



T. ROWE PRICE FUNDS SICAV

Asian ex-Japan Equity Fund – ESG Report

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

As of 30 September 2024

ESG APPROACH

- The Asian ex-Japan 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 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.)
- Our approach to environmental and social factor integration is differentiated at the sector and industry levels, where our RIIM tool 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. An engagement with a company will be an evolving process where we monitor progress, or the lack thereof, from the company's side. We believe it is crucial for the portfolio manager to understand if the company is addressing any material ESG-related issues, as we believe this contributes to the long-term sustainability of the business. Assessing a company based on how it reacts to our engagement attempts and the measures it takes as a result is part of the ESG journey and can play a role in our investment decisions.
- 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, over the long term, through growth in the value of its investments.

INVESTMENT PROCESS: The fund is actively managed and invests mainly in a diversified portfolio of shares of companies in Asia (excluding Japan). 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.

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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.

KT Corp (2nd Quarter 2024 Engagement)

Focus	Governance
Company Description	KT Corp is a Korean fixed line and wireless mobile operator.
Engagement Objective	We engaged with KT Corp for a discussion focused on Board composition, succession planning, and the Value Up program.
Participants	From KT Corp: Chair; Outside Directors; Chief Financial Officer From T. Rowe Price Associates, Inc: Head of Governance, EMEA and APAC; Investment Analyst; Corporate Governance Analyst
Engagement Outcome	<p>We engaged with KT Corp on Board composition, succession planning, and the Value Up program. For context, ahead of the 2023 annual general meeting, one of KT Corp's largest shareholders, NPS, announced that it opposed the reappointment of Chief Executive Officer (CEO) Ku Hyeon-Mo. Ku resigned three days before the end of his tenure. The Board went through a reshuffle in June 2023, and the situation is now stabilizing.</p> <p>Board composition</p> <p>There are 10 directors on the Board—two inside and eight outside directors—and the company is making sure that the Board is run in an independent and transparent manner. The Board directors have a diverse range of skills, from ESG expertise to industry knowledge, accounting and finance, and legal compliance. The chief financial officer (CFO) highlighted that the company has made significant progress since the new Board was established; for example, the appointment process for the new CEO was successful, and it addressed NPS' concerns about the company's governance.</p> <p>The company has also established a new Compliance Committee that runs independently under the Audit Committee. KT Corp is focused on reviewing the compliance practices of the subsidiaries, with a special focus on the top 10 subsidiaries by revenue.</p> <p>The CFO noted that the new Board has more in-depth insights in senior management, and it meets frequently to discuss key business issues. A key focus of the Board is to reduce the influence of inside directors and enhance compliance and other guidelines of the company.</p> <p>Succession planning</p> <p>The company highlighted that there is a succession pool for the CEO role under construction, which will include both internal and external candidates. It is not yet clear whether the current CEO will want to serve for a second term. KT Corp also gathers feedback from various stakeholders on the process. On Board succession planning, four of the eight outside directors' terms will end in 2025, and the other four directors' terms will end in 2026. The company explained that it is too early to decide whether the directors will continue to serve on the Board or will be replaced. It will adhere to the company guidelines, and when the time comes, it will have a candidate pool and evaluate whether the incumbent directors will be replaced based on skill sets and experience.</p> <p>Value Up Program</p> <p>In May 2024, South Korea launched the guidelines on the value up program. KT Corp plans to be actively involved in the program and believes it is a good opportunity to enhance shareholder return. The company has recently introduced quarterly dividends and is actively considering using non-ordinary profits to enhance shareholder returns. The strategy is still under discussion at the Board but will be disclosed to the market once approved by the fourth quarter of 2024.</p> <p>We provided the feedback that we have seen some Japanese companies actively listen to stakeholders' feedback on the pace and strategies of enhancing shareholder returns, and we encouraged the company to keep a close dialogue with the shareholders on the Value Up program. We are also pleased to see that the company has taken an active stance on the reforms.</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.

