



T. ROWE PRICE FUNDS SICAV

Frontier Markets Equity Fund – ESG Report

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

As of 30 September 2024

ESG APPROACH

- The Frontier Markets 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 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 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.

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 frontier markets 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, 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.

BDO Unibank (3rd Quarter 2024 Engagement)

Focus	Environment, Social
Company Description	BDO Unibank is a leading universal bank in the Philippines.
Engagement Objective	We engaged with BDO Unibank for an impact-oriented discussion on financial inclusion and sustainable finance.
Participants	From BDO Unibank: Sustainability Representatives; Investor Relations Representative From T. Rowe Price Associates, Inc: Portfolio Manager; Investment Analyst; Responsible Investing Analyst
Engagement Outcome	<p>We engaged with BDO Unibank for a discussion on the role the bank plays in accelerating financial inclusion in the Philippines, as well as its sustainable financing opportunities.</p> <p>BDO Unibank's overall ESG disclosure is above average for banks within the region, but the bank falls behind global best practice in not disclosing impact-orientated metrics on its financial inclusion efforts. The engagement gave us the opportunity to provide disclosure recommendations.</p> <p>BDO Unibank continues to grow its physical branch network across the Philippines as the bank believes that people are more comfortable and have more trust interacting face-to-face rather than solely through digital channels. As such, the bank has 1,700 branches across the country, with around 400 found in remote and underserved regions via its BDO Network Bank offering. The bank is also aiming to grow its branch network by 120 branches in 2024, with 100 geared toward BDO Network Bank that are located in underserved areas. To further support its presence, BDO Unibank continues to grow its Cash Agad solution, which integrates agents into communities and provides point-of-sale machines in rural areas. The bank currently has coverage across 92% of municipalities today, including those areas with the highest poverty levels, and aims to reach 100% coverage.</p> <p>BDO Unibank falls behind global best practice in not disclosing impact-oriented metrics such as the number of unbanked individuals brought into the financial system or improvement in the financial health/resilience of its customers. The bank noted that its BDO Network Bank customer base would be a good proxy for underbanked or unbanked individuals but has hesitations reporting this metric due to confidentiality reasons. Instead, the bank reports the percentage growth in its customer base and loan volumes over time. The bank also provides case studies in its ESG report, highlighting specific customers who have seen improvements in financial health. We encouraged the bank to report the number of BDO Network Bank customers to support the impact objective of accelerating financial inclusion within the Philippines.</p> <p>The bank has been successful in growing its financial literacy efforts, with approximately 7 million beneficiaries as of FY 2023. It noted the partnership with the Department of Education, where it has embedded financial education into the school and university curriculums as one of the main drivers of growth in the number of beneficiaries. BDO Unibank also noted other segments of the population where its financial literacy efforts have been successful, including soldiers, fishermen, and the families of overseas Filipino workers.</p> <p>BDO Unibank has seen continued growth in its sustainable financing portfolio, accounting for around 30% of loans as of FY 2023. The bank explained that the majority of new financing today comes in a sustainable format, and it is seen as a strategic approach to bring new clients into the bank, alongside supporting existing customers who may want to make their business model greener. The bank has also allocated USD 50 million of its USD 100 million blue bond and noted that there is interest from the International Finance Corporation for a second issuance. The bank confirmed that it has sufficient eligible assets to issue a second blue bond, and we offered a follow-up conversation to discuss potential blue bond opportunities.</p> <p>The meeting was positive and provided additional color on the role BDO Unibank is playing in accelerating financial inclusion in the Philippines. We provided a disclosure recommendation—for the bank to consider reporting the number of BDO Network Bank customers—to support this impact thesis.</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.

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	40	63.4	60	40.4
● Orange	8	13.1	16	12.9
● Red	0	0.0	5	1.0
● Not in scope	0	0.0	0	0.0
● Not covered	16	20.3	135	45.7
● Reserves	1	3.2	0	0.0
Total	65	100.0	216	100.0

● No/few Flags ● Medium Flags ● High Flags

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

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.

The table below displays the 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	3,926	54.4%
	Scope 2 GHG emissions	mtCO2e	1,571	54.4%
	Scope 3 GHG emissions	mtCO2e	21,969	52.6%
	Total GHG emissions	mtCO2e	27,466	54.4%
2. Carbon footprint	Carbon footprint	mtCO2e per mn invested	467.0	54.4%
3. GHG intensity of investee companies	GHG intensity of investee companies	mtCO2e per mn revenue	378.5	52.4%
4. Exposure to companies active in fossil fuel sector	Share of investments in companies active in the fossil fuel sector	Percentage of total invested	0.8%	92.6%
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	39.1%	18.9%
6. Energy consumption intensity	Energy consumption in GWh per million of revenue of investee companies	GWh/mn of revenue	0.5	43.0%
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%	92.6%
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
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%	92.6%
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	16.0%	92.6%
12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	Percentage of pay gap	n/a	n/a
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	20.7%	84.8%
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%	92.6%

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): 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. Frontier markets - Frontier markets are less mature than emerging markets and typically have higher risks, including limited investability and liquidity. 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. Liquidity - Liquidity risk may result in securities becoming hard to value or trade within a desired timeframe at a fair price. 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.

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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