T.RowePrice®
INVEST WITH CONFIDENCE

QUARTERLY REVIEW
T. ROWE PRICE FUNDS OEIC

Global Impact Credit Fund

As of 31 December 2022

Our Investment Approach

- Security selection begins with issuers that have a clearly identified positive impact thesis aligned with at least one of our impact pillars—climate and resource impact, social equity and quality of life, and sustainable innovation and productivity
- The fund seeks to invest in companies that undertake business activities which address these pressure points, creating positive impact as a result.
- Impact pillars are aligned, but not anchored, to the United Nations Sustainable Development Goals (UN SDGs).
- Leverages impact and fundamental analysis undertaken by the global credit and RI research teams, combined with top down considerations, such as the macroeconomic outlook and relative value across credit sectors.

Portfolio Construction

- All our impact investments are subject to rigorous fundamental research and analysis, focusing on the durability of the underlying business model, industry and management quality, and valuation. Impact analysis is performed on an inclusionary basis.
- Impact universe comprises issuers meeting at least one of four criteria for inclusion in the portfolio: majority of current revenues or profits are tied to at least one impact sub pillar, majority of projected revenues or profits in 10 years are tied to at least one impact sub pillar, bond proceeds are allocated to discrete environmental or social projects, or unique impact situation.
- We assess business activities and how they align to our three impact pillars and eight sub pillars aligned to the 17 UN SDGs
- Global portfolio of around 75 to 150 holdings, with risk exposure managed at both the individual issuer and portfolio level.
- Our investment process isn't limited to labelled debt. We look to a broad opportunity set, spanning across the corporate and credit universe to identify the highest impact-aligned issuers.

Inception Date of Fund	14 December 2021
Comparator Benchmark	Bloomberg Global Aggregate Credit Index Hedged GBP
Total Assets (all share classes) (GBP)	£ 12.7 million
Percent of Portfolio in Cash	3.6%
Base Currency of Fund	GBP

INVESTMENT OBJECTIVE

To have a positive impact on the environment and society whilst at the same time seeking to increase the value of its shares through both growth in the value of, and income from, its investments over a full market cycle (a minimum of 5 years).

INVESTMENT PROCESS

The investment approach of the fund inherently looks to identify companies that align the interests of their bondholders, wider society, and the environment. Positive impact on the environment and society is targeted by aligning the fund's investments with companies that are working to address the world's major social and environmental challenges. Specifically, the fund seeks to invest in companies' that undertake business activities which address these pressure points, creating positive impact as a result.

Each company selected for inclusion in the fund's portfolio has current or future business activities that are expected to generate a material and measurable positive impact under one of the three impact pillars listed below: climate and resource impact; social equity and quality of life; and sustainable innovation and productivity. In addition, the investment manager will invest in use of proceeds bonds, including green; social; and sustainability bonds where proceeds are dedicated to financing environmental or social projects aligned with our impact pillars. Use-of-proceeds bonds will be analysed through T. Rowe Price's in-house proprietary ESG-labelled bond framework, which assesses the issuer's ESG's profile, sustainable finance framework, use of proceeds, and post-issuance reporting.

All the security selection decisions taken by the investment manager begin with a multi-layered process to identify companies which have positive impact potential. This analysis is complemented with the proactive and systematic integration of a wider range of ESG considerations, before the investment manager identifies the fundamental investment case for an issuer, which must lead to an expectation of positive financial returns.

The investment manager has built the capability in fundamental and responsible investment. The investment manager collaborates with the dedicated ESG specialists and fundamental analysts in order to produce the rounded view of companies that is essential as the fund pursues positive impact, in tandem with growth in the value of, and income from, its investments.

