



T. ROWE PRICE FUNDS OEIC

Asian Opportunities Equity Fund – ESG Report

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

As at 30 June 2020

ESG INTEGRATION APPROACH

- The Asian Opportunities Equity Fund uses environmental, social and governance (ESG) integration as part of its investment process. This means incorporating ESG 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.)
- 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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CNOOC (1st Quarter 2020)

Focus	Environmental, Social, Governance
Company Description	CNOOC is a pure upstream oil and gas exploration and production company primarily operating in offshore China.
Engagement Objective	In a meeting with the management of CNOOC, we engaged with the company on a number of ESG issues.
Participants	A T. Rowe Price Associate Portfolio Manager engaged with CNOOC's CEO and CFO.
Engagement Outcome	<p>In a meeting with CNOOC's CEO and CFO, we discussed the company's carbon footprint and employee health and safety.</p> <p>We discussed how the company considers its scope 3 emissions in its business planning. The company indicated that one possible factor that would merit any transaction involving natural gas assets would be to lower CNOOC's carbon intensity, given its oil-focused operations.</p> <p>On employee health and safety, the company is implementing new systems and measures for safe operations during the coronavirus crisis.</p> <p>The engagement informed our investment research.</p>

The specific securities identified and described do not represent all of the securities purchased, sold, or recommended for the OEIC sub-fund, and no assumption should be made that the securities identified and discussed were or will be profitable.

Yum China (2nd Quarter 2020)

Focus	Environmental, Social, Governance
Company Description	Yum China is the country's largest restaurant company. It was spun off from Yum! Brands, and has exclusive rights to operate and sub-license several U.S. fast food brands in China.
Engagement Objective	We engaged with Yum China to get an overview of the company's most recent sustainability initiatives across topics including nutrition, food safety and food waste.
Participants	A T. Rowe Price Portfolio Manager and a Responsible Investing Analyst engaged with Investor Relations representatives from Yum China.
Engagement Outcome	<p>Yum China has contributed to the Chinese government's Healthy China Action Plan initiatives by funding nutritional research and consumer education. From a consumer standpoint, demand for more healthy food products/labelling remains low. For example, low-sugar beverage options introduced last year proved unpopular. Despite this, Yum China continues to look for opportunities to upgrade menu items nutritionally by lowering their salt, oil, and sugar content.</p> <p>Yum China evidenced board and executive oversight for some aspects of its sustainability strategy, in particular food safety. Food safety is considered the most important ESG topic at the company, overseen by a food safety committee which reports to the board. Any food safety concerns are immediately reported to the CEO whose individual targets include ESG and food safety key performance indicators (KPIs).</p> <p>The company has invested heavily in digital, artificial intelligence, and sensor technology to improve food safety and monitor it more actively. Safety metrics form a significant portion of operational compliance KPIs for store managers. All restaurants are audited at least annually. While Yum China does not disclose the results of monitoring/audits, the company says that improvement is being made.</p> <p>Food waste is tracked closely, and store managers are incentivized to reduce waste. One of the ways Yum China addresses the topic is to closely monitor the number of menu items/flavors on offer. There is a continual rebalance between innovation and wastage.</p> <p>We gained confidence that Yum China is undertaking a comprehensive range of sustainability initiatives. The engagement informed our investment research.</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. **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. **Issuer concentration risk** - to the extent that a fund invests a large portion of its assets in securities from a relatively small number of issuers, its performance will be more strongly affected by events affecting those issuers. **Small and mid-cap risk** - stocks of small and mid-size companies can be more volatile than stocks of larger companies. **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.

IMPORTANT INFORMATION

The Funds are sub-funds of the T. Rowe Price Funds OEIC, an investment company with variable capital incorporated in England and Wales which is registered with the UK Financial Conduct Authority 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, together with 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 and via www.troweprice.com.

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