



SELECT INVESTMENT SERIES III SICAV

T. Rowe Price Health Sciences Equity Fund – ESG Report

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

As of 31 December 2024

ESG APPROACH

- The Health Sciences Equity Fund uses ESG integration as part of its investment process. This means incorporating environmental, social and governance factors to enhance investment decisions. Our central mission is to help our clients reach their long-term financial goals and we believe that incorporating ESG factors into our investment process alongside financials, valuation, macro-economics and other factors is consistent with that objective. 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 approach to environmental and social factor integration is differentiated at the industry level, where our RIIM model helps us to determine the materiality of any given factor. Material ESG factors play an integral part in our risk/reward assessment of each company. Once all the factors have been assessed, the conclusions can influence whether to include or exclude the company or at what weight to add the company to the portfolio. Usually, ESG factors are considered as a component of the final investment decision.
- 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 diversified portfolio of shares of companies that are involved in the research, development, production, or distribution of products or services related to health sciences. The companies may be anywhere in the world, including emerging markets, with a focus on 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.

Agilent Technologies (4th Quarter 2024 Engagement)

Focus	Governance
Company Description	Agilent Technologies (Agilent) is a leader in the life sciences, diagnostics, and applied chemicals markets.
Engagement Objective	We engaged with Agilent on the results of its 2024 shareholder meeting and the topic of shareholder rights.
Participants	From Agilent: Investor Relations Representative; Chief Legal Officer From T. Rowe Price Associates, Inc.: Head of Corporate Governance
Engagement Outcome	<p>We engaged with Agilent to discuss its plans to respond to a shareholder vote from its 2024 shareholder meeting.</p> <p>Agilent does not typically conduct engagement with investors on stewardship matters. However, this year there is a new chief legal officer who intends to start a program. Also, there is the pressing issue of addressing a shareholder proposal that passed.</p> <p>The issue stems back to Agilent's original separation from Hewlett Packard in 2000. At that time, Agilent was spun out with a fortress of protective provisions, which was the common practice at the time. One of those protections is that it takes 80% of outstanding shares to approve any changes to the company charter. Even with high institutional investor support, this is a difficult threshold to reach due to low voter turnout by retail holders. For this reason, Agilent still elects directors in three-year terms, has multiple takeover defenses in place, and offers shareholders very few powers. It does not appear the company is opposed to modernizing its governance; however, time and money would be required to boost voter turnout high enough.</p> <p>We shared a perspective on how to balance these competing interests.</p>

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

Hologic (4th Quarter 2024 Engagement)

Focus	Environment, Governance
Company Description	Hologic is a global medical technology company with a focus on women's health.
Engagement Objective	We engaged with Hologic on executive compensation and sustainability reporting.
Participants	From Hologic: General Counsel; Corporate Secretary; Investor Relations Representatives From T. Rowe Price Associates, Inc.: Head of Corporate Governance; Responsible Investing Analyst
Engagement Outcome	<p>Executive compensation</p> <p>There are no significant changes to Hologic's governance or compensation programs. However, the company is planning to strengthen its policies on how many outside boards directors can join and how much stock executives and directors must hold.</p> <p>The company receives some dissent every year on its compensation program (around 15%-20%). This is due to European investors' concerns that the pay program does not contain ESG metrics, and one proxy advisor who believes the chief executive officer's pay level is too high relative to peers. Under T. Rowe Price Associates guidelines, pay and performance have remained in reasonable alignment.</p> <p>Sustainability reporting</p> <p>In light of increasing reporting requirements internationally and data requests from investors, the company has hired a senior director to oversee sustainability disclosure. As such, the company expects to see a step up in its sustainability disclosure/strategy in future years.</p> <p>We provided one item of feedback on the company's reporting. We suggested the company focus on the impact generated by its core business operations when structuring its sustainability disclosure. Most of its health care peers now refer to their voluntary sustainability disclosure as an impact report and frame the disclosure around the impact generated by the company's core business operations. Hologic's report, in contrast, has more of a philanthropic focus.</p> <p>The company also highlighted a novel initiative regarding diversity in innovation. Hologic has assessed the proportion of patents filed by women at the company and compared this to the U.S. patent system average. Gender diversity in research and development teams provides clear benefits to culture and, ultimately, the company's economic performance over time, particularly given Hologic's focus on women's health, in management's view.</p> <p>The engagement enabled us to provide feedback on the company's executive compensation plan. We were also able to suggest enhancements to the company's sustainability strategy (i.e., focusing on Hologic's impact over the current philanthropic/corporate social responsibility focus) as it looks to strengthen its approach in this area.</p>

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

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	145	93.9	437	84.9
● Orange	9	3.3	27	14.8
● Red	0	0.0	1	0.0
● Not in scope	0	0.0	0	0.0
● Not covered	15	1.9	67	0.2
● Reserves	1	0.8	0	0.0
Total	170	100.0	532	100.0

● No/few Flags ● Medium Flags ● High Flags

The comparator benchmark of the Fund is the Russell 3000 Health Care 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	85.8
with Environmental Objectives	-	0.3
with Social Objectives	10.0	85.5

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%	99.2%
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	35.7%	95.7%
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%	98.0%

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	mtCO2e	181	94.2%
	Scope 2 GHG emissions	mtCO2e	308	94.2%
	Scope 3 GHG emissions	mtCO2e	5,970	94.2%
	Total GHG emissions	mtCO2e	6,459	94.2%
2. Carbon footprint	Carbon footprint	mtCO2e per mn invested	27.8	94.2%
3. GHG intensity of investee companies	GHG intensity of investee companies	mtCO2e per mn revenue	535.9	89.3%
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%	99.2%
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	78.6%	60.9%
6. Energy consumption intensity	Energy consumption in GWh per million of revenue of investee companies	GWh/mn of revenue	0.0	68.0%
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%	99.2%
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	2.7%	99.2%
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. Equity - Equities can lose value rapidly for a variety of reasons and can remain at low prices indefinitely. 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. 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.

General fund risks - to be read in conjunction with the fund specific risks above. Conflicts of Interest - The investment manager's obligations to a fund may potentially conflict with its obligations to other investment portfolios it manages. Counterparty - Counterparty risk may materialise if an entity with which the fund does business becomes unwilling or unable to meet its obligations to the fund. Custody - In the event that the depositary and/or custodian becomes insolvent or otherwise fails, there may be a risk of loss or delay in return of certain fund's assets. Cybersecurity - The fund may be subject to operational and information security risks resulting from breaches in cybersecurity of the digital information systems of the fund or its third-party service providers. ESG - ESG integration as well as events may result in a material negative impact on the value of an investment and performance of the fund. Investment fund - Investing in funds involves certain risks an investor would not face if investing in markets directly. Market - Market risk may subject the fund to experience losses caused by unexpected changes in a wide variety of factors. Market liquidity - In extreme market conditions it may be difficult to sell the fund's securities and it may not be possible to redeem shares at short notice. Operational - Operational risk may cause losses as a result of incidents caused by people, systems, and/or processes. Sustainability - Funds that seek to promote environmental and/or social characteristics may not or only partially succeed in doing so.

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 Select Investment Series III 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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