PERFORMANCE

(NAV, total return)

	Inception Date	Three Months	One Year	Since Class Inception Cumulative Fund	Since Class Inception Cumulative Comparator Benchmark
Class C Acc	14 Dec 2021	2.87%	-15.23%	-15.73%	-15.62%
Class C Acc 9	14 Dec 2021	2.89%	-15.16%	-15.66%	-15.62%
Comparator Benchmark					
Bloomberg Global Aggregate Credit Index Hedged GBP		2.43%	-15.34%		

Investors may use the benchmark to compare the fund’s performance. The benchmark has been selected because it is similar to the investment universe used by the investment manager and therefore acts as an appropriate comparator.
The investment manager is not constrained by any country, sector and/ or individual security weightings relative to the benchmark and has complete freedom to invest in securities that do not form part of the benchmark.

Past performance is not a reliable indicator of future performance.

Performance data will be displayed when a share class has more than one year history of returns.

Source for performance: T. Rowe Price. Fund performance is calculated using the official NAV with dividends reinvested, if any. The value of the investment will vary and is not guaranteed. It will be affected by changes in the exchange rate between the base currency of the fund and the subscription currency, if different. Sales charges, taxes and other locally applied costs have not been deducted and if applicable, they will reduce the performance figures.

Where the base currency of the fund differs from the share class currency, exchange rate movements may affect returns.

Hedged share classes (denoted by ‘h’) utilise investment techniques to mitigate currency risk between the underlying investment currency(ies) of the fund and the currency of the hedged share class. The costs of doing so will be borne by the share class and there is no guarantee that such hedging will be effective.
Index returns are shown with gross income reinvested.
Index returns are calculated in US Dollars and converted to GBP using an exchange rate determined by an independent third party.

Performance data will be displayed when a share class has more than 1 year history of returns. The manager is not constrained by the fund’s benchmark, which is used for performance comparison purposes only
For sourcing information, please see Additional Disclosures.

CALENDAR YEAR PERFORMANCE

	Inception Date	2022
Class C	14 Dec 2021	-15.23%
Class C Acc 9	14 Dec 2021	-15.16%
Comparator Benchmark: Bloomberg Global Aggregate Credit Index Hedged GBP		-15.34%

KEY FUND RISKS

ABS and MBS - Asset-Backed Securities (ABS) and Mortgage-Backed Securities (MBS) may be subject to greater liquidity, credit, default and interest rate risk compared to other bonds. They are often exposed to extension and prepayment risk. **Contingent convertible bond** - Contingent Convertible Bonds may be subject to additional risks linked to: capital structure inversion, trigger levels, coupon cancellations, call extensions, yield/valuation, conversions, write downs, industry concentration and liquidity, among others. **Convertible bond** - Convertible bonds contain an embedded equity option which exposes them to risks linked to equity as well as fixed income. They may be subject to higher market and liquidity risk. **Credit** - Credit risk arises when an issuer's financial health deteriorates and/or it fails to fulfill its financial obligations to the fund. **Default** - Default risk may occur if the issuers of certain bonds become unable or unwilling to make payments on their bonds. **Derivative** - Derivatives may be used to create leverage which could expose the fund to higher volatility and/or losses that are significantly greater than the cost of the derivative. **Distressed or defaulted debt** - Distressed or defaulted debt securities may bear substantially higher degree of risks linked to recovery, liquidity and valuation. **Emerging markets** - Emerging markets are less established than developed markets and therefore involve higher risks. **ESG and sustainability** - ESG and Sustainability risk may result in a material negative impact on the value of an investment and performance of the fund. **High yield bond** - High yield debt securities are generally subject to greater risk of issuer debt restructuring or default, higher liquidity risk and greater sensitivity to market conditions. **Interest rate** - Interest rate risk is the potential for losses in fixed-income investments as a result of unexpected changes in interest rates. **Liquidity** - Liquidity risk may result in securities becoming hard to value or trade within a desired timeframe at a fair price. **Prepayment and extension** - Mortgage- and asset-backed securities could increase the fund's sensitivity to unexpected changes in interest rates.

