Global Impact Equity Fund – ESG Report
Providing transparency on Environment, Social and Governance aspects of the fund
As at 30 June 2023

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 positive environmental or social impact and to outperform the benchmark. We maintain a focus on companies that we believe offer positive impact today and underappreciated impact in the future, together with sustainability and robustness in their future earnings and cash flow growth, fertile industry structure and compelling management quality, and expert capital allocation. 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 fully embed 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 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 around 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 to focus our stock picking on material and measurable impact candidates, understanding ESG factors as we form our perspectives. We incorporate our team’s forward-looking perspective on positive impact to 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 on behalf of our clients.

INVESTMENT OBJECTIVE: To have a positive impact on the environment and society by investing primarily in sustainable investments, where the companies’ current or future business activities are expected to generate a positive impact whilst at the same time increasing the value of its shares, over the long term, through growth in the value of its investments.

INVESTMENT PROCESS: The fund is actively managed and invests mainly in a diversified portfolio of shares of companies which may be anywhere in the world, including emerging markets. The investment manager will focus on companies that it believes 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. The fund may invest in securities whose underlying economic activities contribute to environmental objectives including, but not limited to, climate change mitigation and/or climate change adaptation, as described in the Taxonomy Regulation. As well as investing in securities that contribute to environmental objectives, the fund may invest in securities that contribute to social or other objectives. No minimum exposure to an objective is imposed upon the fund, which means the fund may at times invest only in securities that contribute to non-environmental objectives. The fund may use derivatives for hedging and efficient portfolio management. Any use of derivatives aims to be consistent with the fund’s objective. For full investment objective and policy details refer to the prospectus. The manager is not constrained by the fund’s benchmark, which is used for performance comparison purposes only.

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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.
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.

Waste Connections (2nd Quarter 2023 Engagement)

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<tr>
<th>Focus</th>
<th>Environment</th>
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<tr>
<td>Company Description</td>
<td>Waste Connections is a waste management company operating in North America.</td>
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<tr>
<td>Engagement Objective</td>
<td>We engaged with Waste Connections on decarbonization and net zero.</td>
</tr>
<tr>
<td>Participants</td>
<td>From Waste Connections: EVP, CFO; VP – Engineering &amp; Sustainability; Director Finance  From T. Rowe Price: Responsible Investing Analyst</td>
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| Engagement Outcome | We provided feedback on the company’s waste management practices, decarbonization strategy, and net-zero outlook. Waste Connections has a good decarbonization strategy and a strong impact thesis focused on reducing methane and other greenhouse gases (GHG) from landfill waste. The key takeaways from our meeting included the following:  

**Landfill waste management**: Two thirds of the company’s landfills generate methane emissions from putrescible municipal waste; of these around 55% have a methane recovery system installed. The company operates at above regulatory minimum standards and is above peers in methane recovery and conversion. It installs gas collection systems and recovery wells as soon as new sites are acquired, utilizes robotics at its recycling facilities, and contains gas with temporary covers until gas recovery becomes possible.  

**Decarbonization**: About 65% of its emissions come from fugitive gases from operating landfills (scope 1¹). The company has targets by 2033 focused on waste recycling, biogas, and leachate recovery. It has also set new targets to reduce scope 1-2 emissions 15% by the same timeframe, and to continuously reduce its scope 1-2 emissions intensity (per sales) each year until 2033. We gave positive feedback on the new targets, which are also intended to be certified by the Science-based Targets Initiative (SBTi) once a methodology is finalized.  

**Electrification of the truck fleet**: Diesel trucks account for 10-12% of the company’s total emissions, and electric trucks are currently 12% of the fleet as utilized in one market. Waste Connections has high-level electrification plans and has not yet defined clear targets. While we suggested it set up defined milestones, the company thinks it is premature to make any strong commitments when the medium-to-long term electrification pathway/outlook for trucks is unclear.  

**Net zero**: Achieving net zero is extremely challenging for the waste management industry, and the company does not currently believe it will reach net zero in the foreseeable future. Challenges are structural, in particular for municipal waste landfill operators, as well as related to a lack of a commonly defined decarbonization framework and emission calculation methodology for the landfill industry. That said, the company offset carbon emissions through several services they provide (sequestration, recycling, biogas recovery, alt vehicle emissions).  

