T. Rowe Price®

Impact Beyond the Obvious

Global Impact Equity Strategy

2021 ANNUAL IMPACT REPORT

Sustainability With Substance™

Issued May 2022.

IMPORTANT INFORMATION:

Aggregated Report

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

Contents

Impact Investing in an Era of Change

Society has endured a tumultuous period over the last two years. A pandemic, economic uncertainty, and military conflict in Europe. These events have caused deep loss and upheaval to the daily lives of individuals, families, and communities around the world. With uncertainty touching many aspects of personal and professional lives, this period has been challenging for many.

However, amid the uncertainty, we see cause for optimism. Change is often born of extremes—and we are living in a period of extremes in many respects. The challenges of our era have created open and broad debate about the rights and freedoms of humankind, the growth in inequality, and the clear and obvious pressures on our environment.

To this point, rarely have society and investors mobilized in the way we have seen in the past two years, with clear and raised expectations as to how businesses should conduct themselves in the context of the societies and the environments in which they operate. We are encouraged by the significance and action businesses are applying to demands for new and improved principles. Companies are innovating in response to society's demands for solutions to pressing issues, and industry leaders are adapting in recognition of their responsibilities and impact.

Last year was a breakout year for investors seeking to make more active and conscious choices to favor companies that show clear leadership in environmental and social issues. Impact investing has become a vital tool for investors seeking to position themselves to contribute to better social and environmental outcomes. This has created an increasing number of opportunities to access positive impact in public equity markets. This backdrop creates real potential for impact investing within a dual mandate that seeks positive environmental and/or social impact alongside excess financial returns.

The strategy aligns investors with the United Nation's Sustainable Development Goals (UN SDGs)[1] and features three distinct impact pillars and eight impact sub-pillars. In doing so, the strategy helps direct capital toward companies that provide solutions to environmental or societal challenges, thus creating positive impact for the planet and society. We also engage with businesses to help influence and contribute to positive impact over time—aligning shareholders, companies, and investors in the process.

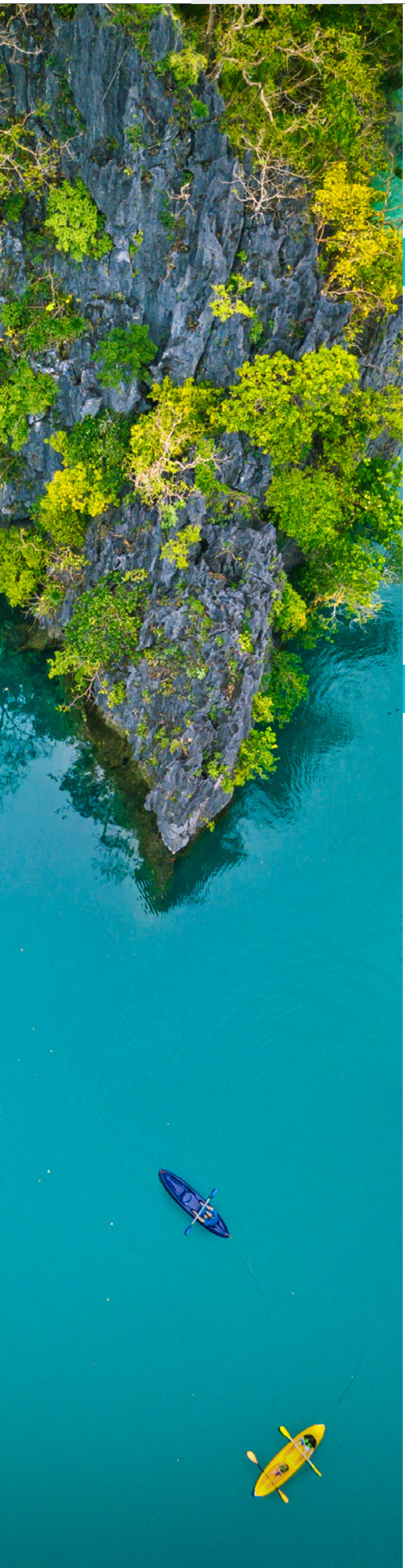
We are pleased to share with you this inaugural impact annual report. It articulates the decisions we have taken in the context of our core investment principles. Specifically, it aims to share with you the impact that those decisions have made on our environment and society.

B. Hari Shankar

HARI BALKRISHNA
Portfolio Manager, Global Impact Equity Strategy

> Impact is about the present but includes dimensions of change and persistence. Impact requires conscious action, skilled execution, and the commitment of additionality.

[1] http://www.un.org/sustainabledevelopment/sustainable-development-goals/



About Global Impact

OUR INSPIRATION

In 2020, T. Rowe Price committed to launching the first impact investment strategy. This followed several years of investment to build the firm's capabilities in responsible investing and to meet our clients' rapidly evolving needs with respect to integrating environmental, social, and governance (ESG) factors.

The Global Impact Equity Strategy was born through our desire to contribute in a positive way to the challenges our planet and society face today—challenges that require commitment and action. We believe impact investing is the most direct way we can influence and address these challenges—via conscious action, engagement, and skilled execution.

OUR PHILOSOPHY

We believe that impact investing goes beyond simply owning and capturing the economics and activities of certain types of companies. Capital must also be directed toward desired impact outcomes, alongside engaging with company management and active proxy voting to help achieve the best results. While impact investing and measurement in public equity markets may still be in its infancy and may never be as measurable as in the private equity space, if we are to make a difference, as an investment community we need to expand impact investing across asset classes.

Our investment philosophy targets underappreciated impact, in combination with mispriced future economic returns, on a truly global, stock-by-stock basis. We believe stocks delivering positive environmental and/or social impact have the potential to offer better topline and bottom-line growth prospects than the market. To find those stocks, we apply a forward-looking, research-driven, and high-conviction approach to our stock choices—this is especially important for prudent risk management. We also align with the UN Sustainable Development Goals as we seek to analyze the full breadth of impact opportunities available in an evolving and complex world.

We believe the requirements for successful impact investing in public equity markets are embedded in analyzing and understanding long-term change. This is well aligned to our investment principles of fundamental, bottom-up active research.

OUR PEOPLE

We have assembled a portfolio management team with the attributes to blend both impact and fundamental research, helping to create differentiated insights and outcomes through a positive impact lens. Portfolio Manager Hari Balkrishna is a global citizen who has lived and worked in five continents and possesses a passion for addressing climate change and social issues. He spent five years as associate portfolio manager for the firm's Global Growth Equity Strategy—a rigorous training ground for building the foundations to evaluate a global equity opportunity set.

Our impact research framework was devised in collaboration with T. Rowe Price Associates, Inc.'s (TRPA) Responsible Investing team, which provides analytical support under the leadership of the director of research for responsible investing, Maria Elena Drew. The team studied best-in-class impact investing practices specifically developed by industry networks and organizations such as the Global Impact Investing Network (GIIN), the Impact Management Project (IMP), and the Responsible Investment Association Australasia (RIAA).

These collaborations were invaluable as we evolved and enhanced our impact approach to build the necessary layers of legitimate measurement—beyond just single points of reference to measure impact. It also underscored the need to estimate the impact from prospective investments to qualify them as impact investments.

Global Impact Equity Team

HARI BALKRISHNA
Portfolio Manager (London)

CHRIS VOST
Investment Analyst (London)

LAURENCE TAYLOR
Portfolio Specialist (London)

FATNA CHELIHI
Senior Portfolio Analyst (London)

JOCELYN BROWN
Head of Governance, EMEA and APAC (London)

Research Is Our Foundation

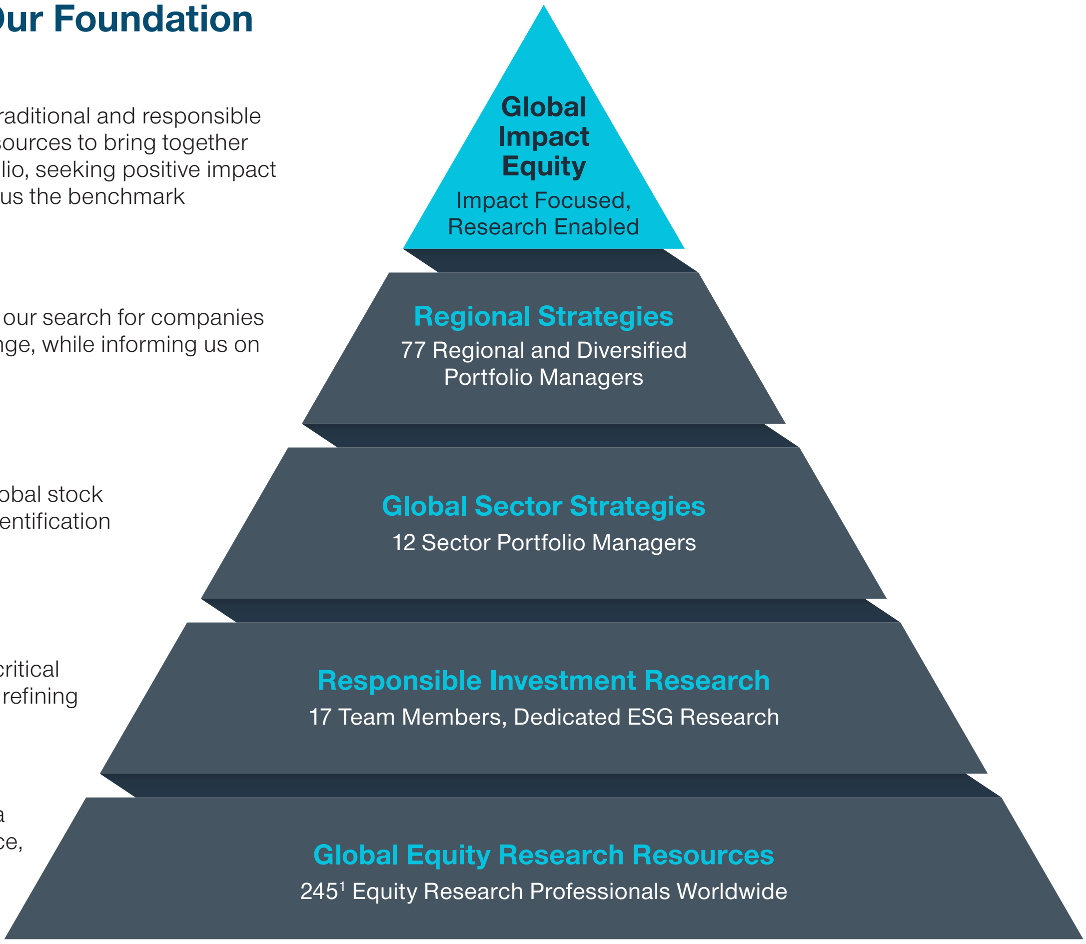
We leverage our firm's traditional and responsible investment research resources to bring together a high-conviction portfolio, seeking positive impact and excess returns versus the benchmark

Regional expertise aids our search for companies on the right side of change, while informing us on macroeconomic risks

Sector expertise aids global stock comparisons and the identification of secular change

Dedicated responsible investment research is critical for ESG integration and refining our impact universe

We have committed to a global research presence, giving us breadth and depth in idea generation



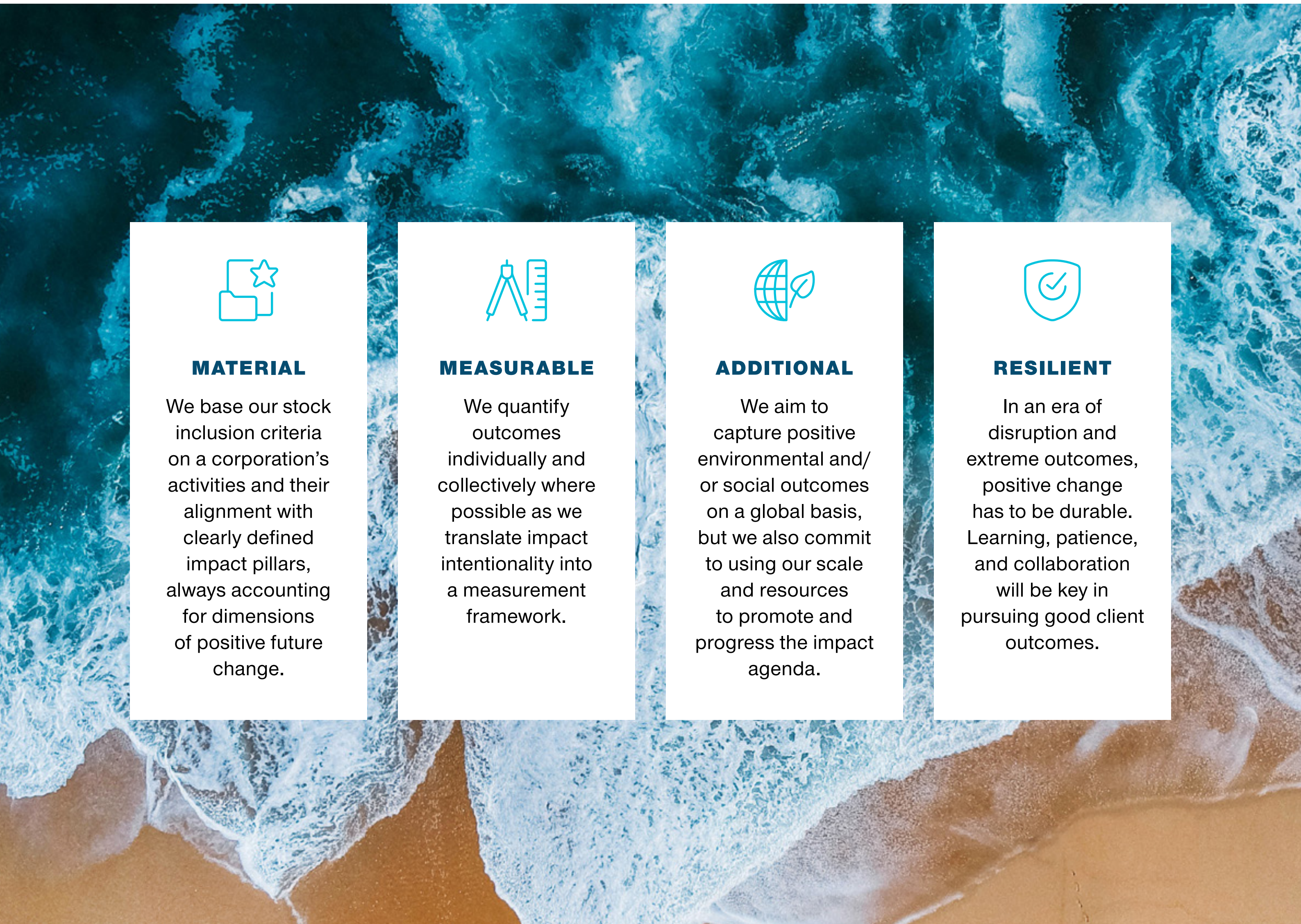
[1] 12 sector portfolio managers, 126 research analysts, 71 associate research analysts, 11 quantitative analysts, and 25 specialty analysts as of December 31, 2021. Effective March 7, 2022, T. Rowe Price Investment Management, Inc. (TRPIM), was established as a separately registered U.S. investment adviser. TRPIM has a separate ESG team from that of T. Rowe Price Associates, Inc. (TRPA). The data shown reflects the headcount of TRPA and its investment advisory affiliates, including TRPIM. Subject to change.

Our Impact Charter

Societal, regulatory, and fiduciary dynamics are driving significant change across a range of environmental and social fronts. As companies respond and shift investments to address global pressure points, the opportunity to own businesses in public equity markets with the potential to create positive impact on society and the planet is broader than ever.

We believe impact investing offers a real opportunity to target stocks that can help deliver positive impact and at the same time pursue excess return potential. But generating impact goes beyond investing in certain types of companies. It draws on our efforts in active ownership—directing capital toward desired impact outcomes and encouraging change through impact-oriented company engagements and active proxy voting.

To this end, our impact approach is framed around four key elements—material, measurable, additional, and resilient. Material and measurable form the basis for identifying investments with the potential to generate positive environmental and/or social impact while quantifying change over time. We specifically aim to invest in companies that serve an unmet need of society, and we also aim to be additional to the outcomes created, helping to make a difference with our investments as a public equity manager through active ownership. Importantly, we believe a patient and resilient approach is required to generate the desired impact over time.



MATERIAL

We base our stock inclusion criteria on a corporation's activities and their alignment with clearly defined impact pillars, always accounting for dimensions of positive future change.

MEASURABLE

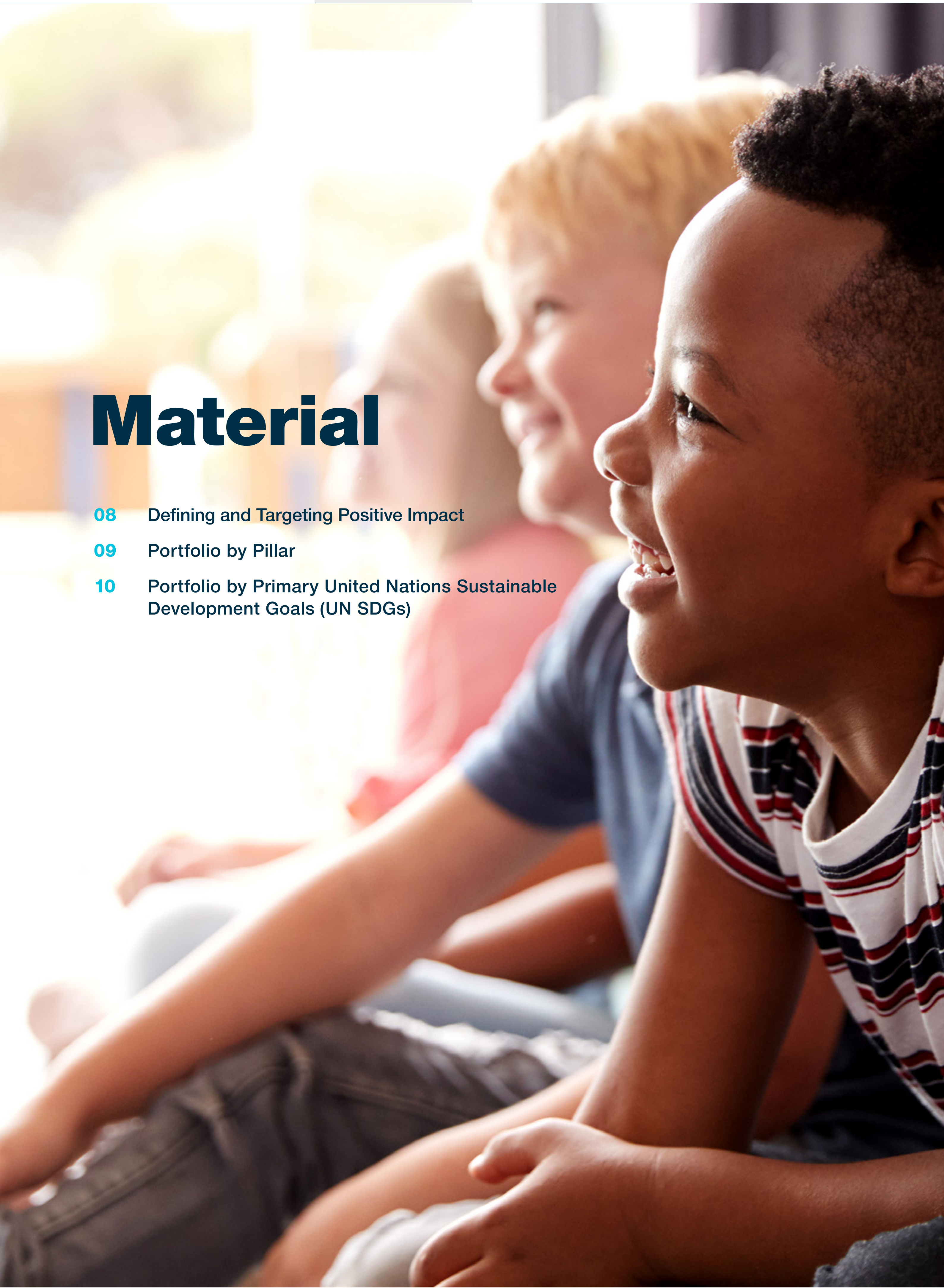
We quantify outcomes individually and collectively where possible as we translate impact intentionality into a measurement framework.

