



T. ROWE PRICE FUNDS SICAV

US Blue Chip Equity Fund – ESG Report

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

As at 30 June 2020

ESG INTEGRATION APPROACH

- The US Blue Chip 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 – 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 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 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 company level and on thematic topics. Additionally, they have built tools to help pro-actively 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 approximately 14,000 securities 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.)
- The portfolio is constructed on the basis of identifying high-quality large-cap growth companies that we believe can generate durable earnings and free cash flow growth that drive investment returns over time. As such, our primary emphasis is on company fundamentals, which include the consideration of environmental, social and governance factors. 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 elevated exposures to specific ESG factors. This analysis is a valuable input to the portfolio construction process.

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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Amazon (2nd Quarter 2020)

Focus	Social, Environmental
Company Description	Amazon is an online retailer that offers a wide range of products.
Engagement Objective	We engaged with Amazon to discuss the company's societal impact during the coronavirus crisis, as well as employee safety, a topic on which the company faces intense scrutiny.
Participants	T. Rowe Price Portfolio Managers and an Investment Analyst engaged with Investor Relations representatives from Amazon.
Engagement Outcome	<p>During a post-earnings call with Amazon, we asked the company about employee safety during the coronavirus pandemic. The company outlined several ways in which it is working to keep its employees safe such as introducing social distancing measures in its warehouses. Additionally, Amazon highlighted that it had increased its minimum wage by USD 2 per hour until the end of April.</p> <p>Throughout the coronavirus crisis, Amazon focused on maintaining essential deliveries to its customers while not increasing prices. The company has also taken steps to keep its customers safe such as setting aside the first hour of shopping at retailer Whole Foods for senior citizens.</p> <p>Amazon also reaffirmed its carbon neutral pledge and has begun recruiting other companies to sign the Climate Pledge, which is a commitment to achieving net-zero carbon emissions by 2040. We welcome this initiative.</p> <p>This engagement allowed us to understand how the company is handling controversies around employee treatment that have arisen since the start of the coronavirus pandemic. It informed our investment research in general and confirmed our existing RIIM rating on the company.</p>

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.

Facebook (2nd Quarter 2020)

Focus	Social
Company Description	Facebook operates the largest social media portfolio globally, with over two billion daily active users across its properties.
Engagement Objective	We engaged with Facebook's senior management on user security as part of a general business update.
Participants	T. Rowe Price Portfolio Managers and an Investment Analyst engaged with Facebook's CEO, CFO, and Investor Relations representatives.
Engagement Outcome	<p>Management at Facebook highlighted progress on the company's primary security issues:</p> <ol style="list-style-type: none"> 1. Content moderation. A key takeaway was the company's confidence in its approach to the 2020 U.S. presidential election. Management specifically noted that it has invested significantly more resources into security and content moderation. 2. Data privacy. We also noted positive momentum regarding data privacy risk relating to advertising, as management's focus has shifted away from the traditional ads-based social network model towards secure, private communications and e-commerce/ payments. <p>The engagement informed our investment research. We will continue to monitor content moderation and data privacy. As we have had several engagements with various levels of management at Facebook on these topics over the past years, we see evidence that the company is improving on both fronts.</p>

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Risks - The following risks are materially relevant to the fund (refer to prospectus for further details):

Style risk - different investment styles typically go in and out of favour depending on market conditions and investor sentiment.

General fund risks - to be read in conjunction with the fund specific risks above. **Capital risk** - the value of your 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 currency in which you subscribed, if different. **Equity risk** - in general, equities involve higher risks than bonds or money market instruments. **Geographic concentration risk** - to the extent that a fund invests a large portion of its assets in a particular geographic area, its performance will be more strongly affected by events within that area. **Hedging risk** - a Fund's attempts to reduce or eliminate certain risks through hedging may not work as intended. **Investment fund risk** - investing in funds involves certain risks an investor would not face if investing in markets directly. **Management risk** - the investment manager or its designees may at times find their obligations to a fund to be in conflict with their obligations to other investment portfolios they manage (although in such cases, all portfolios will be dealt with equitably). **Operational risk** - operational failures could lead to disruptions of fund operations or financial losses.

IMPORTANT INFORMATION

The Funds are sub-funds of the T. Rowe Price Funds SICAV, a Luxembourg investment company with variable capital which is registered with Commission de Surveillance du Secteur Financier and which qualifies as an undertaking for collective investment in transferable securities ("UCITS"). Full details of the objectives, investment policies and risks are located in the prospectus which is available with the key investor information documents in English and in an official language of the jurisdictions in which the Funds are registered for public sale, together with the articles of incorporation and annual and semi-annual reports (together "Fund Documents"). Any decision to invest should be made on the basis of the Fund Documents which are available free of charge from the local representative, local information/paying agent or from authorised distributors and via www.troweprice.com.

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