

T. ROWE PRICE FUNDS SICAV

Global Allocation Fund – ESG Report

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

As at 31 December 2023

ESG INTEGRATION APPROACH

- The Global Allocation Fund benefits from the integration of ESG into the investment process of its building block strategies. We firmly believe the identification, analysis and integration of ESG factors add value to our global investment platform and will continue to dedicate resources towards this endeavor. T. Rowe Price has devoted considerable resources to building a dedicated Responsible Investing organization, which has dedicated ESG specialists that provide proprietary quantitative tools and research to support our fundamental research analysts and portfolio managers.
- The process of ESG integration takes place on two levels: first, with our research analysts as they incorporate environmental, social and governance factors into issuer 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 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.)
- ESG integration is an important part of the fundamental investment mosaic for the underlying investment strategies and helps us identify well-managed companies. It is an important part of our investment process and we continue to enhance and broaden our capabilities in this arena. At this time, we do not include ESG criteria at the multi-asset level portfolio construction process. However, the portfolio currently benefits from the integration of ESG into the investment process of its building block strategies. We firmly believe the identification, analysis and integration of ESG factors add value to our global investment platform and will continue to dedicate resources towards this endeavor.
- The fund is classified as Article 8 according to the Sustainable Finance Disclosure Regulation. Although the fund does not have sustainable investment as an objective, the promotion of environmental and social characteristics is achieved through the fund's commitment to maintain at least 10% of the value of its portfolio invested in Sustainable Investments. The fund avoids issuers whose activities we may consider harmful to the environment and/or society through the application of our proprietary screen, the T. Rowe Price Responsible Exclusion List.

INVESTMENT OBJECTIVE: To maximise the value of its shares, over the long term, through both growth in the value of, and income from, its investments.

INVESTMENT PROCESS: The fund is actively managed and invests mainly in a diversified portfolio of bonds, shares and other investments from issuers around the world, including emerging markets. Although the fund does not have sustainable investment as an objective, the promotion of environmental and/or social characteristics is achieved through the fund's commitment to maintain at least 10% of the value of its portfolio invested in sustainable investments, as defined by the SFDR. In addition to the E/S characteristics promoted, the fund also applies the investment manager's proprietary responsible screen (the T. Rowe Price Responsible Exclusion List). The fund may use derivatives for hedging, efficient portfolio management and investment purposes. The fund may also use derivatives to create synthetic short positions in currencies and debt securities. 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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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.

Meta Platforms (4th Quarter 2023 Engagement)

Focus	Social
Company Description	Meta Platforms (Meta) operates a leading social media platform; its four major properties are Facebook, Instagram, WhatsApp, and Messenger.
Engagement Objective	We engaged with the company on youth safety, wellness, and responsible artificial intelligence (AI).
Participants	<p>From Meta Platforms: Head of ESG, General Counsel, Investor Relations Representative</p> <p>From T. Rowe Price: Portfolio Managers, Head of Corporate Governance, Responsible Investing Analyst</p>
Engagement Outcome	<p>Our objective was to learn how Meta is measuring the effectiveness of the myriad tools created to protect young people on the platform and ask that Meta disclose more of this information where possible.</p> <p>We believe concrete metrics related to the effectiveness and use of Meta's health and safety tools would support the company's claim that health and safety is a top priority. On the call, Meta could not say what percent of the platform currently uses these tools or whether the health and safety teams are tracking metrics related to the products. The company provided some detail about outcomes from product trials and followed up in an email with more data on the effectiveness of several of the measures it has introduced. These included: alternate topic "nudges" built to encourage teens to switch to a different topic if they have been scrolling the same one for some time; "Take a Break" reminders; teen private default settings on Instagram; Hidden Words; the ability to multi-block; and making it easier for minors to report other users.</p> <p>We recommended concrete metrics related to the health and safety tools would support Meta's claim that health and safety is a top priority. The company told us that our feedback to disclose how successful those tools are at improving health and safety outcomes was helpful, and we have been informed Meta is still internally discussing what data can be shared. We view the issue of youth safety as one that drives material reputational damage to the brand, and if reputational issues worsen, it could draw more regulatory scrutiny. We have discussed child safety with the company before on several occasions.</p> <p>Last year, there was a shareholder proposal that asked Meta to define its own key performance indicators related to children's safety and measure improvements against those metrics. We did not back it because the proposal had prescriptive elements, which we generally do not support. After learning in this engagement that Meta is not likely tracking metrics at all, we have less confidence that the company is taking this issue seriously. In light of this and in the wake of the lawsuit recently submitted by 42 attorneys general, we could be more likely to escalate the issue by supporting a shareholder proposal aimed at this topic in addition to the votes against the re-election of the directors we already cast due to governance concerns.</p> <p>In terms of monitoring, we are looking for Meta to introduce metrics related to the adoption and success of mental health and safety tools to be deployed on its platforms.</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.

