T. ROWE PRICE FUNDS SICAV
Emerging Markets Equity Fund – ESG Report
Providing transparency on Environment, Social and Governance aspects of the Fund
As at 30 September 2023

ESG INTEGRATION APPROACH

• The Emerging 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 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.)

• 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. ESG considerations can influence positioning on both the positive and the negative side.

• 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 emerging market companies. 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.

This marketing communication is for investment professionals only. Not for further distribution.
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.
## OTP Bank (3rd Quarter 2023 Engagement)

<table>
<thead>
<tr>
<th>Focus</th>
<th>Environment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company Description</td>
<td>OTP Bank is a leading Hungarian bank with a dominant retail franchise.</td>
</tr>
<tr>
<td>Engagement Objective</td>
<td>We engaged with the bank for a discussion on climate strategy and ESG bonds.</td>
</tr>
<tr>
<td>Participants</td>
<td>From OTP Bank: Head of ESG</td>
</tr>
<tr>
<td></td>
<td>From T. Rowe Price: Responsible Investing Analyst</td>
</tr>
</tbody>
</table>

**Engagement Outcome**

We engaged with OTP Bank on its sustainability strategy. The bank is making strides in relation to managing its own carbon footprint and building its green credit portfolio but falls behind global best practice in managing climate risks on the balance sheet. We took this opportunity to provide several recommendations relating to disclosure and target setting, to bring OTP in line with its regional peers.

### Carbon footprint

OTP has set a target to be carbon neutral by 2030 across scope 1-2. We discussed the viability of setting a net zero target but the bank noted that in many regions in which it operates (Albania, Montenegro, and Serbia) it does not have access to the renewable energy sources of the liberalized European Union energy market. The bank is considering building its own solar photovoltaic parks in these regions as a result. We recommended it set a net zero target for scope 1 and 2 emissions in regions where a net zero target is achievable.

### Green lending

The bank has a target to provide EUR 3.9 billion in green lending by FY25 and is on course to meet this, with EUR 768 million financed as of FY22. OTP Bank expects this target will be split 2:1 between its corporate customers (loans targeting green buildings, renewable energy, clean transportation, and agriculture) and retail customers (green mortgages). The head of ESG also confirmed that the bank provides pricing discounts on these products to help facilitate the transition to a green economy.

### Financed emissions

OTP Bank falls behind its global and regional peers in not measuring or reducing the financed emissions tied to its lending activities. The bank is looking to calculate the emissions of its large corporate clients but feels data availability remains a big challenge. It is also beginning to assess the decarbonization plans of its corporate clients. We recommended the bank leverage external methodologies such as Partnership for Carbon Accounting Financials (PCAF) to measure and report on the financed emissions tied to its lending activities.

### ESG bonds

OTP Bank issued its first series of green bonds through its sustainable financing framework in July 2022 and indicated it would publish its first allocation/impact report in July 2023. The bank is likely to issue more green bonds in the future and is considering issuing a social bond to finance its microlending business.

---

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.

---

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.
Samsung Electronics (3rd Quarter 2023 Engagement)

<table>
<thead>
<tr>
<th>Focus</th>
<th>Environment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company Description</td>
<td>Samsung Electronics (Samsung) is a South Korea-based multinational electronics company, with dominant positions in semiconductor memory, smartphones, and televisions.</td>
</tr>
<tr>
<td>Engagement Objective</td>
<td>We engaged with Samsung on a range of environmental topics.</td>
</tr>
</tbody>
</table>
| Participants | From Samsung: Investor Relations Representatives, Sustainability Representatives  
From T. Rowe Price: Head of Governance, EMEA & APAC, Investment Analyst, Responsible Investing Analysts |
| Engagement Outcome | We engaged with Samsung on a range of environmental topics, including climate policy and water risks.  
The company has made some progress on reducing scope 1 and 2 emissions¹, by moving its device experience (DX) business and international operations toward renewable energy. It has achieved the RE100² commitment to renewable energy in several markets (adding Brazil, India, and Vietnam to this list in 2022) and is aiming for its DX business to be net zero by 2030.  
Its semiconductor (DS) business remains complex to decarbonize, particularly given the projected growth in this area. Samsung said that access to renewables in South Korea is a key issue here and that it would prioritize scope 1 emissions (F gases), which it has more control over.  
We recommended Samsung consider setting interim goals (even if only for emissions intensity) at the group level. The company is looking at this but does not want to set goals that are not credible. It highlighted problems it has with the science-based targets methodology for semiconductors and said it was working with the Semiconductor Climate Consortium to try to come up with an industry decarbonization plan.  
Samsung reported fuller scope 3 emissions data for the first time, including 14 categories of scope 3 emissions. The main driver of the firm’s emissions is carbon created during the use-phase of end products. We encouraged Samsung to set a scope 3 emissions goal. The company has been reporting energy efficiency improvements for the end products (~16% since 2019) and is assessing the feasibility of translating this into a sensible emissions goal.  
Samsung’s regional exposure and its semiconductor business present water risks. Management of these risks appears to be strong—the company has attained a leading Platinum rating from the Alliance for Water Stewardship. For its DS business, Samsung’s target is to contain water consumption at 2021 levels by 2030. This is ambitious considering the projected growth and water intensity of semiconductor manufacturing. The company also has high operational exposure to water-stressed regions, with 12 sites identified as water stressed. One site, the Xian plant in China, is classified extremely high water risk by the World Resources Institute. Samsung seeks to manage this with best practice water return and recycling processes.  
Overall, we see Samsung making good year-on-year progress in its DX business. The DS division is, however, challenged by high energy and water requirements, particularly in South Korea, which has high water stress and low access to renewables. |