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, positive change has to be durable. Learning, patience, and collaboration will be key in pursuing good client outcomes.



Material

Defining and Targeting Positive Impact

All of the Global Impact Equity Strategy investments start with a stock-by-stock assessment of impact materiality. The responsible investment team defines our impact universe through careful screening via an assessment of a business's alignment with our impact framework. We also embed a qualitative and quantitative understanding of environmental, social, and governance factors, while excluding areas of the global market that do not generate positive impact.

Our team's starting point is to screen using our impact lens framework to quantify a company's alignment to one of our three proprietary impact pillars and eight sub-pillars (as illustrated on the right).

Pursuing positive impact from our investments against at least one of these pillars is mandatory for every investment decision we make. At the foundation of our framework are the 17 United Nations Sustainable Development Goals, a globally recognized framework designed to end poverty, protect the planet, and ensure prosperity. This analysis helps us to understand a business, its activities, and its operational alignment with the environmental and social stresses that we and others observe in our world.

We also use the TRPA proprietary Responsible Investing Indicator Model (RIIM) to assess the ESG characteristics of a company's full operations incorporating Do No Significant Harm (DNSH) factors.

Our approach to identifying impact candidates is further enhanced by analysis to embed our forward-looking insights, predominantly to understand where change will drive material impact in the future. A forward-looking approach and in-depth analysis help us to understand how to measure the individual contribution of a company over time.

The outcome of this collective due diligence is to deliver a clearly defined impact universe and material impact thesis for every stock we own.

Impact Pillars and Sub-pillars

1 Climate and Resource Impact

- Reducing Greenhouse Gases (GHGs)
- Promoting Healthy Ecosystems
- Nurturing Circular Economies

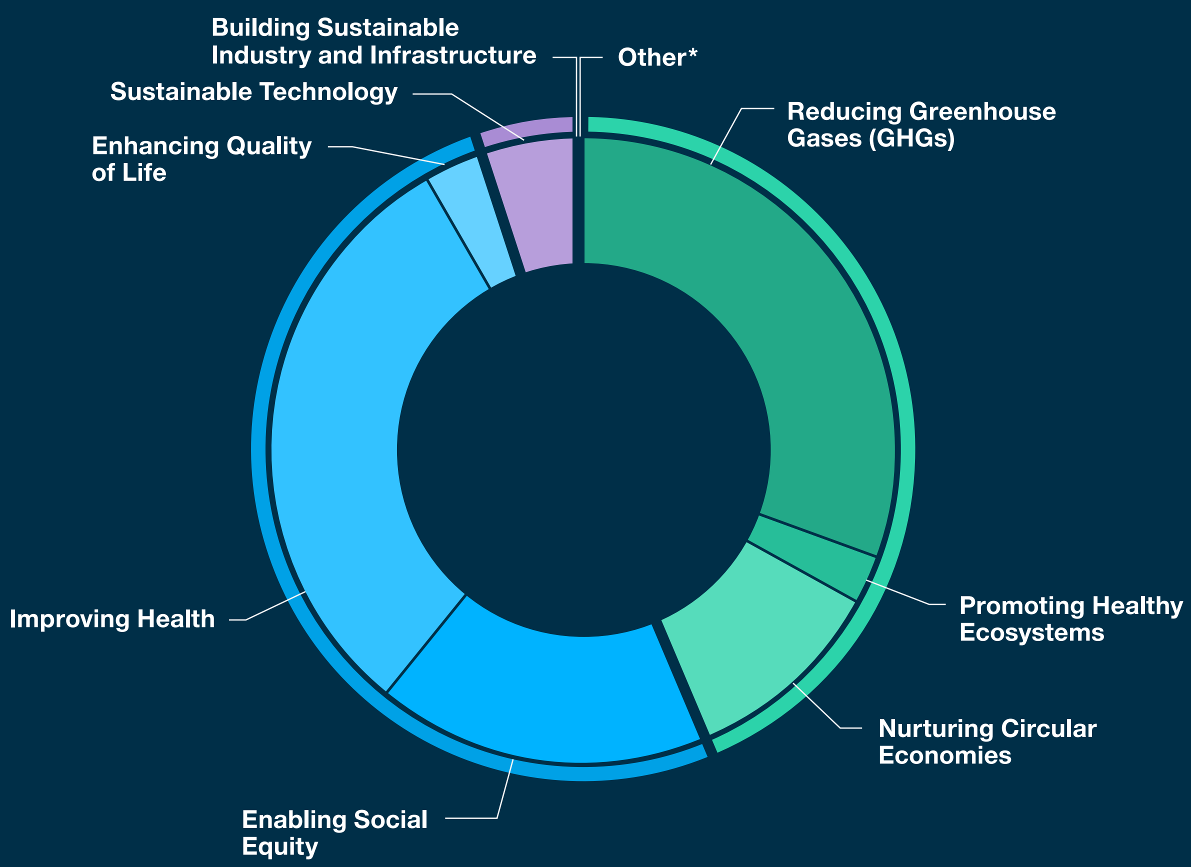
2 Social Equity and Quality of Life

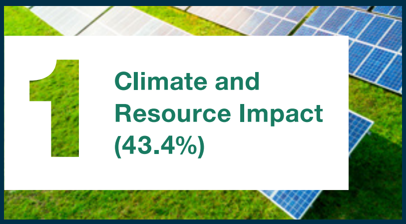
- Enabling Social Equity
- Improving Health
- Enhancing Quality of Life

3 Sustainable Innovation and Productivity

- Sustainable Technology
- Building Sustainable Industry and Infrastructure

Portfolio by Pillar





Reducing Greenhouse Gases (GHGs)	30.4%
Promoting Healthy Ecosystems	2.6%
Nurturing Circular Economies	10.4%

Enabling Social Equity	17.1%
Improving Health	30.6%
Enhancing Quality of Life	3.1%

Sustainable Technology	5.1%
Building Sustainable Industry and Infrastructure	0.0%

*Other: Cash weighting 0.7%
Data shown for the representative portfolio as of December 31, 2021. Subject to change without notice. Figures may not total due to rounding.
See Additional Disclosures for more details on the representative portfolio.

Portfolio by Primary United Nations Sustainable Development Goals

1 NO POVERTY

2 ZERO HUNGER

3 GOOD HEALTH AND WELL-BEING

- Agilent Technologies
- Alexandria Real Estate Equities
- AstraZeneca
- Avantor
- Danaher
- Daiichi Sankyo
- Eli Lilly
- EssilorLuxottica
- Evotec
- Hamamatsu Photonics
- Intuitive Surgical
- JD Health
- Kodiak Sciences
- Koninklijke DSM
- Lonza Group
- Oxford Nanopore Technologies
- Shop Apotheke
- Stryker
- Thermo Fisher Scientific
- Veeva Systems
- WuXi Biologics
- Zoetis

4 QUALITY EDUCATION

- Hope Education

5 GENDER EQUALITY

- Bright Horizons

6 CLEAN WATER AND SANITATION

- Ecolab
- Mueller Water Products
- Tomra Systems

7 AFFORDABLE AND CLEAN ENERGY

- Atlassian
- Brookfield Renewable Partners
- Chart Industries
- Fortinet
- Hubbell
- Iberdrola
- Infineon Technologies
- Linde
- NextEra Energy
- Nibe Industrier
- Prologis
- Rivian Automotive
- Rockwool
- Salesforce.com
- Schneider Electric
- ServiceNow
- Shoals Technologies
- SolarEdge Technologies
- Trane Technologies
- Waste Connections
- Zoom Video Communications

8 DECENT WORK AND ECONOMIC GROWTH

- AIA Group
- Axis Bank
- Bank Central Asia
- Block
- Charles Schwab Corporation
- HDFC Bank
- HubSpot
- Intuit
- MercadoLibre
- MSA Safety
- Shopify

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

- ASML Holding
- Chailease Holding
- Synopsys
- TSMC

10 REDUCED INEQUALITIES

11 SUSTAINABLE CITIES AND COMMUNITIES

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

- Ashtead Group
- IDEX Corporation
- Keyence
- Mercari
- Roper Technologies
- Trex
- Trimble

13 CLIMATE ACTION

14 LIFE BELOW WATER

15 LIFE ON LAND

- DocuSign
- Stora Enso

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

17 PARTNERSHIPS FOR THE GOALS

SUSTAINABLE DEVELOPMENT GOALS

Data shown for the representative portfolio as of December 31, 2021. Subject to change without notice. See Additional Disclosures for more details on the representative portfolio.

The securities shown represent 100% of the publicly traded securities held in the portfolio. There were no holdings primarily aligned with UN SDGs 1, 2, 10, 11, 13, 14, 16, or 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.

Measurable

Quantifying Impact and Outcomes

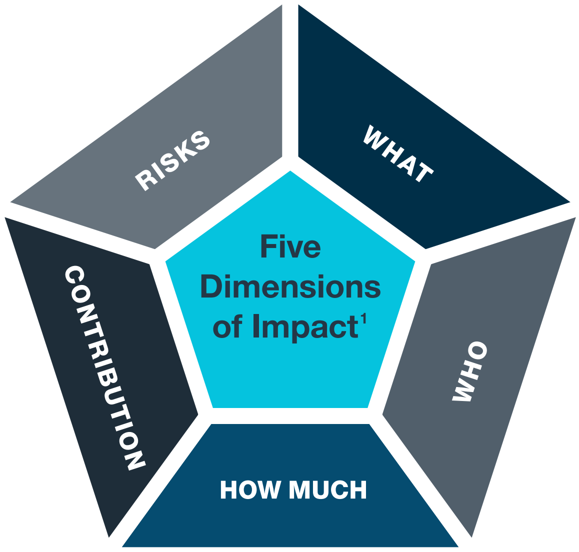
We measure impact at the individual stock level but will aggregate the portfolio where possible. Because impact measurement is less standardized and therefore more complex than traditional performance measurement, we analyze each company from the perspectives of business impact alignment, fundamentals, outcomes, and risk. This process embeds layers of measurement into our impact process, which we believe assists our research, our selection process, and our ability to communicate impact outcomes to clients.

Alongside measuring a company's alignment with our impact pillars and sub-pillars, we use the **five dimensions of impact framework** to perform a fundamental impact due diligence analysis. The framework was developed by the Impact Management Project (IMP), an impact practitioner community of over 2,000 organizations.

This approach enables the assessment of an individual company's impact fundamentals, including any risks that may act as an impediment. This allows us to essentially build an impact model on every company, similar to a traditional financial model.

Evaluate the risks to people and the planet if the impact is not delivered as expected

Determine the impact outcome being targeted



Assess the company's contribution to the outcome relative to what would have occurred anyway

Identify the key beneficiaries (such as planet or people)

Quantify the scale, depth, and duration of outcome experienced by the stakeholders

This process helps to formalize our impact thesis, highlight negative externalities and risks, and define key performance indicators (KPIs) for each stock. This also helps to identify any opportunities for engagement with each company to address any issues relating to our impact thesis.

Our security-specific KPI metrics form the basis of measuring impact outcomes. These metrics are oriented to our proprietary impact pillar and sub-pillar under which a company is aligned and real-world pressure points.[2]

[1] Source: Impact Management Project (IMP)

[2] 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, nor do they help to deliver positive share price performance. 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.

Theory of Change

As part of our approach to impact measurement and reporting, we use a "Theory of Change" model. This provides a framework for evaluating and measuring how each holding generates impact by identifying the efforts of a company and how they lead to particular outcomes. This approach allows us to measure the progress of a company toward its impact goals over time.

Impact Journey

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

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

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

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

Impact Outcomes

Companies in which the portfolio invests delivered positive outcomes across many areas of impact. We primarily measure impact at the company level; however, we aggregate these data points across companies where available. Here, we present the estimation of short-term outcomes as well as long-term impact delivered by a sample of companies we invest in (approximately 65% of assets under management), using annual reports as well as third-party impact estimations. These contributions are based on companies' financial year (FY) 2020,* given that FY 2021 reports have not been released for all holdings at the date of writing.

Climate and Resource Impact

4,446
TERRAWATT HOURS OF ENERGY SAVED
from use of insulation products[1]
Rockwool (1.4% portfolio weighting)

9.8 billion
LITERS OF TRANSPORT FUEL SAVED
by firms' transport management systems[2]
Trimble (1.6%) and Roper Technologies (1.3%)

4.7 billion
CUBIC METERS OF WATER SAVED
by firms' products[1,2]
Ecolab (1.2%) and Mueller Water (1.4%)

4.8 million
METRIC TONS OF CO_2e MITIGATED
by solar energy equipment solutions[1,2]
Shoals (0.8%) and SolarEdge (0.6%)

275,692
METRIC TONS OF STEEL PRODUCTION AVOIDED
by rental services[2]
Ashtead (1.5%)

8.7 million
METRIC TONS OF CO_2e MITIGATED
by energy savings from cloud-based software[2]
ServiceNow (1.7%), Salesforce (1.8%), Atlassian (1.5%), and Roper Technologies (1.3%)

48.4 million
METRIC TONS OF CO_2e MITIGATED
by renewable energy generation[2]
NextEra Energy (2.9%), Iberdrola (1.0%), and Brookfield Renewable Partners (1.6%)

280,000
METRIC TONS OF PLASTIC DISPOSAL
diverted by waste management systems[2]
Trex (1.1%) and Waste Connections (2.0%)

11.5 million
METRIC TONS OF CO_2e MITIGATED
by sustainable forest management and paper and wood products[1]
Stora Enso (1.0%)

Social Equity and Quality of Life and Sustainable Innovation and Productivity

191 billion

USD IN CREDIT OUTSTANDING

to retail and SME clients in emerging markets[1]

Axis Bank* (1.3%), HDFC Bank* (2.4%), Bank Central Asia (1.4%), and Chailease (1.6%)

57 million

SMALL AND MEDIUM BUSINESSES

enabled by digital solutions[1]

Block (0.9%), Shopify (1.5%), Intuit (2.4%), MercadoLibre (1.0%), and HubSpot (1.5%)

114,000

CHILD-CARE PLACES PROVIDED

near working site, in UK, U.S., and Netherlands[1]

Bright Horizons (0.7%)

25.6 million

JOBS ENABLED

by SME and PMMY loans[2]

Axis Bank* (1.3%), HDFC Bank* (2.4%), Bank Central Asia (1.4%), and Chailease (1.6%)

38 million

PEOPLE INSURED

by protection solutions[1]

AIA (1.8%)

1,059

ACCIDENTS AVOIDED

by fall protection and industrial helmets[2]

MSA Safety (1.3%)

75 billion

USD OF RESEARCH AND DEVELOPMENT

for health care solutions[3]

Health care solutions holdings[3]

1.2 million

ROBOTIC SURGERIES CONDUCTED

by surgical technology[1]

Intuitive Surgical (2.2%)

7.1 billion

USD SPENT ON RESEARCH AND DEVELOPMENT

in sustainable technology solutions[1]

ASML (1.9%), Synopsys (1.7%), and TSMC (1.5%)

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 company's 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.

CO_2e: carbon dioxide equivalent or CO_2 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.

*Apart from for HDFC Bank, Axis Bank, and Daiichi Sankyo for which we use FY 2021 data (as at March 31, 2021).

[1] 2020 company report.

[2] Net Purpose estimate. SME: small and medium enterprises; PMMY Loans: loans provided under the Indian Pradhan Mantri Mudra Yojana (PMMY) government scheme (see HDFC Bank case study for more information).

[3] Source: Annual reports. Enabled health care research and development includes life sciences companies' revenues that are aligned to providing health care solutions (Agilent Technologies (1.6%), Avantor (0.7%), Danaher (2.5%), Evotec (1.5%), Lonza (1.9%), Thermo Fisher Scientific (2.4%), WuXi Biologics (1.4%)) and research and development spending for the following companies: AstraZeneca (1.2%), Daiichi Sankyo (1.3%), Oxford Nanopore Technologies (0.6%), Stryker (1.5%).

Climate and Resource Impact

We believe the need to address humankind's impact on the planet has never been so urgent, or so clear. The influence of carbon and other greenhouse gas (GHG) emissions on global climate change is well documented, with extreme weather events now commonplace, and extraordinarily severe for the communities affected.

The challenge of preserving our delicate environment for future generations is quite simply the greatest of our era. However, the collective will to address climate change, as well as the resources being directed toward the threat that it poses, are cause for optimism.

In our opinion, current efforts by global governments to contain or reduce the level of emissions fall short of the measures required to prevent further damage to our planet, but action is escalating as society and has begun to take control of the climate agenda. In November 2021, we saw sovereign nations gather to discuss and commit to targets to reach net-zero emissions. The ultimate decisions made contained compromises that will contribute further to global warming; however, the event was historic as a first step for many countries to address these increasingly urgent issues.

