

# Sustainability Annexes

## *Article 8 products*

|                                        |    |                                      |     |
|----------------------------------------|----|--------------------------------------|-----|
| Asia Credit Bond Fund                  | 2  | Emerging Markets Equity Fund         | 65  |
| Diversified Income Bond Fund           | 7  | European Equity Fund                 | 70  |
| Emerging Local Markets Bond Fund       | 12 | Global Focused Growth Equity Fund    | 75  |
| Emerging Markets Bond Fund             | 16 | Global Growth Equity Fund            | 80  |
| Euro Corporate Bond Fund               | 20 | Global Select Equity Fund            | 85  |
| European High Yield Bond Fund          | 25 | Global Technology Equity Fund        | 90  |
| Global Aggregate Bond Fund             | 30 | Global Value Equity Fund             | 95  |
| Global High Income Bond Fund           | 35 | Japanese Equity Fund                 | 100 |
| Global High Yield Bond Fund            | 40 | US All-Cap Opportunities Equity Fund | 105 |
| US High Yield Bond Fund                | 45 | US Blue Chip Equity Fund             | 110 |
| Asian Ex-Japan Equity Fund             | 50 | US Large Cap Growth Equity Fund      | 115 |
| Asian Opportunities Equity Fund        | 55 | US Smaller Companies Equity Fund     | 120 |
| Emerging Markets Discovery Equity Fund | 60 | Capital Allocation Income Fund       | 125 |
|                                        |    | Multi-Asset Global Income Fund       | 130 |

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

- It promotes E/S characteristics but **will not make any sustainable investments**



► See also: “What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?”

2 | T. Rowe Price Funds SICAV | February 2025 Prospectus

**Sustainability indicators**

measure how the environmental or social characteristics promoted by the financial product are attained.

**What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The sustainability indicator used by the fund to measure the extent to which it attains the promoted E/S characteristics is:

- % of the value of the fund's portfolio in securities that the investment manager identifies as sustainable investments

► See also: "What investment strategy does this financial product follow?"

**What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

The fund may invest in sustainable investments that have either an E/S objective. A minimum exposure of 0.5% to each objective is imposed upon the fund in addition to a minimum aggregate exposure to sustainable investments of 10%. Except for these commitments, the fund may invest either in securities that contribute only to environmental objectives or social objectives, or a combination of both. Specifically, the fund uses the following E/S pillars to determine economic activities that contribute to E/S objectives: climate and resource impact (including reducing greenhouse gases, promoting healthy ecosystems, nurturing circular equity) and social equity and quality of life (including enabling social equity, improving health and enhancing quality of life).

Although the fund does not commit to making Taxonomy-aligned investments, in the event that the fund holds any investments that align with the EU Taxonomy, those investments contribute to one or more of the following objectives:

- climate change mitigation
- climate change adaption
- sustainable use and protection of water and marine resources
- transition to a circular economy
- pollution prevention and control
- protection and restoration of biodiversity and ecosystems

**How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

The investment manager utilises its proprietary internal research platform to support its assessment of whether an issuer is causing significant harm to any E/S objective. Through the use of proprietary research and third-party data, the "do no significant harm" assessment incorporates issuer information in relation to Principal Adverse Impact (PAI) indicators and alignment to certain international guidelines and principles.

**How have the indicators for adverse impacts on sustainability factors been taken into account?**

As part of its investment process the investment manager, and/or the sub-investment manager, systemically assesses whether sustainable investment is causing significant harm to E/S objective. The assessment includes taking into account relevant principal adverse impact indicators.

The investment manager, and/or the sub-investment manager, applies a qualitative and quantitative assessment of the data, obtained for the mandatory PAI indicators listed in Table 1 and any relevant indicators in Tables 2 and 3 of Annex I of the SFDR Delegated Regulation. The investment manager, and/or the sub-investment manager, also analyses PAI metrics relative to internally set thresholds, where relevant and appropriate. These thresholds provide an initial indication of whether significant harm is occurring and the investment manager, and/or the sub-investment manager, may undertake further analysis to support its view. The investment manager and/or the sub-investment manager may consider the materiality of a given indicator relative to an issuer's industry, sector or location, which may be factored into the investment manager's overall determination.

Where sufficient data is not available, the investment manager and/or the sub-investment manager may rely on other relevant data points to make an assessment.

**How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?**

The investment manager's assessment of whether an investee company is causing significant harm to an E/S objective includes an analysis of how the issuer performs with respect to the OECD guidelines for multinational enterprises and the UNGPs on Business and Human Rights.

*The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The "do no significant harm" principle applies only to those investments underlying the fund that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*

**Principal adverse impacts**

are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

**Does this financial product consider principal adverse impacts on sustainability factors?**

Yes. The investment manager collects data on the following PAI indicators:

- violations of UN Global Compact principles (PAI #10)
- board gender diversity (PAI #13)
- exposure to controversial weapons (antipersonnel mines, cluster munitions, chemical weapons and biological weapons) (PAI #14)

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

The investment manager aggregates the PAI indicators of the portfolio and reviews this information periodically. The periodic review of the portfolio's PAI profile will inform upcoming engagement activity for the fund and, where appropriate, any investment actions as deemed necessary by the investment manager, collectively with a view to pursuing an improvement in the portfolio's PAI data over time<sup>2</sup>.

Information regarding the portfolio's PAI data will be included in the fund's annual report, under the section titled "How did this financial product consider principal adverse impacts on sustainability factors?".



### ***What investment strategy does this financial product follow?***

The fund is actively managed and invests mainly in a diversified portfolio of transferable U.S. dollar denominated fixed income securities of issuers domiciled, or exercising the predominant part of their economic activity, in Asian countries including emerging markets, excluding Japan. Although the fund does not have sustainable investment as an objective it promotes E/S characteristics through the following components of its investment strategy:

1. **Sustainable investment exposure** At least 10% of the value of the fund's portfolio is invested in sustainable investments.

Other relevant features of the fund's investment strategy are:

2. **Exclusion screen** The fund avoids sectors or companies whose activities may be considered, by the investment manager, harmful to the environment and/or society through the application of the T. Rowe Price Responsible Exclusion List. The relevance to the fund of each excluded sector and/or issuer included in the T. Rowe Price Responsible Exclusion List may vary due to the nature of the fund's investment strategy. In maintaining the T. Rowe Price Responsible Exclusion List, the investment manager and the sub-investment manager, as appropriate, rely on information from companies and reputable third-party research providers. This exclusion list is coded into the investment manager's and the sub-investment manager's, as appropriate, internal compliance systems, which automatically restrict trading in any excluded names. There may be circumstances where a fund has some limited, indirect, exposure to a company involved in the excluded categories. Examples of these circumstances could include an investment in an instrument that gives exposure to an index, or an investment in a fund managed by an unaffiliated investment manager. For more details see [T. Rowe Price Responsible Exclusion List Policy](#).
3. **Active ownership** The fund embeds governance analysis into the investment process and engages in active ownership, monitoring, and engagement with the issuers of the securities in which it invests. This includes regular dialogue with issuers.

### ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The fund's binding elements are:

- at least 10% of the value of the fund's portfolio invested in sustainable investments. Specifically, the fund commits to a minimum of 0.5% of the value of its portfolio invested in sustainable investments with an environmental objective and a minimum of 0.5% of the value of its portfolio invested in sustainable investments with a social objective.
- all companies in which the fund invests will follow good governance practices, as determined by the investment manager.

In selecting Sustainable Investments for the fund's portfolio, the investment manager is required to assess and ensure that the investment contributes to an E/S objective and that it does not cause significant harm to any other E/S objectives.

► See also: "What investment strategy does this financial product follow?" and "Does this financial product consider principal adverse impacts on sustainability factors?".

### ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

The fund does not commit to a minimum reduction of its investment universe (pool of eligible investments).

### ***What is the policy to assess good governance practices of the investee companies?***

The investment manager has a policy to assess governance practices using the two-step good governance test set out below.

#### **Step 1: Quantitative review**

The good governance test consists of weighted pillars designed to measure specific corporate governance risks, rolled up to an overall rating. These risks include sound management structures, employee relations, remuneration of staff and tax compliance. The investment manager, through its proprietary Responsible Investing Indicator Model (RIIM), rates the pillars based on a simple 'traffic light' system: a green rating denotes positive governance characteristics, an orange rating denotes some improvements are needed, whereas red denotes significant governance concerns. If any of the pillars are rated red, the overall status of the test will be red.

<sup>2</sup> More information on the consideration and mitigation of the adverse impacts can be found within the T. Rowe Price Principal Adverse Impacts (PAI) Policy under <https://www.troweprice.com/content/dam/trowecorp/Pdfs/esg/principal-adverse-impacts-PAI-policy.pdf>

**Asset allocation**

describes the share of investments in specific assets.

**Taxonomy-aligned activities** are expressed as a share of:

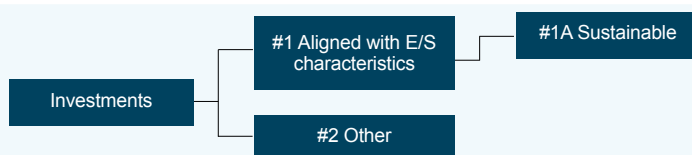
- turnover reflecting the share of revenue from green activities of investee companies.
- capital expenditure (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- operational expenditure (OpEx) reflecting green operational activities of investee companies.

**Step 2: Qualitative review**

If a company's good governance test rating is red, a qualitative review will be undertaken by the Governance team, during which the company's practices will be evaluated within the context of market and sector norms, using a mix of qualitative and quantitative data. Inputs used in the analysis include:

- the basic governance structure a company employs, compared against regional norms
- the presence of any significant controversies in the conduct of the board or management
- the presence of significant remuneration-related controversy in the prior year
- the investment manager's engagement history with the company, and its responsiveness to shareholder concerns
- the degree of insulation a company has from its investors as a result of its capital structure, concentrated shareholders, or the use of protective charter provisions

If necessary, the company's good governance test quantitative scores may be adjusted following the qualitative review. If a company has been assessed as not passing the good governance test, it is not a permitted investment for the funds and therefore cannot be purchased. If an existing holding in the fund is later deemed to no longer meet the Good Governance standard, this position will be addressed in line with the firm's breach policy.

**What is the asset allocation planned for this financial product?**

**#1 Aligned with E/S characteristics** includes the investments of the fund used to attain the environmental or social characteristics promoted by the fund.

**#2 Other** includes the remaining investments of the fund which are neither aligned with the environmental or social characteristics, nor are qualified as Sustainable Investments.

The category **#1 Aligned with E/S characteristics** covers:

- the sub-category **#1A Sustainable** covers Sustainable Investments with environmental or social objectives.

**1 and #1A** – The fund promotes E/S characteristics by committing to maintain a minimum of 10% of the value of its portfolio invested in sustainable investments.

**#2** – All other investments that are not sustainable. These are subject to screening by the investment manager to avoid investment in issuers that the investment manager believes are harmful to the environment or society through the application of the T. Rowe Price Responsible Exclusion List. The T. Rowe Price Responsible Exclusion List is a binding exclusion list that applies directly to the fund's entire portfolio, meaning that all investments the fund makes are screened against this exclusion list. At the discretion of the investment manager, the fund may hold investments that are not relevant to the T. Rowe Price Responsible Exclusion List (cash and certain derivatives used for efficient portfolio management).

► See also: "What are the binding elements of the investment strategy?" and "What investments are included under "#2 Other"?"

**How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Whilst the fund may use derivatives for portfolio management techniques for the purpose of hedging, liquidity management, investment purposes and risk reduction derivatives are not used to promote E/S characteristics.

**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The investments underlying the fund do not currently take into account the EU criteria for environmentally sustainable economic activities pursuant to the Taxonomy Regulation and therefore the fund's minimum proportion of investments aligned with the Taxonomy is 0%. Although the fund does not commit to making Taxonomy-aligned investments, it is possible that the fund holds securities that meet such criteria. The actual proportion of any Taxonomy-aligned investments held by the fund will be disclosed in the fund's annual report. The "do no significant harm" principle under the EU Taxonomy does not apply to investments that are not Taxonomy-aligned. However, in accordance with the SFDR, any other sustainable investments must also not significantly harm any E/S objectives.

**Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>3</sup>?**

☐ Yes

☐ In fossil gas

☐ In nuclear energy

☒ No

<sup>3</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

### Enabling activities

directly enable other activities to make a substantial contribution to an environmental objective.

### Transitional activities

are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

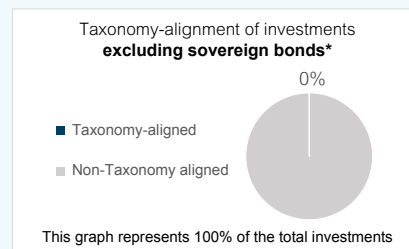
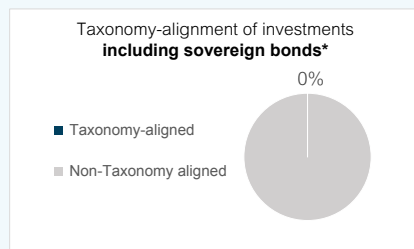


are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy.

### Reference benchmarks

are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

The two graphs below show the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

### What is the minimum share of investments in transitional and enabling activities?

The fund does not commit to a minimum share of investments in transitional and enabling activities.



### What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

0.5%. The cumulative minimum investment in sustainable investments is 10%, out of which 9.5% may be comprised entirely of environmentally sustainable investments, entirely of socially sustainable investments or a combination of both.



### What is the minimum share of socially sustainable investments?

0.5%. The cumulative minimum investment in sustainable investments is 10%, out of which 9.5% may be comprised entirely of environmentally sustainable investments, entirely of socially sustainable investments or a combination of both.



### What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

These investments may include derivatives, cash positions, revenues of companies tied to economic activities that are not considered sustainable and any other permitted investments used to achieve the fund's investment objective. These are subject to screening by the investment manager to avoid investment in issuers that the investment manager believes are harmful to the environment or society through the application of the T. Rowe Price Responsible Exclusion List. The T. Rowe Price Responsible Exclusion List is a binding exclusion list that applies directly to the fund's entire portfolio, meaning that all investments the fund makes are screened against this exclusion list.

These investments are still subject to the good governance assessment, where relevant.

► See also: “What investment strategy does this financial product follow?”.



### Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No.



### Where can I find more product specific information online?

More product-specific information can be found on the website: [www.funds.troweprice.com](http://www.funds.troweprice.com)



# Diversified Income Bond Fund

Legal entity identifier: 5493000PDBTYOTRWEK23

## Environmental and/or social characteristics

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee (portfolio) companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Does this financial product have a sustainable investment objective?

☒ ☐ ☐ Yes

☐ It will make a minimum of sustainable investments with an environmental objective: \_\_\_%

☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy

☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ It will make a minimum of sustainable investments with a social objective: \_\_\_%

☒ ☐ ☒ No

☒ It promotes Environmental/Social (E/S) characteristics and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 10% of sustainable investments

☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

☒ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☒ with a social objective

☐ It promotes E/S characteristics but will not make any sustainable investments



### What environmental and/or social characteristics are promoted by this financial product?

This disclosure is provided to you pursuant to Article 8 of the Sustainable Finance Disclosure Regulation (SFDR) and Article 6 of the EU Taxonomy Regulation.

The promotion of environmental and/or social (E/S) characteristics is achieved through the fund's commitment to maintain at least 10% of the value of its portfolio invested in sustainable investments. Sustainable investments exclude cash and derivatives used for portfolio management techniques for the purpose of hedging, liquidity management and risk reduction.

Specifically, the fund commits to a minimum of 0.5% of the value of its portfolio invested in sustainable investments with an environmental objective and a minimum of 0.5% of the value of its portfolio invested in sustainable investments with a social objective. The fund's aggregate exposure to sustainable investments will be always at least 10%. The sustainable investments will have certain underlying E/S objectives, but these may not qualify under the EU Taxonomy.

In determining whether a company's activities contribute to an E/S objective, the investment manager uses the following pillars:

| Pillar                            | Activities                   |
|-----------------------------------|------------------------------|
| Climate and resource impact       | Reducing greenhouse gases    |
|                                   | Promoting healthy ecosystems |
|                                   | Nurturing circular economies |
|                                   | Enabling social equity       |
| Social equity and quality of life | Improving health             |
|                                   | Enhancing quality of life    |

The fund is not constrained to any specific E/S objective and therefore the fund's proportion of Sustainable Investments may comprise companies with activities that contribute to any of the above objectives.

In determining what qualifies as a sustainable investment, the investment manager and/or the sub-investment manager, as appropriate, uses the methodology described in "Sustainable Investment Methodology" under the section "Environmental, Social and Governance (ESG) Investment Policy" of the prospectus and that can be found in our website disclosure<sup>1</sup>.

A reference benchmark is not used for the purpose of promoting the fund's E/S characteristics.

► See also: "What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?".

<sup>1</sup> <https://www.troweprice.com/financial-intermediary/lu/en/funds.html>

**Sustainability indicators**

measure how the environmental or social characteristics promoted by the financial product are attained.

**What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The sustainability indicator used by the fund to measure the extent to which it attains the promoted E/S characteristics is:

- % of the value of the fund's portfolio in securities that the investment manager identifies as sustainable investments

► See also: "What investment strategy does this financial product follow?"

**What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

The fund may invest in sustainable investments that have either an E/S objective. A minimum exposure of 0.5% to each objective is imposed upon the fund in addition to a minimum aggregate exposure to sustainable investments of 10%. Except for these commitments, the fund may invest either in securities that contribute only to environmental objectives or social objectives, or a combination of both. Specifically, the fund uses the following E/S pillars to determine economic activities that contribute to E/S objectives: climate and resource impact (including reducing greenhouse gases, promoting healthy ecosystems, nurturing circular equity) and social equity and quality of life (including enabling social equity, improving health and enhancing quality of life).

Although the fund does not commit to making Taxonomy-aligned investments, in the event that the fund holds any investments that align with the EU Taxonomy, those investments contribute to one or more of the following objectives:

- climate change mitigation
- climate change adaption
- sustainable use and protection of water and marine resources
- transition to a circular economy
- pollution prevention and control
- protection and restoration of biodiversity and ecosystems

**How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

The investment manager utilises its proprietary internal research platform to support its assessment of whether an issuer is causing significant harm to any E/S objective. Through the use of proprietary research and third-party data, the "do no significant harm" assessment incorporates issuer information in relation to Principal Adverse Impact (PAI) indicators and alignment to certain international guidelines and principles.

**How have the indicators for adverse impacts on sustainability factors been taken into account?**

As part of its investment process the investment manager, and/or the sub-investment manager, systemically assesses whether sustainable investment is causing significant harm to E/S objective. The assessment includes taking into account relevant principal adverse impact indicators.

The investment manager, and/or the sub-investment manager, applies a qualitative and quantitative assessment of the data, obtained for the mandatory PAI indicators listed in Table 1 and any relevant indicators in Tables 2 and 3 of Annex I of the SFDR Delegated Regulation. The investment manager, and/or the sub-investment manager, also analyses PAI metrics relative to internally set thresholds, where relevant and appropriate. These thresholds provide an initial indication of whether significant harm is occurring and the investment manager, and/or the sub-investment manager, may undertake further analysis to support its view. The investment manager and/or the sub-investment manager may consider the materiality of a given indicator relative to an issuer's industry, sector or location, which may be factored into the investment manager's overall determination.

Where sufficient data is not available, the investment manager and/or the sub-investment manager may rely on other relevant data points to make an assessment.

**How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?**

The investment manager's assessment of whether an investee company is causing significant harm to an E/S objective includes an analysis of how the issuer performs with respect to the OECD guidelines for multinational enterprises and the UNGPs on Business and Human Rights.

*The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The "do no significant harm" principle applies only to those investments underlying the fund that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*

**Principal adverse impacts**

are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

**Does this financial product consider principal adverse impacts on sustainability factors?**

Yes. The investment manager collects data on the following PAI indicators:

- violations of UN Global Compact principles (PAI #10)
- board gender diversity (PAI #13)
- exposure to controversial weapons (antipersonnel mines, cluster munitions, chemical weapons and biological weapons) (PAI #14)



**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

The investment manager aggregates the PAI indicators of the portfolio and reviews this information periodically. The periodic review of the portfolio's PAI profile will inform upcoming engagement activity for the fund and, where appropriate, any investment actions as deemed necessary by the investment manager, collectively with a view to pursuing an improvement in the portfolio's PAI data over time<sup>2</sup>.

Information regarding the portfolio's PAI data will be included in the fund's annual report, under the section titled "How did this financial product consider principal adverse impacts on sustainability factors?"



### ***What investment strategy does this financial product follow?***

The fund is actively managed and invests mainly in a diversified portfolio of bonds of all types from issuers around the world, including emerging markets. Although the fund does not have sustainable investment as an objective it promotes E/S characteristics through the following components of its investment strategy:

1. **Sustainable investment exposure** At least 10% of the value of the fund's portfolio is invested in sustainable investments.

Other relevant features of the fund's investment strategy are:

2. **Exclusion screen** The fund avoids sectors or companies whose activities may be considered, by the investment manager, harmful to the environment and/or society through the application of the T. Rowe Price Responsible Exclusion List. The relevance to the fund of each excluded sector and/or issuer included in the T. Rowe Price Responsible Exclusion List may vary due to the nature of the fund's investment strategy. In maintaining the T. Rowe Price Responsible Exclusion List, the investment manager and the sub-investment manager, as appropriate, rely on information from companies and reputable third-party research providers. This exclusion list is coded into the investment manager's and the sub-investment manager's, as appropriate, internal compliance systems, which automatically restrict trading in any excluded names. There may be circumstances where a fund has some limited, indirect, exposure to a company involved in the excluded categories. Examples of these circumstances could include an investment in an instrument that gives exposure to an index, or an investment in a fund managed by an unaffiliated investment manager. For more details see [T. Rowe Price Responsible Exclusion List Policy](#).
3. **Active ownership** The fund embeds governance analysis into the investment process and engages in active ownership, monitoring, and engagement with the issuers of the securities in which it invests. This includes regular dialogue with issuers.

### ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The fund's binding elements are:

- at least 10% of the value of the fund's portfolio invested in sustainable investments. Specifically, the fund commits to a minimum of 0.5% of the value of its portfolio invested in sustainable investments with an environmental objective and a minimum of 0.5% of the value of its portfolio invested in sustainable investments with a social objective.
- all companies in which the fund invests will follow good governance practices, as determined by the investment manager.

In selecting Sustainable Investments for the fund's portfolio, the investment manager is required to assess and ensure that the investment contributes to an E/S objective and that it does not cause significant harm to any other E/S objectives.

► See also: "What investment strategy does this financial product follow?" and "Does this financial product consider principal adverse impacts on sustainability factors?"

### ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

The fund does not commit to a minimum reduction of its investment universe (pool of eligible investments).

### ***What is the policy to assess good governance practices of the investee companies?***

The investment manager has a policy to assess governance practices using the two-step good governance test set out below.

#### **Step 1: Quantitative review**

The good governance test consists of weighted pillars designed to measure specific corporate governance risks, rolled up to an overall rating. These risks include sound management structures, employee relations, remuneration of staff and tax compliance. The investment manager, through its proprietary Responsible Investing Indicator Model (RIIM), rates the pillars based on a simple 'traffic light' system: a green rating denotes positive governance characteristics, an orange rating denotes some improvements are needed, whereas red denotes significant governance concerns. If any of the pillars are rated red, the overall status of the test will be red.

<sup>2</sup> More information on the consideration and mitigation of the adverse impacts can be found within the T. Rowe Price Principal Adverse Impacts (PAI) Policy under <https://www.troweprice.com/content/dam/trowecorp/Pdfs/esg/principal-adverse-impacts-PAI-policy.pdf>

**Asset allocation**

describes the share of investments in specific assets.

**Taxonomy-aligned activities** are expressed as a share of:

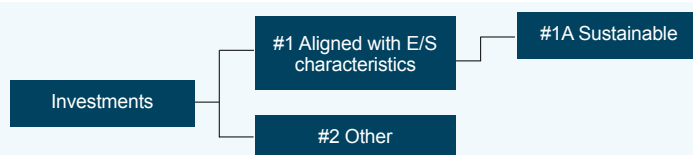
- turnover reflecting the share of revenue from green activities of investee companies.
- capital expenditure (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- operational expenditure (OpEx) reflecting green operational activities of investee companies.

**Step 2: Qualitative review**

If a company's good governance test rating is red, a qualitative review will be undertaken by the Governance team, during which the company's practices will be evaluated within the context of market and sector norms, using a mix of qualitative and quantitative data. Inputs used in the analysis include:

- the basic governance structure a company employs, compared against regional norms
- the presence of any significant controversies in the conduct of the board or management
- the presence of significant remuneration-related controversy in the prior year
- the investment manager's engagement history with the company, and its responsiveness to shareholder concerns
- the degree of insulation a company has from its investors as a result of its capital structure, concentrated shareholders, or the use of protective charter provisions

If necessary, the company's good governance test quantitative scores may be adjusted following the qualitative review. If a company has been assessed as not passing the good governance test, it is not a permitted investment for the funds and therefore cannot be purchased. If an existing holding in the fund is later deemed to no longer meet the Good Governance standard, this position will be addressed in line with the firm's breach policy.

**What is the asset allocation planned for this financial product?**

**#1 Aligned with E/S characteristics** includes the investments of the fund used to attain the environmental or social characteristics promoted by the fund.

**#2 Other** includes the remaining investments of the fund which are neither aligned with the environmental or social characteristics, nor are qualified as Sustainable Investments.

The category **#1 Aligned with E/S characteristics** covers:

- the sub-category **#1A Sustainable** covers Sustainable Investments with environmental or social objectives.

**1 and #1A** – The fund promotes E/S characteristics by committing to maintain a minimum of 10% of the value of its portfolio invested in sustainable investments.

**#2** – All other investments that are not sustainable. These are subject to screening by the investment manager to avoid investment in issuers that the investment manager believes are harmful to the environment or society through the application of the T. Rowe Price Responsible Exclusion List. The T. Rowe Price Responsible Exclusion List is a binding exclusion list that applies directly to the fund's entire portfolio, meaning that all investments the fund makes are screened against this exclusion list. At the discretion of the investment manager, the fund may hold investments that are not relevant to the T. Rowe Price Responsible Exclusion List (cash and certain derivatives used for efficient portfolio management).

► See also: "What are the binding elements of the investment strategy?" and "What investments are included under "#2 Other"?"

**How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Whilst the fund may use derivatives for portfolio management techniques for the purpose of hedging, liquidity management, investment purposes and risk reduction derivatives are not used to promote E/S characteristics.

**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The investments underlying the fund do not currently take into account the EU criteria for environmentally sustainable economic activities pursuant to the Taxonomy Regulation and therefore the fund's minimum proportion of investments aligned with the Taxonomy is 0%. Although the fund does not commit to making Taxonomy-aligned investments, it is possible that the fund holds securities that meet such criteria. The actual proportion of any Taxonomy-aligned investments held by the fund will be disclosed in the fund's annual report. The "do no significant harm" principle under the EU Taxonomy does not apply to investments that are not Taxonomy-aligned. However, in accordance with the SFDR, any other sustainable investments must also not significantly harm any E/S objectives.

**Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>3</sup>?**

☐ Yes

☐ In fossil gas

☐ In nuclear energy

☒ No

<sup>3</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

### Enabling activities

directly enable other activities to make a substantial contribution to an environmental objective.

### Transitional activities

are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

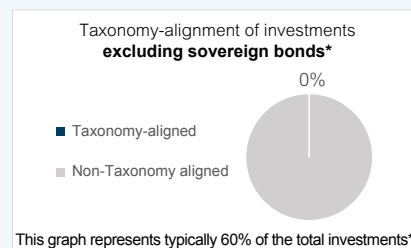
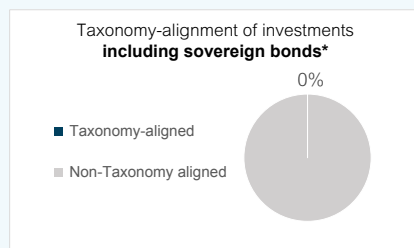


are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy.

### Reference benchmarks

are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

The two graphs below show the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



This graph represents typically 60% of the total investments\*\*

\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures (including quasi-sovereign bonds).

\*\*Based on the historical average. The fund does not have a binding minimum exposure to sovereign bonds.

### What is the minimum share of investments in transitional and enabling activities?

The fund does not commit to a minimum share of investments in transitional and enabling activities



### What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

0.5%. The cumulative minimum investment in sustainable investments is 10%, out of which 9.5% may be comprised entirely of environmentally sustainable investments, entirely of socially sustainable investments or a combination of both.



### What is the minimum share of socially sustainable investments?

0.5%. The cumulative minimum investment in sustainable investments is 10%, out of which 9.5% may be comprised entirely of environmentally sustainable investments, entirely of socially sustainable investments or a combination of both.



### What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

These investments may include derivatives, cash positions, revenues of companies tied to economic activities that are not considered sustainable and any other permitted investments used to achieve the fund's investment objective. These are subject to screening by the investment manager to avoid investment in issuers that the investment manager believes are harmful to the environment or society through the application of the T. Rowe Price Responsible Exclusion List. The T. Rowe Price Responsible Exclusion List is a binding exclusion list that applies directly to the fund's entire portfolio, meaning that all investments the fund makes are screened against this exclusion list.

These investments are still subject to the good governance assessment, where relevant.

► See also: “What investment strategy does this financial product follow?”.



### Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No.



### Where can I find more product specific information online?

More product-specific information can be found on the website: [www.funds.troweprice.com](http://www.funds.troweprice.com)

## Environmental and/or social characteristics

**What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

Not applicable.

**How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

Not applicable.

**How have the indicators for adverse impacts on sustainability factors been taken into account?**

Not applicable.

**How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?**

Not applicable.

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do not significant harm” principle applies only to those investments underlying the fund that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

**Does this financial product consider principal adverse impacts on sustainability factors?**

Yes. The investment manager collects data on the following PAI indicators:

- investee countries subject to social violations (PAI #16)

The investment manager aggregates the PAI data of the portfolio and reviews this information periodically. The periodic review of the fund's PAI profile will inform upcoming engagement activity for the fund and, where appropriate, any investment actions as deemed necessary by the investment manager, collectively with a view to pursuing an improvement in the portfolio's PAI data over time<sup>1</sup>.

Information regarding the fund's PAI data will be included in the fund's annual report, under the section titled “How did this financial product consider principal adverse impacts on sustainability factors?”.

**What investment strategy does this financial product follow?**

The fund is actively managed and invests mainly in a diversified portfolio of bonds of all types from emerging market issuers, with a focus on bonds that are denominated in the local currency. Although the fund does not have sustainable investment as an objective it promotes E/S characteristics through the following components of its investment strategy:

1. **Commitment to ‘Green’ rated issuers** The fund's issuers and/or securities are scored based on a range of ESG data points using the RIIM framework, including the assessment of indicators representing PAI. The process produces an overall ESG rating for each issuer on a scale of 0 to 1, where 0 represents most positive and 1 represents most negative. These ratings are reflected using a simple ‘traffic light’ system:
  - Green corresponds to scores < 0.5, representing positive ESG characteristics, or very few negative ESG characteristics
  - Orange corresponds to scores 0.5 to 0.75, representing a moderate level of negative ESG characteristics
  - Red corresponds to scores 0.75 to 1, representing a high level of negative ESG characteristics

A minimum of 50% of the value of the fund's portfolio is invested in issuers and/or securities that have a weighted average rating of ‘Green’. For further information, refer to T. Rowe Price RIIM Rating Criteria on page 126 of the prospectus.

Other relevant features of the fund's investment strategy are:

2. **Exclusion screen** The fund avoids issuers whose activities may be considered, by the investment manager, harmful to the environment and/or society through the application of the T. Rowe Price Responsible Exclusion List. The relevance to the fund of each excluded sector and/or issuer included in the T. Rowe Price Responsible Exclusion List may vary due to the nature of the fund's investment strategy.
3. **Monitoring and governance** The fund embeds governance analysis into the investment process. For its sovereign investments, the fund quantitatively assesses governance using World Bank governance indicators in RIIM such as political stability, government effectiveness, regulation and corruption. Sovereign analysts also visit policymakers from their respective countries, periodically making trips to the country under review. During these due diligence trips, analysts may meet with central bank officials, government leaders and representatives from large government-owned enterprises. For its corporate investments, the fund engages in active ownership, monitoring and engagement with the issuers of the securities in which it invests. This includes regular dialogue with issuers.

<sup>1</sup> More information on the consideration and mitigation of the adverse impacts can be found within the T. Rowe Price Principal Adverse Impacts (PAI) Policy under <https://www.troweprice.com/content/dam/trowecorp/Pdfs/esg/principal-adverse-impacts-PAI-policy.pdf>



**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

**Asset allocation** describes the share of investments in specific assets.

### **What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

The fund's binding elements are:

- at least 50% of the value of the fund's portfolio invested in issuers and/or securities that are rated as 'Green' by RIIM
- all companies in which the fund invests will follow good governance practices, as determined by the investment manager

At the investment manager's discretion, the remaining portion of the fund may be invested in issuers and/or securities rated 'Orange' (moderate ESG risk), or Red (high ESG risk), provided they are screened by the T. Rowe Price Responsible Exclusion List.

► See also: "What investment strategy does this financial product follow?" and "Does this financial product consider principal adverse impacts on sustainability factors?".

### **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The fund does not commit to a minimum reduction of its investment universe (pool of eligible investments).

### **What is the policy to assess good governance practices of the investee companies?**

The funds may hold a combination of sovereign and corporate-issued securities, as described in the funds' prospectus. For any corporate securities held by the funds, the investment manager has a policy to assess governance practices using the two-step good governance test set out below.

#### **Step 1: Quantitative review**

The good governance test consists of weighted pillars designed to measure specific corporate governance risks, rolled up to an overall rating. These risks include sound management structures, employee relations, remuneration of staff and tax compliance. Similar to RIIM, a green rating denotes positive governance characteristics, an orange rating denotes some improvements are needed, whereas red denotes significant governance concerns. If any of the pillars are rated red, the overall status of the test will be red.

#### **Step 2: Qualitative review**

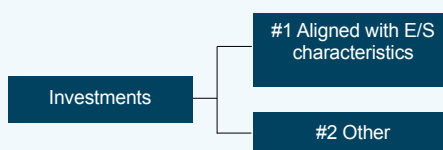
If a company's good governance test rating is red, a qualitative review will be undertaken by the Governance team, during which the company's practices will be evaluated within the context of market and sector norms, using a mix of qualitative and quantitative data. Inputs used in the analysis include:

- the basic governance structure a company employs, compared against regional norms
- the presence of any significant controversies in the conduct of the board or management
- the presence of significant remuneration-related controversy in the prior year
- the investment manager's engagement history with the company, and its responsiveness to shareholder concerns
- the degree of insulation a company has from its investors as a result of its capital structure, concentrated shareholders, or the use of protective charter provisions

If necessary, the company's good governance test quantitative scores may be adjusted following the qualitative review. If a company has been assessed as not passing the good governance test, it is not a permitted investment for the funds and therefore cannot be purchased. If an existing holding in the fund is later deemed to no longer meet the good governance standard, this position will be addressed in line with the firm's breach policy.



### **What is the asset allocation planned for this financial product?**



**#1 Aligned with E/S characteristics** includes the investments of the fund used to attain the environmental or social characteristics promoted by the fund.

**#2 Other** includes the remaining investments of the fund which are neither aligned with the environmental or social characteristics, nor are qualified as Sustainable Investments.

**#1** – The fund promotes E/S characteristics by committing to maintain at least 50% of the value of its portfolio invested in issuers and/or securities that are rated as 'Green' by RIIM, except as described in #2, below.

**#2** – All other investments not rated 'Green' by RIIM. These are subject to screening by the investment manager to avoid investment in issuers that the investment manager believes are harmful to the environment or society through the application of the T. Rowe Price Responsible Exclusion List. The T. Rowe Price Responsible Exclusion List is a binding exclusion list that applies directly to the fund's entire portfolio, meaning that all investments the fund makes are screened against this exclusion list. At the discretion of the investment manager, the fund may hold investments that are not relevant to the T. Rowe Price Responsible Exclusion List (cash and certain derivatives used for efficient portfolio management).

► See also: "What are the binding elements of the investment strategy?" and "What investments are included under "#2 Other"?".

### **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

The fund may use derivatives to achieve the E/S characteristics it promotes. These may include instruments such as swaps with an underlying asset which is an individual issuer. They are screened by RIIM to promote the fund's E/S characteristics.



**Taxonomy-aligned activities** are expressed as a share of:

- turnover reflecting the share of revenue from green activities of investee companies.
- capital expenditure (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- operational expenditure (OpEx) reflecting green operational activities of investee companies.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.



### To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The investments underlying the fund do not currently take into account the EU criteria for environmentally sustainable economic activities pursuant to the Taxonomy Regulation and therefore the fund's minimum proportion of investments aligned with the Taxonomy is 0%. Although the fund does not commit to making Taxonomy-aligned investments, it is possible that the fund holds securities that meet such criteria. The actual proportion of any Taxonomy-aligned investments held by the fund will be disclosed in the fund's annual report. The "do no significant harm" principle under the EU Taxonomy does not apply to investments that are not Taxonomy-aligned. However, in accordance with the SFDR, any other sustainable investments must also not significantly harm any E/S objectives.

#### Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?

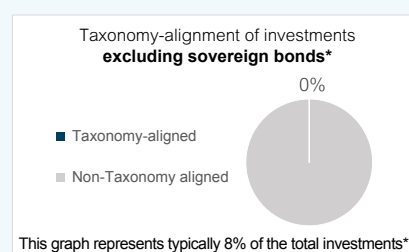
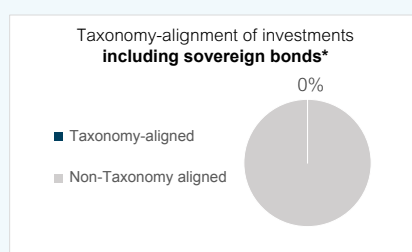
☐ Yes

☐ In fossil gas

☐ In nuclear energy

☒ No

The two graphs below show the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures (including quasi-sovereign bonds).

\*\*Based on the historical average. The fund does not have a binding minimum exposure to sovereign bonds.

#### What is the minimum share of investments in transitional and enabling activities?

The fund does not commit to a minimum share of investments in transitional and enabling activities.



#### What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Not applicable.



#### What is the minimum share of socially sustainable investments?

Not applicable.



#### What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

These include investments not rated 'Green' by RIIM. These are subject to screening by the investment manager to avoid investment in issuers that the investment manager believes are harmful to the environment or society through the application of the T. Rowe Price Responsible Exclusion List. The T. Rowe Price Responsible Exclusion List is a binding exclusion list that applies directly to the fund's entire portfolio, meaning that all investments the fund makes are screened against this exclusion list.

These investments may include cash positions and derivatives used for hedging and efficient portfolio management which do not contribute to the fund's promotion of E/S characteristics and any other permitted investments used to achieve the fund's investment objective. These investments are still subject to the good governance assessment, where relevant.

► See also: "What investment strategy does this financial product follow?".



#### Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No.



#### Where can I find more product specific information online?

More product-specific information can be found on the website: [www.funds.troweprice.com](http://www.funds.troweprice.com)

<sup>2</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

## Environmental and/or social characteristics

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

**What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

Not applicable.

**How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

Not applicable.

**How have the indicators for adverse impacts on sustainability factors been taken into account?**

Not applicable.

**How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?**

Not applicable.

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do not significant harm” principle applies only to those investments underlying the fund that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.



**Does this financial product consider principal adverse impacts on sustainability factors?**

Yes. The investment manager collects data on the following PAI indicators:

- investee countries subject to social violations (PAI #16)

The investment manager aggregates the PAI data of the portfolio and reviews this information periodically. The periodic review of the fund's PAI profile will inform upcoming engagement activity for the fund and, where appropriate, any investment actions as deemed necessary by the investment manager, collectively with a view to pursuing an improvement in the portfolio's PAI data over time<sup>1</sup>.

Information regarding the fund's PAI data will be included in the fund's annual report, under the section titled “How did this financial product consider principal adverse impacts on sustainability factors?”.



**What investment strategy does this financial product follow?**

The fund is actively managed and invests mainly in a diversified portfolio of bonds of all types from emerging market issuers. Although the fund does not have sustainable investment as an objective it promotes E/S characteristics through the following components of its investment strategy:

1. **Commitment to ‘Green’ rated issuers** The fund's issuers and/or securities are scored based on a range of ESG data points using the RIIM framework, including the assessment of indicators representing PAI. The process produces an overall ESG rating for each issuer on a scale of 0 to 1, where 0 represents most positive and 1 represents most negative. These ratings are reflected using a simple ‘traffic light’ system:
  - Green corresponds to scores < 0.5, representing positive ESG characteristics, or very few negative ESG characteristics
  - Orange corresponds to scores 0.5 to 0.75, representing a moderate level of negative ESG characteristics
  - Red corresponds to scores 0.75 to 1, representing a high level of negative ESG characteristics

A minimum of 50% of the value of the fund's portfolio is invested in issuers and/or securities that have a weighted average rating of ‘Green’. For further information, refer to T. Rowe Price RIIM Rating Criteria on page 126 of the prospectus.

