

T. ROWE PRICE FUNDS SICAV

US Smaller Companies Equity Fund – ESG Report

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

As of 31 December 2024

ESG APPROACH

- The US Smaller Companies 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 around 6,500 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 investment process seeks to strike an appropriate balance between risk and return, and we approach ESG considerations in the same manner, considering both financial and non-financial risks. The strategy's portfolio manager works collaboratively with investment analysts and with our internal ESG resources to develop an understanding of the key ESG considerations, and to weigh their significance against other aspects of the investment opportunity. The relative importance and impact of ESG factors will vary from company to company, similar to many investment considerations in our bottom up approach.
- 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 from smaller capitalisation companies in the United States. 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.

Wyndham Hotels (4th Quarter 2024 Engagement)

Focus	Environment, Social, Governance
Company Description	Wyndham Hotels and Resorts, Inc. engages in the franchising of hotels under the Wyndham brand to hotel owners under long-term franchise agreements. Most of the company's portfolio is in the U.S. and Canada, with additional locations around the world.
Engagement Objective	We met with Wyndham Hotels & Resorts to learn more about its ESG initiatives.
Participants	<p>From Wyndham Hotels & Resorts, Inc.: Chief Executive Officer; Chief Financial Officer; General Counsel; Chief Human Resources Officer; Senior Vice President, Investor Relations; Head of Sustainability; Head of Total Rewards</p> <p>From T. Rowe Price Investment Management, Inc.: Head of ESG; Investment Analyst; ESG Associate Analyst</p>
Engagement Outcome	<p>In our engagement with Wyndham Hotels & Resorts, we discussed emissions reduction, diversity, employee safety and treatment, and human rights.</p> <p>Employee turnover in 2023 was down to 8% compared with 24% and 29% in 2021 and 2022, respectively. Turnover has improved compared with pre-pandemic levels, and now it ranks in the 95th percentile against peers. Wyndham Hotels & Resorts' external vendor conducts engagement surveys annually in which the top feedback was the company's employees' satisfaction in manager effectiveness, team engagement, and feelings to be successful.</p> <p>In terms of human rights, Wyndham Hotels & Resorts takes franchisee compliance to complete human rights training seriously. The company requires general managers to complete the training annually and to attest to training their employees. Franchisees that fail to comply are then restricted from Wyndham Hotels & Resorts' system, including losing access to redeem from its hotel loyalty rewards program: the \$8 of \$10 program.</p> <p>We learned that Wyndham Hotels & Resorts is happy with the composition of its Board, and it believes it carries out shareholders interest that was tested with the attempted hostile takeover by Choice Hotels International. The company has received feedback from other shareholders to increase Board gender diversity, as 25% of directors are women currently. The Board reviews Board diversity annually in August, and it will consider increasing diversity in the next couple of years.</p> <p>In terms of its environmental disclosure and targets, Wyndham Hotels & Resorts' 2025 goals were based on its managed hotels which the company has now divested. The company developed the Wyndham Green Program for franchisees to measure its environmental impact and certification of best practices. The platform focuses on improved energy efficiency, the adoption of renewable energy, water conservation, and waste diversion.</p> <p>The company discloses Scope 1–2¹ carbon emission and partial of Scope 3¹ (business travel). Wyndham Hotels & Resorts' modest reduction target was 15% of Scope 1–2 from its 2019 baseline. The company will need to consider disclosing its franchisee emissions, which will be the larger portion of its Scope 3 greenhouse gas emissions.</p> <p>Our engagement helped us better understand Wyndham Hotels & Resorts' ESG goals and progress toward them. The company will need to refresh its targets given the company now operates a pure-play franchisee model.</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.

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.