Within our Climate and Resource Impact pillar, we focus on three sub-pillars, reducing greenhouse gases (GHGs), promoting healthy ecosystems, and nurturing circular economies. This pillar is explicitly aimed at aligning our analysis, ownership, and engagement with the UN SDGs and business activities that can create a positive impact, when companies address our environmental pressure points with a conviction that matches our own.

CLIMATE AND RESOURCE IMPACT

Impact Sub-pillars

Reducing Greenhouse Gases (GHGs)

This represents the largest allocation within the Climate and Resource Impact pillar. We seek to own stocks that reflect the efforts of global businesses using advanced technology to create solutions to help reduce emissions that contribute to global warming.

Companies falling within this pillar include those building the infrastructure needed to rapidly increase the provision and use of cleaner energy necessary for a net-zero future. Included in this sub-pillar are companies we believe will become key players in the green hydrogen economy. This sub-pillar also features leaders in cloud technology, explicitly powered by renewable energy, thus improving the energy efficiency of operations, as well as companies offering communication and collaboration software that reduces the need for physical travel.

Promoting Healthy Ecosystems

This sub-pillar features companies that focus on the improvement of air, water, or land quality. This includes the provision of clean, safe drinking water to hundreds of millions of people. Companies are also engaged in providing protection services such as sanitation and fire safety.

Nurturing Circular Economies

This sub-pillar encompasses businesses that reduce waste through their technology or service provision, including companies explicitly involved in recycling via the secondary use of reclaimed materials as well as the reselling of secondhand products. Resource efficiency is also a key component of the companies in this sub-pillar, recognizing the importance of optimizing production methods across our economy, whether in agriculture or within the industrial or construction industry, in a world of finite resources.

Case Study

REDUCING GREENHOUSE GASES (GHGs)

NextEra Energy

Pressure Points

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

Impact Thesis

With nearly USD 100 billion in clean energy infrastructure deployed since 2011,[3] NextEra Energy is the largest renewable energy generator in the United States. Its clean energy generation significantly reduces emissions of harmful greenhouse gases. As of 2020, 56% of NextEra's revenues are aligned to our Reducing Greenhouse Gases (GHGs) sub-pillar, with 28% of revenues derived from renewable energy generation and 28% of revenues related to electricity transmission and distribution. Renewable energy generation is expected to exceed 50% of revenues by 2030 with continued incremental capital investment. We report NextEra's energy impact on the environment by measuring the amount of CO_2e emissions avoided from clean energy generation and number of lives extended.

KPI: Amount of electricity produced by renewable energy sources and greenhouse gas emissions mitigated (in metric tons of CO_2e avoided)

Five Dimensions of Impact

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

Who: Planet

How much: 58.6 million MWh of electricity produced using renewable sources in 2020, 18% more than 2019.[3]

Contribution: Between 2005 and 2020, the firm cut its CO_2 emissions rate by 56.6% and its absolute CO_2 emissions by 24.2%.[3]

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

Progress Monitoring

While NextEra is clearly assisting the energy transition, its carbon footprint and intensity is one of the largest in the representative portfolio. Therefore, we are focused on understanding and pushing NextEra's commitment to reducing its electricity generation from fossil fuels. Coal plays a very minor role in the firm's generation mix, but we will continue to monitor its reduction and push to reduce CO_2e levels further.

PRIMARY UN SDG

7 AFFORDABLE AND CLEAN ENERGY

IMPACT PILLAR

Climate and Resource Impact

IMPACT SUB-PILLAR

Reducing Greenhouse Gases (GHGs)

IMPACT JOURNEY

Input

USD 4.8 billion revenue from renewable energy[3]

Output

21,578 megawatts installed renewable energy generation[3]

Outcome

58.6 million megawatt hours (MWh) electricity produced[3]

Impact

- 19.1 million metric tons CO_2e avoided[4]
- 1,099 lives extended[4]

[1] Source: Hannah Ritchie and Max Roser(2020). "CO_2 and Greenhouse Gas Emissions." Published online at OurWorldInData.org.

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

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

[4] Net Purpose estimates

Case Study

REDUCING GREENHOUSE GASES (GHGs)

Trane Technologies

Pressure Points

Commercial and residential buildings' energy use represent 17.5% of the total amount of greenhouse gases emitted globally.[1] CO_2 emissions from building operations have risen in recent years, mainly because of the increasing use of heating and cooling equipment. We believe this has been partly driven by extreme weather events stemming from global warming. According to the IEA, the sector's energy intensity needs to drop nearly five times faster over the next 10 years than it did in the past five years to meet the net-zero emissions target by 2050.

Impact Thesis

Trane Technologies enables greater energy efficiency in commercial and residential settings and refrigerated transportation. The firm's products improve the low temperature-controlled supply chain (the cold chain), which reduces food waste. The company has committed to the ambitious Gigaton Challenge that aims to avoid 1 billion metric tons of greenhouse gas emissions by 2030. More efficient HVAC solutions also reduce the emission of F-gases in the atmosphere, which have a global warming potential up to 23,000 times greater than CO_2. We measure the positive impact of Trane's products on the environment by reporting the amount of carbon emissions it mitigates.

KPI: Customer carbon emissions it mitigates (in metric tons of CO_2 equivalent)

Five Dimensions of Impact

What: Mitigating climate change by developing systems that improve energy efficiency.

Who: Planet

How much: In 2020, Trane Technologies' products helped customers reduce their carbon emissions by 7.7 million metric tons of CO_2e (versus a 2019 baseline).[2]

Contribution: The company has committed to market-leading sustainability targets by 2030. These include achieving carbon neutrality in its operations, zero waste to landfills, and a 10% reduction of absolute energy use.[2]

Risks: Endurance Risk: As global climate change intensifies, extreme weather events could hinder the company's progress toward its carbon reduction targets. Participation Risk: A lack of policies to encourage investments in energy-efficient products.

Progress Monitoring

We continue to monitor the firm's progress toward the Gigaton Challenge commitment. The company recently launched the Center for Healthy & Efficient Spaces to advance indoor environmental quality solutions—we will evaluate progress on this initiative over time.

PRIMARY UN SDG

7 AFFORDABLE AND CLEAN ENERGY

IMPACT PILLAR

Climate and Resource Impact

IMPACT SUB-PILLAR

Reducing Greenhouse Gases (GHGs)

IMPACT JOURNEY

Input

USD 12.4 billion total revenue[3]

Output

Energy-efficient products and solutions that enable more efficient food transportation

Outcome

Improved energy efficiency

Impact

7.7 million metric tons CO_2e emissions mitigated[2]

[1] Source: Hannah Ritchie and Max Roser (2020). "CO_2 and Greenhouse Gas Emissions." Published online at OurWorldInData.org.

[2] Trane Technologies 2020 ESG Report

[3] Financial year 2020

Case Study

PROMOTING HEALTHY ECOSYSTEMS

Mueller Water Products

Pressure Points

Global water use has increased by approximately 1% every year since the 1980s, primarily due to rising industrial and domestic demand, creating global pressure on supplies.[1] It is estimated that leaks from pipes in the U.S. drinking water distribution system lead to a loss of 1.7 trillion gallons of drinking water and costs the nation approximately USD 2.6 billion annually.[2] Implementing robust leak detection and repair programs in water delivery systems can help improve the sustainability of industrial and municipal usage and reduce stress on resources.

Impact Thesis

Mueller Water Products (Mueller) helps municipalities deliver clean water and reduce water waste. Mueller products include water and gas valves, fire hydrants, water metering solutions, leak detection, and pipe condition assessment systems. Mueller's fire hydrants perform a critical safety and security function to help firefighters in times of emergency. We monitor the company's revenue, less the exposure related to natural gas utilities (approximately 10%[3]), to assess impact.

KPI: Company revenues (excluding gas utility exposure), water saved

Five Dimensions of Impact

What: Improving water conservation through water treatment, distribution, and leakage detection solutions

Who: Planet

How much: According to its 2021 ESG report, Mueller helped repair 250,000 pipes annually, monitored 3,200 miles of pipe globally, and shipped 3 million smart meters. Additionally, it supplied over 1 million fire hydrants in the last 10 years.

Contribution: Mueller's EchoShore® products save approximately 675 million gallons of water per year. Mueller's i2O Water, an advanced pressure management solution, has helped to reduce leakage by around 38% and burst frequency by 58%, helping to minimize waste and repair costs.[4]

Risks: Product issues and system glitches can lead to product quality and safety issues.

Progress Monitoring

In our engagement with the company, we suggested that Mueller focuses on customer-focused impact goals in addition to existing operational ESG performance metrics. We were pleased that its 2021 ESG report included a goal to save 7.7 billion gallons of water loss by 2027 with its EchoShore® leak detection technology.

PRIMARY UN SDG

6 CLEAN WATER AND SANITATION

IMPACT PILLAR

Climate and Resource Impact

IMPACT SUB-PILLAR

Promoting Healthy Ecosystems

IMPACT JOURNEY

Input
USD 867 million total revenue aligned[3]

Output
Products used in the transmission, distribution, and measurement of water

Outcome
Improved efficiency of water delivery systems

Impact
Save water

[1] United Nations World Water Development Report 2019
[2] United States Geological Service
[3] Mueller FY 2020 annual report
[4] Mueller 2021 ESG Report

Case Study

PROMOTING HEALTHY ECOSYSTEMS

Ecolab

Pressure Points

According to the World Health Organization, 29% of the world's population does not have access to safely managed water.[1] Improved water supply, sanitation, and better management of water resources are crucial for good public health and preserving the environment. This can potentially bring positive effects on economic growth and help to reduce poverty. The World Economic Forum recently rated access to water as the fourth-greatest global risk in terms of its impact on society.

Impact Thesis

Ecolab provides water treatment, hygiene, and cleaning services in more than 170 countries. The company's water treatment services help to preserve, protect, and recycle water, while its cleaning and hygiene services help to lower the spread of infection and improve food safety. We measure the impact of Ecolab on the environment by reporting the amount of water saved and carbon emissions and waste avoided.

KPI: Gallons of water conserved, metric tons of CO_2e avoided, pounds of waste avoided, BTUs of energy conserved

Five Dimensions of Impact

What: Improving water, sanitation, and hygiene

Who: Planet

How much: In 2020, Ecolab helped customers conserve 206 billion gallons of water. Its products also contributed to the avoidance of 3.5 million metric tons of CO_2e emissions and eliminated 77 million pounds of waste.[2]

Contribution: Ecolab has committed to ambitious sustainability targets by 2030. These include saving 300 billion gallons of water (69% progress made toward this goal), helping customers avoid 6 million metric tons of CO_2e (58% toward goal), providing 2 billion people with safe and quality food (65% toward goal), and helping to clean 90 billion hands (73% toward goal).[2]

Risks: External Risk: Climate change can alter the levels of contaminants and increase treatment needs. The company is also exposed to potential regulatory and political interference.

Progress Monitoring

We are engaging with Ecolab to understand its exposure to downstream water treatment applications from the petroleum refining and fuels industry.

PRIMARY UN SDG

6 CLEAN WATER AND SANITATION

IMPACT PILLAR

Climate and Resource Impact

IMPACT SUB-PILLAR

Promoting Healthy Ecosystems

IMPACT JOURNEY

Input

USD 11.2 billion aligned revenue[3]

Output

Water treatment, hygiene, and cleaning solutions installed at 3 million customer locations[2]

Outcome

Increased water use and energy efficiency and reduction in waste

Impact[2]

- 206 billion gallons of water saved
- 43 trillion British thermal units (BTUs) energy conserved
- 3.5 million metric tons CO_2e avoided
- 77 million pounds waste avoided

[1] World Health Organization. "Drinking-Water." Fact sheet, June 14, 2019
[2] Ecolab 2020 ESG overview
[3] Financial year 2020

Case Study

NURTURING CIRCULAR ECONOMIES

Keyence

Pressure Points

While technological advances in manufacturing have contributed to material productivity gains over the past decades—a key component of economic growth—the sector is a significant source of waste. Manufacturing represented approximately 10% of total waste generated in the European Union in 2018.[1] However, we are encouraged by efforts to address this through sustainable manufacturing practices. Driven by automation and innovation, sustainable manufacturing aims to redesign industrial processes to incorporate waste and emission reduction systems, while conserving energy and natural resources. Sustainable manufacturing also brings potential benefits to society by lowering input costs and improving employee and product safety.

Impact Thesis

Keyence produces precision robotic vision sensing systems primarily used in factory automation. The company's products include machine vision systems, code readers, laser markers, measuring systems, and static eliminators. They facilitate meaningful innovation, productivity, and cost reduction across many industries. They also deliver notable environmental and social impact by reducing manufacturing waste and improving product safety, especially in industrial, health care and consumer applications.

KPI: Revenue exposure to vision-sensing systems

Five Dimensions of Impact

What: Improving manufacturing efficiency and reducing waste

Who: Planet

How much: Revenue was USD 4.9 billion for the 2020–2021 financial year (as at end March 2021).[2]

Contribution: Keyence is a global leader in innovation in the field of automation, robotics, and productivity optimization.

Risks: Evidence Risk: Disclosures require improvement to refine impact estimates. Execution Risk: System glitches can lead to product safety issues.

Progress Monitoring

Keyence provides client testimonials about productivity gains following the installation of its system. We would like to see more quantitative data on efficiency gains, waste reduction, and workers' safety.

PRIMARY UN SDG

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

IMPACT PILLAR

Climate and Resource Impact

IMPACT SUB-PILLAR

Nurturing Circular Economies

IMPACT JOURNEY

Input
USD 4.9 billion total revenue[2]

Output
Automation and inspection equipment for various industries

Outcome
Productivity gains, waste reduction, and safety improvement in industrial processes

Impact
Reduced manufacturing waste

[1] Eurostat
[2] 2020–2021 financial year (as at end March 2021)

Case Study

NURTURING CIRCULAR ECONOMIES

Trimble

Pressure Points

In the agriculture, forestry, and land use sector (representing 18% of total global greenhouse gas (GHG) emissions),[1] smart solutions leveraging data science can help to improve production methods and crop yields and assist with resource management and waste reduction. Transport management systems can also help to optimize transportation routes, reducing fuel consumption. This is of particular benefit to the freight industry whose contribution to GHGs is expected to increase fourfold by 2050, from a 2010 baseline.[2] The construction industry is also fraught with inefficiencies, which Trimble, through its solutions, seeks to improve and mitigate.

Impact Thesis

Trimble is a provider of software and hardware solutions, helping to improve resource planning and land and water management in the construction, geospatial, transportation, and agriculture industries. Its software solutions help construction companies to plan, design, and build commercial and residential buildings in less time, at a lower cost, while reducing waste and achieving higher quality and environmental standards. This is achieved primarily through digitization and process optimization, allowing for better data collection and analytics. We report the environmental impact of Trimble in terms of the metric tons of carbon dioxide its products mitigate.

KPI: Greenhouse gas emissions mitigated (in metrics tons of CO_2e avoided)

Five Dimensions of Impact

What: Mitigating climate change by developing systems that optimize resource management and improve crop yields and energy efficiency.

Who: Planet

How much: Trimble's solutions have helped avoid approximately 7 million metric tons of GHG emissions annually.[3]

Contribution: Trimble's solutions generate up to a 30% increase in machine productivity and in crop yield, and a reduction of up to 90% use of herbicides in agriculture. Its transportation helps clients gain 20% more fuel efficiency through improved logistics and increased fleet utilization.[3]

Risks: External Risk: data and privacy security risk.

Progress Monitoring

During a recent engagement, we were pleased to learn that demand for both software and hardware solutions has increased due to clients' stronger focus on sustainability. We believe that a greater use of Trimble's software can strengthen the impact thesis over time by resulting in greater efficiencies.

PRIMARY UN SDG

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

IMPACT PILLAR

Climate and Resource Impact

IMPACT SUB-PILLAR

Nurturing Circular Economies

IMPACT JOURNEY

Input

USD 3.1 billion revenue[3]

Output

Resource efficiency and process optimization solutions in multiple industries

Outcome

- Increased productivity, resource efficiency
- Reduced fuel usage

Impact

7 million metric tons CO_2e avoided[3]

[1] Source: Hannah Ritchie and Max Roser (2020). "CO_2 and Greenhouse Gas Emissions." Published online at OurWorldInData.org.
[2] Source: OECD, International Transport Forum. The Carbon Footprint of Global Trade. Tackling emissions from International Freight Transport, 2015.
[3] Trimble 2020 Sustainability Report

Climate and Resource Impact Holdings

Global Impact Equity Representative Portfolio

Company	Business Activity	Impact Goal	Primary UN SDG
Ashtead	Provider of rental services for construction equipment	Reduce the need to produce new equipment units and therefore carbon emissions associated with equipment ownership and underuse	12 Responsible Consumption and Production
Atlassian	Operator of task-sharing technology platforms	Improve remote collaboration and efficiency through cloud-enabled technologies, while reducing travel and associated carbon footprint	7 Affordable and Clean Energy
Brookfield Renewable Partners	Solar, wind, and hydro electricity provider	Contribute toward the generation of zero-carbon electricity	7 Affordable and Clean Energy
Chart Industries	Manufacturer of energy infrastructure equipment	Enable environmental transition and a lower-carbon future through innovation in green hydrogen	7 Affordable and Clean Energy
DocuSign	Global e-signatures software provider	Reduce paper use and waste by corporations and individuals	15 Life on Land
Ecolab	Provider of water treatment, hygiene, and cleaning services	Lowering the spread of infection, while also protecting and recycling finite water supply	6 Clean Water and Sanitation
Fortinet	Global network and cloud security solutions provider	Provide cyber protection for cloud and data center operations powered by energy-efficient solutions	7 Affordable and Clean Energy
Hubbell	Electrical equipment and power systems provider	Enable electricity grid resilience through modernization and electrification, while also integrating renewables	7 Affordable and Clean Energy
Iberdrola	Electricity generator with a focus on renewables	Investing in renewable energy capacity to enable and accelerate clean energy transition	7 Affordable and Clean Energy
IDEX Corporation	Provider of engineering and life sciences solutions, including pumps, valves, and flow meters	Supply engineered solutions to create efficiencies in manufacturing, life sciences, and health care	12 Responsible Consumption and Production
Infineon Technologies	Semiconductor manufacturer with specific focus on electric vehicles	Improve energy efficiency and enable renewable transition, especially in the automotive industry	7 Affordable and Clean Energy
Keyence	Innovation and supply of precision robotic vision sensing	Reduce manufacturing waste, while improving product safety	12 Responsible Consumption and Production
Linde	Producer and distributor of industrial gases	Accelerate environmental transition and a lower-carbon future through innovation in green hydrogen and carbon capture, as well as decarbonizing heavy industries	7 Affordable and Clean Energy

Source: T. Rowe Price
Data shown for the representative portfolio as of December 31, 2021. Subject to change without notice. The securities shown represent 100% of the publicly-traded securities held in the pillar shown. See Additional Disclosures for more details on the representative portfolio.