Other relevant features of the fund's investment strategy are:

2. **Exclusion screen** The fund avoids issuers whose activities may be considered, by the investment manager, harmful to the environment and/or society through the application of the T. Rowe Price Responsible Exclusion List. The relevance to the fund of each excluded sector and/or issuer included in the T. Rowe Price Responsible Exclusion List may vary due to the nature of the fund's investment strategy.
3. **Monitoring and governance** The fund embeds governance analysis into the investment process. For its sovereign investments, the fund quantitatively assesses governance using World Bank governance indicators in RIIM such as political stability, government effectiveness, regulation and corruption. Sovereign analysts also visit policymakers from their respective countries, periodically making trips to the country under review. During these due diligence trips, analysts may meet with central bank officials, government leaders and representatives from large government-owned enterprises. For its corporate investments, the fund engages in active ownership, monitoring and engagement with the issuers of the securities in which it invests. This includes regular dialogue with issuers.

<sup>1</sup> More information on the consideration and mitigation of the adverse impacts can be found within the T. Rowe Price Principal Adverse Impacts (PAI) Policy under <https://www.troweprice.com/content/dam/trowecorp/Pdfs/esg/principal-adverse-impacts-PAI-policy.pdf>

### Good governance

practices include sound management structures, employee relations, remuneration of staff and tax compliance.

### Asset allocation

describes the share of investments in specific assets.

### What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?

The fund's binding elements are:

- at least 50% of the value of the fund's portfolio invested in issuers and/or securities that are rated as 'Green' by RIIM
- all companies in which the fund invests will follow good governance practices, as determined by the investment manager

At the investment manager's discretion, the remaining portion of the fund may be invested in issuers and/or securities rated 'Orange' (moderate ESG risk), or Red (high ESG risk), provided they are screened by the T. Rowe Price Responsible Exclusion List.

► See also: "What investment strategy does this financial product follow?" and "Does this financial product consider principal adverse impacts on sustainability factors?".

### What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?

The fund does not commit to a minimum reduction of its investment universe (pool of eligible investments).

### What is the policy to assess good governance practices of the investee companies?

The funds may hold a combination of sovereign and corporate-issued securities, as described in the funds' prospectus. For any corporate securities held by the funds, the investment manager has a policy to assess governance practices using the two-step good governance test set out below.

#### Step 1: Quantitative review

The good governance test consists of weighted pillars designed to measure specific corporate governance risks, rolled up to an overall rating. These risks include sound management structures, employee relations, remuneration of staff and tax compliance. Similar to RIIM, a green rating denotes positive governance characteristics, an orange rating denotes some improvements are needed, whereas red denotes significant governance concerns. If any of the pillars are rated red, the overall status of the test will be red.

#### Step 2: Qualitative review

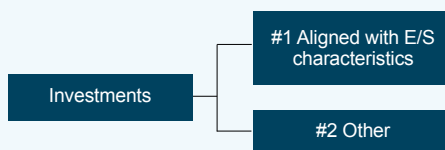
If a company's good governance test rating is red, a qualitative review will be undertaken by the Governance team, during which the company's practices will be evaluated within the context of market and sector norms, using a mix of qualitative and quantitative data. Inputs used in the analysis include:

- the basic governance structure a company employs, compared against regional norms
- the presence of any significant controversies in the conduct of the board or management
- the presence of significant remuneration-related controversy in the prior year
- the investment manager's engagement history with the company, and its responsiveness to shareholder concerns
- the degree of insulation a company has from its investors as a result of its capital structure, concentrated shareholders, or the use of protective charter provisions

If necessary, the company's good governance test quantitative scores may be adjusted following the qualitative review. If a company has been assessed as not passing the good governance test, it is not a permitted investment for the funds and therefore cannot be purchased. If an existing holding in the fund is later deemed to no longer meet the good governance standard, this position will be addressed in line with the firm's breach policy.



### What is the asset allocation planned for this financial product?



**#1 Aligned with E/S characteristics** includes the investments of the fund used to attain the environmental or social characteristics promoted by the fund.

**#2 Other** includes the remaining investments of the fund which are neither aligned with the environmental or social characteristics, nor are qualified as Sustainable Investments.

**#1** – The fund promotes E/S characteristics by committing to maintain at least 50% of the value of its portfolio invested in issuers and/or securities that are rated as 'Green' by RIIM, except as described in #2, below.

**#2** – All other investments not rated 'Green' by RIIM. These are subject to screening by the investment manager to avoid investment in issuers that the investment manager believes are harmful to the environment or society through the application of the T. Rowe Price Responsible Exclusion List. The T. Rowe Price Responsible Exclusion List is a binding exclusion list that applies directly to the fund's entire portfolio, meaning that all investments the fund makes are screened against this exclusion list. At the discretion of the investment manager, the fund may hold investments that are not relevant to the T. Rowe Price Responsible Exclusion List (cash and certain derivatives used for efficient portfolio management).

► See also: "What are the binding elements of the investment strategy?" and "What investments are included under "#2 Other"?".

### How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?

The fund may use derivatives to achieve the E/S characteristics it promotes. These may include instruments such as swaps with an underlying asset which is an individual issuer. They are screened by RIIM to promote the fund's E/S characteristics.

**Taxonomy-aligned activities**

are expressed as a share of:

- turnover reflecting the share of revenue from green activities of investee companies.
- capital expenditure (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- operational expenditure (OpEx) reflecting green operational activities of investee companies.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**Enabling activities**

directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities**

are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.



are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy.

**Reference benchmarks**

are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The investments underlying the fund do not currently take into account the EU criteria for environmentally sustainable economic activities pursuant to the Taxonomy Regulation and therefore the fund's minimum proportion of investments aligned with the Taxonomy is 0%. Although the fund does not commit to making Taxonomy-aligned investments, it is possible that the fund holds securities that meet such criteria. The actual proportion of any Taxonomy-aligned investments held by the fund will be disclosed in the fund's annual report. The "do no significant harm" principle under the EU Taxonomy does not apply to investments that are not Taxonomy-aligned. However, in accordance with the SFDR, any other sustainable investments must also not significantly harm any E/S objectives.

**Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?**

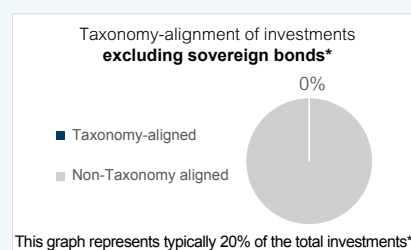
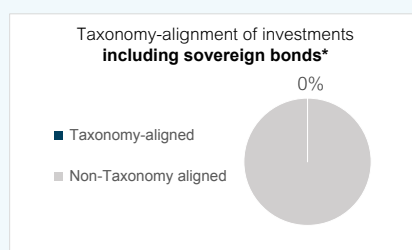
☐ Yes

☐ In fossil gas

☐ In nuclear energy

☒ No

The two graphs below show the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures (including quasi-sovereign bonds).

\*\*Based on the historical average. The fund does not have a binding minimum exposure to sovereign bonds.

**What is the minimum share of investments in transitional and enabling activities?**

The fund does not commit to a minimum share of investments in transitional and enabling activities.

**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

Not applicable.

**What is the minimum share of socially sustainable investments?**

Not applicable.

**What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

These include investments not rated 'Green' by RIIM. These are subject to screening by the investment manager to avoid investment in issuers that the investment manager believes are harmful to the environment or society through the application of the T. Rowe Price Responsible Exclusion List. The T. Rowe Price Responsible Exclusion List is a binding exclusion list that applies directly to the fund's entire portfolio, meaning that all investments the fund makes are screened against this exclusion list.

These investments may include cash positions and derivatives used for hedging and efficient portfolio management which do not contribute to the fund's promotion of E/S characteristics and any other permitted investments used to achieve the fund's investment objective. These investments are still subject to the good governance assessment, where relevant.

► See also: “What investment strategy does this financial product follow?”.

**Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

No.

**Where can I find more product specific information online?**

More product-specific information can be found on the website: [www.funds.troweprice.com](http://www.funds.troweprice.com)

<sup>2</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change (“climate change mitigation”) and do not significantly harm any EU Taxonomy objective – see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.



## Environmental and/or social characteristics

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

- It promotes E/S characteristics but **will not make any sustainable investments**



► See also: “What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?”

20 | T. Rowe Price Funds SICAV | February 2025 Prospectus



**Sustainability indicators**

measure how the environmental or social characteristics promoted by the financial product are attained.

**What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The sustainability indicator used by the fund to measure the extent to which it attains the promoted E/S characteristics is:

- % of the value of the fund's portfolio in securities that the investment manager identifies as sustainable investments

► See also: "What investment strategy does this financial product follow?"

**What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

The fund may invest in sustainable investments that have either an E/S objective. A minimum exposure of 0.5 % to each objective is imposed upon the fund in addition to a minimum aggregate exposure to sustainable investments of 10%. Except for these commitments, the fund may invest either in securities that contribute only to environmental objectives or social objectives, or a combination of both. Specifically, the fund uses the following E/S pillars to determine economic activities that contribute to E/S objectives: climate and resource impact (including reducing greenhouse gases, promoting healthy ecosystems, nurturing circular equity) and social equity and quality of life (including enabling social equity, improving health and enhancing quality of life).

Although the fund does not commit to making Taxonomy-aligned investments, in the event that the fund holds any investments that align with the EU Taxonomy, those investments contribute to one or more of the following objectives:

- climate change mitigation
- climate change adaptation
- sustainable use and protection of water and marine resources
- transition to a circular economy
- pollution prevention and control
- protection and restoration of biodiversity and ecosystems

**How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

The investment manager utilises its proprietary internal research platform to support its assessment of whether an issuer is causing significant harm to any E/S objective. Through the use of proprietary research and third-party data, the "do no significant harm" assessment incorporates issuer information in relation to Principal Adverse Impact (PAI) indicators and alignment to certain international guidelines and principles.

**How have the indicators for adverse impacts on sustainability factors been taken into account?**

As part of its investment process the investment manager, and/or the sub-investment manager, systemically assesses whether sustainable investment is causing significant harm to E/S objective. The assessment includes taking into account relevant principal adverse impact indicators.

The investment manager, and/or the sub-investment manager, applies a qualitative and quantitative assessment of the data, obtained for the mandatory PAI indicators listed in Table 1 and any relevant indicators in Tables 2 and 3 of Annex I of the SFDR Delegated Regulation. The investment manager, and/or the sub-investment manager, also analyses PAI metrics relative to internally set thresholds, where relevant and appropriate. These thresholds provide an initial indication of whether significant harm is occurring and the investment manager, and/or the sub-investment manager, may undertake further analysis to support its view. The investment manager and/or the sub-investment manager may consider the materiality of a given indicator relative to an issuer's industry, sector or location, which may be factored into the investment manager's overall determination.

Where sufficient data is not available, the investment manager and/or the sub-investment manager may rely on other relevant data points to make an assessment.

**How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?**

The investment manager's assessment of whether an investee company is causing significant harm to an E/S objective includes an analysis of how the issuer performs with respect to the OECD guidelines for multinational enterprises and the UNGPs on Business and Human Rights.

*The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The "do no significant harm" principle applies only to those investments underlying the fund that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*

**Principal adverse impacts**

are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

**Does this financial product consider principal adverse impacts on sustainability factors?**

Yes. The investment manager collects data on the following PAI indicators:

- violations of UN Global Compact principles (PAI #10)
- board gender diversity (PAI #13)
- exposure to controversial weapons (antipersonnel mines, cluster munitions, chemical weapons and biological weapons) (PAI #14)

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

The investment manager aggregates the PAI indicators of the portfolio and reviews this information periodically. The periodic review of the portfolio's PAI profile will inform upcoming engagement activity for the fund and, where appropriate, any investment actions as deemed necessary by the investment manager, collectively with a view to pursuing an improvement in the portfolio's PAI data over time<sup>2</sup>.

Information regarding the portfolio's PAI data will be included in the fund's annual report, under the section titled "How did this financial product consider principal adverse impacts on sustainability factors?"



### ***What investment strategy does this financial product follow?***

The fund is actively managed and invests mainly in a diversified portfolio of corporate bonds that are denominated in euro. Although the fund does not have sustainable investment as an objective it promotes E/S characteristics through the following components of its investment strategy:

1. **Sustainable investment exposure** At least 10% of the value of the fund's portfolio is invested in sustainable investments.

Other relevant features of the fund's investment strategy are:

2. **Exclusion screen** The fund avoids sectors or companies whose activities may be considered, by the investment manager, harmful to the environment and/or society through the application of the T. Rowe Price Responsible Exclusion List. The relevance to the fund of each excluded sector and/or issuer included in the T. Rowe Price Responsible Exclusion List may vary due to the nature of the fund's investment strategy. In maintaining the T. Rowe Price Responsible Exclusion List, the investment manager and the sub-investment manager, as appropriate, rely on information from companies and reputable third-party research providers. This exclusion list is coded into the investment manager's and the sub-investment manager's, as appropriate, internal compliance systems, which automatically restrict trading in any excluded names. There may be circumstances where a fund has some limited, indirect, exposure to a company involved in the excluded categories. Examples of these circumstances could include an investment in an instrument that gives exposure to an index, or an investment in a fund managed by an unaffiliated investment manager. For more details see [T. Rowe Price Responsible Exclusion List Policy](#).
3. **Active ownership** The fund embeds governance analysis into the investment process and engages in active ownership, monitoring, and engagement with the issuers of the securities in which it invests. This includes regular dialogue with issuers.

### ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The fund's binding elements are:

- at least 10% of the value of the fund's portfolio invested in sustainable investments. Specifically, the fund commits to a minimum of 0.5% of the value of its portfolio invested in sustainable investments with an environmental objective and a minimum of 0.5% of the value of its portfolio invested in sustainable investments with a social objective.
- all companies in which the fund invests will follow good governance practices, as determined by the investment manager.

In selecting Sustainable Investments for the fund's portfolio, the investment manager is required to assess and ensure that the investment contributes to an E/S objective and that it does not cause significant harm to any other E/S objectives.

► See also: "What investment strategy does this financial product follow?" and "Does this financial product consider principal adverse impacts on sustainability factors?".

### ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

The fund does not commit to a minimum reduction of its investment universe (pool of eligible investments).

### ***What is the policy to assess good governance practices of the investee companies?***

The investment manager has a policy to assess governance practices using the two-step good governance test set out below.

#### **Step 1: Quantitative review**

The good governance test consists of weighted pillars designed to measure specific corporate governance risks, rolled up to an overall rating. These risks include sound management structures, employee relations, remuneration of staff and tax compliance. The investment manager, through its proprietary Responsible Investing Indicator Model (RIIM), rates the pillars based on a simple 'traffic light' system: a green rating denotes positive governance characteristics, an orange rating denotes some improvements are needed, whereas red denotes significant governance concerns. If any of the pillars are rated red, the overall status of the test will be red.

#### **Step 2: Qualitative review**

<sup>2</sup> More information on the consideration and mitigation of the adverse impacts can be found within the T. Rowe Price Principal Adverse Impacts (PAI) Policy under <https://www.troweprice.com/content/dam/trowecorp/Pdfs/esg/principal-adverse-impacts-PAI-policy.pdf>

### Asset allocation

describes the share of investments in specific assets.

**Taxonomy-aligned activities** are expressed as a share of:

- turnover reflecting the share of revenue from green activities of investee companies.
- capital expenditure (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- operational expenditure (OpEx) reflecting green operational activities of investee companies.

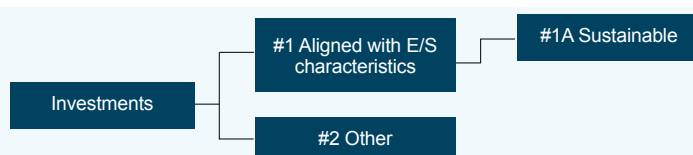
If a company's good governance test rating is red, a qualitative review will be undertaken by the Governance team, during which the company's practices will be evaluated within the context of market and sector norms, using a mix of qualitative and quantitative data. Inputs used in the analysis include:

- the basic governance structure a company employs, compared against regional norms
- the presence of any significant controversies in the conduct of the board or management
- the presence of significant remuneration-related controversy in the prior year
- the investment manager's engagement history with the company, and its responsiveness to shareholder concerns
- the degree of insulation a company has from its investors as a result of its capital structure, concentrated shareholders, or the use of protective charter provisions

If necessary, the company's good governance test quantitative scores may be adjusted following the qualitative review. If a company has been assessed as not passing the good governance test, it is not a permitted investment for the funds and therefore cannot be purchased. If an existing holding in the fund is later deemed to no longer meet the Good Governance standard, this position will be addressed in line with the firm's breach policy.



### What is the asset allocation planned for this financial product?



**#1 Aligned with E/S characteristics** includes the investments of the fund used to attain the environmental or social characteristics promoted by the fund.

**#2 Other** includes the remaining investments of the fund which are neither aligned with the environmental or social characteristics, nor are qualified as Sustainable Investments.

The category **#1 Aligned with E/S characteristics** covers:

- the sub-category **#1A Sustainable** covers Sustainable Investments with environmental or social objectives.

**1 and #1A** – The fund promotes E/S characteristics by committing to maintain a minimum of 10% of the value of its portfolio invested in sustainable investments.

**#2** – All other investments that are not sustainable. These are subject to screening by the investment manager to avoid investment in issuers that the investment manager believes are harmful to the environment or society through the application of the T. Rowe Price Responsible Exclusion List. The T. Rowe Price Responsible Exclusion List is a binding exclusion list that applies directly to the fund's entire portfolio, meaning that all investments the fund makes are screened against this exclusion list. At the discretion of the investment manager, the fund may hold investments that are not relevant to the T. Rowe Price Responsible Exclusion List (cash and certain derivatives used for efficient portfolio management).

► See also: "What are the binding elements of the investment strategy?" and "What investments are included under "#2 Other"?"

### How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?

Whilst the fund may use derivatives for portfolio management techniques for the purpose of hedging, liquidity management, investment purposes and risk reduction derivatives are not used to promote E/S characteristics.



### To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The investments underlying the fund do not currently take into account the EU criteria for environmentally sustainable economic activities pursuant to the Taxonomy Regulation and therefore the fund's minimum proportion of investments aligned with the Taxonomy is 0%. Although the fund does not commit to making Taxonomy-aligned investments, it is possible that the fund holds securities that meet such criteria. The actual proportion of any Taxonomy-aligned investments held by the fund will be disclosed in the fund's annual report. The "do no significant harm" principle under the EU Taxonomy does not apply to investments that are not Taxonomy-aligned. However, in accordance with the SFDR, any other sustainable investments must also not significantly harm any E/S objectives.

### Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>3</sup>?

☐ Yes

☐ In fossil gas

☐ In nuclear energy

☒ No

<sup>3</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

### Enabling activities

directly enable other activities to make a substantial contribution to an environmental objective.

### Transitional activities

are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

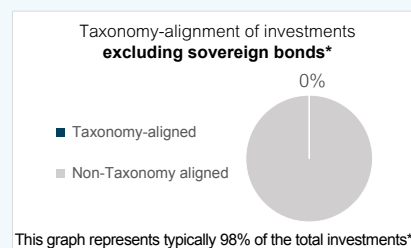
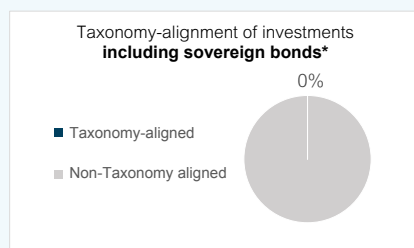


are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy.

### Reference benchmarks

are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

The two graphs below show the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



This graph represents typically 98% of the total investments\*\*

\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures (including quasi-sovereign bonds).

\*\*Based on the historical average. The fund does not have a binding minimum exposure to sovereign bonds.

### What is the minimum share of investments in transitional and enabling activities?

The fund does not commit to a minimum share of investments in transitional and enabling activities.



### What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

0.5%. The cumulative minimum investment in sustainable investments is 10%, out of which 9.5% may be comprised entirely of environmentally sustainable investments, entirely of socially sustainable investments or a combination of both.



### What is the minimum share of socially sustainable investments?

0.5%. The cumulative minimum investment in sustainable investments is 10%, out of which 9.5% may be comprised entirely of environmentally sustainable investments, entirely of socially sustainable investments or a combination of both.



### What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

These investments may include derivatives, cash positions, revenues of companies tied to economic activities that are not considered sustainable and any other permitted investments used to achieve the fund's investment objective. These are subject to screening by the investment manager to avoid investment in issuers that the investment manager believes are harmful to the environment or society through the application of the T. Rowe Price Responsible Exclusion List. The T. Rowe Price Responsible Exclusion List is a binding exclusion list that applies directly to the fund's entire portfolio, meaning that all investments the fund makes are screened against this exclusion list.

These investments are still subject to the good governance assessment, where relevant.

► See also: “What investment strategy does this financial product follow?”.



### Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No.



### Where can I find more product specific information online?

More product-specific information can be found on the website: [www.funds.troweprice.com](http://www.funds.troweprice.com)

## Environmental and/or social characteristics



**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

**What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The sustainability indicator used by the fund to measure the extent to which it attains the promoted E/S characteristics is:

- % of the value of the fund's portfolio in securities that the investment manager identifies as sustainable investments

► See also: "What investment strategy does this financial product follow?"

**What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

The fund may invest in sustainable investments that have either an E/S objective. A minimum exposure of 0.5 % to each objective is imposed upon the fund in addition to a minimum aggregate exposure to sustainable investments of 10%. Except for these commitments, the fund may invest either in securities that contribute only to environmental objectives or social objectives, or a combination of both. Specifically, the fund uses the following E/S pillars to determine economic activities that contribute to E/S objectives: climate and resource impact (including reducing greenhouse gases, promoting healthy ecosystems, nurturing circular equity) and social equity and quality of life (including enabling social equity, improving health and enhancing quality of life).

Although the fund does not commit to making Taxonomy-aligned investments, in the event that the fund holds any investments that align with the EU Taxonomy, those investments contribute to one or more of the following objectives:

- climate change mitigation
- climate change adaption
- sustainable use and protection of water and marine resources
- transition to a circular economy
- pollution prevention and control
- protection and restoration of biodiversity and ecosystems

**How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

The investment manager utilises its proprietary internal research platform to support its assessment of whether an issuer is causing significant harm to any E/S objective. Through the use of proprietary research and third-party data, the "do no significant harm" assessment incorporates issuer information in relation to Principal Adverse Impact (PAI) indicators and alignment to certain international guidelines and principles.

**How have the indicators for adverse impacts on sustainability factors been taken into account?**

As part of its investment process the investment manager, and/or the sub-investment manager, systemically assesses whether sustainable investment is causing significant harm to E/S objective. The assessment includes taking into account relevant principal adverse impact indicators.

The investment manager, and/or the sub-investment manager, applies a qualitative and quantitative assessment of the data, obtained for the mandatory PAI indicators listed in Table 1 and any relevant indicators in Tables 2 and 3 of Annex I of the SFDR Delegated Regulation. The investment manager, and/or the sub-investment manager, also analyses PAI metrics relative to internally set thresholds, where relevant and appropriate. These thresholds provide an initial indication of whether significant harm is occurring and the investment manager, and/or the sub-investment manager, may undertake further analysis to support its view. The investment manager and/or the sub-investment manager may consider the materiality of a given indicator relative to an issuer's industry, sector or location, which may be factored into the investment manager's overall determination.

Where sufficient data is not available, the investment manager and/or the sub-investment manager may rely on other relevant data points to make an assessment.

**How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?**

The investment manager's assessment of whether an investee company is causing significant harm to an E/S objective includes an analysis of how the issuer performs with respect to the OECD guidelines for multinational enterprises and the UNGPs on Business and Human Rights.

*The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

*The "do no significant harm" principle applies only to those investments underlying the fund that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.*

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.



**Does this financial product consider principal adverse impacts on sustainability factors?**

Yes. The investment manager collects data on the following PAI indicators:

- violations of UN Global Compact principles (PAI #10)
- board gender diversity (PAI #13)
- exposure to controversial weapons (antipersonnel mines, cluster munitions, chemical weapons and biological weapons) (PAI #14)



**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

The investment manager aggregates the PAI indicators of the portfolio and reviews this information periodically. The periodic review of the portfolio's PAI profile will inform upcoming engagement activity for the fund and, where appropriate, any investment actions as deemed necessary by the investment manager, collectively with a view to pursuing an improvement in the portfolio's PAI data over time<sup>2</sup>.

Information regarding the portfolio's PAI data will be included in the fund's annual report, under the section titled "How did this financial product consider principal adverse impacts on sustainability factors?"



### ***What investment strategy does this financial product follow?***

The fund is actively managed and invests mainly in a diversified portfolio of high yield corporate bonds that are denominated in European currencies. Although the fund does not have sustainable investment as an objective it promotes E/S characteristics through the following components of its investment strategy:

1. **Sustainable investment exposure** At least 10% of the value of the fund's portfolio is invested in sustainable investments.

Other relevant features of the fund's investment strategy are:

2. **Exclusion screen** The fund avoids sectors or companies whose activities may be considered, by the investment manager, harmful to the environment and/or society through the application of the T. Rowe Price Responsible Exclusion List. The relevance to the fund of each excluded sector and/or issuer included in the T. Rowe Price Responsible Exclusion List may vary due to the nature of the fund's investment strategy. In maintaining the T. Rowe Price Responsible Exclusion List, the investment manager and the sub-investment manager, as appropriate, rely on information from companies and reputable third-party research providers. This exclusion list is coded into the investment manager's and the sub-investment manager's, as appropriate, internal compliance systems, which automatically restrict trading in any excluded names. There may be circumstances where a fund has some limited, indirect, exposure to a company involved in the excluded categories. Examples of these circumstances could include an investment in an instrument that gives exposure to an index, or an investment in a fund managed by an unaffiliated investment manager. For more details see [T. Rowe Price Responsible Exclusion List Policy](#).
3. **Active ownership** The fund embeds governance analysis into the investment process and engages in active ownership, monitoring, and engagement with the issuers of the securities in which it invests. This includes regular dialogue with issuers.

### ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The fund's binding elements are:

- at least 10% of the value of the fund's portfolio invested in sustainable investments. Specifically, the fund commits to a minimum of 0.5% of the value of its portfolio invested in sustainable investments with an environmental objective and a minimum of 0.5% of the value of its portfolio invested in sustainable investments with a social objective.
- all companies in which the fund invests will follow good governance practices, as determined by the investment manager.

In selecting Sustainable Investments for the fund's portfolio, the investment manager is required to assess and ensure that the investment contributes to an E/S objective and that it does not cause significant harm to any other E/S objectives.

► See also: "What investment strategy does this financial product follow?" and "Does this financial product consider principal adverse impacts on sustainability factors?"

### ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

The fund does not commit to a minimum reduction of its investment universe (pool of eligible investments).

### ***What is the policy to assess good governance practices of the investee companies?***

The investment manager has a policy to assess governance practices using the two-step good governance test set out below.

#### **Step 1: Quantitative review**

The good governance test consists of weighted pillars designed to measure specific corporate governance risks, rolled up to an overall rating. These risks include sound management structures, employee relations, remuneration of staff and tax compliance. The investment manager, through its proprietary Responsible Investing Indicator Model (RIIM), rates the pillars based on a simple 'traffic light' system: a green rating denotes positive governance characteristics, an orange rating denotes some improvements are needed, whereas red denotes significant governance concerns. If any of the pillars are rated red, the overall status of the test will be red.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

<sup>2</sup> More information on the consideration and mitigation of the adverse impacts can be found within the T. Rowe Price Principal Adverse Impacts (PAI) Policy under <https://www.troweprice.com/content/dam/trowecorp/Pdfs/esg/principal-adverse-impacts-PAI-policy.pdf>

### Asset allocation

describes the share of investments in specific assets.

**Taxonomy-aligned activities** are expressed as a share of:

- turnover reflecting the share of revenue from green activities of investee companies.
- capital expenditure (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- operational expenditure (OpEx) reflecting green operational activities of investee companies.

### Step 2: Qualitative review

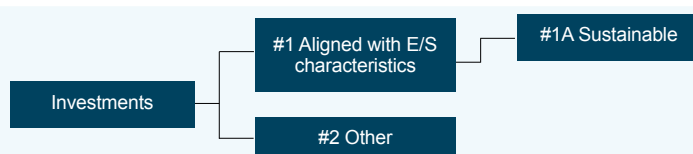
If a company's good governance test rating is red, a qualitative review will be undertaken by the Governance team, during which the company's practices will be evaluated within the context of market and sector norms, using a mix of qualitative and quantitative data. Inputs used in the analysis include:

- the basic governance structure a company employs, compared against regional norms
- the presence of any significant controversies in the conduct of the board or management
- the presence of significant remuneration-related controversy in the prior year
- the investment manager's engagement history with the company, and its responsiveness to shareholder concerns
- the degree of insulation a company has from its investors as a result of its capital structure, concentrated shareholders, or the use of protective charter provisions

If necessary, the company's good governance test quantitative scores may be adjusted following the qualitative review. If a company has been assessed as not passing the good governance test, it is not a permitted investment for the funds and therefore cannot be purchased. If an existing holding in the fund is later deemed to no longer meet the Good Governance standard, this position will be addressed in line with the firm's breach policy.



### What is the asset allocation planned for this financial product?



**#1 Aligned with E/S characteristics** includes the investments of the fund used to attain the environmental or social characteristics promoted by the fund.

**#2 Other** includes the remaining investments of the fund which are neither aligned with the environmental or social characteristics, nor are qualified as Sustainable Investments.

The category **#1 Aligned with E/S characteristics** covers:

- the sub-category **#1A Sustainable** covers Sustainable Investments with environmental or social objectives.

**1 and #1A** – The fund promotes E/S characteristics by committing to maintain a minimum of 10% of the value of its portfolio invested in sustainable investments.

**#2** – All other investments that are not sustainable. These are subject to screening by the investment manager to avoid investment in issuers that the investment manager believes are harmful to the environment or society through the application of the T. Rowe Price Responsible Exclusion List. The T. Rowe Price Responsible Exclusion List is a binding exclusion list that applies directly to the fund's entire portfolio, meaning that all investments the fund makes are screened against this exclusion list. At the discretion of the investment manager, the fund may hold investments that are not relevant to the T. Rowe Price Responsible Exclusion List (cash and certain derivatives used for efficient portfolio management).

► See also: "What are the binding elements of the investment strategy?" and "What investments are included under "#2 Other"?"

### How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?

Whilst the fund may use derivatives for portfolio management techniques for the purpose of hedging, liquidity management, investment purposes and risk reduction derivatives are not used to promote E/S characteristics.



### To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The investments underlying the fund do not currently take into account the EU criteria for environmentally sustainable economic activities pursuant to the Taxonomy Regulation and therefore the fund's minimum proportion of investments aligned with the Taxonomy is 0%. Although the fund does not commit to making Taxonomy-aligned investments, it is possible that the fund holds securities that meet such criteria. The actual proportion of any Taxonomy-aligned investments held by the fund will be disclosed in the fund's annual report. The "do no significant harm" principle under the EU Taxonomy does not apply to investments that are not Taxonomy-aligned. However, in accordance with the SFDR, any other sustainable investments must also not significantly harm any E/S objectives.

### Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>3</sup>?

☐ Yes

☐ In fossil gas

☐ In nuclear energy

☒ No

<sup>3</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

#### Enabling activities

directly enable other activities to make a substantial contribution to an environmental objective.

#### Transitional activities

are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

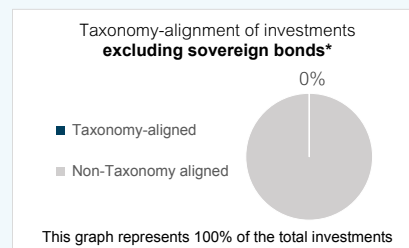
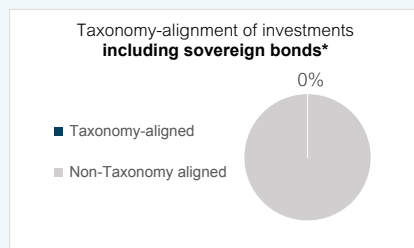


are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy.

#### Reference benchmarks

are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

The two graphs below show the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

#### What is the minimum share of investments in transitional and enabling activities?

The fund does not commit to a minimum share of investments in transitional and enabling activities.



#### What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

0.5%. The cumulative minimum investment in sustainable investments is 10%, out of which 9.5% may be comprised entirely of environmentally sustainable investments, entirely of socially sustainable investments or a combination of both.



#### What is the minimum share of socially sustainable investments?

0.5%. The cumulative minimum investment in sustainable investments is 10%, out of which 9.5% may be comprised entirely of environmentally sustainable investments, entirely of socially sustainable investments or a combination of both.



#### What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

These investments may include derivatives, cash positions, revenues of companies tied to economic activities that are not considered sustainable and any other permitted investments used to achieve the fund's investment objective. These are subject to screening by the investment manager to avoid investment in issuers that the investment manager believes are harmful to the environment or society through the application of the T. Rowe Price Responsible Exclusion List. The T. Rowe Price Responsible Exclusion List is a binding exclusion list that applies directly to the fund's entire portfolio, meaning that all investments the fund makes are screened against this exclusion list.

These investments are still subject to the good governance assessment, where relevant.

► See also: “What investment strategy does this financial product follow?”.



#### Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No.



#### Where can I find more product specific information online?

More product-specific information can be found on the website: [www.funds.troweprice.com](http://www.funds.troweprice.com)

## Environmental and/or social characteristics

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

**What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The sustainability indicator used by the fund to measure the extent to which it attains the promoted E/S characteristics is:

- % of the value of the fund's portfolio in securities that the investment manager identifies as sustainable investments

► See also: "What investment strategy does this financial product follow?"

**What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

The fund may invest in sustainable investments that have either an E/S objective. A minimum exposure of 0.5 % to each objective is imposed upon the fund in addition to a minimum aggregate exposure to sustainable investments of 10%. Except for these commitments, the fund may invest either in securities that contribute only to environmental objectives or social objectives, or a combination of both. Specifically, the fund uses the following E/S pillars to determine economic activities that contribute to E/S objectives: climate and resource impact (including reducing greenhouses gases, promoting healthy ecosystems, nurturing circular equity) and social equity and quality of life (including enabling social equity, improving health and enhancing quality of life).

Although the fund does not commit to making Taxonomy-aligned investments, in the event that the fund holds any investments that align with the EU Taxonomy, those investments contribute to one or more of the following objectives:

- climate change mitigation
- climate change adaptation
- sustainable use and protection of water and marine resources
- transition to a circular economy
- pollution prevention and control
- protection and restoration of biodiversity and ecosystems

**How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

The investment manager utilises its proprietary internal research platform to support its assessment of whether an issuer is causing significant harm to any E/S objective. Through the use of proprietary research and third-party data, the "do no significant harm" assessment incorporates issuer information in relation to Principal Adverse Impact (PAI) indicators and alignment to certain international guidelines and principles.

**How have the indicators for adverse impacts on sustainability factors been taken into account?**

As part of its investment process the investment manager, and/or the sub-investment manager, systemically assesses whether sustainable investment is causing significant harm to E/S objective. The assessment includes taking into account relevant principal adverse impact indicators.

The investment manager, and/or the sub-investment manager, applies a qualitative and quantitative assessment of the data, obtained for the mandatory PAI indicators listed in Table 1 and any relevant indicators in Tables 2 and 3 of Annex I of the SFDR Delegated Regulation. The investment manager, and/or the sub-investment manager, also analyses PAI metrics relative to internally set thresholds, where relevant and appropriate. These thresholds provide an initial indication of whether significant harm is occurring and the investment manager, and/or the sub-investment manager, may undertake further analysis to support its view. The investment manager and/or the sub-investment manager may consider the materiality of a given indicator relative to an issuer's industry, sector or location, which may be factored into the investment manager's overall determination.

Where sufficient data is not available, the investment manager and/or the sub-investment manager may rely on other relevant data points to make an assessment.

**How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?**

The investment manager's assessment of whether an investee company is causing significant harm to an E/S objective includes an analysis of how the issuer performs with respect to the OECD guidelines for multinational enterprises and the UNGPs on Business and Human Rights.

*The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The "do no significant harm" principle applies only to those investments underlying the fund that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.



**Does this financial product consider principal adverse impacts on sustainability factors?**

Yes. The investment manager collects data on the following PAI indicators:

- violations of UN Global Compact principles (PAI #10)
- board gender diversity (PAI #13)
- exposure to controversial weapons (antipersonnel mines, cluster munitions, chemical weapons and biological weapons) (PAI #14)



**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

The investment manager aggregates the PAI indicators of the portfolio and reviews this information periodically. The periodic review of the portfolio's PAI profile will inform upcoming engagement activity for the fund and, where appropriate, any investment actions as deemed necessary by the investment manager, collectively with a view to pursuing an improvement in the portfolio's PAI data over time<sup>2</sup>.

Information regarding the portfolio's PAI data will be included in the fund's annual report, under the section titled "How did this financial product consider principal adverse impacts on sustainability factors?"



### ***What investment strategy does this financial product follow?***

The fund is actively managed and invests mainly in a diversified portfolio of bonds of all types from issuers around the world including emerging markets. Although the fund does not have sustainable investment as an objective it promotes E/S characteristics through the following components of its investment strategy:

1. **Sustainable investment exposure** At least 10% of the value of the fund's portfolio is invested in sustainable investments.

Other relevant features of the fund's investment strategy are:

2. **Exclusion screen** The fund avoids sectors or companies whose activities may be considered, by the investment manager, harmful to the environment and/or society through the application of the T. Rowe Price Responsible Exclusion List. The relevance to the fund of each excluded sector and/or issuer included in the T. Rowe Price Responsible Exclusion List may vary due to the nature of the fund's investment strategy. In maintaining the T. Rowe Price Responsible Exclusion List, the investment manager and the sub-investment manager, as appropriate, rely on information from companies and reputable third-party research providers. This exclusion list is coded into the investment manager's and the sub-investment manager's, as appropriate, internal compliance systems, which automatically restrict trading in any excluded names. There may be circumstances where a fund has some limited, indirect, exposure to a company involved in the excluded categories. Examples of these circumstances could include an investment in an instrument that gives exposure to an index, or an investment in a fund managed by an unaffiliated investment manager. For more details see [T. Rowe Price Responsible Exclusion List Policy](#).
3. **Active ownership** The fund embeds governance analysis into the investment process and engages in active ownership, monitoring, and engagement with the issuers of the securities in which it invests. This includes regular dialogue with issuers.

### ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The fund's binding elements are:

- at least 10% of the value of the fund's portfolio invested in sustainable investments. Specifically, the fund commits to a minimum of 0.5% of the value of its portfolio invested in sustainable investments with an environmental objective and a minimum of 0.5% of the value of its portfolio invested in sustainable investments with a social objective.
- all companies in which the fund invests will follow good governance practices, as determined by the investment manager.

In selecting Sustainable Investments for the fund's portfolio, the investment manager is required to assess and ensure that the investment contributes to an E/S objective and that it does not cause significant harm to any other E/S objectives.

► See also: "What investment strategy does this financial product follow?" and "Does this financial product consider principal adverse impacts on sustainability factors?"

### ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

The fund does not commit to a minimum reduction of its investment universe (pool of eligible investments).

### ***What is the policy to assess good governance practices of the investee companies?***

The investment manager has a policy to assess governance practices using the two-step good governance test set out below.

#### **Step 1: Quantitative review**

The good governance test consists of weighted pillars designed to measure specific corporate governance risks, rolled up to an overall rating. These risks include sound management structures, employee relations, remuneration of staff and tax compliance. The investment manager, through its proprietary Responsible Investing Indicator Model (RIIM), rates the pillars based on a simple 'traffic light' system: a green rating denotes positive governance characteristics, an orange rating denotes some improvements are needed, whereas red denotes significant governance concerns. If any of the pillars are rated red, the overall status of the test will be red.

<sup>2</sup> More information on the consideration and mitigation of the adverse impacts can be found within the T. Rowe Price Principal Adverse Impacts (PAI) Policy under <https://www.troweprice.com/content/dam/trowecorp/Pdfs/esg/principal-adverse-impacts-PAI-policy.pdf>



### Asset allocation

describes the share of investments in specific assets.

**Taxonomy-aligned activities** are expressed as a share of:

- turnover reflecting the share of revenue from green activities of investee companies.
- capital expenditure (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- operational expenditure (OpEx) reflecting green operational activities of investee companies.

