impact in diabetes. ⁶	Improving Health	
European Investment Bank (EIB)	Sustainability bond	The EIB's Sustainability Awareness Bond improves access to specialized health care services. Projects consist of financing investments aiming to increase health care infrastructure and medical equipment capacity and improve future pandemic preparedness.	Improving Health	
Fondo Mivivienda	Conventional bond	Fondo Mivivienda is the largest provider of affordable housing in Peru. The company delivers impact through providing financing and subsidies to families and individuals, which help generate social and economic value in the housing and real estate sector.	Enabling Social Equity	

⁶ Source: Eli Lilly.

Source: T. Rowe Price.

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Issuer	Bond Type	Impact Thesis	Sub-pillar	Primary UN SDG
Fortinet	Conventional bond	Fortinet is a leading global network security provider to SMEs and telecom service providers. Its cloud-based security solutions are helping reduce the environmental footprint of its customers.	Enhancing Quality of Life	
Globe Telecom	Conventional bond	Globe Telecom creates social impact by improving digital connectivity in the Philippines via its core telecommunication business. Here, the company continues to rapidly expand its mobile customer base, install fixed lines and new cell sites, and expand 5G coverage.	Enabling Social Equity	
Health Care Service	Conventional bond	Positive impact is driven by the company's growing value-based provider arrangements, which help reduce medical costs and provide affordable medical insurance for its members.	Improving Health	
Hikma	Conventional bond	Hikma promotes healthy lives and well-being through high-quality pharmaceutical products in an inclusive and affordable way.	Improving Health	
Humana	Conventional bond	Humana provides a wide array of medical insurance products to 22.1 million individuals across employer groups, government benefit programs, and individuals, serving low-income and vulnerable populations through its Medicare and Medicaid programs. ⁷	Improving Health	
Inter-American Development Bank (IADB)	Sustainability bond	The IADB, in partnership with its member countries, works to reduce poverty and inequalities in Latin America and the Caribbean by promoting economic and social development in a sustainable, climate-friendly way.	Enabling Social Equity	
International Bank for Reconstruction and Development (IBRD)	Sustainability bond	Providing financing for enhancing infrastructure efficiency and sustainability of public infrastructure, health sector buildings, residential public sectors, and electricity networks in countries that need it most.	Enabling Social Equity	
IQVIA	Conventional bond	IQVIA's contract research organization services help its biopharmaceutical clients reduce time to market and costs when developing new drugs—this ultimately delivers impact for patients by bringing innovative treatments to patients faster.	Improving Health	
Kaiser Foundation Hospitals	Conventional bond	Kaiser Foundation Hospitals delivers impact for patients through its integrated health delivery system that provides health care services through plans, hospitals, and physicians groups serving 12.6 million plan members. The hospital also provides significant charity and uncompensated care to patients. ⁸	Improving Health	
Memorial Sloan-Kettering Cancer Center	Conventional bond	Memorial Sloan-Kettering Cancer Center operates as a nonprofit organization, providing medical consultation, diagnostic imaging, risk assessment, chemotherapy, pharmacy, and other patient care services that help improve health outcomes for patients.	Improving Health	








⁷ Source: Humana Progress Report 2022.

⁸ Source: Kaiser Foundation Health Plan, Inc. 2022 Annual Report.

Source: T. Rowe Price.

Data shown for the representative portfolio 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. Bond classifications—green (including blue), social, sustainability, and sustainability linked—are ultimately determined by the issuer at the point of being issued.

All the labeled bonds in the portfolio adhere to the International Capital Market Association's green (including blue), social, sustainability, or sustainability-linked bond guidelines. There is no assurance that positive impact outcomes will be achieved.

