



T. ROWE PRICE FUNDS SICAV

Japanese Equity Fund – ESG Report

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

As of 31 December 2024

ESG APPROACH

- The Japanese Equity Fund uses environmental, social, and governance (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 Japanese Equity Fund applies an active, growth-oriented approach in order to identify companies with the potential for either growth or relative improvement. We look for such opportunities in industries where the outlook over time is becoming more attractive and is conducive to profitable growth. Our primary emphasis is on company fundamentals, which include the consideration of environmental, social, and governance factors. We find this process yields an ESG-friendly set of companies; however, we also screen the portfolio using T. Rowe Price's proprietary RIIM analysis at regular intervals. This helps us understand the ESG characteristics of the portfolio and makes us aware of any elevated exposures to specific ESG factors.
- 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 classified as Article 8 under SFDR (the EU's Sustainable Finance Disclosure Regulation); it promotes, among other characteristics, environmental and/or social characteristics and the companies in which the investments are made follow good governance practices. The fund is actively managed and invests mainly in a widely diversified portfolio of shares of companies in Japan. 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.

Recruit Holdings (3rd Quarter 2024 Engagement)

Focus	Environment, Social, Governance
Company Description	Recruit Holdings (Recruit) is a leading Japanese human resources company.
Engagement Objective	We engaged with Recruit to discuss various ESG issues, including social key performance indicators (KPIs), the company's net zero goals, gender diversity, and board composition.
Participants	<p>From Recruit: Vice President, Human Resources and Sustainability Transformation; Investor Relations and Sustainability Transformation Representatives</p> <p>From T. Rowe Price Associates, Inc.: Investment Analyst; Governance Analyst; Responsible Investing Analyst</p>
Engagement Outcome	<p>We engaged with Recruit to cover a range of ESG issues. Topics we discussed included the company's social KPIs, its potential commitment to net zero, gender diversity, board composition, and management of cross-shareholdings.</p> <p>Recruit set a target to halve the average "time to get hired" for candidates from 15 to 7.5 weeks by 2030, but the goal is not adjusted for the expected impact of unemployment and other macro factors. We encouraged the company to integrate macro assumptions in the goal formula and possibly exclude them to show how candidates can find a job despite unemployment trends. Recruit said its priority was to make the data-gathering process from job seekers more objective, which will leverage the artificial intelligence capability of the Indeed platform (versus relying on subjective surveys). We also discussed the potential bias and discrimination risks in Recruit's goal of helping 30 million people facing social barriers find a job by 2030.</p> <p>On the sustainability front, Recruit set a carbon neutrality goal by 2030 that implies the use of offsets. We provided feedback that setting a science-based net zero target was best practice. The company has committed to reducing emissions as much as possible and using offsets only for residual emissions. However, there is no clear expectation on how much residual emissions there will be by 2030, which prevents management from committing to net zero today. It will take another 12 to 18 months for Recruit to determine if moving to a net zero goal is achievable.</p> <p>Regarding gender diversity, Recruit noted challenges due to the technology-oriented nature of jobs and a shortage of female talent but is focusing on increasing the number of women in hiring, promotion, and retention. The company has committed to having a board equally split between men and women by 2030, which is uncommon in Japan. Moreover, Recruit said it wants to achieve gender parity at the executive, managerial, and employee levels. For future board appointments, the company said that artificial intelligence, data privacy, and security will be key focus areas.</p> <p>Recruit's cross-shareholdings as a percentage of net assets is roughly 4.7%. The company stated that it seeks to reduce strategic shareholdings after evaluating their economic value, cost of capital, strategic importance, and ESG factors, according to its annual report. Recruit highlighted the importance of a qualitative assessment and the cost of capital in its decision-making, and we encouraged the company to provide more disclosure on its decision-making process in the future.</p> <p>The engagement gave us an opportunity to give feedback on Recruit's social KPIs, its potential commitment to net zero, gender diversity across the organization, board composition, and management of cross-shareholdings. It also allowed us to get an update on three outstanding topics from our third-quarter 2023 engagement:</p> <ul style="list-style-type: none"> • more accurate measurement of KPIs for sustainable end products by excluding external market factors (e.g., the jobs market) • climate-related disclosure aligned with Task Force on Climate-Related Financial Disclosures (TCFD) recommendations • Carbon neutral vs. net zero targets

Unless otherwise noted, data were provided by the company during the engagement or are available through company reports.

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.