### Step 2: Qualitative review

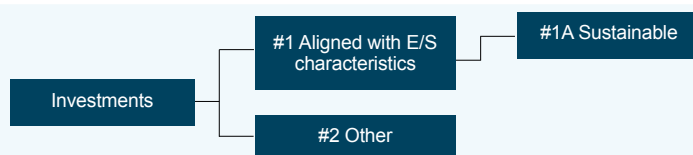
If a company's good governance test rating is red, a qualitative review will be undertaken by the Governance team, during which the company's practices will be evaluated within the context of market and sector norms, using a mix of qualitative and quantitative data. Inputs used in the analysis include:

- the basic governance structure a company employs, compared against regional norms
- the presence of any significant controversies in the conduct of the board or management
- the presence of significant remuneration-related controversy in the prior year
- the investment manager's engagement history with the company, and its responsiveness to shareholder concerns
- the degree of insulation a company has from its investors as a result of its capital structure, concentrated shareholders, or the use of protective charter provisions

If necessary, the company's good governance test quantitative scores may be adjusted following the qualitative review. If a company has been assessed as not passing the good governance test, it is not a permitted investment for the funds and therefore cannot be purchased. If an existing holding in the fund is later deemed to no longer meet the Good Governance standard, this position will be addressed in line with the firm's breach policy.



### What is the asset allocation planned for this financial product?



**#1 Aligned with E/S characteristics** includes the investments of the fund used to attain the environmental or social characteristics promoted by the fund.

**#2 Other** includes the remaining investments of the fund which are neither aligned with the environmental or social characteristics, nor are qualified as Sustainable Investments.

The category **#1 Aligned with E/S characteristics** covers:

- the sub-category **#1A Sustainable** covers Sustainable Investments with environmental or social objectives.

**1 and #1A** – The fund promotes E/S characteristics by committing to maintain a minimum of 10% of the value of its portfolio invested in sustainable investments.

**#2** – All other investments that are not sustainable. These are subject to screening by the investment manager to avoid investment in issuers that the investment manager believes are harmful to the environment or society through the application of the T. Rowe Price Responsible Exclusion List. The T. Rowe Price Responsible Exclusion List is a binding exclusion list that applies directly to the fund's entire portfolio, meaning that all investments the fund makes are screened against this exclusion list. At the discretion of the investment manager, the fund may hold investments that are not relevant to the T. Rowe Price Responsible Exclusion List (cash and certain derivatives used for efficient portfolio management).

► See also: "What are the binding elements of the investment strategy?" and "What investments are included under "#2 Other"?"

### How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?

Whilst the fund may use derivatives for portfolio management techniques for the purpose of hedging, liquidity management, investment purposes and risk reduction derivatives are not used to promote E/S characteristics.



### To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The investments underlying the fund do not currently take into account the EU criteria for environmentally sustainable economic activities pursuant to the Taxonomy Regulation and therefore the fund's minimum proportion of investments aligned with the Taxonomy is 0%. Although the fund does not commit to making Taxonomy-aligned investments, it is possible that the fund holds securities that meet such criteria. The actual proportion of any Taxonomy-aligned investments held by the fund will be disclosed in the fund's annual report. The "do no significant harm" principle under the EU Taxonomy does not apply to investments that are not Taxonomy-aligned. However, in accordance with the SFDR, any other sustainable investments must also not significantly harm any E/S objectives.

### Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>3</sup>?

☐ Yes

☐ In fossil gas

☐ In nuclear energy

☒ No

<sup>3</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

### Enabling activities

directly enable other activities to make a substantial contribution to an environmental objective.

### Transitional activities

are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

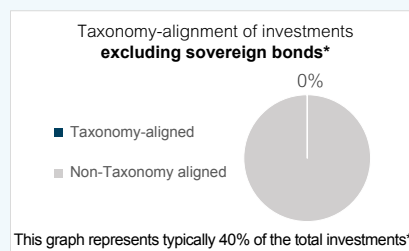
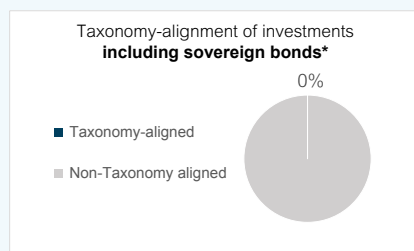


are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy.

### Reference benchmarks

are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

The two graphs below show the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



This graph represents typically 40% of the total investments\*\*

\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures (including quasi-sovereign bonds).

\*\*Based on the historical average. The fund does not have a binding minimum exposure to sovereign bonds.

### What is the minimum share of investments in transitional and enabling activities?

The fund does not commit to a minimum share of investments in transitional and enabling activities.



### What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

0.5%. The cumulative minimum investment in sustainable investments is 10%, out of which 9.5% may be comprised entirely of environmentally sustainable investments, entirely of socially sustainable investments or a combination of both.



### What is the minimum share of socially sustainable investments?

0.5%. The cumulative minimum investment in sustainable investments is 10%, out of which 9.5% may be comprised entirely of environmentally sustainable investments, entirely of socially sustainable investments or a combination of both.



### What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

These investments may include derivatives, cash positions, revenues of companies tied to economic activities that are not considered sustainable and any other permitted investments used to achieve the fund's investment objective. These are subject to screening by the investment manager to avoid investment in issuers that the investment manager believes are harmful to the environment or society through the application of the T. Rowe Price Responsible Exclusion List. The T. Rowe Price Responsible Exclusion List is a binding exclusion list that applies directly to the fund's entire portfolio, meaning that all investments the fund makes are screened against this exclusion list.

These investments are still subject to the good governance assessment, where relevant.

► See also: “What investment strategy does this financial product follow?”.



### Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No.



### Where can I find more product specific information online?

More product-specific information can be found on the website: [www.funds.troweprice.com](http://www.funds.troweprice.com)

## Environmental and/or social characteristics

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

- ☐ It promotes E/S characteristics but **will not make any sustainable investments**



► See also: “What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?”.

## Sustainability indicators

measure how the environmental or social characteristics promoted by the financial product are attained.

### **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The sustainability indicator used by the fund to measure the extent to which it attains the promoted E/S characteristics is:

- % of the value of the fund's portfolio in securities that the investment manager identifies as sustainable investments

► See also: "What investment strategy does this financial product follow?"

### **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

The fund may invest in sustainable investments that have either an E/S objective. A minimum exposure of 0.5 % to each objective is imposed upon the fund in addition to a minimum aggregate exposure to sustainable investments of 10%. Except for these commitments, the fund may invest either in securities that contribute only to environmental objectives or social objectives, or a combination of both. Specifically, the fund uses the following E/S pillars to determine economic activities that contribute to E/S objectives: climate and resource impact (including reducing greenhouse gases, promoting healthy ecosystems, nurturing circular equity) and social equity and quality of life (including enabling social equity, improving health and enhancing quality of life).

Although the fund does not commit to making Taxonomy-aligned investments, in the event that the fund holds any investments that align with the EU Taxonomy, those investments contribute to one or more of the following objectives:

- climate change mitigation
- climate change adaption
- sustainable use and protection of water and marine resources
- transition to a circular economy
- pollution prevention and control
- protection and restoration of biodiversity and ecosystems

### **How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

The investment manager utilises its proprietary internal research platform to support its assessment of whether an issuer is causing significant harm to any E/S objective. Through the use of proprietary research and third-party data, the "do no significant harm" assessment incorporates issuer information in relation to Principal Adverse Impact (PAI) indicators and alignment to certain international guidelines and principles.

### **How have the indicators for adverse impacts on sustainability factors been taken into account?**

As part of its investment process the investment manager, and/or the sub-investment manager, systemically assesses whether sustainable investment is causing significant harm to E/S objective. The assessment includes taking into account relevant principal adverse impact indicators.

The investment manager, and/or the sub-investment manager, applies a qualitative and quantitative assessment of the data, obtained for the mandatory PAI indicators listed in Table 1 and any relevant indicators in Tables 2 and 3 of Annex I of the SFDR Delegated Regulation. The investment manager, and/or the sub-investment manager, also analyses PAI metrics relative to internally set thresholds, where relevant and appropriate. These thresholds provide an initial indication of whether significant harm is occurring and the investment manager, and/or the sub-investment manager, may undertake further analysis to support its view. The investment manager and/or the sub-investment manager may consider the materiality of a given indicator relative to an issuer's industry, sector or location, which may be factored into the investment manager's overall determination.

Where sufficient data is not available, the investment manager and/or the sub-investment manager may rely on other relevant data points to make an assessment.

### **How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?**

The investment manager's assessment of whether an investee company is causing significant harm to an E/S objective includes an analysis of how the issuer performs with respect to the OECD guidelines for multinational enterprises and the UNGPs on Business and Human Rights.

*The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The "do no significant harm" principle applies only to those investments underlying the fund that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*

## Principal adverse impacts

are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.



### **Does this financial product consider principal adverse impacts on sustainability factors?**

Yes. The investment manager collects data on the following PAI indicators:

- violations of UN Global Compact principles (PAI #10)
- board gender diversity (PAI #13)
- exposure to controversial weapons (antipersonnel mines, cluster munitions, chemical weapons and biological weapons) (PAI #14)

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

The investment manager aggregates the PAI indicators of the portfolio and reviews this information periodically. The periodic review of the portfolio's PAI profile will inform upcoming engagement activity for the fund and, where appropriate, any investment actions as deemed necessary by the investment manager, collectively with a view to pursuing an improvement in the portfolio's PAI data over time<sup>2</sup>.

Information regarding the portfolio's PAI data will be included in the fund's annual report, under the section titled "How did this financial product consider principal adverse impacts on sustainability factors?".



### ***What investment strategy does this financial product follow?***

The fund is actively managed and invests mainly in a diversified portfolio of high yield corporate bonds from issuers around the world, including emerging markets. Although the fund does not have sustainable investment as an objective it promotes E/S characteristics through the following components of its investment strategy:

1. **Sustainable investment exposure** At least 10% of the value of the fund's portfolio is invested in sustainable investments.
- Other relevant features of the fund's investment strategy are:
  2. **Exclusion screen** The fund avoids sectors or companies whose activities may be considered, by the investment manager, harmful to the environment and/or society through the application of the T. Rowe Price Responsible Exclusion List. The relevance to the fund of each excluded sector and/or issuer included in the T. Rowe Price Responsible Exclusion List may vary due to the nature of the fund's investment strategy. In maintaining the T. Rowe Price Responsible Exclusion List, the investment manager and the sub-investment manager, as appropriate, rely on information from companies and reputable third-party research providers. This exclusion list is coded into the investment manager's and the sub-investment manager's, as appropriate, internal compliance systems, which automatically restrict trading in any excluded names. There may be circumstances where a fund has some limited, indirect, exposure to a company involved in the excluded categories. Examples of these circumstances could include an investment in an instrument that gives exposure to an index, or an investment in a fund managed by an unaffiliated investment manager. For more details see [T. Rowe Price Responsible Exclusion List Policy](#).
  3. **Active ownership** The fund embeds governance analysis into the investment process and engages in active ownership, monitoring, and engagement with the issuers of the securities in which it invests. This includes regular dialogue with issuers.

### ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The fund's binding elements are:

- at least 10% of the value of the fund's portfolio invested in sustainable investments. Specifically, the fund commits to a minimum of 0.5% of the value of its portfolio invested in sustainable investments with an environmental objective and a minimum of 0.5% of the value of its portfolio invested in sustainable investments with a social objective.
- all companies in which the fund invests will follow good governance practices, as determined by the investment manager.

In selecting Sustainable Investments for the fund's portfolio, the investment manager is required to assess and ensure that the investment contributes to an E/S objective and that it does not cause significant harm to any other E/S objectives.

► See also: "What investment strategy does this financial product follow?" and "Does this financial product consider principal adverse impacts on sustainability factors?".

### ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

The fund does not commit to a minimum reduction of its investment universe (pool of eligible investments).

### ***What is the policy to assess good governance practices of the investee companies?***

The investment manager has a policy to assess governance practices using the two-step good governance test set out below.

#### **Step 1: Quantitative review**

The good governance test consists of weighted pillars designed to measure specific corporate governance risks, rolled up to an overall rating. These risks include sound management structures, employee relations, remuneration of staff and tax compliance. The investment manager, through its proprietary Responsible Investing Indicator Model (RIIM), rates the pillars based on a simple 'traffic light' system: a green rating denotes positive governance characteristics, an orange rating denotes some improvements are needed, whereas red denotes significant governance concerns. If any of the pillars are rated red, the overall status of the test will be red.

<sup>2</sup> More information on the consideration and mitigation of the adverse impacts can be found within the T. Rowe Price Principal Adverse Impacts (PAI) Policy under <https://www.troweprice.com/content/dam/trowecorp/Pdfs/esg/principal-adverse-impacts-PAI-policy.pdf>



### Asset allocation

describes the share of investments in specific assets.

**Taxonomy-aligned activities** are expressed as a share of:

- turnover reflecting the share of revenue from green activities of investee companies.
- capital expenditure (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- operational expenditure (OpEx) reflecting green operational activities of investee companies.

### Step 2: Qualitative review

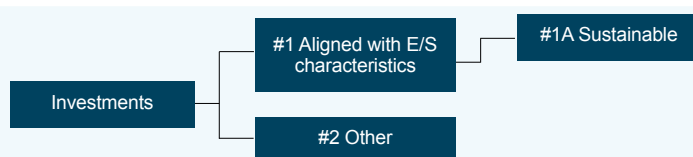
If a company's good governance test rating is red, a qualitative review will be undertaken by the Governance team, during which the company's practices will be evaluated within the context of market and sector norms, using a mix of qualitative and quantitative data. Inputs used in the analysis include:

- the basic governance structure a company employs, compared against regional norms
- the presence of any significant controversies in the conduct of the board or management
- the presence of significant remuneration-related controversy in the prior year
- the investment manager's engagement history with the company, and its responsiveness to shareholder concerns
- the degree of insulation a company has from its investors as a result of its capital structure, concentrated shareholders, or the use of protective charter provisions

If necessary, the company's good governance test quantitative scores may be adjusted following the qualitative review. If a company has been assessed as not passing the good governance test, it is not a permitted investment for the funds and therefore cannot be purchased. If an existing holding in the fund is later deemed to no longer meet the Good Governance standard, this position will be addressed in line with the firm's breach policy.



### What is the asset allocation planned for this financial product?



**#1 Aligned with E/S characteristics** includes the investments of the fund used to attain the environmental or social characteristics promoted by the fund.

**#2 Other** includes the remaining investments of the fund which are neither aligned with the environmental or social characteristics, nor are qualified as Sustainable Investments.

The category **#1 Aligned with E/S characteristics** covers:

- the sub-category **#1A Sustainable** covers Sustainable Investments with environmental or social objectives.

**1 and #1A** – The fund promotes E/S characteristics by committing to maintain a minimum of 10% of the value of its portfolio invested in sustainable investments.

**#2** – All other investments that are not sustainable. These are subject to screening by the investment manager to avoid investment in issuers that the investment manager believes are harmful to the environment or society through the application of the T. Rowe Price Responsible Exclusion List. The T. Rowe Price Responsible Exclusion List is a binding exclusion list that applies directly to the fund's entire portfolio, meaning that all investments the fund makes are screened against this exclusion list. At the discretion of the investment manager, the fund may hold investments that are not relevant to the T. Rowe Price Responsible Exclusion List (cash and certain derivatives used for efficient portfolio management).

► See also: "What are the binding elements of the investment strategy?" and "What investments are included under "#2 Other"?"

### How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?

Whilst the fund may use derivatives for portfolio management techniques for the purpose of hedging, liquidity management, investment purposes and risk reduction derivatives are not used to promote E/S characteristics.



### To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The investments underlying the fund do not currently take into account the EU criteria for environmentally sustainable economic activities pursuant to the Taxonomy Regulation and therefore the fund's minimum proportion of investments aligned with the Taxonomy is 0%. Although the fund does not commit to making Taxonomy-aligned investments, it is possible that the fund holds securities that meet such criteria. The actual proportion of any Taxonomy-aligned investments held by the fund will be disclosed in the fund's annual report. The "do no significant harm" principle under the EU Taxonomy does not apply to investments that are not Taxonomy-aligned. However, in accordance with the SFDR, any other sustainable investments must also not significantly harm any E/S objectives.

### Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>3</sup>?

☐ Yes

☐ In fossil gas

☐ In nuclear energy

☒ No

<sup>3</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

#### Enabling activities

directly enable other activities to make a substantial contribution to an environmental objective.

#### Transitional activities

are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

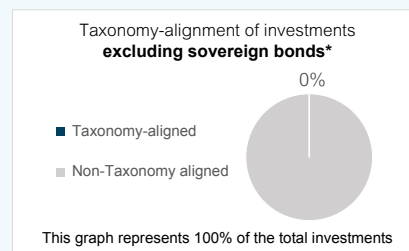
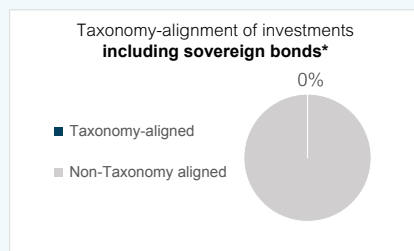


are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy.

#### Reference benchmarks

are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

The two graphs below show the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

#### What is the minimum share of investments in transitional and enabling activities?

The fund does not commit to a minimum share of investments in transitional and enabling activities.



#### What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

0.5%. The cumulative minimum investment in sustainable investments is 10%, out of which 9.5% may be comprised entirely of environmentally sustainable investments, entirely of socially sustainable investments or a combination of both.



#### What is the minimum share of socially sustainable investments?

0.5%. The cumulative minimum investment in sustainable investments is 10%, out of which 9.5% may be comprised entirely of environmentally sustainable investments, entirely of socially sustainable investments or a combination of both.



#### What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

These investments may include derivatives, cash positions, revenues of companies tied to economic activities that are not considered sustainable and any other permitted investments used to achieve the fund's investment objective. These are subject to screening by the investment manager to avoid investment in issuers that the investment manager believes are harmful to the environment or society through the application of the T. Rowe Price Responsible Exclusion List. The T. Rowe Price Responsible Exclusion List is a binding exclusion list that applies directly to the fund's entire portfolio, meaning that all investments the fund makes are screened against this exclusion list.

These investments are still subject to the good governance assessment, where relevant.

► See also: “What investment strategy does this financial product follow?”.



#### Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No.



#### Where can I find more product specific information online?

More product-specific information can be found on the website: [www.funds.troweprice.com](http://www.funds.troweprice.com)

T. Rowe Price Funds SICAV —

# Global High Yield Bond Fund

Legal entity identifier: LVSFNRBR3AKRIQY0LJ47

## Environmental and/or social characteristics

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee (portfolio) companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Does this financial product have a sustainable investment objective?

☒ ☐ ☐

Yes

☐ It will make a minimum of sustainable investments with an environmental objective: \_\_\_%

☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy

☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ It will make a minimum of sustainable investments with a social objective: \_\_\_%

☐ ☐ ☒

No

☒ It promotes Environmental/Social (E/S) characteristics and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 10% of sustainable investments

☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

☒ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☒ with a social objective

☐ It promotes E/S characteristics but will not make any sustainable investments



### What environmental and/or social characteristics are promoted by this financial product?

This disclosure is provided to you pursuant to Article 8 of the Sustainable Finance Disclosure Regulation (SFDR) and Article 6 of the EU Taxonomy Regulation.

The promotion of environmental and/or social (E/S) characteristics is achieved through the fund's commitment to maintain at least 10% of the value of its portfolio invested in sustainable investments. Sustainable investments exclude cash and derivatives used for portfolio management techniques for the purpose of hedging, liquidity management and risk reduction.

Specifically, the fund commits to a minimum of 0.5% of the value of its portfolio invested in sustainable investments with an environmental objective and a minimum of 0.5% of the value of its portfolio invested in sustainable investments with a social objective. The fund's aggregate exposure to sustainable investments will be always at least 10%. The sustainable investments will have certain underlying E/S objectives, but these may not qualify under the EU Taxonomy.

In determining whether a company's activities contribute to an E/S objective, the investment manager uses the following pillars:

| Pillar                            | Activities                   |
|-----------------------------------|------------------------------|
| Climate and resource impact       | Reducing greenhouse gases    |
|                                   | Promoting healthy ecosystems |
|                                   | Nurturing circular economies |
| Social equity and quality of life | Enabling social equity       |
|                                   | Improving health             |
|                                   | Enhancing quality of life    |

The fund is not constrained to any specific E/S objective and therefore the fund's proportion of sustainable investments may comprise companies with activities that contribute to any of the above objectives.

In determining what qualifies as a sustainable investment, the investment manager and/or the sub-investment manager, as appropriate, uses the methodology described in "Sustainable Investment Methodology" under the section "Environmental, Social and Governance (ESG) Investment Policy" of the prospectus and that can be found in our website disclosure<sup>1</sup>.

A reference benchmark is not used for the purpose of promoting the fund's E/S characteristics.

► See also: "What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?".

<sup>1</sup> <https://www.troweprice.com/financial-intermediary/lu/en/funds.html>

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

**What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The sustainability indicator used by the fund to measure the extent to which it attains the promoted E/S characteristics is:

- % of the value of the fund's portfolio in securities that the investment manager identifies as sustainable investments

► See also: "What investment strategy does this financial product follow?"

**What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

The fund may invest in sustainable investments that have either an E/S objective. A minimum exposure of 0.5 % to each objective is imposed upon the fund in addition to a minimum aggregate exposure to sustainable investments of 10%. Except for these commitments, the fund may invest either in securities that contribute only to environmental objectives or social objectives, or a combination of both. Specifically, the fund uses the following E/S pillars to determine economic activities that contribute to E/S objectives: climate and resource impact (including reducing greenhouse gases, promoting healthy ecosystems, nurturing circular equity) and social equity and quality of life (including enabling social equity, improving health and enhancing quality of life).

Although the fund does not commit to making Taxonomy-aligned investments, in the event that the fund holds any investments that align with the EU Taxonomy, those investments contribute to one or more of the following objectives:

- climate change mitigation
- climate change adaption
- sustainable use and protection of water and marine resources
- transition to a circular economy
- pollution prevention and control
- protection and restoration of biodiversity and ecosystems

**How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

The investment manager utilises its proprietary internal research platform to support its assessment of whether an issuer is causing significant harm to any E/S objective. Through the use of proprietary research and third-party data, the "do no significant harm" assessment incorporates issuer information in relation to Principal Adverse Impact (PAI) indicators and alignment to certain international guidelines and principles.

**How have the indicators for adverse impacts on sustainability factors been taken into account?**

As part of its investment process the investment manager, and/or the sub-investment manager, systemically assesses whether sustainable investment is causing significant harm to E/S objective. The assessment includes taking into account relevant principal adverse impact indicators.

The investment manager, and/or the sub-investment manager, applies a qualitative and quantitative assessment of the data, obtained for the mandatory PAI indicators listed in Table 1 and any relevant indicators in Tables 2 and 3 of Annex I of the SFDR Delegated Regulation. The investment manager, and/or the sub-investment manager, also analyses PAI metrics relative to internally set thresholds, where relevant and appropriate. These thresholds provide an initial indication of whether significant harm is occurring and the investment manager, and/or the sub-investment manager, may undertake further analysis to support its view. The investment manager and/or the sub-investment manager may consider the materiality of a given indicator relative to an issuer's industry, sector or location, which may be factored into the investment manager's overall determination.

Where sufficient data is not available, the investment manager and/or the sub-investment manager may rely on other relevant data points to make an assessment.

**How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?**

The investment manager's assessment of whether an investee company is causing significant harm to an E/S objective includes an analysis of how the issuer performs with respect to the OECD guidelines for multinational enterprises and the UNGPs on Business and Human Rights.

*The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The "do no significant harm" principle applies only to those investments underlying the fund that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.



**Does this financial product consider principal adverse impacts on sustainability factors?**

Yes. The investment manager collects data on the following PAI indicators:

- violations of UN Global Compact principles (PAI #10)
- board gender diversity (PAI #13)
- exposure to controversial weapons (antipersonnel mines, cluster munitions, chemical weapons and biological weapons) (PAI #14)

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

The investment manager aggregates the PAI indicators of the portfolio and reviews this information periodically. The periodic review of the portfolio's PAI profile will inform upcoming engagement activity for the fund and, where appropriate, any investment actions as deemed necessary by the investment manager, collectively with a view to pursuing an improvement in the portfolio's PAI data over time<sup>2</sup>.

Information regarding the portfolio's PAI data will be included in the fund's annual report, under the section titled "How did this financial product consider principal adverse impacts on sustainability factors?".



### ***What investment strategy does this financial product follow?***

The fund is actively managed and invests mainly in a diversified portfolio of high yield corporate bonds from issuers around the world, including emerging markets. Although the fund does not have sustainable investment as an objective it promotes E/S characteristics through the following components of its investment strategy:

1. **Sustainable investment exposure** At least 10% of the value of the fund's portfolio is invested in sustainable investments.

Other relevant features of the fund's investment strategy are:

2. **Exclusion screen** The fund avoids sectors or companies whose activities may be considered, by the investment manager, harmful to the environment and/or society through the application of the T. Rowe Price Responsible Exclusion List. The relevance to the fund of each excluded sector and/or issuer included in the T. Rowe Price Responsible Exclusion List may vary due to the nature of the fund's investment strategy. In maintaining the T. Rowe Price Responsible Exclusion List, the investment manager and the sub-investment manager, as appropriate, rely on information from companies and reputable third-party research providers. This exclusion list is coded into the investment manager's and the sub-investment manager's, as appropriate, internal compliance systems, which automatically restrict trading in any excluded names. There may be circumstances where a fund has some limited, indirect, exposure to a company involved in the excluded categories. Examples of these circumstances could include an investment in an instrument that gives exposure to an index, or an investment in a fund managed by an unaffiliated investment manager. For more details see [T. Rowe Price Responsible Exclusion List Policy](#).
3. **Active ownership** The fund embeds governance analysis into the investment process and engages in active ownership, monitoring, and engagement with the issuers of the securities in which it invests. This includes regular dialogue with issuers.

### ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The fund's binding elements are:

- at least 10% of the value of the fund's portfolio invested in sustainable investments. Specifically, the fund commits to a minimum of 0.5% of the value of its portfolio invested in sustainable investments with an environmental objective and a minimum of 0.5% of the value of its portfolio invested in sustainable investments with a social objective.
- all companies in which the fund invests will follow good governance practices, as determined by the investment manager.

In selecting sustainable investments for the fund's portfolio, the investment manager is required to assess and ensure that the investment contributes to an E/S objective and that it does not cause significant harm to any other E/S objectives.

► See also: "What investment strategy does this financial product follow?" and "Does this financial product consider principal adverse impacts on sustainability factors?".

### ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

The fund does not commit to a minimum reduction of its investment universe (pool of eligible investments).

### ***What is the policy to assess good governance practices of the investee companies?***

The investment manager has a policy to assess governance practices using the two-step good governance test set out below.

#### **Step 1: Quantitative review**

The good governance test consists of weighted pillars designed to measure specific corporate governance risks, rolled up to an overall rating. These risks include sound management structures, employee relations, remuneration of staff and tax compliance. The investment manager, through its proprietary Responsible Investing Indicator Model (RIIM), rates the pillars based on a simple 'traffic light' system: a green rating denotes positive governance characteristics, an orange rating denotes some improvements are needed, whereas red denotes significant governance concerns. If any of the pillars are rated red, the overall status of the test will be red.

<sup>2</sup> More information on the consideration and mitigation of the adverse impacts can be found within the T. Rowe Price Principal Adverse Impacts (PAI) Policy under <https://www.troweprice.com/content/dam/trowecorp/Pdfs/esg/principal-adverse-impacts-PAI-policy.pdf>



### Asset allocation

describes the share of investments in specific assets.

### Taxonomy-aligned activities

are expressed as a share of:

- turnover reflecting the share of revenue from green activities of investee companies.
- capital expenditure (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- operational expenditure (OpEx) reflecting green operational activities of investee companies.

### Step 2: Qualitative review

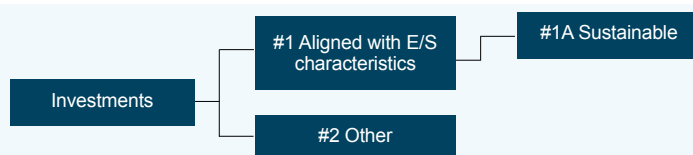
If a company's good governance test rating is red, a qualitative review will be undertaken by the Governance team, during which the company's practices will be evaluated within the context of market and sector norms, using a mix of qualitative and quantitative data. Inputs used in the analysis include:

- the basic governance structure a company employs, compared against regional norms
- the presence of any significant controversies in the conduct of the board or management
- the presence of significant remuneration-related controversy in the prior year
- the investment manager's engagement history with the company, and its responsiveness to shareholder concerns
- the degree of insulation a company has from its investors as a result of its capital structure, concentrated shareholders, or the use of protective charter provisions

If necessary, the company's good governance test quantitative scores may be adjusted following the qualitative review. If a company has been assessed as not passing the good governance test, it is not a permitted investment for the funds and therefore cannot be purchased. If an existing holding in the fund is later deemed to no longer meet the Good Governance standard, this position will be addressed in line with the firm's breach policy.



### What is the asset allocation planned for this financial product?



**#1 Aligned with E/S characteristics** includes the investments of the fund used to attain the environmental or social characteristics promoted by the fund.

**#2 Other** includes the remaining investments of the fund which are neither aligned with the environmental or social characteristics, nor are qualified as Sustainable Investments.

The category **#1 Aligned with E/S characteristics** covers:

- the sub-category **#1A Sustainable** covers Sustainable Investments with environmental or social objectives.

**1 and #1A** – The fund promotes E/S characteristics by committing to maintain a minimum of 10% of the value of its portfolio invested in sustainable investments.

**#2** – All other investments that are not sustainable. These are subject to screening by the investment manager to avoid investment in issuers that the investment manager believes are harmful to the environment or society through the application of the T. Rowe Price Responsible Exclusion List. The T. Rowe Price Responsible Exclusion List is a binding exclusion list that applies directly to the fund's entire portfolio, meaning that all investments the fund makes are screened against this exclusion list. At the discretion of the investment manager, the fund may hold investments that are not relevant to the T. Rowe Price Responsible Exclusion List (cash and certain derivatives used for efficient portfolio management).

► See also: "What are the binding elements of the investment strategy?" and "What investments are included under "#2 Other"?"

### How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?

Whilst the fund may use derivatives for portfolio management techniques for the purpose of hedging, liquidity management, investment purposes and risk reduction derivatives are not used to promote E/S characteristics.



### To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The investments underlying the fund do not currently take into account the EU criteria for environmentally sustainable economic activities pursuant to the Taxonomy Regulation and therefore the fund's minimum proportion of investments aligned with the Taxonomy is 0%. Although the fund does not commit to making Taxonomy-aligned investments, it is possible that the fund holds securities that meet such criteria. The actual proportion of any Taxonomy-aligned investments held by the fund will be disclosed in the fund's annual report. The "do no significant harm" principle under the EU Taxonomy does not apply to investments that are not Taxonomy-aligned. However, in accordance with the SFDR, any other sustainable investments must also not significantly harm any E/S objectives.

### Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?

☐ Yes

☐ In fossil gas

☐ In nuclear energy

☒ No

<sup>3</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

#### Enabling activities

directly enable other activities to make a substantial contribution to an environmental objective.

#### Transitional activities

are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

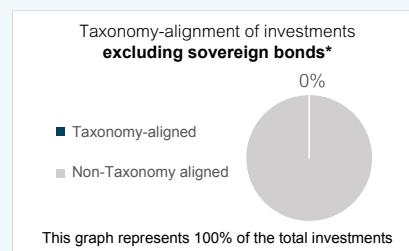
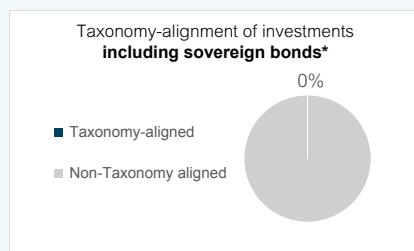


are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy.

#### Reference benchmarks

are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

The two graphs below show the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

#### What is the minimum share of investments in transitional and enabling activities?

The fund does not commit to a minimum share of investments in transitional and enabling activities.



#### What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

0.5%. The cumulative minimum investment in sustainable investments is 10%, out of which 9.5% may be comprised entirely of environmentally sustainable investments, entirely of socially sustainable investments or a combination of both.



#### What is the minimum share of socially sustainable investments?

0.5%. The cumulative minimum investment in sustainable investments is 10%, out of which 9.5% may be comprised entirely of environmentally sustainable investments, entirely of socially sustainable investments or a combination of both.



#### What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

These investments may include derivatives, cash positions, revenues of companies tied to economic activities that are not considered sustainable and any other permitted investments used to achieve the fund's investment objective. These are subject to screening by the investment manager to avoid investment in issuers that the investment manager believes are harmful to the environment or society through the application of the T. Rowe Price Responsible Exclusion List. The T. Rowe Price Responsible Exclusion List is a binding exclusion list that applies directly to the fund's entire portfolio, meaning that all investments the fund makes are screened against this exclusion list.

These investments are still subject to the good governance assessment, where relevant.

► See also: “What investment strategy does this financial product follow?”



#### Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No.



#### Where can I find more product specific information online?

More product-specific information can be found on the website: [www.funds.troweprice.com](http://www.funds.troweprice.com)

T. Rowe Price Funds SICAV —

# US High Yield Bond Fund

Legal entity identifier: 549300MAQP680L006954

## Environmental and/or social characteristics

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee (portfolio) companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Does this financial product have a sustainable investment objective?

☐ Yes

☐

It will make a minimum of sustainable investments with an environmental objective: \_\_\_%

☐

in economic activities that qualify as environmentally sustainable under the EU Taxonomy

☐

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐

It will make a minimum of sustainable investments with a social objective: \_\_\_%

☒

It promotes Environmental/Social (E/S) characteristics and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 10% of sustainable investments

☐

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

☒

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☒

with a social objective

☐

It promotes E/S characteristics but will not make any sustainable investments

### What environmental and/or social characteristics are promoted by this financial product?

This disclosure is provided to you pursuant to Article 8 of the Sustainable Finance Disclosure Regulation (SFDR) and Article 6 of the EU Taxonomy Regulation.

The promotion of environmental and/or social (E/S) characteristics is achieved through the fund's commitment to maintain at least 10% of the value of its portfolio invested in sustainable investments. Sustainable investments exclude cash and derivatives used for portfolio management techniques for the purpose of hedging, liquidity management and risk reduction.

Specifically, the fund commits to a minimum of 0.5% of the value of its portfolio invested in sustainable investments with an environmental objective and a minimum of 0.5% of the value of its portfolio invested in sustainable investments with a social objective. The fund's aggregate exposure to sustainable investments will be always at least 10%. The sustainable investments will have certain underlying E/S objectives, but these may not qualify under the EU Taxonomy.

In determining whether a company's activities contribute to an E/S objective, the investment manager uses the following pillars:

| Pillar                            | Activities                   |
|-----------------------------------|------------------------------|
| Climate and resource impact       | Reducing greenhouse gases    |
|                                   | Promoting healthy ecosystems |
|                                   | Nurturing circular economies |
|                                   | Enabling social equity       |
| Social equity and quality of life | Improving health             |
|                                   | Enhancing quality of life    |

The fund is not constrained to any specific E/S objective and therefore the fund's proportion of sustainable investments may comprise companies with activities that contribute to any of the above objectives.

In determining what qualifies as a sustainable investment, the investment manager and/or the sub-investment manager, as appropriate, uses the methodology described in "Sustainable Investment Methodology" under the section "Environmental, Social and Governance (ESG) Investment Policy" of the prospectus and that can be found in our website disclosure<sup>1</sup>.

A reference benchmark is not used for the purpose of promoting the fund's E/S characteristics.

► See also: "What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?".

<sup>1</sup> <https://www.troweprice.com/financial-intermediary/lu/en/funds.html>

45 | T. Rowe Price Funds SICAV | February 2025 Prospectus

**Sustainability**

**indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

**What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The sustainability indicator used by the fund to measure the extent to which it attains the promoted E/S characteristics is:

- % of the value of the fund's portfolio in securities that the investment manager identifies as sustainable investments

► See also: "What investment strategy does this financial product follow?"

**What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

The fund may invest in sustainable investments that have either an E/S objective. A minimum exposure of 0.5 % to each objective is imposed upon the fund in addition to a minimum aggregate exposure to sustainable investments of 10%. Except for these commitments, the fund may invest either in securities that contribute only to environmental objectives or social objectives, or a combination of both. Specifically, the fund uses the following E/S pillars to determine economic activities that contribute to E/S objectives: climate and resource impact (including reducing greenhouse gases, promoting healthy ecosystems, nurturing circular equity) and social equity and quality of life (including enabling social equity, improving health and enhancing quality of life).

Although the fund does not commit to making Taxonomy-aligned investments, in the event that the fund holds any investments that align with the EU Taxonomy, those investments contribute to one or more of the following objectives:

- climate change mitigation
- climate change adaption
- sustainable use and protection of water and marine resources
- transition to a circular economy
- pollution prevention and control
- protection and restoration of biodiversity and ecosystems

**How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

The investment manager utilises its proprietary internal research platform to support its assessment of whether an issuer is causing significant harm to any E/S objective. Through the use of proprietary research and third-party data, the "do no significant harm" assessment incorporates issuer information in relation to Principal Adverse Impact (PAI) indicators and alignment to certain international guidelines and principles.

**How have the indicators for adverse impacts on sustainability factors been taken into account?**

As part of its investment process the investment manager, and/or the sub-investment manager, systemically assesses whether sustainable investment is causing significant harm to E/S objective. The assessment includes taking into account relevant principal adverse impact indicators.

The investment manager, and/or the sub-investment manager, applies a qualitative and quantitative assessment of the data, obtained for the mandatory PAI indicators listed in Table 1 and any relevant indicators in Tables 2 and 3 of Annex I of the SFDR Delegated Regulation. The investment manager, and/or the sub-investment manager, also analyses PAI metrics relative to internally set thresholds, where relevant and appropriate. These thresholds provide an initial indication of whether significant harm is occurring and the investment manager, and/or the sub-investment manager, may undertake further analysis to support its view. The investment manager and/or the sub-investment manager may consider the materiality of a given indicator relative to an issuer's industry, sector or location, which may be factored into the investment manager's overall determination.

Where sufficient data is not available, the investment manager and/or the sub-investment manager may rely on other relevant data points to make an assessment.

**How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?**

The investment manager's assessment of whether an investee company is causing significant harm to an E/S objective includes an analysis of how the issuer performs with respect to the OECD guidelines for multinational enterprises and the UNGPs on Business and Human Rights.

*The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The "do no significant harm" principle applies only to those investments underlying the fund that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*

**Principal adverse**

**impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

**Does this financial product consider principal adverse impacts on sustainability factors?**

Yes. The investment manager collects data on the following PAI indicators:

- violations of UN Global Compact principles (PAI #10)
- board gender diversity (PAI #13)
- exposure to controversial weapons (antipersonnel mines, cluster munitions, chemical weapons and biological weapons) (PAI #14)

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

The investment manager aggregates the PAI indicators of the portfolio and reviews this information periodically. The periodic review of the portfolio's PAI profile will inform upcoming engagement activity for the fund and, where appropriate, any investment actions as deemed necessary by the investment manager, collectively with a view to pursuing an improvement in the portfolio's PAI data over time<sup>2</sup>.

Information regarding the portfolio's PAI data will be included in the fund's annual report, under the section titled "How did this financial product consider principal adverse impacts on sustainability factors?".



### ***What investment strategy does this financial product follow?***

The fund is actively managed and invests mainly in a diversified portfolio of high yield corporate bonds from issuers in the United States. Although the fund does not have sustainable investment as an objective it promotes E/S characteristics through the following components of its investment strategy:

1. **Sustainable investment exposure** At least 10% of the value of the fund's portfolio is invested in sustainable investments.

Other relevant features of the fund's investment strategy are:

2. **Exclusion screen** The fund avoids sectors or companies whose activities may be considered, by the investment manager, harmful to the environment and/or society through the application of the T. Rowe Price Responsible Exclusion List. The relevance to the fund of each excluded sector and/or issuer included in the T. Rowe Price Responsible Exclusion List may vary due to the nature of the fund's investment strategy. In maintaining the T. Rowe Price Responsible Exclusion List, the investment manager and the sub-investment manager, as appropriate, rely on information from companies and reputable third-party research providers. This exclusion list is coded into the investment manager's and the sub-investment manager's, as appropriate, internal compliance systems, which automatically restrict trading in any excluded names. There may be circumstances where a fund has some limited, indirect, exposure to a company involved in the excluded categories. Examples of these circumstances could include an investment in an instrument that gives exposure to an index, or an investment in a fund managed by an unaffiliated investment manager. For more details see [T. Rowe Price Responsible Exclusion List Policy](#).
3. **Active ownership** The fund embeds governance analysis into the investment process and engages in active ownership, monitoring, and engagement with the issuers of the securities in which it invests. This includes regular dialogue with issuers.

### ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The fund's binding elements are:

- at least 10% of the value of the fund's portfolio invested in sustainable investments. Specifically, the fund commits to a minimum of 0.5% of the value of its portfolio invested in sustainable investments with an environmental objective and a minimum of 0.5% of the value of its portfolio invested in sustainable investments with a social objective.
- all companies in which the fund invests will follow good governance practices, as determined by the investment manager.

