



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 30 June 2020

ESG INTEGRATION APPROACH

- The Global Real Estate Securities 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 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 14,000 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.)
- 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.

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.

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Weyerhaeuser (4th Quarter 2019)

Focus	Governance
Company Description	Weyerhaeuser is a real estate investment trust with a diversified timber portfolio and a wood products business.
Engagement Objective	We engaged with Weyerhaeuser to understand what the company is doing to address the low shareholder support it received for its compensation programme earlier this year, as well as human capital issues and environmental sustainability.
Participants	T. Rowe Price's Head of Corporate Governance engaged with Weyerhaeuser's General Counsel and Corporate Secretary, and an Investor Relations and Enterprise Planning representative.
Engagement Outcome	<p>In 2019, 25% of Weyerhaeuser's shareholders voted against the company's compensation plan. Our interpretation of proxy advisor ISS' recommendation was that a vote against would be overly driven by poor short-term share price performance, so we voted for the proposals. The company indicated it will take this opportunity to update some provisions in the plan, such as putting a cap on awards in the event of a period of negative shareholder return.</p> <p>The company's executive bonus plan includes weights on sustainable forestry goals as well as human capital. For 2020, it is expected to put more emphasis on these factors, given investor interest.</p> <p>Three director retirements are coming up. The company is actively recruiting to replace them, with an emphasis on ethnic diversity.</p> <p>The engagement informed our investment research. Additionally, the discussion allowed us to share our viewpoint and understand the company's approach.</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.

Vornado Realty Trust (1st Quarter 2020)

Focus	Governance
Company Description	Vornado Realty Trust has a collection of premier assets and a focused strategy of growing its dominant positions in New York City office and Manhattan high street retail.
Engagement Objective	We discussed executive compensation and ESG accountability.
Participants	T. Rowe Price's Head of Corporate Governance met with Vornado Realty Trust's Corporation Counsel, Head of Corporate Sustainability and Utilities, and Director of Investor Relations.
Engagement Outcome	<p>The purpose of our engagement with Vornado Realty was to have a broad discussion on governance and sustainability topics. The discussion allowed us to share our viewpoint and understand the company's approach.</p> <p>About a third of shareholders voted against the company's executive pay last year. We did not share the concerns and voted for the proposals.</p> <p>The say on pay concern was over the company's equity incentive plan and that, over time, the plan mix of performance share unit/restricted share unit, which was intended to be 50/50, had drifted to 55/45. The company adjusted the mix back with the new 2019 plan, but proxy advisor ISS saw that as a degradation in the amount of performance-based pay. The company is considering measures to address this issue.</p> <p>On succession planning and compensation, the senior management bonus pool has increased because of the promotion of several potential CEO candidates. This is a temporary state. One new hire was also given an inducement grant and two existing executives were given promotion grants.</p> <p>On ESG accountability, Vornado Realty Trust is ahead of its peers. It has already reported data in line with the Sustainability Accounting Standards Board and Task Force on Climate-related Financial Disclosures frameworks, and had them verified by Deloitte.</p>

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Risks - The following risks are materially relevant to the fund (refer to prospectus for further details):

Country risk (China) - all investments in China are subject to risks similar to those for other emerging markets investments. In addition, investments that are purchased or held in connection with a QFII licence or the Stock Connect program may be subject to additional risks. **Country risk (Russia and Ukraine)** - in these countries, risks associated with custody, counterparties and market volatility are higher than in developed countries. **Currency risk** - changes in currency exchange rates could reduce investment gains or increase investment losses. **Real estate investments risk** - real estate and related investments can be hurt by any factor that makes an area or individual property less valuable. **Sector concentration risk** - the performance of a fund that invests a large portion of its assets in a particular economic sector (or, for bond funds, a particular market segment), will be more strongly affected by events affecting that sector or segment of the fixed income market. **Small and mid-cap risk** - stocks of small and mid-size companies can be more volatile than stocks of larger companies.

General fund risks - to be read in conjunction with the fund specific risks above. **Capital risk** - the value of your investment will vary and is not guaranteed. It will be affected by changes in the exchange rate between the base currency of the fund and the currency in which you subscribed, if different. **Equity risk** - in general, equities involve higher risks than bonds or money market instruments. **Geographic concentration risk** - to the extent that a fund invests a large portion of its assets in a particular geographic area, its performance will be more strongly affected by events within that area. **Hedging risk** - a Fund's attempts to reduce or eliminate certain risks through hedging may not work as intended. **Investment fund risk** - investing in funds involves certain risks an investor would not face if investing in markets directly. **Management risk** - the investment manager or its designees may at times find their obligations to a fund to be in conflict with their obligations to other investment portfolios they manage (although in such cases, all portfolios will be dealt with equitably). **Operational risk** - operational failures could lead to disruptions of fund operations or financial losses.

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 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 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 and via www.troweprice.com.

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