



T. ROWE PRICE FUNDS SICAV

## European Select Equity Fund – ESG Report

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

As of 31 December 2025

### ESG APPROACH

- The T. Rowe Price European Select Equity Fund uses ESG integration as part of its investment process. This means incorporating the analysis of governance and sustainability factors for the purpose of maximizing financial performance. Our philosophy is that governance and sustainability factors are evaluated alongside more traditional investment factors such as valuation, financials, industry trends and macroeconomics. Where these factors are financially material, they are considered as part of the investment decision.
- ESG integration at T. Rowe Price is a collaborative process between portfolio managers, research analysts, and dedicated ESG specialist resources. Our specialist governance and sustainability teams at T. Rowe Price Associates, Inc. (TRPA) and T. Rowe Price Investment Management, Inc. (TRPIM) provide investment research on environmental, social, and governance issues at the security and industry level, and on thematic topics. Our equity and credit analysts utilize governance and sustainability research in their fundamental analysis (where financially material). TRPA and TRPIM have each built a proprietary responsible investing indicator model (collectively RIIM<sup>1</sup>), which forms the foundation of our ESG integration process.
- 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.

<sup>1</sup> RIIM refers to the proprietary responsible investing indicator models built by TRPA and TRPIM. RIIM rates issuers using a traffic light system; where green indicates no/few ESG concerns, orange indicates medium ESG concerns, and red indicates high ESG concerns/risk. The TRPA RIIM model has a framework for rating corporate, sovereign, securitized and municipal issuers, whereas the TRPIM RIIM model only has a framework for rating corporate issuers. TRPIM was established as a separately registered U.S. investment adviser, with a separate ESG team from TRPA. Decisions for the TRPA and TRPIM ESG teams are made completely independently but use a similar approach, framework, and philosophy.

**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 high conviction portfolio of shares of European companies. 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.

**BAWAG (1<sup>st</sup> Quarter 2025 Engagement)**

<b>Focus</b>	Governance
<b>Company Description</b>	BAWAG is an Austrian bank focused predominantly on retail and commercial lending.
<b>Engagement Objective</b>	We engaged with BAWAG on Audit Committee composition.
<b>Participants</b>	From BAWAG: Deputy Chairman of the Supervisory Board; Managing Director; Investor Relations Representative  From T. Rowe Price Associates, Inc.: Head of Governance, EMEA and APAC
<b>Engagement Outcome</b>	We had concerns about the appointment of Tamara Kapeller to the Supervisory Board because she is non-independent having previously served as chief human resources officer and has been proposed as the chair of the Audit Committee. The company said it had received similar feedback from other investors. We also said that, looking at her curriculum vitae (CV), she had compliance but no audit, accounting, Treasury, or financial control experience. We did not think this was a suitable profile for the Audit Committee chair of a bank and gave this feedback to the company. The company subsequently indicated that the composition of the Audit Committee would be revised after the annual general meeting (AGM) to reflect shareholder feedback. Given this commitment, at the 2025 AGM, we abstained on Tamara Kapeller's appointment, rather than voting against.

The specific securities identified and described do not represent all of the securities purchased, sold, or recommended for the portfolio, and no assumption should be made that the securities identified and discussed were or will be profitable.

**TotalEnergies (3<sup>rd</sup> Quarter 2025 Engagement)**

<b>Focus</b>	Environment
<b>Company Description</b>	TotalEnergies is a France-based international integrated energy and petroleum company.
<b>Engagement Objective</b>	We engaged with TotalEnergies to provide feedback on its climate strategy and provide our views on sustainability reporting.
<b>Participants</b>	From TotalEnergies: ESG Investor Relations Representatives  From T. Rowe Price Associates, Inc.: Responsible Investing Analyst
<b>Engagement Outcome</b>	<p><b>Climate</b></p> <p>The company is on track relative to its strengthened decarbonization goals by 2025 and is not backtracking on any decarbonization targets.</p> <p>According to the company's growth strategy, combined cycle gas turbine (CCGT) capacity will increase in the near to medium term to provide more flexible renewable energy generation. While expanding CCGT capacity will raise the company's absolute greenhouse gas (GHG) emissions, the targets for GHG emissions intensity over the near to medium term will remain unchanged. This is due to several mitigation measures being implemented: (1) a USD 1 billion investment plan focused on energy efficiency; (2) incremental investment targeted at mitigating methane flaring; and (3) the use of drones and sensors to detect methane leaks.</p> <p>We also touched on the backdrop for sustainability in the U.S.; however, the company seemed to have a positive stance. It stopped some offshore wind projects in New York/New Jersey that were at early stage; however, it is investing incremental capital and resources in Texas where demand for electrons is booming.</p> <p><b>Sustainability reporting</b></p> <p>We discussed several sustainability reporting standards and the quality of several sustainability rating providers, particularly when it comes to assessing controversies.</p> <p>We expressed our preference for Task Force on Climate-Related Financial Disclosures (TCFD) and Sustainability Accounting Standards Board (SASB) reporting standards and outlined our views on Carbon Disclosure Project (CDP) reporting.</p> <p>We also went through some features of our Responsible Investing Indicator Model (RIIM), which the company highly appreciated.</p> <p>The engagement allowed us to follow up our previous discussion on climate to provide further feedback and discuss implications from the upcoming CMD. We also provided our views on sustainability rating providers and outlined our RIIM methodology.</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	40	89.1	358	89.2
● Orange	4	9.7	41	9.5
● Red	0	0.0	2	1.1
● Not in scope	0	0.0	0	0.0
● Not covered	0	0.0	2	0.2
● Reserves	1	1.2	0	0.0
<b>Total</b>	<b>45</b>	<b>100.0</b>	<b>403</b>	<b>100.0</b>

● No/few Flags ● Medium Flags ● High Flags

The comparator benchmark of the Fund is the MSCI Europe 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	43.2
with Environmental Objectives	0.5	16.5
with Social Objectives	0.5	26.7

## 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%	98.8%
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	41.0%	98.8%
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 (EUR):

PAI Indicator	Metric Description	Unit of Measurement	Metric Value	Metric Coverage (%)
1. GHG Emissions	Scope 1 GHG emissions	mtCO <sub>2</sub> e	149	98.8%
	Scope 2 GHG emissions	mtCO <sub>2</sub> e	62	98.8%
	Scope 3 GHG emissions	mtCO <sub>2</sub> e	5,471	98.8%
	Total GHG emissions	mtCO <sub>2</sub> e	5,683	98.8%
2. Carbon footprint	Carbon footprint	mtCO <sub>2</sub> e per mn invested	590.7	98.8%
3. GHG intensity of investee companies	GHG intensity of investee companies	mtCO <sub>2</sub> e per mn revenue	1,133.0	98.8%
4. Exposure to companies active in fossil fuel sector	Share of investments in companies active in the fossil fuel sector	Percentage of total invested	5.7%	98.8%
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	53.0%	96.9%
6. Energy consumption intensity	Energy consumption in GWh per million of revenue of investee companies	GWh/mn of revenue	0.2	98.8%
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%	98.8%
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	0.0%	98.8%
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

**mtCO<sub>2</sub>e** - 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. 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.** 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. Inflation - Inflation may erode the value of the fund and its investments in real terms. 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

Company specific data were provided by the company during an ESG engagement or are available through company reports. Information presented has been obtained or derived from sources believed to be reliable and current; however, we cannot guarantee the sources' accuracy or completeness.

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.

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