In selecting Sustainable Investments for the fund's portfolio, the investment manager is required to assess and ensure that the investment contributes to an E/S objective and that it does not cause significant harm to any other E/S objectives.

► See also: "What investment strategy does this financial product follow?" and "Does this financial product consider principal adverse impacts on sustainability factors?".

### ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

The fund does not commit to a minimum reduction of its investment universe (pool of eligible investments).

### ***What is the policy to assess good governance practices of the investee companies?***

The investment manager has a policy to assess governance practices using the two-step good governance test set out below.

#### **Step 1: Quantitative review**

The good governance test consists of weighted pillars designed to measure specific corporate governance risks, rolled up to an overall rating. These risks include sound management structures, employee relations, remuneration of staff and tax compliance. The investment manager, through its proprietary Responsible Investing Indicator Model (RIIM), rates the pillars based on a simple 'traffic light' system: a green rating denotes positive governance characteristics, an orange rating denotes some improvements are needed, whereas red denotes significant governance concerns. If any of the pillars are rated red, the overall status of the test will be red.

<sup>2</sup> More information on the consideration and mitigation of the adverse impacts can be found within the T. Rowe Price Principal Adverse Impacts (PAI) Policy under <https://www.troweprice.com/content/dam/trowecorp/Pdfs/esg/principal-adverse-impacts-PAI-policy.pdf>



### Asset allocation

describes the share of investments in specific assets.

**Taxonomy-aligned activities** are expressed as a share of:

- turnover reflecting the share of revenue from green activities of investee companies.
- capital expenditure (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- operational expenditure (OpEx) reflecting green operational activities of investee companies.

### Step 2: Qualitative review

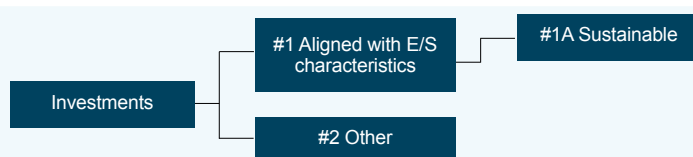
If a company's good governance test rating is red, a qualitative review will be undertaken by the Governance team, during which the company's practices will be evaluated within the context of market and sector norms, using a mix of qualitative and quantitative data. Inputs used in the analysis include:

- the basic governance structure a company employs, compared against regional norms
- the presence of any significant controversies in the conduct of the board or management
- the presence of significant remuneration-related controversy in the prior year
- the investment manager's engagement history with the company, and its responsiveness to shareholder concerns
- the degree of insulation a company has from its investors as a result of its capital structure, concentrated shareholders, or the use of protective charter provisions

If necessary, the company's good governance test quantitative scores may be adjusted following the qualitative review. If a company has been assessed as not passing the good governance test, it is not a permitted investment for the funds and therefore cannot be purchased. If an existing holding in the fund is later deemed to no longer meet the Good Governance standard, this position will be addressed in line with the firm's breach policy.



### What is the asset allocation planned for this financial product?



**#1 Aligned with E/S characteristics** includes the investments of the fund used to attain the environmental or social characteristics promoted by the fund.

**#2 Other** includes the remaining investments of the fund which are neither aligned with the environmental or social characteristics, nor are qualified as Sustainable Investments.

The category **#1 Aligned with E/S characteristics** covers:

- the sub-category **#1A Sustainable** covers Sustainable Investments with environmental or social objectives.

**1 and #1A** – The fund promotes E/S characteristics by committing to maintain a minimum of 10% of the value of its portfolio invested in sustainable investments.

**#2** – All other investments that are not sustainable. These are subject to screening by the investment manager to avoid investment in issuers that the investment manager believes are harmful to the environment or society through the application of the T. Rowe Price Responsible Exclusion List. The T. Rowe Price Responsible Exclusion List is a binding exclusion list that applies directly to the fund's entire portfolio, meaning that all investments the fund makes are screened against this exclusion list. At the discretion of the investment manager, the fund may hold investments that are not relevant to the T. Rowe Price Responsible Exclusion List (cash and certain derivatives used for efficient portfolio management).

► See also: "What are the binding elements of the investment strategy?" and "What investments are included under "#2 Other"?"

### How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?

Whilst the fund may use derivatives for portfolio management techniques for the purpose of hedging, liquidity management, investment purposes and risk reduction derivatives are not used to promote E/S characteristics.



### To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The investments underlying the fund do not currently take into account the EU criteria for environmentally sustainable economic activities pursuant to the Taxonomy Regulation and therefore the fund's minimum proportion of investments aligned with the Taxonomy is 0%. Although the fund does not commit to making Taxonomy-aligned investments, it is possible that the fund holds securities that meet such criteria. The actual proportion of any Taxonomy-aligned investments held by the fund will be disclosed in the fund's annual report. The "do no significant harm" principle under the EU Taxonomy does not apply to investments that are not Taxonomy-aligned. However, in accordance with the SFDR, any other sustainable investments must also not significantly harm any E/S objectives.

### Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>3</sup>?

☐ Yes

☐ In fossil gas

☐ In nuclear energy

☒ No

<sup>3</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

#### Enabling activities

directly enable other activities to make a substantial contribution to an environmental objective.

#### Transitional activities

are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

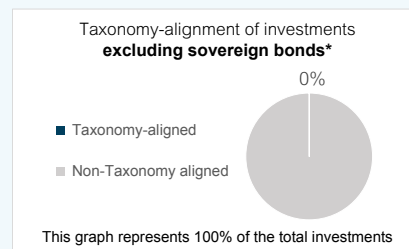
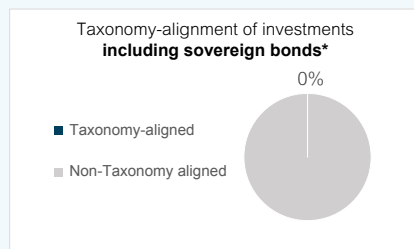


are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy.

#### Reference benchmarks

are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

The two graphs below show the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

#### What is the minimum share of investments in transitional and enabling activities?

The fund does not commit to a minimum share of investments in transitional and enabling activities.



#### What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

0.5%. The cumulative minimum investment in sustainable investments is 10%, out of which 9.5% may be comprised entirely of environmentally sustainable investments, entirely of socially sustainable investments or a combination of both.



#### What is the minimum share of socially sustainable investments?

0.5%. The cumulative minimum investment in sustainable investments is 10%, out of which 9.5% may be comprised entirely of environmentally sustainable investments, entirely of socially sustainable investments or a combination of both.



#### What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

These investments may include derivatives, cash positions, revenues of companies tied to economic activities that are not considered sustainable and any other permitted investments used to achieve the fund's investment objective. These are subject to screening by the investment manager to avoid investment in issuers that the investment manager believes are harmful to the environment or society through the application of the T. Rowe Price Responsible Exclusion List. The T. Rowe Price Responsible Exclusion List is a binding exclusion list that applies directly to the fund's entire portfolio, meaning that all investments the fund makes are screened against this exclusion list.

These investments are still subject to the good governance assessment, where relevant.

► See also: “What investment strategy does this financial product follow?”.



#### Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No.



#### Where can I find more product specific information online?

More product-specific information can be found on the website: [www.funds.troweprice.com](http://www.funds.troweprice.com)

T. Rowe Price Funds SICAV —

# Asian Ex-Japan Equity Fund

Legal entity identifier: 7CM17N6D5WEZWVBKK41

## Environmental and/or social characteristics

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee (portfolio) companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Does this financial product have a sustainable investment objective?

☒ ☐ ☐ Yes

☐ It will make a minimum of sustainable investments with an environmental objective: \_\_\_%

☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy

☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ It will make a minimum of sustainable investments with a social objective: \_\_\_%

☒ ☐ ☒ No

☒ It promotes Environmental/Social (E/S) characteristics and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 10% of sustainable investments

☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

☒ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☒ with a social objective

☐ It promotes E/S characteristics but will not make any sustainable investments



### What environmental and/or social characteristics are promoted by this financial product?

This disclosure is provided to you pursuant to Article 8 of the Sustainable Finance Disclosure Regulation (SFDR) and Article 6 of the EU Taxonomy Regulation.

The promotion of environmental and/or social (E/S) characteristics is achieved through the fund's commitment to maintain at least 10% of the value of its portfolio invested in sustainable investments. Sustainable investments exclude cash and derivatives used for portfolio management techniques for the purpose of hedging, liquidity management and risk reduction.

Specifically, the fund commits to a minimum of 0.5% of the value of its portfolio invested in sustainable investments with an environmental objective and a minimum of 0.5% of the value of its portfolio invested in sustainable investments with a social objective. The fund's aggregate exposure to sustainable investments will be always at least 10%. The sustainable investments will have certain underlying E/S objectives, but these may not qualify under the EU Taxonomy.

In determining whether a company's activities contribute to an E/S objective, the investment manager uses the following pillars:

| Pillar                            | Activities                   |
|-----------------------------------|------------------------------|
| Climate and resource impact       | Reducing greenhouse gases    |
|                                   | Promoting healthy ecosystems |
|                                   | Nurturing circular economies |
|                                   | Enabling social equity       |
| Social equity and quality of life | Improving health             |
|                                   | Enhancing quality of life    |

The fund is not constrained to any specific E/S objective and therefore the fund's proportion of sustainable investments may comprise companies with activities that contribute to any of the above objectives.

In determining what qualifies as a sustainable investment, the investment manager and/or the sub-investment manager, as appropriate, uses the methodology described in "Sustainable Investment Methodology" under the section "Environmental, Social and Governance (ESG) Investment Policy" of the prospectus and that can be found in our website disclosure<sup>1</sup>.

A reference benchmark is not used for the purpose of promoting the fund's E/S characteristics.

► See also: "What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?".

<sup>1</sup> <https://www.troweprice.com/financial-intermediary/lu/en/funds.html>

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

**What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The sustainability indicator used by the fund to measure the extent to which it attains the promoted E/S characteristics is:

- % of the value of the fund's portfolio in securities that the investment manager identifies as sustainable investments

► See also: "What investment strategy does this financial product follow?"

**What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

The fund may invest in sustainable investments that have either an E/S objective. A minimum exposure of 0.5 % to each objective is imposed upon the fund in addition to a minimum aggregate exposure to sustainable investments of 10%. Except for these commitments, the fund may invest either in securities that contribute only to environmental objectives or social objectives, or a combination of both. Specifically, the fund uses the following E/S pillars to determine economic activities that contribute to E/S objectives: climate and resource impact (including reducing greenhouse gases, promoting healthy ecosystems, nurturing circular equity) and social equity and quality of life (including enabling social equity, improving health and enhancing quality of life).

Although the fund does not commit to making Taxonomy-aligned investments, in the event that the fund holds any investments that align with the EU Taxonomy, those investments contribute to one or more of the following objectives:

- climate change mitigation
- climate change adaptation
- sustainable use and protection of water and marine resources
- transition to a circular economy
- pollution prevention and control
- protection and restoration of biodiversity and ecosystems

**How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

The investment manager utilises its proprietary internal research platform to support its assessment of whether an issuer is causing significant harm to any E/S objective. Through the use of proprietary research and third-party data, the "do no significant harm" assessment incorporates issuer information in relation to Principal Adverse Impact (PAI) indicators and alignment to certain international guidelines and principles.

**How have the indicators for adverse impacts on sustainability factors been taken into account?**

As part of its investment process the investment manager, and/or the sub-investment manager, systemically assesses whether sustainable investment is causing significant harm to E/S objective. The assessment includes taking into account relevant principal adverse impact indicators.

The investment manager, and/or the sub-investment manager, applies a qualitative and quantitative assessment of the data, obtained for the mandatory PAI indicators listed in Table 1 and any relevant indicators in Tables 2 and 3 of Annex I of the SFDR Delegated Regulation. The investment manager, and/or the sub-investment manager, also analyses PAI metrics relative to internally set thresholds, where relevant and appropriate. These thresholds provide an initial indication of whether significant harm is occurring and the investment manager, and/or the sub-investment manager, may undertake further analysis to support its view. The investment manager and/or the sub-investment manager may consider the materiality of a given indicator relative to an issuer's industry, sector or location, which may be factored into the investment manager's overall determination.

Where sufficient data is not available, the investment manager and/or the sub-investment manager may rely on other relevant data points to make an assessment.

**How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?**

The investment manager's assessment of whether an investee company is causing significant harm to an E/S objective includes an analysis of how the issuer performs with respect to the OECD guidelines for multinational enterprises and the UNGPs on Business and Human Rights.

*The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The "do no significant harm" principle applies only to those investments underlying the fund that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.



**Does this financial product consider principal adverse impacts on sustainability factors?**

Yes. The investment manager collects data on the following PAI indicators:

- violations of UN Global Compact principles (PAI #10)
- board gender diversity (PAI #13)
- exposure to controversial weapons (antipersonnel mines, cluster munitions, chemical weapons and biological weapons) (PAI #14)

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

The investment manager aggregates the PAI indicators of the portfolio and reviews this information periodically. The periodic review of the portfolio's PAI profile will inform upcoming engagement activity for the fund and, where appropriate, any investment actions as deemed necessary by the investment manager, collectively with a view to pursuing an improvement in the portfolio's PAI data over time<sup>2</sup>.

Information regarding the portfolio's PAI data will be included in the fund's annual report, under the section titled "How did this financial product consider principal adverse impacts on sustainability factors?".



### ***What investment strategy does this financial product follow?***

The fund is actively managed and invests mainly in a diversified portfolio of shares of companies in Asia (excluding Japan). Although the fund does not have sustainable investment as an objective it promotes E/S characteristics through the following components of its investment strategy:

1. **Sustainable investment exposure** At least 10% of the value of the fund's portfolio is invested in sustainable investments.

Other relevant features of the fund's investment strategy are:

2. **Exclusion screen** The fund avoids sectors or companies whose activities may be considered, by the investment manager, harmful to the environment and/or society through the application of the T. Rowe Price Responsible Exclusion List. The relevance to the fund of each excluded sector and/or issuer included in the T. Rowe Price Responsible Exclusion List may vary due to the nature of the fund's investment strategy. In maintaining the T. Rowe Price Responsible Exclusion List, the investment manager and the sub-investment manager, as appropriate, rely on information from companies and reputable third-party research providers. This exclusion list is coded into the investment manager's and the sub-investment manager's, as appropriate, internal compliance systems, which automatically restrict trading in any excluded names. There may be circumstances where a fund has some limited, indirect, exposure to a company involved in the excluded categories. Examples of these circumstances could include an investment in an instrument that gives exposure to an index, or an investment in a fund managed by an unaffiliated investment manager. For more details please see [T. Rowe Price Responsible Exclusion List Policy](#).
3. **Active ownership** The fund embeds governance analysis into the investment process and engages in active ownership, monitoring, and engagement with the issuers of the securities in which it invests. This includes regular dialogue with issuers and active proxy voting.

### ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The fund's binding elements are:

- at least 10% of the value of the fund's portfolio invested in sustainable investments. Specifically, the fund commits to a minimum of 0.5% of the value of its portfolio invested in sustainable investments with an environmental objective and a minimum of 0.5% of the value of its portfolio invested in sustainable investments with a social objective.
- all companies in which the fund invests will follow good governance practices, as determined by the investment manager.

In selecting sustainable investments for the fund's portfolio, the investment manager is required to assess and ensure that the investment contributes to an E/S objective and that it does not cause significant harm to any other E/S objectives.

► See also: "What investment strategy does this financial product follow?" and "Does this financial product consider principal adverse impacts on sustainability factors?".

### ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

The fund does not commit to a minimum reduction of its investment universe (pool of eligible investments).

### ***What is the policy to assess good governance practices of the investee companies?***

The investment manager has a policy to assess governance practices using the two-step good governance test set out below.

#### **Step 1: Quantitative review**

The good governance test consists of weighted pillars designed to measure specific corporate governance risks, rolled up to an overall rating. These risks include sound management structures, employee relations, remuneration of staff and tax compliance. The investment manager, through its proprietary Responsible Investing Indicator Model (RIIM), rates the pillars based on a simple 'traffic light' system: a green rating denotes positive governance characteristics, an orange rating denotes some improvements are needed, whereas red denotes significant governance concerns. If any of the pillars are rated red, the overall status of the test will be red.

<sup>2</sup> More information on the consideration and mitigation of the adverse impacts can be found within the T. Rowe Price Principal Adverse Impacts (PAI) Policy under <https://www.troweprice.com/content/dam/trowecorp/Pdfs/esg/principal-adverse-impacts-PAI-policy.pdf>



### Asset allocation

describes the share of investments in specific assets.

### Taxonomy-aligned activities

are expressed as a share of:

- turnover reflecting the share of revenue from green activities of investee companies.
- capital expenditure (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- operational expenditure (OpEx) reflecting green operational activities of investee companies.

## Step 2: Qualitative review

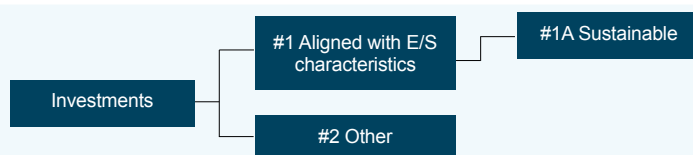
If a company's good governance test rating is red, a qualitative review will be undertaken by the Governance team, during which the company's practices will be evaluated within the context of market and sector norms, using a mix of qualitative and quantitative data. Inputs used in the analysis include:

- the basic governance structure a company employs, compared against regional norms
- the presence of any significant controversies in the conduct of the board or management
- the presence of significant remuneration-related controversy in the prior year
- the investment manager's engagement history with the company, and its responsiveness to shareholder concerns
- the degree of insulation a company has from its investors as a result of its capital structure, concentrated shareholders, or the use of protective charter provisions

If necessary, the company's good governance test quantitative scores may be adjusted following the qualitative review. If a company has been assessed as not passing the good governance test, it is not a permitted investment for the funds and therefore cannot be purchased. If an existing holding in the fund is later deemed to no longer meet the good governance standard, this position will be addressed in line with the firm's breach policy.



## What is the asset allocation planned for this financial product?



**#1 Aligned with E/S characteristics** includes the investments of the fund used to attain the environmental or social characteristics promoted by the fund.

**#2 Other** includes the remaining investments of the fund which are neither aligned with the environmental or social characteristics, nor are qualified as Sustainable Investments.

The category **#1 Aligned with E/S characteristics** covers:

- the sub-category **#1A Sustainable** covers Sustainable Investments with environmental or social objectives.

**#1 and #1A** – The fund promotes E/S characteristics by committing to maintain a minimum of 10% of the value of its portfolio invested in sustainable investments.

**#2** – All other investments that are not sustainable. These are subject to screening by the investment manager to avoid investment in issuers that the investment manager believes are harmful to the environment or society through the application of the T. Rowe Price Responsible Exclusion List. The T. Rowe Price Responsible Exclusion List is a binding exclusion list that applies directly to the fund's entire portfolio, meaning that all investments the fund makes are screened against this exclusion list. At the discretion of the investment manager, the fund may hold investments that are not relevant to the T. Rowe Price Responsible Exclusion List (cash and certain derivatives used for efficient portfolio management).

► See also: "What are the binding elements of the investment strategy?" and "What investments are included under "#2 Other"?"

## How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?

Whilst the fund may use derivatives for portfolio management techniques for the purpose of hedging, liquidity management and risk reduction, derivatives are not used to promote E/S characteristics.



## To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The investments underlying the fund do not currently take into account the EU criteria for environmentally sustainable economic activities pursuant to the Taxonomy Regulation and therefore the fund's minimum proportion of investments aligned with the Taxonomy is 0%. Although the fund does not commit to making Taxonomy-aligned investments, it is possible that the fund holds securities that meet such criteria. The actual proportion of any Taxonomy-aligned investments held by the fund will be disclosed in the fund's annual report. The "do no significant harm" principle under the EU Taxonomy does not apply to investments that are not Taxonomy-aligned. However, in accordance with the SFDR, any other sustainable investments must also not significantly harm any E/S objectives.

## Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>3</sup>?

☐ Yes

☐ In fossil gas

☐ In nuclear energy

☒ No

<sup>3</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

#### Enabling activities

directly enable other activities to make a substantial contribution to an environmental objective.

#### Transitional activities

are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

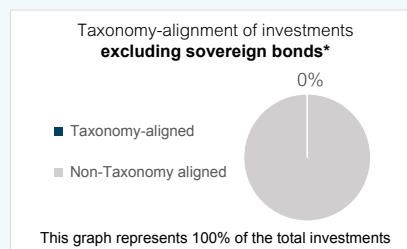
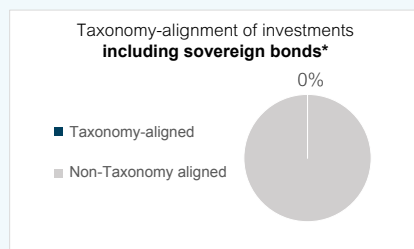


are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy.

#### Reference benchmarks

are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

The two graphs below show the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

#### What is the minimum share of investments in transitional and enabling activities?

The fund does not commit to a minimum share of investments in transitional and enabling activities.



#### What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

0.5%. The cumulative minimum investment in sustainable investments is 10%, out of which 9.5% may be comprised entirely of environmentally sustainable investments, entirely of socially sustainable investments or a combination of both.



#### What is the minimum share of socially sustainable investments?

0.5%. The cumulative minimum investment in sustainable investments is 10%, out of which 9.5% may be comprised entirely of environmentally sustainable investments, entirely of socially sustainable investments or a combination of both.



#### What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

These investments may include derivatives, cash positions, revenues of companies tied to economic activities that are not considered sustainable and any other permitted investments used to achieve the fund's investment objective. These are subject to screening by the investment manager to avoid investment in issuers that the investment manager believes are harmful to the environment or society through the application of the T. Rowe Price Responsible Exclusion List. The T. Rowe Price Responsible Exclusion List is a binding exclusion list that applies directly to the fund's entire portfolio, meaning that all investments the fund makes are screened against this exclusion list.

These investments are still subject to the good governance assessment, where relevant.

► See also: “What investment strategy does this financial product follow?”.



#### Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No.



#### Where can I find more product specific information online?

More product-specific information can be found on the website: [www.funds.troweprice.com](http://www.funds.troweprice.com)

T. Rowe Price Funds SICAV —

# Asian Opportunities Equity Fund

Legal entity identifier: 549300IJYHTT3OSNG575

## Environmental and/or social characteristics

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee (portfolio) companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Does this financial product have a sustainable investment objective?**

☒ ☒ ☐ **Yes**

☐ It will make a minimum of **sustainable investments with an environmental objective: \_\_\_%**

☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy

☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ It will make a minimum of **sustainable investments with a social objective: \_\_\_%**

☒ ☐ ☒ **No**

☒ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 10% of sustainable investments

☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

☒ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☒ with a social objective

☐ It promotes E/S characteristics but **will not make any sustainable investments**

### What environmental and/or social characteristics are promoted by this financial product?

This disclosure is provided to you pursuant to Article 8 of the Sustainable Finance Disclosure Regulation (SFDR) and Article 6 of the EU Taxonomy Regulation.

The promotion of environmental and/or social (E/S) characteristics is achieved through the fund's commitment to maintain at least 10% of the value of its portfolio invested in sustainable investments. Sustainable investments exclude cash and derivatives used for portfolio management techniques for the purpose of hedging, liquidity management and risk reduction.

Specifically, the fund commits to a minimum of 0.5% of the value of its portfolio invested in sustainable investments with an environmental objective and a minimum of 0.5% of the value of its portfolio invested in sustainable investments with a social objective. The fund's aggregate exposure to sustainable investments will be always at least 10%. The sustainable investments will have certain underlying E/S objectives, but these may not qualify under the EU Taxonomy.

In determining whether a company's activities contribute to an E/S objective, the investment manager uses the following pillars:

| Pillar                            | Activities                   |
|-----------------------------------|------------------------------|
| Climate and resource impact       | Reducing greenhouse gases    |
|                                   | Promoting healthy ecosystems |
|                                   | Nurturing circular economies |
|                                   | Enabling social equity       |
| Social equity and quality of life | Improving health             |
|                                   | Enhancing quality of life    |

The fund is not constrained to any specific E/S objective and therefore the fund's proportion of sustainable investments may comprise companies with activities that contribute to any of the above objectives.

In determining what qualifies as a sustainable investment, the investment manager and/or the sub-investment manager, as appropriate, uses the methodology described in "Sustainable Investment Methodology" under the section "Environmental, Social and Governance (ESG) Investment Policy" of the prospectus and that can be found in our website disclosure<sup>1</sup>.

A reference benchmark is not used for the purpose of promoting the fund's E/S characteristics.

► See also: "What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?".

<sup>1</sup> <https://www.troweprice.com/financial-intermediary/lu/en/funds.html>

55 | T. Rowe Price Funds SICAV | February 2025 Prospectus

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

**What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The sustainability indicator used by the fund to measure the extent to which it attains the promoted E/S characteristics is:

- % of the value of the fund's portfolio in securities that the investment manager identifies as sustainable investments

► See also: "What investment strategy does this financial product follow?"

**What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

The fund may invest in sustainable investments that have either an E/S objective. A minimum exposure of 0.5 % to each objective is imposed upon the fund in addition to a minimum aggregate exposure to sustainable investments of 10%. Except for these commitments, the fund may invest either in securities that contribute only to environmental objectives or social objectives, or a combination of both. Specifically, the fund uses the following E/S pillars to determine economic activities that contribute to E/S objectives: climate and resource impact (including reducing greenhouse gases, promoting healthy ecosystems, nurturing circular equity) and social equity and quality of life (including enabling social equity, improving health and enhancing quality of life).

Although the fund does not commit to making Taxonomy-aligned investments, in the event that the fund holds any investments that align with the EU Taxonomy, those investments contribute to one or more of the following objectives:

- climate change mitigation
- climate change adaptation
- sustainable use and protection of water and marine resources
- transition to a circular economy
- pollution prevention and control
- protection and restoration of biodiversity and ecosystems

**How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

The investment manager utilises its proprietary internal research platform to support its assessment of whether an issuer is causing significant harm to any E/S objective. Through the use of proprietary research and third-party data, the "do no significant harm" assessment incorporates issuer information in relation to Principal Adverse Impact (PAI) indicators and alignment to certain international guidelines and principles.

**How have the indicators for adverse impacts on sustainability factors been taken into account?**

As part of its investment process the investment manager, and/or the sub-investment manager, systemically assesses whether sustainable investment is causing significant harm to E/S objective. The assessment includes taking into account relevant principal adverse impact indicators.

The investment manager, and/or the sub-investment manager, applies a qualitative and quantitative assessment of the data, obtained for the mandatory PAI indicators listed in Table 1 and any relevant indicators in Tables 2 and 3 of Annex I of the SFDR Delegated Regulation. The investment manager, and/or the sub-investment manager, also analyses PAI metrics relative to internally set thresholds, where relevant and appropriate. These thresholds provide an initial indication of whether significant harm is occurring and the investment manager, and/or the sub-investment manager, may undertake further analysis to support its view. The investment manager and/or the sub-investment manager may consider the materiality of a given indicator relative to an issuer's industry, sector or location, which may be factored into the investment manager's overall determination.

Where sufficient data is not available, the investment manager and/or the sub-investment manager may rely on other relevant data points to make an assessment.

**How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?**

The investment manager's assessment of whether an investee company is causing significant harm to an E/S objective includes an analysis of how the issuer performs with respect to the OECD guidelines for multinational enterprises and the UNGPs on Business and Human Rights.

*The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The "do no significant harm" principle applies only to those investments underlying the fund that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.



**Does this financial product consider principal adverse impacts on sustainability factors?**

Yes. The investment manager collects data on the following PAI indicators:

- violations of UN Global Compact principles (PAI #10)
- board gender diversity (PAI #13)
- exposure to controversial weapons (antipersonnel mines, cluster munitions, chemical weapons and biological weapons) (PAI #14)

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

The investment manager aggregates the PAI indicators of the portfolio and reviews this information periodically. The periodic review of the portfolio's PAI profile will inform upcoming engagement activity for the fund and, where appropriate, any investment actions as deemed necessary by the investment manager, collectively with a view to pursuing an improvement in the portfolio's PAI data over time<sup>2</sup>.

Information regarding the portfolio's PAI data will be included in the fund's annual report, under the section titled "How did this financial product consider principal adverse impacts on sustainability factors?".



### ***What investment strategy does this financial product follow?***

The fund is actively managed and invests mainly in a diversified portfolio of shares of companies in Asia. Although the fund does not have sustainable investment as an objective it promotes E/S characteristics through the following components of its investment strategy:

1. **Sustainable investment exposure** At least 10% of the value of the fund's portfolio is invested in sustainable investments.

Other relevant features of the fund's investment strategy are:

2. **Exclusion screen** The fund avoids sectors or companies whose activities may be considered, by the investment manager, harmful to the environment and/or society through the application of the T. Rowe Price Responsible Exclusion List. The relevance to the fund of each excluded sector and/or issuer included in the T. Rowe Price Responsible Exclusion List may vary due to the nature of the fund's investment strategy. In maintaining the T. Rowe Price Responsible Exclusion List, the investment manager and the sub-investment manager, as appropriate, rely on information from companies and reputable third-party research providers. This exclusion list is coded into the investment manager's and the sub-investment manager's, as appropriate, internal compliance systems, which automatically restrict trading in any excluded names. There may be circumstances where a fund has some limited, indirect, exposure to a company involved in the excluded categories. Examples of these circumstances could include an investment in an instrument that gives exposure to an index, or an investment in a fund managed by an unaffiliated investment manager. For more details please see [T. Rowe Price Responsible Exclusion List Policy](#).
3. **Active ownership** The fund embeds governance analysis into the investment process and engages in active ownership, monitoring, and engagement with the issuers of the securities in which it invests. This includes regular dialogue with issuers and active proxy voting.

### ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The fund's binding elements are:

- at least 10% of the value of the fund's portfolio invested in sustainable investments. Specifically, the fund commits to a minimum of 0.5% of the value of its portfolio invested in sustainable investments with an environmental objective and a minimum of 0.5% of the value of its portfolio invested in sustainable investments with a social objective.
- all companies in which the fund invests will follow good governance practices, as determined by the investment manager.

In selecting sustainable investments for the fund's portfolio, the investment manager is required to assess and ensure that the investment contributes to an E/S objective and that it does not cause significant harm to any other E/S objectives.

► See also: "What investment strategy does this financial product follow?" and "Does this financial product consider principal adverse impacts on sustainability factors?".

### ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

The fund does not commit to a minimum reduction of its investment universe (pool of eligible investments).

### ***What is the policy to assess good governance practices of the investee companies?***

The investment manager has a policy to assess governance practices using the two-step good governance test set out below.

#### **Step 1: Quantitative review**

The good governance test consists of weighted pillars designed to measure specific corporate governance risks, rolled up to an overall rating. These risks include sound management structures, employee relations, remuneration of staff and tax compliance. The investment manager, through its proprietary Responsible Investing Indicator Model (RIIM), rates the pillars based on a simple 'traffic light' system: a green rating denotes positive governance characteristics, an orange rating denotes some improvements are needed, whereas red denotes significant governance concerns. If any of the pillars are rated red, the overall status of the test will be red.

<sup>2</sup> More information on the consideration and mitigation of the adverse impacts can be found within the T. Rowe Price Principal Adverse Impacts (PAI) Policy under <https://www.troweprice.com/content/dam/trowecorp/Pdfs/esg/principal-adverse-impacts-PAI-policy.pdf>



**Asset allocation**

describes the share of investments in specific assets.

**Taxonomy-aligned activities**

are expressed as a share of:

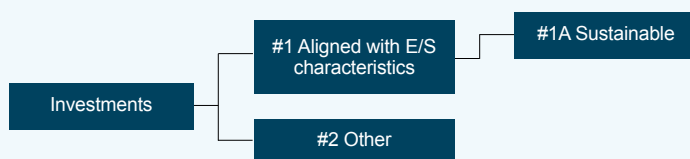
- turnover reflecting the share of revenue from green activities of investee companies.
- capital expenditure (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- operational expenditure (OpEx) reflecting green operational activities of investee companies.

**Step 2: Qualitative review**

If a company's good governance test rating is red, a qualitative review will be undertaken by the Governance team, during which the company's practices will be evaluated within the context of market and sector norms, using a mix of qualitative and quantitative data. Inputs used in the analysis include:

- the basic governance structure a company employs, compared against regional norms
- the presence of any significant controversies in the conduct of the board or management
- the presence of significant remuneration-related controversy in the prior year
- the investment manager's engagement history with the company, and its responsiveness to shareholder concerns
- the degree of insulation a company has from its investors as a result of its capital structure, concentrated shareholders, or the use of protective charter provisions

If necessary, the company's good governance test quantitative scores may be adjusted following the qualitative review. If a company has been assessed as not passing the good governance test, it is not a permitted investment for the funds and therefore cannot be purchased. If an existing holding in the fund is later deemed to no longer meet the good governance standard, this position will be addressed in line with the firm's breach policy.

**What is the asset allocation planned for this financial product?**

**#1 Aligned with E/S characteristics** includes the investments of the fund used to attain the environmental or social characteristics promoted by the fund.

**#2 Other** includes the remaining investments of the fund which are neither aligned with the environmental or social characteristics, nor are qualified as Sustainable Investments.

The category **#1 Aligned with E/S characteristics** covers:

- the sub-category **#1A Sustainable** covers Sustainable Investments with environmental or social objectives.

**#1 and #1A** – The fund promotes E/S characteristics by committing to maintain a minimum of 10% of the value of its portfolio invested in sustainable investments.

**#2** – All other investments that are not sustainable. These are subject to screening by the investment manager to avoid investment in issuers that the investment manager believes are harmful to the environment or society through the application of the T. Rowe Price Responsible Exclusion List. The T. Rowe Price Responsible Exclusion List is a binding exclusion list that applies directly to the fund's entire portfolio, meaning that all investments the fund makes are screened against this exclusion list. At the discretion of the investment manager, the fund may hold investments that are not relevant to the T. Rowe Price Responsible Exclusion List (cash and certain derivatives used for efficient portfolio management).

► See also: "What are the binding elements of the investment strategy?" and "What investments are included under "#2 Other"?"

**How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Whilst the fund may use derivatives for portfolio management techniques for the purpose of hedging, liquidity management and risk reduction, derivatives are not used to promote E/S characteristics.

**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The investments underlying the fund do not currently take into account the EU criteria for environmentally sustainable economic activities pursuant to the Taxonomy Regulation and therefore the fund's minimum proportion of investments aligned with the Taxonomy is 0%. Although the fund does not commit to making Taxonomy-aligned investments, it is possible that the fund holds securities that meet such criteria. The actual proportion of any Taxonomy-aligned investments held by the fund will be disclosed in the fund's annual report. The "do no significant harm" principle under the EU Taxonomy does not apply to investments that are not Taxonomy-aligned. However, in accordance with the SFDR, any other sustainable investments must also not significantly harm any E/S objectives.

**Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>3</sup>?**

☐ Yes

☐ In fossil gas

☐ In nuclear energy

☒ No

<sup>3</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

### Enabling activities

directly enable other activities to make a substantial contribution to an environmental objective.

### Transitional activities

are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

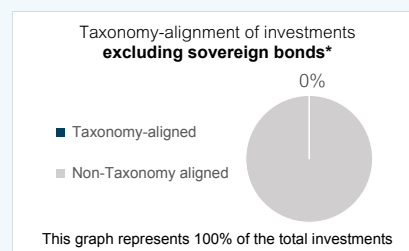
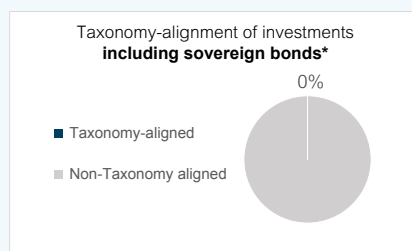


are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy.

### Reference benchmarks

are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

The two graphs below show the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

### What is the minimum share of investments in transitional and enabling activities?

The fund does not commit to a minimum share of investments in transitional and enabling activities.



### What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

0.5%. The cumulative minimum investment in sustainable investments is 10%, out of which 9.5% may be comprised entirely of environmentally sustainable investments, entirely of socially sustainable investments or a combination of both.



### What is the minimum share of socially sustainable investments?

0.5%. The cumulative minimum investment in sustainable investments is 10%, out of which 9.5% may be comprised entirely of environmentally sustainable investments, entirely of socially sustainable investments or a combination of both.



### What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

These investments may include derivatives, cash positions, revenues of companies tied to economic activities that are not considered sustainable and any other permitted investments used to achieve the fund's investment objective. These are subject to screening by the investment manager to avoid investment in issuers that the investment manager believes are harmful to the environment or society through the application of the T. Rowe Price Responsible Exclusion List. The T. Rowe Price Responsible Exclusion List is a binding exclusion list that applies directly to the fund's entire portfolio, meaning that all investments the fund makes are screened against this exclusion list.

These investments are still subject to the good governance assessment, where relevant.

► See also: “What investment strategy does this financial product follow?”.



### Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No.



### Where can I find more product specific information online?

More product-specific information can be found on the website: [www.funds.troweprice.com](http://www.funds.troweprice.com)

## Environmental and/or social characteristics

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

**What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The sustainability indicator used by the fund to measure the extent to which it attains the promoted E/S characteristics is:

- % of the value of the fund's portfolio in securities that the investment manager identifies as sustainable investments

► See also: "What investment strategy does this financial product follow?"

**What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

The fund may invest in sustainable investments that have either an E/S objective. A minimum exposure of 0.5 % to each objective is imposed upon the fund in addition to a minimum aggregate exposure to sustainable investments of 10%. Except for these commitments, the fund may invest either in securities that contribute only to environmental objectives or social objectives, or a combination of both. Specifically, the fund uses the following E/S pillars to determine economic activities that contribute to E/S objectives: climate and resource impact (including reducing greenhouse gases, promoting healthy ecosystems, nurturing circular equity) and social equity and quality of life (including enabling social equity, improving health and enhancing quality of life).

Although the fund does not commit to making Taxonomy-aligned investments, in the event that the fund holds any investments that align with the EU Taxonomy, those investments contribute to one or more of the following objectives:

- climate change mitigation
- climate change adaptation
- sustainable use and protection of water and marine resources
- transition to a circular economy
- pollution prevention and control
- protection and restoration of biodiversity and ecosystems

**How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

The investment manager utilises its proprietary internal research platform to support its assessment of whether an issuer is causing significant harm to any E/S objective. Through the use of proprietary research and third-party data, the "do no significant harm" assessment incorporates issuer information in relation to Principal Adverse Impact (PAI) indicators and alignment to certain international guidelines and principles.

**How have the indicators for adverse impacts on sustainability factors been taken into account?**

As part of its investment process the investment manager, and/or the sub-investment manager, systemically assesses whether sustainable investment is causing significant harm to E/S objective. The assessment includes taking into account relevant principal adverse impact indicators.

The investment manager, and/or the sub-investment manager, applies a qualitative and quantitative assessment of the data, obtained for the mandatory PAI indicators listed in Table 1 and any relevant indicators in Tables 2 and 3 of Annex I of the SFDR Delegated Regulation. The investment manager, and/or the sub-investment manager, also analyses PAI metrics relative to internally set thresholds, where relevant and appropriate. These thresholds provide an initial indication of whether significant harm is occurring and the investment manager, and/or the sub-investment manager, may undertake further analysis to support its view. The investment manager and/or the sub-investment manager may consider the materiality of a given indicator relative to an issuer's industry, sector or location, which may be factored into the investment manager's overall determination.

Where sufficient data is not available, the investment manager and/or the sub-investment manager may rely on other relevant data points to make an assessment.

**How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?**

The investment manager's assessment of whether an investee company is causing significant harm to an E/S objective includes an analysis of how the issuer performs with respect to the OECD guidelines for multinational enterprises and the UNGPs on Business and Human Rights.

*The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The "do no significant harm" principle applies only to those investments underlying the fund that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.



**Does this financial product consider principal adverse impacts on sustainability factors?**

Yes. The investment manager collects data on the following PAI indicators:

- violations of UN Global Compact principles (PAI #10)
- board gender diversity (PAI #13)
- exposure to controversial weapons (antipersonnel mines, cluster munitions, chemical weapons and biological weapons) (PAI #14)

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

The investment manager aggregates the PAI indicators of the portfolio and reviews this information periodically. The periodic review of the portfolio's PAI profile will inform upcoming engagement activity for the fund and, where appropriate, any investment actions as deemed necessary by the investment manager, collectively with a view to pursuing an improvement in the portfolio's PAI data over time<sup>2</sup>.

Information regarding the portfolio's PAI data will be included in the fund's annual report, under the section titled "How did this financial product consider principal adverse impacts on sustainability factors?".



### ***What investment strategy does this financial product follow?***

The fund is actively managed and invests mainly in a widely diversified portfolio of shares of emerging market companies. Although the fund does not have sustainable investment as an objective it promotes E/S characteristics through the following components of its investment strategy:

1. **Sustainable investment exposure** At least 10% of the value of the fund's portfolio is invested in sustainable investments.

