

3D Fund Profile:

T. Rowe Price Global Impact Equity

March 2025



3D Rating:



The manager of this fund intends to make a wider positive social or environmental impact, substantiated by investment in companies providing solutions to social and environmental challenges through their core products and services.

Key Facts as at 31/01/2025	
Manager	Hari Balkrishna
The Fund's Objective	To have a positive impact on the environment and society by investing in sustainable investments, where the companies' current or future business activities are expected to generate a positive impact whilst at the same time seeking to increase the value of its shares through both growth in the value of, and income from, its investments.
Launch Date	10/12/2021
Structure	OEIC
ISIN Code	GB00BMHRSM51
Currency	USD
Size	£1.72m
Sector	IA Global
The Fund's Official Benchmark	MSCI All Country World Net Index
SDR Label	Approval to use the Sustainability Impact label
3D Classification	3D Impact
% Holding Coverage	99%
Number of Holdings	64
Ongoing Charges	0.85%

Source: T. Rowe Price, Square Mile Research & LSEG Lipper (all rights reserved).

Fund Summary:

Summary

To achieve a Silver 3D rating within our 3D Impact fund classification, a fund must have focus on investments in activities classified as solutions under the 3D framework, demonstrating impact characteristics. It should also have little to no exposure to harmful impact activities and minimal involvement in controversial activities. Additionally, the fund group is likely to have scored relatively well on the Square Mile Lead Change questionnaires.

We believe the T. Rowe Price Global Impact Equity fund has met this threshold. The fund achieved a relatively high exposure to impactful revenue activities, has been effective in limiting investment into controversial or harmful activities, and promoted reasonably strong responsible investment (RI) across the industry.

Do Good



The fund has achieved c.25% exposure to revenue activities that have, according to 3D methodology, materially impactful characteristics. Additionally, we have identified c.42% exposure to revenue activities that align with 3D solutions. The dominant themes within this fund are the Healthcare and Resource Efficiency 3D classifications.

Avoid Harm



The 3D framework identified minimal exposure to harmful impact and controversial activities within this fund. At the time of analysis, only 0.7% of the fund's revenue activities were potentially exposed to controversial activities, with 0.2% of exposure to activities classified under the 3D framework as Harmful Impact. Overall, we believe the team has effectively minimised investment into controversial activities, and there are no major concerns in this regard.

Lead Change



At a group level, T. Rowe Price has demonstrated strong RI capabilities, with high-standard engagement practices, active participation in collaborative initiatives, and consistent disclosure of engagement status by target type. At a fund level, we were pleased with the team's continuous communication with portfolio companies, using its proprietary Responsible Investing Indicator Model (RIIM) analysis, governance screening, and fundamental research to monitor and address material ESG risks, all of which helped contribute to the Silver 3D Impact medal.

3D Solution Breakdown & Prominent Revenue Activities:

- Circular Economy
- Resource Efficiency
- Inclusive & Ethical Finance
- Harmful Impact
- Low Carbon Transport
- Sustainable Food
- Safety & Security
- Transition Enabler
- Natural Capital
- Education & Training
- Social Infrastructure
- Other
- Renewable Energy
- Healthcare
- Limited Positive Solutions

The T. Rowe Price Global Impact Equity fund has achieved c.42% exposure to revenue activities that 3D classifies as contributing to solutions to environmental and/or social challenges. This exposure is predominantly made up of the 3D solutions of Healthcare and Resource Efficiency.



Figure 1: Bar chart to show the allocation to 3D themes within the T. Rowe Price fund. Holdings as at 31/12/2024.

The chart below highlights the ten most prominent revenue activities and their attributed 3D classification within the T. Rowe Price Global Impact Equity fund.

Contributing to the 3D solution theme Healthcare are the revenue activities Pharmaceuticals, Medical Devices, Testing R&D Products and Health Insurance Plans, which jointly make up the majority of this exposure.

There were three revenue activities that make up the bulk of the 3D solution theme of Resource Efficiency, which are Semiconductors, Waste Management Services and Rapid Prototyping.

As illustrated within the chart below, there are several prominent revenue activities attributed to the Limited Positive Solutions 3D classification, such as Banking, General Software and Electronic Componentry. Although these activities may not be classified as offering direct solutions to environmental and/or social challenges, as per the 3D framework, they may possess some sustainability benefits, which, if applicable, are represented within Figure 3.

