T. ROWE PRICE FUNDS SICAV

US Structured Research 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 Structured Research 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.)
- Capital is allocated to the analysts in proportion to the weight of the stocks the analysts follow within the benchmark. Each analyst makes buy and sell decisions within his or her coverage. The analysts overweight the most attractive stocks, underweight the least attractive stocks, and opportunistically add high-conviction, non-index securities from their coverage area. Relative position sizes are indicative of the analyst's conviction in each holding and are based on intensive, company-specific research that incorporates the ESG analysis provided by our ESG specialists.
- 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 diversified portfolio of shares or related securities issued by companies in the United States of America, selected by T. Rowe Price's team of global research analysts under the supervision of the portfolio managers. 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 constrained by the benchmark due to its use in portfolio construction. The benchmark is also be used for performance comparison purposes.

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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	From UnitedHealth: Chief Financial Officer, Sustainability Representative, Investor Relations Representative, Senior Deputy Legal Counsel From T. Rowe Price: Investment Analyst, Impact Analyst, Responsible Investing Analyst
Engagement Outcome	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. 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. 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. 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. 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. 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. 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.

Cummins (4th Quarter 2023 Engagement)

Focus	Environment
Company Description	Cummins designs, manufactures, and distributes engines and components for commercial vehicles, off-highway equipment, and power generation units.
Engagement Objective	We engaged with the company for a discussion focused on ESG reporting, decarbonization, and net zero.
Participants	From Cummins: Vice President, Investor Relations; Investor Relations Manager (ESG); Executive Director, Global Risk; ESG Director, Compliance and Regulatory Affairs From T. Rowe Price: Director of Research, Responsible Investing; Responsible Investing Analyst
Engagement Outcome	We engaged with the company on ESG reporting, decarbonization, and net zero. We discussed several sustainability reporting standards that are relevant for investors and encouraged Cummins to transition to the International Sustainability Standards Board (ISSB) standards, which combine Task Force on Climate-Related Financial Disclosures (TCFD) and Sustainability Accounting Standards Board (SASB). ISSB is effective January 1, 2024, but we expect Cummins to adopt it in 2025 and start reporting against it in 2026. We encouraged the company to start engaging with MSCI/Sustainalytics in advance to ensure ESG data will continue to be accurately picked up during the transition to ISSB. This means Cummins will likely continue to report against all its existing standards for the time being. We also discussed assigning a digital tag to all ESG datapoints to ensure consistency across various ESG data providers and market participants. (This is an approach that is currently being used to ensure consistency of financial data.) Cummins has very good ESG disclosures, so we discussed how to improve the format, length, timing, and content of this report and suggested best practice would be to issue an annual integrated report published closer to annual financial reports. The U.S. Securities and Exchange Commission has indicated it is also leaning toward companies adopting integrated reports. We highlighted a couple of good examples of integrated reports from Cummins' industrial peers, TOMRA and Legrand. Cummins does not have a long-term net zero goal but is pursuing carbon neutrality in the company's products and operations by 2050, while focusing on several medium-term science-based decarbonization targets by 2030. The vast majority of its decarbonization efforts require a transition to zero- and low-carbon engine alternatives (e.g., battery-electric, natural gas, hydrogen), and we suggested Cummins could highlight this in a road map outlining when and how these alternatives will be implemented. The company welcomed this suggestion and highlighted it might publish a white paper on this topic next year. We provided feedback on Cummins' sustainability reporting and broader ESG disclosures, presenting several best practice examples. We also provided feedback on the company's decarbonization strategy. We will monitor for additional disclosure on adopting ISSB standards and an implementation road map for zero- and low-carbon product alternatives.

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.

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	241	82.2	417	81.9
Orange	46	17.4	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	**288**	**100.0**	**503**	**100.0**

● No/few Flags ■ Medium Flags ▲ High Flags

The comparator benchmark of the Fund is the S&P 500 Index Net 30% Withholding Tax. 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%	44.3%
Environmental Objectives	0.5%	22.2%
Social Objectives	0.5%	22.1%

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.

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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