Other relevant features of the fund's investment strategy are:

2. **Exclusion screen** The fund avoids sectors or companies whose activities may be considered, by the investment manager, harmful to the environment and/or society through the application of the T. Rowe Price Responsible Exclusion List. The relevance to the fund of each excluded sector and/or issuer included in the T. Rowe Price Responsible Exclusion List may vary due to the nature of the fund's investment strategy. In maintaining the T. Rowe Price Responsible Exclusion List, the investment manager and the sub-investment manager, as appropriate, rely on information from companies and reputable third-party research providers. This exclusion list is coded into the investment manager's and the sub-investment manager's, as appropriate, internal compliance systems, which automatically restrict trading in any excluded names. There may be circumstances where a fund has some limited, indirect, exposure to a company involved in the excluded categories. Examples of these circumstances could include an investment in an instrument that gives exposure to an index, or an investment in a fund managed by an unaffiliated investment manager. For more details please see [T. Rowe Price Responsible Exclusion List Policy](#).
3. **Active ownership** The fund embeds governance analysis into the investment process and engages in active ownership, monitoring, and engagement with the issuers of the securities in which it invests. This includes regular dialogue with issuers and active proxy voting.

### ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The fund's binding elements are:

- at least 10% of the value of the fund's portfolio invested in sustainable investments. Specifically, the fund commits to a minimum of 0.5% of the value of its portfolio invested in sustainable investments with an environmental objective and a minimum of 0.5% of the value of its portfolio invested in sustainable investments with a social objective.
- all companies in which the fund invests will follow good governance practices, as determined by the investment manager.

In selecting sustainable investments for the fund's portfolio, the investment manager is required to assess and ensure that the investment contributes to an E/S objective and that it does not cause significant harm to any other E/S objectives.

► See also: "What investment strategy does this financial product follow?" and "Does this financial product consider principal adverse impacts on sustainability factors?".

### ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

The fund does not commit to a minimum reduction of its investment universe (pool of eligible investments).

### ***What is the policy to assess good governance practices of the investee companies?***

The investment manager has a policy to assess governance practices using the two-step good governance test set out below.

#### **Step 1: Quantitative review**

The good governance test consists of weighted pillars designed to measure specific corporate governance risks, rolled up to an overall rating. These risks include sound management structures, employee relations, remuneration of staff and tax compliance. The investment manager, through its proprietary Responsible Investing Indicator Model (RIIM), rates the pillars based on a simple 'traffic light' system: a green rating denotes positive governance characteristics, an orange rating denotes some improvements are needed, whereas red denotes significant governance concerns. If any of the pillars are rated red, the overall status of the test will be red.

<sup>2</sup> More information on the consideration and mitigation of the adverse impacts can be found within the T. Rowe Price Principal Adverse Impacts (PAI) Policy under <https://www.troweprice.com/content/dam/trowecorp/Pdfs/esg/principal-adverse-impacts-PAI-policy.pdf>



**Asset allocation**

describes the share of investments in specific assets.

**Taxonomy-aligned activities**

are expressed as a share of:

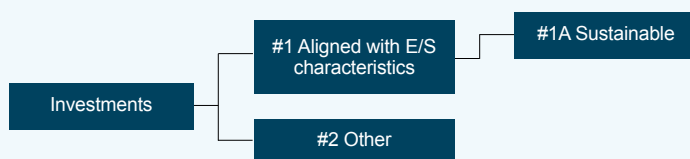
- turnover reflecting the share of revenue from green activities of investee companies.
- capital expenditure (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- operational expenditure (OpEx) reflecting green operational activities of investee companies.

**Step 2: Qualitative review**

If a company's good governance test rating is red, a qualitative review will be undertaken by the Governance team, during which the company's practices will be evaluated within the context of market and sector norms, using a mix of qualitative and quantitative data. Inputs used in the analysis include:

- the basic governance structure a company employs, compared against regional norms
- the presence of any significant controversies in the conduct of the board or management
- the presence of significant remuneration-related controversy in the prior year
- the investment manager's engagement history with the company, and its responsiveness to shareholder concerns
- the degree of insulation a company has from its investors as a result of its capital structure, concentrated shareholders, or the use of protective charter provisions

If necessary, the company's good governance test quantitative scores may be adjusted following the qualitative review. If a company has been assessed as not passing the good governance test, it is not a permitted investment for the funds and therefore cannot be purchased. If an existing holding in the fund is later deemed to no longer meet the good governance standard, this position will be addressed in line with the firm's breach policy.

**What is the asset allocation planned for this financial product?**

**#1 Aligned with E/S characteristics** includes the investments of the fund used to attain the environmental or social characteristics promoted by the fund.

**#2 Other** includes the remaining investments of the fund which are neither aligned with the environmental or social characteristics, nor are qualified as Sustainable Investments.

The category **#1 Aligned with E/S characteristics** covers:

- the sub-category **#1A Sustainable** covers Sustainable Investments with environmental or social objectives.

**#1 and #1A** – The fund promotes E/S characteristics by committing to maintain a minimum of 10% of the value of its portfolio invested in sustainable investments.

**#2** – All other investments that are not sustainable. These are subject to screening by the investment manager to avoid investment in issuers that the investment manager believes are harmful to the environment or society through the application of the T. Rowe Price Responsible Exclusion List. The T. Rowe Price Responsible Exclusion List is a binding exclusion list that applies directly to the fund's entire portfolio, meaning that all investments the fund makes are screened against this exclusion list. At the discretion of the investment manager, the fund may hold investments that are not relevant to the T. Rowe Price Responsible Exclusion List (cash and certain derivatives used for efficient portfolio management).

► See also: "What are the binding elements of the investment strategy?" and "What investments are included under "#2 Other"?"

**How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Whilst the fund may use derivatives for portfolio management techniques for the purpose of hedging, liquidity management and risk reduction, derivatives are not used to promote E/S characteristics.

**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The investments underlying the fund do not currently take into account the EU criteria for environmentally sustainable economic activities pursuant to the Taxonomy Regulation and therefore the fund's minimum proportion of investments aligned with the Taxonomy is 0%. Although the fund does not commit to making Taxonomy-aligned investments, it is possible that the fund holds securities that meet such criteria. The actual proportion of any Taxonomy-aligned investments held by the fund will be disclosed in the fund's annual report. The "do no significant harm" principle under the EU Taxonomy does not apply to investments that are not Taxonomy-aligned. However, in accordance with the SFDR, any other sustainable investments must also not significantly harm any E/S objectives.

**Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>3</sup>?**

☐ Yes

☐ In fossil gas

☐ In nuclear energy

☒ No

<sup>3</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

### Enabling activities

directly enable other activities to make a substantial contribution to an environmental objective.

### Transitional activities

are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

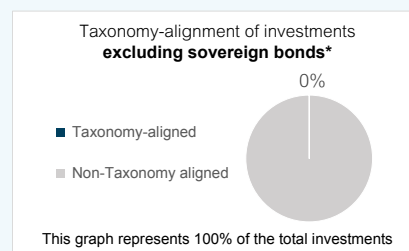
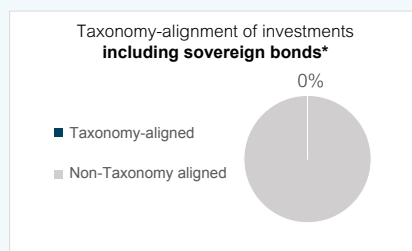


are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy.

### Reference benchmarks

are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

The two graphs below show the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

### What is the minimum share of investments in transitional and enabling activities?

The fund does not commit to a minimum share of investments in transitional and enabling activities.



### What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

0.5%. The cumulative minimum investment in sustainable investments is 10%, out of which 9.5% may be comprised entirely of environmentally sustainable investments, entirely of socially sustainable investments or a combination of both.



### What is the minimum share of socially sustainable investments?

0.5%. The cumulative minimum investment in sustainable investments is 10%, out of which 9.5% may be comprised entirely of environmentally sustainable investments, entirely of socially sustainable investments or a combination of both.



### What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

These investments may include derivatives, cash positions, revenues of companies tied to economic activities that are not considered sustainable and any other permitted investments used to achieve the fund's investment objective. These are subject to screening by the investment manager to avoid investment in issuers that the investment manager believes are harmful to the environment or society through the application of the T. Rowe Price Responsible Exclusion List. The T. Rowe Price Responsible Exclusion List is a binding exclusion list that applies directly to the fund's entire portfolio, meaning that all investments the fund makes are screened against this exclusion list.

These investments are still subject to the good governance assessment, where relevant.

► See also: “What investment strategy does this financial product follow?”.



### Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No.



### Where can I find more product specific information online?

More product-specific information can be found on the website: [www.funds.troweprice.com](http://www.funds.troweprice.com)



**Sustainability**

**indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

**What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The sustainability indicator used by the fund to measure the extent to which it attains the promoted E/S characteristics is:

- % of the value of the fund's portfolio in securities that the investment manager identifies as sustainable investments

► See also: "What investment strategy does this financial product follow?"

**What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

The fund may invest in sustainable investments that have either an E/S objective. A minimum exposure of 0.5 % to each objective is imposed upon the fund in addition to a minimum aggregate exposure to sustainable investments of 10%. Except for these commitments, the fund may invest either in securities that contribute only to environmental objectives or social objectives, or a combination of both. Specifically, the fund uses the following E/S pillars to determine economic activities that contribute to E/S objectives: climate and resource impact (including reducing greenhouse gases, promoting healthy ecosystems, nurturing circular equity) and social equity and quality of life (including enabling social equity, improving health and enhancing quality of life).

Although the fund does not commit to making Taxonomy-aligned investments, in the event that the fund holds any investments that align with the EU Taxonomy, those investments contribute to one or more of the following objectives:

- climate change mitigation
- climate change adaptation
- sustainable use and protection of water and marine resources
- transition to a circular economy
- pollution prevention and control
- protection and restoration of biodiversity and ecosystems

**How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

The investment manager utilises its proprietary internal research platform to support its assessment of whether an issuer is causing significant harm to any E/S objective. Through the use of proprietary research and third-party data, the "do no significant harm" assessment incorporates issuer information in relation to Principal Adverse Impact (PAI) indicators and alignment to certain international guidelines and principles.

**How have the indicators for adverse impacts on sustainability factors been taken into account?**

As part of its investment process the investment manager, and/or the sub-investment manager, systemically assesses whether sustainable investment is causing significant harm to E/S objective. The assessment includes taking into account relevant principal adverse impact indicators.

The investment manager, and/or the sub-investment manager, applies a qualitative and quantitative assessment of the data, obtained for the mandatory PAI indicators listed in Table 1 and any relevant indicators in Tables 2 and 3 of Annex I of the SFDR Delegated Regulation. The investment manager, and/or the sub-investment manager, also analyses PAI metrics relative to internally set thresholds, where relevant and appropriate. These thresholds provide an initial indication of whether significant harm is occurring and the investment manager, and/or the sub-investment manager, may undertake further analysis to support its view. The investment manager and/or the sub-investment manager may consider the materiality of a given indicator relative to an issuer's industry, sector or location, which may be factored into the investment manager's overall determination.

Where sufficient data is not available, the investment manager and/or the sub-investment manager may rely on other relevant data points to make an assessment.

**How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?**

The investment manager's assessment of whether an investee company is causing significant harm to an E/S objective includes an analysis of how the issuer performs with respect to the OECD guidelines for multinational enterprises and the UNGPs on Business and Human Rights.

*The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The "do no significant harm" principle applies only to those investments underlying the fund that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*

**Principal adverse**

**impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

**Does this financial product consider principal adverse impacts on sustainability factors?**

Yes. The investment manager collects data on the following PAI indicators:

- violations of UN Global Compact principles (PAI #10)
- board gender diversity (PAI #13)
- exposure to controversial weapons (antipersonnel mines, cluster munitions, chemical weapons and biological weapons) (PAI #14)

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

The investment manager aggregates the PAI indicators of the portfolio and reviews this information periodically. The periodic review of the portfolio's PAI profile will inform upcoming engagement activity for the fund and, where appropriate, any investment actions as deemed necessary by the investment manager, collectively with a view to pursuing an improvement in the portfolio's PAI data over time<sup>2</sup>.

Information regarding the portfolio's PAI data will be included in the fund's annual report, under the section titled "How did this financial product consider principal adverse impacts on sustainability factors?".



### ***What investment strategy does this financial product follow?***

The fund is actively managed and invests mainly in a diversified portfolio of shares of emerging market companies. Although the fund does not have sustainable investment as an objective it promotes E/S characteristics through the following components of its investment strategy:

1. **Sustainable investment exposure** At least 10% of the value of the fund's portfolio is invested in sustainable investments.

Other relevant features of the fund's investment strategy are:

2. **Exclusion screen** The fund avoids sectors or companies whose activities may be considered, by the investment manager, harmful to the environment and/or society through the application of the T. Rowe Price Responsible Exclusion List. The relevance to the fund of each excluded sector and/or issuer included in the T. Rowe Price Responsible Exclusion List may vary due to the nature of the fund's investment strategy. In maintaining the T. Rowe Price Responsible Exclusion List, the investment manager and the sub-investment manager, as appropriate, rely on information from companies and reputable third-party research providers. This exclusion list is coded into the investment manager's and the sub-investment manager's, as appropriate, internal compliance systems, which automatically restrict trading in any excluded names. There may be circumstances where a fund has some limited, indirect, exposure to a company involved in the excluded categories. Examples of these circumstances could include an investment in an instrument that gives exposure to an index, or an investment in a fund managed by an unaffiliated investment manager. For more details please see [T. Rowe Price Responsible Exclusion List Policy](#).
3. **Active ownership** The fund embeds governance analysis into the investment process and engages in active ownership, monitoring, and engagement with the issuers of the securities in which it invests. This includes regular dialogue with issuers and active proxy voting.

### ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The fund's binding elements are:

- at least 10% of the value of the fund's portfolio invested in sustainable investments. Specifically, the fund commits to a minimum of 0.5% of the value of its portfolio invested in sustainable investments with an environmental objective and a minimum of 0.5% of the value of its portfolio invested in sustainable investments with a social objective.
- all companies in which the fund invests will follow good governance practices, as determined by the investment manager.

In selecting sustainable investments for the fund's portfolio, the investment manager is required to assess and ensure that the investment contributes to an E/S objective and that it does not cause significant harm to any other E/S objectives.

► See also: "What investment strategy does this financial product follow?" and "Does this financial product consider principal adverse impacts on sustainability factors?".

### ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

The fund does not commit to a minimum reduction of its investment universe (pool of eligible investments).

### ***What is the policy to assess good governance practices of the investee companies?***

The investment manager has a policy to assess governance practices using the two-step good governance test set out below.

#### **Step 1: Quantitative review**

The good governance test consists of weighted pillars designed to measure specific corporate governance risks, rolled up to an overall rating. These risks include sound management structures, employee relations, remuneration of staff and tax compliance. The investment manager, through its proprietary Responsible Investing Indicator Model (RIIM), rates the pillars based on a simple 'traffic light' system: a green rating denotes positive governance characteristics, an orange rating denotes some improvements are needed, whereas red denotes significant governance concerns. If any of the pillars are rated red, the overall status of the test will be red.

<sup>2</sup> More information on the consideration and mitigation of the adverse impacts can be found within the T. Rowe Price Principal Adverse Impacts (PAI) Policy under <https://www.troweprice.com/content/dam/trowecorp/Pdfs/esg/principal-adverse-impacts-PAI-policy.pdf>



### Asset allocation

describes the share of investments in specific assets.

### Taxonomy-aligned activities

are expressed as a share of:

- turnover reflecting the share of revenue from green activities of investee companies.
- capital expenditure (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- operational expenditure (OpEx) reflecting green operational activities of investee companies.

## Step 2: Qualitative review

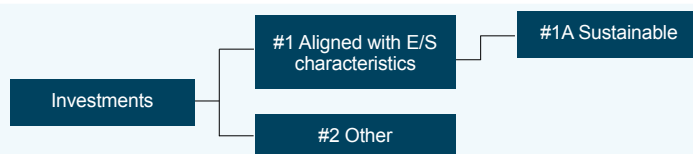
If a company's good governance test rating is red, a qualitative review will be undertaken by the Governance team, during which the company's practices will be evaluated within the context of market and sector norms, using a mix of qualitative and quantitative data. Inputs used in the analysis include:

- the basic governance structure a company employs, compared against regional norms
- the presence of any significant controversies in the conduct of the board or management
- the presence of significant remuneration-related controversy in the prior year
- the investment manager's engagement history with the company, and its responsiveness to shareholder concerns
- the degree of insulation a company has from its investors as a result of its capital structure, concentrated shareholders, or the use of protective charter provisions

If necessary, the company's good governance test quantitative scores may be adjusted following the qualitative review. If a company has been assessed as not passing the good governance test, it is not a permitted investment for the funds and therefore cannot be purchased. If an existing holding in the fund is later deemed to no longer meet the good governance standard, this position will be addressed in line with the firm's breach policy.



## What is the asset allocation planned for this financial product?



**#1 Aligned with E/S characteristics** includes the investments of the fund used to attain the environmental or social characteristics promoted by the fund.

**#2 Other** includes the remaining investments of the fund which are neither aligned with the environmental or social characteristics, nor are qualified as Sustainable Investments.

The category **#1 Aligned with E/S characteristics** covers:

- the sub-category **#1A Sustainable** covers Sustainable Investments with environmental or social objectives.

**#1 and #1A** – The fund promotes E/S characteristics by committing to maintain a minimum of 10% of the value of its portfolio invested in sustainable investments.

**#2** – All other investments that are not sustainable. These are subject to screening by the investment manager to avoid investment in issuers that the investment manager believes are harmful to the environment or society through the application of the T. Rowe Price Responsible Exclusion List. The T. Rowe Price Responsible Exclusion List is a binding exclusion list that applies directly to the fund's entire portfolio, meaning that all investments the fund makes are screened against this exclusion list. At the discretion of the investment manager, the fund may hold investments that are not relevant to the T. Rowe Price Responsible Exclusion List (cash and certain derivatives used for efficient portfolio management).

► See also: "What are the binding elements of the investment strategy?" and "What investments are included under "#2 Other"?"

## How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?

Whilst the fund may use derivatives for portfolio management techniques for the purpose of hedging, liquidity management and risk reduction, derivatives are not used to promote E/S characteristics.



## To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The investments underlying the fund do not currently take into account the EU criteria for environmentally sustainable economic activities pursuant to the Taxonomy Regulation and therefore the fund's minimum proportion of investments aligned with the Taxonomy is 0%. Although the fund does not commit to making Taxonomy-aligned investments, it is possible that the fund holds securities that meet such criteria. The actual proportion of any Taxonomy-aligned investments held by the fund will be disclosed in the fund's annual report. The "do no significant harm" principle under the EU Taxonomy does not apply to investments that are not Taxonomy-aligned. However, in accordance with the SFDR, any other sustainable investments must also not significantly harm any E/S objectives.

## Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>3</sup>?

☐ Yes

☐ In fossil gas

☐ In nuclear energy

☒ No

<sup>3</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

### Enabling activities

directly enable other activities to make a substantial contribution to an environmental objective.

### Transitional activities

are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

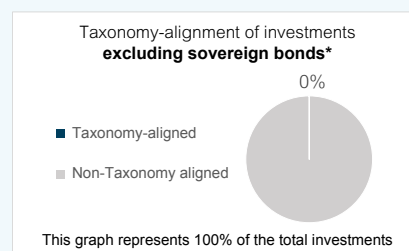
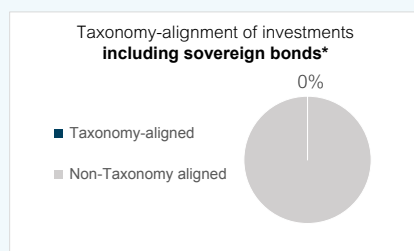


are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy.

### Reference benchmarks

are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

The two graphs below show the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

### What is the minimum share of investments in transitional and enabling activities?

The fund does not commit to a minimum share of investments in transitional and enabling activities.



### What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

0.5%. The cumulative minimum investment in sustainable investments is 10%, out of which 9.5% may be comprised entirely of environmentally sustainable investments, entirely of socially sustainable investments or a combination of both.



### What is the minimum share of socially sustainable investments?

0.5%. The cumulative minimum investment in sustainable investments is 10%, out of which 9.5% may be comprised entirely of environmentally sustainable investments, entirely of socially sustainable investments or a combination of both.



### What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

These investments may include derivatives, cash positions, revenues of companies tied to economic activities that are not considered sustainable and any other permitted investments used to achieve the fund's investment objective. These are subject to screening by the investment manager to avoid investment in issuers that the investment manager believes are harmful to the environment or society through the application of the T. Rowe Price Responsible Exclusion List. The T. Rowe Price Responsible Exclusion List is a binding exclusion list that applies directly to the fund's entire portfolio, meaning that all investments the fund makes are screened against this exclusion list.

These investments are still subject to the good governance assessment, where relevant.

► See also: “What investment strategy does this financial product follow?”.



### Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No.



### Where can I find more product specific information online?

More product-specific information can be found on the website: [www.funds.troweprice.com](http://www.funds.troweprice.com)

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

● ● ☐ Yes

- ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ It will make a minimum of **sustainable investments with a social objective:** %

☒ ☐ ☐ **No**

☒ with a social objective

- ☐ It promotes E/S characteristics but **will not make any sustainable investments**



*What environmental and/or social characteristics are promoted by this financial product?*

This disclosure is provided to you pursuant to Article 8 of the Sustainable Finance Disclosure Regulation (SFDR) and Article 6 of the EU Taxonomy Regulation.

The promotion of environmental and/or social (E/S) characteristics is achieved through the fund's commitment to maintain at least 10% of the value of its portfolio invested in sustainable investments. Sustainable investments exclude cash and derivatives used for portfolio management techniques for the purpose of hedging, liquidity management and risk reduction.

Specifically, the fund commits to a minimum of 0.5% of the value of its portfolio invested in sustainable investments with an environmental objective and a minimum of 0.5% of the value of its portfolio invested in sustainable investments with a social objective. The fund's aggregate exposure to sustainable investments will be always at least 10%. The sustainable investments will have certain underlying E/S objectives, but these may not qualify under the EU Taxonomy.

In determining whether a company's activities contribute to an E/S objective, the investment manager uses the following pillars:

| Pillar                            | Activities                   |
|-----------------------------------|------------------------------|
| Climate and resource impact       | Reducing greenhouse gases    |
|                                   | Promoting healthy ecosystems |
|                                   | Nurturing circular economies |
| Social equity and quality of life | Enabling social equity       |
|                                   | Improving health             |
|                                   | Enhancing quality of life    |

The fund is not constrained to any specific E/S objective and therefore the fund's proportion of sustainable investments may comprise companies with activities that contribute to any of the above objectives.

In determining what qualifies as a sustainable investment, the investment manager and/or the sub-investment manager, as appropriate, uses the methodology described in "Sustainable Investment Methodology" under the section "Environmental, Social and Governance (ESG) Investment Policy" of the prospectus and that can be found in our website disclosure<sup>1</sup>.

A reference benchmark is not used for the purpose of promoting the fund's E/S characteristics.

► See also: “What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?”.

<sup>1</sup> <https://www.troweprice.com/financial-intermediary/lu/en/funds.html>

**Sustainability**

**indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

**What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The sustainability indicator used by the fund to measure the extent to which it attains the promoted E/S characteristics is:

- % of the value of the fund's portfolio in securities that the investment manager identifies as sustainable investments

► See also: "What investment strategy does this financial product follow?"

**What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

The fund may invest in sustainable investments that have either an E/S objective. A minimum exposure of 0.5 % to each objective is imposed upon the fund in addition to a minimum aggregate exposure to sustainable investments of 10%. Except for these commitments, the fund may invest either in securities that contribute only to environmental objectives or social objectives, or a combination of both. Specifically, the fund uses the following E/S pillars to determine economic activities that contribute to E/S objectives: climate and resource impact (including reducing greenhouse gases, promoting healthy ecosystems, nurturing circular equity) and social equity and quality of life (including enabling social equity, improving health and enhancing quality of life).

Although the fund does not commit to making Taxonomy-aligned investments, in the event that the fund holds any investments that align with the EU Taxonomy, those investments contribute to one or more of the following objectives:

- climate change mitigation
- climate change adaptation
- sustainable use and protection of water and marine resources
- transition to a circular economy
- pollution prevention and control
- protection and restoration of biodiversity and ecosystems

**How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

The investment manager utilises its proprietary internal research platform to support its assessment of whether an issuer is causing significant harm to any E/S objective. Through the use of proprietary research and third-party data, the "do no significant harm" assessment incorporates issuer information in relation to Principal Adverse Impact (PAI) indicators and alignment to certain international guidelines and principles.

**How have the indicators for adverse impacts on sustainability factors been taken into account?**

As part of its investment process the investment manager, and/or the sub-investment manager, systemically assesses whether sustainable investment is causing significant harm to E/S objective. The assessment includes taking into account relevant principal adverse impact indicators.

The investment manager, and/or the sub-investment manager, applies a qualitative and quantitative assessment of the data, obtained for the mandatory PAI indicators listed in Table 1 and any relevant indicators in Tables 2 and 3 of Annex I of the SFDR Delegated Regulation. The investment manager, and/or the sub-investment manager, also analyses PAI metrics relative to internally set thresholds, where relevant and appropriate. These thresholds provide an initial indication of whether significant harm is occurring and the investment manager, and/or the sub-investment manager, may undertake further analysis to support its view. The investment manager and/or the sub-investment manager may consider the materiality of a given indicator relative to an issuer's industry, sector or location, which may be factored into the investment manager's overall determination.

Where sufficient data is not available, the investment manager and/or the sub-investment manager may rely on other relevant data points to make an assessment.

**How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?**

The investment manager's assessment of whether an investee company is causing significant harm to an E/S objective includes an analysis of how the issuer performs with respect to the OECD guidelines for multinational enterprises and the UNGPs on Business and Human Rights.

*The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The "do no significant harm" principle applies only to those investments underlying the fund that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*

**Principal adverse**

**impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

**Does this financial product consider principal adverse impacts on sustainability factors?**

Yes. The investment manager collects data on the following PAI indicators:

- violations of UN Global Compact principles (PAI #10)
- board gender diversity (PAI #13)
- exposure to controversial weapons (antipersonnel mines, cluster munitions, chemical weapons and biological weapons) (PAI #14)

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

The investment manager aggregates the PAI indicators of the portfolio and reviews this information periodically. The periodic review of the portfolio's PAI profile will inform upcoming engagement activity for the fund and, where appropriate, any investment actions as deemed necessary by the investment manager, collectively with a view to pursuing an improvement in the portfolio's PAI data over time<sup>2</sup>.

Information regarding the portfolio's PAI data will be included in the fund's annual report, under the section titled "How did this financial product consider principal adverse impacts on sustainability factors?".



### ***What investment strategy does this financial product follow?***

The fund is actively managed and invests mainly in a diversified portfolio of shares of European companies. Although the fund does not have sustainable investment as an objective it promotes E/S characteristics through the following components of its investment strategy:

1. **Sustainable investment exposure** At least 10% of the value of the fund's portfolio is invested in sustainable investments.

Other relevant features of the fund's investment strategy are:

2. **Exclusion screen** The fund avoids sectors or companies whose activities may be considered, by the investment manager, harmful to the environment and/or society through the application of the T. Rowe Price Responsible Exclusion List. The relevance to the fund of each excluded sector and/or issuer included in the T. Rowe Price Responsible Exclusion List may vary due to the nature of the fund's investment strategy. In maintaining the T. Rowe Price Responsible Exclusion List, the investment manager and the sub-investment manager, as appropriate, rely on information from companies and reputable third-party research providers. This exclusion list is coded into the investment manager's and the sub-investment manager's, as appropriate, internal compliance systems, which automatically restrict trading in any excluded names. There may be circumstances where a fund has some limited, indirect, exposure to a company involved in the excluded categories. Examples of these circumstances could include an investment in an instrument that gives exposure to an index, or an investment in a fund managed by an unaffiliated investment manager. For more details please see [T. Rowe Price Responsible Exclusion List Policy](#).
3. **Active ownership** The fund embeds governance analysis into the investment process and engages in active ownership, monitoring, and engagement with the issuers of the securities in which it invests. This includes regular dialogue with issuers and active proxy voting.

### ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The fund's binding elements are:

- at least 10% of the value of the fund's portfolio invested in sustainable investments. Specifically, the fund commits to a minimum of 0.5% of the value of its portfolio invested in sustainable investments with an environmental objective and a minimum of 0.5% of the value of its portfolio invested in sustainable investments with a social objective.
- all companies in which the fund invests will follow good governance practices, as determined by the investment manager.

In selecting sustainable investments for the fund's portfolio, the investment manager is required to assess and ensure that the investment contributes to an E/S objective and that it does not cause significant harm to any other E/S objectives.

► See also: "What investment strategy does this financial product follow?" and "Does this financial product consider principal adverse impacts on sustainability factors?".

### ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

The fund does not commit to a minimum reduction of its investment universe (pool of eligible investments).

### ***What is the policy to assess good governance practices of the investee companies?***

The investment manager has a policy to assess governance practices using the two-step good governance test set out below.

#### **Step 1: Quantitative review**

The good governance test consists of weighted pillars designed to measure specific corporate governance risks, rolled up to an overall rating. These risks include sound management structures, employee relations, remuneration of staff and tax compliance. The investment manager, through its proprietary Responsible Investing Indicator Model (RIIM), rates the pillars based on a simple 'traffic light' system: a green rating denotes positive governance characteristics, an orange rating denotes some improvements are needed, whereas red denotes significant governance concerns. If any of the pillars are rated red, the overall status of the test will be red.

<sup>2</sup> More information on the consideration and mitigation of the adverse impacts can be found within the T. Rowe Price Principal Adverse Impacts (PAI) Policy under <https://www.troweprice.com/content/dam/trowecorp/Pdfs/esg/principal-adverse-impacts-PAI-policy.pdf>



### Asset allocation

describes the share of investments in specific assets.

### Taxonomy-aligned activities

are expressed as a share of:

- turnover reflecting the share of revenue from green activities of investee companies.
- capital expenditure (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- operational expenditure (OpEx) reflecting green operational activities of investee companies.

## Step 2: Qualitative review

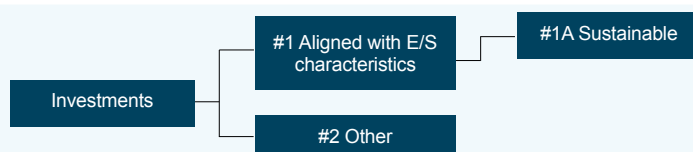
If a company's good governance test rating is red, a qualitative review will be undertaken by the Governance team, during which the company's practices will be evaluated within the context of market and sector norms, using a mix of qualitative and quantitative data. Inputs used in the analysis include:

- the basic governance structure a company employs, compared against regional norms
- the presence of any significant controversies in the conduct of the board or management
- the presence of significant remuneration-related controversy in the prior year
- the investment manager's engagement history with the company, and its responsiveness to shareholder concerns
- the degree of insulation a company has from its investors as a result of its capital structure, concentrated shareholders, or the use of protective charter provisions

If necessary, the company's good governance test quantitative scores may be adjusted following the qualitative review. If a company has been assessed as not passing the good governance test, it is not a permitted investment for the funds and therefore cannot be purchased. If an existing holding in the fund is later deemed to no longer meet the good governance standard, this position will be addressed in line with the firm's breach policy.



## What is the asset allocation planned for this financial product?



**#1 Aligned with E/S characteristics** includes the investments of the fund used to attain the environmental or social characteristics promoted by the fund.

**#2 Other** includes the remaining investments of the fund which are neither aligned with the environmental or social characteristics, nor are qualified as Sustainable Investments.

The category **#1 Aligned with E/S characteristics** covers:

- the sub-category **#1A Sustainable** covers Sustainable Investments with environmental or social objectives.

**#1 and #1A** – The fund promotes E/S characteristics by committing to maintain a minimum of 10% of the value of its portfolio invested in sustainable investments.

**#2** – All other investments that are not sustainable. These are subject to screening by the investment manager to avoid investment in issuers that the investment manager believes are harmful to the environment or society through the application of the T. Rowe Price Responsible Exclusion List. The T. Rowe Price Responsible Exclusion List is a binding exclusion list that applies directly to the fund's entire portfolio, meaning that all investments the fund makes are screened against this exclusion list. At the discretion of the investment manager, the fund may hold investments that are not relevant to the T. Rowe Price Responsible Exclusion List (cash and certain derivatives used for efficient portfolio management).

► See also: "What are the binding elements of the investment strategy?" and "What investments are included under "#2 Other"?"

## How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?

Whilst the fund may use derivatives for portfolio management techniques for the purpose of hedging, liquidity management and risk reduction, derivatives are not used to promote E/S characteristics.



## To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The investments underlying the fund do not currently take into account the EU criteria for environmentally sustainable economic activities pursuant to the Taxonomy Regulation and therefore the fund's minimum proportion of investments aligned with the Taxonomy is 0%. Although the fund does not commit to making Taxonomy-aligned investments, it is possible that the fund holds securities that meet such criteria. The actual proportion of any Taxonomy-aligned investments held by the fund will be disclosed in the fund's annual report. The "do no significant harm" principle under the EU Taxonomy does not apply to investments that are not Taxonomy-aligned. However, in accordance with the SFDR, any other sustainable investments must also not significantly harm any E/S objectives.

## Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>3</sup>?

- ☐ Yes
- ☐ In fossil gas      ☐ In nuclear energy
- ☒ No

<sup>3</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

#### Enabling activities

directly enable other activities to make a substantial contribution to an environmental objective.

#### Transitional activities

are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

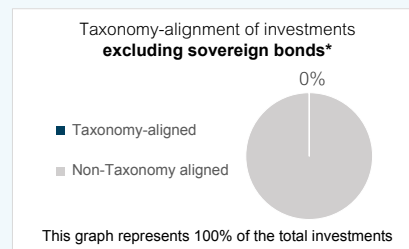
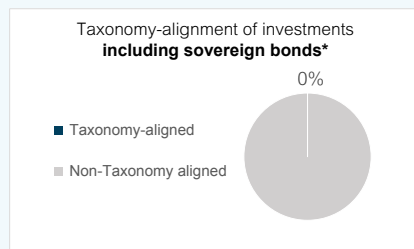


are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy.

#### Reference benchmarks

are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

The two graphs below show the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

#### What is the minimum share of investments in transitional and enabling activities?

The fund does not commit to a minimum share of investments in transitional and enabling activities.



#### What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

0.5%. The cumulative minimum investment in sustainable investments is 10%, out of which 9.5% may be comprised entirely of environmentally sustainable investments, entirely of socially sustainable investments or a combination of both.



#### What is the minimum share of socially sustainable investments?

0.5%. The cumulative minimum investment in sustainable investments is 10%, out of which 9.5% may be comprised entirely of environmentally sustainable investments, entirely of socially sustainable investments or a combination of both.



#### What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

These investments may include derivatives, cash positions, revenues of companies tied to economic activities that are not considered sustainable and any other permitted investments used to achieve the fund's investment objective. These are subject to screening by the investment manager to avoid investment in issuers that the investment manager believes are harmful to the environment or society through the application of the T. Rowe Price Responsible Exclusion List. The T. Rowe Price Responsible Exclusion List is a binding exclusion list that applies directly to the fund's entire portfolio, meaning that all investments the fund makes are screened against this exclusion list.

These investments are still subject to the good governance assessment, where relevant.

► See also: “What investment strategy does this financial product follow?”.



#### Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No.



#### Where can I find more product specific information online?

More product-specific information can be found on the website: [www.funds.troweprice.com](http://www.funds.troweprice.com)

## Environmental and/or social characteristics

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

- ☐ It promotes E/S characteristics but **will not make any sustainable investments**



► See also: “What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?”.

75 | T. Rowe Price Funds SICAV | February 2025 Prospectus

**Sustainability**

**indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

**What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The sustainability indicator used by the fund to measure the extent to which it attains the promoted E/S characteristics is:

- % of the value of the fund's portfolio in securities that the investment manager identifies as sustainable investments

► See also: "What investment strategy does this financial product follow?"

**What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

The fund may invest in sustainable investments that have either an E/S objective. A minimum exposure of 0.5 % to each objective is imposed upon the fund in addition to a minimum aggregate exposure to sustainable investments of 10%. Except for these commitments, the fund may invest either in securities that contribute only to environmental objectives or social objectives, or a combination of both. Specifically, the fund uses the following E/S pillars to determine economic activities that contribute to E/S objectives: climate and resource impact (including reducing greenhouse gases, promoting healthy ecosystems, nurturing circular equity) and social equity and quality of life (including enabling social equity, improving health and enhancing quality of life).

Although the fund does not commit to making Taxonomy-aligned investments, in the event that the fund holds any investments that align with the EU Taxonomy, those investments contribute to one or more of the following objectives:

- climate change mitigation
- climate change adaptation
- sustainable use and protection of water and marine resources
- transition to a circular economy
- pollution prevention and control
- protection and restoration of biodiversity and ecosystems

**How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

The investment manager utilises its proprietary internal research platform to support its assessment of whether an issuer is causing significant harm to any E/S objective. Through the use of proprietary research and third-party data, the "do no significant harm" assessment incorporates issuer information in relation to Principal Adverse Impact (PAI) indicators and alignment to certain international guidelines and principles.

**How have the indicators for adverse impacts on sustainability factors been taken into account?**

As part of its investment process the investment manager, and/or the sub-investment manager, systemically assesses whether sustainable investment is causing significant harm to E/S objective. The assessment includes taking into account relevant principal adverse impact indicators.

The investment manager, and/or the sub-investment manager, applies a qualitative and quantitative assessment of the data, obtained for the mandatory PAI indicators listed in Table 1 and any relevant indicators in Tables 2 and 3 of Annex I of the SFDR Delegated Regulation. The investment manager, and/or the sub-investment manager, also analyses PAI metrics relative to internally set thresholds, where relevant and appropriate. These thresholds provide an initial indication of whether significant harm is occurring and the investment manager, and/or the sub-investment manager, may undertake further analysis to support its view. The investment manager and/or the sub-investment manager may consider the materiality of a given indicator relative to an issuer's industry, sector or location, which may be factored into the investment manager's overall determination.

Where sufficient data is not available, the investment manager and/or the sub-investment manager may rely on other relevant data points to make an assessment.

**How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?**

The investment manager's assessment of whether an investee company is causing significant harm to an E/S objective includes an analysis of how the issuer performs with respect to the OECD guidelines for multinational enterprises and the UNGPs on Business and Human Rights.

*The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The "do no significant harm" principle applies only to those investments underlying the fund that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*

**Principal adverse**

**impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

**Does this financial product consider principal adverse impacts on sustainability factors?**

Yes. The investment manager collects data on the following PAI indicators:

- violations of UN Global Compact principles (PAI #10)
- board gender diversity (PAI #13)
- exposure to controversial weapons (antipersonnel mines, cluster munitions, chemical weapons and biological weapons) (PAI #14)

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

The investment manager aggregates the PAI indicators of the portfolio and reviews this information periodically. The periodic review of the portfolio's PAI profile will inform upcoming engagement activity for the fund and, where appropriate, any investment actions as deemed necessary by the investment manager, collectively with a view to pursuing an improvement in the portfolio's PAI data over time<sup>2</sup>.

Information regarding the portfolio's PAI data will be included in the fund's annual report, under the section titled "How did this financial product consider principal adverse impacts on sustainability factors?".



### ***What investment strategy does this financial product follow?***

The fund is actively managed and invests mainly in a diversified portfolio of shares of companies that have the potential for above average and sustainable rates of earnings growth. The companies may be anywhere in the world, including emerging markets. Although the fund does not have sustainable investment as an objective it promotes E/S characteristics through the following components of its investment strategy:

1. **Sustainable investment exposure** At least 10% of the value of the fund's portfolio is invested in sustainable investments.

Other relevant features of the fund's investment strategy are:

2. **Exclusion screen** The fund avoids sectors or companies whose activities may be considered, by the investment manager, harmful to the environment and/or society through the application of the T. Rowe Price Responsible Exclusion List. The relevance to the fund of each excluded sector and/or issuer included in the T. Rowe Price Responsible Exclusion List may vary due to the nature of the fund's investment strategy. In maintaining the T. Rowe Price Responsible Exclusion List, the investment manager and the sub-investment manager, as appropriate, rely on information from companies and reputable third-party research providers. This exclusion list is coded into the investment manager's and the sub-investment manager's, as appropriate, internal compliance systems, which automatically restrict trading in any excluded names. There may be circumstances where a fund has some limited, indirect, exposure to a company involved in the excluded categories. Examples of these circumstances could include an investment in an instrument that gives exposure to an index, or an investment in a fund managed by an unaffiliated investment manager. For more details please see [T. Rowe Price Responsible Exclusion List Policy](#).
3. **Active ownership** The fund embeds governance analysis into the investment process and engages in active ownership, monitoring, and engagement with the issuers of the securities in which it invests. This includes regular dialogue with issuers and active proxy voting.

### ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The fund's binding elements are:

- at least 10% of the value of the fund's portfolio invested in sustainable investments. Specifically, the fund commits to a minimum of 0.5% of the value of its portfolio invested in sustainable investments with an environmental objective and a minimum of 0.5% of the value of its portfolio invested in sustainable investments with a social objective.
- all companies in which the fund invests will follow good governance practices, as determined by the investment manager.

In selecting sustainable investments for the fund's portfolio, the investment manager is required to assess and ensure that the investment contributes to an E/S objective and that it does not cause significant harm to any other E/S objectives.

► See also: "What investment strategy does this financial product follow?" and "Does this financial product consider principal adverse impacts on sustainability factors?".

### ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

The fund does not commit to a minimum reduction of its investment universe (pool of eligible investments).

### ***What is the policy to assess good governance practices of the investee companies?***

The investment manager has a policy to assess governance practices using the two-step good governance test set out below.

#### **Step 1: Quantitative review**

The good governance test consists of weighted pillars designed to measure specific corporate governance risks, rolled up to an overall rating. These risks include sound management structures, employee relations, remuneration of staff and tax compliance. The investment manager, through its proprietary Responsible Investing Indicator Model (RIIM), rates the pillars based on a simple 'traffic light' system: a green rating denotes positive governance characteristics, an orange rating denotes some improvements are needed, whereas red denotes significant governance concerns. If any of the pillars are rated red, the overall status of the test will be red.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

<sup>2</sup> More information on the consideration and mitigation of the adverse impacts can be found within the T. Rowe Price Principal Adverse Impacts (PAI) Policy under <https://www.troweprice.com/content/dam/trowecorp/Pdfs/esg/principal-adverse-impacts-PAI-policy.pdf>



### Asset allocation

describes the share of investments in specific assets.

### Taxonomy-aligned activities

are expressed as a share of:

- turnover reflecting the share of revenue from green activities of investee companies.
- capital expenditure (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- operational expenditure (OpEx) reflecting green operational activities of investee companies.

## Step 2: Qualitative review

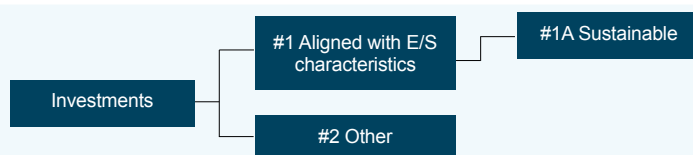
If a company's good governance test rating is red, a qualitative review will be undertaken by the Governance team, during which the company's practices will be evaluated within the context of market and sector norms, using a mix of qualitative and quantitative data. Inputs used in the analysis include:

- the basic governance structure a company employs, compared against regional norms
- the presence of any significant controversies in the conduct of the board or management
- the presence of significant remuneration-related controversy in the prior year
- the investment manager's engagement history with the company, and its responsiveness to shareholder concerns
- the degree of insulation a company has from its investors as a result of its capital structure, concentrated shareholders, or the use of protective charter provisions

If necessary, the company's good governance test quantitative scores may be adjusted following the qualitative review. If a company has been assessed as not passing the good governance test, it is not a permitted investment for the funds and therefore cannot be purchased. If an existing holding in the fund is later deemed to no longer meet the good governance standard, this position will be addressed in line with the firm's breach policy.



## What is the asset allocation planned for this financial product?



**#1 Aligned with E/S characteristics** includes the investments of the fund used to attain the environmental or social characteristics promoted by the fund.

**#2 Other** includes the remaining investments of the fund which are neither aligned with the environmental or social characteristics, nor are qualified as Sustainable Investments.

The category **#1 Aligned with E/S characteristics** covers:

- the sub-category **#1A Sustainable** covers Sustainable Investments with environmental or social objectives.

**#1 and #1A** – The fund promotes E/S characteristics by committing to maintain a minimum of 10% of the value of its portfolio invested in sustainable investments.

**#2** – All other investments that are not sustainable. These are subject to screening by the investment manager to avoid investment in issuers that the investment manager believes are harmful to the environment or society through the application of the T. Rowe Price Responsible Exclusion List. The T. Rowe Price Responsible Exclusion List is a binding exclusion list that applies directly to the fund's entire portfolio, meaning that all investments the fund makes are screened against this exclusion list. At the discretion of the investment manager, the fund may hold investments that are not relevant to the T. Rowe Price Responsible Exclusion List (cash and certain derivatives used for efficient portfolio management).

► See also: "What are the binding elements of the investment strategy?" and "What investments are included under "#2 Other"?"

### How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?

Whilst the fund may use derivatives for portfolio management techniques for the purpose of hedging, liquidity management and risk reduction, derivatives are not used to promote E/S characteristics.



### To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The investments underlying the fund do not currently take into account the EU criteria for environmentally sustainable economic activities pursuant to the Taxonomy Regulation and therefore the fund's minimum proportion of investments aligned with the Taxonomy is 0%. Although the fund does not commit to making Taxonomy-aligned investments, it is possible that the fund holds securities that meet such criteria. The actual proportion of any Taxonomy-aligned investments held by the fund will be disclosed in the fund's annual report. The "do no significant harm" principle under the EU Taxonomy does not apply to investments that are not Taxonomy-aligned. However, in accordance with the SFDR, any other sustainable investments must also not significantly harm any E/S objectives.

### Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>3</sup>?

☐ Yes

☐ In fossil gas

☐ In nuclear energy

☒ No

<sup>3</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

#### Enabling activities

directly enable other activities to make a substantial contribution to an environmental objective.

#### Transitional activities

are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

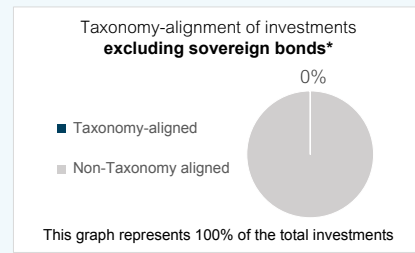
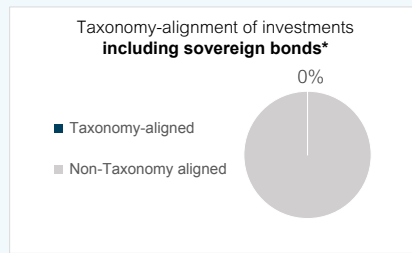


are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy.

#### Reference benchmarks

are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

The two graphs below show the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

#### What is the minimum share of investments in transitional and enabling activities?

The fund does not commit to a minimum share of investments in transitional and enabling activities.



#### What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

0.5%. The cumulative minimum investment in sustainable investments is 10%, out of which 9.5% may be comprised entirely of environmentally sustainable investments, entirely of socially sustainable investments or a combination of both.



#### What is the minimum share of socially sustainable investments?

0.5%. The cumulative minimum investment in sustainable investments is 10%, out of which 9.5% may be comprised entirely of environmentally sustainable investments, entirely of socially sustainable investments or a combination of both.



#### What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

These investments may include derivatives, cash positions, revenues of companies tied to economic activities that are not considered sustainable and any other permitted investments used to achieve the fund's investment objective. These are subject to screening by the investment manager to avoid investment in issuers that the investment manager believes are harmful to the environment or society through the application of the T. Rowe Price Responsible Exclusion List. The T. Rowe Price Responsible Exclusion List is a binding exclusion list that applies directly to the fund's entire portfolio, meaning that all investments the fund makes are screened against this exclusion list.

These investments are still subject to the good governance assessment, where relevant.

► See also: “What investment strategy does this financial product follow?”.



#### Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No.



#### Where can I find more product specific information online?

More product-specific information can be found on the website: [www.funds.troweprice.com](http://www.funds.troweprice.com)

## Environmental and/or social characteristics

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

- ☐ It promotes E/S characteristics but **will not make any sustainable investments**



► See also: “What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?”.

80 | T. Rowe Price Funds SICAV | February 2025 Prospectus

**Sustainability**

**indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

**What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The sustainability indicator used by the fund to measure the extent to which it attains the promoted E/S characteristics is:

- % of the value of the fund's portfolio in securities that the investment manager identifies as sustainable investments

► See also: "What investment strategy does this financial product follow?"

**What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

The fund may invest in sustainable investments that have either an E/S objective. A minimum exposure of 0.5 % to each objective is imposed upon the fund in addition to a minimum aggregate exposure to sustainable investments of 10%. Except for these commitments, the fund may invest either in securities that contribute only to environmental objectives or social objectives, or a combination of both. Specifically, the fund uses the following E/S pillars to determine economic activities that contribute to E/S objectives: climate and resource impact (including reducing greenhouse gases, promoting healthy ecosystems, nurturing circular equity) and social equity and quality of life (including enabling social equity, improving health and enhancing quality of life).

Although the fund does not commit to making Taxonomy-aligned investments, in the event that the fund holds any investments that align with the EU Taxonomy, those investments contribute to one or more of the following objectives:

- climate change mitigation
- climate change adaptation
- sustainable use and protection of water and marine resources
- transition to a circular economy
- pollution prevention and control
- protection and restoration of biodiversity and ecosystems

**How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

The investment manager utilises its proprietary internal research platform to support its assessment of whether an issuer is causing significant harm to any E/S objective. Through the use of proprietary research and third-party data, the "do no significant harm" assessment incorporates issuer information in relation to Principal Adverse Impact (PAI) indicators and alignment to certain international guidelines and principles.

**How have the indicators for adverse impacts on sustainability factors been taken into account?**

As part of its investment process the investment manager, and/or the sub-investment manager, systemically assesses whether sustainable investment is causing significant harm to E/S objective. The assessment includes taking into account relevant principal adverse impact indicators.

The investment manager, and/or the sub-investment manager, applies a qualitative and quantitative assessment of the data, obtained for the mandatory PAI indicators listed in Table 1 and any relevant indicators in Tables 2 and 3 of Annex I of the SFDR Delegated Regulation. The investment manager, and/or the sub-investment manager, also analyses PAI metrics relative to internally set thresholds, where relevant and appropriate. These thresholds provide an initial indication of whether significant harm is occurring and the investment manager, and/or the sub-investment manager, may undertake further analysis to support its view. The investment manager and/or the sub-investment manager may consider the materiality of a given indicator relative to an issuer's industry, sector or location, which may be factored into the investment manager's overall determination.

Where sufficient data is not available, the investment manager and/or the sub-investment manager may rely on other relevant data points to make an assessment.

**How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?**

The investment manager's assessment of whether an investee company is causing significant harm to an E/S objective includes an analysis of how the issuer performs with respect to the OECD guidelines for multinational enterprises and the UNGPs on Business and Human Rights.

*The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The "do no significant harm" principle applies only to those investments underlying the fund that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*

**Principal adverse**

**impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

**Does this financial product consider principal adverse impacts on sustainability factors?**

Yes. The investment manager collects data on the following PAI indicators:

- violations of UN Global Compact principles (PAI #10)
- board gender diversity (PAI #13)
- exposure to controversial weapons (antipersonnel mines, cluster munitions, chemical weapons and biological weapons) (PAI #14)

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

The investment manager aggregates the PAI indicators of the portfolio and reviews this information periodically. The periodic review of the portfolio's PAI profile will inform upcoming engagement activity for the fund and, where appropriate, any investment actions as deemed necessary by the investment manager, collectively with a view to pursuing an improvement in the portfolio's PAI data over time<sup>2</sup>.

Information regarding the portfolio's PAI data will be included in the fund's annual report, under the section titled "How did this financial product consider principal adverse impacts on sustainability factors?"



### ***What investment strategy does this financial product follow?***

The fund is actively managed and invests mainly in a diversified portfolio of shares of companies that have the potential for above-average and sustainable rates of earnings growth. The companies may be anywhere in the world, including emerging markets. Although the fund does not have sustainable investment as an objective it promotes E/S characteristics through the following components of its investment strategy:

1. **Sustainable investment exposure** At least 10% of the value of the fund's portfolio is invested in sustainable investments.

Other relevant features of the fund's investment strategy are:

2. **Exclusion screen** The fund avoids sectors or companies whose activities may be considered, by the investment manager, harmful to the environment and/or society through the application of the T. Rowe Price Responsible Exclusion List. The relevance to the fund of each excluded sector and/or issuer included in the T. Rowe Price Responsible Exclusion List may vary due to the nature of the fund's investment strategy. In maintaining the T. Rowe Price Responsible Exclusion List, the investment manager and the sub-investment manager, as appropriate, rely on information from companies and reputable third-party research providers. This exclusion list is coded into the investment manager's and the sub-investment manager's, as appropriate, internal compliance systems, which automatically restrict trading in any excluded names. There may be circumstances where a fund has some limited, indirect, exposure to a company involved in the excluded categories. Examples of these circumstances could include an investment in an instrument that gives exposure to an index, or an investment in a fund managed by an unaffiliated investment manager. For more details please see [T. Rowe Price Responsible Exclusion List Policy](#).
3. **Active ownership** The fund embeds governance analysis into the investment process and engages in active ownership, monitoring, and engagement with the issuers of the securities in which it invests. This includes regular dialogue with issuers and active proxy voting.

### ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The fund's binding elements are:

- at least 10% of the value of the fund's portfolio invested in sustainable investments. Specifically, the fund commits to a minimum of 0.5% of the value of its portfolio invested in sustainable investments with an environmental objective and a minimum of 0.5% of the value of its portfolio invested in sustainable investments with a social objective.
- all companies in which the fund invests will follow good governance practices, as determined by the investment manager.

In selecting sustainable investments for the fund's portfolio, the investment manager is required to assess and ensure that the investment contributes to an E/S objective and that it does not cause significant harm to any other E/S objectives.

► See also: "What investment strategy does this financial product follow?" and "Does this financial product consider principal adverse impacts on sustainability factors?"

### ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

The fund does not commit to a minimum reduction of its investment universe (pool of eligible investments).

### ***What is the policy to assess good governance practices of the investee companies?***

The investment manager has a policy to assess governance practices using the two-step good governance test set out below.

#### **Step 1: Quantitative review**

The good governance test consists of weighted pillars designed to measure specific corporate governance risks, rolled up to an overall rating. These risks include sound management structures, employee relations, remuneration of staff and tax compliance. The investment manager, through its proprietary Responsible Investing Indicator Model (RIIM), rates the pillars based on a simple 'traffic light' system: a green rating denotes positive governance characteristics, an orange rating denotes some improvements are needed, whereas red denotes significant governance concerns. If any of the pillars are rated red, the overall status of the test will be red.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

<sup>2</sup> More information on the consideration and mitigation of the adverse impacts can be found within the T. Rowe Price Principal Adverse Impacts (PAI) Policy under <https://www.troweprice.com/content/dam/trowecorp/Pdfs/esg/principal-adverse-impacts-PAI-policy.pdf>



**Asset allocation**

describes the share of investments in specific assets.

**Taxonomy-aligned activities**

are expressed as a share of:

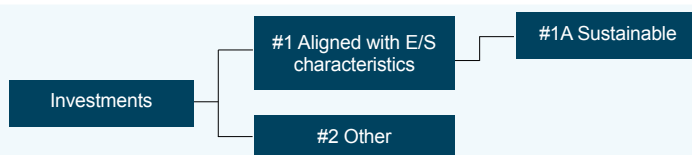
- turnover reflecting the share of revenue from green activities of investee companies.
- capital expenditure (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- operational expenditure (OpEx) reflecting green operational activities of investee companies.

**Step 2: Qualitative review**

If a company's good governance test rating is red, a qualitative review will be undertaken by the Governance team, during which the company's practices will be evaluated within the context of market and sector norms, using a mix of qualitative and quantitative data. Inputs used in the analysis include:

- the basic governance structure a company employs, compared against regional norms
- the presence of any significant controversies in the conduct of the board or management
- the presence of significant remuneration-related controversy in the prior year
- the investment manager's engagement history with the company, and its responsiveness to shareholder concerns
- the degree of insulation a company has from its investors as a result of its capital structure, concentrated shareholders, or the use of protective charter provisions

If necessary, the company's good governance test quantitative scores may be adjusted following the qualitative review. If a company has been assessed as not passing the good governance test, it is not a permitted investment for the funds and therefore cannot be purchased. If an existing holding in the fund is later deemed to no longer meet the good governance standard, this position will be addressed in line with the firm's breach policy.

**What is the asset allocation planned for this financial product?**

**#1 Aligned with E/S characteristics** includes the investments of the fund used to attain the environmental or social characteristics promoted by the fund.

**#2 Other** includes the remaining investments of the fund which are neither aligned with the environmental or social characteristics, nor are qualified as Sustainable Investments.

The category **#1 Aligned with E/S characteristics** covers:

- the sub-category **#1A Sustainable** covers Sustainable Investments with environmental or social objectives.

**#1 and #1A** – The fund promotes E/S characteristics by committing to maintain a minimum of 10% of the value of its portfolio invested in sustainable investments.

**#2** – All other investments that are not sustainable. These are subject to screening by the investment manager to avoid investment in issuers that the investment manager believes are harmful to the environment or society through the application of the T. Rowe Price Responsible Exclusion List. The T. Rowe Price Responsible Exclusion List is a binding exclusion list that applies directly to the fund's entire portfolio, meaning that all investments the fund makes are screened against this exclusion list. At the discretion of the investment manager, the fund may hold investments that are not relevant to the T. Rowe Price Responsible Exclusion List (cash and certain derivatives used for efficient portfolio management).

► See also: "What are the binding elements of the investment strategy?" and "What investments are included under "#2 Other"?"

**How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Whilst the fund may use derivatives for portfolio management techniques for the purpose of hedging, liquidity management and risk reduction, derivatives are not used to promote E/S characteristics.

**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The investments underlying the fund do not currently take into account the EU criteria for environmentally sustainable economic activities pursuant to the Taxonomy Regulation and therefore the fund's minimum proportion of investments aligned with the Taxonomy is 0%. Although the fund does not commit to making Taxonomy-aligned investments, it is possible that the fund holds securities that meet such criteria. The actual proportion of any Taxonomy-aligned investments held by the fund will be disclosed in the fund's annual report. The "do no significant harm" principle under the EU Taxonomy does not apply to investments that are not Taxonomy-aligned. However, in accordance with the SFDR, any other sustainable investments must also not significantly harm any E/S objectives.

**Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>3</sup>?**

☐ Yes

☐ In fossil gas

☐ In nuclear energy

☒ No

<sup>3</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

#### Enabling activities

directly enable other activities to make a substantial contribution to an environmental objective.

#### Transitional activities

are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

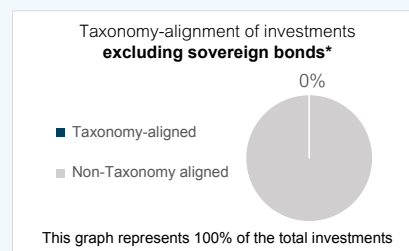
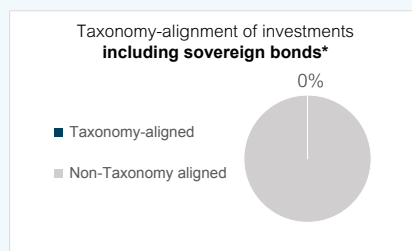


are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy.

#### Reference benchmarks

are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

The two graphs below show the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

#### What is the minimum share of investments in transitional and enabling activities?

The fund does not commit to a minimum share of investments in transitional and enabling activities.



#### What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

0.5%. The cumulative minimum investment in sustainable investments is 10%, out of which 9.5% may be comprised entirely of environmentally sustainable investments, entirely of socially sustainable investments or a combination of both.



#### What is the minimum share of socially sustainable investments?

0.5%. The cumulative minimum investment in sustainable investments is 10%, out of which 9.5% may be comprised entirely of environmentally sustainable investments, entirely of socially sustainable investments or a combination of both.



#### What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

These investments may include derivatives, cash positions, revenues of companies tied to economic activities that are not considered sustainable and any other permitted investments used to achieve the fund's investment objective. These are subject to screening by the investment manager to avoid investment in issuers that the investment manager believes are harmful to the environment or society through the application of the T. Rowe Price Responsible Exclusion List. The T. Rowe Price Responsible Exclusion List is a binding exclusion list that applies directly to the fund's entire portfolio, meaning that all investments the fund makes are screened against this exclusion list.

These investments are still subject to the good governance assessment, where relevant.

► See also: “What investment strategy does this financial product follow?”.



#### Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No.



#### Where can I find more product specific information online?

More product-specific information can be found on the website: [www.funds.troweprice.com](http://www.funds.troweprice.com)

## Environmental and/or social characteristics

**Sustainability**

**indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

**What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The sustainability indicator used by the fund to measure the extent to which it attains the promoted E/S characteristics is:

- % of the value of the fund's portfolio in securities that the investment manager identifies as sustainable investments

► See also: "What investment strategy does this financial product follow?"

**What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

The fund may invest in sustainable investments that have either an E/S objective. A minimum exposure of 0.5 % to each objective is imposed upon the fund in addition to a minimum aggregate exposure to sustainable investments of 10%. Except for these commitments, the fund may invest either in securities that contribute only to environmental objectives or social objectives, or a combination of both. Specifically, the fund uses the following E/S pillars to determine economic activities that contribute to E/S objectives: climate and resource impact (including reducing greenhouse gases, promoting healthy ecosystems, nurturing circular equity) and social equity and quality of life (including enabling social equity, improving health and enhancing quality of life).

Although the fund does not commit to making Taxonomy-aligned investments, in the event that the fund holds any investments that align with the EU Taxonomy, those investments contribute to one or more of the following objectives:

- climate change mitigation
- climate change adaptation
- sustainable use and protection of water and marine resources
- transition to a circular economy
- pollution prevention and control
- protection and restoration of biodiversity and ecosystems

**How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

The investment manager utilises its proprietary internal research platform to support its assessment of whether an issuer is causing significant harm to any E/S objective. Through the use of proprietary research and third-party data, the "do no significant harm" assessment incorporates issuer information in relation to Principal Adverse Impact (PAI) indicators and alignment to certain international guidelines and principles.

**How have the indicators for adverse impacts on sustainability factors been taken into account?**

As part of its investment process the investment manager, and/or the sub-investment manager, systemically assesses whether sustainable investment is causing significant harm to E/S objective. The assessment includes taking into account relevant principal adverse impact indicators.

The investment manager, and/or the sub-investment manager, applies a qualitative and quantitative assessment of the data, obtained for the mandatory PAI indicators listed in Table 1 and any relevant indicators in Tables 2 and 3 of Annex I of the SFDR Delegated Regulation. The investment manager, and/or the sub-investment manager, also analyses PAI metrics relative to internally set thresholds, where relevant and appropriate. These thresholds provide an initial indication of whether significant harm is occurring and the investment manager, and/or the sub-investment manager, may undertake further analysis to support its view. The investment manager and/or the sub-investment manager may consider the materiality of a given indicator relative to an issuer's industry, sector or location, which may be factored into the investment manager's overall determination.

Where sufficient data is not available, the investment manager and/or the sub-investment manager may rely on other relevant data points to make an assessment.

**How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?**

The investment manager's assessment of whether an investee company is causing significant harm to an E/S objective includes an analysis of how the issuer performs with respect to the OECD guidelines for multinational enterprises and the UNGPs on Business and Human Rights.

*The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The "do no significant harm" principle applies only to those investments underlying the fund that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*

**Principal adverse**

**impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

**Does this financial product consider principal adverse impacts on sustainability factors?**

Yes. The investment manager collects data on the following PAI indicators:

- violations of UN Global Compact principles (PAI #10)
- board gender diversity (PAI #13)
- exposure to controversial weapons (antipersonnel mines, cluster munitions, chemical weapons and biological weapons) (PAI #14)

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

The investment manager aggregates the PAI indicators of the portfolio and reviews this information periodically. The periodic review of the portfolio's PAI profile will inform upcoming engagement activity for the fund and, where appropriate, any investment actions as deemed necessary by the investment manager, collectively with a view to pursuing an improvement in the portfolio's PAI data over time<sup>2</sup>.

Information regarding the portfolio's PAI data will be included in the fund's annual report, under the section titled "How did this financial product consider principal adverse impacts on sustainability factors?".



### ***What investment strategy does this financial product follow?***

The fund is actively managed and invests mainly in a high conviction portfolio of shares of companies anywhere in the world, including emerging markets. Although the fund does not have sustainable investment as an objective it promotes E/S characteristics through the following components of its investment strategy:

1. **Sustainable investment exposure** At least 10% of the value of the fund's portfolio is invested in sustainable investments.

Other relevant features of the fund's investment strategy are:

2. **Exclusion screen** The fund avoids sectors or companies whose activities may be considered, by the investment manager, harmful to the environment and/or society through the application of the T. Rowe Price Responsible Exclusion List. The relevance to the fund of each excluded sector and/or issuer included in the T. Rowe Price Responsible Exclusion List may vary due to the nature of the fund's investment strategy. In maintaining the T. Rowe Price Responsible Exclusion List, the investment manager and the sub-investment manager, as appropriate, rely on information from companies and reputable third-party research providers. This exclusion list is coded into the investment manager's and the sub-investment manager's, as appropriate, internal compliance systems, which automatically restrict trading in any excluded names. There may be circumstances where a fund has some limited, indirect, exposure to a company involved in the excluded categories. Examples of these circumstances could include an investment in an instrument that gives exposure to an index, or an investment in a fund managed by an unaffiliated investment manager. For more details please see [T. Rowe Price Responsible Exclusion List Policy](#).
3. **Active ownership** The fund embeds governance analysis into the investment process and engages in active ownership, monitoring, and engagement with the issuers of the securities in which it invests. This includes regular dialogue with issuers and active proxy voting.

### ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The fund's binding elements are:

- at least 10% of the value of the fund's portfolio invested in sustainable investments. Specifically, the fund commits to a minimum of 0.5% of the value of its portfolio invested in sustainable investments with an environmental objective and a minimum of 0.5% of the value of its portfolio invested in sustainable investments with a social objective.
- all companies in which the fund invests will follow good governance practices, as determined by the investment manager.

In selecting sustainable investments for the fund's portfolio, the investment manager is required to assess and ensure that the investment contributes to an E/S objective and that it does not cause significant harm to any other E/S objectives.

► See also: "What investment strategy does this financial product follow?" and "Does this financial product consider principal adverse impacts on sustainability factors?".

### ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

The fund does not commit to a minimum reduction of its investment universe (pool of eligible investments).

### ***What is the policy to assess good governance practices of the investee companies?***

The investment manager has a policy to assess governance practices using the two-step good governance test set out below.

#### **Step 1: Quantitative review**

The good governance test consists of weighted pillars designed to measure specific corporate governance risks, rolled up to an overall rating. These risks include sound management structures, employee relations, remuneration of staff and tax compliance. The investment manager, through its proprietary Responsible Investing Indicator Model (RIIM), rates the pillars based on a simple 'traffic light' system: a green rating denotes positive governance characteristics, an orange rating denotes some improvements are needed, whereas red denotes significant governance concerns. If any of the pillars are rated red, the overall status of the test will be red.

<sup>2</sup> More information on the consideration and mitigation of the adverse impacts can be found within the T. Rowe Price Principal Adverse Impacts (PAI) Policy under <https://www.troweprice.com/content/dam/trowecorp/Pdfs/esg/principal-adverse-impacts-PAI-policy.pdf>



**Asset allocation**

describes the share of investments in specific assets.

**Taxonomy-aligned activities**

are expressed as a share of:

– turnover reflecting the share of revenue from green activities of investee companies.

– capital expenditure (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.

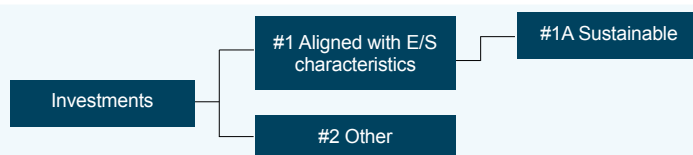
– operational expenditure (OpEx) reflecting green operational activities of investee companies.

**Step 2: Qualitative review**

If a company's good governance test rating is red, a qualitative review will be undertaken by the Governance team, during which the company's practices will be evaluated within the context of market and sector norms, using a mix of qualitative and quantitative data. Inputs used in the analysis include:

- the basic governance structure a company employs, compared against regional norms
- the presence of any significant controversies in the conduct of the board or management
- the presence of significant remuneration-related controversy in the prior year
- the investment manager's engagement history with the company, and its responsiveness to shareholder concerns
- the degree of insulation a company has from its investors as a result of its capital structure, concentrated shareholders, or the use of protective charter provisions

If necessary, the company's good governance test quantitative scores may be adjusted following the qualitative review. If a company has been assessed as not passing the good governance test, it is not a permitted investment for the funds and therefore cannot be purchased. If an existing holding in the fund is later deemed to no longer meet the good governance standard, this position will be addressed in line with the firm's breach policy.

**What is the asset allocation planned for this financial product?**

**#1 Aligned with E/S characteristics** includes the investments of the fund used to attain the environmental or social characteristics promoted by the fund.

**#2 Other** includes the remaining investments of the fund which are neither aligned with the environmental or social characteristics, nor are qualified as Sustainable Investments.

The category **#1 Aligned with E/S characteristics** covers:

- the sub-category **#1A Sustainable** covers Sustainable Investments with environmental or social objectives.

**#1 and #1A** – The fund promotes E/S characteristics by committing to maintain a minimum of 10% of the value of its portfolio invested in sustainable investments.

**#2** – All other investments that are not sustainable. These are subject to screening by the investment manager to avoid investment in issuers that the investment manager believes are harmful to the environment or society through the application of the T. Rowe Price Responsible Exclusion List. The T. Rowe Price Responsible Exclusion List is a binding exclusion list that applies directly to the fund's entire portfolio, meaning that all investments the fund makes are screened against this exclusion list. At the discretion of the investment manager, the fund may hold investments that are not relevant to the T. Rowe Price Responsible Exclusion List (cash and certain derivatives used for efficient portfolio management).

► See also: "What are the binding elements of the investment strategy?" and "What investments are included under "#2 Other"?"

**How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Whilst the fund may use derivatives for portfolio management techniques for the purpose of hedging, liquidity management and risk reduction, derivatives are not used to promote E/S characteristics.

**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The investments underlying the fund do not currently take into account the EU criteria for environmentally sustainable economic activities pursuant to the Taxonomy Regulation and therefore the fund's minimum proportion of investments aligned with the Taxonomy is 0%. Although the fund does not commit to making Taxonomy-aligned investments, it is possible that the fund holds securities that meet such criteria. The actual proportion of any Taxonomy-aligned investments held by the fund will be disclosed in the fund's annual report. The "do no significant harm" principle under the EU Taxonomy does not apply to investments that are not Taxonomy-aligned. However, in accordance with the SFDR, any other sustainable investments must also not significantly harm any E/S objectives.

**Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>3</sup>?**

☐ Yes

☐ In fossil gas

☐ In nuclear energy

☒ No

<sup>3</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

#### Enabling activities

directly enable other activities to make a substantial contribution to an environmental objective.

#### Transitional activities

are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

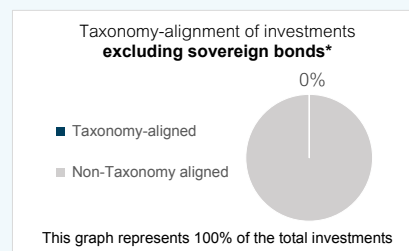
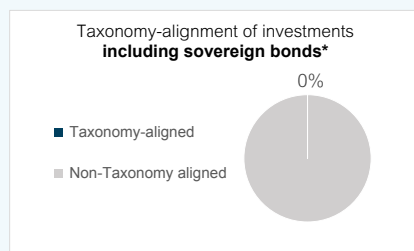


are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy.

#### Reference benchmarks

are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

The two graphs below show the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

#### What is the minimum share of investments in transitional and enabling activities?

The fund does not commit to a minimum share of investments in transitional and enabling activities.



#### What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

0.5%. The cumulative minimum investment in sustainable investments is 10%, out of which 9.5% may be comprised entirely of environmentally sustainable investments, entirely of socially sustainable investments or a combination of both.



#### What is the minimum share of socially sustainable investments?

0.5%. The cumulative minimum investment in sustainable investments is 10%, out of which 9.5% may be comprised entirely of environmentally sustainable investments, entirely of socially sustainable investments or a combination of both.



#### What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

These investments may include derivatives, cash positions, revenues of companies tied to economic activities that are not considered sustainable and any other permitted investments used to achieve the fund's investment objective. These are subject to screening by the investment manager to avoid investment in issuers that the investment manager believes are harmful to the environment or society through the application of the T. Rowe Price Responsible Exclusion List. The T. Rowe Price Responsible Exclusion List is a binding exclusion list that applies directly to the fund's entire portfolio, meaning that all investments the fund makes are screened against this exclusion list.

These investments are still subject to the good governance assessment, where relevant.

► See also: “What investment strategy does this financial product follow?”.



#### Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No.



#### Where can I find more product specific information online?

More product-specific information can be found on the website: [www.funds.troweprice.com](http://www.funds.troweprice.com)

T. Rowe Price Funds SICAV —

# Global Technology Equity Fund

Legal entity identifier: 54930004883DKA9ZED46

## Environmental and/or social characteristics

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee (portfolio) companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Does this financial product have a sustainable investment objective?

☐ Yes

☐ It will make a minimum of sustainable investments with an environmental objective: \_\_\_%

☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy

☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ It will make a minimum of sustainable investments with a social objective: \_\_\_%

☒ No

☒ It promotes Environmental/Social (E/S) characteristics and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 10% of sustainable investments

☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

☒ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☒ with a social objective

☐ It promotes E/S characteristics but will not make any sustainable investments

### What environmental and/or social characteristics are promoted by this financial product?

This disclosure is provided to you pursuant to Article 8 of the Sustainable Finance Disclosure Regulation (SFDR) and Article 6 of the EU Taxonomy Regulation.

The promotion of environmental and/or social (E/S) characteristics is achieved through the fund's commitment to maintain at least 10% of the value of its portfolio invested in sustainable investments. Sustainable investments exclude cash and derivatives used for portfolio management techniques for the purpose of hedging, liquidity management and risk reduction.

Specifically, the fund commits to a minimum of 0.5% of the value of its portfolio invested in sustainable investments with an environmental objective and a minimum of 0.5% of the value of its portfolio invested in sustainable investments with a social objective. The fund's aggregate exposure to sustainable investments will be always at least 10%. The sustainable investments will have certain underlying E/S objectives, but these may not qualify under the EU Taxonomy.

In determining whether a company's activities contribute to an E/S objective, the investment manager uses the following pillars:

| Pillar                            | Activities                   |
|-----------------------------------|------------------------------|
| Climate and resource impact       | Reducing greenhouse gases    |
|                                   | Promoting healthy ecosystems |
|                                   | Nurturing circular economies |
|                                   | Enabling social equity       |
| Social equity and quality of life | Improving health             |
|                                   | Enhancing quality of life    |

The fund is not constrained to any specific E/S objective and therefore the fund's proportion of sustainable investments may comprise companies with activities that contribute to any of the above objectives.

In determining what qualifies as a sustainable investment, the investment manager and/or the sub-investment manager, as appropriate, uses the methodology described in "Sustainable Investment Methodology" under the section "Environmental, Social and Governance (ESG) Investment Policy" of the prospectus and that can be found in our website disclosure<sup>1</sup>.

A reference benchmark is not used for the purpose of promoting the fund's E/S characteristics.

► See also: "What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?".

<sup>1</sup> <https://www.troweprice.com/financial-intermediary/lu/en/funds.html>

90 | T. Rowe Price Funds SICAV | February 2025 Prospectus

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

**What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The sustainability indicator used by the fund to measure the extent to which it attains the promoted E/S characteristics is:

- % of the value of the fund's portfolio in securities that the investment manager identifies as sustainable investments

► See also: "What investment strategy does this financial product follow?"

**What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

The fund may invest in sustainable investments that have either an E/S objective. A minimum exposure of 0.5 % to each objective is imposed upon the fund in addition to a minimum aggregate exposure to sustainable investments of 10%. Except for these commitments, the fund may invest either in securities that contribute only to environmental objectives or social objectives, or a combination of both. Specifically, the fund uses the following E/S pillars to determine economic activities that contribute to E/S objectives: climate and resource impact (including reducing greenhouse gases, promoting healthy ecosystems, nurturing circular equity) and social equity and quality of life (including enabling social equity, improving health and enhancing quality of life).

Although the fund does not commit to making Taxonomy-aligned investments, in the event that the fund holds any investments that align with the EU Taxonomy, those investments contribute to one or more of the following objectives:

- climate change mitigation
- climate change adaptation
- sustainable use and protection of water and marine resources
- transition to a circular economy
- pollution prevention and control
- protection and restoration of biodiversity and ecosystems

**How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

The investment manager utilises its proprietary internal research platform to support its assessment of whether an issuer is causing significant harm to any E/S objective. Through the use of proprietary research and third-party data, the "do no significant harm" assessment incorporates issuer information in relation to Principal Adverse Impact (PAI) indicators and alignment to certain international guidelines and principles.

**How have the indicators for adverse impacts on sustainability factors been taken into account?**

As part of its investment process the investment manager, and/or the sub-investment manager, systemically assesses whether sustainable investment is causing significant harm to E/S objective. The assessment includes taking into account relevant principal adverse impact indicators.

The investment manager, and/or the sub-investment manager, applies a qualitative and quantitative assessment of the data, obtained for the mandatory PAI indicators listed in Table 1 and any relevant indicators in Tables 2 and 3 of Annex I of the SFDR Delegated Regulation. The investment manager, and/or the sub-investment manager, also analyses PAI metrics relative to internally set thresholds, where relevant and appropriate. These thresholds provide an initial indication of whether significant harm is occurring and the investment manager, and/or the sub-investment manager, may undertake further analysis to support its view. The investment manager and/or the sub-investment manager may consider the materiality of a given indicator relative to an issuer's industry, sector or location, which may be factored into the investment manager's overall determination.

Where sufficient data is not available, the investment manager and/or the sub-investment manager may rely on other relevant data points to make an assessment.

**How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?**

The investment manager's assessment of whether an investee company is causing significant harm to an E/S objective includes an analysis of how the issuer performs with respect to the OECD guidelines for multinational enterprises and the UNGPs on Business and Human Rights.

*The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The "do no significant harm" principle applies only to those investments underlying the fund that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.



**Does this financial product consider principal adverse impacts on sustainability factors?**

Yes. The investment manager collects data on the following PAI indicators:

- violations of UN Global Compact principles (PAI #10)
- board gender diversity (PAI #13)
- exposure to controversial weapons (antipersonnel mines, cluster munitions, chemical weapons and biological weapons) (PAI #14)

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

The investment manager aggregates the PAI indicators of the portfolio and reviews this information periodically. The periodic review of the portfolio's PAI profile will inform upcoming engagement activity for the fund and, where appropriate, any investment actions as deemed necessary by the investment manager, collectively with a view to pursuing an improvement in the portfolio's PAI data over time<sup>2</sup>.

Information regarding the portfolio's PAI data will be included in the fund's annual report, under the section titled "How did this financial product consider principal adverse impacts on sustainability factors?".



### ***What investment strategy does this financial product follow?***

The fund is actively managed and invests mainly in a diversified portfolio of shares of technology development or utilisation companies, with a focus on leading global technology companies. The companies may be anywhere in the world, including emerging markets. Although the fund does not have sustainable investment as an objective it promotes E/S characteristics through the following components of its investment strategy:

1. **Sustainable investment exposure** At least 10% of the value of the fund's portfolio is invested in sustainable investments.

Other relevant features of the fund's investment strategy are:

2. **Exclusion screen** The fund avoids sectors or companies whose activities may be considered, by the investment manager, harmful to the environment and/or society through the application of the T. Rowe Price Responsible Exclusion List. The relevance to the fund of each excluded sector and/or issuer included in the T. Rowe Price Responsible Exclusion List may vary due to the nature of the fund's investment strategy. In maintaining the T. Rowe Price Responsible Exclusion List, the investment manager and the sub-investment manager, as appropriate, rely on information from companies and reputable third-party research providers. This exclusion list is coded into the investment manager's and the sub-investment manager's, as appropriate, internal compliance systems, which automatically restrict trading in any excluded names. There may be circumstances where a fund has some limited, indirect, exposure to a company involved in the excluded categories. Examples of these circumstances could include an investment in an instrument that gives exposure to an index, or an investment in a fund managed by an unaffiliated investment manager. For more details please see [T. Rowe Price Responsible Exclusion List Policy](#).
3. **Active ownership** The fund embeds governance analysis into the investment process and engages in active ownership, monitoring, and engagement with the issuers of the securities in which it invests. This includes regular dialogue with issuers and active proxy voting.

### ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The fund's binding elements are:

- at least 10% of the value of the fund's portfolio invested in sustainable investments. Specifically, the fund commits to a minimum of 0.5% of the value of its portfolio invested in sustainable investments with an environmental objective and a minimum of 0.5% of the value of its portfolio invested in sustainable investments with a social objective.
- all companies in which the fund invests will follow good governance practices, as determined by the investment manager.

