

T. ROWE PRICE FUNDS SICAV

## Global Technology Equity Fund – ESG Report

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

As of 30 June 2024

### ESG INTEGRATION APPROACH

- The Global Technology Equity Fund embeds the analysis of environmental, social, and governance (ESG) considerations into its investment process. 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.)
- We seek to invest the core of our portfolio in innovative companies that we believe have durable competitive advantages and compelling growth prospects. Through our bottom-up approach, we endeavor to understand the long-term sustainability of a company's business model and the factors that could cause it to change. We believe that ESG issues can influence investment risk and return and, therefore, incorporate these risk considerations into our fundamental investment analysis.
- 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 technology development or utilisation companies, with a focus on leading global technology companies. The companies may be anywhere in the world, including emerging markets. 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.

## Amazon (1<sup>st</sup> Quarter 2024 Engagement)

<b>Focus</b>	Environment, Social
<b>Company Description</b>	Amazon is a multinational technology company engaged in e-commerce, cloud computing, online advertising, digital streaming, and artificial intelligence (AI).
<b>Engagement Objective</b>	We engaged with Amazon on a range of ESG matters, including worker treatment, greenhouse gas (GHG) emissions, and AI.
<b>Participants</b>	<p>From Amazon: Investor Relations ESG Representatives; Associate General Counsel of Labor and Employee Relations, Senior Counsel</p> <p>From T. Rowe Price Associates, Inc: Director of Research, Responsible Investing, Responsible Investing Analyst</p>
<b>Engagement Outcome</b>	<p>We engaged with Amazon on a range of ESG matters, with a particular focus on environmental and social concerns related to Artificial Intelligence (AI).</p> <p><u>AI:</u> We discussed the emerging regulation regarding AI. Amazon did not comment on the EU AI Act due to its nascence but mentioned its approach to regulation and tax on the company's policy positions page. Amazon Web Services (AWS) has announced collaborations with governments on AI safety, including a paper on best practices for responsible AI. Amazon's strategy to improve the carbon intensity of AI training and inference includes its custom silicon and emphasis on using renewable or carbon-free energy. The company does not have plans to disclose the emissions associated with AI processing or the amount of renewable power being used as a percentage for AI operations. There are currently no sustainability targets related to AI operations.</p> <p><u>Facial Recognition Technology:</u> Recognition, a facial recognition technology that can be used within AWS databases for facial analysis, was previously criticized for potential bias and negative impact on people of color. The technology has since improved, but Amazon has maintained an indefinite moratorium on the use of the technology by enforcement agencies until federal legislation on facial recognition technology was implemented.</p> <p><u>GHG Emissions Reporting:</u> We have had several engagements with Amazon regarding its GHG emissions – specifically, we have requested that it disclose its scope 3<sup>1</sup> emissions in alignment with the GHG Protocol categories. We reiterated this request and felt the company was receptive to our feedback to report scope 3 GHG emissions in line with industry standards. In July 2024, the company released its sustainability report which showed a substantial improvement in its scope 3 reporting.</p> <p><u>Net Zero Targets:</u> Amazon is one of many companies that has had to remove the net zero targets it submitted to the Science Based Targets initiative (SBTi) for validation. The issue the company faces is that the transportation and logistics methodology is still in development. In the absence of industry-specific guidance, Amazon would need to use an absolute reduction plan, which we think is not feasible for a fast-growing company. We also discussed the consideration of third-party sellers in net zero targets. The company helps third-party sellers account for their carbon emissions, but because Amazon is not the seller of record, those emissions will not be included in Amazon's net zero target.</p> <p><u>Employee Safety &amp; Treatment:</u> The company provided updates on its incident rates and wage changes. Its recordable injury rate has decreased by 30% in 2019 and 8% year over year. Amazon has spent USD 750mn on safety initiatives in 2023. Amazon has also increased its wages for U.S. and UK employees.</p> <p>The engagement allowed us to impart our views on best practices around GHG emissions reporting and net zero targets as well as the topics of AI and employee safety &amp; treatment. We were pleased to see that the company's 2023 sustainability report released in July 2024 showed improvement in the area of GHG emissions disclosure as well as continued reduction in its GHG emissions intensity.</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.

