T. ROWE PRICE FUNDS SICAV

Global Real Estate Securities Fund – ESG Report

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

As at 31 December 2023

ESG INTEGRATION APPROACH

- The Global Real Estate Equity Fund uses ESG integration as part of its investment process. This means incorporating environmental, social, and governance factors to enhance investment decisions. 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.)
- We are purely focused on investing in commercial real estate companies across the globe whose value is derived from the underlying assets that they own and control. We view ourselves as blue chip, high-quality commercial real estate investors, attempting to provide sound and diversified global real estate exposure. Our ESG integrated research-driven, bottom-up approach is the engine for our investment idea generation.
- 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 in the long term through both growth in the value of, and income from, its investments.

INVESTMENT PROCESS: The fund is actively managed and invests mainly in a diversified portfolio of securities issued by real-estate related companies. 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.

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.

Camden Property Trust (3rd Quarter 2023 Engagement)

Focus	Environment
Company Description	Camden Property Trust is a real estate investment trust focused on multifamily apartments.
Engagement Objective	We engaged with Camden Property Trust to discuss its carbon emissions, climate strategy, and sustainable buildings.
Participants	From Camden Property Trust: Chief Financial Officer; Sustainability Representative; Investor Relations Representative From T. Rowe Price: Investment Analyst; Responsible Investing Analysts
Engagement Outcome	We engaged with Camden Property Trust to gain a better understanding of its climate strategy and to provide recommendations relating to its disclosures and target setting. The trust has made improvements to its sustainability strategy and disclosures in recent years but falls behind its industry peers. Camden Property Trust has various 2030 environmental targets, including reducing scope 1-2[1] emissions by 15% between 2021 and 2030, but it does not have its targets validated by the Science Based Targets initiative (SBTi). The trust explained it is working with a consultant to set science-based targets for scope 1-2 emissions and is expecting to submit these revised targets to the SBTi for validation in March 2024. Camden Property Trust has scope 3 data on some categories (e.g., waste diversion, water) but has found it difficult to obtain tenant data, with only 25 of 172 communities sharing their utility data. It is also working with a third party to measure its embodied carbon, and we encouraged the trust to report on its embodied carbon emissions tied to capital goods purchased. The trust's climate-related reporting is limited, with no Task Force on Climate-Related Financial Disclosures (TCFD) report. The company highlighted that it is in the process of drafting a TCFD report that will better quantify and report on climate risks within its portfolio. Camden Property Trust believes residents want to live in sustainable buildings but are not witnessing any difference in rental values or vacancy rates between green and non-green assets. Also, the trust does not believe it will see any supply constraints due to complying with new building energy codes but feels this is a function of the states in which it operates. We were encouraged with the progress Camden Property Trust is making in target setting and climate reporting. We made several recommendations to bring it in line with its peers.

[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.

Host Hotels & Resorts (3rd Quarter 2023 Engagement)

Focus	Environment
Company Description	Host Hotels & Resorts owns hotel properties, with the majority of its portfolio operating under the Marriott brand.
Engagement Objective	We engaged with Host Hotels & Resorts to discuss its carbon emissions, climate risks, and green certificates.
Participants	From Host Hotels & Resorts: Chief Human Resources Officer; Vice President – Development Design and Construction; General Counsel; Investor Relations Representatives From T. Rowe Price: Head of Governance; Responsible Investing Analysts
Engagement Outcome	We engaged with Host Hotels & Resorts to conduct due diligence on its sustainability approach and environmental target setting. It recently set a 2050 net-positive target (aiming, over the course of its operations, to remove more greenhouse gases from the atmosphere than it produces). It is supported by a Science Based Targets initiative (SBTi)-validated goal for scope 1-2[1] emission—a reduction of 54% by 2030 versus a 2019 baseline—which is more ambitious than most lodging real estate investment trust (REIT) peers. The goal places it on a path to be net zero by 2040. We discussed Host Hotels & Resorts' strategy to meet these goals, and it acknowledged that about 15% of the 54% reduction can be realized by initiatives to lower energy used while the remainder will be reliant on its energy grid becoming greener. It believes that investment in on-site solar and renewable energy credits will be required. We recommended the company lay out its strategy in its next ESG report. We also discussed the viability of the company setting a scope 3 emissions reduction target, as these account for 24% of its total greenhouse gas emissions. Host Hotels & Resorts said that it would be more likely to set a goal if scope 3 emissions were to account for more than 40% of the total. The company conducted a climate risk assessment in 2022 and found 30 hotels had elevated present-day climate risks and 17 had potential future climate risks. Host Hotels & Resorts has narrowed this down to 20 assets that account for 40% of EBITDA (earnings) and is looking at ways to reduce these climate risks. It has invested, on average, 6% of its capital expenditure budget on climate resilience projects (excluding reconstruction spending such as on the Ritz-Carlton in Naples) since 2018 (10% in 2022) and expects this figure to grow in the future. Host Hotels & Resorts has set a goal to have 40% of its assets certified green by 2030, up from 14% as of FY2022. We believe that it will meet this target several years ahead of schedule as it is in the process of obtaining certification on 22 assets (28% of the portfolio). The company believes that green assets can lower its operating costs and grant it access to a lower cost of capital (through green bond issuance). We were pleased with the company's progress in target setting, climate risk assessments, and green buildings and regard it as one of the ESG leaders among U.S. lodging REITs. We provided a disclosure recommendation to bring it in line with global best practices.

[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	57	96.7	360	99.2
Orange	3	2.2	3	0.5
Red	0	0.0	0	0.0
Not in scope	0	0.0	6	0.3
Not covered	0	0.0	0	0.0
Cash	1	1.1	0	0.0
Total	**61**	**100.0**	**369**	**100.0**

● No/few Flags ■ Medium Flags ▲ High Flags

The comparator benchmark of the Fund is the FTSE EPRA NAREIT Developed 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 Exposure %	Fund Exposure %
Sustainable Investments	10.0%	26.6%
Environmental Objectives	0.5%	18.2%
Social Objectives	0.5%	8.4%

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. Real estate - Real estate and related investments can be hurt by any factor that makes an area or individual property less valuable. 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

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. The Management Company reserves the right to terminate marketing arrangements.

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