T. ROWE PRICE FUNDS SICAV

China Evolution Equity Fund – ESG Report

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

As of 31 December 2024

ESG APPROACH

- The China Evolution 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.)
- Environmental, social, and governance factors are an important part of our process. While they do not drive our process, as we do not screen companies for ESG factors and exclude those that screen poorly, a consideration of ESG factors helps us to assess the quality of the company and its management team and to identify potential ESG-related risks to our investment thesis.

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 Chinese companies and may have significant exposure to smaller capitalisation companies. 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, 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.

Kanzhun - mainstream (3rd Quarter 2024 Engagement)

Focus	Social, Environment
Company Description	Kanzhun provides online recruitment services, connecting job seekers and enterprise users through its mobile application, known as BOSS.
Engagement Objective	We engaged with Kanzhun on climate strategy, data privacy, and cybersecurity.
Participants	From Kanzhun: Investor Relations Representative From T. Rowe Price Associates, Inc.: Investment Analyst; Responsible Investing Analyst
Engagement Outcome	We engaged with Kanzhun to provide feedback on its data privacy and cybersecurity framework as well as its climate strategy. **Climate strategy** We discussed climate strategy with Kanzhun, specifically providing full Scope 3[1] disclosure and setting some emissions reduction targets. The only target Kanzhun has in place is to keep the average annual power usage effectiveness (PUE) of its leased data centers below 1.33 (the ideal PUE ratio is 1.0), which it already achieved in 2023. The company is in the process of setting some Scope 1–3 emissions reduction targets, and we encourage it to consider science-based targets and a net zero target over time. **Data privacy and cybersecurity risks** Kanzhun utilizes recommendation-based models to deliver accurate and tailored matching results that come with data privacy and cybersecurity risks. We believe these risks are increasingly material for the company as it expands its offshore businesses in the U.S. and Japan, which have different regulations compared with China. That said, Kanzhun confirmed that it builds its own artificial intelligence (AI) tools internally, rather than relying on third-party providers, which allows the company to better control its AI risks. The company has established a comprehensive network security and privacy protection management framework with oversight from the Board and the chief executive officer—we encouraged Kanzhun to align the framework with third-party risk management standards such as ISO 27001 (a pivotal international standard for information security) and the National Institute of Standards and Technology (NIST) cybersecurity framework. We provided some recommendations to Kanzhun to improve its climate strategy as well as its data privacy and cybersecurity management. We found the company to be receptive and open to further dialogue. We will monitor whether Kanzhun: (1) measures and discloses its full Scope 3 emissions, (2) sets some emissions reduction targets and works toward some science-based targets and a net zero target, and (3) aligns its network security and privacy protection management framework with third-party risk management standards.

[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.

Bosideng International (3rd Quarter 2024 Engagement)

