



AUSTRALIAN UNIT TRUST

T. Rowe Price Global Impact Equity Fund – ESG Report

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

As of 30 September 2024

ESG INTEGRATION APPROACH

- All our stock selection decisions begin with a clearly defined positive impact thesis, which proactively and systematically integrates environmental, social and governance (ESG) considerations. In pursuit of long-term growth of capital, the fund seeks long-term capital appreciation and positive environmental or social impact. We maintain a focus on companies that we believe have the potential to create positive social or environmental impact through their products or services, and that appear to offer superior growth prospects and investment characteristics. Company fundamentals, including the consideration of environmental, social, and governance factors, play a critical role in the stock selection process. Credible ESG solutions require investment and we have been building capability in the field of ESG integration and responsible investing for a number of years in order to integrate ESG within our investment process. Our philosophy is that ESG factors cannot be separate or a tangential part of a traditional investment thesis; they have to be integrated alongside fundamental factors to create the best outcome for clients.
- The process of ESG integration takes place on three levels: first, as our fundamental and responsible investing research analysts incorporate environmental, social, and governance factors into their analysis; second, as we use T. Rowe Price's proprietary RIIM analysis at regular intervals to help us understand the ESG characteristics of single stocks and the aggregate portfolio; and third, as the portfolio manager integrates ESG considerations within the investment thesis and portfolio construction process itself.
- 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.)
- It is important to reiterate that our impact universe is formed through careful screening by our Responsible Investing team, which allows us to focus our stock picking on companies that are delivering material and measurable impact, while understanding ESG factors as we form our perspectives. We incorporate our team's forward-looking perspective on positive impact into our quantifiable understanding of the past, in order to understand the future direction of change. Deep research resources are needed to embrace this complex challenge, but we have invested in our capabilities on behalf of our clients.

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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Vertiv (2nd Quarter 2024 Engagement)

Focus	Environment
Company Description	Vertiv is a leading supplier of equipment and services for data centers, communication networks, and commercial and industrial facilities.
Engagement Objective	We engaged with Vertiv to inform our voting decision at its 2024 annual general meeting (AGM) and to encourage the company to disclose carbon emissions and emissions-avoided metrics.
Participants	From Vertiv: Investor Relations Representative; ESG Representative From T. Rowe Price Associates, Inc: Portfolio Managers; Investment Analyst; Head of Governance, EMEA and APAC; Responsible Investing Analyst
Engagement Outcome	<p>Vertiv's cooling technology is critical for enhancing data center efficiency. We engaged with the company to address its climate strategy and disclosure plans because it currently does not disclose carbon emissions.</p> <p>Vertiv internally tracks its emissions and reduction plans, and the company published a sustainability report for 2023, which noted that, in line with the Task Force on Climate-Related Financial Disclosures (TCFD) guidance, it is currently evaluating whether and how to disclose its Scope 1, 2, and 3¹ greenhouse gas (GHG) emissions.</p> <p>According to Vertiv, the company does not disclose these data because it is waiting for clarity on regulatory expectations in the U.S. and the European Union (EU) before deciding what to disclose. This is neither in line with its peers nor investors' expectations. The company believes the first regulation against which it must disclose is the EU's Corporate Sustainability Reporting Directive (CSRD). However, these disclosures may only apply to Vertiv's European operations in 2026, as the company has not yet decided the scope of its reporting. Under the CSRD, the deadline for the implementation for parent-company level reporting for non-EU firms could be as late as 2029, using 2028 data.</p> <p>Mitigating the lack of disclosure to some extent, we view the company's approach to carbon emissions as genuine and focused on minimizing reputational risks (the company does not use offsets or renewable energy certificates). It is also able to provide customers (upon request) with sustainability-related insights, such as estimates of emissions saved through using Vertiv products.</p> <p>We shared that our expectation for all companies is that absolute Scope 1–2 emissions are reported annually, and for those not meeting this bar, we will consider voting against the reelection of all nonexecutive incumbent directors at the next shareholder meeting.</p> <p>The engagement informed our voting decision at the 2024 AGM. While the company's disclosure frequently addresses the energy savings and environmental impact that its centers can save customers, it does not provide company emissions metrics. We therefore voted against the 10 outside directors under the company's voting policies.</p> <p>We asked the company to disclose carbon emissions and emissions avoided. Metrics such as these augment our impact thesis and could help fortify Vertiv's business case with end customers.</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.

