



T. ROWE PRICE FUNDS SICAV

US All-Cap Opportunities 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 All-Cap Opportunities 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.)
- The fund is constructed on the basis of providing long-term growth of capital by investing primarily in the common stocks of companies operating in sectors T. Rowe Price believes to be the fastest growing in the United States. As such, our primary emphasis is on company fundamentals, which include the consideration of environmental, social and governance factors. We find that this process tends to yield an ESG-friendly set of companies; however, we also screen the portfolio using T. Rowe Price's proprietary RIIM analysis at regular intervals. This helps us understand the ESG characteristics of the portfolio and makes us aware of any elevated exposures to specific ESG factors.
- 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 or related securities issued by companies in the United States of America. 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.

UnitedHealth (4th Quarter 2023 Engagement)

Focus	Social
Company Description	UnitedHealth is a leading U.S. health insurer.
Engagement Objective	We engaged with UnitedHealth on impact and ESG disclosures.
Participants	<p>From UnitedHealth: Chief Financial Officer, Sustainability Representative, Investor Relations Representative, Senior Deputy Legal Counsel</p> <p>From T. Rowe Price: Investment Analyst, Impact Analyst, Responsible Investing Analyst</p>
Engagement Outcome	<p>We engaged with UnitedHealth to discuss how it could build on its existing disclosures to further evidence its impact in future reporting and improve ESG disclosures on a range of other topics.</p> <p>UnitedHealth leads the managed care industry in impact measurement, with the broadest range of impact key performance indicators (KPIs) of any of its peers. Additionally, the company has set four impact targets: (a) 85% of its members will receive preventive care services annually by 2030; (b) 55%+ of its outpatient surgeries and radiology services will be delivered at high-quality, cost-efficient sites of care by 2030; (c) the company will close 600 million gaps in care by the end of FY25; and (d) invest USD 100 million in new partnerships that advance a diverse health workforce by 2033.</p> <p>The company has added additional disclosure on the rationale and progress toward each of these commitments in this year's disclosure, further strengthening its impact reporting.</p> <p>We revisited our discussion from one year ago, focused on the company's "care gaps closed" objective. We again expressed our interest in additional disclosure on the types of care gap closed, split either by disease type or focused on the demographic mix of patients for whom care gaps have been closed. UnitedHealth highlighted health equity as an area the company itself has been seeking to better examine and seemed receptive to including additional disclosure on the type of care gaps closed split by socioeconomic characteristics. We also highlighted detailed KPIs disclosed by rival health insurer Humana, related to value-based care outcomes, which we suggested may also be beneficial for UnitedHealth to disclose in the future.</p> <p>UnitedHealth has included additional reporting on human capital management in this year's sustainability report. The company has further strengthened its offer to employees (e.g., increasing parental leave, improving health benefits, investing in employee well-being) and, combined with wider labor market conditions, this has contributed to voluntary turnover declining by around 4 percentage points from 18% in 2022.</p> <p>We highlighted additional transparency on the company's approach to business ethics and employee compliance (e.g., quantitative KPIs on code of conduct violations, substantiated allegations) and data privacy (e.g., information on ISO 27001 certification, or standards to manage information security) as two topics where existing disclosure could be further strengthened.</p> <p>The engagement allowed us to share our view of best practices on impact and request additional transparency from the company on its care gaps closed target. We also imparted our view on where the company could further improve ESG disclosures, namely in relation to business ethics and data privacy.</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.

Meta Platforms (4th Quarter 2023 Engagement)

Focus	Social
Company Description	Meta Platforms (Meta) operates a leading social media platform; its four major properties are Facebook, Instagram, WhatsApp, and Messenger.
Engagement Objective	We engaged with the company on youth safety, wellness, and responsible artificial intelligence (AI).
Participants	<p>From Meta Platforms: Head of ESG, General Counsel, Investor Relations Representative</p> <p>From T. Rowe Price: Portfolio Managers, Head of Corporate Governance, Responsible Investing Analyst</p>
Engagement Outcome	<p>Our objective was to learn how Meta is measuring the effectiveness of the myriad tools created to protect young people on the platform and ask that Meta disclose more of this information where possible.</p> <p>We believe concrete metrics related to the effectiveness and use of Meta's health and safety tools would support the company's claim that health and safety is a top priority. On the call, Meta could not say what percent of the platform currently uses these tools or whether the health and safety teams are tracking metrics related to the products. The company provided some detail about outcomes from product trials and followed up in an email with more data on the effectiveness of several of the measures it has introduced. These included: alternate topic "nudges" built to encourage teens to switch to a different topic if they have been scrolling the same one for some time; "Take a Break" reminders; teen private default settings on Instagram; Hidden Words; the ability to multi-block; and making it easier for minors to report other users.</p> <p>We recommended concrete metrics related to the health and safety tools would support Meta's claim that health and safety is a top priority. The company told us that our feedback to disclose how successful those tools are at improving health and safety outcomes was helpful, and we have been informed Meta is still internally discussing what data can be shared. We view the issue of youth safety as one that drives material reputational damage to the brand, and if reputational issues worsen, it could draw more regulatory scrutiny. We have discussed child safety with the company before on several occasions.</p> <p>Last year, there was a shareholder proposal that asked Meta to define its own key performance indicators related to children's safety and measure improvements against those metrics. We did not back it because the proposal had prescriptive elements, which we generally do not support. After learning in this engagement that Meta is not likely tracking metrics at all, we have less confidence that the company is taking this issue seriously. In light of this and in the wake of the lawsuit recently submitted by 42 attorneys general, we could be more likely to escalate the issue by supporting a shareholder proposal aimed at this topic in addition to the votes against the re-election of the directors we already cast due to governance concerns.</p> <p>In terms of monitoring, we are looking for Meta to introduce metrics related to the adoption and success of mental health and safety tools to be deployed on its platforms.</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	78	83.9	2,509	82.1
● Orange	14	15.1	419	17.3
● Red	0	0.0	28	0.5
● Not in scope	0	0.0	19	0.1
● Not covered	0	0.0	0	0.0
● Cash	1	1.0	0	0.0
Total	93	100.0	2,975	100.0

● No/few Flags ● Medium Flags ▲ High Flags

The comparator benchmark of the Fund is the Russell 3000 Index Net 30% 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 Exposure %	Fund Exposure %
Sustainable Investments	10.0%	42.1%
Environmental Objectives	0.5%	17.4%
Social Objectives	0.5%	24.7%

RISKS - The following risks are materially relevant to the fund (refer to prospectus for further details): 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. 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.

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