



## T. Rowe Price U.S. Large-Cap Core Growth Equity Pool

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

As of March 31, 2024

### ESG INTEGRATION APPROACH

- The portfolio 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 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 portfolio manager are able to leverage dedicated, in-house resources to assist them 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 pro-actively 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 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 (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 portfolio is constructed on the basis of identifying high-quality large-cap growth companies that we believe can generate durable earnings and free cash flow growth that drive investment returns over time. As such, our primary emphasis is on company fundamentals, which include the consideration of environmental, social, and governance factors. 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. This analysis is a valuable input to the portfolio construction process.

### 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.

**Netflix (1st Quarter 2024 Engagement)**

<b>Focus</b>	Social, Governance
<b>Company Description</b>	Netflix is a global leader in subscription video streaming.
<b>Engagement Objective</b>	We engaged with the company for a discussion focused on 2023 shareholder meeting results, executive compensation, and artificial intelligence (AI) governance.
<b>Participants</b>	From Netflix: Director; ESG Investor Relations representative; Legal representatives From T. Rowe Price: Head of Corporate Governance
<b>Engagement Outcome</b>	<p>We engaged with Netflix to provide feedback on the results of the 2023 shareholder meeting. Netflix has experienced two failed Say on Pay votes in a row as investors rejected the level and structure of the compensation arrangements associated with the management transition to the current Co-Chief Executive Officers (CEOs). Of note, we voted with management in both cases, not because we concluded the pay arrangements were free of concern, but rather because our message to the Board around governance issues had been concentrated in different areas and we wished to avoid sending a muddled message.</p> <p>The company shared with us the feedback it had received from investors who voted AGAINST the executive pay package. The concerns were generally around the amount of pay and a perception that the program is not performance-based. Many investors are opposed to the use of options in any capacity. Others did not like the company's selection of relative total shareholder return (TSR) as the key performance metric. Our view is that while the compensation of the former CEO and present Co-CEOs is very high, there is no question it has been aligned with value creation over time.</p> <p>Finally, we discussed AI governance. The company does not currently have a formal AI policy because the topic is viewed as too broad to be handled in such a simple way. The use of AI extends across multiple product and service areas and some AI tools have been in use for a number of years. Putting a governance framework around the potential uses of generative AI is a high priority for the company.</p>

The specific securities identified and described do not represent all of the securities purchased, sold, or recommended for the Pool, and no assumption should be made that the securities identified and discussed were or will be profitable.

**Schlumberger (4th Quarter 2023 Engagement)**






<b>Focus</b>	Environment
<b>Company Description</b>	Schlumberger (SLB) is an U.S. oilfield services company based in Houston, Texas.
<b>Engagement Objective</b>	We engaged with SLB to discuss various ESG issues including climate strategy and ESG disclosure.
<b>Participants</b>	From SLB: Vice President, Sustainability; Director of ESG, Reporting and Disclosure; Director, Investor Relations From T. Rowe Price: Responsible Investing Analyst
<b>Engagement Outcome</b>	<p>We engaged with SLB to discuss its climate strategy and ESG reporting. The company has targets covering scope 1-3<sup>1</sup> emissions. We provided our view that including scope 3 in its targets was a positive step. Regarding the key decarbonization levers in its climate strategy, SLB said that digitalization and better use of data were important. However, the long-term net zero aim requires further developments in technology. The company is investing in its transition technologies (e.g., carbon capture and storage) and new energies (e.g., hydrogen, lithium, and geothermal). SLB believes the areas in which it is investing are tied to its core expertise and that its new energies business could be a significant growth driver. It hopes to provide more details on the new energies unit and its potential growth trajectory in its 2024 reporting.</p> <p>SLB reports using Task Force on Climate-related Financial Disclosures (TCFD), Sustainability Accounting Standards Board (SASB), and Global Reporting Initiative (GRI) frameworks, and provides a Carbon Disclosure Project (CDP) submission. We highlighted our preference for the TCFD and SASB frameworks. The company is working to align with the International Sustainability Standards Board standards and is prepared to align with the Securities and Exchange Commission climate rule (or the California climate rule) when it is finalized. We told SLB that we found its ESG reporting comprehensive and were pleased to see it report a full scope 3 footprint, which distinguishes the company in its industry.</p> <p>Our engagement gave us an opportunity to provide feedback regarding SLB's ESG reporting and climate strategy. We will monitor for the company to provide more details on the outlook for its new energies business in 2024.</p>

<sup>1</sup> 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.