Issuer	Bond Type	Impact Thesis	Sub-pillar	Primary UN SDG
Molina Healthcare	Conventional bond	Molina is a managed care company that provides health insurance to individuals through programs such as Medicaid and Medicare, which serve vulnerable populations that are low income (Medicaid) and 65 or older (Medicare).	Improving Health	
NatWest Group	Social bond	NatWest was the first European financial institution to issue a social bond specifically to fund women-led businesses. NatWest's EUR 500 million social bond will be dedicated to loans for female-led enterprises. Despite growth in UK SME lending in reaction to the pandemic, SMEs led by women remain particularly disadvantaged in accessing finance.	Enabling Social Equity	
Novartis	Conventional bond	Novartis is a multinational health care company engaged in the development, manufacturing, and sale of pharmaceutical products. It has a broad range of innovative, established, generic, and biosimilar medicines.	Improving Health	
OneMain Finance	Conventional bond	OneMain offers auto loans and personal loans primarily to non-prime customers who have limited access to credit through more than 1,400 branches in 44 states. ⁹ OneMain's emphasis on financial advancement and success for customers (every customer gets a personalized budget plus access to financial literacy resources) differentiates it from other lenders targeting underserved communities and helps reduce financial inequalities within the U.S.	Enabling Social Equity	
Orange	Sustainability bond	Orange's sustainability bond proceeds will fund projects that (1) promote digital inclusion in rural areas, (2) improve energy efficiency in the company's own operations, and (3) reduce e-waste.	Enabling Social Equity	
Pfizer	Conventional bond	Pfizer is a research-based global biopharmaceutical company. The company brings lifesaving and life-extending therapies to people through the discovery, development, manufacture, and distribution of health care products, including medicines and vaccines.	Improving Health	
PNC Financial Services Group	Social bond	PNC's social bond is financing projects that promote positive social outcomes to benefit low- and moderate-income individuals and communities, majority-minority census tracts (areas/census tracts where over 50% of the population consists of minority groups), and vulnerable or underserved populations.	Enabling Social Equity	
Praemia Healthcare	Sustainability bond	The sustainability bond is helping finance (1) health care solutions in the medical care and elderly care sector and (2) decarbonization of the health care infrastructure in France.	Improving Health	
Rady Children's Hospital	Conventional bond	Rady Children's Hospital is a nonprofit health care system located in San Diego, California, providing health care services to children. It is the largest children's hospital in California and the only pediatric quaternary care hospital in San Diego County.	Improving Health	

⁹ Company website.

Source: T. Rowe Price.

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Issuer	Bond Type	Impact Thesis	Sub-pillar	Primary UN SDG
Sartorius	Conventional bond	Sartorius' products are used by the biopharmaceutical industry to make research and development and production processes more efficient, enabling advanced therapeutics to reach the market faster. The company's bioprocessing portfolio focuses on all major steps in the manufacture of biopharmaceuticals across upstream and downstream processing—its focus on single-use technology reduces the risk of cross-contamination, offers greater manufacturing flexibility, and lowers costs for clients.	Improving Health	
Southern California Edison	Green bond	Bond proceeds will be used to refinance wildfire prevention and risk mitigation capital expenses incurred between August 2019 and July 2021 in high-fire-risk areas, representing 33% of Southern California Edison's service area.	Enhancing Quality of Life	
STERIS	Conventional bond	STERIS is a leading provider of infection prevention and procedural products and services for the health care and life sciences markets. Its products and services drive a positive impact through helping its customers to create a healthier and safer world for patients through providing global innovative health care and life science products and services.	Improving Health	
Sutter Health	Conventional bond	Sutter Health is a nonprofit health care system with a payer mix predominantly composed of Medi-Cal (California's Medicaid program) and Medicare patients, providing low-income and elderly patients with access to world-class medical care.	Improving Health	
Thermo Fisher Scientific	Conventional bond	Thermo Fisher Scientific delivers a positive impact in health care by (1) enabling biopharmaceutical innovation and life sciences research and (2) advancing precision medicine.	Improving Health	
UnitedHealth Group	Conventional bond	UnitedHealth delivers a meaningful impact through its health insurance and services by providing a financial safety net to its commercial and community/senior enrollees and facilitating access to health care.	Improving Health	

Source: T. Rowe Price.

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Pillar 3: Sustainable Innovation and Technology

Issuer	Bond Type	Impact Thesis	Sub-pillar	Primary UN SDG
Aptiv	Conventional bond	Aptiv manufactures innovative products that contribute to electric vehicles and charging infrastructure, promote electrification and energy efficiency in vehicles and industry, and provide safety solutions. The company's products and solutions enable the transition to greener, safer, automated and connected vehicles.	Sustainable Technology	
Bangkok Bank	Conventional bond	Bangkok Bank is one of the largest commercial banks in Thailand and is enabling enterprise growth through providing financing to its 17 million customers, which increases credit access, drives job creation, and enables economic growth. ¹⁰	Building Sustainable Infrastructure	
NXP Semiconductors	Green bond	NXP's green bond is financing research and development for innovation in green chips, which enable reduced energy consumption in smart buildings and 5G networks, as well as battery control and energy management solutions for electric and hybrid vehicles.	Sustainable Technology	

¹⁰Company website.