Climate and Resource Impact Holdings, Continued

Global Impact Equity Representative Portfolio

Company	Business Activity	Impact Goal	Primary UN SDG
Mercari	Online secondhand goods marketplace	Recycling of consumer goods helping to reduce landfill	12 Responsible Consumption and Production
Mueller Water Products	Water infrastructure	Help deliver clean, safe drinking water, enabling sustainable management and efficient use	6 Clean Water and Sanitation
NextEra Energy	Electric power and infrastructure company	Investing in renewable energy capacity to enable and accelerate clean energy transition	7 Affordable and Clean Energy
Nibe Industrier	Heat pump technology company	Promote energy efficiency, while reducing energy consumption and associated GHG emissions	7 Affordable and Clean Energy
Prologis	Real estate owner and developer	Reduce carbon emissions through more green buildings and renewable energy power investments into buildings	7 Affordable and Clean Energy
Rivian Automotive	Designer and manufacturer of electric vehicles	Enable and accelerate decarbonization of transportation sector through electric vehicles	7 Affordable and Clean Energy
Rockwool	Manufacturer of stone wool insulation for buildings	Improve energy efficiency of buildings	7 Affordable and Clean Energy
Roper Technologies	Multi-industrial company focused on water metering, health care, and software to improve efficiency of processes	Increase efficiency in resource management	12 Responsible Consumption and Production
Salesforce.com	Provider of enterprise software services	Transfer of data and systems to cloud-based infrastructure powered by renewable energy, thus reducing emissions	7 Affordable and Clean Energy
Schneider Electric	Global electrical distribution and management	Natural resources preservation by fostering efficient and sustainable industrial processes	7 Affordable and Clean Energy
ServiceNow	Provider of cloud-enabled enterprise software solutions	Transfer of data and systems to cloud-based infrastructure powered by renewable energy, thus reducing emissions	7 Affordable and Clean Energy
Shoals Technologies	Solar energy systems provider	Enable solar energy generation, mitigating carbon dioxide emissions from fossil fuel-based power	7 Affordable and Clean Energy
SolarEdge Technologies	Residential and utility scale solar systems and inverter provider	Enable solar energy generation, mitigating carbon dioxide emissions from fossil fuel-based power	7 Affordable and Clean Energy

Source: T. Rowe Price

Data shown for the representative portfolio as of December 31, 2021. Subject to change without notice. The securities shown represent 100% of the publicly-traded securities held in the pillar shown. See Additional Disclosures for more details on the representative portfolio.

Climate and Resource Impact Holdings, Continued

Global Impact Equity Representative Portfolio

Company	Business Activity	Impact Goal	Primary UN SDG
Stora Enso	Owner of forest assets in Europe	Sustainable management of forests and the carbon sink they provide, helping to reduce reliance on plastics and cement	15
Tomra Systems	Provider of reverse polyethylene terephthalate (PET) collection systems	Enable circular economy by improving post-consumer waste collection and recycling	6
Trane Technologies	Manufacturer of heating, ventilation, and air conditioning equipment	Improve energy efficiency in commercial and residential buildings	7
Trex	Major manufacturer of wood-alternative composite decking	Increase use of recycled plastic and wood, reducing landfill and deforestation	12
Trimble	Global hardware and software solutions provider	Improve resource planning, logistics, and land and water usage	12
Waste Connections	Waste management and recycling specialist	Enable improved waste recycling rates, while mitigating methane emissions from waste	7
Zoom Video Communications	Digital videoconferencing service provider	Improve connectivity, while reducing travel and associated carbon footprint	7

Source: T. Rowe Price
Data shown for the representative portfolio as of December 31, 2021. Subject to change without notice. The securities shown represent 100% of the publicly-traded securities held in the pillar shown. See Additional Disclosures for more details on the representative portfolio.

2

Social Equity and Quality of Life

The social equity and quality of life pillar encompasses the UN SDGs that focus on job creation, access to economic resources and affordable housing, better health care provision, and improving gender equality.

Our main themes within the strategy are improving social equity through financial inclusion and reduced cost and innovation in long-term health care and quality of life needs globally.

Financial inclusion is identified as an enabler within several of the UN SDGs, including those that explicitly focus on ending poverty, promoting economic growth, and job creation and innovation. Estimates suggest that approximately 30% of the world's population currently lacks access to financial services.[1] Within the portfolio, we aim to address the opportunity gap of this inequality by focusing on financial service access and financial protection in the developing world, at both the individual and aggregate level.

We believe the private sector has a critical role to play in affordable health care through innovation and long-term cost reduction in therapeutic treatments. Here, we seek to identify companies at the forefront of solutions aligned with the UN's goal of reducing premature mortality from disease by a third by 2030 through prevention, treatment, and the promotion of health and well-being.

[1] Source: The Global Findex Database 2017: Measuring Financial Inclusion and the Fintech Revolution. World Bank (also used in the HDFC Bank case study)

SOCIAL EQUITY AND QUALITY OF LIFE

Impact Sub-pillars

Enabling Social Equity

Our impact framework has identified several companies whose activities work to enable financial inclusion. They do this primarily through loans and business activities for small and medium-sized enterprises (SMEs), often in rural areas of the emerging world that face insufficient basic financial service provision. In the developed world, we target innovation in digital connections that improve inclusion by reducing the friction and the costs of establishing and growing a small business. This can contribute to economic stability via job creation and innovation.

Outside of financial inclusion, we also own an emerging market-listed education company that enables vocational training and a provider of child-care services for working parents, which reduces discrimination by allowing dual-career parents to manage their work more effectively.

Improving Health

Better health care access requires alignment of global government, philanthropic, nongovernmental, and private and public sector research bodies, in our view.

The improving health sub-pillar features companies oriented toward innovations in therapeutic treatments and infrastructure to bring new health care solutions to the global population.

We have identified companies involved in the development of treatments that address several of the world's top 20 diseases contributing to death, including vaccines to combat COVID-19 and treatments for lung cancer, diabetes, and asthma. We also focus on companies that enable life science/health care innovation and companies that bring down the cost of innovative health care delivery.

Enhancing Quality of Life

This sub-pillar focuses on two of the UN SDGs—good health and well-being and decent work and economic growth. Here, we target companies with activities in protection services and personal and worker safety solutions. The sub-pillar currently features only two holdings, and detailed impact profiles of these are featured in this report.

Case Study

ENABLING SOCIAL EQUITY

HDFC Bank

Pressure Points

Globally, 1.7 billion people remain unbanked, meaning they lack either an account at a financial institution or a mobile money service provider. Virtually all unbanked adults live in developing countries, with India being home to the second-largest unbanked population.[1] Financial inclusion improves underbanked populations' economic well-being—allowing them better access to health, education, and the wider economy. In emerging economies, many micro, small, and medium enterprises (MSMEs) face a huge funding gap, remaining largely underserved by financial institutions. The potential demand for MSME finance in developing countries is approximately USD 5.2 trillion.[2]

Impact Thesis

HDFC Bank, based in India, provides access to finance with retail clients and MSMEs, accounting for 53.6% of revenues. Of its branches, 52% are also in semi-urban and rural areas in India, allowing for greater financial inclusion.[3] By offering business loans, HDFC Bank improves the access to finance for these companies, which helps to improve output and job creation. HDFC Bank also participates in the Pradhan Mantri Mudra Yojana (PMMY) government scheme, which aims to "fund the unfunded" micro enterprises and small businesses. We measure the impact of HDFC Bank on financial inclusion and economic impact by the number of clients served, the loans disbursed to this client base, and the number of jobs created by MSMEs and PMMY loans.

KPI: Amount of retail, SME, and MSME advances; number of customers; number of branches in rural and semi-urban areas.

Five Dimensions of Impact

What: Supporting jobs and fostering economic development.

Who: Individuals, MSMEs, individuals in rural areas and in vulnerable jobs

How much: 61.8 million total clients served (5.8 million more than previous year). USD 71,197 million loaned to domestic retail clients (a 6.5% increase year over year), representing 47% of HDFC Bank's total advances. Advances to MSMEs were USD 27,237 million (an increase of 26% year over year) in 2021.[3]

Contribution: HDFC Bank has 52% of its branches in semi-urban and rural areas.[3]

Risks: Macro-political shocks in India, lack of financial literacy, market oversaturation leading to client over-indebtedness, and newly formed MSMEs engaging in harmful social and environmental practices.

Progress Monitoring

We continue to engage with HDFC Bank and monitor its progress toward increasing the penetration of its services in semi-urban and rural markets.

PRIMARY UN SDG

8 DECENT WORK AND ECONOMIC GROWTH

IMPACT PILLAR

Social Equity and Quality of Life

IMPACT SUB-PILLAR

Enabling Social Equity

IMPACT JOURNEY

Input

USD 12.1 billion revenue[3]

Output[3]

- 61.8 million total customers provided access to financial services
- 894,000 PMMY accounts

Outcome

- USD 98,434 million in total loans to retail clients and MSMEs[3]
- 746 million workers protected by PMMY scheme[4]

Impact

- Improved economic well-being of retail customers and their communities
- Jobs supported by MSMEs and PMMY loans: 14.5 million[4]

[1] Source: The Global Findex Database 2017: Measuring Financial Inclusion and the Fintech Revolution. World Bank.
[2] International Finance Corporation. 2017.
[3] 2020/21 financial year data, ending March 31, 2021
[4] Source: Net Purpose estimates

Case Study

ENABLING SOCIAL EQUITY

Intuit

Pressure Points

In the U.S., small businesses account for 99% of all firms and are key to job creation and economic growth.[1] Unfortunately, by the end of their fifth year, the survival rate of U.S. small businesses is only 50%.[2] With cash flow pressures being the main reason for failure for 29%[3] of start-ups, overcoming financial and regulatory challenges is key to unlocking growth potential. However, access to funding from traditional financial institutions can be a challenge. Online financing helps improve SMEs' financial inclusion, often providing faster access to credit than traditional lenders and can offer loans with short-term maturities.

Impact Thesis

Intuit developed a set of integrated digital productivity solutions that help with the development, formalization, and growth of SMEs and sole proprietors. They help accounting professionals, employees, and consumers overcome financial and compliance challenges at a lower cost (e.g., payroll, time tracking, and financial and taxation compliance). Intuit also provides capital to SMEs. In addition, new offerings enable SMEs to better access and expand their end markets. We measure the impact on SMEs by reporting on the number of SMEs served and their success rate.

KPI: Number of SMEs supported

Five Dimensions of Impact

What: Supporting decent jobs and fostering economic development

Who: SMEs, self-employed, unemployed, individuals in vulnerable jobs in the U.S.

How much: 102 million customers including 8 million SMEs and self-employed individuals served across all platforms as at financial year 2021, a 79% year-over-year increase. It is estimated that the term loans issued to SMEs by Intuit in 2020 (USD 243 million) helped create 8,721 new jobs.[4]

Contribution: Intuit set ambitious SME enablement goals for 2025: double the household savings rate, improve the small and medium-sized business success rate by 10 points versus industry standard, and serve 200 million customers. For the five-year period to end 2020, the survival rate of new SME accounts opened on Quickbooks is 69%, 19% more than the national average.[5]

Risks: Lack of financial literacy, market oversaturation leading to client over-indebtedness, and new SMEs engaging in harmful social and environmental practices.

Progress Monitoring

We are monitoring Intuit's progress toward its 2025 goals and its ability to make financial management, taxation, and related software accessible.

PRIMARY UN SDG

8 DECENT WORK AND ECONOMIC GROWTH

IMPACT PILLAR

Social Equity and Quality of Life

IMPACT SUB-PILLAR

Enabling Social Equity

IMPACT JOURNEY

Input

USD 7.67 billion total revenue[5]

Output

Digital platform providing solutions to help SMEs and consumers overcome financial and compliance challenges

Outcome

Over 50 million customers including 8 million SMEs and self-employed served across all platforms; SME survival rate improved[5]

Impact

Supporting job creation, entrepreneurship, and innovation via enablement of SMEs

[1] "The State of Small Business Lending: Credit Access during the Recovery and How Technology May Change the Game," Karen Gordon Mills Brayden McCarthy, 2014.
[2] Bureau of Labor Statistics
[3] Lendingtree, CB Insights
[4] Net Purpose
[5] 2020 financial year annual report

Case Study

IMPROVING HEALTH

Danaher

Pressure Points

Mobilizing global health care research and development (R&D) is a significant agenda item for the World Health Organization. Investments in health care are still insufficiently aligned with global public health needs, creating significant gaps between disease burden and research activity levels. The UNCTAD[1] estimates that a further USD 140 billion investment is required annually to achieve the UN SDG of good health and well-being. Research innovation is absolutely critical around the world to improve health care outcomes in both developed and emerging economies. Since 2020, the coronavirus pandemic has slowed government investment in health care infrastructure. The private sector is becoming ever more important to ensure progress.

Impact Thesis

Danaher is a life science and technology innovator providing customers with the products and services required to solve complex health and environmental challenges. Its Life Sciences and Diagnostics businesses contribute to drug discovery and improving clinical testing, advancing patient health, and treatment outcomes. The company also provides environmental and applied solutions. Due to the innovative nature of the Life Sciences and Diagnostics businesses, we use these segments' revenues to measure the volume of health care R&D enabled by Danaher.

KPI: Revenue and R&D conducted.

Five Dimensions of Impact

What: Increasing access to essential medicines, medical supplies, and diagnostics

Who: Individuals

How much: Total revenue for the Life Sciences and Diagnostics segments was USD 24,802 million, a 37% year-over-year increase. R&D spend was USD 1,742 million, a 29.2% year-over-year increase.[3]

Contribution: The company was one of several science and technology companies to help with the coronavirus pandemic—its Cepheid testing solution became the standard of care in hospital settings for COVID-19 testing. In addition, it increased its production capacity of blood gas analyzers by 50% to help throughout the pandemic.[5]

Risks: Product safety risk, execution risk (e.g., pricing, medicine conservation requirements), and external risk (lack of technical knowledge).

Progress Monitoring

Danaher continues to expand its capacity in bioprocessing, from cell culture to final drug products. Driven by increased innovation in fields such as genomic medicine or immunotherapy, bioprocessing helps biopharma organizations increase efficiency while reducing costs and processing times.

PRIMARY UN SDG

IMPACT PILLAR

Social Equity and Quality of Life

IMPACT SUB-PILLAR

Improving Health

IMPACT JOURNEY

Input
USD 17.9 billion revenue contributing to health care R&D[4]

Output
Innovative products and services to solve health challenges

Outcome
Advancement of health care solutions

Impact
USD 17.9 billion revenue enabling cutting-edge scientific R&D and improving clinical decision-making[4]

[1] UNCTAD United Nations Conference on Trade and Development

[2] Source: Zhan, J.X., Santos-Paulino, A.U. Investing in the Sustainable Development Goals: Mobilization, channeling, and impact. *Journal of International Business Policy* 4, 166–183 (2021).

[3] Financial year 2021 data.

[4] Financial year 2020

[5] Source: 2021 Sustainability Report

Case Study

IMPROVING HEALTH

Intuitive Surgical

Pressure Points

Technological innovation in health care has dramatically improved patient outcomes, with robotic surgical systems a significant secular trend within the medtech industry. Robots have played a crucial role in the rise of minimally invasive surgery (MIS), as well as improving accuracy, which helps to reduce postoperative complications and recovery times. It also brings positive economic effects on society, such as reduced health plan spending and work absenteeism. While we are excited by the prospect of future technological advancements in the field, pricing for surgical robots remains high. This can lead to socioeconomic and geographic inequality with respect to accessing the benefits of this technology.

Impact Thesis

Intuitive Surgical, the global leader of the robotic-assisted surgery ecosystem, contributes to reducing harm following surgical procedures. Intuitive launched its first da Vinci surgical system in 2000 and has steadily taken share from open and laparoscopic (keyhole) surgery since. Several studies show that robotic-assisted surgeries result in a lower post-operation recovery rate than conventional surgeries. Over 8.5 million procedures have been performed using Intuitive's systems to date.[3] We report the impact of Intuitive Surgical by estimating the number of surgery patients whose post-operation mortality rate has been reduced (i.e., lives extended) following surgeries performed by its da Vinci systems.

KPI: Number of surgeries performed globally using Intuitive Surgical systems

Five Dimensions of Impact

What: To make surgery more effective, less invasive, and easier on patients and surgeons, improving outcomes and extending lives.

Who: Individuals requiring surgery

How much: In 2020, 1.25 million procedures were performed by Intuitive systems globally.[3]

Contribution: Key innovator and investor with a corporate mission to bring safe and effective MIS to patients. Amid the coronavirus pandemic, the company provided financial relief (USD 80 million in service credits provided) and initiated procedure-backlog support programs to help resume robotic-assisted surgeries.[3]

Risks: Product safety risk, execution risk (e.g., pricing), and external risk (e.g., training of surgeons).

Progress Monitoring

The pandemic has disrupted the volume of diagnostics and procedures as physical restrictions have limited patient access. While the outlook for 2022 is encouraging, we continue to monitor Intuitive Surgical's response and the recovery in patient use of its da Vinci surgical systems.

PRIMARY UN SDG

3 GOOD HEALTH AND WELL-BEING

IMPACT PILLAR

Social Equity and Quality of Life

IMPACT SUB-PILLAR

Improving Health

IMPACT JOURNEY

Input
USD 4.3 billion revenue[1]

Output
407 new Intuitive Surgical robotic surgery systems installed during the year[1]

Outcome
168,897 patients treated by surgery systems installed during the year[2]

Impact
929 lives extended versus baseline[2]

[1] 2020 financial year
[2] Net Purpose estimates
[3] 2020 Sustainability Report

Case Study

ENHANCING QUALITY OF LIFE

AIA Group

Pressure Points

In Asia, the mortality protection gap[1] is estimated at USD 83 trillion as of 2019 and rising by 4% per year.[2] Emerging markets represent two-thirds of the global health protection gap.[3] In emerging Asia, 38.8 million households cannot afford medical treatment.[2] Insurance helps to protect individuals and businesses. While government safety nets are established in most of the developed world, this is not the case in much of Asia, so private capital is needed to fill the gap.

