



AUSTRALIAN UNIT TRUST

T. Rowe Price Global Focused Growth 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 Global Focused Growth Equity Fund uses environmental, social and governance (ESG) integration as part of its investment process. This means incorporating ESG factors to enhance investment decisions. Our philosophy is that ESG factors are a component of the investment decision—meaning that they are not the sole driver of an investment decision, nor are they considered separately from more traditional 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.)
- The companies we buy will typically have high quality characteristics as well, with this qualitative assessment based on our analysis of their future economic relevance. As such, our primary emphasis is on company fundamentals, which include the consideration of environmental, social and governance factors. We find that this process tends to yield an ESG-friendly set of companies; however, we also screen the portfolio using T. Rowe Price's proprietary RIIM analysis at regular intervals. This 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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UnitedHealth Group (2nd Quarter 2024 Engagement)

Focus	Social
Company Description	UnitedHealth Group is a leading U.S. health insurer.
Engagement Objective	We engaged with UnitedHealth Group to provide feedback on how the company could strengthen its approach toward, and transparency regarding, data privacy, following a cybersecurity breach in February 2024.
Participants	From UnitedHealth Group: Lead Independent Director; Chief Executive Officer (CEO) From T. Rowe Price Associates, Inc: Portfolio Manager
Engagement Outcome	<p>We participated in an ESG roundtable event with the senior management team and Board directors from UnitedHealth Group. The majority of our discussion focused on data privacy and cybersecurity following a cyberattack on the company's Change Healthcare claims and payment infrastructure in February 2024.</p> <p>UnitedHealth Group believes the cybersecurity breach is close to resolution, and the company is starting to see payback of some of the loan disbursements made as part of the Change Healthcare disruption. UnitedHealth Group had distributed more than USD 9 billion in advance funding and no-interest loans to care providers impacted by the cybersecurity breach. For context, the company's first-quarter results included USD 872 million in "unfavorable cyberattack effects."</p> <p>Management claims full multi-factor authentication status has now been installed in all UnitedHealth Group systems.</p> <p>We discussed Board oversight of this issue. The lead independent director articulated the Board's significant focus on this topic since the breach and efforts to strengthen attention on data privacy at board level in the future. We provided feedback on the importance of an effective approach to cybersecurity, i.e., oversight, effective external disclosure, certification to standards such as ISO 27001 (the leading international standard for information security management systems)—particularly in the context of the increasing number of cyberattacks being experienced across the health care sector.</p> <p>The engagement allowed us to impart our views on the importance of an effective approach to cybersecurity and the company's management of this issue.</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.

Reliance (3rd Quarter 2024 Engagement)

Focus	Environment, Social
Company Description	Reliance is a metals service center company.
Engagement Objective	We engaged with Reliance for a discussion focused on emissions, safety, and disclosure.
Participants	From Reliance: Chief Financial Officer; Vice President Enterprise Risk From T. Rowe Price Associates, Inc: Responsible Investing Analyst
Engagement Outcome	<p>Reliance does not currently have any formal emission reduction targets, so we engaged with the company to discuss potential opportunities for it to decarbonize its operations. We also discussed improvement of ESG disclosures and safety performance.</p> <p>Decarbonization: Reliance's business model is very different from peers in the metals and mining industry; the company is ultimately a distributor, meaning its emissions footprint is very small compared with steel or aluminum producers. Its trucking fleet is its major source of greenhouse gas (GHG) emissions. Although there are improvements Reliance can make around the margin (e.g., more efficient routing, newer truck fleets), it is not really able to make significant emission reductions until technology is available to decarbonize or electrify long-haul trucking. Its warehouses are already fairly efficient (e.g., LED lighting, no air conditioning needed), so are relatively low energy intensity.</p> <p>Reliance does not currently have any GHG reduction targets and it is unlikely to set any firm GHG reduction targets in the foreseeable future until it sees a clear technology pathway to achieve meaningful emission reductions. Once there is suitable technology to decarbonize its truck fleet, it will consider setting a target.</p> <p>Social: Safety is a number one priority for the company and is woven into the culture of Reliance. The different business model from steel/aluminum peers means that it is less exposed to safety risk, but it is still a clear focus at all levels of the company. Although Reliance has not published targets on safety, the company's goal is always to have zero accidents, injuries, or fatalities across employees and contractors. On human rights, Reliance sees low risk here since the vast majority of its business is in the U.S. and Canada, where risks are lower. However, it is currently upgrading and formalizing its human rights policies in response to feedback from investors and third-party ESG rating agencies. It is also working to formalize its supplier code of conduct.</p> <p>ESG disclosure: Reliance already reports several key ESG metrics, including Scope 1-21 GHG emissions and safety performance. It is currently assessing disclosure frameworks and will increase its disclosures in the future, but was unable to give a clear timeline at this point. We highlighted our support of the Task Force on Climate-Related Financial Disclosures (TCFD) and the Sustainability Accounting Standards Board (SASB) reporting frameworks. On Scope 3 emissions disclosure, the company believes it will be challenging but that is potentially something it would work toward in future years. We will monitor for progress on next steps, including the setting of Scope 1-2 GHG reduction targets and the disclosure of Scope 3 emissions.</p> <p>Reliance is still relatively early in its ESG journey. We should expect the company's ESG disclosures to improve in the future, but it is still working to assess the various disclosure frameworks. We highlighted our support of the SASB and TCFD reporting frameworks. Similarly, although there are emission reductions that Reliance can make around the margin, it is unlikely to set a companywide GHG reduction target until there is available technology to decarbonize long-haul trucking.</p>

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.

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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	63	82.7	2,018	81.1
● Orange	13	14.8	573	18.0
● Red	0	0.0	34	0.7
● Not in scope	0	0.0	1	0.1
● Not covered	2	1.5	4	0.1
● Reserves	1	1.0	0	0.0
Total	79	100.0	2,630	100.0

● No/few Flags ● Medium Flags ● High Flags

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

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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Past performance is not a reliable indicator of future performance. You should obtain a copy of the Product Disclosure Statement, which is available from Equity Trustees (www.eqt.com.au/insto) or TRPAU (www.troweprice.com.au), before making a decision about whether to invest in the Fund named in this material.

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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