Alibaba Group Holding (3rd Quarter 2024 Engagement)

Focus	Governance
Company Description	Alibaba Group Holding (Alibaba) is a leading Chinese online retailer and cloud services provider.
Engagement Objective	We engaged with Alibaba to discuss a range of governance issues.
Participants	From Alibaba: ESG Director; ESG Manager From T. Rowe Price Associates, Inc: Head of Governance, EMEA and APAC; Corporate Governance Analyst
Engagement Outcome	<p>We engaged with Alibaba to discuss a range of governance issues ahead of the company's annual general meeting (AGM). Topics discussed included the company's primary listing in Hong Kong, board composition and succession planning, and share incentive plan.</p> <p>In May 2024, Alibaba announced plans to convert its secondary listing in Hong Kong to a primary listing by the end of August after its AGM (management had informed us in 2022 of its intention to upgrade its Hong Kong listing). Alibaba said that the move was aimed at broadening its investor base and bringing the company closer to its main operations. To comply with Hong Kong regulations, the company proposed several amendments to its articles of association, including deleting the "SoftBank Affiliate" section that allowed SoftBank to appoint directors if it held more than a 15% stake. Practically speaking, SoftBank will not likely increase its Alibaba stake to more than 15%. Even if it does, any voting agreement would still be subject to shareholder approval.</p> <p>Regarding Board composition, four directors are up for reelection at the 2024 AGM: two directors nominated by the Alibaba Partnership and two nominated by the Nomination Committee. Though the partnership has the exclusive right to appoint a simple majority of Board directors, it has never done so. In practice, the partnership focuses on appointing executive directors, while the committee focuses on independent directors. However, the partnership regularly discusses Board composition and skill gaps with the Nomination Committee. Sustainability and climate experience, and artificial intelligence and technology, are two key areas that the Board plans to strengthen. We discussed the classified board structure, but Alibaba noted that it does not plan to make any changes in the short term. On the topic of succession, the company said it is actively planning succession and filling skill gaps. While some Board directors are senior (two are 70 years old), Alibaba said that they bring valuable insights, industry connections, and perspectives to discussions and make significant contributions.</p> <p>Alibaba is seeking shareholder approval for its 2024 share incentive plan, which is intended to replace the current one from 2014. The new plan is similar to the last one with a key difference—it will continue to include executive directors, employees, and service providers but exclude independent directors. Alibaba does not provide specific, measurable performance key performance indicators (KPIs); rather, it offers a list of KPIs that vary by business unit and individual. Moreover, the Board has the discretion to amend the KPIs. We gave feedback that the company could improve ex-ante disclosure on the performance conditions to improve transparency and accountability.</p>

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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	65	85.3	720	79.8
● Orange	12	12.3	326	19.6
● Red	0	0.0	24	0.6
● Not in scope	0	0.0	0	0.0
● Not covered	1	0.6	0	0.0
● Reserves	1	1.8	0	0.0
Total	79	100.0	1,070	100.0

● No/few Flags ● Medium Flags ● High Flags

The comparator benchmark of the Fund is the MSCI All Country Asia Ex-Japan 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 Commitment %	Fund Exposure %
Sustainable Investments	10.0	39.3
with Environmental Objectives	0.5	14.9
with Social Objectives	0.5	24.4

PRINCIPAL ADVERSE IMPACT (PAI) INDICATORS

Under the European Union Sustainable Finance Disclosure Regulations (SFDR), investment managers are required to take into account Principal Adverse Impact (PAI) indicators, a set of metrics that highlight the potential negative impacts on sustainability factors that result from investment decisions. This is integrated into our ESG analysis at a security level.

Some PAI indicators have limited data availability which may lead to misrepresentative values for the fund. In these cases, the metric value and data coverage are displayed as n/a in the following tables.

