

T. ROWE PRICE GLOBAL IMPACT EQUITY FUND

Impact Glossary

As T. Rowe Price continues to grow our impact investing suite, we recognise that this asset class comes with specific terminology. We believe that investors should become familiar with this language to understand the principles of impact investing and become active participants in the transition to a more sustainable world. We have created a glossary which will help guide investors on their impact journey.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Impact universe (T. Rowe Price): The universe of stocks that is available to the T. Rowe Price Global Impact Equity Fund to invest. To define our impact universe, we start by applying the T. Rowe Price impact exclusion list to the global developed and emerging all-cap opportunity set (MSCI All Country World ex-Australia Index (net of withholding tax)). Securities are screened to exclude those whose activities may be considered harmful to the environment and/or society and incorporates both category and conduct based exclusions. The exclusions are set in the Impact Exclusion List Policy and for further details, please also refer to T. Rowe Price's Australian Unit Trusts Impact Statement, both of which are available at www.troweprice.com.au/investors. Our pillar alignment process and impact analysis based on the Five Dimensions of Impact then ensure a starting point for deeper impact eligibility and inclusion.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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