



T. ROWE PRICE FUNDS SICAV

Global Value Equity Fund – ESG Report

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

As at 30 June 2020

ESG INTEGRATION APPROACH

- The Global Value 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, macro-economics 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 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.)
- Our approach to environmental and social factor integration is differentiated at the sector and industry levels, where our RIIM model helps us to determine the materiality of any given factor. Material ESG factors play an integral part in our risk/reward assessment of each company. Once all the factors have been assessed, the conclusions can influence whether to include or exclude the company or at what weight to add the company to the portfolio. Usually, ESG factors are considered as a component of the final investment decision.

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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Takeda Pharmaceutical (1st Quarter 2020)

Focus	Social
Company Description	Takeda Pharmaceutical is a Japanese pharmaceutical company with global operations.
Engagement Objective	We engaged with Takeda Pharmaceutical on some recent labour controversies.
Participants	A T. Rowe Price Investment Analyst, Responsible Investing Analyst, and Portfolio Specialist engaged with an Investor Relations representative from Takeda Pharmaceutical.
Engagement Outcome	<p>Our RIIM analysis highlighted some labour controversies at Takeda. The company was found by the Labor Standards Inspection Office to be in violation of Japan's overtime laws.</p> <p>Takeda Pharmaceutical has a strong track record of focusing on human capital topics. The company acknowledged that the incident of overtime limits being exceeded was extremely disappointing and was being taken very seriously.</p> <p>Takeda demonstrated progress on a range of labour metrics.</p> <p>Takeda outlined a number of measures designed to prevent overtime incidents, including electronic time tracking to alert managers early in the month of employee overtime, further employee training, and executive communication.</p> <p>As a result of the engagement, we gained confidence that Takeda Pharmaceutical was not materially affected by the incident. The company has demonstrated that it has robust training and procedures in place to prevent further overtime violations.</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.

Edison International (1st Quarter 2020)

Focus	Governance
Company Description	Edison International is a renewable energy company, which through its subsidiaries generates and distributes electric power, and invests in energy services and technologies.
Engagement Objective	We engaged with Edison International on its wildfire mitigation/prevention programmes. We also discussed ESG disclosure.
Participants	T. Rowe Price's Head of Corporate Governance engaged with Edison International's Assistant General Counsel, Senior Attorneys, Corporate Secretary, and Investor Relations and Sustainability representatives.
Engagement Outcome	<p>At the time of the engagement, the California Public Utilities Commission (CPUC) was due to publish its statewide wildfire mitigation plan, including details on Edison International's role in hardening the grid, increasing situational awareness, and coordinating with relevant state agencies. We gained insights into how the company is working with state government, and its actions to improve fire prevention.</p> <p>Edison International has participated in the Edison Electrical Institute project for ESG disclosure since its pilot phase. The company is considering adding Sustainability Accounting Standards Board disclosure, as it is very close to the EEI information they already provide. Our feedback to the company was that we would support this change. The Task Force on Climate-related Financial Disclosures will be a longer-term project for them. They are looking for investor feedback on this. Again, our feedback was to encourage them to start using the framework.</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. **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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