T. Rowe Price®
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AUSTRALIAN UNIT TRUST

T. Rowe Price Global High Income Fund – ESG Report

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

As of 31 March 2022

ESG INTEGRATION APPROACH

- The T. Rowe Price Global High Income Fund uses environmental, social and governance (ESG) integration as part of its investment process. This means incorporating environmental, social and governance factors to enhance investment decisions. Our central mission is to help our clients reach their long-term financial goals and we believe that incorporating ESG factors into our investment process alongside financials, valuation, macro-economics and other factors is consistent with that objective. 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 environmental, social, and governance factors into issuer 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 them in analyzing ESG criteria.

- Our ESG specialist teams provide investment research on ESG issues at the issuer 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 around 15,000 corporate securities and pulls from data sets that are not in the wheelhouse of traditional financial analysis.
  - ESG performance data (i.e. number of accidents, carbon emissions, strength of whistle-blower programs);
  - ESG targets (i.e. plans to reduce carbon emissions, increase diversity, etc.)
  - ESG incidents and controversies (i.e. environmental fines paid, local community controversies/protests against a company, etc.)

- The T. Rowe Price Global High Income Fund seeks to generate alpha by focusing on proprietary, bottom up research to identifying companies offering long-term performance potential. Our High Yield investment team examines each potential investment; each holding; and the entire portfolio with an approach deeply rooted in fundamental analysis along with a macro and industry top-down view. These processes naturally incorporate an analysis of each company's environmental, social, and governance factors and tend to yield an ESG-friendly portfolio. However, our investment team collaborates closely with our ESG specialists to augment their work. 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 exposures to specific ESG factors or how these ESG factors may impact a company's business operations and market performance.

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, influencing 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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Pacific Gas & Electric (1st Quarter 2022 Engagement)

Focus	Environment, Social, Governance
Company Description	Pacific Gas & Electric (PG&E) is a provider of natural gas and electric services in California, U.S.
Engagement Objective	We engaged with the company to gain a better understanding of PG&E’s preventative safety programs, emissions reduction goals, and disclosure.
Participants	From PG&E: Investor Relations Representative, Corporate Secretary, Chief Human Resources Officer, Sustainability Representative From T. Rowe Price: Head of Corporate Governance, Responsible Investing Analyst
Engagement Outcome	The purpose of our engagement was to gain a better understanding of PG&E’s preventative safety programs, emissions reduction goals, and disclosure. The company's new chief executive officer has been in place for a year now. Her operational background has been particularly helpful in this post-bankruptcy period. Although PG&E has passed its probation period, the Public Utilities Commission is using an enhanced oversight program for the company. PG&E updated us on its two wildfire risk management programs. The first, Public Safety Power Shutoffs, addresses high-wind events where the program disables power in advance in areas where conditions are high risk. The second program is Enhanced Powerline Safety Settings (EPSS) for lower-risk situations. It is more reactive: If a line is disrupted, it turns itself off to prevent ignition. The classification of these two systems is a function of accessibility of the site and the state of the vegetation/fuel in that area. The company aims to roll out EPSS across all its service areas with high fire risk. PG&E reviews the effectiveness of each program quarterly and reports it publicly. Based on a back-testing analysis, PG&E believes it has realized an 80% reduction in ignitions compared with before the programs were launched. The company is also putting in more weather infrastructure, enhancing its ability to predict high-risk conditions, and continuing its vegetation management and grid hardening programs. Its updated wildfire mitigation plan should be published by the end of this month. We also discussed the PG&E’s greenhouse gas reduction goals, specifically the steps it will take to reach them in line with state mandates and its own stated goals. It is exploring the Science Based Targets initiative and has committed to publishing Task Force on Climate-Related Financial Disclosures-aligned reporting starting this year. At this time, the company has long-term targets but not interim targets, although it says it is actively pursuing the latter. We discussed the company's important role as an enabler of California state decarbonization goals. By and large, the state's main power sources are already renewable, but the focus needs to shift to supporting electric vehicle infrastructure, for example. Finally, we touched on the upcoming shareholder meeting. Modest inducement grants for new senior management hires will appear in this year's proxy, but these are unlikely to be controversial. The engagement informed our investment research and proxy voting decisions. It also allowed us to impart our view on best practices for ESG disclosure.