The specific securities identified and described do not represent all of the securities purchased, sold, or recommended for the Pool, 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	80	79.8%	416	81.8%
 Orange	7	19.5	84	17.6
 Red	0	0.0	3	0.5
 Not in scope/ not covered	0	0.0	0	0.0
 Cash	1	0.8	0	0.0
<b>Total</b>	<b>88</b>	<b>100.0</b>	<b>503</b>	<b>100.0</b>

 No/few Flags    Medium Flags    High Flags

The benchmark of the Fund is the S&P 500 Index .

The S&P 500 Index is a product of S&P Dow Jones Indices LLC, a division of S&P Global, or its affiliates (“SPDJI”), and has been licensed for use by T. Rowe Price. Standard & Poor’s® and S&P® are registered trademarks of Standard & Poor’s Financial Services LLC, a division of S&P Global (“S&P”); Dow Jones® is a registered trademark of Dow Jones Trademark Holdings LLC (“Dow Jones”). This product is not sponsored, endorsed, sold or promoted by SPDJI, Dow Jones, S&P, their respective affiliates, and none of such parties make any representation regarding the advisability of investing in such product(s) nor do they have any liability for any errors, omissions, or interruptions of the S&P 500 Index .

**IMPORTANT INFORMATION**

**This material is being furnished for general informational and/or marketing purposes only.** The material does not constitute or undertake to give advice of any nature, including fiduciary investment advice, nor is it intended to serve as the primary basis for an investment decision. Prospective investors are recommended to seek independent legal, financial and tax advice before making any investment decision. T. Rowe Price group of companies including T. Rowe Price Associates, Inc. and/or its affiliates receive revenue from T. Rowe Price investment products and services. **Past performance is not a reliable indicator of future performance.** The value of an investment and any income from it can go down as well as up. Investors may get back less than the amount invested. The material does not constitute a distribution, an offer, an invitation, a personal or general recommendation or solicitation to sell or buy any securities in any jurisdiction or to conduct any particular investment activity. The material has not been reviewed by any regulatory authority in any jurisdiction.

Information and opinions presented have been obtained or derived from sources believed to be reliable and current; however, we cannot guarantee the sources' accuracy or completeness. There is no guarantee that any forecasts made will come to pass. The views contained herein are as of the date noted on the material and are subject to change without notice; these views may differ from those of other T. Rowe Price group companies and/or associates. Under no circumstances should the material, in whole or in part, be copied or redistributed without consent from T. Rowe Price.

**Canada** - Issued in Canada by T. Rowe Price (Canada), Inc. T. Rowe Price (Canada), Inc.'s investment management services are only available to Accredited Investors as defined under National Instrument 45-106. T. Rowe Price (Canada), Inc. enters into written delegation agreements with affiliates to provide investment management services.

The Fund is an open-end unit trust under the laws of the Province of Ontario pursuant to a trust agreement between CIBC Mellon Trust Company (the "Trustee") and T. Rowe Price (Canada), Inc. (the "Manager"). The Fund is offered on the basis of the offering memorandum and is available only to Accredited Investors as defined under National Instrument 45-106.

Residents of Quebec may request a French translation of this document. Please contact

CanadaTranslationRequests@troweprice.com. Les résidents du Québec peuvent demander une traduction française de ce document. S'il vous plaît contactez CanadaTranslationRequests@troweprice.com.

© 2024 T. Rowe Price. All Rights Reserved. T. ROWE PRICE, INVEST WITH CONFIDENCE, and the Bighorn Sheep design are, collectively and/or apart, trademarks of T. Rowe Price Group, Inc.

202403-3480760

202101-1466714

202404-3515835