



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 30 September 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 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.

AstraZeneca (2nd Quarter 2024 Engagement)

Focus	Governance
Company Description	AstraZeneca is a global biopharmaceutical company that seeks to discover, develop, and commercialize prescription medicines.
Engagement Objective	We engaged with AstraZeneca on a range of governance matters.
Participants	<p>From T. Rowe Price Associates, Inc: Head of Governance, EMEA and APAC; Investment Analyst; Responsible Investing Analyst; Corporate Governance Analyst</p> <p>From AstraZeneca: Chairman; Director of Investor Relations; Vice President and Head of Investor Relations</p>
Engagement Outcome	<p>We engaged with AstraZeneca on board composition and succession planning.</p> <p>AstraZeneca's new chair since 2023 first joined the Board in 2019. The company has recently seen a successful chief financial officer (CFO) succession, with Aradhana Sarin in place for over a year.</p> <p>The company is actively considering succession planning for both nonexecutive directors (NEDs) and executives. Philip Broadley, the senior independent director (SID), is coming up to seven years in the role and would typically be expected to step down at nine years.</p> <p>In terms of succession planning for executives, the chair believes the age of the chief executive officer matters less than his energy and motivation. Pascal Soriot is currently 64, and the chair emphasized that he remains excited by the science. However, the Nominating Committee is undertaking its responsibilities to build up the internal bench of talent, as well as undertaking a desktop search to look at potential candidates in other pharmaceutical companies. We gave feedback that our investors would like more access to the internal top talent.</p> <p>In terms of the NEDs, four of them will reach the end of the term in 2026, although none will be hitting the nine- year limit except the SID. The company is searching for candidates who have experience in the UK and U.S. and relevant experience in technology, health care, and science. They will also take gender diversity into consideration and have individuals who can backfill the audit and remuneration committees and the SID role and serve as chair of the Sustainability Committee.</p> <p>To permit a staggered transition, the company also changed the Articles of Association to expand the Board from 14 to 16 members.</p> <p>We asked about Marcus Wallenberg, who has been on the Board for 25 years, is over-boarded, and received 22% dissent at the 2024 annual general meeting (AGM). The chair explained that he brings his network to the Board and makes the necessary time commitment.</p> <p>The engagement allowed us to gain a better understanding of AstraZeneca's board composition and succession planning as well as provide our feedback to the company.</p>

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.

UnitedHealth Group (2nd Quarter 2024 Engagement)

Focus	Social
Company Description	UnitedHealth Group is a leading U.S. health insurer.
Engagement Objective	We engaged with UnitedHealth Group to provide feedback on how the company could strengthen its approach toward, and transparency regarding, data privacy, following a cybersecurity breach in February 2024.
Participants	From UnitedHealth Group: Lead Independent Director; Chief Executive Officer (CEO) From T. Rowe Price Associates, Inc: Portfolio Manager
Engagement Outcome	<p>We participated in an ESG roundtable event with the senior management team and Board directors from UnitedHealth Group. The majority of our discussion focused on data privacy and cybersecurity following a cyberattack on the company’s Change Healthcare claims and payment infrastructure in February 2024.</p> <p>UnitedHealth Group believes the cybersecurity breach is close to resolution, and the company is starting to see payback of some of the loan disbursements made as part of the Change Healthcare disruption. UnitedHealth Group had distributed more than USD 9 billion in advance funding and no-interest loans to care providers impacted by the cybersecurity breach. For context, the company’s first-quarter results included USD 872 million in “unfavorable cyberattack effects.”</p> <p>Management claims full multi-factor authentication status has now been installed in all UnitedHealth Group systems.</p> <p>We discussed Board oversight of this issue. The lead independent director articulated the Board’s significant focus on this topic since the breach and efforts to strengthen attention on data privacy at board level in the future. We provided feedback on the importance of an effective approach to cybersecurity, i.e., oversight, effective external disclosure, certification to standards such as ISO 27001 (the leading international standard for information security management systems)—particularly in the context of the increasing number of cyberattacks being experienced across the health care sector.</p> <p>The engagement allowed us to impart our views on the importance of an effective approach to cybersecurity and the company’s management of this issue.</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.

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	149	93.1	433	84.4
● Orange	11	4.0	31	15.4
● Red	0	0.0	0	0.0
● Not in scope	0	0.0	0	0.0
● Not covered	21	2.2	65	0.2
● Reserves	1	0.7	0	0.0
Total	182	100.0	529	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	87.5
with Environmental Objectives	-	0.4
with Social Objectives	10.0	87.1

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%	99.3%
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	36.5%	95.2%
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%	97.8%

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	182	93.8%
	Scope 2 GHG emissions	mtCO ₂ e	297	93.8%
	Scope 3 GHG emissions	mtCO ₂ e	5,975	93.8%
	Total GHG emissions	mtCO ₂ e	6,455	93.8%
2. Carbon footprint	Carbon footprint	mtCO ₂ e per mn invested	24.2	93.8%
3. GHG intensity of investee companies	GHG intensity of investee companies	mtCO ₂ e per mn revenue	96.6	89.5%
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%	99.3%
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	80.2%	61.9%
6. Energy consumption intensity	Energy consumption in GWh per million of revenue of investee companies	GWh/mn of revenue	0.0	69.0%
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%	99.3%
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	2.6%	99.3%
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. 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. 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 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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