## Samsung Electronics (1<sup>st</sup> Quarter 2024 Engagement)

<b>Focus</b>	Governance
<b>Company Description</b>	Samsung Electronics (Samsung) is a South Korea-based multinational electronics company, with dominant positions in semiconductor memory, smartphones, and televisions.
<b>Engagement Objective</b>	We engaged with Samsung for a discussion focused on board composition and effectiveness, compensation, gender diversity, amendments to the Articles of Association, and a legal case.
<b>Participants</b>	From Samsung: Corporate Executive Vice President, Team Change Agent  From T. Rowe Price Associates, Inc: Head of Corporate Governance, EMEA & APAC; Corporate Governance Analyst
<b>Engagement Outcome</b>	<p><b>Board composition and effectiveness</b></p> <p>We discussed Samsung's plans to add two new board directors at the 2024 annual general meeting (AGM), and we discussed the backgrounds of each. We asked the company for its response to the observation from the Korea Corporate Governance Forum that the Samsung Electronics Board lacks international representation. The company responded that while all directors are Korean, it increased the director nomination pool from 200 to 300 and many of the nominees were foreigners. Each team can nominate candidates, and the Nomination Committee will evaluate them. It has been challenging to hire new foreign directors given the director fee is relatively low to attract high-quality talent and the social sentiment is against potential increase in director fees.</p> <p>In terms of board effectiveness, Samsung believes that while the format of board meetings is still very formal, it is able to discuss any topic. The company gave a recent example where an independent director voted against the shareholder return policy due to the lack of flexibility. While the dividend policy still passed and will remain unchanged for the next three years, the company communicated to the market that the dividend policy will remain the same, with the exception of mergers and acquisitions and other activities following the independent director's recommendation.</p> <p><b>Compensation</b></p> <p>Two of the inside directors who oversee the semiconductor business did not receive any short-term incentive (STI) in 2023 due to the downcycle. Samsung's long-term incentive (LTI) starts from the fourth year, so it takes six years to get the full amount of LTI. The key performance indicators (KPIs) are return on equity, earnings (EBIT) margin, relative total shareholder return, and ESG. The company does not provide a standardized ESG KPI, given that each role has different ESG targets. Nonfinancial targets are less than 10% of the LTI criteria.</p> <p><b>Amendments to Articles of Association</b></p> <p>We discussed the introduction of a new electronics securities system and the company's plans to add currently operating committees to the list of Board committees. One of these is the Sustainability Committee, which is very active in addressing gender diversity issues at the workforce, managerial, and executive levels.</p> <p><b>Legal case</b></p> <p>We received an update on the situation regarding Chair Lee Jae-yong. In February 2024 a Seoul court found him not guilty of accounting fraud and stock manipulation connected to a controversial merger in 2015 of two Samsung subsidiaries. The prosecutors have appealed the decision so the legal case remains an ongoing issue, but the company has made corporate governance improvements over the last two to three years, leading us to upgrade the company's governance score.</p> <p>Our engagement with Samsung Electronics allowed us to impart our views on best practices across a number of governance topics.</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	51	92.3	303	99.9
● Orange	5	6.8	23	0.1
● Red	0	0.0	0	0.0
● Not in scope / not covered	0	0.0	0	0.0
● Reserves	1	0.9	0	0.0
<b>Total</b>	<b>57</b>	<b>100.0</b>	<b>326</b>	<b>100.0</b>

● No/few Flags ● Medium Flags ● High Flags

The comparator benchmark of the Fund is the MSCI AC World Information Technology 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%	62.9%
with Environmental Objectives	0.5%	52.6%
with Social Objectives	0.5%	10.3%

## 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%	99.1%
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	33.2%	99.1%
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%	99.1%

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	1,619	99.1%
	Scope 2 GHG emissions	mtCO <sub>2</sub> e	4,200	99.1%
	Scope 3 GHG emissions	mtCO <sub>2</sub> e	21,556	99.1%
	Total GHG emissions	mtCO <sub>2</sub> e	27,375	99.1%
2. Carbon footprint	Carbon footprint	mtCO <sub>2</sub> e per mn invested	41.5	99.1%
3. GHG intensity of investee companies	GHG intensity of investee companies	mtCO <sub>2</sub> e per mn revenue	168.7	99.1%
4. Exposure to companies active in fossil fuel sector	Share of investments in companies active in the fossil fuel sector	Percentage of total invested	0.0%	99.1%
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	45.1%	87.2%
6. Energy consumption intensity	Energy consumption in GWh per million of revenue of investee companies	GWh/mn of revenue	0.1	91.4%
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%	99.1%
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	0.0%	99.1%
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. 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. 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

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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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