T. ROWE PRICE FUNDS SICAV

Science and Technology Equity Fund – ESG Report

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

As at 30 June 2023

ESG INTEGRATION APPROACH

- The Science & 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 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.)

- We seek companies that exhibit sustainable growth through product development or innovation, attractive dynamics, and reasonable valuation. Our approach to investment management is rooted in proprietary fundamental research and bottom-up stock selection. Our investment decisions are supported by deep and dedicated analytical resources that span technology, consumer discretionary, communication services, industrials and business services, and health care sectors, globally. Through our rigorous due diligence process, 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.

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 widely diversified portfolio of shares of companies expected to benefit from the development and use of science and/or technology. The companies may be anywhere in the world, including emerging markets. 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, 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.

Amazon (1st Quarter 2023 Engagement)

Focus	Environment
Company Description	Amazon is a leading e-commerce and cloud computing company.
Engagement Objective	We engaged with Amazon to discuss employee treatment and emissions goals, as well as how its sustainability priorities are shifting in a cost-cutting environment. We asked the company specifically to provide clearer messaging around its net zero target to enhance credibility.
Participants	From Amazon: Head of ESG, Associate General Counsel From T. Rowe Price: Director of Research for Responsible Investing, Responsible Investing Analyst
Engagement Outcome	We expressed our concerns around Amazon's net zero messaging. While the company is making progress (albeit with a few hiccups) on scope 1-2[1] emissions, we believe the messaging around its scope 1-3 target lacks clarity. The issue with the company's scope 3 emissions is that they are only incorporating narrow pieces of their value chain. Scope 3 emissions are broken down into 15 categories, and typically companies set scope 3 targets including the specific categories most material to their operations. Amazon has taken a different route by taking some elements of the standardized categories and combining them into customized categories. The lack of standardization makes it difficult to understand the scope of the company's reporting. Amazon was receptive to our constructive feedback for it to be more specific about what is in the methodology and what is not. We believe that Amazon has an ongoing dialogue with the Science Based Targets initiative (SBTi) to get its short-term, medium-term, and net zero targets validated and we believe it is important to Amazon to have a science-based target. The company explained that it has methodological differences that prevent its goals from being validated (SBTi is measuring Amazon against an industry bucket that the company believes is inappropriate). While we do not believe Amazon will have an SBTi validated target in the next few years, we would expect the company to upgrade the quality and transparency of its existing targets. Positively, it has hired a new vice president to focus on operationalizing the emissions reduction strategy. We have asked Amazon to disclose scope 3 emissions by category and upgrade the quality and transparency of its net zero target.

[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).

ASML (1st Quarter 2023 Engagement)

Focus	Governance
Company Description	ASML is a Dutch semiconductor equipment manufacturing company.
Engagement Objective	We engaged with ASML for a remuneration focused discussion.
Participants	From ASML: Director, Investor Relations; Legal Director and Deputy Company Secretary, Member of the Supervisory Board and Chair of the Remuneration Committee From T. Rowe Price: Head of Governance, EMEA & APAC, Portfolio Manager
Engagement Outcome	We engaged with ASML on remuneration to inform our voting decision at the company's 2023 annual general meeting (AGM). The company provided context for its 2022 pay decisions. The supervisory board applied an adjustment for fast shipments on the short-term incentive (STI) financial performance metric earnings-before-interest-and-taxes (EBIT) margin % result. It wanted to accelerate how quickly equipment could be shipped to customers given the ongoing supply chain disruptions. These fast shipments allow the customers to gain four weeks lead time by testing at the customer site. However, fast shipments lead to a delay in revenue recognition as the revenue cannot be recognized until the last test is performed at the client site, which negatively impacts the EBIT margin %, so the supervisory board decided to normalize the EBIT margin % result for these fast shipments. This decision seems uncontentious. As last year, certain elements (15%) of the STI—applications market share, deep ultraviolet lithography output (systems), and extreme ultraviolet availability—are too commercially sensitive to disclose. The committee is aware that this is market-lagging practice and continues to review whether other metrics which it could disclose might be swapped in. The supervisory board proposes to increase its remuneration by around 7%. It was last reviewed in 2021 and the increase is largely a benchmarking exercise. A derogation clause is included to provide for additional flexibility in case of certain exceptional circumstances, for example, if ASML was targeted by an activist or there was another supply chain crisis. This seems reasonable. The company is appointing a new Chair and a new Chair of the Audit Committee, at the AGM. Both directors have been undertaking their orientation for the last six months, which has included sitting in supervisory board meetings, and meeting members of the board and senior management. They also undertook a site tour and a customer visit. The engagement informed our decision to vote in support of all the items at the 2023 AGM.

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.

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.

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