AUSTRALIAN UNIT TRUST

T. Rowe Price Concentrated Global Equity Fund – ESG Report

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

As of 30 September 2024

ESG INTEGRATION APPROACH

- The T. Rowe Price Concentrated Global Equity Fund 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.)
- Our approach to environmental and social factor integration is differentiated at the sector and industry levels, where our RIIM model helps us to determine the materiality of any given factor. Material ESG factors play an integral part in our risk/reward assessment of each company. Once all the factors have been assessed, our conclusions can influence whether to include, exclude or increase a company's weighting in the portfolio. ESG considerations can have both a positive and negative influence on positioning.

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.

Old Dominion Freight Line (3rd Quarter 2024 Engagement)

Focus	Environment, Social, Governance
Company Description	Old Dominion Freight Line (Old Dominion) is a U.S. less-than-truckload freight carrier.
Engagement Objective	We engaged with Old Dominion to discuss its decarbonization strategy and ESG reporting.
Participants	From Old Dominion: Vice President, Treasury and Sustainability; Director, Investor Relations From T. Rowe Price Associates, Inc: Responsible Investing Analyst
Engagement Outcome	We engaged with Old Dominion to provide feedback on the company's decarbonization strategy and ESG reporting. The company faces substantial challenges to reduce emissions in its heavy haul trucking fleet, given that truck batteries have insufficient range and biofuels are expensive to adopt at scale. However, Old Dominion is doing what it can to achieve small but important improvements in energy and fuel efficiency (e.g., electrification of forklifts and yard tractors, electric vehicle rollout for small delivery trucks, and using natural gas-fueled trucks as a transition alternative). Management said that customers appear more aware of decarbonization challenges in the sector and are working with the company on finding solutions. Old Dominion is nowhere near setting the ambitious emissions reduction targets as proposed by a party at its last annual meeting. However, the company's next ESG report, slated for the first half of 2025, should include some decarbonization goal that management feels fairly confident it can achieve. The report will also expand on other methods of reducing emissions (e.g., renewable energy use, on-site energy efficient measures) and will include Task Force on Climate-Related Financial Disclosures (TCFD) reporting. The engagement gave us an opportunity to give Old Dominion feedback on its decarbonization strategy and ESG reporting, and we agreed to continue regular engagements to offer more feedback and track the company's progress. Over the next year, we will monitor for the disclosure of some form of emissions-reduction goal and for TCFD reporting in the company's next ESG report.

[1] Scope 1: direct emissions from owned or controlled sources; scope 2: indirect emissions from the generation of purchased electricity, steam, or cooling; scope 3: all other indirect emissions.

Canadian Pacific Kansas City (3rd Quarter 2024 Engagement)

Focus	Environment
Company Description	Canadian Pacific Kansas City (CPKC) operates a transnational rail network in North America. It was established in April 2023 through the merger of the Canadian Pacific (CP) and Kansas City Southern (KCS) railways.
Engagement Objective	We engaged with CPKC to provide feedback on its post-merger climate strategy.
Participants	From CPKC: Head of Investor Relations and Treasury; Investor Relations Representative From T. Rowe Price Associates, Inc: Responsible Investing Analyst
Engagement Outcome	Climate has been a key area of post-merger integration for both CP and KCS, with the resulting merged entity, CPKC, initially combining existing strategies into an emissions reduction target by 2030 aligned to a well-below 2°C trajectory. The company is taking a step further and developing a more ambitious road map toward net zero by 2050, in line with a 1.5°C trajectory. An updated road map will be published within the next 12 months and will focus on four key decarbonization levers: (1) operational fuel-efficiency improvements, (2) new locomotives, (3) biofuels, and (4) hydrogen. We provided positive feedback on how the company informed investors about its climate strategy post-merger and next steps. That work helped our voting rationale at this year's say-on-climate, which we supported. For the next sustainability report, we suggested that the company disclose a road map outlining the key levers of emissions reduction along the path to 2050. Unlike its peers investing in new battery electric locomotives, CPKC is highly involved in the retrofit of existing locomotives to install hydrogen propulsion. There are several reasons why CPKC is opting for hydrogen instead of batteries: (1) hydrogen most closely integrates with its existing refueling infrastructure; (2) faster hydrogen refueling, meaning CPKC does not need to expand its fleet to compensate for longer battery recharging; (3) higher power generation from hydrogen compared with batteries, and (4) a joint venture that helps with hydrogen supplies and locomotives testing. To complement this strategy, CPKC is investing in hydrogen production. Two facilities are already up and running (one for blue hydrogen, one for green); a third blue hydrogen facility is currently under construction. The company is already operating hydrogen propulsion on several low-power short-haul lines and expects to roll out the technology to high-power long-haul lines within the next five to seven years. We provided feedback on CPKC's post-merger climate strategy and decarbonization road map and suggested ways in which the company could improve its climate disclosures in its next sustainability report.

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	29	78.9	1,166	81.7
Orange	6	19.7	177	17.5
Red	0	0.0	7	0.7
Not in scope	0	0.0	1	0.1
Not covered	0	0.0	2	0.1
Reserves	1	1.3	0	0.0
Total	**36**	**100.0**	**1,353**	**100.0**

● No/few Flags ● Medium Flags ● High Flags

The benchmark of the Fund is the MSCI World Index ex-Australia Net (unhedged).

ADDITIONAL DISCLOSURES

Source: MSCI. MSCI and its affiliates and third party sources and providers (collectively, "MSCI") makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used as a basis for other indices or any securities or financial products. This report is not approved, reviewed, or produced by MSCI. Historical MSCI data and analysis should not be taken as an indication or guarantee of any future performance analysis, forecast or prediction. None of the MSCI data is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such.

Fund Assets, holdings-based analytics (excluding portfolio turnover), and portfolio attribution are calculated using T. Rowe Price's internal Investment Book of Records (IBOR). Due to timing and accounting methodology differences, IBOR data may differ from the Accounting Book of Records (ABOR) data provided by the Fund's accountant.

IMPORTANT INFORMATION

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The Fund's Target Market Determination is available here https://www.eqt.com.au/corporates-and-fund-managers/fund-managers/institutional-funds/institutional-fund-manager?f=1e68c659-e0db-4d2f-8a96-c436f3d60971. It describes who this 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 the Target Market Determination for this financial product may need to be reviewed.

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