Sony (3rd Quarter 2024 Engagement)

Focus	Environment, Social
Company Description	Sony is a technology and entertainment group based in Tokyo, Japan.
Engagement Objective	We engaged with Sony to discuss a range of environmental issues, including the company's climate strategy and waste and supply chain management. We also discussed its diversity, equity, and inclusion (DEI) efforts.
Participants	From Sony: Senior Executive Vice President and Corporate Executive Officer; Sustainability Department Representatives From T. Rowe Price Associates, Inc.: Responsible Investing Analyst
Engagement Outcome	<p>We engaged with Sony on various ESG issues after the publication of the company's 2024 sustainability report. Topics we covered included Sony's climate strategy, waste management, supply chain management, and DEI initiatives. We made several recommendations for disclosure and target setting on the above topics.</p> <p>Sony has set some ambitious science-based decarbonization targets (e.g., net zero greenhouse gas emissions across the value chain by fiscal 2040 using fiscal 2018 as a base year), but its progress has been slow. However, we believe that its sustainability team understands the path required to achieve net zero longer term. Its targets are aligned with the 1.5°C-aligned targets set by the Science Based Targets initiative (SBTi), and the company aims to reduce annual energy consumption per product from product use by 5% by fiscal 2025 from 2018. However, Sony has only managed to achieve a 0.7% reduction in 2023, though that is an improvement from previous years. Scope 3¹ accounts for about 95% of Sony's total emissions, and the company is focusing on reducing the emissions from its suppliers and power consumption of its products. Management noted that Sony does not rely on carbon offsets to decarbonize and plans to use them only to offset the residual emissions as it approaches its net zero target in 2040. Regarding renewable energy, Sony said it aims to achieve 100% renewable energy utilization at its sites globally by 2030. More than 70% of Sony's energy consumption comes from its semiconductor business in Japan, where management is prioritizing the shift to renewables.</p> <p>Sony set a target to improve its waste generation intensity by 5% by fiscal 2025 from 2020 levels, but waste intensity worsened by about 51% in fiscal 2023. The company attributed the worse performance to the expansion of its semiconductor plants and increased production and plans to set a waste intensity per wafer reduction target for the chip business.</p> <p>Sony established a groupwide human rights policy in 2023 in line with the United Nations Guiding Principles on Business and Human Rights framework. The policy applies to employees and suppliers, and management aims to perform human rights due diligence on an ongoing basis to identify issues. As a member of the Reliable Business Alliance, Sony requires all its suppliers to uphold the company's Supply Chain Code of Conduct and regularly assesses new and existing suppliers. The company does not disclose the number of suppliers at each risk category, something we suggested it do in its next ESG report. On the DEI front, Sony aims to boost the percentage of women and non-Japanese nationals among its executives to more than 30% by 2030. This is a challenge due to the relatively small number of female software engineering graduates in Japan.</p> <p>Sony has made progress setting long-term targets on material ESG topics (e.g., energy and emissions and human rights and supply chain management). However, it is behind schedule reaching its waste reduction goal. The discussion allowed us to provide feedback to bring Sony in line with global best practice, and we will continue to monitor its progress in the coming years. We encouraged management to set a waste intensity reduction target for the semiconductor business, disclose the number of suppliers at each risk category, and expand on-site assessments to suppliers beyond those that are noncompliant or have suspected violations.</p>

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.

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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	59	86.9	1,281	89.6
● Orange	12	11.5	133	9.0
● Red	0	0.0	3	0.6
● Not in scope	0	0.0	0	0.0
● Not covered	0	0.0	707	0.8
● Reserves	1	1.6	0	0.0
Total	72	100.0	2,124	100.0

● No/few Flags ● Medium Flags ● High Flags

The comparator benchmark of the Fund is the TOPIX 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	22.2
with Environmental Objectives	0.5	11.2
with Social Objectives	0.5	10.9

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 (EUR):

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%	98.4%
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%	97.1%
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%	98.4%

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 (EUR):

PAI Indicator	Metric Description	Unit of Measurement	Metric Value	Metric Coverage (%)
1. GHG Emissions	Scope 1 GHG emissions	mtCO ₂ e	16,163	98.0%
	Scope 2 GHG emissions	mtCO ₂ e	2,694	98.0%
	Scope 3 GHG emissions	mtCO ₂ e	119,985	98.0%
	Total GHG emissions	mtCO ₂ e	138,842	98.0%
2. Carbon footprint	Carbon footprint	mtCO ₂ e per mn invested	1,167.9	98.0%
3. GHG intensity of investee companies	GHG intensity of investee companies	mtCO ₂ e per mn revenue	2,285.3	98.4%
4. Exposure to companies active in fossil fuel sector	Share of investments in companies active in the fossil fuel sector	Percentage of total invested	4.8%	98.4%
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	77.4%	82.2%
6. Energy consumption intensity	Energy consumption in GWh per million of revenue of investee companies	GWh/mn of revenue	0.3	88.2%
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%	98.4%
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	0.5%	98.4%
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

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. Liquidity - Liquidity risk may result in securities becoming hard to value or trade within a desired timeframe at a fair price. 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 for TOPIX data: TOPIX. Tokyo Stock Exchange, Inc.

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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