



T. ROWE PRICE FUNDS SICAV

## Global Growth Equity Fund – ESG Report

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

As of 30 September 2024

### ESG APPROACH

- The Global Growth Equity Fund fully embeds ESG integration within its investment process. This means incorporating environmental, social and governance factors to enhance investment decisions. Our philosophy is that ESG factors are an integrated 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 security analysis.
- The process of ESG integration takes place on two levels: first, with our research analysts as they incorporate ESG 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 (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.)
- Our Global Growth Equity Fund applies an active, growth-oriented approach in order to identify companies with the potential for sustainable growth or relative improvement. We look for such opportunities in industries where the outlook over time is becoming more attractive and is conducive to profitable growth. As such, our primary emphasis is on company fundamentals, which include the consideration of environmental, social and governance factors. We find that this process tends to yield an ESG-friendly set of companies; however, 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.
- 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 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 that have the potential for above-average and sustainable rates of earnings growth. The companies may be anywhere in 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 and efficient portfolio management. 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.

**AstraZeneca (2<sup>nd</sup> Quarter 2024 Engagement)**

<b>Focus</b>	Governance
<b>Company Description</b>	AstraZeneca is a global biopharmaceutical company that seeks to discover, develop, and commercialize prescription medicines.
<b>Engagement Objective</b>	We engaged with AstraZeneca on a range of governance matters.
<b>Participants</b>	<p>From T. Rowe Price Associates, Inc: Head of Governance, EMEA and APAC; Investment Analyst; Responsible Investing Analyst; Corporate Governance Analyst</p> <p>From AstraZeneca: Chairman; Director of Investor Relations; Vice President and Head of Investor Relations</p>
<b>Engagement Outcome</b>	<p>We engaged with AstraZeneca on board composition and succession planning.</p> <p>AstraZeneca's new chair since 2023 first joined the Board in 2019. The company has recently seen a successful chief financial officer (CFO) succession, with Aradhana Sarin in place for over a year.</p> <p>The company is actively considering succession planning for both nonexecutive directors (NEDs) and executives. Philip Broadley, the senior independent director (SID), is coming up to seven years in the role and would typically be expected to step down at nine years.</p> <p>In terms of succession planning for executives, the chair believes the age of the chief executive officer matters less than his energy and motivation. Pascal Soriot is currently 64, and the chair emphasized that he remains excited by the science. However, the Nominating Committee is undertaking its responsibilities to build up the internal bench of talent, as well as undertaking a desktop search to look at potential candidates in other pharmaceutical companies. We gave feedback that our investors would like more access to the internal top talent.</p> <p>In terms of the NEDs, four of them will reach the end of the term in 2026, although none will be hitting the nine- year limit except the SID. The company is searching for candidates who have experience in the UK and U.S. and relevant experience in technology, health care, and science. They will also take gender diversity into consideration and have individuals who can backfill the audit and remuneration committees and the SID role and serve as chair of the Sustainability Committee.</p> <p>To permit a staggered transition, the company also changed the Articles of Association to expand the Board from 14 to 16 members.</p> <p>We asked about Marcus Wallenberg, who has been on the Board for 25 years, is over-boarded, and received 22% dissent at the 2024 annual general meeting (AGM). The chair explained that he brings his network to the Board and makes the necessary time commitment.</p> <p>The engagement allowed us to gain a better understanding of AstraZeneca's board composition and succession planning as well as provide our feedback to 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.

**Godrej Consumer Products (3<sup>rd</sup> Quarter 2024 Engagement)**

<b>Focus</b>	Governance
<b>Company Description</b>	Godrej Consumer Products is an Indian multinational consumer goods company that sells health and beauty products.
<b>Engagement Objective</b>	Prior to Godrej Consumer Products' annual general meeting (AGM), we engaged with the company to discuss its 2024 Employee Stock Option Plan (ESOP).
<b>Participants</b>	From Godrej Consumer Products: Investor Relations Representative  From T. Rowe Price Associates, Inc: Corporate Governance Analyst
<b>Engagement Outcome</b>	<p>Both Institutional Shareholder Services and Institutional Investor Advisory Services recommended voting against Godrej Consumer Products' 2024 ESOP due to the lack of disclosure on performance conditions and the extension of the plan to group companies and subsidiaries.</p> <p>Godrej Consumer Products justified its ESOP with several explanations. First, the company noted that its estimated dilution impact is limited. The ESOP is not a new initiative; it first launched the program in 2011 with 2.5 million shares, which lasted for 13 years and had a total dilution impact of 0.25%. The estimated dilution impact of the new ESOP is around 0.5%, which will be spread over the next decade. Additionally, the primary objective of the plan is to incentivize and retain key talent globally, and Godrej Consumer Products regularly pays out dividends, which are sufficient to offset the dilution impact of the ESOP.</p> <p>Second, with respect to the lack of disclosure on performance conditions, the company explained that some targets are commercially sensitive; however, the Nomination and Remuneration Committee approves specific targets and shares on an annual basis. Godrej Consumer Products also provides annual guidance on revenue and growth related to earnings before interest, taxes, depreciation, and amortization, which serves as a key reference in setting internal targets for the management team.</p> <p>Third, in relation to the extension of the plan to group companies and subsidiaries, Godrej Consumer Products explained that since 55% of its business is in India and 45% is international (including subsidiaries), it believes key talent overseas should not be exempt from the ESOP.</p> <p>Our feedback regarding the company's need for more detailed disclosure and rationale behind extending the ESOP to subsidiaries was well received by Godrej Consumer Products. The company acknowledged our concerns and provided detailed explanations during our engagement.</p> <p>Our meeting helped us gain a better understanding about the 2024 ESOP and informed our voting at the 2024 AGM.</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		Benchmark	
	No. of securities	% weight	No. of securities	% weight
● Green	140	84.3	2,058	80.5
● Orange	19	14.2	590	18.7
● Red	0	0.0	34	0.7
● Not in scope	0	0.0	1	0.1
● Not covered	2	0.5	4	0.1
● Reserves	1	1.0	0	0.0
<b>Total</b>	<b>162</b>	<b>100.0</b>	<b>2,687</b>	<b>100.0</b>