In selecting sustainable investments for the fund's portfolio, the investment manager is required to assess and ensure that the investment contributes to an E/S objective and that it does not cause significant harm to any other E/S objectives.

► See also: "What investment strategy does this financial product follow?" and "Does this financial product consider principal adverse impacts on sustainability factors?".

### ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

The fund does not commit to a minimum reduction of its investment universe (pool of eligible investments).

### ***What is the policy to assess good governance practices of the investee companies?***

The investment manager has a policy to assess governance practices using the two-step good governance test set out below.

#### **Step 1: Quantitative review**

The good governance test consists of weighted pillars designed to measure specific corporate governance risks, rolled up to an overall rating. These risks include sound management structures, employee relations, remuneration of staff and tax compliance. The investment manager, through its proprietary Responsible Investing Indicator Model (RIIM), rates the pillars based on a simple 'traffic light' system: a green rating denotes positive governance characteristics, an orange rating denotes some improvements are needed, whereas red denotes significant governance concerns. If any of the pillars are rated red, the overall status of the test will be red.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

<sup>2</sup> More information on the consideration and mitigation of the adverse impacts can be found within the T. Rowe Price Principal Adverse Impacts (PAI) Policy under <https://www.troweprice.com/content/dam/trowecorp/Pdfs/esg/principal-adverse-impacts-PAI-policy.pdf>



### Asset allocation

describes the share of investments in specific assets.

### Taxonomy-aligned activities

are expressed as a share of:

- turnover reflecting the share of revenue from green activities of investee companies.
- capital expenditure (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- operational expenditure (OpEx) reflecting green operational activities of investee companies.

## Step 2: Qualitative review

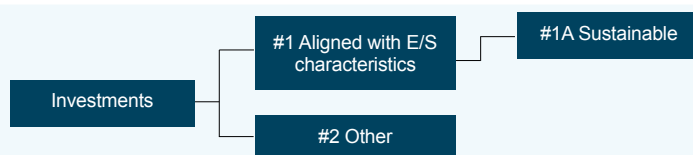
If a company's good governance test rating is red, a qualitative review will be undertaken by the Governance team, during which the company's practices will be evaluated within the context of market and sector norms, using a mix of qualitative and quantitative data. Inputs used in the analysis include:

- the basic governance structure a company employs, compared against regional norms
- the presence of any significant controversies in the conduct of the board or management
- the presence of significant remuneration-related controversy in the prior year
- the investment manager's engagement history with the company, and its responsiveness to shareholder concerns
- the degree of insulation a company has from its investors as a result of its capital structure, concentrated shareholders, or the use of protective charter provisions

If necessary, the company's good governance test quantitative scores may be adjusted following the qualitative review. If a company has been assessed as not passing the good governance test, it is not a permitted investment for the funds and therefore cannot be purchased. If an existing holding in the fund is later deemed to no longer meet the good governance standard, this position will be addressed in line with the firm's breach policy.



## What is the asset allocation planned for this financial product?



**#1 Aligned with E/S characteristics** includes the investments of the fund used to attain the environmental or social characteristics promoted by the fund.

**#2 Other** includes the remaining investments of the fund which are neither aligned with the environmental or social characteristics, nor are qualified as Sustainable Investments.

The category **#1 Aligned with E/S characteristics** covers:

- the sub-category **#1A Sustainable** covers Sustainable Investments with environmental or social objectives.

**#1 and #1A** – The fund promotes E/S characteristics by committing to maintain a minimum of 10% of the value of its portfolio invested in sustainable investments.

**#2** – All other investments that are not sustainable. These are subject to screening by the investment manager to avoid investment in issuers that the investment manager believes are harmful to the environment or society through the application of the T. Rowe Price Responsible Exclusion List. The T. Rowe Price Responsible Exclusion List is a binding exclusion list that applies directly to the fund's entire portfolio, meaning that all investments the fund makes are screened against this exclusion list. At the discretion of the investment manager, the fund may hold investments that are not relevant to the T. Rowe Price Responsible Exclusion List (cash and certain derivatives used for efficient portfolio management).

► See also: "What are the binding elements of the investment strategy?" and "What investments are included under "#2 Other"?"

### How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?

Whilst the fund may use derivatives for portfolio management techniques for the purpose of hedging, liquidity management and risk reduction, derivatives are not used to promote E/S characteristics.



### To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The investments underlying the fund do not currently take into account the EU criteria for environmentally sustainable economic activities pursuant to the Taxonomy Regulation and therefore the fund's minimum proportion of investments aligned with the Taxonomy is 0%. Although the fund does not commit to making Taxonomy-aligned investments, it is possible that the fund holds securities that meet such criteria. The actual proportion of any Taxonomy-aligned investments held by the fund will be disclosed in the fund's annual report. The "do no significant harm" principle under the EU Taxonomy does not apply to investments that are not Taxonomy-aligned. However, in accordance with the SFDR, any other sustainable investments must also not significantly harm any E/S objectives.

### Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>3</sup>?

☐ Yes

☐ In fossil gas

☐ In nuclear energy

☒ No

<sup>3</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

#### Enabling activities

directly enable other activities to make a substantial contribution to an environmental objective.

#### Transitional activities

are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

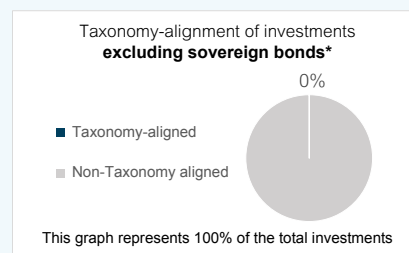
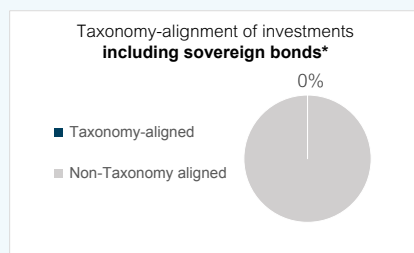


are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy.

#### Reference benchmarks

are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

The two graphs below show the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

#### What is the minimum share of investments in transitional and enabling activities?

The fund does not commit to a minimum share of investments in transitional and enabling activities.



#### What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

0.5%. The cumulative minimum investment in sustainable investments is 10%, out of which 9.5% may be comprised entirely of environmentally sustainable investments, entirely of socially sustainable investments or a combination of both.



#### What is the minimum share of socially sustainable investments?

0.5%. The cumulative minimum investment in sustainable investments is 10%, out of which 9.5% may be comprised entirely of environmentally sustainable investments, entirely of socially sustainable investments or a combination of both.



#### What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

These investments may include derivatives, cash positions, revenues of companies tied to economic activities that are not considered sustainable and any other permitted investments used to achieve the fund's investment objective. These are subject to screening by the investment manager to avoid investment in issuers that the investment manager believes are harmful to the environment or society through the application of the T. Rowe Price Responsible Exclusion List. The T. Rowe Price Responsible Exclusion List is a binding exclusion list that applies directly to the fund's entire portfolio, meaning that all investments the fund makes are screened against this exclusion list.

These investments are still subject to the good governance assessment, where relevant.

► See also: “What investment strategy does this financial product follow?”.



#### Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No.



#### Where can I find more product specific information online?

More product-specific information can be found on the website: [www.funds.troweprice.com](http://www.funds.troweprice.com)

## Environmental and/or social characteristics

**Sustainability**

**indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

**What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The sustainability indicator used by the fund to measure the extent to which it attains the promoted E/S characteristics is:

- % of the value of the fund's portfolio in securities that the investment manager identifies as sustainable investments

► See also: "What investment strategy does this financial product follow?"

**What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

The fund may invest in sustainable investments that have either an E/S objective. A minimum exposure of 0.5 % to each objective is imposed upon the fund in addition to a minimum aggregate exposure to sustainable investments of 10%. Except for these commitments, the fund may invest either in securities that contribute only to environmental objectives or social objectives, or a combination of both. Specifically, the fund uses the following E/S pillars to determine economic activities that contribute to E/S objectives: climate and resource impact (including reducing greenhouse gases, promoting healthy ecosystems, nurturing circular equity) and social equity and quality of life (including enabling social equity, improving health and enhancing quality of life).

Although the fund does not commit to making Taxonomy-aligned investments, in the event that the fund holds any investments that align with the EU Taxonomy, those investments contribute to one or more of the following objectives:

- climate change mitigation
- climate change adaptation
- sustainable use and protection of water and marine resources
- transition to a circular economy
- pollution prevention and control
- protection and restoration of biodiversity and ecosystems

**How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

The investment manager utilises its proprietary internal research platform to support its assessment of whether an issuer is causing significant harm to any E/S objective. Through the use of proprietary research and third-party data, the "do no significant harm" assessment incorporates issuer information in relation to Principal Adverse Impact (PAI) indicators and alignment to certain international guidelines and principles.

**How have the indicators for adverse impacts on sustainability factors been taken into account?**

As part of its investment process the investment manager, and/or the sub-investment manager, systemically assesses whether sustainable investment is causing significant harm to E/S objective. The assessment includes taking into account relevant principal adverse impact indicators.

The investment manager, and/or the sub-investment manager, applies a qualitative and quantitative assessment of the data, obtained for the mandatory PAI indicators listed in Table 1 and any relevant indicators in Tables 2 and 3 of Annex I of the SFDR Delegated Regulation. The investment manager, and/or the sub-investment manager, also analyses PAI metrics relative to internally set thresholds, where relevant and appropriate. These thresholds provide an initial indication of whether significant harm is occurring and the investment manager, and/or the sub-investment manager, may undertake further analysis to support its view. The investment manager and/or the sub-investment manager may consider the materiality of a given indicator relative to an issuer's industry, sector or location, which may be factored into the investment manager's overall determination.

Where sufficient data is not available, the investment manager and/or the sub-investment manager may rely on other relevant data points to make an assessment.

**How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?**

The investment manager's assessment of whether an investee company is causing significant harm to an E/S objective includes an analysis of how the issuer performs with respect to the OECD guidelines for multinational enterprises and the UNGPs on Business and Human Rights.

*The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The "do no significant harm" principle applies only to those investments underlying the fund that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*

**Principal adverse**

**impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

**Does this financial product consider principal adverse impacts on sustainability factors?**

Yes. The investment manager collects data on the following PAI indicators:

- violations of UN Global Compact principles (PAI #10)
- board gender diversity (PAI #13)
- exposure to controversial weapons (antipersonnel mines, cluster munitions, chemical weapons and biological weapons) (PAI #14)

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

The investment manager aggregates the PAI indicators of the portfolio and reviews this information periodically. The periodic review of the portfolio's PAI profile will inform upcoming engagement activity for the fund and, where appropriate, any investment actions as deemed necessary by the investment manager, collectively with a view to pursuing an improvement in the portfolio's PAI data over time<sup>2</sup>.

Information regarding the portfolio's PAI data will be included in the fund's annual report, under the section titled "How did this financial product consider principal adverse impacts on sustainability factors?".



### ***What investment strategy does this financial product follow?***

The fund is actively managed and invests mainly in a widely diversified portfolio of undervalued shares of companies anywhere in the world, including emerging markets. Although the fund does not have sustainable investment as an objective it promotes E/S characteristics through the following components of its investment strategy:

1. **Sustainable investment exposure** At least 10% of the value of the fund's portfolio is invested in sustainable investments.
- Other relevant features of the fund's investment strategy are:
2. **Exclusion screen** The fund avoids sectors or companies whose activities may be considered, by the investment manager, harmful to the environment and/or society through the application of the T. Rowe Price Responsible Exclusion List. The relevance to the fund of each excluded sector and/or issuer included in the T. Rowe Price Responsible Exclusion List may vary due to the nature of the fund's investment strategy. In maintaining the T. Rowe Price Responsible Exclusion List, the investment manager and the sub-investment manager, as appropriate, rely on information from companies and reputable third-party research providers. This exclusion list is coded into the investment manager's and the sub-investment manager's, as appropriate, internal compliance systems, which automatically restrict trading in any excluded names. There may be circumstances where a fund has some limited, indirect, exposure to a company involved in the excluded categories. Examples of these circumstances could include an investment in an instrument that gives exposure to an index, or an investment in a fund managed by an unaffiliated investment manager. For more details please see [T. Rowe Price Responsible Exclusion List Policy](#).
3. **Active ownership** The fund embeds governance analysis into the investment process and engages in active ownership, monitoring, and engagement with the issuers of the securities in which it invests. This includes regular dialogue with issuers and active proxy voting.

### ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The fund's binding elements are:

- at least 10% of the value of the fund's portfolio invested in sustainable investments. Specifically, the fund commits to a minimum of 0.5% of the value of its portfolio invested in sustainable investments with an environmental objective and a minimum of 0.5% of the value of its portfolio invested in sustainable investments with a social objective.
- all companies in which the fund invests will follow good governance practices, as determined by the investment manager.

In selecting sustainable investments for the fund's portfolio, the investment manager is required to assess and ensure that the investment contributes to an E/S objective and that it does not cause significant harm to any other E/S objectives.

► See also: "What investment strategy does this financial product follow?" and "Does this financial product consider principal adverse impacts on sustainability factors?".

### ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

The fund does not commit to a minimum reduction of its investment universe (pool of eligible investments).

### ***What is the policy to assess good governance practices of the investee companies?***

The investment manager has a policy to assess governance practices using the two-step good governance test set out below.

#### **Step 1: Quantitative review**

The good governance test consists of weighted pillars designed to measure specific corporate governance risks, rolled up to an overall rating. These risks include sound management structures, employee relations, remuneration of staff and tax compliance. The investment manager, through its proprietary Responsible Investing Indicator Model (RIIM), rates the pillars based on a simple 'traffic light' system: a green rating denotes positive governance characteristics, an orange rating denotes some improvements are needed, whereas red denotes significant governance concerns. If any of the pillars are rated red, the overall status of the test will be red.

<sup>2</sup> More information on the consideration and mitigation of the adverse impacts can be found within the T. Rowe Price Principal Adverse Impacts (PAI) Policy under <https://www.troweprice.com/content/dam/trowecorp/Pdfs/esg/principal-adverse-impacts-PAI-policy.pdf>



### Asset allocation

describes the share of investments in specific assets.

### Taxonomy-aligned activities

are expressed as a share of:

- turnover reflecting the share of revenue from green activities of investee companies.
- capital expenditure (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- operational expenditure (OpEx) reflecting green operational activities of investee companies.

## Step 2: Qualitative review

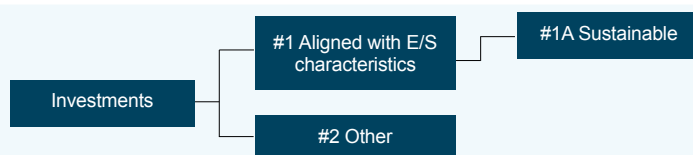
If a company's good governance test rating is red, a qualitative review will be undertaken by the Governance team, during which the company's practices will be evaluated within the context of market and sector norms, using a mix of qualitative and quantitative data. Inputs used in the analysis include:

- the basic governance structure a company employs, compared against regional norms
- the presence of any significant controversies in the conduct of the board or management
- the presence of significant remuneration-related controversy in the prior year
- the investment manager's engagement history with the company, and its responsiveness to shareholder concerns
- the degree of insulation a company has from its investors as a result of its capital structure, concentrated shareholders, or the use of protective charter provisions

If necessary, the company's good governance test quantitative scores may be adjusted following the qualitative review. If a company has been assessed as not passing the good governance test, it is not a permitted investment for the funds and therefore cannot be purchased. If an existing holding in the fund is later deemed to no longer meet the good governance standard, this position will be addressed in line with the firm's breach policy.



## What is the asset allocation planned for this financial product?



**#1 Aligned with E/S characteristics** includes the investments of the fund used to attain the environmental or social characteristics promoted by the fund.

**#2 Other** includes the remaining investments of the fund which are neither aligned with the environmental or social characteristics, nor are qualified as Sustainable Investments.

The category **#1 Aligned with E/S characteristics** covers:

- the sub-category **#1A Sustainable** covers Sustainable Investments with environmental or social objectives.

**#1 and #1A** – The fund promotes E/S characteristics by committing to maintain a minimum of 10% of the value of its portfolio invested in sustainable investments.

**#2** – All other investments that are not sustainable. These are subject to screening by the investment manager to avoid investment in issues that the investment manager believes are harmful to the environment or society through the application of the T. Rowe Price Responsible Exclusion List. The T. Rowe Price Responsible Exclusion List is a binding exclusion list that applies directly to the fund's entire portfolio, meaning that all investments the fund makes are screened against this exclusion list. At the discretion of the investment manager, the fund may hold investments that are not relevant to the T. Rowe Price Responsible Exclusion List (cash and certain derivatives used for efficient portfolio management).

► See also: "What are the binding elements of the investment strategy?" and "What investments are included under "#2 Other"?"

## How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?

Whilst the fund may use derivatives for portfolio management techniques for the purpose of hedging, liquidity management and risk reduction, derivatives are not used to promote E/S characteristics.



## To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The investments underlying the fund do not currently take into account the EU criteria for environmentally sustainable economic activities pursuant to the Taxonomy Regulation and therefore the fund's minimum proportion of investments aligned with the Taxonomy is 0%. Although the fund does not commit to making Taxonomy-aligned investments, it is possible that the fund holds securities that meet such criteria. The actual proportion of any Taxonomy-aligned investments held by the fund will be disclosed in the fund's annual report. The "do no significant harm" principle under the EU Taxonomy does not apply to investments that are not Taxonomy-aligned. However, in accordance with the SFDR, any other sustainable investments must also not significantly harm any E/S objectives.

## Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>3</sup>?

☐ Yes

☐ In fossil gas

☐ In nuclear energy

☒ No

<sup>3</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

#### Enabling activities

directly enable other activities to make a substantial contribution to an environmental objective.

#### Transitional activities

are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

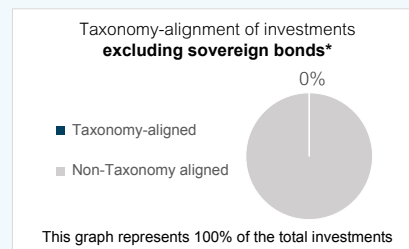
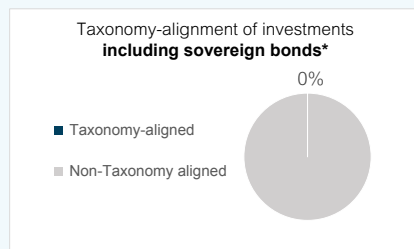


are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy.

#### Reference benchmarks

are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

The two graphs below show the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

#### What is the minimum share of investments in transitional and enabling activities?

The fund does not commit to a minimum share of investments in transitional and enabling activities.



#### What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

0.5%. The cumulative minimum investment in sustainable investments is 10%, out of which 9.5% may be comprised entirely of environmentally sustainable investments, entirely of socially sustainable investments or a combination of both.



#### What is the minimum share of socially sustainable investments?

0.5%. The cumulative minimum investment in sustainable investments is 10%, out of which 9.5% may be comprised entirely of environmentally sustainable investments, entirely of socially sustainable investments or a combination of both.



#### What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

These investments may include derivatives, cash positions, revenues of companies tied to economic activities that are not considered sustainable and any other permitted investments used to achieve the fund's investment objective. These are subject to screening by the investment manager to avoid investment in issuers that the investment manager believes are harmful to the environment or society through the application of the T. Rowe Price Responsible Exclusion List. The T. Rowe Price Responsible Exclusion List is a binding exclusion list that applies directly to the fund's entire portfolio, meaning that all investments the fund makes are screened against this exclusion list.

These investments are still subject to the good governance assessment, where relevant.

► See also: “What investment strategy does this financial product follow?”.



#### Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No.



#### Where can I find more product specific information online?

More product-specific information can be found on the website: [www.funds.troweprice.com](http://www.funds.troweprice.com)

## Environmental and/or social characteristics

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

- ☐ It promotes E/S characteristics but **will not make any sustainable investments**



► See also: “What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?”.

100 | T. Rowe Price Funds SICAV | February 2025 Prospectus

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

**What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The sustainability indicator used by the fund to measure the extent to which it attains the promoted E/S characteristics is:

- % of the value of the fund's portfolio in securities that the investment manager identifies as sustainable investments

► See also: "What investment strategy does this financial product follow?"

**What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

The fund may invest in sustainable investments that have either an E/S objective. A minimum exposure of 0.5 % to each objective is imposed upon the fund in addition to a minimum aggregate exposure to sustainable investments of 10%. Except for these commitments, the fund may invest either in securities that contribute only to environmental objectives or social objectives, or a combination of both. Specifically, the fund uses the following E/S pillars to determine economic activities that contribute to E/S objectives: climate and resource impact (including reducing greenhouse gases, promoting healthy ecosystems, nurturing circular equity) and social equity and quality of life (including enabling social equity, improving health and enhancing quality of life).

Although the fund does not commit to making Taxonomy-aligned investments, in the event that the fund holds any investments that align with the EU Taxonomy, those investments contribute to one or more of the following objectives:

- climate change mitigation
- climate change adaptation
- sustainable use and protection of water and marine resources
- transition to a circular economy
- pollution prevention and control
- protection and restoration of biodiversity and ecosystems

**How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

The investment manager utilises its proprietary internal research platform to support its assessment of whether an issuer is causing significant harm to any E/S objective. Through the use of proprietary research and third-party data, the "do no significant harm" assessment incorporates issuer information in relation to Principal Adverse Impact (PAI) indicators and alignment to certain international guidelines and principles.

**How have the indicators for adverse impacts on sustainability factors been taken into account?**

As part of its investment process the investment manager, and/or the sub-investment manager, systemically assesses whether sustainable investment is causing significant harm to E/S objective. The assessment includes taking into account relevant principal adverse impact indicators.

The investment manager, and/or the sub-investment manager, applies a qualitative and quantitative assessment of the data, obtained for the mandatory PAI indicators listed in Table 1 and any relevant indicators in Tables 2 and 3 of Annex I of the SFDR Delegated Regulation. The investment manager, and/or the sub-investment manager, also analyses PAI metrics relative to internally set thresholds, where relevant and appropriate. These thresholds provide an initial indication of whether significant harm is occurring and the investment manager, and/or the sub-investment manager, may undertake further analysis to support its view. The investment manager and/or the sub-investment manager may consider the materiality of a given indicator relative to an issuer's industry, sector or location, which may be factored into the investment manager's overall determination.

Where sufficient data is not available, the investment manager and/or the sub-investment manager may rely on other relevant data points to make an assessment.

**How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?**

The investment manager's assessment of whether an investee company is causing significant harm to an E/S objective includes an analysis of how the issuer performs with respect to the OECD guidelines for multinational enterprises and the UNGPs on Business and Human Rights.

*The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The "do no significant harm" principle applies only to those investments underlying the fund that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.



**Does this financial product consider principal adverse impacts on sustainability factors?**

Yes. The investment manager collects data on the following PAI indicators:

- violations of UN Global Compact principles (PAI #10)
- board gender diversity (PAI #13)
- exposure to controversial weapons (antipersonnel mines, cluster munitions, chemical weapons and biological weapons) (PAI #14)

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

The investment manager aggregates the PAI indicators of the portfolio and reviews this information periodically. The periodic review of the portfolio's PAI profile will inform upcoming engagement activity for the fund and, where appropriate, any investment actions as deemed necessary by the investment manager, collectively with a view to pursuing an improvement in the portfolio's PAI data over time<sup>2</sup>.

Information regarding the portfolio's PAI data will be included in the fund's annual report, under the section titled "How did this financial product consider principal adverse impacts on sustainability factors?".



### ***What investment strategy does this financial product follow?***

The fund is actively managed and invests mainly in a widely diversified portfolio of shares of companies in Japan. Although the fund does not have sustainable investment as an objective it promotes E/S characteristics through the following components of its investment strategy:

1. **Sustainable investment exposure** At least 10% of the value of the fund's portfolio is invested in sustainable investments.
- Other relevant features of the fund's investment strategy are:
2. **Exclusion screen** The fund avoids sectors or companies whose activities may be considered, by the investment manager, harmful to the environment and/or society through the application of the T. Rowe Price Responsible Exclusion List. The relevance to the fund of each excluded sector and/or issuer included in the T. Rowe Price Responsible Exclusion List may vary due to the nature of the fund's investment strategy. In maintaining the T. Rowe Price Responsible Exclusion List, the investment manager and the sub-investment manager, as appropriate, rely on information from companies and reputable third-party research providers. This exclusion list is coded into the investment manager's and the sub-investment manager's, as appropriate, internal compliance systems, which automatically restrict trading in any excluded names. There may be circumstances where a fund has some limited, indirect, exposure to a company involved in the excluded categories. Examples of these circumstances could include an investment in an instrument that gives exposure to an index, or an investment in a fund managed by an unaffiliated investment manager. For more details please see [T. Rowe Price Responsible Exclusion List Policy](#).
  3. **Active ownership** The fund embeds governance analysis into the investment process and engages in active ownership, monitoring, and engagement with the issuers of the securities in which it invests. This includes regular dialogue with issuers and active proxy voting.

### ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The fund's binding elements are:

- at least 10% of the value of the fund's portfolio invested in sustainable investments. Specifically, the fund commits to a minimum of 0.5% of the value of its portfolio invested in sustainable investments with an environmental objective and a minimum of 0.5% of the value of its portfolio invested in sustainable investments with a social objective.
- all companies in which the fund invests will follow good governance practices, as determined by the investment manager.

In selecting sustainable investments for the fund's portfolio, the investment manager is required to assess and ensure that the investment contributes to an E/S objective and that it does not cause significant harm to any other E/S objectives.

► See also: "What investment strategy does this financial product follow?" and "Does this financial product consider principal adverse impacts on sustainability factors?".

### ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

The fund does not commit to a minimum reduction of its investment universe (pool of eligible investments).

### ***What is the policy to assess good governance practices of the investee companies?***

The investment manager has a policy to assess governance practices using the two-step good governance test set out below.

#### **Step 1: Quantitative review**

The good governance test consists of weighted pillars designed to measure specific corporate governance risks, rolled up to an overall rating. These risks include sound management structures, employee relations, remuneration of staff and tax compliance. The investment manager, through its proprietary Responsible Investing Indicator Model (RIIM), rates the pillars based on a simple 'traffic light' system: a green rating denotes positive governance characteristics, an orange rating denotes some improvements are needed, whereas red denotes significant governance concerns. If any of the pillars are rated red, the overall status of the test will be red.

<sup>2</sup> More information on the consideration and mitigation of the adverse impacts can be found within the T. Rowe Price Principal Adverse Impacts (PAI) Policy under <https://www.troweprice.com/content/dam/trowecorp/Pdfs/esg/principal-adverse-impacts-PAI-policy.pdf>



**Asset allocation**

describes the share of investments in specific assets.

**Taxonomy-aligned activities**

are expressed as a share of:

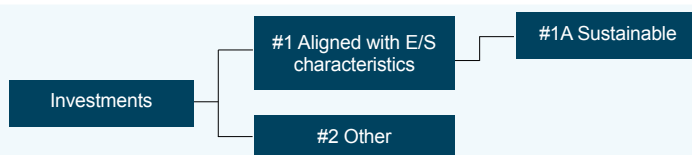
- turnover reflecting the share of revenue from green activities of investee companies.
- capital expenditure (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- operational expenditure (OpEx) reflecting green operational activities of investee companies.

**Step 2: Qualitative review**

If a company's good governance test rating is red, a qualitative review will be undertaken by the Governance team, during which the company's practices will be evaluated within the context of market and sector norms, using a mix of qualitative and quantitative data. Inputs used in the analysis include:

- the basic governance structure a company employs, compared against regional norms
- the presence of any significant controversies in the conduct of the board or management
- the presence of significant remuneration-related controversy in the prior year
- the investment manager's engagement history with the company, and its responsiveness to shareholder concerns
- the degree of insulation a company has from its investors as a result of its capital structure, concentrated shareholders, or the use of protective charter provisions

If necessary, the company's good governance test quantitative scores may be adjusted following the qualitative review. If a company has been assessed as not passing the good governance test, it is not a permitted investment for the funds and therefore cannot be purchased. If an existing holding in the fund is later deemed to no longer meet the good governance standard, this position will be addressed in line with the firm's breach policy.

**What is the asset allocation planned for this financial product?**

**#1 Aligned with E/S characteristics** includes the investments of the fund used to attain the environmental or social characteristics promoted by the fund.

**#2 Other** includes the remaining investments of the fund which are neither aligned with the environmental or social characteristics, nor are qualified as Sustainable Investments.

The category **#1 Aligned with E/S characteristics** covers:

- the sub-category **#1A Sustainable** covers Sustainable Investments with environmental or social objectives.

**#1 and #1A** – The fund promotes E/S characteristics by committing to maintain a minimum of 10% of the value of its portfolio invested in sustainable investments.

**#2** – All other investments that are not sustainable. These are subject to screening by the investment manager to avoid investment in issuers that the investment manager believes are harmful to the environment or society through the application of the T. Rowe Price Responsible Exclusion List. The T. Rowe Price Responsible Exclusion List is a binding exclusion list that applies directly to the fund's entire portfolio, meaning that all investments the fund makes are screened against this exclusion list. At the discretion of the investment manager, the fund may hold investments that are not relevant to the T. Rowe Price Responsible Exclusion List (cash and certain derivatives used for efficient portfolio management).

► See also: "What are the binding elements of the investment strategy?" and "What investments are included under "#2 Other"?"

**How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Whilst the fund may use derivatives for portfolio management techniques for the purpose of hedging, liquidity management and risk reduction, derivatives are not used to promote E/S characteristics.

**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The investments underlying the fund do not currently take into account the EU criteria for environmentally sustainable economic activities pursuant to the Taxonomy Regulation and therefore the fund's minimum proportion of investments aligned with the Taxonomy is 0%. Although the fund does not commit to making Taxonomy-aligned investments, it is possible that the fund holds securities that meet such criteria. The actual proportion of any Taxonomy-aligned investments held by the fund will be disclosed in the fund's annual report. The "do no significant harm" principle under the EU Taxonomy does not apply to investments that are not Taxonomy-aligned. However, in accordance with the SFDR, any other sustainable investments must also not significantly harm any E/S objectives.

**Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>3</sup>?**

☐ Yes

☐ In fossil gas

☐ In nuclear energy

☒ No

<sup>3</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

#### Enabling activities

directly enable other activities to make a substantial contribution to an environmental objective.

#### Transitional activities

are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

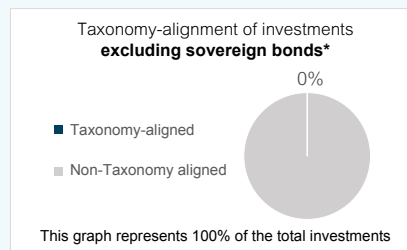
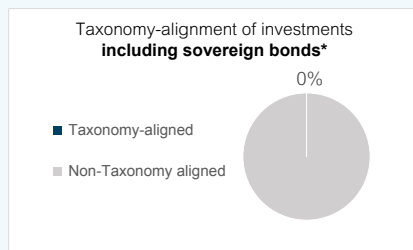


are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy.

#### Reference benchmarks

are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

The two graphs below show the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

#### What is the minimum share of investments in transitional and enabling activities?

The fund does not commit to a minimum share of investments in transitional and enabling activities.



#### What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

0.5%. The cumulative minimum investment in sustainable investments is 10%, out of which 9.5% may be comprised entirely of environmentally sustainable investments, entirely of socially sustainable investments or a combination of both.



#### What is the minimum share of socially sustainable investments?

0.5%. The cumulative minimum investment in sustainable investments is 10%, out of which 9.5% may be comprised entirely of environmentally sustainable investments, entirely of socially sustainable investments or a combination of both.



#### What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

These investments may include derivatives, cash positions, revenues of companies tied to economic activities that are not considered sustainable and any other permitted investments used to achieve the fund's investment objective. These are subject to screening by the investment manager to avoid investment in issuers that the investment manager believes are harmful to the environment or society through the application of the T. Rowe Price Responsible Exclusion List. The T. Rowe Price Responsible Exclusion List is a binding exclusion list that applies directly to the fund's entire portfolio, meaning that all investments the fund makes are screened against this exclusion list.

These investments are still subject to the good governance assessment, where relevant.

► See also: “What investment strategy does this financial product follow?”.



#### Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No.



#### Where can I find more product specific information online?

More product-specific information can be found on the website: [www.funds.troweprice.com](http://www.funds.troweprice.com)

## Environmental and/or social characteristics

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

**What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The sustainability indicator used by the fund to measure the extent to which it attains the promoted E/S characteristics is:

- % of the value of the fund's portfolio in securities that the investment manager identifies as sustainable investments

► See also: "What investment strategy does this financial product follow?"

**What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

The fund may invest in sustainable investments that have either an E/S objective. A minimum exposure of 0.5 % to each objective is imposed upon the fund in addition to a minimum aggregate exposure to sustainable investments of 10%. Except for these commitments, the fund may invest either in securities that contribute only to environmental objectives or social objectives, or a combination of both. Specifically, the fund uses the following E/S pillars to determine economic activities that contribute to E/S objectives: climate and resource impact (including reducing greenhouse gases, promoting healthy ecosystems, nurturing circular equity) and social equity and quality of life (including enabling social equity, improving health and enhancing quality of life).

Although the fund does not commit to making Taxonomy-aligned investments, in the event that the fund holds any investments that align with the EU Taxonomy, those investments contribute to one or more of the following objectives:

- climate change mitigation
- climate change adaptation
- sustainable use and protection of water and marine resources
- transition to a circular economy
- pollution prevention and control
- protection and restoration of biodiversity and ecosystems

**How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

The investment manager utilises its proprietary internal research platform to support its assessment of whether an issuer is causing significant harm to any E/S objective. Through the use of proprietary research and third-party data, the "do no significant harm" assessment incorporates issuer information in relation to Principal Adverse Impact (PAI) indicators and alignment to certain international guidelines and principles.

**How have the indicators for adverse impacts on sustainability factors been taken into account?**

As part of its investment process the investment manager, and/or the sub-investment manager, systemically assesses whether sustainable investment is causing significant harm to E/S objective. The assessment includes taking into account relevant principal adverse impact indicators.

The investment manager, and/or the sub-investment manager, applies a qualitative and quantitative assessment of the data, obtained for the mandatory PAI indicators listed in Table 1 and any relevant indicators in Tables 2 and 3 of Annex I of the SFDR Delegated Regulation. The investment manager, and/or the sub-investment manager, also analyses PAI metrics relative to internally set thresholds, where relevant and appropriate. These thresholds provide an initial indication of whether significant harm is occurring and the investment manager, and/or the sub-investment manager, may undertake further analysis to support its view. The investment manager and/or the sub-investment manager may consider the materiality of a given indicator relative to an issuer's industry, sector or location, which may be factored into the investment manager's overall determination.

Where sufficient data is not available, the investment manager and/or the sub-investment manager may rely on other relevant data points to make an assessment.

**How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?**

The investment manager's assessment of whether an investee company is causing significant harm to an E/S objective includes an analysis of how the issuer performs with respect to the OECD guidelines for multinational enterprises and the UNGPs on Business and Human Rights.

*The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The "do no significant harm" principle applies only to those investments underlying the fund that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.



**Does this financial product consider principal adverse impacts on sustainability factors?**

Yes. The investment manager collects data on the following PAI indicators:

- violations of UN Global Compact principles (PAI #10)
- board gender diversity (PAI #13)
- exposure to controversial weapons (antipersonnel mines, cluster munitions, chemical weapons and biological weapons) (PAI #14)

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

The investment manager aggregates the PAI indicators of the portfolio and reviews this information periodically. The periodic review of the portfolio's PAI profile will inform upcoming engagement activity for the fund and, where appropriate, any investment actions as deemed necessary by the investment manager, collectively with a view to pursuing an improvement in the portfolio's PAI data over time<sup>2</sup>.

Information regarding the portfolio's PAI data will be included in the fund's annual report, under the section titled "How did this financial product consider principal adverse impacts on sustainability factors?".



### ***What investment strategy does this financial product follow?***

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 it promotes E/S characteristics through the following components of its investment strategy:

1. **Sustainable investment exposure** At least 10% of the value of the fund's portfolio is invested in sustainable investments.
- Other relevant features of the fund's investment strategy are:
  2. **Exclusion screen** The fund avoids sectors or companies whose activities may be considered, by the investment manager, harmful to the environment and/or society through the application of the T. Rowe Price Responsible Exclusion List. The relevance to the fund of each excluded sector and/or issuer included in the T. Rowe Price Responsible Exclusion List may vary due to the nature of the fund's investment strategy. In maintaining the T. Rowe Price Responsible Exclusion List, the investment manager and the sub-investment manager, as appropriate, rely on information from companies and reputable third-party research providers. This exclusion list is coded into the investment manager's and the sub-investment manager's, as appropriate, internal compliance systems, which automatically restrict trading in any excluded names. There may be circumstances where a fund has some limited, indirect, exposure to a company involved in the excluded categories. Examples of these circumstances could include an investment in an instrument that gives exposure to an index, or an investment in a fund managed by an unaffiliated investment manager. For more details please see [T. Rowe Price Responsible Exclusion List Policy](#).
  3. **Active ownership** The fund embeds governance analysis into the investment process and engages in active ownership, monitoring, and engagement with the issuers of the securities in which it invests. This includes regular dialogue with issuers and active proxy voting.

### ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The fund's binding elements are:

- at least 10% of the value of the fund's portfolio invested in sustainable investments. Specifically, the fund commits to a minimum of 0.5% of the value of its portfolio invested in sustainable investments with an environmental objective and a minimum of 0.5% of the value of its portfolio invested in sustainable investments with a social objective.
- all companies in which the fund invests will follow good governance practices, as determined by the investment manager.

In selecting sustainable investments for the fund's portfolio, the investment manager is required to assess and ensure that the investment contributes to an E/S objective and that it does not cause significant harm to any other E/S objectives.

► See also: "What investment strategy does this financial product follow?" and "Does this financial product consider principal adverse impacts on sustainability factors?".

### ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

The fund does not commit to a minimum reduction of its investment universe (pool of eligible investments).

### ***What is the policy to assess good governance practices of the investee companies?***

The investment manager has a policy to assess governance practices using the two-step good governance test set out below.

#### **Step 1: Quantitative review**

The good governance test consists of weighted pillars designed to measure specific corporate governance risks, rolled up to an overall rating. These risks include sound management structures, employee relations, remuneration of staff and tax compliance. The investment manager, through its proprietary Responsible Investing Indicator Model (RIIM), rates the pillars based on a simple 'traffic light' system: a green rating denotes positive governance characteristics, an orange rating denotes some improvements are needed, whereas red denotes significant governance concerns. If any of the pillars are rated red, the overall status of the test will be red.

<sup>2</sup> More information on the consideration and mitigation of the adverse impacts can be found within the T. Rowe Price Principal Adverse Impacts (PAI) Policy under <https://www.troweprice.com/content/dam/trowecorp/Pdfs/esg/principal-adverse-impacts-PAI-policy.pdf>



**Asset allocation**

describes the share of investments in specific assets.

**Taxonomy-aligned activities**

are expressed as a share of:

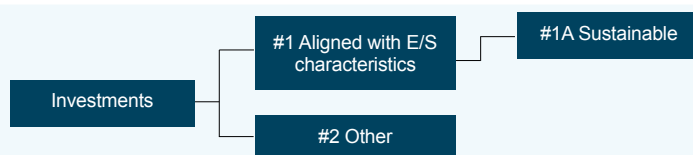
- turnover reflecting the share of revenue from green activities of investee companies.
- capital expenditure (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- operational expenditure (OpEx) reflecting green operational activities of investee companies.

**Step 2: Qualitative review**

If a company's good governance test rating is red, a qualitative review will be undertaken by the Governance team, during which the company's practices will be evaluated within the context of market and sector norms, using a mix of qualitative and quantitative data. Inputs used in the analysis include:

- the basic governance structure a company employs, compared against regional norms
- the presence of any significant controversies in the conduct of the board or management
- the presence of significant remuneration-related controversy in the prior year
- the investment manager's engagement history with the company, and its responsiveness to shareholder concerns
- the degree of insulation a company has from its investors as a result of its capital structure, concentrated shareholders, or the use of protective charter provisions

If necessary, the company's good governance test quantitative scores may be adjusted following the qualitative review. If a company has been assessed as not passing the good governance test, it is not a permitted investment for the funds and therefore cannot be purchased. If an existing holding in the fund is later deemed to no longer meet the good governance standard, this position will be addressed in line with the firm's breach policy.

**What is the asset allocation planned for this financial product?**

**#1 Aligned with E/S characteristics** includes the investments of the fund used to attain the environmental or social characteristics promoted by the fund.

**#2 Other** includes the remaining investments of the fund which are neither aligned with the environmental or social characteristics, nor are qualified as Sustainable Investments.

The category **#1 Aligned with E/S characteristics** covers:

- the sub-category **#1A Sustainable** covers Sustainable Investments with environmental or social objectives.

**#1 and #1A** – The fund promotes E/S characteristics by committing to maintain a minimum of 10% of the value of its portfolio invested in sustainable investments.