GENERAL FUND RISKS

General fund risks - to be read in conjunction with the fund specific risks above. Counterparty - Counterparty risk may materialise if an entity with which the fund does business becomes unwilling or unable to meet its obligations to the fund. **Geographic concentration** - Geographic concentration risk may result in performance being more strongly affected by any social, political, economic, environmental or market conditions affecting those countries or regions in which the fund's assets are concentrated. **Hedging** - Hedging measures involve costs and may work imperfectly, may not be feasible at times, or may fail completely. **Investment fund** - Investing in funds involves certain risks an investor would not face if investing in markets directly. **Management** - Management risk may result in potential conflicts of interest relating to the obligations of the investment manager. **Market** - Market risk may subject the fund to experience losses caused by unexpected changes in a wide variety of factors. **Operational** -Operational risk may cause losses as a result of incidents caused by people, systems, and/or processes.

THOUGHTS FROM THE INVESTMENT TEAM

With the Global Impact Credit strategy reaching its one-year anniversary in December, it seems apt to reflect on the developments we have seen in impact investing over the past year, and to consider some key lessons, successes, and challenges, as well as what we expect and hope for in 2023.

First and foremost, we have seen the need for impact investing palpably increase, not least given the plethora of extreme weather events in 2022, while coal consumption and greenhouse gas emissions rose. On the regulation front, awareness, challenges, and scrutiny around greenwashing and maintaining credibility in public impact investing continued to grow. Several asset managers downgraded environmental, social and governance (ESG) fund classifications, citing the more stringent regulatory requirements coming into force in 2023. In the U.S., the Inflation Reduction Act should help advance sustainability initiatives, while on the other side, a number of U.S. states actually pulled funds from asset managers that integrate ESG into their investment process.

Growth in ESG bond issuance decreased year over year, but the market for ESG and impact investing continued to expand, with total new ESG bond issuance of just over $1.5 trillion for 2022, according to Bloomberg. We see the impact opportunity set continuing to grow across new companies and sectors.

Amid this turbulence, we sought to evolve and advance our impact capabilities, by enhancing our corporate ESG bond evaluation models, and introducing new models covering the securitized, municipal, and sovereign sectors. We added to our impact sub-pillar taxonomy as new and compelling impact investment themes continue to arise, such as biodiversity.

We have seen interesting innovations in 2022, one we would highlight would be our investment in the “Rhino bond”, a Wildlife Conservation Bond issued by the International Bank for Reconstruction and Development. The bond’s proceeds will finance efforts to conserve the critically endangered black rhinoceros in South Africa, with additional social benefits such as employment generation.

We have widened our impact lens beyond traditional corporate bonds, making our first foray into securitized credit, a compelling market which we continue to watch closely, and likewise continue closely monitoring the ESG-labeled sovereign bond market.

In terms of corporate engagement, we have been humbled, inspired, and energized by the dialogue and interaction we have had with companies this year; the objectives and goals, innovation, impact ambitions, and above all their openness.

On the other side, greenwashing is sadly ever present, a challenge that our suite of robust ESG bond evaluation models help directly address. Sustainability-linked bonds are being strongly pushed, but the structures, in our opinion, can still lack additionality, with targets that are either too weak or not enforceable. Greater emphasis on social impact is needed, including more social bond issuance.

Broadly, we are optimistic that we will see an increasingly diverse range of sectors and companies issuing inaugural ESG-labeled bonds and the impact investment market will continue to grow in 2023, in terms of both private and public. An increase in the number of impact funds could help to both close the funding gap and drive best practice.

MARKET OUTLOOK

Rates and credit spreads could continue trading in a wide and volatile range in 2023, particularly as we enter the year amid an aging credit cycle and weakening global growth outlook, but with central banks remaining committed to restrictive monetary policy or even further tightening.

U.S. recession risks are evident in various data points, so too in Europe. Additionally, the geopolitical and inflationary risks related to the war in Ukraine will most likely persist for some time yet. The outcome of China’s abrupt shift toward reopening is somewhat uncertain, particularly in the initial phase, though should ultimately prove a bright spot for global economic growth.