Impact Thesis

As a leading insurer operating across Southeast Asia, AIA contributes to the protection of individuals by offering life and health insurance products. The company's purpose is to help people live healthier, longer, and better lives. We measure the impact of AIA Group by monitoring the number of individuals and SMEs with policies that enable the protection gap to be closed, as well as the total sum insured.

KPI: Number of individuals insured, total sum insured.

Five Dimensions of Impact

What: Reducing the mortality protection gap and increasing access to health care through insurance policies.

Who: Individuals, SMEs in Asia.

How much: AIA serves 38 million individual policies and over 16 million members of group insurance schemes across the region, a total increase of 3.8% compared with 2019. Total sum insured increased by 14.9% (USD 2 trillion). AIA issued more than 80,000 SME policies, covering more than 2.3 million employees.[4]

Contribution: AIA has developed a significant network of approximately 200,000 agents and bancassurance partners to educate and sell insurance policies. The AIA Vitality wellness program has over 1.8 million subscribers, while its telemedicine consultations were made available to 1.3 million customers.[4]

Risks: Suitability of insurance policies sold as well as external execution risk. AIA operates in countries that can be subject to relatively high political, economic, and social instability. Drop-off risk is also present with lower client uptake due to competition or an inability to scale distribution.

Progress Monitoring

We would like to see AIA Group improve its disclosure on the number of customers that benefit from company microinsurance products, to help refine our impact estimations. We are also looking for greater clarity on how the company is improving breadth and access to its products across different geographies.

PRIMARY UN SDG

8 DECENT WORK AND ECONOMIC GROWTH

IMPACT PILLAR

Social Equity and Quality of Life

IMPACT SUB-PILLAR

Enhancing Quality of Life

IMPACT JOURNEY

Input
USD 42.6 billion revenue[4]

Output
USD 2 trillion total sum insured[4]

Outcome[4]
- 38 million individual policies served
- 80,000 SME policies issued

Impact
Increased access to health care and protection in case of an adverse life event

[1] Definition: Mortality protection gap is a term used to describe impact caused by premature death of the breadwinner after matching protection needs with available resources.
[2] Swiss Re Group
[3] The health protection gap is the sum of direct, out-of-pocket medical expenses and unaffordable medical expenses avoided by households.
[4] AIA 2020 Annual Report

Case Study

ENHANCING QUALITY OF LIFE

MSA Safety

Pressure Points

Approximately 2 million people die each year because of occupational accidents or work-related diseases globally, with around 360 million work-related injuries.[1] The economic burden of poor occupational safety and health practices is estimated to cost around 4% of global gross domestic product each year.[1] Providing a safe working environment has positive implications for employee safety and improved mental and physical health. This can feed through into better organizational performance due to higher employee satisfaction and a safer work environment.

Impact Thesis

MSA Safety is a leading global manufacturer of safety equipment committed to developing, manufacturing, and supplying safety products. Core products include self-contained breathing apparatus, fixed gas and flame detection systems, portable gas detection instruments, fire and rescue helmets, and fall protection devices. MSA Safety literally saves lives. We report the impact of MSA Safety by estimating the number of incidents avoided due to its industrial helmets and fall protection equipment.

KPI: Revenue from protection equipment and research and development spent

Five Dimensions of Impact

What: Protecting workers from injuries and life- and health-threatening incidents.

Who: Workers in hazardous industries and life-threatening environments.

How much: In financial year 2020, total revenues decreased by 3% from 2019, mainly driven by weakness in its end markets due to the pandemic.[2]

Contribution: MSA Safety has developed a reusable respirator for frontline health care workers. It also developed a smart fall protection device, designed specifically to help protect warehouse order pickers as the pandemic increased online orders.

Risks: Product reliability is critical, while external risks come from a lack of strong social and regulatory frameworks supporting occupational health and safety.

Progress Monitoring

Further academic research in the field of health and safety is needed to help quantify the impact of firefighting equipment (helmet, protective gear, and breathing apparatus) and gas detection equipment, which represents 36% and 32%, respectively, of MSA Safety's total financial year 2020 revenue.[2]

PRIMARY UN SDG

IMPACT PILLAR

Social Equity and Quality of Life

IMPACT SUB-PILLAR

Enhancing Quality of Life

IMPACT JOURNEY

Input

USD 229 million revenue from industrial helmets and protection equipment[2]

Output

2.3 million units sold in 2020 financial year[3]

Outcome

1.3 million workers protected[3]

Impact

1,059 incidents avoided[3]

[1] International Labor Organization
[2] Source: 2020 annual report
[3] Net Purpose estimates

Social Equity and Quality of Life Holdings

Global Impact Equity Representative Portfolio

Company	Business Activity	Impact Goal	Primary UN SDG
Agilent Technologies	Leading life science and diagnostics firm	Improving health care innovation and patient outcomes by being the leading supplier of life science and diagnostic tools to a wide range of end markets	3 GOOD HEALTH AND WELL-BEING
AIA Group	Leading pan-Asian life and health insurance group	Offer access to insurance products in a region where penetration rates remain very low	8 DECENT WORK AND ECONOMIC GROWTH
Alexandria Real Estate Equities	Largest public life science real estate investment trust	Create environment to fuel innovation and accelerate medical research	3 GOOD HEALTH AND WELL-BEING
AstraZeneca	Global pharmaceutical and biotechnology company and leader in immuno-oncology	Push the boundaries of science to deliver life-changing medicines, while increasing access to essential medicines	3 GOOD HEALTH AND WELL-BEING
Avantor	Global life sciences and diagnostics company	Helping health care companies and researchers to solve some of the most complex scientific and medical challenges in the world today	3 GOOD HEALTH AND WELL-BEING
Axis Bank	One of India's largest financial institutions	Increase financial inclusion for retail and MSMEs in India	8 DECENT WORK AND ECONOMIC GROWTH
Bank Central Asia	Largest privately owned bank in Indonesia	Supporting financial inclusion in Indonesia	8 DECENT WORK AND ECONOMIC GROWTH
Block	U.S. financial services and digital payments company with a specific focus on micro-merchants	Promote financial inclusion through affordable digital payments app	8 DECENT WORK AND ECONOMIC GROWTH
Bright Horizons	Child-care, early education, and eldercare provider	Allowing working parents to more effectively manage careers, while providing more opportunities for dual careers reducing gender inequities	5 GENDER EQUALITY
Chailease Holdings	Taiwanese leasing company with a specific focus on SMEs	Offer leasing services to SMEs often neglected by large institutions	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
Charles Schwab Corporation	Largest discount brokerage company in the United States	Improving access to affordable investing and retirement solutions	8 DECENT WORK AND ECONOMIC GROWTH
Daiichi Sankyo	Global pharmaceutical company based in Japan	Create innovative pharmaceuticals addressing diverse medical needs, especially in the field of cancer treatment	3 GOOD HEALTH AND WELL-BEING
Danaher	Life sciences company providing science and technology solutions to solve health challenges	Advance patient health and improve treatment outcomes through solutions that enable superior clinical decision-making, research, and manufacturing of therapeutics	3 GOOD HEALTH AND WELL-BEING

Source: T. Rowe Price
Data shown for the representative portfolio as of December 31, 2021. Subject to change without notice. The securities shown represent 100% of the publicly-traded securities held in the pillar shown. See Additional Disclosures for more details on the representative portfolio.

Social Equity and Quality of Life Holdings, Continued

Global Impact Equity Representative Portfolio

Company	Business Activity	Impact Goal	Primary UN SDG
Eli Lilly	U.S. pharmaceutical company with leading diabetes franchise	Increase access to truly innovative care in diabetes, Alzheimer's disease, and oncology	3 GOOD HEALTH AND WELL-BEING
EssilorLuxottica	Producer of ophthalmic goods and optical instruments	Improve health and well-being by providing eye care protection and groundbreaking advances in eye technology	3 GOOD HEALTH AND WELL-BEING
Evotec	Provider of drug discovery and development solutions for pharmaceutical companies	Provide sophisticated drug discovery tools and platforms that help reduce the cost and time involved in drug development	3 GOOD HEALTH AND WELL-BEING
Hamamatsu Photonics	Manufacturer of optical sensors, electric light sources, and other optical devices as well as automotive safety solutions	Improve the detection of health care issues through better imaging as well as improving automotive safety through LiDAR technology	3 GOOD HEALTH AND WELL-BEING
HDFC Bank	Indian bank offering financing services to India's underserved population	Increase financial inclusion for retail and micro, small, and medium enterprises with a specific focus on semi-urban and rural areas	8 DECENT WORK AND ECONOMIC GROWTH
Hope Education	China's leading private higher education provider	Improve equitable access to education and learning	4 QUALITY EDUCATION
HubSpot	Cloud-based platform offering sales and marketing automation solutions to SMEs	Enable financial inclusion by providing technology solutions to SMEs powered by energy-efficient solutions	8 DECENT WORK AND ECONOMIC GROWTH
Intuit	Financial software provider focused almost exclusively on SMEs	Promote financial inclusion using new technology to help consumers and SMEs	8 DECENT WORK AND ECONOMIC GROWTH
Intuitive Surgical	Global leader of robotic-assisted surgery	Make surgery more effective, less invasive, and easier on patients and surgeons through advanced robotics	3 GOOD HEALTH AND WELL-BEING
JD Health	China's largest e-commerce pharmaceutical and health care platform	Help to improve ease of access to a wide range of health care products	3 GOOD HEALTH AND WELL-BEING
Kodiak Sciences	Clinical-stage biopharma company specialized in retinal disease	Deliver novel therapeutics to treat chronic, high-prevalence ophthalmic diseases	3 GOOD HEALTH AND WELL-BEING
Koninklijke DSM	Global purpose-led, science-based company specializing in nutrition, health, and bioscience	Reduce hunger and malnutrition and improve nutrition for those who need it most	3 GOOD HEALTH AND WELL-BEING
Lonza Group	Global partner to the pharmaceutical, biotech, and nutrition markets	Strategic partner to the health care industry helping to bring down the prices of medicines	3 GOOD HEALTH AND WELL-BEING
MercadoLibre	Latin American e-commerce platform with its own integrated payments infrastructure and credit solutions	Provide payment solutions for merchants at the bottom of the pyramid, while enabling the transition from cash to online payments	8 DECENT WORK AND ECONOMIC GROWTH

Source: T. Rowe Price
Data shown for the representative portfolio as of December 31, 2021. Subject to change without notice. The securities shown represent 100% of the publicly-traded securities held in the pillar shown. See Additional Disclosures for more details on the representative portfolio.

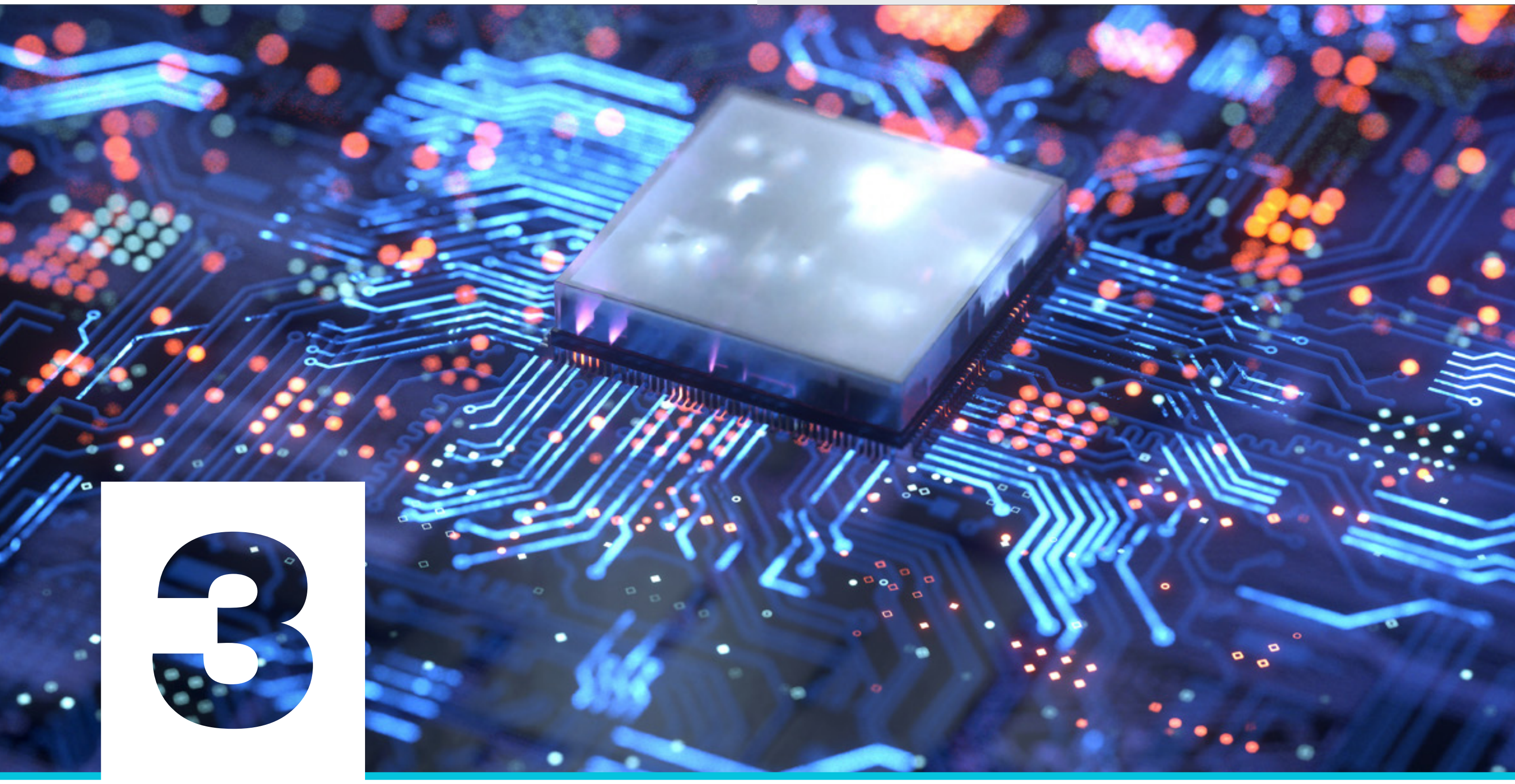
Social Equity and Quality of Life Holdings, Continued

Global Impact Equity Representative Portfolio

Company	Business Activity	Impact Goal	Primary UN SDG
MSA Safety	Leading manufacturer of safety equipment	Protect workers from injuries and health-threatening incidents	8 DECENT WORK AND ECONOMIC GROWTH
Oxford Nanopore Technologies	World leader in nanopore technology and disruptor in the field of genetic sequencing	Enable widespread, fast, and accurate access to DNA/RNA sequencing	3 GOOD HEALTH AND WELL-BEING
Shop Apotheke	Online pharmacy focused on the German market	Deliver convenient and low-cost access to health care services and prescriptions	3 GOOD HEALTH AND WELL-BEING
Shopify	Multinational cloud-based e-commerce platform largely focused on SMEs	Enable SMEs easy access and opportunity to create and manage online businesses enabling effective competition	8 DECENT WORK AND ECONOMIC GROWTH
Stryker	Medical technology company with specific leadership in orthopedics and medical surgery solutions	Provide innovative solutions that improve treatment outcomes and quality of life for patients	3 GOOD HEALTH AND WELL-BEING
Thermo Fisher Scientific	Life science tools company providing science and technology solutions to solve health challenges	Provide innovative solutions to help improve life for patients and therapeutic research and development outcomes	3 GOOD HEALTH AND WELL-BEING
Veeva Systems	Cloud-based software solutions provider for the life sciences industry	Enabling health care companies to engage in faster and more accurate clinical trials and achieve better health care outcomes	3 GOOD HEALTH AND WELL-BEING
WuXi Biologics	Health care platform enabling drug discovery, development, and commercialization	Enabling faster and lower-cost health care innovation	3 GOOD HEALTH AND WELL-BEING
Zoetis	World's largest producer of medicine and vaccinations for pets and livestock	Provide products and services that improve companion animal health and the quality of life in the livestock food chain	3 GOOD HEALTH AND WELL-BEING

Source: T. Rowe Price

Data shown for the representative portfolio as of December 31, 2021. Subject to change without notice. The securities shown represent 100% of the publicly-traded securities held in the pillar shown. See Additional Disclosures for more details on the representative portfolio.



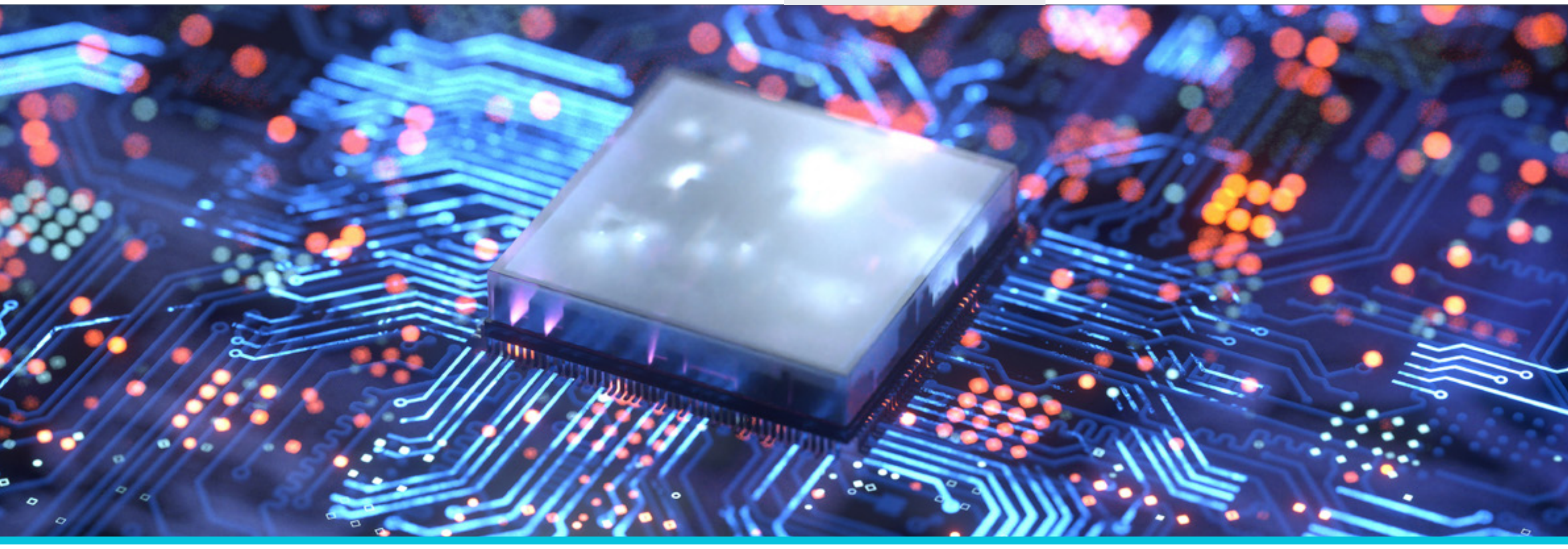
Sustainable Innovation and Productivity

Humankind's constant quest for innovation, discovery, and progress has a multitude of impacts. While innovation has contributed tremendously to the growth of the global economy, it also brings potential challenges of change, disruption, and inequality. While acknowledging these possible side effects of the technological revolution and the ever-growing ascent of the digital age, technology is critical for addressing many environmental and societal pressure points confronting the world today.

