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SELECT INVESTMENT SERIES III SICAV

T. Rowe Price US Large Cap Value Equity Fund – ESG Report

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

As at 31 December 2022

ESG INTEGRATION APPROACH

- The T. Rowe Price US Large Cap Value 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 components 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 environmental, social, and governance 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. It covers around 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 (i.e. number of accidents, carbon emissions, strength of whistle-blower programs);
    - ESG targets (i.e. plans to reduce carbon emissions, increase diversity, etc.)
    - ESG incidents and controversies (i.e. environmental fines paid, local community controversies/protests against a company, etc.)

- At times the source of controversy can be associated with poor past practices involving environmental, social, or governance-related issues. Companies with poor historical ESG track records are not automatically eliminated from our investment universe. Working collaboratively with investment analysts and our internal ESG resources, the strategy's portfolio managers develop an understanding of the key issues, consider their materiality, and assess the potential for improvement. To be considered seriously as an investment, we must determine the company has a credible plan to address past weaknesses. In our experience, companies with a sharp focus on addressing previous deficiencies can be very attractive investments.

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 from large capitalisation companies in the United States that are selling at discounted valuations relative to their historical average and/or the average of their industries. 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.

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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, influencing 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.

Stanley Black & Decker (4th Quarter 2022 Engagement)

Focus	Environmental, Governance
Company Description	Stanley Black & Decker (Stanley) is a U.S. hand tools company.
Engagement Objective	We engaged with the company to discuss various governance and climate issues.
Participants	From Stanley: Senior Vice President, General Counsel, and Secretary; Vice President, Investor Relations From T. Rowe Price: Head of Governance, Equity Analysts (2), Responsible Investing Analyst
Engagement Outcome	We engaged with Stanley to provide feedback on the company's recent board changes, pay practices, ESG disclosure, and climate targets. Stanley's board has undergone several succession changes, including a new chair. Several committee chairs have changed hands, and in the past two years five new directors have been elected, four of them independent. We gave feedback on ways to improve compensation practices as we felt some were questionable. The company advised that the board is interested in incentives that integrate shareholder feedback and align with the company's strategic plan. We gave feedback on Stanley's ESG disclosure, which is good overall and should improve in 2023 with an Equal Employment Opportunity report on diversity, equity, and inclusion, alongside Task Force for Climate-Related Financial Disclosures reporting. Following recent divestitures, Stanley plans to re-baseline its climate targets and set longer-term ones in line with Science-Based Targets initiative (SBTi) criteria. The company has yet to establish a long-term net zero target given that it has prioritized setting medium-term targets. Stanley fully discloses its scope 3[1] emissions and said it is focused on reducing them by (1) engaging with suppliers to let them set SBTi-certified targets and (2) increasing sustainable packaging and recycled product content. Both initiatives will require more disclosure, in our view. Stanley can measure sustainable capital spending for energy projects but is working on a method to measure all capital expenditure related to ESG goals. For longer payback initiatives (three to five years), the company has a budget of USD$ 10 million to 20 million per year. Stanley has a stated target to enhance the lives of 500 million people with products that fulfill unmet societal needs by 2030. We felt this objective is unclear. The company clarified its definition and added that it would soon use a dollar revenue target. The engagement allowed us to give Stanley feedback on how to improve compensation practices as well as ESG disclosure and climate targets. The company plans to report on several ESG disclosure items in the coming months, which we will continue to monitor.

[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).

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Cigna (4th Quarter 2022 Engagement)

Focus	Social, Governance
Company Description	Cigna is a managed health care and insurance company.
Engagement Objective	We engaged with Cigna to impart our view on the company's ESG disclosures and discuss select governance items.
Participants	From Cigna: Chief Counsel and Corporate Secretary, Head of Investor Relations, ESG Senior Advisor, Public Affairs representative, Compensation and ESG representative, Compensation representative From T. Rowe Price: Head of Corporate Governance, Responsible Investing Analyst
Engagement Outcome	Our engagement featured a discussion around Cigna's ESG disclosure. The company already reports against the Sustainability Accounting Standards Board (SASB) and Taskforce on Climate-Related Financial Disclosures (TCFD)—as recommended by T. Rowe Price—and its disclosures are generally comprehensive in most areas. We provided feedback that it would be beneficial for Cigna to dedicate more emphasis to its healthy society and healthy workforce strategy pillars, as we believe these ESG topics that are more financially material for the company. (Currently, they are located toward the back of its reporting, following its environmental disclosures.) In 2021, Cigna set a short-term, one-year goal to double the number of customers screened for social determinants of health and double the health equity actions taken by teams/employees. We asked the company if it had considered setting longer-term goals; Cigna noted that it is currently working on setting long-term targets on these topics. This forms part of a broader discussion with the board on the company's sustainability. Cigna has set a target to reach 50% of women in director roles by 2024 but does not provide clear disclosure to enable investors to track its progress. We asked the company to provide clearer reporting in this area to enhance transparency (the only data included in the ESG report are at executive/senior level, where female representation is around 35%). We also provided feedback on Cigna's approach to political spending disclosure. At the shareholder meeting, 46% of investors, including T. Rowe Price, supported a shareholder resolution seeking disclosure on this topic. In response, the company has collected feedback from investors and implemented these changes, effective with the next report in the first quarter of 2023: (1) increased prominence of its political spending report, which had been hard to find; (2) added discussion of Cigna's framework for political giving and how its priorities are determined; (3) retained a third-party service to monitor the political statements, positions, and social media posts of the members of Congress supported by its political action committee (PAC), escalating any that represent extreme divergence from the company's values; and (5) increased the frequency of the report to semiannual. The engagement allowed us to impart our view on the materiality of different ESG considerations and suggest additional granularity on diversity, equity, and inclusion reporting (specifically as it concerns the company's 2024 targets). It also allowed us to impart our views on the company's approach to political spending disclosure.

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RISKS - The following risks are materially relevant to the fund (refer to prospectus for further details): 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. **Volatility -** The performance of the fund has a risk of high volatility.

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.

IMPORTANT INFORMATION

Effective 1 October 2022, the fund changed its name from Responsible US Large Cap Value Equity Fund to US Large Cap Value Equity Fund.

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