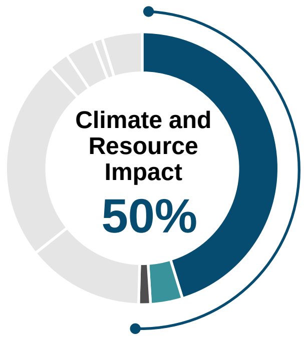
Against this backdrop, we think defensive positioning is justified for the first quarter of 2023. Valuations have become somewhat rich after spreads tightened in Q4, and do not adequately reflect macro risks, while company fundamentals are starting to deteriorate. This is occurring from a strong level, with balance sheets still in good health, but we expect continued deceleration in earnings and a squeeze on margins.
We believe that technical factors could turn supportive for credit over the course of the year. The higher cost of debt may keep new issuance fairly subdued, and there is scope for further demand from investors seeking yield.

The market remains promising from the perspective of security selection with dispersion still presenting opportunities. We structurally favor front-end to intermediate credit for attractive return and risk/reward characteristics and see relative value in short duration BB versus A. Relative value for European over U.S. credit has improved notably as well. In the fourth quarter, we increased exposure to the more defensive high-quality, non-corporate sectors, including taxable municipals, securitized, and supranationals.

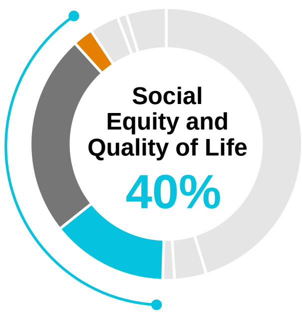
In terms of impact, we continue to see compelling impact opportunities to invest in companies with durable business models and sustainable competitive advantages, backed by management teams with strong track records of capital allocation. However, the risk of continued volatility demands a highly selective approach to security selection and a focus on diversification. With this in mind, we have confidence in our impact-orientated, bottom-up, fundamental research-driven approach to guide these credit decisions.

PORTFOLIO HOLDINGS BY IMPACT SUB-PILLAR

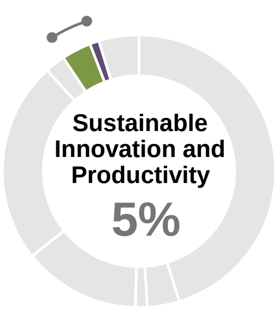
As of 31 December 2022



Reducing Greenhouse Gases (GHGs)	45.3%
Promoting Healthy Ecosystems	3.8
Nurturing Circular Economies	1.4



Enabling Social Equity	13.9%
Improving Health	24.0
Enhancing Quality of Life	2.4



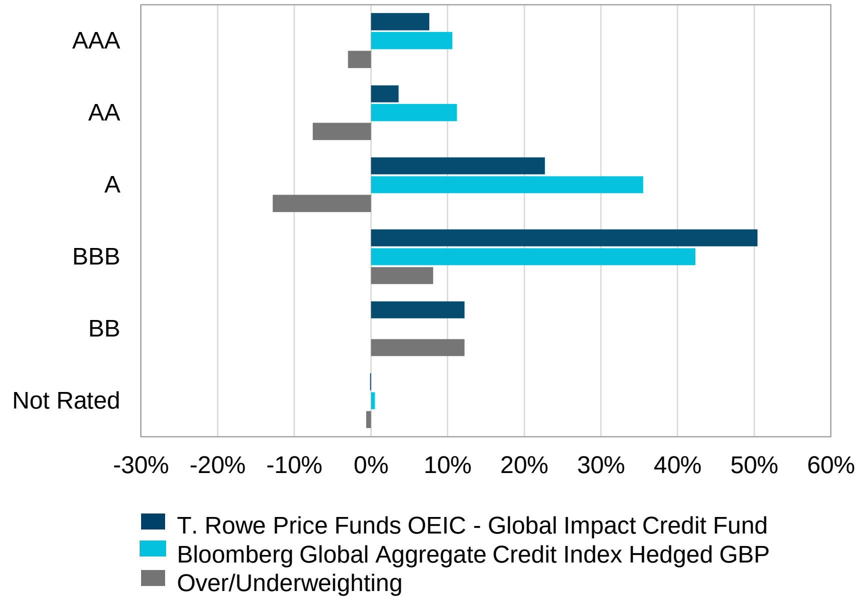
Sustainable Technology	3.5%
Building Sustainable Industry and Infrastructure	1.1

