## Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overview</td>
<td>1</td>
</tr>
<tr>
<td>Capital requirements</td>
<td>2</td>
</tr>
<tr>
<td>Risk management framework and governance</td>
<td>3</td>
</tr>
<tr>
<td>Pillar 2 and ICAAP</td>
<td>6</td>
</tr>
<tr>
<td>Remuneration Code Disclosure</td>
<td>6</td>
</tr>
</tbody>
</table>
Overview

The European Union Capital Requirements Directive ("CRD") and the Capital Requirements Regulation ("CRR"), collectively known as CRD IV, sets out the regulatory capital framework for Europe based on the provisions of the Basel III Capital Accord. Investment firms that are authorised under the Markets in Financial Instruments Directive ("MiFID") are subject to prudential requirements set out in CRD IV and CRR.

The framework consists of three “Pillars”:

- **Pillar 1** sets out the minimum capital requirements and variable capital requirements that a firm is required to meet for credit, market and operational risk;

- **Pillar 2** requires that a firm undertakes an internal assessment of capital against risks, including those not covered by Pillar 1; and

- **Pillar 3** promotes market discipline by requiring a firm to disclose information on their capital resources and Pillar 1 requirements, risk exposures and risk management framework.

This document sets out the Pillar 3 disclosure for T. Rowe Price International Ltd ("TRPIL" or "the firm"). The disclosures have been prepared on a consolidated basis including TRPIL’s wholly owned subsidiaries: T. Rowe Price UK Ltd, T. Rowe Price Hong Kong Limited, T. Rowe Price Singapore Private Ltd, T. Rowe Price (Switzerland) Gmbh, T. Rowe Price (Luxembourg) Management Sarl, T. Rowe Price Japan, Inc., T. Rowe Price Investment Consulting (Shanghai) Co., Ltd. ("TRPSH") and T. Rowe Price Australia Limited. TRPIL is a wholly owned subsidiary of T. Rowe Price Associates, Inc. ("TRPA"). TRPA is a wholly owned subsidiary of T. Rowe Price Group ("TRPG" or "the company"), publicly owned in the United States of America (NASDAQ: TROW).

This disclosure is made as at 31 December 2020 and has taken account of the audited financial statements as at that date and the strategy and related current forecasts for the relevant entities.

Summary capital position and requirements

TRPIL’s capital position and Pillar 1 capital requirements are shown in the table below. All TRPIL’s capital is high quality common equity tier 1 capital.

<table>
<thead>
<tr>
<th>Capital resources</th>
<th>31 December 2020</th>
<th>31 December 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$m</td>
<td>$m</td>
</tr>
<tr>
<td>Permanent share capital</td>
<td>174.1</td>
<td>174.1</td>
</tr>
<tr>
<td>Profit and loss and other reserves</td>
<td>424.7</td>
<td>428.3</td>
</tr>
<tr>
<td>Total tier one capital</td>
<td>598.8</td>
<td>602.4</td>
</tr>
<tr>
<td>Less: deductibles (goodwill and intangibles, and unaudited profit)</td>
<td>196.9</td>
<td>211.7</td>
</tr>
<tr>
<td>Less: Pillar 1 capital requirement</td>
<td>111.2</td>
<td>104.2</td>
</tr>
<tr>
<td>Surplus capital</td>
<td>290.7</td>
<td>286.5</td>
</tr>
<tr>
<td>Surplus capital as a % of Pillar 1 capital requirement</td>
<td>261%</td>
<td>275%</td>
</tr>
</tbody>
</table>
Capital requirements

TRPIL's Pillar 1 capital requirement is shown in the table below.

<table>
<thead>
<tr>
<th>Capital resources</th>
<th>31 December 2020</th>
<th>31 December 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>(A) Credit risk</td>
<td>32.3</td>
<td>16.6</td>
</tr>
<tr>
<td>(B) Market risk</td>
<td>11.2</td>
<td>23.0</td>
</tr>
<tr>
<td>(C) Total credit and market risk (sum of A &amp; B)</td>
<td>43.5</td>
<td>39.6</td>
</tr>
<tr>
<td>(D) Fixed overhead requirement</td>
<td>111.2</td>
<td>104.2</td>
</tr>
<tr>
<td>Pillar 1 variable capital requirement (higher of C &amp; D)</td>
<td>111.2</td>
<td>104.2</td>
</tr>
</tbody>
</table>

The Pillar 1 capital requirement is calculated as the higher of the fixed overhead requirement and the sum of the credit and market risk requirements. In line with TRPIL's regulatory classification, this does not include an operational risk capital component. As at 31 December 2020, the fixed overhead requirement is TRPIL's Pillar 1 capital requirement as it is higher than the sum of the credit and market risk requirements.