Texas Roadhouse (4th Quarter 2024 Engagement)

Focus	Environment, Governance
Company Description	Texas Roadhouse, Inc., is a full-service, casual-dining restaurant chain that also provides supervisory and administrative services for other license and franchise restaurants.
Engagement Objective	We engaged with Texas Roadhouse to provide feedback on its 2024 annual general meeting and to learn more about the company's ESG progress.
Participants	<p>From Texas Roadhouse, Inc.: Chief Financial Officer; General Counsel; Chief Legal; Chief Communications Officer; Investor Relations Representative</p> <p>From T. Rowe Price Investment Management, Inc.: Head of ESG; ESG Associate Analyst</p>
Engagement Outcome	<p>In our meeting with Texas Roadhouse, we discussed ESG disclosure emissions, proxy voting, product safety, sustainability, compensation, and shareholder rights.</p> <p>Texas Roadhouse's Say on Pay received 61% voter support, which was lower than previous years. Shareholders have shared concerns on severance pay to former Chief Financial Officer Tonya Robinson, who unexpectedly retired for family reasons. Texas Roadhouse believes Robinson's 24 years at the company warranted the pay, and we supported compensation. The company brought in an executive compensation consultant to evaluate the incentive program on bonuses and performance stock units, and all executive contracts will be reviewed and updated with specific lengths of term.</p> <p>Other shareholders have shared feedback with a preference for a majority voting standard. While this is not a voting matter for us, Texas Roadhouse's plurality voting standard is acceptable with a resignation policy.</p> <p>We shared that the chief executive officer can sit on one other Board and that a director on five Boards is a borderline case to be considered on a case-by-case basis to determine the director's time commitment is reasonable. A limitation of four company Boards would be best practice.</p> <p>In terms of emissions reduction, Texas Roadhouse has opened its first green store and hopes that data from this store's operation will help determine scalable projects to reduce emissions and improve efficiency, and Texas Roadhouse will subsidize store enhancements until savings are realized. Store operators are incentivized to adopt these efficiencies due to direct benefit to their bottom line.</p> <p>We also discussed food safety in our meeting. Texas Roadhouse checks for food quality every day, and with the menu fully made from scratch, the risk of foodborne illnesses is lower. The company has 70 product coaches working in their respective markets daily. Annually, Texas Roadhouse conducts a scenario test of an outbreak over the course of four hours with 40 different people to triage response and communication through the enterprise and to stores.</p> <p>While Texas Roadhouse has limited ESG metric-based reporting, the company shared that it reviews standards from the Sustainability Accounting Standards Board and the Global Reporting Initiative, which we confirmed are gold sources for ESG disclosure guidelines.</p> <p>Our meeting with Texas Roadhouse has informed our research. We noted that the company's efforts to improve its corporate governance structure have been substantial, and the company appreciates our feedback. Although Texas Roadhouse is behind peers in environmental disclosure, it has operators aligned with cost-savings benefits by implementing energy efficiency projects that will help further its progress.</p>

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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	113	65.6	1,996	83.8
● Orange	70	33.8	297	14.7
● Red	0	0.0	21	0.5
● Not in scope	0	0.0	2	0.1
● Not covered	1	0.0	149	0.9
● Reserves	1	0.5	0	0.0
Total	185	100.0	2,465	100.0

● No/few Flags ● Medium Flags ● High Flags

The comparator benchmark of the Fund is the Russell 2500 Net 30% 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	21.0
with Environmental Objectives	0.5	4.1
with Social Objectives	0.5	16.9

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 (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%	99.5%
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	30.8%	98.4%
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%	98.8%

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 ₂ e	232,688	98.5%
	Scope 2 GHG emissions	mtCO ₂ e	53,628	98.5%
	Scope 3 GHG emissions	mtCO ₂ e	1,719,557	98.5%
	Total GHG emissions	mtCO ₂ e	2,005,873	98.5%
2. Carbon footprint	Carbon footprint	mtCO ₂ e per mn invested	404.0	98.5%
3. GHG intensity of investee companies	GHG intensity of investee companies	mtCO ₂ e per mn revenue	2,047.7	97.8%
4. Exposure to companies active in fossil fuel sector	Share of investments in companies active in the fossil fuel sector	Percentage of total invested	3.9%	99.5%
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	n/a	n/a
6. Energy consumption intensity	Energy consumption in GWh per million of revenue of investee companies	GWh/mn of revenue	0.9	61.5%
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	n/a	n/a
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	477.9	29.8%
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	n/a	n/a
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): Small and mid-cap - Small and mid-size company stock prices can be more volatile than stock prices of larger companies.

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. The Management Company reserves the right to terminate marketing arrangements.

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