Sustainable innovation spans the development of mission-critical infrastructure that helps to reduce industrial and individual carbon footprints, to the inclusion of hundreds of millions of individuals in financial and digital information systems that are essential for social inclusion and economic progress.

The sustainable innovation and productivity pillar incorporates the UN SDGs of decent work and economic growth; industry, innovation, and infrastructure; and sustainable cities and communities. Our focus aligns with companies that enable technological innovation, especially as processing power is increased while the cost of processing is reduced. We believe this "technology shrink," harnessed effectively and distributed sustainably, has tremendous potential to reduce the digital divide globally and to improve energy efficiency. The pillar also features companies aligned to smart city development, which supports the construction and maintenance of the key infrastructures societies depend on.

We also consider positive impact created by the accelerated adoption of digital products and services that enable connectivity, flexible working, and information access.



SUSTAINABLE INNOVATION AND PRODUCTIVITY

Impact Sub-pillars

Sustainable Technology

Our focus in this sub-pillar is on the innovation chain required to design, develop, and manufacture semiconductors. Precision technology within the semiconductor sector is enabling manufacturers to create high-performance chips at the frontier of enhanced efficiency.

Innovations are working to facilitate the development of energy-efficient electrical products and solutions that have benefits across industries and applications. They can foster innovation in high-impact areas, including remote education, robotic surgery, and safety enhancements within the electric and traditional automotive sectors.

Downstream product development also contributes to better outcomes in health care via enhanced computing power for critical research and development, in our view. Microchips are also vital for health care technology and the electric vehicle industry.

Building Sustainable Industry and Infrastructure

At the end of 2021, the Global Impact Equity representative portfolio is currently not invested in the area classified under this sub-pillar. However, it features stocks in other sub-pillars that align a proportion of their business operations with this sub-pillar and the business activities in which we invest. These include activities associated with “enabling enterprise growth” and “improving industrial processes.”

Case Study

SUSTAINABLE TECHNOLOGY

ASML Holding

Pressure Points

Global data creation and replication is expected to grow at 23% CAGR[1] between 2020 and 2025, and the capacity of microchips is not infinite. This means continuous innovation in lithography, a patterning process at the core of chip manufacturing and shrinking, is crucial. Semiconductors are at the core of technological advancements, bringing opportunities to companies that contribute to positive, sustainable change. High-impact areas include electric vehicles, remote education, robotic surgery, and smart infrastructure. Semiconductors also play a critical role in improving the energy efficiency of manufacturing processes.

Impact Thesis

ASML is the only global supplier of extreme ultraviolet (EUV) lithography equipment. EUV machines deliver unmatched precision and are needed to manufacture advanced, high-performance microchips that challenge the frontiers of efficiency. Given the company's strong position in this value chain, we measure its impact by revenues, the number of lithography systems sold, and research and development spending.

KPI: Revenues, R&D spending, number of lithography systems sold

Five Dimensions of Impact

What: Improving semiconductor performance via lithography systems to enable technological solutions to social and environmental issues.

Who: People and planet

How much: In the 2020 financial year, ASML sold 258 lithography systems. R&D spending grew by 10% year on year to EUR 2.2 billion.[2]

Contribution: ASML has built a knowledge-sharing network with R&D agencies over time. The company contributed nearly EUR 28.5 million for lithography, metrology, and process development projects as part of Horizon 2020, a European Union program for financing research and innovation projects. ASML's products use water according to a recycling system, helping limit water usage.[2]

Risks: EUV systems consume significant amounts of energy, while rapid technological change has the potential to lead to machine obsolescence. There is also a risk associated with end clients' products that could feature harmful social and environmental practices.

Progress Monitoring

We engaged with ASML on the high energy consumption of its EUV technologies. We are monitoring ASML's progress toward its goal to reduce the energy use per wafer of its future-generation EUV NXE systems by 60%. So far, the company has reached 25% energy reduction.[2] We also discussed ASML's strong focus on circularity (product re-use or recycling).

PRIMARY UN SDG

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

IMPACT PILLAR

Sustainable Innovation and Productivity

IMPACT SUB-PILLAR

Sustainable Technology

IMPACT JOURNEY

Input

- EUR 13.9 billion total revenue[2]
- EUR 2.2 billion research and development year[2]

Output

258 lithography systems sold[2]

Outcome

Improve processing power and efficiency of semiconductors, a key technology enabler to improve energy efficiency of processes, as well as innovation solutions for social outcomes

Impact

Acceleration of technological solutions enabling positive environmental and social impacts

CAGR = compound annual growth rate
[1] Source: International Data Corporation (IDC)
[2] 2020 financial year annual report

Case Study

SUSTAINABLE TECHNOLOGY

Synopsys

Pressure Points

Semiconductors are crucial enablers of green and digital economies. As shrinkage in semiconductors' physical size and monetary cost begins to slow, advancing their design process is essential to bolster performance and to improve end products' performance and efficiency. Designing for low power and energy consumption optimization are key issues for chip developers. The advances, in turn, work to enable digital financial inclusion, health care research and development (R&D), and production of robotics and electric vehicles, all while leading to more energy-efficient outcomes.

Impact Thesis

Synopsys is a market leader in Electronic Design Automation (EDA) (composing 57% of company revenue) and holds a strong position in semiconductor intellectual property (IP) (composing 33% of company revenue).[1] Its activities accelerate and improve the power use, energy efficiency, innovation design, and accuracy of the semiconductor design process. Smarter chip design leads to energy-efficiency gains and better outcomes in areas such as health care (computer power for R&D, microchips in health care technology) and climate (adoption of cloud computing and electric vehicles). Since Synopsys contributes to continued innovation and advanced chip manufacturing, we measure the company's impact by revenues and R&D spending.

KPI: Revenues and research and development spending

Five Dimensions of Impact

What: Improving semiconductors performance via EDA and IP to enable technological solutions to social and environmental issues

Who: People and planet

How much: In the 2020 financial year, Synopsys' total revenue increased by approximately 10%. R&D expenses represent 35% of total revenue.[1]

Contribution: By enabling the design of custom chips, client companies can produce more diversified, lower-cost, and more energy-efficient product offerings to end customers.

Risks: Given the company's global reach and broad application of its IP, user risk is potentially disruptive, especially in periods of heightened political tension.

Progress Monitoring

We are excited about the breakthrough of artificial intelligence (AI) in the semiconductor design flow process and are monitoring Synopsys' advance in the field. Synopsys' new DSO.ai™ solution utilizes AI to autonomously learn from the process of integrated circuit design.

PRIMARY UN SDG

IMPACT PILLAR

Sustainable Innovation and Productivity

IMPACT SUB-PILLAR

Sustainable Technology

IMPACT JOURNEY

Input

- USD 3.6 billion total revenue[1]
- USD 1.2 billion research and development spending[1]

Output

EDA and semiconductor IP services and products

Outcome

Foster innovation in the semiconductor industry and, consequently, in broader technology areas that leads to better energy efficiency and positive social outcomes

Impact

Acceleration of technological solutions that enable positive environmental and social impacts

[1] 2020 financial year annual report

DSO.ai is a trademark of Synopsys. Use does not imply endorsement, sponsorship, or affiliation of T. Rowe Price.

Sustainable Innovation and Productivity Holdings

Global Impact Equity Representative Portfolio

Company	Business Activity	Impact Goal	Primary UN SDG
ASML Holding	Leading provider of lithography to semiconductor industry; sole supplier of extreme ultraviolet lithography machines in the world	Through innovation in chip manufacturing, enable energy efficiency and digital connections	
Synopsys	Largest and fastest-growing electronic design automation company with a dominant position in digital design	Enabling innovative chip design that improves energy efficiency and reduces the digital divide	
TSMC	World's largest semiconductor manufacturer	Improve energy efficiency and foster digital connections throughout the world	

Source: T. Rowe Price
Data shown for the representative portfolio as of December 31, 2021. Subject to change without notice. The securities shown represent 100% of the publicly-traded securities held in the pillar shown. See Additional Disclosures for more details on the representative portfolio.

Carbon Footprint

In the same way that we consider multiple dimensions when assessing and measuring the potential and actual impact of our investments, we believe it is important to consider the carbon footprint of the strategy across many dimensions.

The Task Force on Climate-Related Financial Disclosures (TCFD) recommends the reporting of weighted average carbon intensity as a first step toward standardizing carbon footprint data across the industry and asset classes. While we understand the merits of standardization, we believe the total carbon emissions of any strategy and how this metric changes over time is of equal importance to investors. The strategy maintains a significantly lower total carbon emission profile than the benchmark and a broadly neutral profile on a weighted average carbon intensity basis.

In line with TCFD best practice guidance, we show the largest stock level contributors to the weighted average carbon intensity footprint. The carbon footprint outcome stems from our ownership of two stocks that we believe are key to energy transition, NextEra Energy and Linde. While these stocks contribute approximately 60% of the total carbon footprint, the limitations of carbon reporting mean that these figures do not account for the CO_2e avoided by the two companies. This is significant when the companies explicitly focus on carbon reduction within their business operations.

To provide further context, we detail how Linde is leading the way in green hydrogen and carbon capture. We also feature an impact case study on NextEra Energy (page 18), estimating the CO_2e avoided and its commitment to clean energy production.

We agree with the TCFD that we "expect disclosure of this information to prompt important advancements in the development of decision-useful, climate-related risk metrics."[1] We hope that better corporate disclosures will allow more robust reporting of the strategy's alignment with the Paris Agreement. We believe evaluating estimates of CO_2e avoided for climate-related impact stocks is important for understanding the net carbon emissions of companies.

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).

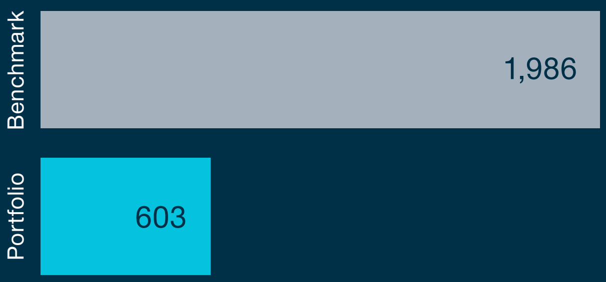
[1] Source: TCFD, Implementing the Recommendations of the Task Force on Climate-Related Financial Disclosures, June 29, 2017.

Carbon Footprint Profile[1]

Global Impact Equity Representative Portfolio

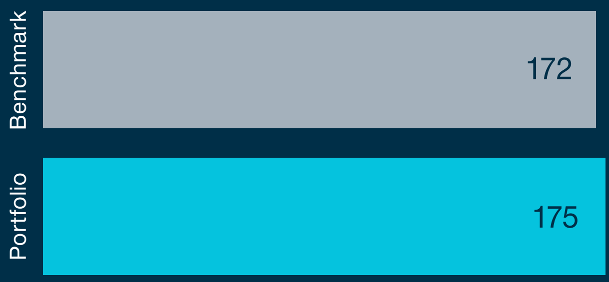
Total Carbon Emissions[2]

(metric tons of carbon dioxide equivalent)



Weighted Average Carbon Intensity[2]

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



Top Five Company Contributors to Portfolio Carbon Emissions and Their Weighted Intensity[2]

Holding	Portfolio Weight (%)	Portfolio Carbon Emissions ($mtCO_2e$)	Portfolio Weighted Carbon Intensity ($mtCO_2e$/USD 1 Million in Revenue)
NextEra Energy	2.9	169	74
Linde	2.3	104	30
Waste Connections	2.0	75	23
Rockwool International	1.4	61	8
Stora Enso	1.0	55	3

[1] Our carbon footprint analysis includes total carbon emissions and wighted average carbon intensity metrics.

[2] Total carbon emissions represent total amount of Scope 1 and Scope 2 greenhouse gas (GHG) emissions that are released by the representative portfolio's holdings that are attributable to the percentage of ownership of the representative portfolio in each company. They are aggregated to give the total carbon emissions equivalent for the representative portfolio. This metric is grossed up using the percentage of data available to give the overall carbon footprint of the representative portfolio. The representative portfolio's weighted average carbon intensity is the weighted average, by representative portfolio weight, of the total carbon emissions per USD 1 million in revenue for each of the representative portfolio's holdings. This metric gives the representative portfolio's exposure to carbon intensive companies. This is the Task Force on Climate-Related Financial Disclosures (TCFD) recommended metric.

The benchmark for the strategy is the MSCI All Country World Index (Net). For sourcing information, please see Additional Disclosures.

Calculated by T. Rowe Price using data from Sustainalytics. Data for the Global Impact Equity Strategy representative portfolio as at December 31, 2021. See Additional Disclosures for more information on the sources and the representative portfolio.

Engaging on Decarbonization—Linde Case Study

Pressure Points

Most hydrogen is currently produced from fossil fuels (mainly methane from natural gas). However, there is growing interest in producing hydrogen using low-carbon techniques, especially in sectors where direct electrification is impossible or uneconomic, such as heavy industries.

Hydrogen produced using carbon capture or renewable energy is expected to be fundamental to the decarbonization of the global economy. It has the potential to replace carbon as the dominant energy carrier on the planet, providing clean power to a range of sectors, including heavy industries, transport, and logistics, with longer-term uses in energy storage.

> **While the prospects for green hydrogen are exciting, there are several challenges in the short term. The energy transition will take time, so it is important to consider transition technologies that may also help heavy industries decarbonize in the coming years.**

While the prospects for green hydrogen are exciting, there are several challenges in the short term. The energy transition will take time, so we believe it is important to consider transition technologies that may also help heavy industries decarbonize in the coming years. The investments needed to achieve net zero are significant, so we can expect both meaningful development in pure and green technologies, as well as in methods to reduce emissions from existing processes.

Linde—An Early Leader in Hydrogen Development

Linde is a key enabler of green hydrogen and carbon capture and storage technologies, in addition to providing meaningful decarbonization solutions for heavy industries in their operations. We believe the company will play a key role in enabling the development of this zero-carbon fuel source. It is currently building what will be the world's largest proton exchange membrane electrolyzer and should come into operation in 2022. The potential environmental and social impacts are significant. An alternative to diesel, hydrogen-produced ultralow-sulfur diesel will be a much cleaner alternative for long-distance transportation. Hydrogen gases significantly reduce CO_2 emissions, which is crucial to global efforts to help contain temperature rises.

Engaging With Linde on Carbon

As indicated in the table on page 44, Linde's operations currently have a significant carbon footprint, making the company one of the top five contributors to the portfolio's carbon emissions and their weighted intensity.

Our engagement with Linde sought to understand management's approach to decarbonization of heavy industries. We were pleased to learn that Linde tracks environmental metrics each month, and progress toward goals is measured. The company, while having a meaningful carbon footprint of its own, saves its customers two times the carbon emissions that it emits itself. The company estimates that more than 50% of Linde's revenues are decarbonization- and sustainability-linked through carbon capture, green hydrogen, building insulation gases, as well as oxygen for health care operations.

We have recommended that Linde sets carbon reduction targets on an absolute basis, in addition to carbon intensity targets. We have also recommended an acceleration in its green hydrogen efforts, as well as a focus on renewable energy powering more of its own operations. Ideally, we would like to see a greater percentage of Linde's revenues over time that are sustainability-linked.

Additional

Accelerating Impact Through Active Ownership

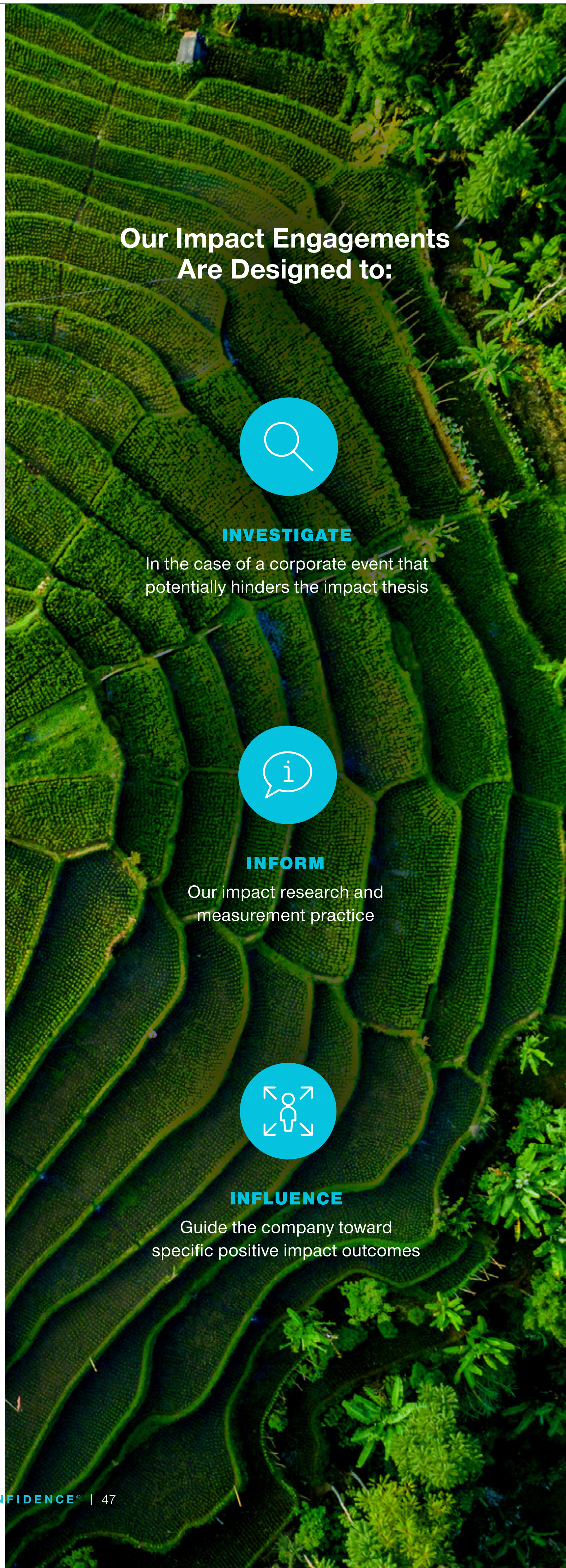
We seek to deliver impact in more ways than simply owning companies whose business activities lead to positive social and/or environmental outcomes. We commit to being additional in our capacity to enable change or accelerate outcomes.

