T. ROE PRICE FUNDS SICAV
Global Natural Resources Equity Fund – ESG Report
Providing transparency on Environment, Social and Governance aspects of the Fund
As at 30 September 2023

ESG INTEGRATION APPROACH

• The Global Natural Resources Equity Fund uses ESG integration as part of its investment process. This means incorporating environmental, social, and governance factors to enhance investment decisions. Our central mission is to help our clients reach their long-term financial goals, and we believe that incorporating ESG factors into our investment process alongside financials, valuations, macroeconomics, and other factors is consistent with that objective. 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 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 around 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.)

• The Global Natural Resources Equity Fund has served as an energy-led, commodity-driven inflation hedge and utilizes a fundamental, research-driven investment approach to identify companies that are well positioned with durable growth and can compound long-term, risk-adjusted performance for our clients. We consider industry structure, competitive dynamics, strength of management teams and business models, and the durability of the business over the long-term. We do not view environmental, social, and governance factors as discrete, siloed elements; however, they are integrated into our process for evaluating the risks and fundamental outlook for potential investments. We have long observed that companies with better assets and that are managed efficiently with good corporate governance, safety procedures, and concern for their employees and the communities in which they operate have tended to represent superior long-term investments. To that end, ESG is incorporated into our evaluation of risk of the companies in which we invest.

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 widely diversified portfolio of shares of natural resources or commodities-related companies. The companies may be anywhere in the world, including emerging markets. 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, 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.
**Exxon Mobil (1st Quarter 2023 Engagement)**

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<tr>
<th>Focus</th>
<th>Environment, Governance</th>
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<tbody>
<tr>
<td><strong>Company Description</strong></td>
<td>Exxon Mobil (Exxon) is a U.S. integrated oil and gas company.</td>
</tr>
<tr>
<td><strong>Engagement Objective</strong></td>
<td>We engaged with the company to discuss its climate strategy and governance changes and offer our feedback on its governance practices.</td>
</tr>
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| **Participants**           | From Exxon: Directors (2); Vice President, Investor Relations; ESG Director  
                           | From T. Rowe Price: Head of Governance; Investment Analyst; Responsible Investing Analyst |
| **Engagement Outcome**     | We engaged with Exxon to discuss the company’s climate strategy and governance changes and to provide feedback on these issues. Our engagement marked the first time we had a chance to meet board members outside of Exxon’s 2021 proxy contest.  
                           | Since the 2021 proxy contest, seven of 12 board seats have turned over. Given that most of the board is new, Exxon has taken the opportunity to do a 360-degree review of its practices, skills, and training. The company described the review as a time of “developing trust” following a tumultuous period for the board. Board members have visited Exxon’s properties in the Permian Basin and other locations; invited third parties to increase the group’s knowledge on operational topics; and devoted time to formulating climate and overall corporate strategy.  
                           | Exxon has no explicit targets on scope 3 emissions\(^1\), and the directors thought that a lifecycle emissions approach was more appropriate than setting absolute targets. Ultimately, addressing scope 3 emissions will be an economy-wide effort and not something driven solely by the energy industry. However, the company believes it is well positioned for the climate transition with a growing low-carbon business and a resilient, traditional portfolio.  
                           | The engagement allowed us to give feedback on recent governance changes and enhanced shareholder communication at Exxon. We are pleased that management has appointed a number of senior executives from outside the company, going against its longstanding practice of only promoting from within. We regard these changes as positive and are impressed by evidence of progress since the 2021 proxy contest. |

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\(^1\) 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.
**Vulcan Materials (1st Quarter 2023 Engagement)**

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<th>Focus</th>
<th>Environment, Social</th>
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<tr>
<td><strong>Company Description</strong></td>
<td>Vulcan Materials is the largest U.S. producer of construction aggregates (mostly crushed stone, sand, and gravel).</td>
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<tr>
<td><strong>Engagement Objective</strong></td>
<td>We engaged with the company to discuss its environmental and safety performance.</td>
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<tr>
<td><strong>Participants</strong></td>
<td>From Vulcan Materials: Investor Relations (2); General Counsel; Vice President, External Affairs; Assistant Corporate Secretary; Chief Human Resources Officer</td>
</tr>
<tr>
<td></td>
<td>From T. Rowe Price: Head of Corporate Governance; Responsible Investing Analysts (2)</td>
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**Engagement Outcome**

We engaged with Vulcan Materials to discuss its environmental and safety performance. The company’s ESG profile differs from its peers due to the lack of cement and the use of mechanical processes (instead of chemical processes) to crush rock. Reporting frameworks focused on chemical waste, tailings, and cement-related carbon dioxide are not a good fit for the company, so it focuses mainly on land and energy use.

Vulcan Materials began measuring its scope 3 emissions\(^1\) in 2022 and committed to setting a science-based target that addresses its greenhouse gas footprint, according to its ESG report. We provided our views on best practices in reporting. Management noted that sustainability has moved from being a compliance-focused process to part of the company’s strategy, driven by greater demand for environmentally certified products.

Board composition at Vulcan Materials has changed in recent years. The chief human resources officer discussed how the company has improved workforce diversity and retained diverse talent. Previously, hiring needs were largely met with internal referrals. Now, Vulcan Materials visits technical schools, universities, and high schools to educate potential applicant pools about the company and industry.

Regarding safety, Vulcan Materials said its main focus is on risk prevention. The company reported zero workplace fatalities in 2022 and one in early 2023. The risk prevention program is centered around “near misses.” Encouraging workers to report incidents creates an opportunity to learn from mistakes, increase training where needed, and identify previously unknown risks.

Regarding governance, we noted that Vulcan Materials—despite being an established and relatively large company—has a classified Board system, in which members are elected in staggered, three-year terms. This system serves as a formidable takeover defense and reduces directors’ accountability to shareholders. T. Rowe Price policy is to oppose directors at mature companies that maintain this practice. Management understood our position but showed no inclination to change.

The engagement gave us an opportunity to provide feedback on the specific environmental, social, and governance areas requested by Vulcan Materials.

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\(^1\) 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): 

Currency risk - Currency exchange rate movements could reduce investment gains or increase investment losses. Sector concentration - Sector concentration risk may result in performance being more strongly affected by any business, industry, economic, financial or market conditions affecting a particular sector in which the fund's assets are concentrated. Small and mid-cap - Small and mid-size company stock prices can be more volatile than stock prices of larger companies.

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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