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 2022

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 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 15,000 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.)

- It is important to reiterate that our impact universe is formed through careful screening by our Responsible Investment 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 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 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.

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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, 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.

Darling Ingredients (4th Quarter 2022 Engagement)

Focus	Environment, Social, Governance
Company Description	Darling Ingredients (Darling) is a rendering company that also uses animal fats from the rendering process to produce renewable diesel.
Engagement Objective	We engaged with Darling for a discussion focused on environmental and social issues.
Participants	From Darling: Investor Relations, General Counsel and Secretary, Independent Director From T. Rowe Price: Head of Corporate Governance, Responsible Investing Associate Analyst
Engagement Outcome	We engaged with Darling following the release of its ESG report in September 2022. The objective was to provide feedback on the report as well as to follow up on the process of the company setting its greenhouse gas reduction targets. We also discussed health and safety and compensation during the engagement. In relation to ESG disclosure, Darling has established an ESG committee on the board and hired a sustainability director who is fully focused on ESG. The company now feels it has sufficient resources to fully focus on ESG issues. Given the number of acquisitions it has made, it will be redoing the materiality assessment featured in its last ESG report and re-baselining its ESG performance figures. Moreover, the company stated that it had done an internal audit on its ESG report to see where the gaps were and is looking at getting its ESG reports externally verified, although this will not be completed for the next ESG report. On energy and emissions, the company does not have any short- or medium-term targets when it comes to emissions reduction, but it has a deadline to set these by 2023. The company also mentioned that it planned to submit its targets to the Science-Based Target initiative (SBTi). It is also making progress on a full scope 3[1] inventory. However, when asked about plans to reduce emissions, the company stated that it was still in the planning stages. Darling sources 6% of its electricity from renewable energy but is looking at methods to use renewable energy in its truck fleets, created from its own products. Darling's water intensity is higher than peers and hasn't made significant progress in recent years. The company stated that it had conducted a water assessment on the rendering side of the business, where it is looking to reduce water intensity. Other areas of discussion included steps that Darling is taking to address environmental issues at companies it has acquired over the past year, employee health and safety initiatives, and the company's compensation committee. The engagement informed our investment research. We shared our views on best practices on ESG reporting, including external verification of ESG reports. We are encouraged that Darling has established an ESG committee, has set a net zero target for scopes 1 and 2, and has started to break out some scope 3 emissions.

[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).

Sartorius (3rd Quarter 2022 Engagement)

Focus	Environment
Company Description	Sartorius is a leading provider of highly complex biological manufacturing equipment and laboratory instruments.
Engagement Objective	We engaged with Sartorius for a discussion primarily focused on impact.
Participants	From Sartorius: Head of Corporate Communications & Investor Relations; Investor Relations From T. Rowe Price: Portfolio Manager; Equity Analyst; Responsible Investing Associate Analyst
Engagement Outcome	We engaged with Sartorius to impart our view on how the company could better demonstrate its additionality and impact in health care in future reporting. Sartorius's views are broadly aligned to our own impact thesis on the company. Sartorius's products play a key role in the production of biologics and contribute to reducing the costs/time involved in drug development. This also has ramifications for potentially addressing the high cost of biologic treatments today. Highlighting the ultimate affordability of drugs is relatively unique for a life sciences company. Sartorius believes that, in light of the significant costs and immaturity of the biopharma industry, suppliers can play a key role in improving the accessibility of drugs. By modality, Sartorius felt its contribution in monoclonal antibodies (mAbs) is squarely focused on enhancing efficiency. In advanced therapies (e.g., cell and gene therapy), its role is to prove feasibility for drug companies. In terms of disclosure and reporting, we discussed potential means to help investors assess Sartorius's impact; we touched on potential disclosure in a range of areas including cost and efficiency, breadth of impact, and product and customer case studies. We encouraged the company, where possible, to include case studies as proof points of the impact credentials of the business, especially given the difficulty of distilling Sartorius's aggregate impact to specific numeric key performance indicators (KPIs). We suggested that metrics such as the percentage of biologics in which Sartorius's products are specified is another more general, groupwide KPI reported by some peers that could be beneficial to disclose. We also noted another life science company's disclosures as an example of best-in-class impact reporting in the field. On emissions, Sartorius has set a goal to reduce carbon intensity by around 10% annually across scope 1–3[1] (and by approximately 20% for scope 1 and 2) until 2030 by investing approximately 1% of revenue on an annual basis. For scope 1 and 2, the targeted reduction equates to around a 50% reduction in absolute emissions, a de facto net zero trajectory. We suggested the company additionally consider verifying its targets with the Science-Based Targets initiative (SBTi), reporting scope 3, and committing to net zero. We also recommended aligning ESG disclosure to Sustainability Accounting Standards Board (SASB) and Task Force on Climate-Related Financial Disclosures (TCFD) reporting. The engagement allowed us to begin an initial dialogue on impact and to impart our view on ESG disclosures.

[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. **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. **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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