Credit risk capital requirement
Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. As TRPIL does not conduct lending activity or principal trading, the risk associated with this category is narrowed to counterparty risk in relation to trade debtors, cash at bank and cash investments. Concentration of credit risk in trade debtors is believed to be minimal in that our clients have substantial assets, including those in the investment portfolios that we manage for them. TRPIL's Pillar 1 credit risk requirement is calculated as 8% of the risk weighted exposures, using risk weights defined by Financial Conduct Authority (FCA) under the standardised approach. The risk weights are applied based on the credit quality of counterparties, based on the External Credit Assessment Institutions (ECAI) credit assessments.

The credit risk capital requirement calculation as at 31 December 2020 is shown in the table below.

<table>
<thead>
<tr>
<th>Exposure class</th>
<th>Exposure $m</th>
<th>Risk weight %</th>
<th>Risk weighted exposure</th>
<th>Pillar 1 credit risk requirement (8%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Institutions¹</td>
<td>167.5</td>
<td>20.0</td>
<td>33.5</td>
<td>2.7</td>
</tr>
<tr>
<td>Collective Investment Undertaking²</td>
<td>508.3</td>
<td>35.9</td>
<td>182.6</td>
<td>14.6</td>
</tr>
<tr>
<td>Collective Investment Undertaking²</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Institutions¹</td>
<td>187.4</td>
<td>100.0</td>
<td>187.4</td>
<td>15.0</td>
</tr>
<tr>
<td>Sovereign Debtors</td>
<td>0.3</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Total</td>
<td>863.5</td>
<td>403.5</td>
<td>32.3</td>
<td></td>
</tr>
</tbody>
</table>

1 Risk weight differences in the Institutions exposure classes reflect the risk weight of each underlying holding based on the corresponding BIPRU credit quality step.
2 The risk weight for the Collective Investment Undertakings (CIU) vary due to a calculated average risk weight used for the underlying holding of each specific CIU, which is known.
Market risk capital requirement
Market risk is defined as the risks that arise from fluctuations in values of, or income from, assets or in interest or exchange rates. TRPIL does not conduct principal trading.

TRPIL’s revenue and retained profit are based on the value and composition of assets under management. Accordingly, fluctuations in financial markets and the composition of assets under our management directly affect revenue and operating results. The firm’s exposure to market risk in relation to the balance sheet is related to cash and trade debtor balances denominated in currencies other than TRPIL’s functional currency, whereby changes in foreign exchange results can impact the financial results. In accordance with BIPRU 7.5 and the Foreign Currency PRR, TRPIL has calculated the Pillar 1 market risk capital requirement as 8% of the firm’s currency exposure (defined as the greater of the net long or short positions), including cash balances and trade receivables, shown in the table below.

<table>
<thead>
<tr>
<th>Currency exposure</th>
<th>31 December 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>(A) Long position</td>
<td>140.4</td>
</tr>
<tr>
<td>(B) Short position</td>
<td>(3.3)</td>
</tr>
<tr>
<td>(C) Greater of A &amp; B</td>
<td>140.4</td>
</tr>
<tr>
<td><strong>Pillar 1 market risk requirement (8% of C)</strong></td>
<td><strong>11.2</strong></td>
</tr>
</tbody>
</table>

Operational risk requirement
TRPIL is not required to hold capital under Pillar 1 for operational risk under the FCA’s standardised approach, but it is the most significant risk for TRPIL under Pillar 2.

Liquidity risk
Liquidity risk is the risk that the firm will not be able to meet its financial obligations as they fall due. TRPIL maintains liquidity resources to meet expected obligations as they fall due both under normal conditions and stressed conditions and maintains cash and cash investments in excess of its Pillar 1 requirements. As required by the FCA under PS09 “Strengthening Liquidity Management Standards”, TRPIL has documented its Liquidity Risk Management Framework.

Risk management framework and governance
The TRPIL Board of Directors (“TRPIL Board”) is accountable for risk and oversight of the risk management process. The TRPIL Board recognises that risk is inherent in TRPIL’s business and the markets in which it operates and places a high priority on a strong risk management culture within the firm. Effective risk management and internal controls are therefore central to the firm’s business model. TRPIL has risk tolerance statements and tolerances set by the TRPIL Board.