In addition to directing capital toward desired impact outcomes, we actively engage in impact-oriented company engagements, proxy voting, and the associated influence feedback loop on companies' behavior. Applied with conviction and in partnership with our fundamental and responsible investing research teams, we believe this creates benefits not only for our Global Impact Equity Strategy clients, but also for other investors.

The central focus of our engagement program is at the company level as we evaluate factors that may impede a company's impact delivery. T. Rowe Price is a significant investor in many of the world's leading companies. This affords us, in most cases, greater access to company management.

We identify engagement targets through our proprietary impact due diligence framework based on the Five Dimensions of Impact framework, RIIM analysis, governance screening, and our analysts' fundamental research.

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



Our Impact Engagements Are Designed to:

INVESTIGATE
In the case of a corporate event that potentially hinders the impact thesis

INFORM
Our impact research and measurement practice

INFLUENCE
Guide the company toward specific positive impact outcomes

Engagement in Action

Our engagements in 2021 principally aimed to establish an impact dialogue with companies and to set a baseline to monitor progress toward specific outcomes over time.

Our engagements served to inform our impact research, discuss gaps in impact data, or to share sustainability best practices in areas such as impact target setting or expanding the scope of impact. Impact target setting helps to drive companies toward delivering a higher order of impact.

All our company meetings encompass discussions about impact topics. Below is a summary of those with distinct discussions pertaining to our impact thesis and outcomes.

Impact Engagements

Investigate | Inform | Influence

Company	Objective	Comments and Outcomes
DECEMBER 2021		
Mueller Water Products	Discuss impact targets to drive the workforce product development and the carbon intensity of its production processes	▪ We discussed the setting of significant ESG impact goals and how the workforce is aligned and incentivized. ▪ We provided feedback to the company around setting stretch impact targets to enable it to monitor and drive better impact over time. We learned that the company is considering publishing long-term targets relating to water savings from its detection systems but is seeking the most accurate way to do this. Mueller Water estimates that 6 billion gallons of water are wasted daily; there are challenges to estimating exactly how many could be saved. ▪ A component of the senior management compensation is tied to ESG objectives, split between environmental results and employee safety. ▪ In terms of product portfolio development, we were pleased to learn that the firm continues to focus on delivery of safe, clean drinking water. The firm is also looking to digital technology to help identify potential problems before they happen. Mueller Water is well positioned in leak detection and quality issues. ▪ We asked about its exposure to gas utilities. Mueller Water's natural gas business, which represents 10% of total revenue, focuses on the part of the supply chain that is close to the end comsumer homes, providing piping and meters. ▪ We also engaged on the carbon intensity of the production process, particularly of fire hydrants. We learned that using newer furnaces and coils allows for incremental improvement in carbon intensity, but with a long payback period. Another area is heat capture from the cooling process to reduce energy consumption elsewhere in the facility. **Outcome** ▪ We encouraged Mueller Water to consider setting customer-focused impact goals that are stretch targets to incentivize the organization to deliver greater water resource efficiency in the U.S. ▪ We recommended that Mueller Water align its ESG reporting with Sustainability Accounting Standards Board (SASB) and Taskforce on Climate-Related Financial Disclosures (TCFD) frameworks and include scope 3 emissions when data are available. ▪ We will be monitoring progress leading up to the publication of its next sustainability report.

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Company	Objective	Comments and Outcomes
Rockwool	Engage on impact from operations and ESG disclosures	▪ The company's GHG emission reduction targets appear ambitious, but achievable. Rockwool aims to reduce its absolute GHG emissions by 38% by 2034 and reduce non-factory absolute life-cycle GHG emissions by 20%. ▪ We engaged on the carbon intensity of the stone wool manufacturing process with Rockwool. ▪ In terms of disclosure, Rockwool plans to disclose its estimated taxonomy alignment for the full group in February 2022. ▪ Rockwool's reporting against the UN SDGs helps us quantify its environmental impact. However, quantifying the impact of the non-combustibility and heightened fire safety performance of its products remains challenging. **Outcome** ▪ We felt better about Rockwool's strategy around reducing the carbon intensity of stone wool manufacturing.
NOVEMBER 2021		
Oxford Nanopore Technologies	Following the recent initial public offering, we reached out to share our views of ESG best practice in relation to disclosure frameworks and reporting	▪ The company intends to publish its first sustainability report around the middle of 2022, with increased disclosure and detailed explanations of the impacts of its products (including the recyclability of flow cells—small devices used for cell analysis and chemical components). ▪ We recommended reporting in line with the SASB standards and explained that TFCD-aligned reporting is best practice. ▪ Oxford Nanopore Technologies has a short-term carbon emissions reduction target of 2.5% per GBP 1 million in revenue. It wanted to understand best practice in setting longer-term, science-based objectives. We noted that investors value net-zero targets with credible pathways and intermediate milestones and highlighted the Science Based Targets initiative standards as a useful resource. The company reports on its scope 1 and 2 emissions. We explained that scope 3 disclosure is helpful for health care companies (as these represent over 70% of the total carbon footprint). ▪ The company intends to dedicate more resources to ESG and has engaged a consultant to further develop its agenda. **Outcome** ▪ We continue to track the company's progress and are engaged in dialogue with management around best practices in impact measurement and targeting.
Prologis	Due diligence on impact credentials	▪ We engaged with Prologis about its energy solutions business, which helps customers reduce energy consumption and supports their sustainability goals. ▪ The company believes solar and electric vehicle charging points are the main opportunities for its business. The firm expects to grow its solar investments quickly due to the improving competitiveness of solar and increasing government incentives. **Outcome** ▪ The meeting supported the impact case for Prologis.
Trimble	We engaged with Trimble to better understand its sustainability-linked solutions, demand drivers, and the impact of the U.S. infrastructure bill	▪ We learned that demand for both software and hardware solutions has grown as clients are increasingly concerned about sustainability. We highlighted that the greater the demand for Trimble's software products, the better the impact outcome in the end markets would be. ▪ Trimble's construction cloud will be powered by Microsoft's Azure. The partnership is expected to help the firm penetrate new markets. ▪ The company expects to benefit from annual recurring revenue as a result of the U.S. infrastructure bill over a multiyear basis. **Outcome** ▪ We gained comfort around the resource efficiency outcomes that Trimble's products and solutions enable.

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Company	Objective	Comments and Outcomes
Trex	Discuss and engage on impact strategy and initiatives	▪ We were pleased to learn that Trex is making significant capacity investments to help meet rising demand. It was also pleasing to learn that the greater the investment in capacity, the greater the tonnage of plastic taken out of landfill. However, recycled plastic film supply is a challenge due to new competitors entering the market, higher demand for recycled plastic content in packaging, and higher costs for non-recycled plastics. ▪ The firm's approach to supply challenges includes a focus on contaminated and less consistent material streams as part of research and development, in addition to capturing post-consumer waste. ▪ As part of its impact strategy, Trex is focused on better understanding customer needs and preferences. It uses customer feedback to inform product development. ▪ We learned more about the market opportunity for composite decking using recycled plastics as well as Trex's positioning in the space. The firm is exploring opportunities in the high-end residential market for product development and is investigating other applications for its technology beyond decking. ▪ We impressed upon management the importance of continuing to work with recycled plastic and driving further conversion and penetration of composite decking over wood-based alternatives. **Outcome** ▪ We felt better about Trex's role in reducing plastic entering landfill. ▪ We feel confident about the sector's growth potential, driven by increased customer demand for sustainable products.
OCTOBER 2021		
Stora Enso	Discuss evolving opportunity of using lignin to produce anodes in batteries	▪ We discussed the opportunity of Lignode (hard carbon), which uses a byproduct (lignin) of the pulping process to replace graphite as the anode material in electric batteries. ▪ Graphite poses several environmental and social issues. It is fossil-based and is mined, often in regions with mining practices that are below industry best practice. Lignode, conversely, is a sustainable, circular material and is equal to, or better than, graphite in terms of performance. It also performs better at low temperatures. ▪ Millions of tons of lignin are produced each year in European pulp mills. The key is extraction—a standard process the firm feels it is more advanced in than its peers. ▪ The use of Lignode in electric vehicle batteries is the largest-scale opportunity for the technology. **Outcome** ▪ The engagement informed our investment research and further strengthened our impact thesis. Lignode is a stronger impact opportunity than previously anticipated and could become a meaningful additional contributor to the company's impact thesis.

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Company	Objective	Comments and Outcomes
SEPTEMBER 2021		
HDFC Bank	Discuss penetration of services in semi-urban and rural markets and ESG lending criteria	▪ The majority (52%) of HDFC Bank's branches are in semi-urban and rural areas, and we sought to gauge its levels of service penetration. In the commercial and rural segment, HDFC Bank now has a presence in 100,000 villages, mainly via commercial vehicle/tractor financing. It wants to reach 200,000 villages. This segment continues to have low credit penetration. ▪ Microfinance remains a small part of the bank's loan book, which it wants to grow further as part of its social objective. 10% of employees are dedicated to this segment despite it only accounting for 1% of the bank's loan book. ▪ HDFC Bank has partnered with technology company Paytm to launch a co-branded credit card to provide additional offerings across customer segments. With HDFC Bank being the largest "buy now, pay later" player in India, it believes it can offer this on a scale that peers cannot. ▪ The bank is looking to make its ESG lending criteria more robust. As part of its Social and Environment Management System, it is screening loans above a certain size and tenor for ESG risks but wants to increase the robustness of this process. **Outcome** ▪ We were pleased to see HDFC Bank's continued focus on service provision in villages and semi-urban and rural markets and supported its strategy to continue to expand in semi-urban and rural areas. We encouraged the bank to embed its ESG lending criteria within loan pricing.
Linde	Discuss decarbonization initiatives	▪ We discussed how Linde is helping customers on the path to sustainability through a focus on reducing emissions in heavy industries. Currently, the company estimates that 50% of its portfolio revenue is derived from environmental and social sustainability activities. ▪ Linde sees broad opportunity to contribute to decarbonization efforts through its carbon solutions business line, which helps customers reduce or capture emissions, and the development of clean hydrogen as fuel. ▪ The company's own greenhouse gas emissions are split roughly equally between scope 1 and scope 2. On scope 1 emissions, Linde has a clear road map for reducing the carbon intensity of its facilities, and management is clear that they will be held accountable for meeting and exceeding their targets. On scope 2, it is striving for the greening of grids and is co-investing with developers to create projects that help make infrastructure more sustainable. ▪ Linde tracks environmental, social, and governance metrics each month, and progress toward goals is measured. The company is thinking about how to provide more visibility on this. ▪ We were pleased to see that Linde saves its customers twice the emissions that it generates, but we suggested an improvement in this ratio would help Linde's impact thesis. **Outcome** ▪ We recommended that Linde set carbon reduction targets on an absolute basis in addition to carbon intensity targets. We will be monitoring updates on the company's initiatives to decarbonize its operations in the short to medium term. ▪ We also recommended that Linde consider accelerating its green hydrogen initiatives. We continue to monitor Linde's green hydrogen strategy closely.

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Company	Objective	Comments and Outcomes
Schneider Electric	Discuss company's climate and sustainability goals	▪ Schneider has long had a focus on sustainability and efficiency in relation to energy. It evolved from a short-cycle industrial company to a focus on longer-cycle infrastructure and industry globally. The firm is seeking to grow its capabilities in impact solutions such as electrification, grid resilience, software products and services, and efficient industrial digital systems. ▪ We discussed the firm's ambitious climate goals and the impact on its margin profile. Schneider believes that increasing its impact offering and its growth objectives are compatible. ▪ We discussed how Schneider could be more aggressive in driving its impact-oriented solutions with end customers and drive greater climate impact. ▪ The company divested early from electricity transmission businesses and is focusing on developing a digital offering for electricity distribution closer to the end customer. **Outcome** ▪ The engagement reinforced our positive view of Schneider's competitive advantages as a provider of climate impact solutions and also allowed us to provide management with our views on their climate strategy.
Stone	Focus on issues with credit business and implications for impact thesis	▪ This engagement was organized after issues surfaced surrounding the company's credit business. We wanted to understand how Stone is resolving the issues and implications for the impact thesis. A key component of the impact thesis is the ability for the bank to grow its loan book. **Outcome** ▪ While we were encouraged by the steps taken by Stone at the time of engagement, we exited the position in the fourth quarter of 2021 due to heightened credit risk.
JULY 2021		
Brookfield Renewable Partners	Discuss how the company is planning to address energy intermittency	▪ We discussed the firm's appetite for nuclear energy, gas, or other sources as an intermediate step toward decarbonization. This is in the context of addressing intermittency issues associated with renewables. ▪ Until now, hydroelectricity has enabled the company to offset intermittency. As renewables become a bigger part of the energy mix, other solutions will be needed. **Outcome** ▪ We learned that the company has no intentions relating to nuclear energy due to elevated associated costs and risks. ▪ We shared our views on the importance of sticking to, and accelerating, a renewable mandate. We impressed upon management the risks around using any fossil fuel-based technology to solve for intermittency.
JUNE 2021		
ASML Holding	The purpose of our engagement was to understand the company's current thinking on, and approach to, a range of environmental and social topics	▪ ASML's EUV lithography equipment delivers unmatched levels of precision that is used to create high-performance microchips capable of delivering new frontier efficiency that can therefore support sustainable development across an infinite number of applications. ▪ ASML aims to be net zero and reached its goal of using 100% renewable energy to power its operations in 2020. Scope 3 is harder to solve. ▪ ASML has set a goal to reduce the energy use per wafer of its future-generation EUV systems by 60% (compared with previous models). So far, the company has reached 25% energy reduction. The absolute energy consumption has decreased, while productivity has increased significantly. ▪ 95% of ASML's equipment remains operational today. This speaks to the fact that equipment is designed to be high quality, durable, upgradable, and retrofittable. **Outcome** ▪ The engagement informed our investment research, and we gained more confidence that ASML's technology enables sustainable innovation and energy efficiency.

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Company	Objective	Comments and Outcomes
Credicorp	We wanted to understand recent changes to Credicorp's governance and discuss how the company could better drive financial inclusion by spinning out its payments arm, Yape	▪ The company's CEO will be stepping down in January 2022, and we discussed whether it would be appropriate for him to have a board role once he steps down. (There is a precedent for this, with ex-CEOs often moving to a board role.) He made it clear that he has no intention to do this, as the company is keen to maximize the number of independent directors and limit former managers from taking up board places in the future. We agreed with this approach and support the company's focus on building a diverse, independent board. ▪ The Global Impact Equity Strategy team mentioned that Credicorp could spin out Yape, its payments arm, and bring on board a strategic partner to both accelerate the pace of investments in the company and bring in talent with experience in scaling a business of Yape's size. Scaling the business would accelerate financial inclusion initiatives in Peru by adding more people to the financial system—e.g., 650,000 unbanked Peruvians were added to the system in 2020 via Yape. **Outcome** ▪ The engagement gave us confidence in Credicorp's governance changes and provided us with an opportunity to encourage the company to spin out Yape with a view to accelerating financial inclusion initiatives.
NextEra Energy	We engaged with the company on its renewable generation strategy, the deployment of solar, and its provision of EV infrastructure. We also engaged on how it could best transition quicker from natural gas-based generation over time	▪ We shared our view that setting long-term commitments around emissions reduction, including a net-zero target, would be well received. ▪ We had identified some shortcomings in NextEra Energy's ESG disclosure, notably the omission of data on its scope 2 and 3 GHG emissions. ▪ We gained confidence that NextEra Energy is improving its GHG disclosure: The company will submit a CDP disclosure in July 2021. Reporting will include scope 1 and 2 GHG emissions, as well as certain categories of scope 3 emissions (given the difficulties in quantifying up- and downstream emissions). NextEra Energy does not expect scope 3 emissions to be hugely significant but is committed to carrying out the appropriate due diligence to confirm this. ▪ NextEra Energy's switch to natural gas has helped drive a lot of the company's emissions reductions over the past two decades, and the company considers it a transition fuel; however, the next step is large-scale solar deployment in Florida. NextEra Energy has an ambitious target for 12 gigawatt (GW) of installed solar capacity by 2030 (from 3GW today). We engaged with management about the importance of accelerating the transition to renewables and gained a better understanding of how renewables will become a greater part of the generation mix over time. ▪ In addition to its power generation fleet, NextEra Energy is also playing an active role in deploying EV charging infrastructure in Florida. It is working to encourage further EV adoption in the state (where uptake is already high), and given it already owns and operates energy infrastructure, it is well positioned to provide this service. **Outcome** ▪ The engagement reinforced our positive view of NextEra Energy's efforts to accelerate its transition to renewables.
Schneider Electric	We engaged with Schneider Electric to gain an update on its latest sustainability goals, particularly as they relate to scope 3 emissions; we also used the meeting to develop our impact thesis	▪ Schneider aims to grow its green revenues to 80% by 2025 from 72% in 2020. We discussed how the company is pushing its portfolio toward more positive impact by instilling a strong focus on digitization. The company believes that software and digital solutions lead to active energy management—meaning that energy consumption is optimized and more efficient. Although it works on solutions for a wide range of industries, Schneider is aiming to prioritize higher-impact areas (such as buildings). ▪ Schneider Electric aims to be carbon neutral by 2040. The major hurdle is tackling scope 3 (supplier and customer) emissions. From a supplier standpoint, the company has launched a global program to engage its 1,000 largest suppliers to halve their emissions by 2025 (95% participation rate). From a customer standpoint, Schneider sees its large customers placing increasing priority on sustainability and willingness to invest in solutions that help the company achieve this. **Outcome** ▪ The engagement informed our investment research and further strengthened our impact thesis.