Focus	Environment, Governance
Company Description	Bosideng is a down outerwear manufacturer and retailer in China.
Engagement Objective	We engaged with Bosideng to discuss a range of governance issues, including the company's share option scheme, share issuance authority, and succession planning. We also touched on various sustainability topics.
Participants	From Bosideng: Investor Relations Representative From T. Rowe Price Associates, Inc.: Investment Analyst; Responsible Investing Analyst; Corporate Governance Analyst
Engagement Outcome	We engaged with Bosideng to discuss various governance issues (i.e., the company's share option scheme, share issuance authority, and succession planning) ahead of its 2024 annual general meeting. We also wanted to get an update on the company's sustainability initiatives. Bosideng's share option scheme has been a contentious item at the annual meeting due to a lack of disclosure on performance conditions and a proposed dilution impact of 10%, and we sought to better understand the details. Management explained that it introduced the scheme in 2018 to incentivize and retain workers and that it wanted to renew the scheme at the 2024 meeting. When asked about ex-ante disclosure on specific key performance indicators (KPIs) for executives, the company said it did not plan to disclose them but assured that the targets are sufficiently challenging. The remuneration committee, which is chaired by an independent director, determines the KPIs. We believe that the proposed dilution impact of a 10% limit exceeds the 5% limit for relatively mature companies, but Bosideng said that the 10% limit is more of a buffer rather than an actual expected dilution. The company proposed a share issuance limit of 20% without preemptive rights, which exceeds the typical 10% and could expose shareholders to dilution risks. However, Bosideng explained that the request is procedural due to regulatory requirements and that it currently has no financing needs. On the succession front, the company said that three independent directors have served on the board for more than 16 years and it was considering adding more independent directors. Bosideng's founder is over 70 and holds the combined role of chief executive and chair. His wife and son are board members, but the company is mainly managed by professionals. Regarding sustainability, Bosideng has done a good job of reporting its emissions and cooperated with external certification authorities to verify Scope 1–3 greenhouse gas emissions (GHG)[1] in 2023 for the first time. The company aims to reach net zero emissions in operations (Scope 1–2) by 2038. We encouraged it to consider Scope 3 in its GHG emissions targets as they accounted for more than 96% of its total emissions in 2023. Bosideng has identified water shortage as a value chain risk but has only evaluated water risks at the operational level. However, the company plans to improve water management at its manufacturing sites and across the supply chain over the next year. Last year, Bosideng audited all 245 of its tier-1 suppliers and terminated 19 that it identified as noncompliant, and we encouraged it to expand the scope of its supplier auditing. The company has good traceability of raw materials, which it sources directly (e.g., 100% of sourcing for down carries the Responsible Down Standard certificate, a marker of animal welfare). The engagement informed our voting at Bosideng's 2024 annual general meeting and gave us an opportunity to provide feedback to bring the company in line with global best practices. It also allowed us to suggest steps for improvement that we will monitor in the coming years. These included the consideration of scope 3 emissions in its GHG emissions targets and setting some interim science-based emissions reduction targets and time-bound targets to reduce water consumption across the company. In the near term, we will monitor for Bosideng to extend the scope of supplier auditing, align ESG reporting with Sustainability Accounting Standards Board guidelines, and appoint new independent directors.

[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.

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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	39	67.6	343	65.6
Orange	13	25.0	214	32.8
Red	0	0.0	24	1.6
Not in scope	0	0.0	0	0.0
Not covered	4	4.7	0	0.0
Reserves	1	2.7	0	0.0
Total	**57**	**100.0**	**581**	**100.0**

No/few Flags Medium Flags High Flags

The comparator benchmark of the Fund is the MSCI China All Shares Net Index. The manager is not constrained by the fund's benchmark, which is used for performance comparison purposes only.

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 vale and data coverage are displayed as n/a in the following tables.

The table below displays the 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	mtCO2e	3,129	91.0%
	Scope 2 GHG emissions	mtCO2e	5,714	91.0%
	Scope 3 GHG emissions	mtCO2e	20,423	90.0%
	Total GHG emissions	mtCO2e	29,266	91.0%
2. Carbon footprint	Carbon footprint	mtCO2e per mn invested	136.6	91.0%
3. GHG intensity of investee companies	GHG intensity of investee companies	mtCO2e per mn revenue	256.2	91.0%
4. Exposure to companies active in fossil fuel sector	Share of investments in companies active in the fossil fuel sector	Percentage of total invested	6.5%	93.0%
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	65.5%	21.6%
6. Energy consumption intensity	Energy consumption in GWh per million of revenue of investee companies	GWh/mn of revenue	0.3	74.7%
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%	93.0%
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	101.6	26.1%
9. Hazardous waste	Tonnes of hazardous waste generated by investee companies per million invested, expressed as a weighted average	Ktons per mn invested	45.6	70.1%
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%	93.0%
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	1.6%	93.0%
12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	Percentage of pay gap	No data	0.0%
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	16.3%	88.3%
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%	93.0%
15. GHG Intensity	GHG intensity of investee countries	mtCO2e per mn GDP	No data	No data
16. Investee countries subject to social violations	Number of investee countries subject to social violations.	Absolute number	No data	No data

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_2e - 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.

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

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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