The TRPIL Board relies on oversight committees to ensure that risks are appropriately monitored, controlled, and align with the firm’s stated risk tolerance. The key oversight committees include, but are not limited to:

- **Risk and Operational Steering Committee (“ROSC”)** – Company-wide committee, which provides oversight, monitoring, and communication of the firm’s risk management structure, processes, and business unit risk management efforts.
International Risk Committee (“IRC”) – The IRC is responsible for overseeing and monitoring key business risks in TRPIL, for monitoring the firm’s risk tolerance, and for oversight of the adequacy and effectiveness of the business risk framework in TRPIL. The IRC includes senior management from the business functions, including representation from the second and third lines of defence and provides a path for risk escalation to the ROSC and the TRPIL Board.

International Equity, Fixed Income and Multi Asset Steering Committees – Business unit committees which oversee the investment process, monitor risk and ensure that portfolio managers understand and comply with our investment philosophy.

Counterparty Risk Committee – Company-wide committee, which oversees counterparty risk.

Valuation Committee – Company-wide committee, which oversees the policies, processes and practices governing security valuation.

Ethics Committee – Company-wide committee, which sets policy on appropriate conduct and provides guidance on the application of the Code of Ethics and Conduct.

Executive Compensation and Management Development Committee (“ECMDC”) and the Management Compensation and Development Committees (“MCDC”) – Company-wide committees, which are involved in determining the total amount allocated to the bonus pool and reviewing the annual compensation recommendations for the senior-most positions in the organisation as well as all investment and sales roles. They are also involved in considering whether the program rewards reasonable risk-taking and whether the incentive opportunities achieve the proper balance between the need to reward employees and the need to protect clients’ interests.

Oversight of risk in TRPIL is performed by the Head of Business Risk EMEA and the Head of Investment Risk, who report to the Chief Risk Officer of T. Rowe Price Group.

Three lines of defence
Our risk management approach is designed with three lines of defence to ensure effective identification, assessment and management of risk.

The first line of defence is our business unit leaders. Business unit leaders are responsible for overseeing our operations and managing risks specific to their respective business areas. These executives and the managers reporting to them are in the best position to understand the complexities and challenges of our business and therefore can make the most immediate and appropriate decisions regarding risk management based on the firm’s overall risk philosophy. Business unit leaders are responsible for identifying and assessing risks, establishing controls and executing action plans to mitigate risks. Various steering and governance committees provide oversight, policy, and strategic direction for certain critical business activities.

The second line of defence is composed of the Enterprise Risk Group and Compliance. These groups support business unit management by providing management with advice, oversight and guidance, along with tools, frameworks and policies for managing risk. The Enterprise Risk Group reports to the TRPIL Board and relevant committees on a regular basis.

Internal Audit forms the third line of defence, providing independent assurance that established internal controls are operating effectively and that our risks are adequately mitigated.

The three lines of defence provide the TRPIL Board and executive management with the ability to quickly address identified issues and continually assess and strengthen the overall risk management program. All of this enables us to earn the trust that our clients have placed in us as a fiduciary of their assets.
Key risks to TRPIL
The firm takes a holistic, enterprise-wide approach to risk management and views risk under three primary types: Strategic risk, Operational risk, and Financial risk. Each risk type, and its categories, is outlined below:

Strategic risks
Strategic risk is defined as the failure to develop and implement goals/strategies that support the corporate mission of offering investment management products and services that help clients achieve their long-term financial goals. Strategic risks include:

- Business concentration risk
- Investment capacity risk
- Governance and oversight risk
- Organisational culture risk
- Core values risk
- Investment risk
- Competitive positioning risk
- Investment performance risk

Our framework for managing strategic risks includes the identification of risks to the strategic plan and significant change initiatives, with top-down assessments facilitated by the Enterprise Risk Group. Executive committees oversee strategic risks. These committees include the Product Strategy Committee and Investment Management Steering Committee, and the ROSC who oversee the strategic change portfolio.

