



SELECT INVESTMENT SERIES III SICAV

T. Rowe Price Sustainable Global Focused Growth Equity Fund – ESG Report

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

As at 30 September 2020

ESG INTEGRATION APPROACH

- The Sustainable Global Focused Growth 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 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.)
- The companies we buy will typically have high quality characteristics as well, with this qualitative assessment based on our analysis of their future economic relevance. As such, our primary emphasis is on company fundamentals, which include the consideration of environmental, social and governance factors. We find that this process tends to yield an ESG-friendly set of companies; however, we also screen the portfolio using T. Rowe Price's proprietary RIIM analysis at regular intervals. This helps us understand the ESG characteristics of the portfolio and makes us aware of any elevated exposures to specific ESG factors.

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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Amazon.com (3rd Quarter 2020)

Focus	Environmental, Social
Company Description	Amazon.com operates the leading e-commerce platform and hyperscale public cloud service globally.
Engagement Objective	The focus of our engagement was to better understand how Amazon.com is handling employee controversies that flag in RIIM and how the company intends to meet its ambitious climate pledge.
Participants	T. Rowe Price's Director of Research, Responsible Investing, Head of Governance, Portfolio Managers, and Investment, Responsible Investing, and Governance Analysts engaged with Amazon.com's Head of ESG Engagement and Associate General Counsel.
Engagement Outcome	<p>Our RIIM analysis flags an elevated level of employee-related controversies for Amazon.com. We engaged with the company to understand how it is maintaining a safe working environment and how it is able to gain confidence that it is accurately assessing whether or not its employee base feels safe at work. In the course of the engagement, Amazon.com pointed to several measures that we believe indicate the company has a robust process in place when it comes to employee treatment. This includes surveys to understand employee satisfaction and uncover issues, third-party hotlines where employees can report issues, and "voice of the associate" boards where employees can post questions anonymously and have them answered by management.</p> <p>On the environment, Amazon.com has announced a very ambitious net-zero carbon target for 2040 (10 years ahead of the Paris Agreement-aligned guidance of net-zero 2050) and is the founding company of the Climate Pledge, which is encouraging other companies to make a net-zero 2040 commitment. Amazon has provided specific interim targets that help illustrate its path to achieving its net-zero 2040 target, including:</p> <ul style="list-style-type: none"> • Powering 100% of its AWS division's operations with renewable energy by 2025; • Transitioning its delivery fleet toward electric vehicles; and • "Shipment Zero" on 100% of Amazon shipments and 50% of all shipments by 2030 (net-zero measurement from shelf at fulfillment center to customer's door). <p>Despite these public commitments, Amazon.com's current level of environmental disclosure remains limited compared with peers. Amazon.com has hired a new Head of ESG Engagement whose role will entail ensuring the company is providing an appropriate level of ESG disclosure for its shareholders. We have asked that Amazon provide more data over time to address the following: (1) breakdown of greenhouse gas emissions by business, (2) more granularity on the path to net zero by 2040, and (3) evidence of environmental product sustainability (i.e., efficiency of its platform versus traditional retail). We have also followed up with a specific list of environmental, social, and ethical data points for Amazon.com to consider in its future reporting.</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. T. Rowe Price may have ongoing business and/or client relationships with the companies mentioned in this report.

MercadoLibre (2nd Quarter 2020)

Focus	Social
Company Description	MercadoLibre operates online marketplaces dedicated to e-commerce and online auctions.
Engagement Objective	We engaged with the company on community impact and employee safety amid the coronavirus outbreak.
Participants	A T. Rowe Price Investment Analyst engaged with an Investor Relations representative from MercadoLibre.
Engagement Outcome	<p>The company has shifted a large number of employees (8,200) to home working in order to help slow any potential spread of the coronavirus.</p> <p>It believes that business continuity and maintaining a quality service for the delivery of essential items is important to help the community navigate the virus. Therefore, for essential staff that are needed in person (mainly logistics workers) the company has reinforced strict safety measures to protect their health and to support business continuity.</p> <p>Measures include:</p> <ol style="list-style-type: none"> 1. Forced hand sanitation in warehouses and other work areas. 2. Temperature control at entry and exit, and strict protocols for all those who present symptoms. 3. Enhanced cleaning and disinfection of work areas and surfaces. 4. Paid leave granted to high-risk employees. 5. Structuring work in semi-fixed teams to mitigate rotations of people between processes within warehouses. <p>As a result of the engagement, we gained confidence that MercadoLibre's safety response at logistics warehouses should support both employee safety and business continuity.</p>

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

Currency risk - changes in currency exchange rates could reduce investment gains or increase investment losses.

Emerging markets risk - emerging markets are less established than developed markets and therefore involve higher risks.

Small and mid-cap risk - stocks of small and mid-size companies can be more volatile than stocks of larger companies.

Style risk - different investment styles typically go in and out of favour depending on market conditions and investor sentiment.

Volatility risk - the performance of the fund has a risk of high volatility.

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.

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