

AUSTRALIAN UNIT TRUST**T. Rowe Price Concentrated Global Equity Fund – ESG Report**

Providing transparency on Environment, Social and Governance aspects of the Fund

As at 31 March 2024

ESG INTEGRATION APPROACH

- The Global Select Equity Strategy fully integrates environmental, social and governance (ESG) factors within its investment process to enhance investment decisions. We consider ESG factors as an integrated component of the investment decision, not the sole driver, nor are they separated from more traditional security analysis.
- The process of ESG integration takes place on two levels: first, with our research analysts as they incorporate ESG factors into company valuations and ratings, and second, with the portfolio manager as he balances these ESG factor exposures at the portfolio level. Both the analysts and the portfolio manager are able to leverage dedicated, in-house resources to assist in analyzing ESG criteria.
- Our ESG specialist teams provide investment research on ESG issues at the company level and on thematic topics. Additionally, they have built tools to help proactively and systematically analyze the environmental, social, and governance factors that could impact our investments. The foundation of the analysis is a proprietary flagging tool called the Responsible Investing Indicator Model (RIIM). It covers over 15,000 companies and pulls from data sets that are not in the wheelhouse of traditional financial analysis. These data sets include:
 - ESG performance data (e.g., number of accidents, carbon emissions, strength of whistle-blower programs, etc.);
 - ESG targets (e.g., plans to reduce carbon emissions, increase diversity, etc.)
 - ESG incidents and controversies (e.g., environmental fines paid, local community controversies/protests against a company, etc.)
- We will typically buy companies with high-quality characteristics as well, based on our qualitative assessment and analysis of their future economic relevance. Our primary emphasis is on company fundamentals, which include the consideration of ESG factors. We find this process tends to yield an ESG-friendly set of companies. We also screen the portfolio regularly using T. Rowe Price's proprietary RIIM analysis, which helps us understand the ESG characteristics of the portfolio and makes us aware of any elevated exposures to specific ESG factors.

RECENT COMPANY ENGAGEMENTS

We maintain a regular dialogue with the management teams of companies represented across the portfolio. Our investment-driven engagement program frequently identifies targets through our proprietary RIIM analysis, governance screening and analysts' fundamental research. While we engage with companies in a variety of different contexts, ESG engagement focuses on learning about, encouraging or exchanging perspectives on the environmental practices, corporate governance or social issues affecting their business.

While most of the meetings we hold with company managements will include some discussion of ESG topics, we differentiate meetings held with a heavy focus on ESG, meaning ESG issues were the sole items on the agenda or made up a meaningful part of the meeting. Agenda items are classified as "meaningful" when they take up a significant portion of the meeting or are a significant factor in the investment case.

The following are selected examples of recent engagements with companies held in or considered for the portfolio. The examples are not meant to be representative of every engagement held, but to illustrate the types of ESG engagements we are having with the managements of our investment companies.

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Eli Lilly (4th Quarter 2023 Engagement)

Focus	Environment, Social, Governance
Company Description	Eli Lilly (Lilly) is a U.S. biopharmaceutical company.
Engagement Objective	We engaged with the company for a discussion on 2023 shareholder meeting results, shareholder proposals, and diversity, equity, and inclusion (DEI).
Participants	From Eli Lilly: Sustainability representative; Legal representatives; Investor Relations From T. Rowe Price: Head of Corporate Governance; Responsible Investing Analyst
Engagement Outcome	<p>We engaged with Lilly to discuss shareholder proposals. The company had several investor-sponsored proposals on its proxy in 2023. We discussed the implications of these votes.</p> <p>The first issue is a growing concern among faith-based investors and European stewardship teams about the use of secondary patents by pharmaceutical companies. A proposal on this issue fared very poorly in 2023, but Lilly says the same proposal has been re-submitted for another vote in 2024. These investors view patent extensions as impediments to access to medicines.</p> <p>We also discussed a shareholder proposal concerning DEI disclosure, which attracted 27% support. (We sided with the majority.) While lagging best-in-class practices, Lilly's existing DEI disclosure is sufficient, in our view. The company already considers the requested information on hiring and turnover when internally evaluating its human capital performance. Nonetheless, ESG-focused investors would likely be interested in the external publication of this information and Lilly indicated that it will consider reporting this information but is waiting for regulatory frameworks (namely the Corporate Sustainability Reporting Directive, or CSRD) to drive standardized disclosure across the industry.</p> <p>The discussion also touched on the general state of shareholder resolutions in the U.S. and Lilly's view that these pose significant opportunity costs for its Board and management. We also addressed Lilly's decision, in 2023, to exercise its right to have the U.S. Securities and Exchange Commission (SEC) review proposals it deemed improper. The company was criticized by proponents and some press outlets for pursuing this type of challenge. Even though it is a valid option for issuers, Lilly indicated it is unlikely to pursue this again in 2024.</p> <p>We also provided feedback that Lilly should seek to publish a single document with all relevant ESG disclosures in the future. At present, the disclosures are disparate, making it more difficult to evaluate the company's performance. This change would also make it easier for stakeholders to identify and credit Lilly for improvements it has made.</p> <p>Of note, as it has in the past, the Board again proposed and endorsed several improvements in shareholder rights on the 2023 proxy. The outside shareholders support them, but all of these measures failed again. This is because the Lilly Foundation remains a large holder, and its objective is to keep the company independent and Indiana-based. The company's charter requires an 80% vote to make any significant governance changes; the foundation has enough shares to alone thwart any move in this direction.</p> <p>In terms of next steps we will continue to monitor Lilly's ESG reporting.</p>