Source: T. Rowe Price.

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Global Impact Credit Investment Team

Our people

Matt Lawton is the portfolio manager for the Global Impact Credit Strategy and has ultimate responsibility for all decisions regarding investment strategy, portfolio construction, and security selection. He has 17 years of investment experience. Matt is also a member of T. Rowe Price Associates, Inc.'s Fixed Income ESG Steering and Advisory Committee and ESG Committee.

Collaboration between our impact investing teams is also key when finding true impact investments. Matt regularly meets with our impact investing teams to discuss new ideas. Through these meetings, Matt can analyze and enrich impact ideas while maintaining full discretion over the portfolio's investment decisions and overall construction.

Portfolio Manager

Drives portfolio construction, risk allocation, and performance



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

Portfolio Strategy Team

Conducts impact and ESG bond research; collaborates with Responsible Investing team and fundamental analysts



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

Provides support to the portfolio manager and works with clients on strategy updates and messaging



Michael Ganske, Ph.D., CFA, FRM

Portfolio Specialist, Fixed Income

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



Jack Loudon, CFA

*Lead Portfolio Analyst,
Fixed Income*

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

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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)



Joe Baldwin

Analyst (London)



Francesco Buonocore

Associate Analyst
(London)



Dylan Cotter

Associate Analyst
(Baltimore)



Ashley Hogan

Associate Analyst
(Baltimore)



Clarice Hung

Associate Analyst
(Hong Kong)



Matthew Kleiser

Associate Analyst
(Baltimore)



Natalie McGowen

Associate Analyst
(Baltimore)



Iona Walker

Analyst
(Hong Kong)



Daniel Ryan

Analyst (London)



Duncan Scott

Analyst (London)



Suha Read²

General Manager
(London)



Michael Ray²

Senior Business
Analyst
(Baltimore)

TRPA Governance



Donna Anderson

Head of Corporate
Governance
(Baltimore)



Jocelyn Brown

Head of
Governance,
EMEA and APAC
(London)



Kara McCoy

Governance
Analyst
(Baltimore)



Yijiang Wang

Governance
Analyst (London)

¹ As of June 30, 2024. Associates may have changed since this time.

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 Credit 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 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, 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

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 Credit Strategy 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 (Bloomberg Global Aggregate Credit USD Hedged Index). This list excludes areas of the global economy that, in our view, do not generate positive impact. Our pillar alignment process and impact analysis based on the Five Dimensions of Impact then ensure a starting point for deeper impact eligibility and inclusion.

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 Credit Strategy 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.

Sustainability-linked bond: A bond whose proceeds are used by the issuer to finance sustainability aims or objectives, which carries an embedded step-up clause whereby if a certain sustainability target or key performance indicator is not met within a set time frame the coupon on the bond will increase.

Theory of Change: An 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 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 Engagement 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 Credit Strategy 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.

Global Impact Credit Strategy

Objective

To have a positive impact on the environment and society whilst at the same time seeking to increase the value of its shares through both growth in the value of, and income from, its investments over a full market cycle (a minimum of 5 years).

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

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

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

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

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

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

Derivative—Derivatives may be used to create leverage which could expose the fund to higher volatility and/or losses that are significantly greater than the cost of the derivative.

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

Emerging markets—Emerging markets are less established than developed markets and therefore involve higher risks.

ESG—ESG integration as well as events may result in a material negative impact on the value of an investment and performance of the fund.

Geographic concentration—Geographic concentration risk may result in performance being more strongly affected by any social, political, economic, environmental or market conditions affecting those countries or regions in which the fund's assets are concentrated.

Hedging—Hedging measures involve costs and may work imperfectly, may not be feasible at times, or may fail completely.

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

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

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

Sustainability—Funds that seek to promote environmental and/or social characteristics may not or only partially succeed in doing so.

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

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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.

The representative portfolio is an account we believe most closely reflects current portfolio management style for the strategy. Performance is not a consideration in the selection of the representative portfolio. The characteristics of the representative portfolio shown may differ from those of other accounts in the strategy. Information regarding the representative portfolio and the other accounts in the strategy is available upon request.

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