SECTOR AND REGION POSITIONING

T. Rowe Price Funds OEIC Global Impact Credit Fund vs. Bloomberg Global Aggregate Credit Index Hedged GBP

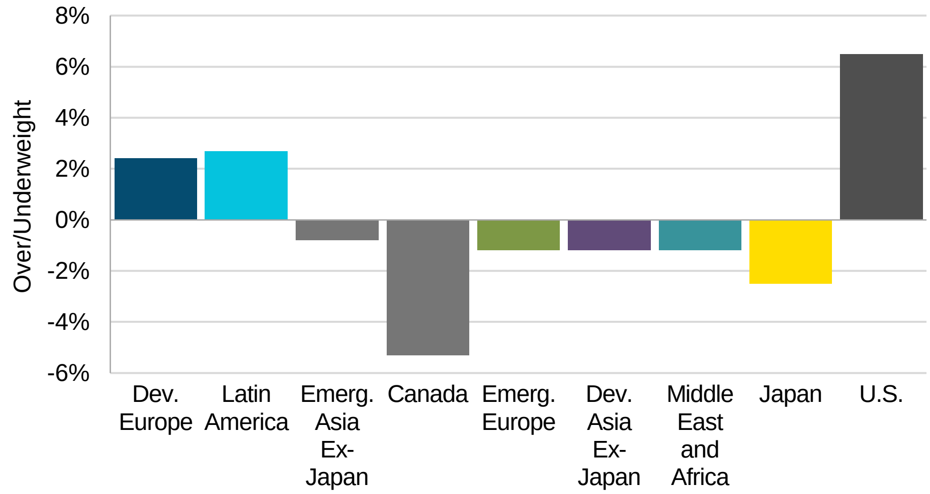
CREDIT QUALITY WEIGHTS

As of 31 December 2022



RELATIVE REGION WEIGHTS VS. BLOOMBERG GLOBAL AGGREGATE CREDIT INDEX HEDGED GBP

As of 31 December 2022



Investors may use the benchmark to compare the fund's performance. The benchmark has been selected because it is similar to the investment universe used by the investment manager and therefore acts as an appropriate comparator.
The investment manager is not constrained by any country, sector and/ or individual security weightings relative to the benchmark and has complete freedom to invest in securities that do not form part of the benchmark.
Numbers may not total due to rounding.
Cash weight was 3.6% as of 31 December 2022.
Source: T. Rowe Price uses a proprietary custom structure for impact pillar and sub-pillar classification.
Credit ratings for the securities held in the fund are provided by Moody's, Standard & Poor's and Fitch and are converted to the Standard & Poor's nomenclature. When a rating is available from all three agencies, the median rating is used. If there are two ratings, the lower rating is used and if only one rating is available, that rating is used. If a rating is not available, the security is classified as Not Rated (NR). The rating of the underlying investment vehicle is used to determine the creditworthiness of credit default swaps and sovereign securities. The fund is not rated by any agency.