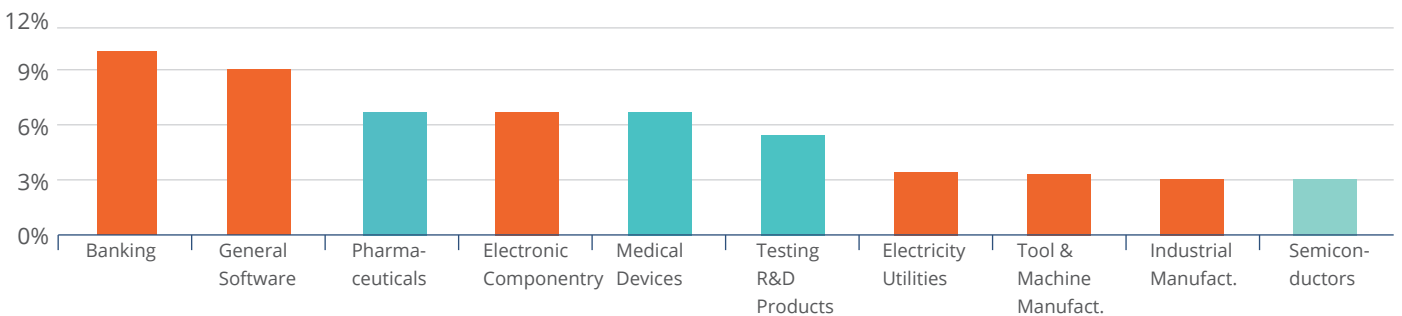


Figure 2: Bar chart to show the ten most prominent revenue activities within the T. Rowe Price Global Impact Equity.

Revenue Assessment Framework (RAF) Characteristics:

In addition to thematic classifications, the 3D framework is able to attribute specific sustainability characteristics to each revenue activity, a process named the Revenue Assessment Framework (RAF).

Each activity is allocated a RAF characteristic, such as impact or sustainable, which is directly linked to the sustainability benefit of that activity. Full RAF characterisations are available within the 3D Methodology and may be shared upon request.

	Environment	Social
Impact	4%	21%
Sustainable	12%	16%

Figure 3: RAF characteristics of the T. Rowe Price Global Impact Equity fund. Holdings as at 31/12/2024.

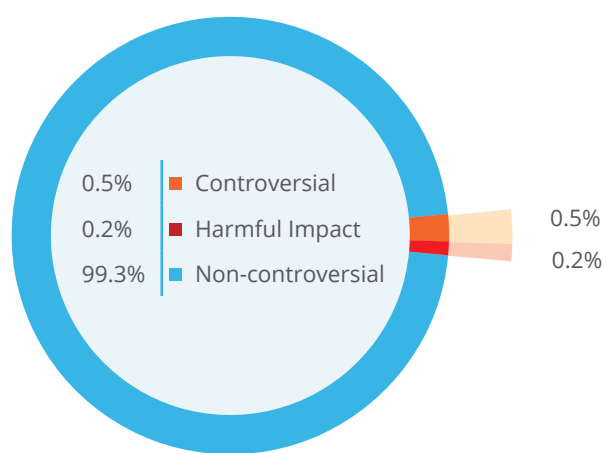
For the T. Rowe Price Global Impact Equity fund, there are several key points of analysis:

- c.25% of the fund’s revenue activities are classified as having a clear and direct intent to tackle environmental and/or social challenges. Of which, c.4% is attributed to offering a positive environmental impact, and c.21% to positive social impact.
- c.28% of the fund’s revenue activities are characterised as offering some social and/or environmental benefit but are not necessarily its core focus. For example, although products associated to supporting agriculture typically do not offer material social impact, activities that fit within this classification may offer sustainability benefits in terms of food security and rural development, hence the sustainable social characteristic.

Controversial Activities and Harmful Impact Exposure

Through the 3D RAF, we are able to identify revenue activities that possess controversial and/or harmful impact characteristics. To have a controversial activity flag attached, a revenue activity must, either directly or indirectly, have a potential negative impact on the environment and/or society. In many instances, activities with a controversial activity attributed to it may not be classified as Harmful Impact under the 3D framework, owing to the potential of a core product and/or service not being harmful at its core but still results in a negative impact. For example, textile manufacturing may be exposed to high water usage that negatively affects the operations surrounding environment, but is not material enough to warrant a Harmful Impact classification. However, in all cases where a revenue activity is classified as Harmful Impact, it will have one or more controversial activity flags attributed to it.

Our analysis has identified a total of 0.7% of revenue activities flagged for potential risk of controversial activity exposure. Of this, 0.2% was identified as being derived from Harmful Impact activities, for example given potential indirect exposure to military surveillance flagged for IDEX Corp. The remaining 0.5% is allocated to revenue activities that have controversial activities attributed to them, but are not classified as Harmful Impact.



The justifications of example controversial activities found in the fund are detailed below.