Carnival (4th Quarter 2021 Engagement)

Focus	Environment, Social
Company Description	Carnival is the world's largest cruise company.
Engagement Objective	We engaged with the company on the waste dumping controversies that have contributed to its poor ESG scores from external vendors, as well as its emissions reduction strategy.
Participants	From Carnival: Chief Maritime Officer; Investor Relations Representative From T. Rowe Price: Director of Research, Responsible Investing; Portfolio Manager; Responsible Investing Analyst
Engagement Outcome	The purpose of our engagement with Carnival was to address several controversies that flagged in our RIIM analysis of the security. We wanted to better understand the background of the issues and steps management was taking regarding waste dumping, greenhouse gas (GHG) emissions and managing health and safety during the coronavirus pandemic. Carnival is considered an ESG laggard by external vendors such as MSCI and Sustainalytics. One of the main reasons for the company scoring poorly is a 2016 controversy in which Carnival was fined USD 40 million after pleading guilty to several charges related to improper waste disposal following a 2013 bilge water discharge incident. Since pleading guilty, the company has been under an environmental compliance plan (ECP) and has adopted several initiatives, including updating bilge water processing equipment to the latest available fleetwide, upgrading internal audit programs to include environmental issues, increasing training and the auditing of ships, and introducing regular environmental procedures that are overseen by a corporate compliance manager. Carnival's poor ESG scores have been compounded by additional waste-related controversies, including a 2019 guilty plea for violating the ECP, which resulted in a USD 20 million fine. Carnival noted that it has not had another bilge water incident like the one in 2016. In addition to the ECP, Carnival has adopted several initiatives and goals to better manage waste, with a particular focus on food waste. The company has adopted a goals to reduce food waste by 10% by the end of 2021 (2020 baseline) and single-use plastic per person by 50% by the end of the year (2018 baseline). The company is well ahead of both of these targets; however, this is partly driven by the coronavirus pandemic. On its emissions reduction strategy, Carnival has a goal to reduce GHG emissions by 40% by 2030. To achieve this, the company has installed higher-quality heating, ventilation, and air conditioning systems and Advanced Air Quality Systems and has equipped 44% of its ships with shoreside power. The company also currently operates five liquified natural gas-fueled ships (which emit less carbon compared with traditional fuels), with six more on order. The company has an aspiration to be net zero by 2050 but explained that there is currently a lack of viable technology that would allow it to achieve a net-zero target. Near term, Carnival is focusing on efficiency improvements and reducing carbon emissions through itinerary planning. The engagement helped us understand the controversies that have contributed to Carnival's poor ESG scores from external vendors and our own analysis, as well as the steps that the company has taken to resolve them. While we are pleased with the progress the company has made, we note the severity of the past controversies and need more time to fully assess the success of recent initiatives. We will continue to monitor the success of Carnival's waste and emissions reduction initiatives as the company begins to operate at full capacity and protocols and targets are fully put to the test.

IMPORTANT INFORMATION

Equity Trustees Limited (“Equity Trustees”) (ABN: 46 004 031 298, AFSL: 240975) is a subsidiary of EQT Holdings Limited (ABN: 22 607 797 615), a publicly listed company on the Australian Stock Exchange (ASX:EQT). Equity Trustees and T. Rowe Price Australia Limited ("TRPAU") (ABN: 13 620 668 895, AFSL: 503741) are, respectively, the responsible entity and investment manager of the T. Rowe Price Australian Unit Trusts. Available in Australia for Wholesale Clients only and in New Zealand for Wholesale Investors only.

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 [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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