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Company	Objective	Comments and Outcomes
Waste Connections	Engage on Waste Connections' role in gas-to-renewable conversion and other environmental initiatives	Waste Connections operates above regulatory-minimum standards for gas conversion. Sites acquired by the company often lack the capability to convert landfill gas into energy due to capital constraints and complexity and are often flared as a result. In most cases, the company can add energy conversion facilities onto these sites. Waste Connections often installs gas capture before it is required by regulatory standards. Doing so allows investments to get certified as carbon credits, which the company can monetize. Finally, Waste Connections is committed to moving toward a hybrid and electric vehicle fleet, e.g., working with truck manufacturers and giving them feedback on hybrid truck design. **Outcome** We made three recommendations to Waste Connections: ▪ Set more ambitious targets regarding gas recovery, gas/energy conversion, and recycling rates relative to volumes rather than absolute numbers. ▪ Provide annual numbers on the targets. ▪ Improve disclosure and offer case studies on improvements it makes when acquiring new sites. The engagement informed our investment research and allowed us to impart our views on best practices around ESG issues.

2021 ESG Engagements

Company Name	Quarter	Environmental	Social	Governance
TSMC	4	●		
Hubbell	4	●	●	●
Shopify	4	●		●
Shop Apotheke	4	●	●	●
ServiceNow	4	●	●	●
NextEra Energy	4		●	●
Lonza Group	4	●	●	●
Hamamatsu Photonics	4			●
Fortinet	4	●	●	●
AstraZeneca	4			●
HubSpot	4		●	●
ServiceNow	3			●
Roper Technologies	3	●	●	
Visa	3		●	●
Iberdrola	3		●	●
Rivian Automotive	2	●	●	
Evotec	2			●
Schneider Electric	2	●	●	
Iberdrola	2	●		●
Deere	2	●	●	
Rockwool	1	●		●

Information shown represents all ESG and impact engagements related to holdings in the Global Impact Equity Strategy from March 24, 2021, through December 31, 2021.

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Proxy Voting

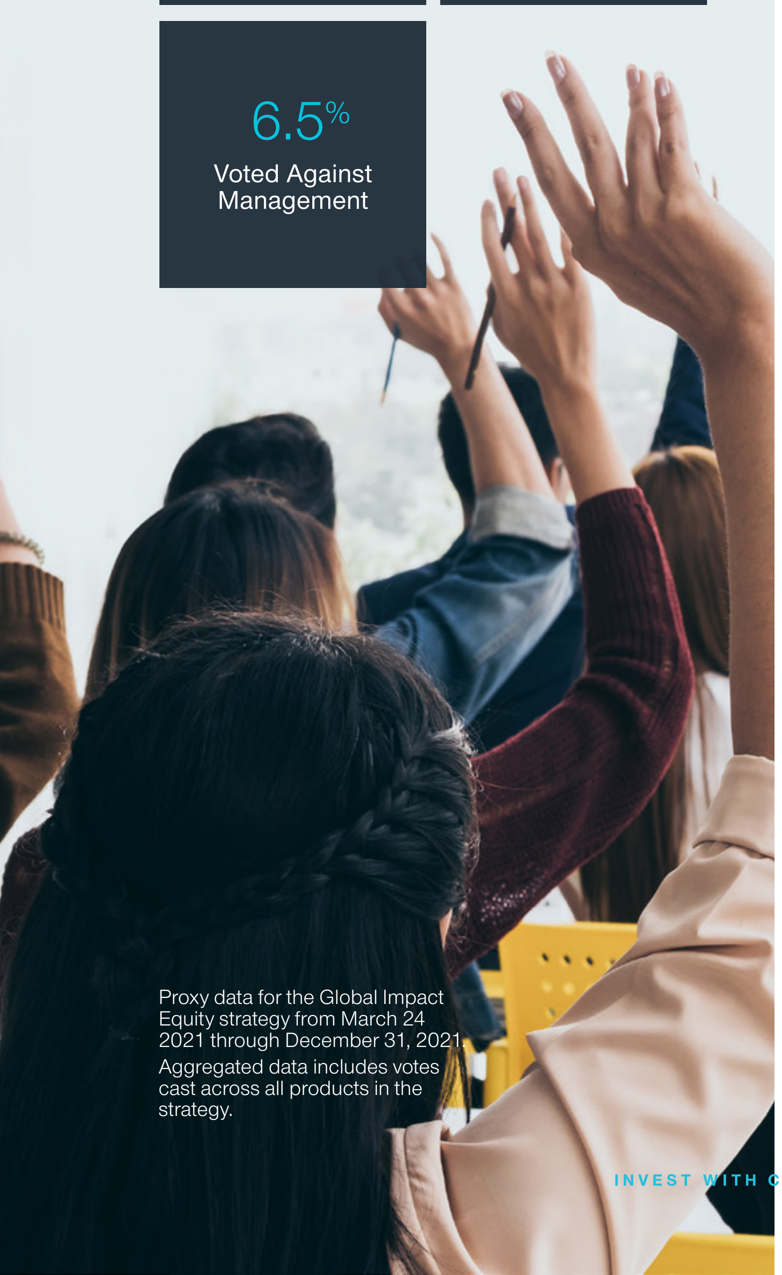
Voted in **98.2%** of Votable Meetings

Voted **97.6%** of Votable Items

688 Items Voted

93.5% Voted With Management

6.5% Voted Against Management



Proxy data for the Global Impact Equity strategy from March 24 2021 through December 31, 2021. Aggregated data includes votes cast across all products in the strategy.

Proxy voting is a crucial link in the chain of stewardship responsibilities we execute on behalf of our clients. The Global Impact Equity Strategy follows a dedicated governance and proxy voting approach. Our objective is to cast votes to foster long-term, sustainable success for the company and its investors.

We aim to use our voting power in a way that complements the other aspects of our relationship with companies, including engagement, investment due diligence, and investment decision-making.

We take a hands-on approach to joining voting and engagement activities as part of our commitment to additionality, driven from discussions at weekly impact research meetings.

The guidelines allow for votes against the Board chairs or committee members if ESG disclosure expectations are not met within a reasonable time period or for inadequate oversight of ESG controversies including insufficient preparedness for the low-carbon transition.

Our expectation is that many of the companies selected by our team will be ESG and impact leaders, but we also recognize the multiyear effort required to achieve disclosure in line with the TCFD disclosure frame-work. We engaged with companies where we identified the need to see improved disclosures; however, no votes against directors were instructed by the Global Impact Equity Strategy portfolio manager in 2021.

For the vast majority of resolutions, the Global Impact Equity Strategy voted the same way as other T. Rowe Price strategies. This was partly because the strategy was not launched until after the record dates for U.S. companies for most of the spring 2021 Annual General Meeting (AGM) season had already passed.

However, there were two cases where the strategy voted differently from the other portfolio managers in 2021 relating to excessive pay, because of the Global Impact Equity Strategy's focus on social equity within the investment process.

An additional area of focus are shareholder resolutions that require improved ESG disclosures and practices.

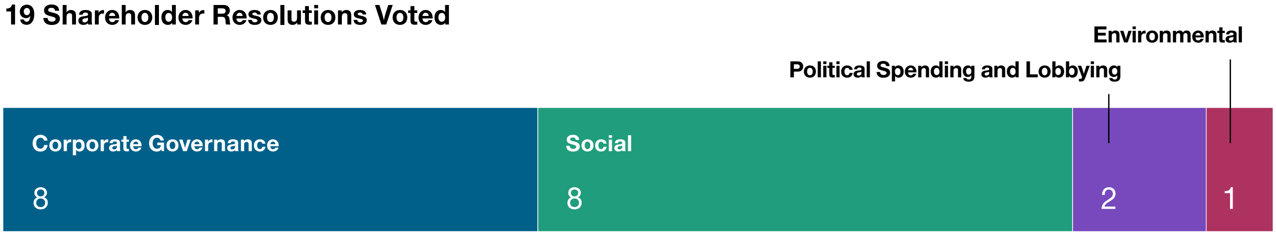
56 Votable Meetings

705 Votable Items

Management Proposals	# of Proposals	% With Mgmt.	% Against Mgmt.
Elect Directors (Uncontested)	332	97%	3%
Management Compensation: Say on Pay and Equity Plans	104	82%	18%
Routine Business and Operational Matters	96	95%	6%
Capital Structure Items	84	99%	1%
Appoint Auditors/Approve Auditor Fees	41	100%	-
Other	12	100%	-
Total	**669**		

Shareholder Proposals	# of Proposals	% With Mgmt.	% Against Mgmt.
On Social, Political, or Environmental Matters	11	64%	36%
To Adopt or Amend Shareholder Rights	5	60%	40%
Amend or Remove Takeover Defenses	1	-	100%
Related to Director Policies	1	-	100%
Related to Routine Business and Operational Matters	1	100%	-
Total	**19**		

19 Shareholder Resolutions Voted



Proxy data for the Global Impact Equity Strategy from March 24, 2021, through December 31, 2021. Aggregated data include votes cast across all products in the strategy.

Resilient

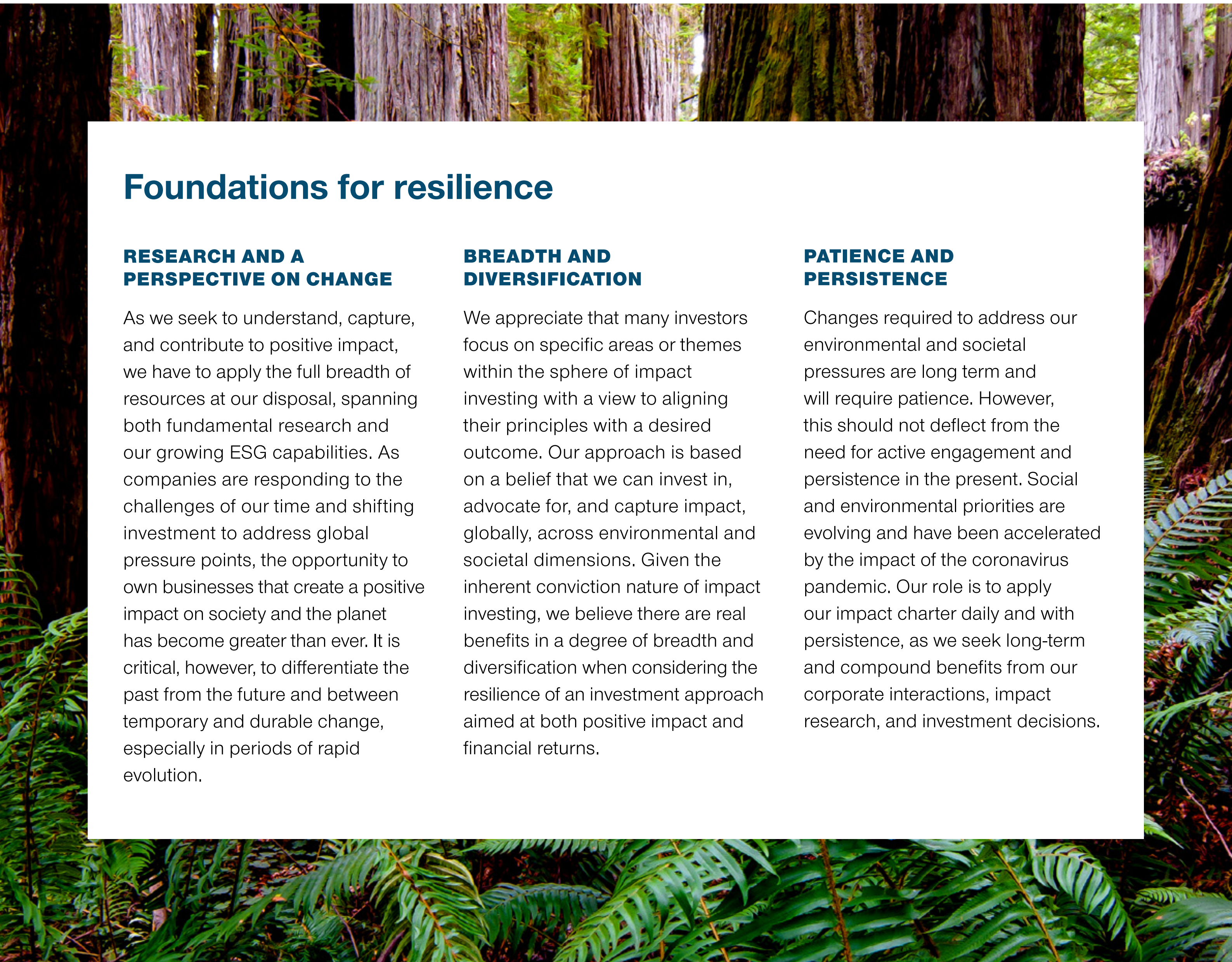
Long-Term Focus and Commitment

While the world's challenges are urgent and require positive action in the present, successful impact investing is inherently linked to the duration and persistence of change in the future.

The challenge for our industry is that impact investing lives in a complex world of risk and opportunity—one of great change and disruption to presumed norms. This should not deter our industry from responding to the challenges of our era, however. On the contrary, these challenges require imagination, research, investment in new capability, and, ultimately, commitment.

As we embark on our impact journey, the commitment of our impact investment team is essential, but so too is that of our organization, given the scale of our corporate relationships and the scale of the challenge we are addressing.

Alongside our impact framework, these principles of resilience help to guide our decision-making.



Foundations for resilience

RESEARCH AND A PERSPECTIVE ON CHANGE

As we seek to understand, capture, and contribute to positive impact, we have to apply the full breadth of resources at our disposal, spanning both fundamental research and our growing ESG capabilities. As companies are responding to the challenges of our time and shifting investment to address global pressure points, the opportunity to own businesses that create a positive impact on society and the planet has become greater than ever. It is critical, however, to differentiate the past from the future and between temporary and durable change, especially in periods of rapid evolution.

BREADTH AND DIVERSIFICATION

We appreciate that many investors focus on specific areas or themes within the sphere of impact investing with a view to aligning their principles with a desired outcome. Our approach is based on a belief that we can invest in, advocate for, and capture impact, globally, across environmental and societal dimensions. Given the inherent conviction nature of impact investing, we believe there are real benefits in a degree of breadth and diversification when considering the resilience of an investment approach aimed at both positive impact and financial returns.

PATIENCE AND PERSISTENCE

Changes required to address our environmental and societal pressures are long term and will require patience. However, this should not deflect from the need for active engagement and persistence in the present. Social and environmental priorities are evolving and have been accelerated by the impact of the coronavirus pandemic. Our role is to apply our impact charter daily and with persistence, as we seek long-term and compound benefits from our corporate interactions, impact research, and investment decisions.

Pursuit of Good Outcomes

2021 was marked by an extraordinary breadth of market conditions, but we are steadfast in our commitment to target positive impact and performance objectives.

We have continued to draw influence from external experts in impact investing to ensure that we have embedded the principles that clients require from a values-based investment approach. Our Australian unit trust[1] earned the Responsible Investment Association of Australasia (RIAA) conditional certification, and we continue to invest in our responsible investment team and grow our fundamental research platform to help analyze and understand corporate change. In 2021, we also formalized and deepened our corporate engagement approach and appointed an external impact measurement partner, Net Purpose.

During the year, we broadened our universe of potential impact candidates, supported by responsible and fundamental research to build confidence in our impact KPIs and investment thesis. We held between 70 and 80 stocks in the representative portfolio for most of the reporting period.

Diversification, breadth of research and ownership, and risk management remain vital to our impact objectives. By aligning to the UN SDGs, the strategy has a breadth of potential opportunity to address global pressure points. Opportunities are also driven by the magnitude of innovation underway as both private and public companies respond to the challenges of our era.

In our first year we have learned many lessons. Along with heightened geopolitical concerns, inflation has been top of mind. The short-term reaction of markets has seen enthusiasm for old-economy stocks that are directly invested at the crosshairs of the world's environmental challenges. At the same time, geopolitical risks and rising energy prices have the potential to accelerate the energy transition away from fossil fuels toward sustainable alternatives, particularly in Europe.

This dynamic illustrates the friction sometimes evident between short-term stock prices and long-term impact investing. Rising inflation has contributed to notable stock price weakness in many companies that are innovating to provide solutions to key environmental and social challenges. As persistent and patient investors, however, we look beyond short-term volatility and are reminded of the need to analyze thoughtfully, invest prudently, and focus on our long-term impact objectives.

[1] Only available to investors in Australia. This is not intended to be an offer or solicitation for the product.

GLOBAL IMPACT EQUITY STRATEGY
Objective

In pursuit of long-term growth of capital, the Global Impact Equity Strategy seeks positive environmental or social impact and to outperform the MSCI All Country World Net Index. In targeting this objective, the strategy primarily invests in a diversified portfolio of equity-related securities of larger-cap companies listed on the world's stock markets. The strategy has a particular focus on companies where the durability and persistence of earnings and cash flow is underappreciated and may include investments in the securities of companies listed on the stock exchange of developed and developing countries.

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

Style risk—different investment styles typically go in and out of favor depending on market conditions and investor sentiment. We apply a high-conviction, positive impact-oriented, and long-term approach to investing. While we believe this is beneficial to returns, and specifically the compounding of returns over time, there will be times where markets are driven by factors not related to long-term earnings and cash flow fundamentals. Our bottom-up focus may mean that periods of intense macro or top-down focus create headwinds to returns, but these tend to be transient as a driver of stock prices.

General Portfolio Risks

Capital risk—the value of your investment will vary and is not guaranteed. It will be affected by changes in the exchange rate between the base currency of the portfolio and the currency in which you subscribed, if different.

ESG and sustainability risk—may result in a material negative impact on the value of an investment and performance of the portfolio.

Equity risk—in general, equities involve higher risks than bonds or money market instruments.

Geographic concentration risk—to the extent that a portfolio invests a large portion of its assets in a particular geographic area, its performance will be more strongly affected by events within that area.

Hedging risk—a portfolio's attempts to reduce or eliminate certain risks through hedging may not work as intended.

Investment portfolio risk—investing in portfolios involves certain risks an investor would not face if investing in markets directly.

Management risk—the investment manager or its designees may at times find their obligations to a portfolio to be in conflict with their obligations to other investment portfolios they manage (although in such cases, all portfolios will be dealt with equitably).

Operational risk—operational failures could lead to disruptions of portfolio operations or financial losses.

Additional Disclosures

The examples shown in the case studies represent the largest active positions in each sub-pillar.

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

The representative portfolio is an account in the composite 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. The GIPS® Composite Report is available upon request.

The specific securities identified and described do not represent all of the securities purchased, sold, or recommended for advisory clients, and no assumptions should be made that investments in the securities identified and discussed were or will be profitable. T. Rowe Price may have ongoing business and/or client relationships with the companies mentioned in this report.

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

 The section on page 44 may be based on information developed by Sustainalytics, a leading independent ESG and corporate governance research, ratings and analytics firm operating for over 25 years and supporting investors around the world with the development and implementation of responsible investment strategies.

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