T. ROWE PRICE FUNDS OEIC

Future of Finance Equity Fund – ESG Report

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

As at 31 March 2024

ESG INTEGRATION APPROACH

- The Future of Finance 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.)

  Material ESG factors play an integral part in our risk/reward assessment for each company we consider. We believe this gives a better route to our final investment decisions and provides for a more robust portfolio. A fundamental, bottom-up view of certain ESG issues helps to keep the portfolio out of names we might have initially found attractive, but are in fact exposed to consequential devaluation from a potential ESG controversy.
- The fintech sector consists mainly of software and technology companies which are mostly light on environmental impact. However, we believe there has been an issue with the investment industry being too 'founder friendly' over the past few years which has often led to bad practices being overlooked, and poor governance. Our focus therefore, is primarily on good governance, and governance risks not being priced-in appropriately by the market. We find this especially important for smaller companies, where our due diligence typically exposes such issues. For example, in the payments and banking sector there is a temptation for scaling small companies to do more transactions for the higher payments from ethically questionable areas such as adult websites. As investors, we do not wish to participate in those businesses; alongside the moral issues, it is not good fiduciary policy.

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.

Citigroup (4th Quarter 2023 Engagement)

Focus	Environment, Governance
Company Description	Citigroup is a U.S. financial services company.
Engagement Objective	We engaged with Citigroup to discuss various ESG issues (i.e., climate strategy, ESG bonds, the regulatory environment, and a racial equity audit).
Participants	From Citigroup: Chief Sustainability Officer; Managing Director and Global Head, Citi Environmental and Social Risk Management; Global Head of Total Rewards, Human Resources; Chief Diversity, Equity and Inclusion Officer; Managing Director, Deputy Corporate Secretary and General Counsel; Associate General Counsel From T. Rowe Price: Head of Corporate Governance; Responsible Investing Analyst
Engagement Outcome	We engaged with Citigroup to discuss various topics related to the environment (i.e., climate strategy and the U.S. regulatory environment) and social (i.e., a recent racial equity audit). Though the bank is broadly in line with its U.S. peers in climate strategy, it lags global best practice in certain aspects, and we used the meeting to provide disclosure recommendations. We also sought to understand how anti-ESG rhetoric in the U.S. has impacted the trajectory of its climate strategy and its appetite for issuing more thematic ESG bonds. Citigroup is in line with its U.S. peers regarding the decarbonization of its loan book but lags global best practice in evaluating the credibility of clients' transition plans in its framework. We suggested that the bank demonstrate how clients' transition plans have evolved over time and highlighted peers demonstrating best practice. Citigroup said it aims to publish interim financed emission reduction targets for additional sectors ahead of its Task force on Climate-related Financial Disclosures (TCFD) report next year. We discussed the bank's stance on measuring facilitated emissions from its capital markets business. Other banks have developed their own methodology after giving up waiting for guidance from the Partnership for Carbon Accounting Financials (PCAF). However, Citigroup indicated its preference to wait for PCAF's guidance, which is 2 years past due. Citigroup said that the current U.S. regulatory environment—which has grown more polarized with increased disclosure requirements and boycotts of financial institutions over their energy policies—has helped the bank "sharpen" its narrative on climate. The bank's involvement in the Net-Zero Banking Alliance (NZBA) has started to impact its client base as Citigroup was recently dropped from a muni underwriting deal in Texas. Nevertheless, management appeared optimistic about its NZBA membership and believes there is value in being a member. Citigroup previously issued a social bond targeting affordable housing, and we expressed investors' preference for ESG bonds targeting a specific theme (e.g., transition, women's empowerment, and diversity, equity, and inclusion). However, the bank said it was unsure if it had sufficient assets on the balance sheet to issue a thematic bond. Citigroup conducted a racial equity audit in 2023 but does not plan to repeat the exercise, saying that it is trying to embed the findings into its business. Our engagement gave us an opportunity to make several disclosure recommendations to Citigroup to bring its climate strategy in line with global best practice. We will monitor for Citigroup to demonstrate how clients' transition plans have evolved over time and to publish financed emission reduction targets for additional sectors.

[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.

Dayforce (4th Quarter 2023 Engagement)

Focus	Governance
Company Description	Dayforce is a provider of human resources software and services. The company was previously known as Ceridian HCM, with the name change effective January 31, 2024.
Engagement Objective	We engaged with the company for a discussion focused on executive compensation and management succession.
Participants	From Dayforce: Directors; General Counsel; Associate General Counsel; Sustainability representative; Compensation representative From T. Rowe Price: Head of Corporate Governance
Engagement Outcome	We engaged with Dayforce (previously Ceridian HCM) on governance and compensation topics. The company has differentiated approaches in both of these areas, which tend to generate friction for it at its annual meetings. A few years ago, a special retention award for the chief executive officer (CEO) Ossip generated a lot of dissent and led to two failed Say on Pay votes. The directors described the market for talent as still extremely competitive and said they are "rethinking" their approach to retention for Ossip again. It may be a signal that the company is considering another large special award. We also discussed recent executive changes and the experience of having co-CEOs. After the departure of Turner earlier this year, the Board's announcement indicated it would not consider such an arrangement in the future. At the moment, succession planning is taking a more traditional form, with the recent backfilling of two senior executive roles. Management diversity is another topic on the board's mind in this regard, as both the co-CEO and Chief Financial Officer (CFO) who left were women. Apart from the large special award above, another area of pay-related concern for some investors is the company's reluctance to set long-term targets. Instead of setting three-year key performance indicators (KPIs), Dayforce sets a string of one-year targets that can be adjusted each year. The Compensation Committee continues to look for ways of creating better alignment between pay and performance, such as reducing the overlap between their short-term and long-term KPIs. There are no plans to integrate any ESG factors into compensation. We added the company to our Watch List for Compensation in Q1 2024, out of concern that the Board would grant another large special retention award prompting a need for additional engagement. No such grant was made during the quarter.

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	93	92.0	2,116	82.1
Orange	7	4.8	676	17.4
Red	0	0.0	43	0.5
Not in scope / not covered	2	1.3	6	0.0
Cash	1	1.9	0	0.0
Total	**103**	**100.0**	**2,841**	**100.0**

No/few Flags Medium Flags High Flags

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

SUSTAINABLE INVESTMENTS

The percentage of Sustainable Investments held within the Fund is 32.8%

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. 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. 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. 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. Hedging - Hedging measures involve costs and may work imperfectly, may not be feasible at times, or may fail completely. 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

Source: MSCI. MSCI and its affiliates and third party sources and providers (collectively, “MSCI”) makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used as a basis for other indices or any securities or financial products. This report is not approved, reviewed, or produced by MSCI. Historical MSCI data and analysis should not be taken as an indication or guarantee of any future performance analysis, forecast or prediction. None of the MSCI data is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such.

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 OEIC, an investment company with variable capital incorporated in England and Wales which is registered with the UK Financial Conduct Authority 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 in English, together with 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 and via www.troweprice.com.

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