



T. ROWE PRICE FUNDS OEIC

Global Value Equity – ESG Report

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

As at 31 December 2022

ESG INTEGRATION APPROACH

- The Global Value Equity Fund uses ESG integration as part of its investment process. This means incorporating environmental, social, and governance factors to enhance investment decisions. Our philosophy is that ESG factors are a component of the investment decision. This means 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 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. 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 (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.)
- Our approach to environmental and social factor integration is differentiated at the sector and industry levels, where our RIIM model helps us to determine the materiality of any given factor. Material ESG factors play an integral part in our risk/reward assessment of each company. Once all the factors have been assessed, the conclusions can influence whether to include or exclude the company or at what weight to add the company to the portfolio. Usually, ESG factors are considered as a component of the final investment decision.

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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Hikari Tsushin (3rd Quarter 2022 Engagement)

Focus	Social, Governance
Company Description	Hikari Tsushin (Hikari) is an office automation and telecommunications business.
Engagement Objective	We engaged with Hikari on governance matters and to encourage better ESG disclosure.
Participants	From Hikari: Investor Relations representative From T. Rowe Price: Head of Governance, EMEA and APAC; Responsible Investing Analyst
Engagement Outcome	<p>Due to concerns about board independence being too low, we voted against the reelection of Hikari's chair and president at the company's 2022 annual general meeting (AGM). Board independence, at 30%, was only slightly improved on the prior year's 25%. The company plans to be compliant with the expected one-third independence by the 2023 AGM, either by adding a new independent director or asking an inside director to leave the board.</p> <p>The company established an Investment Audit Committee in June 2022. The committee meets quarterly to check for alignment between the investments made and the policy framework. It comprises one insider and two outsiders. Some investors have said they should have a voting policy guideline for their shares, and we supported that suggestion.</p> <p>Hikari is most focused on governance, and the social aspects of ESG come next. It has good female representation at the employee level (42%), but less at the managerial level (18%). It did appoint a female member to the board in June 2022.</p> <p>The company has an "opinion box" system for employee feedback, which it believes helps prevent harassment as it allows for direct communication with management. Its employee share plan is another way to align interests and boost engagement.</p> <p>We offered to assist the company in defining an ESG strategy and share best practices on ESG disclosure. The first steps we highlighted included undertaking a materiality assessment, adding dedicated ESG headcount, working with a consultant, and following the Sustainability Accounting Standards Board (SASB) guidelines.</p>

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Fresenius SE (4th Quarter 2022 Engagement)

Focus	Environmental, Social, Governance
Company Description	Fresenius SE is a German health care company with three main businesses: injectable generic drugs, hospital operations, and dialysis care provision.
Engagement Objective	We engaged with Fresenius SE on a range of ESG topics, including board composition, human capital performance and disclosure, and the setting of environmental targets.
Participants	From Fresenius SE: Chairman of the Supervisor Board, Head of Investor Relations and Sustainability, Investor Relations and Sustainability representative From T. Rowe Price: Head of Governance, EMEA and APAC; Investment Analyst; Responsible Investing Analyst
Engagement Outcome	<p>We engaged with Fresenius SE to provide feedback on a range of ESG topics.</p> <p>In prior years, we had expressed concern that Fresenius SE's board was insufficiently international, so we were pleased to see that the company has appointed a new director with U.S. experience.</p> <p>While Fresenius SE's group structure makes creating a clear overall strategy and consistent set of disclosures challenging, it generally lags peers on human capital performance and disclosure. We suggested the company include additional data, alongside its new employee engagement metric, on topics such as employee training and development and its approach to diversity (where its current quantitative reporting is opaque). On diversity, equity, and inclusion (DEI), the company acknowledged the need for greater reporting beyond gender and expects to learn from its Fresenius Medical Care (FMC) division in this area (FMC has a more developed DEI strategy versus the other divisions).</p> <p>On environmental targets, Fresenius SE has committed to reaching carbon neutrality across scopes 1–3¹ by 2040. The company's 2030 objective to reduce scopes 1 and 2 emissions is credible (50% reduction targeted compared with 2020), but it intends to use offsets to an unspecified degree longer term, and as such, the plan is not aligned to net zero emissions on scopes 1 and 2. As it concerns scope 3, Fresenius SE has not yet reported baseline data. We stressed the importance of this, as its carbon neutrality goal covers scopes 1–3 and progress toward the carbon neutrality target is included in the company's long-term incentive plan.</p> <p>The engagement allowed us to impart our views on key ESG issues.</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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RISKS - The following risks are materially relevant to the fund (refer to prospectus for further details):

Currency - Currency exchange rate movements could reduce investment gains or increase investment losses.

Small and mid-cap - Small and mid-size company stock prices can be more volatile than stock prices of larger companies. **Style** - Style risk may impact performance as different investment styles go in and out of favor depending on market conditions and investor sentiment. **Volatility** - The performance of the fund has a risk of high volatility.

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. **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.

IMPORTANT INFORMATION

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