● 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 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 Commitment %	Fund Exposure %
Sustainable Investments	10.0	51.7
with Environmental Objectives	0.5	21.1
with Social Objectives	0.5	30.7

## PRINCIPAL ADVERSE IMPACT (PAI) INDICATORS

Under the European Union Sustainable Finance Disclosure Regulations (SFDR), investment managers are required to take into account Principal Adverse Impact (PAI) indicators, a set of metrics that highlight the potential negative impacts on sustainability factors that result from investment decisions. This is integrated into our ESG analysis at a security level.

Some PAI indicators have limited data availability which may lead to misrepresentative values for the fund. In these cases, the metric value and data coverage are displayed as n/a in the following tables.

In addition, the investment manager considers the following PAI indicators at an aggregate fund level. Metric values are shown in the Base Currency of the fund (USD):

PAI Indicator	Metric Description	Unit of Measurement	Metric Value	Metric Coverage (%)
10. Violations of UNGC principles and OECD guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	Percentage of total invested	0.0%	99.0%
13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of board members	Average ratio of female board members	32.1%	98.6%
14. Exposure to controversial weapons	Share of investments in investee companies involved in the manufacture or selling of controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Percentage of total invested	0.0%	98.3%

The table below displays the remaining PAI indicators as of the report date. These are displayed for reporting purposes. Metric values are shown in the Base Currency of the fund (USD):

PAI Indicator	Metric Description	Unit of Measurement	Metric Value	Metric Coverage (%)
1. GHG Emissions	Scope 1 GHG emissions	mtCO2e	7,315	97.2%
	Scope 2 GHG emissions	mtCO2e	5,091	97.2%
	Scope 3 GHG emissions	mtCO2e	149,387	97.2%
	Total GHG emissions	mtCO2e	161,793	97.2%
2. Carbon footprint	Carbon footprint	mtCO2e per mn invested	288.8	97.2%
3. GHG intensity of investee companies	GHG intensity of investee companies	mtCO2e per mn revenue	580.7	96.7%
4. Exposure to companies active in fossil fuel sector	Share of investments in companies active in the fossil fuel sector	Percentage of total invested	5.7%	99.0%
5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	Percentage of non-renewable energy	52.8%	78.2%
6. Energy consumption intensity	Energy consumption in GWh per million of revenue of investee companies	GWh/mn of revenue	1.3	89.6%
7. Activities negatively affecting biodiversity sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	Percentage of total invested	0.0%	99.0%
8. Emissions to water	Tonnes of emissions to water generated by investee companies per million invested, expressed as a weighted average	Ktons per mn invested	n/a	n/a
9. Hazardous waste	Tonnes of hazardous waste generated by investee companies per million invested, expressed as a weighted average	Ktons per mn invested	n/a	n/a
11. Lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	Percentage of total invested	1.7%	99.0%
12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	Percentage of pay gap	n/a	n/a

## GLOSSARY OF TERMS

**Metric coverage** - The percentage of the portfolio for which PAI data is available

**GHG** - Greenhouse gas emissions

**Scope 1 GHG emissions** - Direct greenhouse gas emissions by the fund

**Scope 2 GHG emissions** - Indirect greenhouse gas emissions made by the fund

**Scope 3 GHG emissions** - All other indirect emissions that occur in the funds value chain

**mtCO<sub>2</sub>e** - Metric tonnes of carbon dioxide equivalent

**Carbon footprint (Scope 1,2 & 3 emissions)** - The total greenhouse gas emissions per million invested in the fund

**GWh** - Gigawatt Hours

**Ktons** - Kilotonnes

**UNGC** - The United Nations Global Compact

**OECD** - The Organization for Economic Co-operation and Development

**No data** - no data is available or can be calculated for the indicator

**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. 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. 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.** 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.

Holdings-based analytics are calculated using T. Rowe Price's internal Investment Book of Records (IBOR). Due to timing and accounting methodology differences, IBOR data may differ from the Accounting Book of Records (ABOR) data provided by the Fund's accountant.

## 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](http://www.troweprice.com). The Management Company reserves the right to terminate marketing arrangements.

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