Operational risks
Operational risk refers to unintended outcomes arising from inadequate or failed internal processes, people, technology, or from external events. This includes:

- Cyber risk
- Fraud and financial crime risk
- Human capital risk
- Legal and compliance risk
- Process and execution risk
- Technology risk
- Privacy and confidentiality risk
- Third-party risk

Our framework for managing operational risks include our policy framework, the identification and quantification of risks and controls through risk assessments, our incident management process, internal controls assurance (SOX, SOC 1 and SOC2) and business continuity and disaster recovery program. Second line of defence control functions provide oversight, escalation and reporting on operational risks. Risk monitoring programmes, third party, cyber, financial crime and data privacy risk frameworks are in place, along with change management procedures for technology risk.
Financial risks
Financial risks are those associated with managing and maintaining the financial strength and viability of the firm, such as:

- Capital, liquidity and credit risks
- Market and environmental risk
- Operating results risk

Our framework for managing financial risks includes our SOX certifications, maintenance of a strong balance sheet with capital in excess of regulatory requirements and no debt. Market and Credit risks arising from TRPIL’s cash held at banks, investments, and debtors are monitored by the respective oversight teams in line with policies and procedures.

Pillar 2 and ICAAP
TRPIL undertakes an Internal Capital Adequacy Assessment Process (“ICAAP”) to assess and quantify the capital required to support key risks impacting TRPIL under Pillar 2. This assessment is performed annually and may be updated more frequently if significant changes in TRPIL’s business activities or risk profile occur. The ICAAP is led by the Business Risk team within the Enterprise Risk Group, with input from senior business managers, other control functions and the TRPIL Board. Financial projections, capital positions and stress testing are prepared by the Finance team. The results of the ICAAP are reviewed by the IRC and approved by the TRPIL Board. Risks are assessed in line with regulatory methodologies and the firm utilises operational risk scenario analysis to determine severe but plausible events across the operational risks to TRPIL noted above. Strategic risks are taken into consideration when assessing capital requirements and developing stress tests.

Capital resources are stress tested using a variety of scenarios considering business plans, financial position, the risk framework and internal and external factors.

Remuneration Code Disclosure
TRPIL is subject to the FCA’s Remuneration Code (“the Code”). TRPIL is categorised as a BIPRU firm and therefore falls within proportionality Level 3 of the Code. This disclosure has been prepared in accordance with FCA’s guidance for proportionality Level 3 firms.

The Remuneration Policy Statement (“RPS”) sets out the policies, practices and procedures followed by TRPIL including its branch offices and subsidiaries as applicable, in order to comply with the Code and ensure that its remuneration policy does not conflict with its duty to act in the best interest of its clients. TRPIL is a wholly owned subsidiary of TRPG and the policies, practices and procedures are predominately driven by those of TRPG. TRPIL Board reviews the RPS annually to ensure the remuneration practices are consistent with the firm’s risk profile.

TRPIL believes that its compensation programs are designed to reward executives and other senior officers for building and strengthening the very core of the company’s long-term viability, which contributes to long-term value creation for the clients and shareholders. It seeks to accomplish this through a balance of short-term fixed and variable cash compensation, and long-term equity-based incentives. We believe the stability of our management team over long periods of time, our executives’ and staff-wide level of ownership in the company, and our unwavering focus on generating outstanding long-term performance for our clients are evidence that we have created a powerful alignment of incentives between our executive team, our associates, our clients and our company’s shareholders. This includes integration of sustainability risks and Environmental, Social and Governance (ESG) objectives into our investment process and our remuneration incentives.
In determining an individual’s compensation, we analyse the goals, objectives and the results of each individual. Inherent in that analysis is reviewing “how” the individual achieved his or her results. Thus, risk analysis is imbedded in how we evaluate an associate’s performance. Any risk management or compliance concerns which are raised about an associate may be taken into consideration when assessing the associate’s performance. For example, a regulatory or Code of Ethics breach by an associate may be taken into consideration when assessing an individual associate’s performance, and ultimately could impact their compensation. Likewise, if an associate contributes to inappropriate risk taking that resulted or could have resulted in a material exposure to the firm, this is also considered in the determination of both annual cash and equity-based compensation adjustments. In addition, our investment staff are responsible for incorporating sustainability risks and other environmental, social and governance (ESG) factors into their investment recommendations and investment decisions, as appropriate to the mandate. T. Rowe Price holds its portfolio managers and analysts accountable for doing so by incorporating the extent of the integration of such analysis into their individual investment processes as part of the assessment criteria in year-end performance reviews and compensation. ESG integration is considered as a qualitative component of the end of year performance assessment.

