T. ROWE PRICE FUNDS SICAV

China Growth Leaders Equity Fund – ESG Report

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

As at 31 December 2023

ESG INTEGRATION APPROACH

- The China Growth 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 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.)
- 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. 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.

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.

Meituan (4th Quarter 2023 Engagement)

Focus	Environment, Social
Company Description	Meituan operates a "life service" platform in China, with a focus on food delivery.
Engagement Objective	We engaged with the company on rider welfare and emission goals.
Participants	From Meituan: Investor Relations From T. Rowe Price: Responsible Investing Analysts, Investment Analyst
Engagement Outcome	We engaged with Meituan on ESG risks related to gig economy work. Meituan confirmed that it continues to closely monitor safety data and that the performance is improving due to operational integration of these data. The company took on board our feedback about disclosure but made no commitment to do so. Meituan conducts rider satisfaction surveys (satisfaction is gradually improving, but there is no disclosure on this) and rider feedback seminars. The top priority for riders continues to be about pay. Meituan believes it is competitive here, thanks to its scale and efficiency. For example, Meituan riders can batch three to five orders in peak times, helping to boost their return on investment. Moreover, Meituan adapted the rider pay incentives to make them more financially favorable and safe for riders. (It stopped penalizing riders for late delivery or incentivizing deliveries in wet weather, moving to a points-based system.) There have been no social security updates from the government. Meituan confirmed that it would comply with any relevant rules as introduced. The cost of implementing social security is significant, at 30–50 cents per delivery. On a positive note, there is complete coverage of occupational insurance for all riders. Meituan publishes emissions data for its headquarters and offices but not for delivery or merchant restaurants (likely to be 95% of the footprint). Meituan has enlisted a consultant to help quantify the scope 3[1] footprint but did not provide a time frame on this. The company confirmed it is discussing emission reduction goals internally. It is funding research and collaborating with manufacturers to make sustainable packaging more affordable. Cost continues to be an issue for most merchants. Ninety-five percent of Meituan's deliveries are made via e-bike. Our goals were to emphasize the importance of rider safety disclosure and preparedness, encourage better transparency on environmental performance, and assess the scale and feasibility of new programs that have been introduced. We will continue to monitor the company's progress.

[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.

BeiGene (2nd Quarter 2023 Engagement)

Focus	Environment, Social
Company Description	BeiGene is a biotechnology company that specializes in the development of drugs for cancer treatment.
Engagement Objective	We engaged with BeiGene across several areas where we believe the company could further enhance its environmental, social, and governance (ESG) disclosure and strategy.
Participants	From BeiGene: Executive Director, Sustainability & Corporate Social Responsibility; Director, Investor Relations & Corporate Communications From T. Rowe Price: Responsible Investing Analyst
Engagement Outcome	We engaged with the company on its ESG disclosure; diversity, equity, and inclusion (DEI); access to medicine; and climate strategy. BeiGene has expanded its sustainability disclosure in the past two years and sought to strengthen ESG accountability by establishing a board-level ESG committee. We recommended Sustainability Accounting Standards Board (SASB)-aligned disclosure as a further area for improvement. The company intends to report against SASB by FY2024 (at the latest) and intends to further enhance its Task Force on Climate-Related Financial Disclosures (TCFD) reporting over this time period. The company has recently established 2030 DEI goals to: (1) reach global gender parity at vice president level and above, (2) achieve a 50% improvement in workforce diversity (inclusion of underrepresented groups) at management level in the U.S., and (3) continue to address the composition of the Board of Directors for gender and U.S. underrepresented groups. We suggested the company include additional disclosure on how it intends to meet these goals—existing reporting is relatively basic, and the targets are less ambitious in terms of duration than those of most peers. BeiGene is hiring a new executive director responsible for DEI to oversee these initiatives. BeiGene highlighted what it believes is its differentiated approach to access to medicine, premised on seeking pricing comparable to competitors when its products are demonstrably safer/more effective, and making therapies such as its cancer growth inhibitor drug, Brukinsa, available in markets where there is unmet need (even where potential revenues are lower). We encouraged the company to supplement its reporting with extra detail on its access to medicine strategy. BeiGene completed its first complete scope 1-3[1] greenhouse gas inventory in 2022 and is looking to finalize scope 1-2 emissions reduction targets by the end of this year. This places the company ahead of many peers within the biotechnology space. As a growth company, BeiGene intends to set an initial intensity-based target but has the intention of setting longer-term climate goals. We highlighted the characteristics of a best-in-class emissions strategy for a company in this sector (e.g., emissions intensity reduction of circa 7%, in line with the goals of the Paris Agreement, and visibility on the key levers/pathway to achieve any targets). The company also intends to set a quantitative scope 3 emissions reduction target by 2025. The engagement allowed us to impart our views on ESG disclosure and request additional transparency in several areas.

[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.

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	31	71.8	428	63.1
Orange	8	23.1	301	35.7
Red	0	0.0	33	1.1
Not in scope	2	1.8	3	0.1
Not covered	0	0.0	0	0.0
Cash	1	3.4	0	0.0
Total	**42**	**100.0**	**765**	**100.0**

● No/few Flags ■ Medium Flags ▲ High Flags

The comparator benchmark of the Fund is the MSCI China 10/40 Net Index. The manager is not constrained by the fund's benchmark, which is used for performance comparison purposes only.

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. Sector concentration - Sector concentration risk may result in performance being more strongly affected by any business, industry, economic, financial or market conditions affecting a particular sector 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. 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.

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