**Biodiversity**: We gave feedback that disclosure here is relatively weaker vs. other material environmental topics. While the company demonstrates some levels of preparedness to biodiversity risks through a series of high-level initiatives, we suggested it improve disclosures with a clearer overview of its actions and impact on land-use and biodiversity.  

The engagement allowed us to provide feedback on the company’s decarbonization strategy and net-zero outlook. In terms of steps, we will monitor Waste Connections’ additional disclosure on biodiversity (target: 1 year) as well as its commitment to the SBTi.

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).

The specific securities identified and described do not represent all of the securities purchased, sold, or recommended for the SICAV sub-fund, and no assumption should be made that the securities identified and discussed were or will be profitable. T. Rowe Price may have ongoing business and/or client relationships with the companies mentioned in this report.
AIA (4th Quarter 2022 Engagement)

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<th>Focus</th>
<th>Environment, Social</th>
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<tr>
<td>Company Description</td>
<td>AIA is a life insurer operating across South-East Asia.</td>
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<tr>
<td>Engagement Objective</td>
<td>We engaged with the company to discuss its net zero strategy and financial inclusion.</td>
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</table>
| Participants | From AIA: Group Head of Sustainability; Chief Investor Relations Officer; Associate Director, Investor Relations  
From T. Rowe Price: Responsible Investing Analysts (2) |
| Engagement Outcome | Our engagement with AIA focused on climate change and net zero and financial inclusion. 
In December 2021, AIA announced a commitment to reach net zero across its operations and investments by 2050. It intends to disclose science-based targets by the end of 2023. Management has since established a climate/net zero steering committee to ensure effective oversight and delivery in this area.  
Every country in which AIA operates has a local net zero commitment. AIA believes it can deliver net zero by 2050 at group level but conceded that the decarbonization trajectory will vary country-to-country. The pace of scope 1-2 emissions reductions to date has been strong. In view of AIA’s plans for science-based targets, we imparted our view that a credible scope 1-2 net zero target will typically include: (i) a long-term emissions reduction target alongside interim objectives; (ii) transparency on the emissions pathway, and (iii) Science Based Targets initiative (SBTi) validation.  
Since 2018, AIA has reduced the carbon footprint of its directly managed listed equity portfolio by 31.4% and has fully divested direct exposure to coal mining/coal fired power businesses. To date, AIA has focused on better integrating net zero considerations in company engagements and portfolio management. AIA plans to finalize its financed emissions targets in early 2023. We encouraged management to provide transparency on its intended pathway for financed emissions and specify how it intends to implement this in its investment book.  
On financial inclusion, AIA has established a target to engage one billion people to help them live “Healthier, Longer, Better” lives by 2030. This objective has three components: (i) influence and engagement from interaction in AIA’s distribution channels; (ii) AIA’s discrete financial inclusion efforts, and (iii) engagement with/cover for AIA’s existing policyholders. The target is not accompanied by any baselining or quantitative key performance indicators (KPIs) (to be included in its 2022 ESG report). We requested that AIA clearly disclose data showing progress toward its target in aggregate and more granular KPIs to help investors better understand the different “engagement” components included within the “1 billion” objective. AIA is considering external verification of the KPIs, which we encouraged.  
The engagement allowed us to impart our view on the company’s net zero strategy and convey best practices when setting science-based emissions targets. It also allowed us to request additional disclosures to help assess progress toward its “AIA One Billion” 2030 impact target. We will monitor both of these areas. |

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).
RISKS - The following risks are materially relevant to the fund (refer to prospectus for further details): Country (China) - Chinese investments may be subject to higher levels of risks such as liquidity, currency, regulatory and legal risks due to the structure of the local market. Currency - Currency exchange rate movements could reduce investment gains or increase investment losses. Emerging markets - Emerging markets are less established than developed markets and therefore involve higher risks. Small and mid-cap - Small and mid-size company stock prices can be more volatile than stock prices of larger companies. Stock Connect - Stock Connect is subject to higher regulatory, custody, and default risks as well as liquidity risk and quota limitations.

General fund risks - to be read in conjunction with the fund specific risks above. Equity - Equities can lose value rapidly for a variety of reasons and can remain at low prices indefinitely. 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. 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. 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.

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