The policy aims to ensure that the firm:
- attracts talent in a highly competitive marketplace and is effectively retaining talent for long periods of time;
- protects its corporate integrity and reputation as the keys to maintaining valued clients’ trust;
- provides the highest possible level of service quality and client focus;
- nurtures a culture of quality, collaboration and independent thought to create an organisation of motivated, engaged, team-oriented professionals who are loyal to our clients and our firm.

**Components of remuneration**

**Fixed basic salary** – Based on role of each individual associate, including the extent of the responsibility, job complexity and local market conditions.

**Variable cash bonus** – Varies according to the type of role undertaken and is based upon the performance of the individual associate in respect of a number of factors.

**Long term incentive program** – Provided through a mix of restricted stock and options to certain senior associates as a retention tool, and in order to further align their long-term interests with those of the shareholders.

**Pension contributions** – Varies to some extent according to local market practice but aims to provide associates with an appropriate pension provision through various defined contribution plans.

**Other benefits** – Varies to some extent according to local market practice but would typically include medical, sickness and life cover.

**Governance**

The company has several committees which have different roles within the compensation processes.

The Management Compensation and Development Committee (MCDC) consists of TRPG CEO, and other senior executives who are appointed by the ECMDC from time to time. The committee is responsible for:
- overseeing and managing the philosophy, approach and scope of the compensation programs at T. Rowe Price, including long-term incentive plans;
- considering the initial recommendations from the business unit leaders for the annual salary increase targets, and in turn, setting those targets;
- determining bonus funding for the bonus program (in concert with the company’s Finance Committee);
- reviewing annual compensation recommendations (base, bonus and long-term incentives) for the senior-most positions in the organisation as well as all investment and sales roles; ensuring that the corporation is responsibly managing the compensation budget, while providing market competitive, internally equitable, performance-based pay.
The Executive Compensation and Management Development Committee (ECMDC) is comprised of the outside directors of T. Rowe Price Group’s Board of Directors. The TRPG CEO and Head of Human Resources, who are both members of the MCDC, are typically invited to present at each meeting of the ECMDC. The ECMDC has also retained an independent compensation consultant to assist in its important governance responsibilities. The ECMDC is responsible for:

- determining the compensation of the Chief Executive Officer and other Executive Officers of TRPG;
- reviewing and approving general salary and compensation policies for the rest of our senior officers;
- overseeing the administration of our Annual Incentive Compensation plan, stock incentive plans, and employee stock purchase plan;
- assisting management in designing compensation policies and plans; and
- reviewing and discussing with management the Compensation Discussion and Analysis of TRPG’s annual 10k and the annual proxy statements filed with the U.S. Securities and Exchange Commission and any other compensation disclosures.

In addition to the above committees, the Human Resources department plays a key role in vetting compensation issues across the company, both during the year and in the year-end process. The MCDC signs off and approves our annual award recommendations for associates other than TRPG’s CEO and other Executive Officers. Annually the firm’s auditors review our compensation and pay practices and Human Resources with the International Compliance team review our remuneration policy to ensure the policy and our practices are aligned.

**Code staff**

Under the Code, employees who have a material impact on the firm’s risk profile should be classified as Code Staff. Individuals within TRPIL who have a material impact on the firm’s risk profile are the members of the firm’s governing body, the heads of each business line and the heads of control functions. Additionally the roles and responsibilities of other senior individuals within TRPIL who are not approved for a Senior Management Function were considered; it was concluded that the activities of these individuals do not have a material impact on the firm’s risk profile, none of them are therefore classified as Code Staff.

**Aggregated quantitative information on remuneration**

TRPIL is purely an institutional investment manager and as such, for the purposes of the Code, the firm has only one “business area”. When categorising Code Staff for the purposes of the Code, the firm Code Staff are all regarded as “senior management”.

<table>
<thead>
<tr>
<th></th>
<th>31 December 2020</th>
<th>31 December 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Code staff</td>
<td>21</td>
<td>21</td>
</tr>
<tr>
<td>Fixed remuneration</td>
<td>$1.2 million</td>
<td>$0.9 million</td>
</tr>
<tr>
<td>Variable remuneration</td>
<td>$2.8 million</td>
<td>$2.7 million</td>
</tr>
<tr>
<td>Total remuneration</td>
<td>$4.0 million</td>
<td>$3.6 million</td>
</tr>
</tbody>
</table>
INVEST WITH CONFIDENCE™

T. Rowe Price focuses on delivering investment management excellence that investors can rely on—now and over the long term.