10 LARGEST ISSUES

T. Rowe Price Funds OEIC - Global Impact Credit Fund

As of 31 December 2022

Security	MV%	Impact Thesis	Impact Pillar	Sub-Pillar	Primary UN SDG
IFC 2.125% 2026	1.9	IFC is one of the world's largest financiers of climate-smart projects for developing countries. IFC was also one of the earliest issuers of green bonds, launching a Green Bond Program in 2010 to help catalyze the market and unlock investment for private sector projects that support renewable energy and energy efficiency.	Climate & Resource Impact	Reducing GHGs	7 AFFORDABLE AND CLEAN ENERGY
European Investment Bank 0.625% 2027	1.9	Proceeds improving health outcomes through providing emergency COVID-19 support to public health sectors across Italy, Hungary, and Spain.	Social Equity & Quality of Life	Improving health	3 GOOD HEALTH AND WELL-BEING
IBRD 1.375% 2028	1.8	Proceeds used for enhancing infrastructure efficiency and sustainability of public infrastructure, health sector buildings, residential public sectors and electricity networks in countries that need it most.	Social Equity & Quality of Life	Enabling social equity	1 NO POVERTY
Coöperatieve Rabobank 4.375% 2025	1.6	Rabobank is a Dutch cooperative bank with a leading position in the domestic retail banking and in the food and agribusiness markets worldwide. The bank drives financial inclusion with Retail and SME lending accounting for 100% of its loan book.	Social Equity & Quality of Life	Enabling social equity	10 REDUCED INEQUALITIES
Healthpeak Properties 1.35% 2027	1.6	Investing in the construction, maintenance and refurbishment of green buildings that have exceptional green building certifications which is impactful towards improving energy savings of at least 30% and provide meaningful and measurable CO2 reduction.	Climate & Resource Impact	Reducing GHGs	11 SUSTAINABLE CITIES AND COMMUNITIES
Truist Financial 1.267% 2027	1.5	Proceeds financing affordable housing projects which promotes social equity. The target population is defined as individuals or households that earn less than 80% of the area median income, as defined by the US Department for Housing and Urban Development.	Social Equity & Quality of Life	Enabling social equity	1 NO POVERTY
Johnson Controls 2% 2031	1.4	Johnson Controls is a leading international technology company with its product line focused on building and home technologies and include air systems, building management, HVAC equipment and controls, security systems, industrial refrigeration products and fire safety solutions.	Climate & Resource Impact	Reducing GHGs	7 AFFORDABLE AND CLEAN ENERGY
Kilroy Realty 2.5% 2032	1.4	Investing in the construction, maintenance and refurbishment of green buildings that have exceptional green building certifications (LEED certified Gold or platinum) which will provide meaningful and measurable CO2 reduction.	Climate & Resource Impact	Reducing GHGs	11 SUSTAINABLE CITIES AND COMMUNITIES
BPCE 2.045% 2027	1.4	BPCE social bond to funds local Economic Development through financing of small businesses, SMEs, local authorities and non-profit organizations that seek to benefit people who live and work in economically and/or socially disadvantaged areas.	Social Equity & Quality of Life	Enabling social equity	10 REDUCED INEQUALITIES
LeasePlan 3.5% 2025	1.4	LeasePlan's financing of battery electric vehicles (BEVs) will result in reduced GHG emissions and support the achievement of Paris Climate Agreement targets in countries around the world.	Climate & Resource Impact	Reducing GHGs	11 SUSTAINABLE CITIES AND COMMUNITIES

Issues are as of the date indicated and are subject to change.
The specific securities identified and described do not represent all of the securities purchased, sold, or recommended for the OEIC sub-fund, and no assumptions should be made that the securities identified and discussed were or will be profitable.
Source: T. Rowe Price uses a proprietary custom structure for impact pillar and sub-pillar classification. Impact thesis sourced from T. Rowe Price.
The information shown does not reflect any exchange-traded funds that may be held in the portfolio.
http://www.un.org/sustainabledevelopment/sustainable-development-goals/

PORTFOLIO POSITIONING AND ACTIVITY

Our investment approach aligns with the United Nations Sustainable Development Goals (SDGs) by evaluating impact across three pillars and eight sub-pillars that encompass: (1) Climate and Resource Impact, (2) Social Equity and Quality of Life, and (3) Sustainable Innovation and Productivity.

At the end of the fourth quarter of 2022, we remained heavily weighted toward the Climate and Resource Impact (50%) and Social Equity and Quality of Life (40%) impact pillars. This bias will continue as they offer the highest degree of direct, positive impact. Whilst our SDG alignment continues to favor #7 (Affordable and Clean Energy) and #3 (Good Health and Well-Being), we increased SDG diversification by adding new positions to SDG #2 (Zero Hunger) and #16 (Peace, Justice, and Strong Institutions).

We added two new sub-pillar activities to our impact framework (Biodiversity and Enabling Small and Mid-Sized Enterprises), which illustrates our impact frameworks are very much living and breathing and will evolve in-line with the market.

