

T. ROWE PRICE FUNDS SICAV

## Emerging Markets Equity Fund – ESG Report

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

As of 30 June 2024

### 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 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. 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.

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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.

**Meituan (4<sup>th</sup> Quarter 2023 Engagement)**

<b>Focus</b>	Environment, Social
<b>Company Description</b>	Meituan operates a “life service” platform in China, with a focus on food delivery.
<b>Engagement Objective</b>	We engaged with the company on rider welfare and emission goals.
<b>Participants</b>	From Meituan: Investor Relations From T. Rowe Price Associates, Inc: Responsible Investing Analysts, Investment Analyst
<b>Engagement Outcome</b>	<p>We engaged with Meituan on ESG risks related to gig economy work.</p> <p>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.</p> <p>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.)</p> <p>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.</p> <p>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<sup>1</sup> footprint but did not provide a time frame on this.</p> <p>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.</p> <p>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.</p>

<sup>1</sup> 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.

## Jollibee Foods (2<sup>nd</sup> Quarter 2024 Engagement)

<b>Focus</b>	Environment, Social
<b>Company Description</b>	Jollibee Foods (Jollibee) is a leading quick-service restaurant operator in the Philippines.
<b>Engagement Objective</b>	We engaged with Jollibee on its environmental and social initiatives and disclosure practices.
<b>Participants</b>	From Jollibee: Head of Investor Relations, Head of Sustainability From T. Rowe Price Associates, Inc: Responsible Investing Analysts
<b>Engagement Outcome</b>	<p>We engaged with Jollibee to follow up on an earlier meeting in the first quarter of 2024 in which we called upon the company to compile group-wide ESG data. We also sought to gain more clarity on some of its ESG objectives. Jollibee has been working with a Philippines consultant and completed baseline emissions data for its domestic operations, including scope 1 and 2 emissions.<sup>1</sup> The company is now working with PricewaterhouseCoopers to develop an international baseline. Management was unable to provide a timeline for group-wide data to be complete but committed to establishing better greenhouse gas reduction targets. We communicated our preference for setting greenhouse gas (GHG) reduction targets that are science-based and that best practices would be to seek Science Based Targets initiative (SBTi) validation.</p> <p>Jollibee confirmed that it has been working on setting nutrition targets and developing responsible practices regarding its children's menus. The company's nutrition strategy will focus on better consumer information, calorie reduction, and reductions of foods that are high in fat, sugar, and salt, and management has committed to timebound goals. Additionally, the company shared that it plans to publish targets specific to children's menus, with a goal of 50% of menu options meeting World Health Organization guidelines.</p> <p>The company began its responsible sourcing process last year and has taken steps to join international alliances and certification schemes. Progress so far includes commitments to cage-free eggs in the U.S. and becoming a Roundtable on Sustainable Palm Oil signatory. However, Jollibee's target for palm oil to reach 100% certification by 2035 lags industry best practice. Furthermore, traceability progress for key inputs like beef, palm oil, and coffee appears limited. Packaging has been a key focus for the company in 2023, and targets (e.g., increasing proportions of recycled inputs and commitments on recyclability) will appear in its upcoming sustainability report. Jollibee confirmed that it is in compliance and on track for future developments with respect to the Philippines' extended producer responsibility laws.</p> <p>The engagement gave us the opportunity to encourage Jollibee to further develop its ESG disclosures by publishing group-wide data and to set timebound, quantifiable goals. Going forward, we will monitor for baseline energy and emissions data, quantitative emissions goals, and timebound goals for nutrition progress.</p>

<sup>1</sup> 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	69	82.5	880	76.9
● Orange	19	14.6	412	22.4
● Red	0	0.0	33	0.7
● Not in scope / not covered	1	0.7	4	0.1
● Reserves	1	2.2	0	0.0
<b>Total</b>	<b>90</b>	<b>100.0</b>	<b>1,329</b>	<b>100.0</b>

● No/few Flags ● Medium Flags ● High Flags

The comparator benchmark of the Fund is the MSCI Emerging Markets 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%	34.5%
with Environmental Objectives	0.5%	13.7%
with Social Objectives	0.5%	20.8%

## 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%	97.8%
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	20.2%	97.8%
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%	97.8%

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	mtCO <sub>2</sub> e	5,622	96.5%
	Scope 2 GHG emissions	mtCO <sub>2</sub> e	5,399	96.5%
	Scope 3 GHG emissions	mtCO <sub>2</sub> e	57,826	96.5%
	Total GHG emissions	mtCO <sub>2</sub> e	68,847	96.5%
2. Carbon footprint	Carbon footprint	mtCO <sub>2</sub> e per mn invested	241.7	96.5%
3. GHG intensity of investee companies	GHG intensity of investee companies	mtCO <sub>2</sub> e per mn revenue	547.2	93.9%
4. Exposure to companies active in fossil fuel sector	Share of investments in companies active in the fossil fuel sector	Percentage of total invested	5.0%	97.8%
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	76.9%	74.8%
6. Energy consumption intensity	Energy consumption in GWh per million of revenue of investee companies	GWh/mn of revenue	1.0	85.9%
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%	97.8%
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	4.3%	97.8%
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

**mtCO<sub>2</sub>e** - 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

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](http://www.troweprice.com). The Management Company reserves the right to terminate marketing arrangements.

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