BDO Unibank (3rd Quarter 2024 Engagement)

Focus	Environment, Social
Company Description	BDO Unibank is a leading universal bank in the Philippines.
Engagement Objective	We engaged with BDO Unibank for an impact-oriented discussion on financial inclusion and sustainable finance.
Participants	From BDO Unibank: Sustainability Representatives; Investor Relations Representative From T. Rowe Price Associates, Inc: Portfolio Manager; Investment Analyst; Responsible Investing Analyst
Engagement Outcome	<p>We engaged with BDO Unibank for a discussion on the role the bank plays in accelerating financial inclusion in the Philippines, as well as its sustainable financing opportunities.</p> <p>BDO Unibank's overall ESG disclosure is above average for banks within the region, but the bank falls behind global best practice in not disclosing impact-orientated metrics on its financial inclusion efforts. The engagement gave us the opportunity to provide disclosure recommendations.</p> <p>BDO Unibank continues to grow its physical branch network across the Philippines as the bank believes that people are more comfortable and have more trust interacting face-to-face rather than solely through digital channels. As such, the bank has 1,700 branches across the country, with around 400 found in remote and underserved regions via its BDO Network Bank offering. The bank is also aiming to grow its branch network by 120 branches in 2024, with 100 geared toward BDO Network Bank that are located in underserved areas. To further support its presence, BDO Unibank continues to grow its Cash Agad solution, which integrates agents into communities and provides point-of-sale machines in rural areas. The bank currently has coverage across 92% of municipalities today, including those areas with the highest poverty levels, and aims to reach 100% coverage.</p> <p>BDO Unibank falls behind global best practice in not disclosing impact-oriented metrics such as the number of unbanked individuals brought into the financial system or improvement in the financial health/resilience of its customers. The bank noted that its BDO Network Bank customer base would be a good proxy for underbanked or unbanked individuals but has hesitations reporting this metric due to confidentiality reasons. Instead, the bank reports the percentage growth in its customer base and loan volumes over time. The bank also provides case studies in its ESG report, highlighting specific customers who have seen improvements in financial health. We encouraged the bank to report the number of BDO Network Bank customers to support the impact objective of accelerating financial inclusion within the Philippines.</p> <p>The bank has been successful in growing its financial literacy efforts, with approximately 7 million beneficiaries as of FY 2023. It noted the partnership with the Department of Education, where it has embedded financial education into the school and university curriculums as one of the main drivers of growth in the number of beneficiaries. BDO Unibank also noted other segments of the population where its financial literacy efforts have been successful, including soldiers, fishermen, and the families of overseas Filipino workers.</p> <p>BDO Unibank has seen continued growth in its sustainable financing portfolio, accounting for around 30% of loans as of FY 2023. The bank explained that the majority of new financing today comes in a sustainable format, and it is seen as a strategic approach to bring new clients into the bank, alongside supporting existing customers who may want to make their business model greener. The bank has also allocated USD 50 million of its USD 100 million blue bond and noted that there is interest from the International Finance Corporation for a second issuance. The bank confirmed that it has sufficient eligible assets to issue a second blue bond, and we offered a follow-up conversation to discuss potential blue bond opportunities.</p> <p>The meeting was positive and provided additional color on the role BDO Unibank is playing in accelerating financial inclusion in the Philippines. We provided a disclosure recommendation—for the bank to consider reporting the number of BDO Network Bank customers—to support this impact thesis.</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.

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	58	92.0	2,018	81.1
● Orange	3	5.2	573	18.0
● Red	0	0.0	34	0.7
● Not in scope	1	1.5	1	0.1
● Not covered	0	0.0	4	0.1
● Reserves	1	1.3	0	0.0
Total	63	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 of withholding tax).

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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