The vast majority of holdings within the Climate and Resource Impact segment sit within our Reducing Greenhouse Gases sub-pillar, including companies such as Kilroy Realty and NextEra Energy. We hold small allocations to our other climate-focused sub-pillars, which are Nurturing Circular Economies and Promoting Healthy Ecosystems.

Within the Social Equity and Quality of Life pillar, we have three sub-pillars, with the Improving Health subsegment holding the majority of our positions. Here, we look for companies within the health care ecosystem that improve the pace of innovation, reduce costs, or meaningfully change patient outcomes. We continue to feel positive about companies exposed to the acceleration of the pandemic's health response efforts, as well as the need to provide catch-up procedures that were postponed during lockdowns in many countries. Elsewhere in this pillar, we have a slightly smaller presence in the Enabling Social Equity pillar, which encompasses companies that enable access to education, consumption at the bottom of the pyramid, and financial inclusion—within both emerging and developed markets. Examples include financial service providers that are improving financial inclusion among developed market consumers, such as Spain's Caixabank. We added to our Enhancing Quality of Life sub-pillar with the purchase of utility company PG&E's wildfire recovery securitized bond.

Approximately 5% of the fund is invested in our third pillar, Sustainable Innovation and Productivity. This is distributed across two sub-pillars, namely Sustainable Technology and Building Sustainable Industry and Infrastructure.

Around 59% of the portfolio is held in use-of-proceeds labeled bonds, which fund discrete and targeted environmental and social projects. Meanwhile, 37% of the portfolio pertains to high-impact, non-labeled bonds.

In terms of portfolio activity in the fourth quarter, it's worth noting that the Global Impact Credit Strategy is a relatively low-turnover strategy given our belief that impact outcomes take time to capture, necessitating patience and resilience.

Portfolio activity in the fourth quarter can be grouped under three themes:

1. **Increasing diversification and credit quality through non-corporates.** We added some defensiveness to the portfolio over the quarter by increasing exposure to the high-quality, non-corporate sectors, including taxable municipals, securitized, and supranationals. This included a securitized wildfire recovery bond from U.S. power company PG&E, and the International Bank for Reconstruction and Development's "Rhino Bond", where proceeds will fund the conservation of the black rhino and final payment will be linked to the growth in the population, both of which are AAA-rated. We purchased AA rated taxable municipal bonds from U.S. hospitals and health centers.
2. **Adding select ESG-labelled bonds.** We purchased several green bonds through the quarter, these included: ASML and Boston Properties, where proceeds will fund green buildings, and from Colbun, the Chilean renewable power generator. On the basis of relative value, we also purchased a sustainability-linked bond from Italian utility Enel, which has key performance indicators linked to Scope 1 emissions reduction and expansion of renewable generation capacity.
3. **Intra-issuer relative value swaps.** We mitigated the "greenium" effect (where a green bond trades at a higher valuation than a non-green bond from the same issuer) by swapping out of ESG labeled into conventional bonds in Eurogrid and Autodesk, swapped an existing holding in AIA into its new issue at a significant concession, and switched from a low to higher coupon green bond in Ford.

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Source: T. Rowe Price uses a proprietary custom structure for impact pillar and sub-pillar classification. Impact thesis sourced from T. Rowe Price.
http://www.un.org/sustainabledevelopment/sustainable-development-goals/

ENGAGEMENT COMMENTARY

The following examples are not meant to be representative of every engagement held, but to illustrate the types of environmental, social, and governance (ESG) engagements we are having with the managements of our investment companies.

Thermo Fisher Scientific – Environmental, Social, Governance

Thermo Fisher Scientific (Thermo Fisher) is a U.S. life sciences company.

Engagement Objective

We engaged with Thermo Fisher to encourage the company to improve its ESG reporting and to assess its performance against material ESG factors.

Engagement Outcome

Thermo Fisher has only recently started to engage with investors on ESG topics. Relative to its peers, the company is in the early stages of the process to improve its ESG reporting and proxy disclosure and to measure its performance against material ESG factors.

We discussed Thermo Fisher's inaugural human capital management disclosure, required for the first time in this year's 10-K, or annual report. In our view, it is wide in scope but the data it contains are limited. The company does not plan on changing this section in next year's report.

