



T. ROWE PRICE FUNDS SICAV

Global Natural Resources Equity Fund – ESG Report

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

As at 31 December 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, valuation, 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 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.)
- The Global Natural Resources Equity Fund serves 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, 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.

Freeport-McMoRan (4th Quarter 2023 Engagement)

Focus	Environment, Social
Company Description	Freeport-McMoRan is a copper miner with assets across the Americas and Indonesia.
Engagement Objective	We engaged with the company on cybersecurity, human rights, and climate strategy.
Participants	<p>From Freeport-McMoRan: ESG Relations & Capital Financings; Assistant General Counsel and Corporate Secretary; ESG Relations Representative</p> <p>From T. Rowe Price: Head of Governance; Responsible Investing Analyst</p>
Engagement Outcome	<p>We engaged with Freeport-McMoRan on its response to two ESG incidents in 2023 and to gauge the company's progress in seeking Science Based Targets initiative (SBTi) validation for its climate targets.</p> <p>We asked about a cybersecurity incident in August 2023 where a third party accessed its systems. Freeport-McMoRan issued a press release at the time. The company told us that this had been very quickly contained, with no material financial impact and no material impact on operations. There had been a lot of preparation for this kind of incident, and no deficiencies were identified in its systems. The board and especially the audit committee were very engaged throughout the process.</p> <p>Freeport-McMoRan identified three instances of underage workers employed by subcontractors of its main contractor at the Manyar smelter project; it considers this a gross human rights violation. The company has teams on site, and it was able to catch this breach early and act quickly. There have been several key learnings from this incident. As the smelter project transitions from construction to the operational phase, there will be fewer contractors/subcontractors on site, which reduces this risk going forward.</p> <p>Freeport-McMoRan published its updated climate report in September 2023; it now has scope 1-2¹ greenhouse reduction targets across all of its major business lines and continues to work toward its decarbonization goals. It is committed to align its targets with SBTi, and we asked for an update on this. The SBTi is still working to develop its sectoral decarbonization pathway for the industry; when this is finalized, Freeport-McMoRan will look to align its targets with the sectoral pathway.</p> <p>There were no material updates regarding its tailings management and disposal at Grasberg, where the company uses riverine tailings disposal, which has wide-ranging environmental and social impacts. The company recently completed its most recent environmental audit and carried out a human health assessment in collaboration with the government to understand baseline health of the surrounding communities and potential impacts. It continues to work with the government on its tailings road map.</p> <p>We were reassured by the company's response to both the cybersecurity incident and the uncovering of underage workers in Indonesia, where its existing systems were able to identify and rectify the issues quickly. Freeport-McMoRan continues to work toward achieving SBTi certification, although the timelines here are still a little uncertain. There have not been any material changes regarding its tailings disposal practices at Grasberg.</p>

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.

Chevron (4th Quarter 2023 Engagement)

Focus	Environment, Social
Company Description	Chevron is an integrated energy company.
Engagement Objective	We engaged with the company for a discussion on climate strategy and employee safety.
Participants	From Chevron: Director of Sustainability From T. Rowe Price: Investment Analyst; Responsible Investing Analyst
Engagement Outcome	<p>We engaged with the company to discuss its climate strategy and employee safety.</p> <p>Chevron currently has a range of targets for 2028, including a target for its upstream business, for refining, and for overall scope 1-3¹ carbon intensity (known as portfolio carbon intensity, or PCI). The company is planning to update all of its climate targets within the next one to two years, including its upstream, refining, and PCI targets.</p> <p>The company also has a scope 1-2 net zero aspiration for 2050 for its upstream business. It has always referred to this as an aspiration since it expects the journey to get there to be very challenging. It is unlikely to expand the net zero target to also cover its refining assets.</p> <p>Chevron feels confident about its medium-term 2028 targets, and despite strong progress over the last five years, it still sees a lot of opportunities for abatement related to methane emissions and electrification.</p> <p>The company indicated it plans to publish an updated climate report soon. It will include a detailed update on its progress to measure and mitigate methane emissions.</p> <p>Chevron's reported safety statistics deteriorated in both 2021 and 2022. We asked the company what steps it is taking to address this. It assured us that this is a clear focus of the board, senior management, and managers throughout the organization. There has also been a significant overhaul of several of its safety programs. To date in 2023, safety performance has improved versus 2022.</p> <p>We were pleased to hear that the company plans to update its medium-term climate targets, and we look forward to publication of its updated climate report later this year. Management and the board are clearly taking steps to address the recent deterioration in safety performance, and 2023 is on track to be an improvement over 2022.</p>

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	34	36.2	777	41.8
● Orange	51	61.9	386	57.2
● Red	1	0.6	33	0.9
● Not in scope	0	0.0	10	0.2
● Not covered	0	0.0	0	0.0
● Cash	1	1.3	0	0.0
Total	87	100.0	1,206	100.0

● No/few Flags ■ Medium Flags ▲ High Flags

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

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. 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.

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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