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

CBOE Global Markets (4th Quarter 2023 Engagement)

Focus	Environment, Governance
Company Description	CBOE Global Markets (CBOE) is an exchange holding company that operates a financial options trading platform.
Engagement Objective	We engaged with CBOE on various ESG matters (i.e., management succession, executive pay, and culture and climate commitments).
Participants	From CBOE: Director, Public Policy; ESG and Market Policy Specialist; Associate General Counsel; Vice President, Investor Relations From T. Rowe Price: Head of Corporate Governance
Engagement Outcome	<p>We engaged with CBOE to discuss recent ESG developments. We discussed the unexpected leadership succession after the company's chief executive officer (CEO) resigned in September 2023 following a board investigation into undisclosed personal relationships with employees. CBOE said that the outgoing CEO's departure was treated as a standard resignation and that it appointed Board member Fred Tomczyk as the new chief executive.</p> <p>On the climate front, CBOE plans to submit targets to Science Based Targets initiative (SBTi) for certification in early 2024. The company hired a consultant to start work on setting a net zero goal but is currently still gathering data. CBOE does not track revenue associated with ESG products, which is minimal. However, it noted that climate-related concerns among employees and potential hires have increased (e.g., several ESG-oriented grassroots committees have been established).</p> <p>The engagement allowed us to achieve our goal of providing feedback in specific ESG areas. Later in 2024, we will confirm in the proxy that CBOE made no special compensation arrangements to the incoming or outgoing CEOs (we will seek another engagement if these are present).</p>

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ESG RIIM PROFILE

The T. Rowe Price Responsible Investing Indicator Model (RIIM) rates companies, governments and securitized assets in a traffic light system measuring their environmental, social, and governance profile and flagging issuers with elevated risks. For certain types of investments, including, but not limited to, cash, currency positions, and particular types of derivatives, an ESG analysis may not be relevant or possible due to a lack of data. Where ESG considerations are integrated into the investment research process, we may conclude that other attributes of an investment outweigh ESG considerations when making investment decisions.

	Portfolio		Benchmark	
	No. of securities	% weight	No. of securities	% weight
● Green	31	81.7	1,215	83.5
● Orange	5	15.2	184	15.9
● Red	0	0.0	6	0.5
● Not in scope / not covered	0	0.0	2	0.0
● Cash	1	3.2	0	0.0
Total	37	100.0	1,407	100.0

● No/few Flags ● Medium Flags ● High Flags

The comparator benchmark of the Fund is the MSCI World ex Australia Net Index. The manager is not constrained by the fund's benchmark, which is used for performance comparison purposes only.

ADDITIONAL DISCLOSURES

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A Target Market Determination for each T. Rowe Price Australian Unit Trust (or class of units in a Trust) is available here (www.eqt.com.au/insto [www.eqt.com.au]). A Target Market Determination is a document which is required to be made available from 5 October 2021. It describes who the financial product is likely to be appropriate for (i.e. the target market), and any conditions around how the product can be distributed to investors. It also describes the events or circumstances where Equity Trustees Limited, the responsible entity of the T. Rowe Price Australian Unit Trusts may need to review the Target Market Determination for the financial product.

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