It intends to add ESG content to the 2023 proxy and we provided feedback on what would be appropriate to include.

In addition, we discussed board composition. Thermo Fisher currently has an open board search underway and is hoping to improve its diversity.

The engagement also had an environmental focus, as we talked about the intensity goals for scope 1 and 2 greenhouse gas emissions that the company has set. Thermo Fisher has a fairly concentrated supply chain—and it plans to set scope 3 targets for 90% of its supply chain that it will seek to have approved by the Science-Based Targets initiative (SBTi).

The engagement allowed us to provide feedback to Thermo Fisher on various ESG topics. In particular, we encouraged the company to report more data.

The specific securities identified and described do not represent all of the securities purchased, sold, or recommended for the OEIC sub-fund, and no assumptions should be made that the securities identified and discussed were or will be profitable.

[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).

ENGAGEMENT COMMENTARY—CONTINUED

The following examples are not meant to be representative of every engagement held, but to illustrate the types of environmental, social, and governance (ESG) engagements we are having with the managements of our investment companies.

Kimco Realty – Environment

Kimco Realty (Kimco) is a New York-based real estate investment trust.

Engagement Objective

We participated in a collaborative engagement with Kimco to conduct due diligence on the bank's climate strategy and shareholder-proposed climate resolutions ahead of its annual general meeting.

Engagement Outcome

We provided feedback on Kimco's green bond framework and impact reporting and discussed its broader environmental strategy.

Kimco is reporting some of its scope 3[1] emissions, but data availability remains a key hurdle in measuring tenant energy consumption—the most material scope 3 category. Around 50% of its tenants have green leases where sharing energy data is a provision, but Kimco is finding it difficult to enforce this. As such, it is reluctant to set a scope 3 emissions reduction target, given the reliance on estimated data, although it has committed to setting a target by 2025. Meanwhile, it is engaging with national retailers regarding green construction guidelines, retrofitting, and renewable energy projects to reduce tenants' energy use.

We discussed Kimco's green bond framework and highlighted areas for improvement, notably enhancing the credibility of green projects, obtaining an SPO, or Sustainability Principles and Objectives framework, and working on its impact metrics. Kimco's impact reporting lacks hard metrics and we recommended that it follow the guidance of the International Capital Market Association (ICMA) on reporting carbon dioxide emissions saved from green building investments. Kimco said that it is unlikely to be more aggressive than its current framework, which is LEED Silver certified, with respect to the credibility of proceeds and that scope 3 data challenges make it hard to report specific impact key performance indicators.

We made several recommendations to bring Kimco's sustainability approach, green bond framework, and impact reporting in line with global best practices. These include setting a scope 3 emissions reduction target, updating its green bond framework, and improving its impact reporting.

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[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).

ADDITIONAL DISCLOSURES

Source for MSCI data: 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.
Index returns shown with reinvestment of dividends after the deduction of withholding taxes.
The manager’s views and portfolio holdings are historical and subject to change
The information shown does not reflect any Exchange Traded Funds (ETFs) that may be held in the portfolio.
T. Rowe Price uses a proprietary custom structure for impact pillar and sub-pillar classification.
T. Rowe Price uses the current MSCI/S&P Global Industry Classification Standard (GICS) for sector and industry reporting. T. Rowe Price will adhere to all future updates to GICS for prospective reporting.
The Global Industry Classification Standard ("GICS") was developed by and is the exclusive property and a service mark of Morgan Stanley Capital International Inc,("MSCI") and Standard & Poor's, a division of The McGraw-Hill Companies, Inc. ("S&P") and is licensed for use by T. Rowe Price. Neither MSCI, S&P nor any third party involved in making or compiling the GICS or any GICS classifications makes any express or implied warranties or representations with respect to such standard or classification (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability and fitness for a particular purpose with respect to any or such standard or classification, Without limiting any or the foregoing, in no event shall MSCI, S&P, any of their affiliates or any third party involved in making or compiling the GICS or any GICS classifications have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

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