- **Military Weapons:** Despite the company flagged not being involved in weaponry, this 3D controversy flag focuses on the development and/or trade of military and defense technology and applies to military surveillance as a whole chain.
- **Transition Energy Source - Natural Gas:** While it's true that burning natural gas produces fewer greenhouse gas emissions than coal or oil, it is still a fossil fuel and contributes to climate change.
- **Fossil Fuel Infrastructure:** Companies engaged in this activity contribute to climate change and worsening air quality through the building of infrastructure supporting large emissions of greenhouse gases. The flag originates from a holding that has a history of violating environmental laws, and we anticipate the fund taking an active role in supporting improvements.

Figure 4: Pie Chart to show exposure to controversial activities. Holdings as at 31/12/2024.

Controversial Activities Screen

The icon matrix below highlights every instance of controversial activity exposure screened for within the 3D process, unlike the above diagram, which identifies fund-level exposure to revenue activities with controversial activities attributed to them. This matrix aggregates each controversial activity exposure individually, regardless if a single revenue activity is attributed to more than one controversial activity.

Controversial Activity Exposure*						
Adult Entertainment	Alcohol	Animal Testing - Healthcare*	Animal Testing - Personal Care	Animal Welfare	Cannabis	Ecological Degradation
0%	0%	19%	0%	0%	0%	<1%
Energy Intensive	Fossil Fuels	Gambling	GMOs	Hazardous Chemicals	High Carbon	High Sugar
0%	<1%	0%	0%	<1%	<1%	0%
Human Rights & For Profit Prisons	Military Weapons	Mining	Nuclear	Predatory Finance	Tobacco	Water Intensity
0%	<1%	0%	0%	0%	0%	0%





Figure 5: Source: T. Rowe Price.

*There is a significant allocation to revenue activities with potential exposure to the Animal Testing - Healthcare controversial activity; however, this has been removed from the controversial activity exposure outlined above on the basis that in most cases, animal testing is a legal requirement.

*For full details, please refer to the fund group, who will provide the extent of the exclusions and any revenue thresholds that may apply.

Lead Change Assessment

The Lead Change score is derived from an extensive questionnaire consisting of 44 questions relating to the fund and fund group's ESG capabilities, and a subsequent interview. The purpose of this questionnaire is to gain a holistic understanding of a fund group's research processes, company culture, advocacy and stewardship, which we think are pivotal in their ability to lead change internally and externally. T. Rowe Price has been improving its capabilities and had different scores throughout our four sections of analysis, contributing to their score of 4/5 of this section. The subsequent analysis will detail where we believe the group scores well and, if possible, where the group can improve. Each subsection is scored according to the four grades illustrated below.

 Excellent
  Good
  Some areas for improvement
  Improvement Required

Fund Stewardship



Fund Stewardship refers to advocacy and engagement with investee companies at a fund level. This section of the questionnaire is split into four sections: Voting, Engagement, Initiatives, and Charity. For this fund, stewardship initiatives are well documented and uploaded to T. Rowe Price's Research Management System. Engagement is tracked including objectives, notes and outcomes, all of which are available for analysts and other portfolio managers. To improve to an Excellent score, it would be beneficial to disclose more fund-level case studies highlighting the team's efforts.

Research Process



Research Process refers to the policies and procedures, systems, and tools within the business that support portfolio managers in carrying out their day-to-day roles and the assets held within the various investment funds and strategies. The group has dedicated teams and specific frameworks that facilitate collaboration among analysts, managers and ESG specialists. The RIIM centralises information and provides a uniform standard of due diligence on ESG factors according to particularities and data availability. Additionally, the company's bespoke framework to assess net zero alignment is impressive. To improve on the Good score, we'd envisage further improvements on biodiversity datasets and the disclosure of formal ESG KPIs for employees.

Company Culture



Company Culture refers to the business entity and not the assets it manages. As a group, T. Rowe Price has been evidencing its commitment to environmental and social initiatives in the annual Stewardship and Sustainability reports. Some initiatives such as the investment in an investment fintech providing loans for underserved individuals and small businesses deserve to be highlighted. However, we believe there is room for improvement in this area, mainly expanding on existing initiatives in a leadership capacity and detailing its main areas of focus from a Corporate Social Responsibility (CSR) perspective.

Group Stewardship



Group Stewardship refers to advocacy and engagement with investee companies both individually and through collaboration with other investors and change activists to encourage best practices and inform opinion. The group's definition of engagement aligns with industry high standards and the firm participates in collaborative initiatives, always disclosing engagement status by target type. Equally relevant, the proxy voting record is close to 100%, and, while ESG criteria are limited to 5% of total AuM, the group has committed to Net Zero with a well-structured pathway. Given the quality of the firm's ESG Investing Annual report, more engagement case studies would enhance transparency and be beneficial to the reader.

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