Cummins (4th Quarter 2023 Engagement)

Focus	Environment
Company Description	Cummins designs, manufactures, and distributes engines and components for commercial vehicles, off-highway equipment, and power generation units.
Engagement Objective	We engaged with the company for a discussion focused on ESG reporting, decarbonization, and net zero.
Participants	<p>From Cummins: Vice President, Investor Relations; Investor Relations Manager (ESG); Executive Director, Global Risk; ESG Director, Compliance and Regulatory Affairs</p> <p>From T. Rowe Price: Director of Research, Responsible Investing; Responsible Investing Analyst</p>
Engagement Outcome	<p>We engaged with the company on ESG reporting, decarbonization, and net zero.</p> <p>We discussed several sustainability reporting standards that are relevant for investors and encouraged Cummins to transition to the International Sustainability Standards Board (ISSB) standards, which combine Task Force on Climate-Related Financial Disclosures (TCFD) and Sustainability Accounting Standards Board (SASB). ISSB is effective January 1, 2024, but we expect Cummins to adopt it in 2025 and start reporting against it in 2026. We encouraged the company to start engaging with MSCI/Sustainalytics in advance to ensure ESG data will continue to be accurately picked up during the transition to ISSB. This means Cummins will likely continue to report against all its existing standards for the time being. We also discussed assigning a digital tag to all ESG datapoints to ensure consistency across various ESG data providers and market participants. (This is an approach that is currently being used to ensure consistency of financial data.)</p> <p>Cummins has very good ESG disclosures, so we discussed how to improve the format, length, timing, and content of this report and suggested best practice would be to issue an annual integrated report published closer to annual financial reports. The U.S. Securities and Exchange Commission has indicated it is also leaning toward companies adopting integrated reports. We highlighted a couple of good examples of integrated reports from Cummins' industrial peers, TOMRA and Legrand.</p> <p>Cummins does not have a long-term net zero goal but is pursuing carbon neutrality in the company's products and operations by 2050, while focusing on several medium-term science-based decarbonization targets by 2030. The vast majority of its decarbonization efforts require a transition to zero- and low-carbon engine alternatives (e.g., battery-electric, natural gas, hydrogen), and we suggested Cummins could highlight this in a road map outlining when and how these alternatives will be implemented. The company welcomed this suggestion and highlighted it might publish a white paper on this topic next year.</p> <p>We provided feedback on Cummins' sustainability reporting and broader ESG disclosures, presenting several best practice examples. We also provided feedback on the company's decarbonization strategy. We will monitor for additional disclosure on adopting ISSB standards and an implementation road map for zero- and low-carbon product alternatives.</p>

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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	
	No. of securities	% weight
● Green	1,068	73.1
● Orange	287	19.3
● Red	14	0.1
● Not in scope	148	0.1
● Not covered	1	0.0
● Cash	1	7.4
Total	1,519	100.0

● No/few Flags ■ Medium Flags ▲ High Flags

SUSTAINABILITY INDICATOR

The fund is classified as Article 8 according to the Sustainable Finance Disclosure Regulations (SFDR).

The sustainability indicator used by the fund is a minimum of 10% of the value of the fund's portfolio held in securities that the investment manager identifies as sustainable investments.

The percentage exposure of the fund to sustainable investments is:

	Target Minimum Exposure %	Fund Exposure %
Sustainable Investments	10.0%	28.4%
Environmental Objectives	0.5%	8.8%
Social Objectives	0.5%	18.5%

RISKS - The following risks are materially relevant to the fund (refer to prospectus for further details): 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. Credit - Credit risk arises when an issuer's financial health deteriorates and/or it fails to fulfill its financial obligations to the fund. Currency - Currency exchange rate movements could reduce investment gains or increase investment losses. 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 securities - 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. Interest rate - Interest rate risk is the potential for losses in fixed-income investments as a result of unexpected changes in interest rates. Prepayment and extension - Mortgage- and asset-backed securities could increase the fund's sensitivity to unexpected changes in interest rates. 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.

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. 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. 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.

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 (KIID) and/or key information document (KID) 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 the 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. They can also be found along with a summary of investor rights in English at www.troweprice.com. The Management Company reserves the right to terminate marketing arrangements.

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