ESG INTEGRATION APPROACH

- The China Evolution 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 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 around 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.)

- Environmental, social, and governance factors are an important part of our process. While they do not drive our process, as we do not screen companies for ESG factors and exclude those that screen poorly, a consideration of ESG factors helps us to assess the quality of the company and its management team and to identify potential ESG-related risks to our investment thesis.

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 Chinese companies and may have significant exposure to smaller capitalisation companies. 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, 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.

H World (1st Quarter 2023 Engagement)

<table>
<thead>
<tr>
<th>Focus</th>
<th>Environment, Social, Governance</th>
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<tbody>
<tr>
<td>Company Description</td>
<td>H World is a hotel management company based in China.</td>
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<tr>
<td>Engagement Objective</td>
<td>We engaged with the company to follow up on items we discussed at our last engagement in Q4 2021 related to ESG disclosure and accountability.</td>
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<tr>
<td>Participants</td>
<td>From H World: Strategic Planning representative; Investor Relations</td>
</tr>
<tr>
<td></td>
<td>From T. Rowe Price: Equity Analyst; Responsible Investing Analysts (2)</td>
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<tr>
<td>Engagement Outcome</td>
<td>The purpose of our engagement with H World was to follow up on some items we discussed at our last engagement in Q4 2021. These included the appointment of a chief sustainability officer; quantifying the groupwide environmental footprint; and establishing a program to engage franchisees on sustainability.</td>
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<td>H World made limited progress on improving disclosure and environmental performance over the past year. The company appointed a new ESG committee, although it does not meet regularly and there remains no dedicated ESG resource. We noted some social positives (e.g., the company improved its employee career progression systems, did not lay off any employees, increased pay frequency, and raised salaries for some).</td>
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<td></td>
<td>H World indicated no plans to appoint a sustainability officer. One person is responsible for ESG programs and reports directly to the chief executive officer. However, many people from each part of the business are involved in a working group to drive progress. The company established an ESG committee that is responsible for developing ESG programs, but it has no set frequency for meetings. Given H World’s size, T. Rowe Price recommended appointing someone dedicated to working on ESG full time.</td>
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<td>On the disclosure front, H World said that its next sustainability report would follow the same format and include progress on helping employees and the guest experience. However, the company has not quantified its groupwide environmental footprint or measured data on water, energy, and emissions at the group level. We highlighted the importance of quantitative ESG disclosure for investors.</td>
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<td></td>
<td>Regarding franchisee engagement on ESG, H World said it planned to offer franchisees free use of its energy/environmental management software on the condition that franchisees submit their energy and water usage. This seemed like a sensible approach, but the company did not offer a timeframe for its implementation. We will follow up on this goal in a year.</td>
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<td></td>
<td>While we are encouraged that H World made progress in ESG accountability with the appointment of a new ESG committee, progress on environmental issues was more limited. Given the market conditions and events over the past year (i.e., widespread pandemic lockdowns in China), we extended the deadlines for our engagement outcomes and will monitor progress in areas that we recommended for improvement.</td>
</tr>
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</table>

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.
**Yum China (2nd Quarter 2023 Engagement)**

<table>
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<tr>
<th>Focus</th>
<th>Environment, Governance</th>
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<tbody>
<tr>
<td>Company Description</td>
<td>Yum China is a leading 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.</td>
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<tr>
<td>Engagement Objective</td>
<td>We engaged with Yum China on greenhouse gas emissions and governance.</td>
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</table>
| Participants | From Yum China: CFO; Chief People Officer; Chief Legal Officer; Chief Supply Chain Officers; VP Engineering & Sustainability Officer; Corporate Secretary  
From T. Rowe Price: Head of Governance, EMEA & APAC; Responsible Investing Analyst (2) |
| Engagement Outcome | We had a pre-annual general meeting (AGM) discussion with Yum China to discuss compensation and sustainability updates.  
Yum China’s emission goals have recently been validated by the Science-Based Targets initiative to confirm that they align with a 1.5°C warming scenario, which is a significant achievement. Particularly the goal to reduce supply chain emissions – which is very unusual for a restaurant company (and especially in Asia). The company’s goals are to achieve by 2035: -63% scope 1 and 2 and -66% scope 3¹. The path to achieving the scope 3 target will not be easy. The company is starting by engaging its top 40 suppliers (80-90% of emissions) to move toward renewable energy. Given the agricultural nature of the supply chain, green electricity is just one source of emissions, and we expect it will be challenging to achieve net zero in other aspects of agricultural emissions.  
Progress on deforestation and supply chain traceability has been more limited for beef and soy. We encouraged the company to set goals or a strategy on this. Yum China reiterated the challenges associated with tracing soy and beef. The company said that it imports beef, but did not confirm the sourcing country. Both commodities are very high risk for deforestation. The company said it plans to work with a consultant in this area.  
Regarding compensation, the company explained the rationale for the adjustment to the 2020 performance share unit (PSU) to reflect the exceptionally challenging conditions during the COVID lockdown in China over the last three years. We raised the critical Public Company Accounting Oversight Board audit inspection report of KPMG China, as KPMG are being reappointed as auditors at the upcoming AGM. The company will discuss the findings with KPMG, but noted that the deficiencies reported were in line with first time market inspections.  
We have been engaging with Yum China over several years and are pleased to see the progress the company has made in setting an SBTi-validated target for scopes 1-3 and engaging its top 40 suppliers (80-90% emissions) on emission reduction. |

¹ Scope 1 (direct emissions from owned or controlled sources), scope 2 (indirect emissions from the generation of purchased electricity, steam, or cooling), scope 3 (all other indirect emissions).
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. Stock Connect - Stock Connect is subject to higher regulatory, custody, and default risks as well as liquidity risk and quota limitations.

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.

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