In addition, the investment manager considers the following PAI indicators at an aggregate fund level. Metric values are shown in the Base Currency of the fund (USD):

PAI Indicator	Metric Description	Unit of Measurement	Metric Value	Metric Coverage (%)
10. Violations of UNGC principles and OECD guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	Percentage of total invested	0.0%	98.2%
13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of board members	Average ratio of female board members	20.5%	97.9%
14. Exposure to controversial weapons	Share of investments in investee companies involved in the manufacture or selling of controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Percentage of total invested	0.0%	98.2%

The table below displays the remaining PAI indicators as of the report date. These are displayed for reporting purposes. Metric values are shown in the Base Currency of the fund (USD):

PAI Indicator	Metric Description	Unit of Measurement	Metric Value	Metric Coverage (%)
1. GHG Emissions	Scope 1 GHG emissions	mtCO2e	13,466	97.0%
	Scope 2 GHG emissions	mtCO2e	7,483	97.0%
	Scope 3 GHG emissions	mtCO2e	41,521	97.0%
	Total GHG emissions	mtCO2e	62,470	97.0%
2. Carbon footprint	Carbon footprint	mtCO2e per mn invested	157.4	97.0%
3. GHG intensity of investee companies	GHG intensity of investee companies	mtCO2e per mn revenue	424.1	97.0%
4. Exposure to companies active in fossil fuel sector	Share of investments in companies active in the fossil fuel sector	Percentage of total invested	3.2%	98.2%
5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	Percentage of non-renewable energy	80.6%	68.4%
6. Energy consumption intensity	Energy consumption in GWh per million of revenue of investee companies	GWh/mn of revenue	0.8	87.7%
7. Activities negatively affecting biodiversity sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	Percentage of total invested	0.0%	98.2%
8. Emissions to water	Tonnes of emissions to water generated by investee companies per million invested, expressed as a weighted average	Ktons per mn invested	n/a	n/a
9. Hazardous waste	Tonnes of hazardous waste generated by investee companies per million invested, expressed as a weighted average	Ktons per mn invested	n/a	n/a
11. Lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	Percentage of total invested	2.4%	98.2%
12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	Percentage of pay gap	n/a	n/a

GLOSSARY OF TERMS

Metric coverage - The percentage of the portfolio for which PAI data is available

GHG - Greenhouse gas emissions

Scope 1 GHG emissions - Direct greenhouse gas emissions by the fund

Scope 2 GHG emissions - Indirect greenhouse gas emissions made by the fund

Scope 3 GHG emissions - All other indirect emissions that occur in the funds value chain

mtCO₂e - Metric tonnes of carbon dioxide equivalent

Carbon footprint (Scope 1,2 & 3 emissions) - The total greenhouse gas emissions per million invested in the fund

GWh - Gigawatt Hours

Ktons - Kilotonnes

UNGC - The United Nations Global Compact

OECD - The Organization for Economic Co-operation and Development

No data - no data is available or can be calculated for the indicator

RISKS - The following risks are materially relevant to the fund (refer to prospectus for further details): Country (China) - Chinese investments may be subject to higher levels of risks such as liquidity, currency, regulatory and legal risks due to the structure of the local market. Currency - Currency exchange rate movements could reduce investment gains or increase investment losses. Emerging markets - Emerging markets are less established than developed markets and therefore involve higher risks. Issuer concentration - Issuer concentration risk may result in performance being more strongly affected by any business, industry, economic, financial or market conditions affecting those issuers 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. Style - Style risk may impact performance as different investment styles go in and out of favor depending on market conditions and investor sentiment.

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

Source: MSCI. MSCI and its affiliates and third party sources and providers (collectively, "MSCI") makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used as a basis for other indices or any securities or financial products. This report is not approved, reviewed, or produced by MSCI. Historical MSCI data and analysis should not be taken as an indication or guarantee of any future performance analysis, forecast or prediction. None of the MSCI data is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such.

Holdings-based analytics are calculated using T. Rowe Price's internal Investment Book of Records (IBOR). Due to timing and accounting methodology differences, IBOR data may differ from the Accounting Book of Records (ABOR) data provided by the Fund's accountant.

IMPORTANT INFORMATION

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