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.  
² RE100 is a global initiative bringing together the world’s most influential businesses committed to 100% renewable electricity.
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:

<table>
<thead>
<tr>
<th>Sustainable Investments</th>
<th>Target Minimum Exposure %</th>
<th>Fund Exposure %</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>10.0%</td>
<td>33.7%</td>
</tr>
</tbody>
</table>

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. 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.
IMPORTANT INFORMATION

The Funds are sub-funds of the T. Rowe Price Funds SICAV, a Luxembourg investment company with variable capital which is registered with Commission de Surveillance du Secteur Financier 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 (KIID) and/or key information document (KID) in English and in an official language of the jurisdictions in which the Funds are registered for public sale, together with the articles of incorporation and 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. They can also be found along with a summary of investor rights in English at www.troweprice.com. The Management Company reserves the right to terminate marketing arrangements.

This material is being furnished for general informational and/or marketing purposes only. The material does not constitute or undertake to give advice of any nature, including fiduciary investment advice, nor is it intended to serve as the primary basis for an investment decision. Prospective investors are recommended to seek independent legal, financial and tax advice before making any investment decision. T. Rowe Price group of companies including T. Rowe Price Associates, Inc. and/or its affiliates receive revenue from T. Rowe Price investment products and services. Past performance is not a reliable indicator of future performance. The value of an investment and any income from it can go down as well as up. Investors may get back less than the amount invested.

The material does not constitute a distribution, an offer, an invitation, a personal or general recommendation or solicitation to sell or buy any securities in any jurisdiction or to conduct any particular investment activity. The material has not been reviewed by any regulatory authority in any jurisdiction.

Information and opinions presented have been obtained or derived from sources believed to be reliable and current; however, we cannot guarantee the sources' accuracy or completeness. There is no guarantee that any forecasts made will come to pass. The views contained herein are as of the date noted on the material and are subject to change without notice; these views may differ from those of other T. Rowe Price group companies and/or associates. Under no circumstances should the material, in whole or in part, be copied or redistributed without consent from T. Rowe Price.

The material is not intended for use by persons in jurisdictions which prohibit or restrict the distribution of the material and in certain countries the material is provided upon specific request. It is not intended for distribution to retail investors in any jurisdiction.

DIFC – Issued in the Dubai International Financial Centre by T. Rowe Price International Ltd which is regulated by the Dubai Financial Services Authority as a Representative Office. For Professional Clients only.

EEA – Unless indicated otherwise this material is issued and approved by T. Rowe Price (Luxembourg) Management S.à r.l. 35 Boulevard du Prince Henri L-1724 Luxembourg which is authorised and regulated by the Luxembourg Commission de Surveillance du Secteur Financier. For Professional Clients only.

Hong Kong – Issued by T. Rowe Price Hong Kong Limited, 6/F, Chater House, 8 Connaught Road, Central, Hong Kong. T. Rowe Price Hong Kong Limited is licensed and regulated by the Securities & Futures Commission. For Professional Investors only.

Singapore – Issued in Singapore by T. Rowe Price Singapore Private Ltd. (UEN: 201021137E), 501 Orchard Road, #10-02 Wheelock Place, Singapore 238880. T. Rowe Price Singapore Private Ltd. is licensed and regulated by the Monetary Authority of Singapore. For Institutional and Accredited Investors only.

Switzerland – Issued in Switzerland by T. Rowe Price (Switzerland) GmbH, Talstrasse 65, 6th Floor, 8001 Zurich, Switzerland. First Independent Fund Services Ltd, Klausstrasse 33, CH-8008 Zurich is Representative in Switzerland. Helvetische Bank AG, Seefeldstrasse 215, CH-8008 Zurich is the Paying Agent in Switzerland. For Qualified Investors only.

UK – This material is issued and approved by T. Rowe Price International Ltd, Warwick Court, 5 Paternoster Square, London, EC4M 7DX which is authorised and regulated by the UK Financial Conduct Authority. For Professional Clients only.

The sub-funds of the T. Rowe Price Funds SICAV are not available to US persons, as defined under Rule 902(k) of the United States Securities Act of 1933, as amended (“Securities Act”). The shares of the funds have not been nor will they be registered under the Securities Act or under any state securities law. In addition the funds will not be registered under the United States Investment Company Act of 1940 (the “1940 Act”), as amended and the investors will not be entitled to the benefits of the 1940 Act. Provided to global firms in the US by T. Rowe Price Investment Services, Inc.

©2023 T. Rowe Price. All Rights Reserved. T. ROWE PRICE, INVEST WITH CONFIDENCE, and the Bighorn Sheep design are, collectively and/or apart, trademarks or registered trademarks of T. Rowe Price Group, Inc.

202307-2991344
202310-3179495