T. ROWE PRICE FUNDS OEIC

US Equity Fund – ESG Report

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

As at 31 December 2023

ESG INTEGRATION APPROACH

- The US 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.)
- Our investment framework naturally leads to a universe of companies which typically possess favorable ESG profiles. We seek companies that have intangibles affording them pricing power and sticky relationships with their end clients and consumers. Such relationships are often the result of differentiated levels of product safety, ethical dealings, or quality of service. We place a high level of importance on management strength and seek to invest alongside executives with proven track records of strong execution and integrity. We spend a significant amount of time evaluating the incentive structure for management as well as the composition and accountability of the board. We prefer management teams that appropriately balance the interests of all major stakeholders, including employees, communities, and shareholders. While most of our investment considerations are "bottom-up" in nature, we seek to evaluate individual investments in the context of the industries in which they participate. Having a view of the long-term risks associated with an industry helps inform our view of individual companies. Such risks include the regulatory environment, competitive pressures, and the threat of future obsolescence. Our valuation considerations also incorporate ESG considerations. For example, if a company is perceived to have poor relations with its employee base, we would typically expect the market to assign a lower multiple on that company's earnings stream. Finally, while the significant majority of the portfolio is invested in companies with strong ESG track records, companies with past issues related to areas of environmental, social, or governance are not automatically eliminated from our investment universe. We have on occasion made select investments in these types of companies.

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.

Elevance Health (4th Quarter 2023 Engagement)

Focus	Social, Governance
Company Description	Elevance Health is a U.S.-based managed care company.
Engagement Objective	We engaged with Elevance Health on management succession and health equity.
Participants	From Elevance Health: Chief Executive Officer (CEO); Board Chair; Chief Financial Officer (CFO); Investor Relations Representative; Sustainability Representative; Corporate Secretary From T. Rowe Price: Head of Corporate Governance; Portfolio Manager; Investment Analyst; Responsible Investing Analyst
Engagement Outcome	We engaged with Elevance Health on management succession and health equity. Internal succession planning is a key focus for 2023/2024. Throughout the senior and middle levels of the company, the company's goal is to have a candidate ready to step into each role, even if it ultimately decides to hire externally, as it did with the CFO role. The CEO noted that he considers the recent addition of the CFO to be "transformational" and that it has brought technology integration as well as financial experience to the company. The management incentive plan is key to cohesion across the divisions. The plan is funded primarily based on enterprise-wide results, providing motivation for leaders to operate as a team. We also discussed Elevance Health's clear social mission: "to improve the health of humanity." The company noted that 80% of the Medicaid requests for proposals it sees now ask about health equity topics. It is also receiving increased focus on this topic from national account clients. Elevance Health has multiple programs around this topic, but it is working to put some infrastructure around such programs as Food as Medicine and maternal health. The company noted that "the market sees us as just a payer" but stressed that it has made real inroads on improving health outcomes and improving the efficiency of the health care system. Over the past year, Elevance Health has moved from ESG disclosure that is focused on satisfying the requirements of key disclosure frameworks such as the Sustainability Accounting Standards Board (SASB) and Task Force on Climate-Related Financial Disclosures (TCFD), to considering ESG through more of a strategic lens. We highlighted our interest in additional data on health equity that could help investors better understand the company's efforts in this area. We will monitor whether the company adds new disclosure on health equity data to its next sustainability report.

Halliburton (4th Quarter 2023 Engagement)

Focus	Environment, Governance
Company Description	Halliburton is an oilfield services company.
Engagement Objective	We engaged with the company on executive compensation and climate commitments.
Participants	From Halliburton: Lead Director; Chief Legal Officer; Chief Human Resources Officer; Sustainability Representative; Investor Relations Representative From T. Rowe Price: Head of Corporate Governance; Responsible Investing Analyst
Engagement Outcome	Our engagement with Halliburton allowed us to obtain an update on various ESG developments at the company. We discussed Halliburton's Sustainable Energy Solutions (SES) business. This is the first year that the company has seen meaningful growth in its carbon capture and storage and geothermal offerings. These are not financially material yet, but this is an area of increasing focus for management. The company also highlighted two new equity investments made in SES this year. We discussed the company's outlook for climate-related regulation next year at the U.S. Securities and Exchange Commission (SEC) level, California state level, and European Union (EU) level. Of note, Halliburton has moved the responsibility for climate reporting from its Health, Environment & Safety team to the Financial Planning & Analysis group. The company considers climate reporting to be akin to financial reporting now, and it believes the same external reporting group should be responsible for both. The engagement also included a discussion of Halliburton's ongoing board succession effort. Six new directors have joined in the past few years. The company describes it as a "grow to shrink" process. It needs to onboard new directors now before a wave of long-tenured board members retires. Two of its directors receive high votes against them because of their tenure and the board's relatively low level of diversity. One of these directors is Milton Carroll, formerly with CenterPoint Energy. Halliburton defends Mr. Carroll's service on the board, saying he is the company's most valuable resource for onboarding new directors. We also discussed compensation. The company's pay philosophy is rooted in relative performance. Halliburton had two failed Say on Pay votes in a row when performance against the peer group was strong (and therefore pay rose) while stock prices across the industry overall declined. This year, that was not a concern. With the strong performance tailwind, 79% of investors voted with management. We have been supportive of the company's differentiated approach through the cycle.

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	69	87.7	417	81.9
Orange	8	11.9	84	17.6
Red	0	0.0	2	0.5
Not in scope	0	0.0	0	0.0
Not covered	0	0.0	0	0.0
Cash	1	0.5	0	0.0
Total	**78**	**100.0**	**503**	**100.0**

No/few Flags Medium Flags High Flags

The comparator benchmark of the Fund is the S&P 500 Net 15% Withholding Tax. The manager is not constrained by the fund's benchmark, which is used for performance comparison purposes only.

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. 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

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