T. ROWE PRICE FUNDS SICAV

Global Impact Equity Fund – ESG Report

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

As at 31 December 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, 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 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.
- 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.)
- It is important to reiterate that our impact universe is formed through careful screening by our Responsible Investing team, which allows us to focus our stock picking on companies that are delivering material and measurable impact, while understanding ESG factors as we form our perspectives. We incorporate our team's forward-looking perspective on positive impact into 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 in our capabilities 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 seeking to increase 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 has sustainable investment as an objective that the fund aims to achieve through its commitment to maintain at least 70% of the value of its portfolio invested in Sustainable Investments. The investment manager implements the following investment strategies: impact exclusions and positive impact inclusion. The fund seeks to achieve its sustainable investment objective through the investment manager's impact inclusion criteria, investment process alignment with one or more of the UN Sustainable Development Goals (UN SDGs) and the application of its proprietary impact exclusion list which aims to avoid sectors and/or companies whose activities may be considered harmful to the environment and/or society. 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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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.

UnitedHealth (4th Quarter 2023 Engagement)

Focus	Social
Company Description	UnitedHealth is a leading U.S. health insurer.
Engagement Objective	We engaged with UnitedHealth on impact and ESG disclosures.
Participants	From UnitedHealth: Chief Financial Officer, Sustainability Representative, Investor Relations Representative, Senior Deputy Legal Counsel From T. Rowe Price: Investment Analyst, Impact Analyst, Responsible Investing Analyst
Engagement Outcome	We engaged with UnitedHealth to discuss how it could build on its existing disclosures to further evidence its impact in future reporting and improve ESG disclosures on a range of other topics. UnitedHealth leads the managed care industry in impact measurement, with the broadest range of impact key performance indicators (KPIs) of any of its peers. Additionally, the company has set four impact targets: (a) 85% of its members will receive preventive care services annually by 2030; (b) 55%+ of its outpatient surgeries and radiology services will be delivered at high-quality, cost-efficient sites of care by 2030; (c) the company will close 600 million gaps in care by the end of FY25; and (d) invest USD 100 million in new partnerships that advance a diverse health workforce by 2033. The company has added additional disclosure on the rationale and progress toward each of these commitments in this year's disclosure, further strengthening its impact reporting. We revisited our discussion from one year ago, focused on the company's "care gaps closed" objective. We again expressed our interest in additional disclosure on the types of care gap closed, split either by disease type or focused on the demographic mix of patients for whom care gaps have been closed. UnitedHealth highlighted health equity as an area the company itself has been seeking to better examine and seemed receptive to including additional disclosure on the type of care gaps closed split by socioeconomic characteristics. We also highlighted detailed KPIs disclosed by rival health insurer Humana, related to value-based care outcomes, which we suggested may also be beneficial for UnitedHealth to disclose in the future. UnitedHealth has included additional reporting on human capital management in this year's sustainability report. The company has further strengthened its offer to employees (e.g., increasing parental leave, improving health benefits, investing in employee well-being) and, combined with wider labor market conditions, this has contributed to voluntary turnover declining by around 4 percentage points from 18% in 2022. We highlighted additional transparency on the company's approach to business ethics and employee compliance (e.g., quantitative KPIs on code of conduct violations, substantiated allegations) and data privacy (e.g., information on ISO 27001 certification, or standards to manage information security) as two topics where existing disclosure could be further strengthened. The engagement allowed us to share our view of best practices on impact and request additional transparency from the company on its care gaps closed target. We also imparted our view on where the company could further improve ESG disclosures, namely in relation to business ethics and data privacy.

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.

ASML (4th Quarter 2023 Engagement)

Focus	Environment, Social
Company Description	ASML is a Dutch semiconductor equipment manufacturing company.
Engagement Objective	We engaged with ASML to discuss impact, product emissions, and circular economy topics.
Participants	From ASML: Investor Relations Representative From T. Rowe Price: Portfolio Manager, Responsible Investing Analyst
Engagement Outcome	We engaged with ASML to discuss best practices in impact measurement and the setting of key performance indicators (KPIs). We also touched on the management of end-product emissions and circular economy issues. Our goal was to highlight the importance of disclosing information that can help investors measure the impact of the company's operations, which we summarize as follows: (1) its role in enabling the development of leading-edge chips with frontier efficiency, (2) reducing energy use and greenhouse gas emissions associated with semiconductor manufacturing through improvements in extreme ultraviolet lithography (EUV) technology, and (3) nurturing the circular economy of semiconductor equipment by refurbishing machines. We asked ASML about gaining visibility on the downstream applications of chips manufactured using its machines. ASML said that this is not feasible. While ASML can see when the machines are running, they cannot get information on which company is developing the chip, nor can they track the downstream application. While we did not gain much more color on how to quantify ASML's impact on downstream energy efficiency, as leading-edge chip manufacturing is only possible with ASML EUV machines, we believe market share in EUV is a valid KPI. Improving the energy efficiency of ASML's machines is critical to reducing emissions associated with semiconductor manufacturing, and the company's measurement of this is very strong. Relevant KPIs here are: scope 3[1] emissions for product use (this is reported for ASML's full range of products in use) and energy efficiency per exposed wafer—in particular, how this has improved in further generations of machines. Since 2019, ASML has achieved a 45% reduction per wafer for NXE (EUV) machines—which clearly demonstrates ASML's role in reducing use-phase emissions through device energy efficiency. However, the real-world emission savings of ASML's products depend on renewable energy (RE) access and use by customers. We discussed the feasibility of ASML's goal for net zero emissions by 2040 as this hinges on its customers moving to RE (and many of these customers have later timelines for RE use). We think access to RE is a key risk to the impact thesis. Decreasing emissions in the semiconductor industry is a big challenge due to the limited availability of RE in some of the major manufacturing markets. The focus of ASML's product design is long term and circular. Notably, 95% of all the machines the company has created are still in use today. ASML also commits to continue to service these machines up to 2040 to ensure optimal resource use from its technologies. We imparted our views on the importance of impact measurement and KPIs, and the engagement helped us solidify our impact thesis on ASML.

[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.

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		Benchmark	
	No. of securities	% weight	No. of securities	% weight
Green	63	95.0	2,171	81.7
Orange	2	2.4	694	17.7
Red	0	0.0	45	0.5
Not in scope	0	0.0	10	0.1
Not covered	0	0.0	0	0.0
Cash	1	2.6	0	0.0
Total	**66**	**100.0**	**2,920**	**100.0**

● No/few Flags ■ Medium Flags ▲ High Flags

The comparator benchmark of the Fund is the MSCI All Country World Net Index. The manager is not constrained by the fund's benchmark, which is used for performance comparison purposes only.

SUSTAINABILITY INDICATOR

The fund is classified as Article 9 according to the Sustainable Finance Disclosure Regulations (SFDR).

The sustainability indicator used by the fund is a minimum of 70% 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	70.0%	89.3%
Environmental Objectives	25.0%	35.8%
Social Objectives	25.0%	53.5%

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.

ADDITIONAL DISCLOSURES

Source: 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.

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