**#2** – All other investments that are not sustainable. These are subject to screening by the investment manager to avoid investment in issuers that the investment manager believes are harmful to the environment or society through the application of the T. Rowe Price Responsible Exclusion List. The T. Rowe Price Responsible Exclusion List is a binding exclusion list that applies directly to the fund's entire portfolio, meaning that all investments the fund makes are screened against this exclusion list. At the discretion of the investment manager, the fund may hold investments that are not relevant to the T. Rowe Price Responsible Exclusion List (cash and certain derivatives used for efficient portfolio management).

► See also: "What are the binding elements of the investment strategy?" and "What investments are included under "#2 Other"?"

**How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Whilst the fund may use derivatives for portfolio management techniques for the purpose of hedging, liquidity management and risk reduction, derivatives are not used to promote E/S characteristics.

**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The investments underlying the fund do not currently take into account the EU criteria for environmentally sustainable economic activities pursuant to the Taxonomy Regulation and therefore the fund's minimum proportion of investments aligned with the Taxonomy is 0%. Although the fund does not commit to making Taxonomy-aligned investments, it is possible that the fund holds securities that meet such criteria. The actual proportion of any Taxonomy-aligned investments held by the fund will be disclosed in the fund's annual report. The "do no significant harm" principle under the EU Taxonomy does not apply to investments that are not Taxonomy-aligned. However, in accordance with the SFDR, any other sustainable investments must also not significantly harm any E/S objectives.

**Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>3</sup>?**

☐ Yes

☐ In fossil gas

☐ In nuclear energy

☒ No

<sup>3</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

#### Enabling activities

directly enable other activities to make a substantial contribution to an environmental objective.

#### Transitional activities

are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

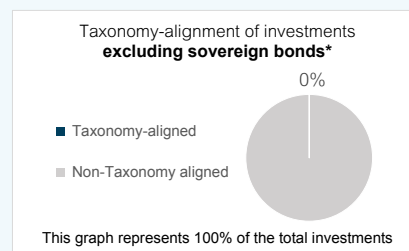
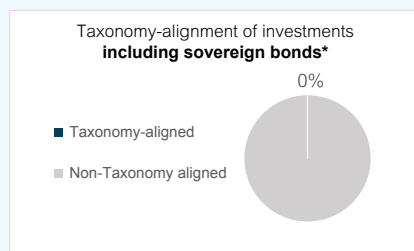


are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy.

#### Reference benchmarks

are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

The two graphs below show the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

#### What is the minimum share of investments in transitional and enabling activities?

The fund does not commit to a minimum share of investments in transitional and enabling activities.



#### What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

0.5%. The cumulative minimum investment in sustainable investments is 10%, out of which 9.5% may be comprised entirely of environmentally sustainable investments, entirely of socially sustainable investments or a combination of both.



#### What is the minimum share of socially sustainable investments?

0.5%. The cumulative minimum investment in sustainable investments is 10%, out of which 9.5% may be comprised entirely of environmentally sustainable investments, entirely of socially sustainable investments or a combination of both.



#### What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

These investments may include derivatives, cash positions, revenues of companies tied to economic activities that are not considered sustainable and any other permitted investments used to achieve the fund's investment objective. These are subject to screening by the investment manager to avoid investment in issuers that the investment manager believes are harmful to the environment or society through the application of the T. Rowe Price Responsible Exclusion List. The T. Rowe Price Responsible Exclusion List is a binding exclusion list that applies directly to the fund's entire portfolio, meaning that all investments the fund makes are screened against this exclusion list.

These investments are still subject to the good governance assessment, where relevant.

► See also: “What investment strategy does this financial product follow?”.



#### Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No.



#### Where can I find more product specific information online?

More product-specific information can be found on the website: [www.funds.troweprice.com](http://www.funds.troweprice.com)

T. Rowe Price Funds SICAV —

# US Blue Chip Equity Fund

Legal entity identifier: OA0CCU816JUVINZTE792

## Environmental and/or social characteristics

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee (portfolio) companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Does this financial product have a sustainable investment objective?**

☒ ☐ ☐ **Yes**

☐ It will make a minimum of **sustainable investments with an environmental objective: \_\_\_%**

☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy

☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ It will make a minimum of **sustainable investments with a social objective: \_\_\_%**

☒ ☐ ☒ **No**

☒ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 10% of sustainable investments

☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

☒ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☒ with a social objective

☐ It promotes E/S characteristics but **will not make any sustainable investments**

### What environmental and/or social characteristics are promoted by this financial product?

This disclosure is provided to you pursuant to Article 8 of the Sustainable Finance Disclosure Regulation (SFDR) and Article 6 of the EU Taxonomy Regulation.

The promotion of environmental and/or social (E/S) characteristics is achieved through the fund's commitment to maintain at least 10% of the value of its portfolio invested in sustainable investments. Sustainable investments exclude cash and derivatives used for portfolio management techniques for the purpose of hedging, liquidity management and risk reduction.

Specifically, the fund commits to a minimum of 0.5% of the value of its portfolio invested in sustainable investments with an environmental objective and a minimum of 0.5% of the value of its portfolio invested in sustainable investments with a social objective. The fund's aggregate exposure to sustainable investments will be always at least 10%. The sustainable investments will have certain underlying E/S objectives, but these may not qualify under the EU Taxonomy.

In determining whether a company's activities contribute to an E/S objective, the investment manager uses the following pillars:

| Pillar                            | Activities                   |
|-----------------------------------|------------------------------|
| Climate and resource impact       | Reducing greenhouse gases    |
|                                   | Promoting healthy ecosystems |
|                                   | Nurturing circular economies |
|                                   | Enabling social equity       |
| Social equity and quality of life | Improving health             |
|                                   | Enhancing quality of life    |

The fund is not constrained to any specific E/S objective and therefore the fund's proportion of sustainable investments may comprise companies with activities that contribute to any of the above objectives.

In determining what qualifies as a sustainable investment, the investment manager and/or the sub-investment manager, as appropriate, uses the methodology described in "Sustainable Investment Methodology" under the section "Environmental, Social and Governance (ESG) Investment Policy" of the prospectus and that can be found in our website disclosure<sup>1</sup>.

A reference benchmark is not used for the purpose of promoting the fund's E/S characteristics.

► See also: "What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?".

<sup>1</sup> <https://www.troweprice.com/financial-intermediary/lu/en/funds.html>

110 | T. Rowe Price Funds SICAV | February 2025 Prospectus

**Sustainability**

**indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

**What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The sustainability indicator used by the fund to measure the extent to which it attains the promoted E/S characteristics is:

- % of the value of the fund's portfolio in securities that the investment manager identifies as sustainable investments

► See also: "What investment strategy does this financial product follow?"

**What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

The fund may invest in sustainable investments that have either an E/S objective. A minimum exposure of 0.5 % to each objective is imposed upon the fund in addition to a minimum aggregate exposure to sustainable investments of 10%. Except for these commitments, the fund may invest either in securities that contribute only to environmental objectives or social objectives, or a combination of both. Specifically, the fund uses the following E/S pillars to determine economic activities that contribute to E/S objectives: climate and resource impact (including reducing greenhouse gases, promoting healthy ecosystems, nurturing circular equity) and social equity and quality of life (including enabling social equity, improving health and enhancing quality of life).

Although the fund does not commit to making Taxonomy-aligned investments, in the event that the fund holds any investments that align with the EU Taxonomy, those investments contribute to one or more of the following objectives:

- climate change mitigation
- climate change adaptation
- sustainable use and protection of water and marine resources
- transition to a circular economy
- pollution prevention and control
- protection and restoration of biodiversity and ecosystems

**How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

The investment manager utilises its proprietary internal research platform to support its assessment of whether an issuer is causing significant harm to any E/S objective. Through the use of proprietary research and third-party data, the "do no significant harm" assessment incorporates issuer information in relation to Principal Adverse Impact (PAI) indicators and alignment to certain international guidelines and principles.

**How have the indicators for adverse impacts on sustainability factors been taken into account?**

As part of its investment process the investment manager, and/or the sub-investment manager, systemically assesses whether sustainable investment is causing significant harm to E/S objective. The assessment includes taking into account relevant principal adverse impact indicators.

The investment manager, and/or the sub-investment manager, applies a qualitative and quantitative assessment of the data, obtained for the mandatory PAI indicators listed in Table 1 and any relevant indicators in Tables 2 and 3 of Annex I of the SFDR Delegated Regulation. The investment manager, and/or the sub-investment manager, also analyses PAI metrics relative to internally set thresholds, where relevant and appropriate. These thresholds provide an initial indication of whether significant harm is occurring and the investment manager, and/or the sub-investment manager, may undertake further analysis to support its view. The investment manager and/or the sub-investment manager may consider the materiality of a given indicator relative to an issuer's industry, sector or location, which may be factored into the investment manager's overall determination.

Where sufficient data is not available, the investment manager and/or the sub-investment manager may rely on other relevant data points to make an assessment.

**How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?**

The investment manager's assessment of whether an investee company is causing significant harm to an E/S objective includes an analysis of how the issuer performs with respect to the OECD guidelines for multinational enterprises and the UNGPs on Business and Human Rights.

*The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The "do no significant harm" principle applies only to those investments underlying the fund that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*

**Principal adverse**

**impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

**Does this financial product consider principal adverse impacts on sustainability factors?**

Yes. The investment manager collects data on the following PAI indicators:

- violations of UN Global Compact principles (PAI #10)
- board gender diversity (PAI #13)
- exposure to controversial weapons (antipersonnel mines, cluster munitions, chemical weapons and biological weapons) (PAI #14)

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

The investment manager aggregates the PAI indicators of the portfolio and reviews this information periodically. The periodic review of the portfolio's PAI profile will inform upcoming engagement activity for the fund and, where appropriate, any investment actions as deemed necessary by the investment manager, collectively with a view to pursuing an improvement in the portfolio's PAI data over time<sup>2</sup>.

Information regarding the portfolio's PAI data will be included in the fund's annual report, under the section titled "How did this financial product consider principal adverse impacts on sustainability factors?".



### ***What investment strategy does this financial product follow?***

The fund is actively managed and invests mainly in a diversified portfolio of shares of large and medium sized "blue chip" companies in the United States. Although the fund does not have sustainable investment as an objective it promotes E/S characteristics through the following components of its investment strategy:

1. **Sustainable investment exposure** At least 10% of the value of the fund's portfolio is invested in sustainable investments.
- Other relevant features of the fund's investment strategy are:
  2. **Exclusion screen** The fund avoids sectors or companies whose activities may be considered, by the investment manager, harmful to the environment and/or society through the application of the T. Rowe Price Responsible Exclusion List. The relevance to the fund of each excluded sector and/or issuer included in the T. Rowe Price Responsible Exclusion List may vary due to the nature of the fund's investment strategy. In maintaining the T. Rowe Price Responsible Exclusion List, the investment manager and the sub-investment manager, as appropriate, rely on information from companies and reputable third-party research providers. This exclusion list is coded into the investment manager's and the sub-investment manager's, as appropriate, internal compliance systems, which automatically restrict trading in any excluded names. There may be circumstances where a fund has some limited, indirect, exposure to a company involved in the excluded categories. Examples of these circumstances could include an investment in an instrument that gives exposure to an index, or an investment in a fund managed by an unaffiliated investment manager. For more details please see [T. Rowe Price Responsible Exclusion List Policy](#).
  3. **Active ownership** The fund embeds governance analysis into the investment process and engages in active ownership, monitoring, and engagement with the issuers of the securities in which it invests. This includes regular dialogue with issuers and active proxy voting.

### ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The fund's binding elements are:

- at least 10% of the value of the fund's portfolio invested in sustainable investments. Specifically, the fund commits to a minimum of 0.5% of the value of its portfolio invested in sustainable investments with an environmental objective and a minimum of 0.5% of the value of its portfolio invested in sustainable investments with a social objective.
- all companies in which the fund invests will follow good governance practices, as determined by the investment manager.

In selecting sustainable investments for the fund's portfolio, the investment manager is required to assess and ensure that the investment contributes to an E/S objective and that it does not cause significant harm to any other E/S objectives.

► See also: "What investment strategy does this financial product follow?" and "Does this financial product consider principal adverse impacts on sustainability factors?".

### ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

The fund does not commit to a minimum reduction of its investment universe (pool of eligible investments).

### ***What is the policy to assess good governance practices of the investee companies?***

The investment manager has a policy to assess governance practices using the two-step good governance test set out below.

#### **Step 1: Quantitative review**

The good governance test consists of weighted pillars designed to measure specific corporate governance risks, rolled up to an overall rating. These risks include sound management structures, employee relations, remuneration of staff and tax compliance. The investment manager, through its proprietary Responsible Investing Indicator Model (RIIM), rates the pillars based on a simple 'traffic light' system: a green rating denotes positive governance characteristics, an orange rating denotes some improvements are needed, whereas red denotes significant governance concerns. If any of the pillars are rated red, the overall status of the test will be red.

<sup>2</sup> More information on the consideration and mitigation of the adverse impacts can be found within the T. Rowe Price Principal Adverse Impacts (PAI) Policy under <https://www.troweprice.com/content/dam/trowecorp/Pdfs/esg/principal-adverse-impacts-PAI-policy.pdf>



**Asset allocation**

describes the share of investments in specific assets.

**Taxonomy-aligned activities**

are expressed as a share of:

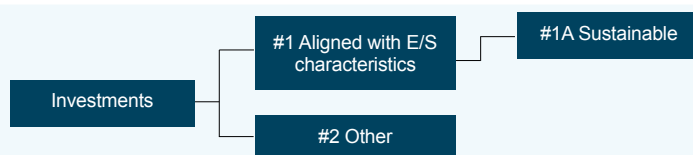
- turnover reflecting the share of revenue from green activities of investee companies.
- capital expenditure (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- operational expenditure (OpEx) reflecting green operational activities of investee companies.

**Step 2: Qualitative review**

If a company's good governance test rating is red, a qualitative review will be undertaken by the Governance team, during which the company's practices will be evaluated within the context of market and sector norms, using a mix of qualitative and quantitative data. Inputs used in the analysis include:

- the basic governance structure a company employs, compared against regional norms
- the presence of any significant controversies in the conduct of the board or management
- the presence of significant remuneration-related controversy in the prior year
- the investment manager's engagement history with the company, and its responsiveness to shareholder concerns
- the degree of insulation a company has from its investors as a result of its capital structure, concentrated shareholders, or the use of protective charter provisions

If necessary, the company's good governance test quantitative scores may be adjusted following the qualitative review. If a company has been assessed as not passing the good governance test, it is not a permitted investment for the funds and therefore cannot be purchased. If an existing holding in the fund is later deemed to no longer meet the good governance standard, this position will be addressed in line with the firm's breach policy.

**What is the asset allocation planned for this financial product?**

**#1 Aligned with E/S characteristics** includes the investments of the fund used to attain the environmental or social characteristics promoted by the fund.

**#2 Other** includes the remaining investments of the fund which are neither aligned with the environmental or social characteristics, nor are qualified as Sustainable Investments.

The category **#1 Aligned with E/S characteristics** covers:

- the sub-category **#1A Sustainable** covers Sustainable Investments with environmental or social objectives.

**#1 and #1A** – The fund promotes E/S characteristics by committing to maintain a minimum of 10% of the value of its portfolio invested in sustainable investments.

**#2** – All other investments that are not sustainable. These are subject to screening by the investment manager to avoid investment in issuers that the investment manager believes are harmful to the environment or society through the application of the T. Rowe Price Responsible Exclusion List. The T. Rowe Price Responsible Exclusion List is a binding exclusion list that applies directly to the fund's entire portfolio, meaning that all investments the fund makes are screened against this exclusion list. At the discretion of the investment manager, the fund may hold investments that are not relevant to the T. Rowe Price Responsible Exclusion List (cash and certain derivatives used for efficient portfolio management).

► See also: "What are the binding elements of the investment strategy?" and "What investments are included under "#2 Other"?"

**How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Whilst the fund may use derivatives for portfolio management techniques for the purpose of hedging, liquidity management and risk reduction, derivatives are not used to promote E/S characteristics.

**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The investments underlying the fund do not currently take into account the EU criteria for environmentally sustainable economic activities pursuant to the Taxonomy Regulation and therefore the fund's minimum proportion of investments aligned with the Taxonomy is 0%. Although the fund does not commit to making Taxonomy-aligned investments, it is possible that the fund holds securities that meet such criteria. The actual proportion of any Taxonomy-aligned investments held by the fund will be disclosed in the fund's annual report. The "do no significant harm" principle under the EU Taxonomy does not apply to investments that are not Taxonomy-aligned. However, in accordance with the SFDR, any other sustainable investments must also not significantly harm any E/S objectives.

**Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>3</sup>?**

☐ Yes

☐ In fossil gas

☐ In nuclear energy

☒ No

<sup>3</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

#### Enabling activities

directly enable other activities to make a substantial contribution to an environmental objective.

#### Transitional activities

are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

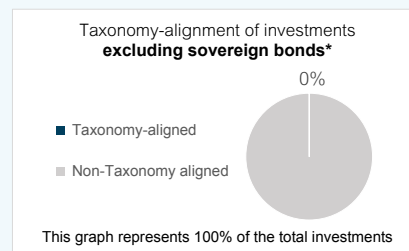
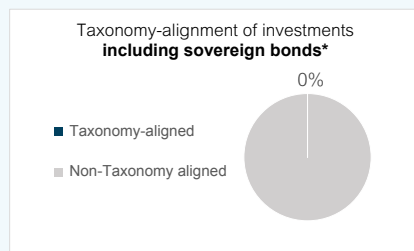


are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy.

#### Reference benchmarks

are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

The two graphs below show the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

#### What is the minimum share of investments in transitional and enabling activities?

The fund does not commit to a minimum share of investments in transitional and enabling activities.



#### What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

0.5%. The cumulative minimum investment in sustainable investments is 10%, out of which 9.5% may be comprised entirely of environmentally sustainable investments, entirely of socially sustainable investments or a combination of both.



#### What is the minimum share of socially sustainable investments?

0.5%. The cumulative minimum investment in sustainable investments is 10%, out of which 9.5% may be comprised entirely of environmentally sustainable investments, entirely of socially sustainable investments or a combination of both.



#### What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

These investments may include derivatives, cash positions, revenues of companies tied to economic activities that are not considered sustainable and any other permitted investments used to achieve the fund's investment objective. These are subject to screening by the investment manager to avoid investment in issuers that the investment manager believes are harmful to the environment or society through the application of the T. Rowe Price Responsible Exclusion List. The T. Rowe Price Responsible Exclusion List is a binding exclusion list that applies directly to the fund's entire portfolio, meaning that all investments the fund makes are screened against this exclusion list.

These investments are still subject to the good governance assessment, where relevant.

► See also: “What investment strategy does this financial product follow?”.



#### Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No.



#### Where can I find more product specific information online?

More product-specific information can be found on the website: [www.funds.troweprice.com](http://www.funds.troweprice.com)

## Environmental and/or social characteristics

115 | T. Rowe Price Funds SICAV | February 2025 Prospectus

**Sustainability**

**indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

**What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The sustainability indicator used by the fund to measure the extent to which it attains the promoted E/S characteristics is:

- % of the value of the fund's portfolio in securities that the investment manager identifies as sustainable investments

► See also: "What investment strategy does this financial product follow?"

**What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

The fund may invest in sustainable investments that have either an E/S objective. A minimum exposure of 0.5 % to each objective is imposed upon the fund in addition to a minimum aggregate exposure to sustainable investments of 10%. Except for these commitments, the fund may invest either in securities that contribute only to environmental objectives or social objectives, or a combination of both. Specifically, the fund uses the following E/S pillars to determine economic activities that contribute to E/S objectives: climate and resource impact (including reducing greenhouse gases, promoting healthy ecosystems, nurturing circular equity) and social equity and quality of life (including enabling social equity, improving health and enhancing quality of life).

Although the fund does not commit to making Taxonomy-aligned investments, in the event that the fund holds any investments that align with the EU Taxonomy, those investments contribute to one or more of the following objectives:

- climate change mitigation
- climate change adaptation
- sustainable use and protection of water and marine resources
- transition to a circular economy
- pollution prevention and control
- protection and restoration of biodiversity and ecosystems

**How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

The investment manager utilises its proprietary internal research platform to support its assessment of whether an issuer is causing significant harm to any E/S objective. Through the use of proprietary research and third-party data, the "do no significant harm" assessment incorporates issuer information in relation to Principal Adverse Impact (PAI) indicators and alignment to certain international guidelines and principles.

**How have the indicators for adverse impacts on sustainability factors been taken into account?**

As part of its investment process the investment manager, and/or the sub-investment manager, systemically assesses whether sustainable investment is causing significant harm to E/S objective. The assessment includes taking into account relevant principal adverse impact indicators.

The investment manager, and/or the sub-investment manager, applies a qualitative and quantitative assessment of the data, obtained for the mandatory PAI indicators listed in Table 1 and any relevant indicators in Tables 2 and 3 of Annex I of the SFDR Delegated Regulation. The investment manager, and/or the sub-investment manager, also analyses PAI metrics relative to internally set thresholds, where relevant and appropriate. These thresholds provide an initial indication of whether significant harm is occurring and the investment manager, and/or the sub-investment manager, may undertake further analysis to support its view. The investment manager and/or the sub-investment manager may consider the materiality of a given indicator relative to an issuer's industry, sector or location, which may be factored into the investment manager's overall determination.

Where sufficient data is not available, the investment manager and/or the sub-investment manager may rely on other relevant data points to make an assessment.

**How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?**

The investment manager's assessment of whether an investee company is causing significant harm to an E/S objective includes an analysis of how the issuer performs with respect to the OECD guidelines for multinational enterprises and the UNGPs on Business and Human Rights.

*The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The "do no significant harm" principle applies only to those investments underlying the fund that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*

**Principal adverse**

**impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

**Does this financial product consider principal adverse impacts on sustainability factors?**

Yes. The investment manager collects data on the following PAI indicators:

- violations of UN Global Compact principles (PAI #10)
- board gender diversity (PAI #13)
- exposure to controversial weapons (antipersonnel mines, cluster munitions, chemical weapons and biological weapons) (PAI #14)

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

The investment manager aggregates the PAI indicators of the portfolio and reviews this information periodically. The periodic review of the portfolio's PAI profile will inform upcoming engagement activity for the fund and, where appropriate, any investment actions as deemed necessary by the investment manager, collectively with a view to pursuing an improvement in the portfolio's PAI data over time<sup>2</sup>.

Information regarding the portfolio's PAI data will be included in the fund's annual report, under the section titled "How did this financial product consider principal adverse impacts on sustainability factors?".



### ***What investment strategy does this financial product follow?***

The fund is actively managed and invests mainly in a diversified portfolio of shares from large capitalisation companies in the United States that have the potential for above-average and sustainable rates of earnings growth. Although the fund does not have sustainable investment as an objective it promotes E/S characteristics through the following components of its investment strategy:

1. **Sustainable investment exposure** At least 10% of the value of the fund's portfolio is invested in sustainable investments.

Other relevant features of the fund's investment strategy are:

2. **Exclusion screen** The fund avoids sectors or companies whose activities may be considered, by the investment manager, harmful to the environment and/or society through the application of the T. Rowe Price Responsible Exclusion List. The relevance to the fund of each excluded sector and/or issuer included in the T. Rowe Price Responsible Exclusion List may vary due to the nature of the fund's investment strategy. In maintaining the T. Rowe Price Responsible Exclusion List, the investment manager and the sub-investment manager, as appropriate, rely on information from companies and reputable third-party research providers. This exclusion list is coded into the investment manager's and the sub-investment manager's, as appropriate, internal compliance systems, which automatically restrict trading in any excluded names. There may be circumstances where a fund has some limited, indirect, exposure to a company involved in the excluded categories. Examples of these circumstances could include an investment in an instrument that gives exposure to an index, or an investment in a fund managed by an unaffiliated investment manager. For more details please see [T. Rowe Price Responsible Exclusion List Policy](#).
3. **Active ownership** The fund embeds governance analysis into the investment process and engages in active ownership, monitoring, and engagement with the issuers of the securities in which it invests. This includes regular dialogue with issuers and active proxy voting.

### ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The fund's binding elements are:

- at least 10% of the value of the fund's portfolio invested in sustainable investments. Specifically, the fund commits to a minimum of 0.5% of the value of its portfolio invested in sustainable investments with an environmental objective and a minimum of 0.5% of the value of its portfolio invested in sustainable investments with a social objective.
- all companies in which the fund invests will follow good governance practices, as determined by the investment manager.

In selecting sustainable investments for the fund's portfolio, the investment manager is required to assess and ensure that the investment contributes to an E/S objective and that it does not cause significant harm to any other E/S objectives.

► See also: "What investment strategy does this financial product follow?" and "Does this financial product consider principal adverse impacts on sustainability factors?".

### ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

The fund does not commit to a minimum reduction of its investment universe (pool of eligible investments).

### ***What is the policy to assess good governance practices of the investee companies?***

The investment manager has a policy to assess governance practices using the two-step good governance test set out below.

#### **Step 1: Quantitative review**

The good governance test consists of weighted pillars designed to measure specific corporate governance risks, rolled up to an overall rating. These risks include sound management structures, employee relations, remuneration of staff and tax compliance. The investment manager, through its proprietary Responsible Investing Indicator Model (RIIM), rates the pillars based on a simple 'traffic light' system: a green rating denotes positive governance characteristics, an orange rating denotes some improvements are needed, whereas red denotes significant governance concerns. If any of the pillars are rated red, the overall status of the test will be red.

<sup>2</sup> More information on the consideration and mitigation of the adverse impacts can be found within the T. Rowe Price Principal Adverse Impacts (PAI) Policy under <https://www.troweprice.com/content/dam/trowecorp/Pdfs/esg/principal-adverse-impacts-PAI-policy.pdf>



**Asset allocation**

describes the share of investments in specific assets.

**Taxonomy-aligned activities**

are expressed as a share of:

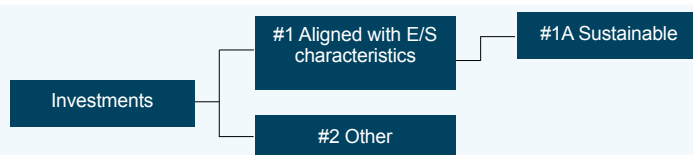
- turnover reflecting the share of revenue from green activities of investee companies.
- capital expenditure (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- operational expenditure (OpEx) reflecting green operational activities of investee companies.

**Step 2: Qualitative review**

If a company's good governance test rating is red, a qualitative review will be undertaken by the Governance team, during which the company's practices will be evaluated within the context of market and sector norms, using a mix of qualitative and quantitative data. Inputs used in the analysis include:

- the basic governance structure a company employs, compared against regional norms
- the presence of any significant controversies in the conduct of the board or management
- the presence of significant remuneration-related controversy in the prior year
- the investment manager's engagement history with the company, and its responsiveness to shareholder concerns
- the degree of insulation a company has from its investors as a result of its capital structure, concentrated shareholders, or the use of protective charter provisions

If necessary, the company's good governance test quantitative scores may be adjusted following the qualitative review. If a company has been assessed as not passing the good governance test, it is not a permitted investment for the funds and therefore cannot be purchased. If an existing holding in the fund is later deemed to no longer meet the good governance standard, this position will be addressed in line with the firm's breach policy.

**What is the asset allocation planned for this financial product?**

**#1 Aligned with E/S characteristics** includes the investments of the fund used to attain the environmental or social characteristics promoted by the fund.

**#2 Other** includes the remaining investments of the fund which are neither aligned with the environmental or social characteristics, nor are qualified as Sustainable Investments.

The category **#1 Aligned with E/S characteristics** covers:

- the sub-category **#1A Sustainable** covers Sustainable Investments with environmental or social objectives.

**#1 and #1A** – The fund promotes E/S characteristics by committing to maintain a minimum of 10% of the value of its portfolio invested in sustainable investments.

**#2** – All other investments that are not sustainable. These are subject to screening by the investment manager to avoid investment in issuers that the investment manager believes are harmful to the environment or society through the application of the T. Rowe Price Responsible Exclusion List. The T. Rowe Price Responsible Exclusion List is a binding exclusion list that applies directly to the fund's entire portfolio, meaning that all investments the fund makes are screened against this exclusion list. At the discretion of the investment manager, the fund may hold investments that are not relevant to the T. Rowe Price Responsible Exclusion List (cash and certain derivatives used for efficient portfolio management).

► See also: "What are the binding elements of the investment strategy?" and "What investments are included under "#2 Other"?"

**How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Whilst the fund may use derivatives for portfolio management techniques for the purpose of hedging, liquidity management and risk reduction, derivatives are not used to promote E/S characteristics.

**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The investments underlying the fund do not currently take into account the EU criteria for environmentally sustainable economic activities pursuant to the Taxonomy Regulation and therefore the fund's minimum proportion of investments aligned with the Taxonomy is 0%. Although the fund does not commit to making Taxonomy-aligned investments, it is possible that the fund holds securities that meet such criteria. The actual proportion of any Taxonomy-aligned investments held by the fund will be disclosed in the fund's annual report. The "do no significant harm" principle under the EU Taxonomy does not apply to investments that are not Taxonomy-aligned. However, in accordance with the SFDR, any other sustainable investments must also not significantly harm any E/S objectives.

**Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>3</sup>?**

☐ Yes

☐ In fossil gas

☐ In nuclear energy

☒ No

<sup>3</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

#### Enabling activities

directly enable other activities to make a substantial contribution to an environmental objective.

#### Transitional activities

are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

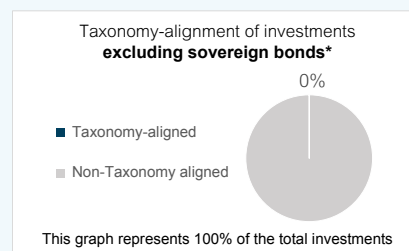
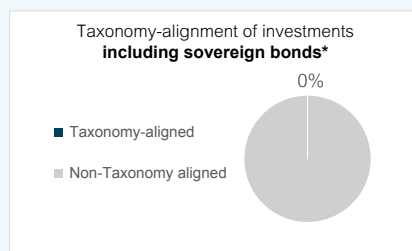


are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy.

#### Reference benchmarks

are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

The two graphs below show the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

#### What is the minimum share of investments in transitional and enabling activities?

The fund does not commit to a minimum share of investments in transitional and enabling activities.



#### What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

0.5%. The cumulative minimum investment in sustainable investments is 10%, out of which 9.5% may be comprised entirely of environmentally sustainable investments, entirely of socially sustainable investments or a combination of both.



#### What is the minimum share of socially sustainable investments?

0.5%. The cumulative minimum investment in sustainable investments is 10%, out of which 9.5% may be comprised entirely of environmentally sustainable investments, entirely of socially sustainable investments or a combination of both.



#### What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

These investments may include derivatives, cash positions, revenues of companies tied to economic activities that are not considered sustainable and any other permitted investments used to achieve the fund's investment objective. These are subject to screening by the investment manager to avoid investment in issuers that the investment manager believes are harmful to the environment or society through the application of the T. Rowe Price Responsible Exclusion List. The T. Rowe Price Responsible Exclusion List is a binding exclusion list that applies directly to the fund's entire portfolio, meaning that all investments the fund makes are screened against this exclusion list.

These investments are still subject to the good governance assessment, where relevant.

► See also: “What investment strategy does this financial product follow?”.



#### Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No.



#### Where can I find more product specific information online?

More product-specific information can be found on the website: [www.funds.troweprice.com](http://www.funds.troweprice.com)

## Environmental and/or social characteristics

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

**What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The sustainability indicator used by the fund to measure the extent to which it attains the promoted E/S characteristics is:

- % of the value of the fund's portfolio in securities that the investment manager identifies as sustainable investments

► See also: "What investment strategy does this financial product follow?"

**What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

The fund may invest in sustainable investments that have either an E/S objective. A minimum exposure of 0.5 % to each objective is imposed upon the fund in addition to a minimum aggregate exposure to sustainable investments of 10%. Except for these commitments, the fund may invest either in securities that contribute only to environmental objectives or social objectives, or a combination of both. Specifically, the fund uses the following E/S pillars to determine economic activities that contribute to E/S objectives: climate and resource impact (including reducing greenhouse gases, promoting healthy ecosystems, nurturing circular equity) and social equity and quality of life (including enabling social equity, improving health and enhancing quality of life).

Although the fund does not commit to making Taxonomy-aligned investments, in the event that the fund holds any investments that align with the EU Taxonomy, those investments contribute to one or more of the following objectives:

- climate change mitigation
- climate change adaptation
- sustainable use and protection of water and marine resources
- transition to a circular economy
- pollution prevention and control
- protection and restoration of biodiversity and ecosystems

**How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

The investment manager utilises its proprietary internal research platform to support its assessment of whether an issuer is causing significant harm to any E/S objective. Through the use of proprietary research and third-party data, the "do no significant harm" assessment incorporates issuer information in relation to Principal Adverse Impact (PAI) indicators and alignment to certain international guidelines and principles.

**How have the indicators for adverse impacts on sustainability factors been taken into account?**

As part of its investment process the investment manager, and/or the sub-investment manager, systemically assesses whether sustainable investment is causing significant harm to E/S objective. The assessment includes taking into account relevant principal adverse impact indicators.

The investment manager, and/or the sub-investment manager, applies a qualitative and quantitative assessment of the data, obtained for the mandatory PAI indicators listed in Table 1 and any relevant indicators in Tables 2 and 3 of Annex I of the SFDR Delegated Regulation. The investment manager, and/or the sub-investment manager, also analyses PAI metrics relative to internally set thresholds, where relevant and appropriate. These thresholds provide an initial indication of whether significant harm is occurring and the investment manager, and/or the sub-investment manager, may undertake further analysis to support its view. The investment manager and/or the sub-investment manager may consider the materiality of a given indicator relative to an issuer's industry, sector or location, which may be factored into the investment manager's overall determination.

Where sufficient data is not available, the investment manager and/or the sub-investment manager may rely on other relevant data points to make an assessment.

**How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?**

The investment manager's assessment of whether an investee company is causing significant harm to an E/S objective includes an analysis of how the issuer performs with respect to the OECD guidelines for multinational enterprises and the UNGPs on Business and Human Rights.

*The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The "do no significant harm" principle applies only to those investments underlying the fund that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.



**Does this financial product consider principal adverse impacts on sustainability factors?**

Yes. The investment manager collects data on the following PAI indicators:

- violations of UN Global Compact principles (PAI #10)
- board gender diversity (PAI #13)
- exposure to controversial weapons (antipersonnel mines, cluster munitions, chemical weapons and biological weapons) (PAI #14)

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

The investment manager aggregates the PAI indicators of the portfolio and reviews this information periodically. The periodic review of the portfolio's PAI profile will inform upcoming engagement activity for the fund and, where appropriate, any investment actions as deemed necessary by the investment manager, collectively with a view to pursuing an improvement in the portfolio's PAI data over time<sup>2</sup>.

Information regarding the portfolio's PAI data will be included in the fund's annual report, under the section titled "How did this financial product consider principal adverse impacts on sustainability factors?".



### ***What investment strategy does this financial product follow?***

The fund is actively managed and invests mainly in a widely diversified portfolio of shares from smaller capitalisation companies in the United States. Although the fund does not have sustainable investment as an objective it promotes E/S characteristics through the following components of its investment strategy:

1. **Sustainable investment exposure** At least 10% of the value of the fund's portfolio is invested in sustainable investments.

Other relevant features of the fund's investment strategy are:

2. **Exclusion screen** The fund avoids sectors or companies whose activities may be considered, by the investment manager, harmful to the environment and/or society through the application of the T. Rowe Price Responsible Exclusion List. The relevance to the fund of each excluded sector and/or issuer included in the T. Rowe Price Responsible Exclusion List may vary due to the nature of the fund's investment strategy. In maintaining the T. Rowe Price Responsible Exclusion List, the investment manager and the sub-investment manager, as appropriate, rely on information from companies and reputable third-party research providers. This exclusion list is coded into the investment manager's and the sub-investment manager's, as appropriate, internal compliance systems, which automatically restrict trading in any excluded names. There may be circumstances where a fund has some limited, indirect, exposure to a company involved in the excluded categories. Examples of these circumstances could include an investment in an instrument that gives exposure to an index, or an investment in a fund managed by an unaffiliated investment manager. For more details please see [T. Rowe Price Responsible Exclusion List Policy](#).
3. **Active ownership** The fund embeds governance analysis into the investment process and engages in active ownership, monitoring, and engagement with the issuers of the securities in which it invests. This includes regular dialogue with issuers and active proxy voting.

### ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The fund's binding elements are:

- at least 10% of the value of the fund's portfolio invested in sustainable investments. Specifically, the fund commits to a minimum of 0.5% of the value of its portfolio invested in sustainable investments with an environmental objective and a minimum of 0.5% of the value of its portfolio invested in sustainable investments with a social objective.
- all companies in which the fund invests will follow good governance practices, as determined by the investment manager.

In selecting sustainable investments for the fund's portfolio, the investment manager is required to assess and ensure that the investment contributes to an E/S objective and that it does not cause significant harm to any other E/S objectives.

► See also: "What investment strategy does this financial product follow?" and "Does this financial product consider principal adverse impacts on sustainability factors?".

### ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

The fund does not commit to a minimum reduction of its investment universe (pool of eligible investments).

### ***What is the policy to assess good governance practices of the investee companies?***

The investment manager has a policy to assess governance practices using the two-step good governance test set out below.

#### **Step 1: Quantitative review**

The good governance test consists of weighted pillars designed to measure specific corporate governance risks, rolled up to an overall rating. These risks include sound management structures, employee relations, remuneration of staff and tax compliance. The investment manager, through its proprietary Responsible Investing Indicator Model (RIIM), rates the pillars based on a simple 'traffic light' system: a green rating denotes positive governance characteristics, an orange rating denotes some improvements are needed, whereas red denotes significant governance concerns. If any of the pillars are rated red, the overall status of the test will be red.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

<sup>2</sup> More information on the consideration and mitigation of the adverse impacts can be found within the T. Rowe Price Principal Adverse Impacts (PAI) Policy under <https://www.troweprice.com/content/dam/trowecorp/Pdfs/esg/principal-adverse-impacts-PAI-policy.pdf>



**Asset allocation**

describes the share of investments in specific assets.

**Taxonomy-aligned activities**

are expressed as a share of:

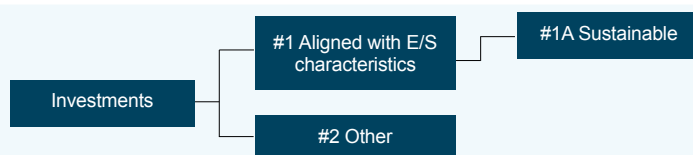
- turnover reflecting the share of revenue from green activities of investee companies.
- capital expenditure (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- operational expenditure (OpEx) reflecting green operational activities of investee companies.

**Step 2: Qualitative review**

If a company's good governance test rating is red, a qualitative review will be undertaken by the Governance team, during which the company's practices will be evaluated within the context of market and sector norms, using a mix of qualitative and quantitative data. Inputs used in the analysis include:

- the basic governance structure a company employs, compared against regional norms
- the presence of any significant controversies in the conduct of the board or management
- the presence of significant remuneration-related controversy in the prior year
- the investment manager's engagement history with the company, and its responsiveness to shareholder concerns
- the degree of insulation a company has from its investors as a result of its capital structure, concentrated shareholders, or the use of protective charter provisions

If necessary, the company's good governance test quantitative scores may be adjusted following the qualitative review. If a company has been assessed as not passing the good governance test, it is not a permitted investment for the funds and therefore cannot be purchased. If an existing holding in the fund is later deemed to no longer meet the good governance standard, this position will be addressed in line with the firm's breach policy.

**What is the asset allocation planned for this financial product?**

**#1 Aligned with E/S characteristics** includes the investments of the fund used to attain the environmental or social characteristics promoted by the fund.

**#2 Other** includes the remaining investments of the fund which are neither aligned with the environmental or social characteristics, nor are qualified as Sustainable Investments.

The category **#1 Aligned with E/S characteristics** covers:

- the sub-category **#1A Sustainable** covers Sustainable Investments with environmental or social objectives.

**#1 and #1A** – The fund promotes E/S characteristics by committing to maintain a minimum of 10% of the value of its portfolio invested in sustainable investments.

**#2** – All other investments that are not sustainable. These are subject to screening by the investment manager to avoid investment in issuers that the investment manager believes are harmful to the environment or society through the application of the T. Rowe Price Responsible Exclusion List. The T. Rowe Price Responsible Exclusion List is a binding exclusion list that applies directly to the fund's entire portfolio, meaning that all investments the fund makes are screened against this exclusion list. At the discretion of the investment manager, the fund may hold investments that are not relevant to the T. Rowe Price Responsible Exclusion List (cash and certain derivatives used for efficient portfolio management).

► See also: "What are the binding elements of the investment strategy?" and "What investments are included under "#2 Other"?"

**How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Whilst the fund may use derivatives for portfolio management techniques for the purpose of hedging, liquidity management and risk reduction, derivatives are not used to promote E/S characteristics.

**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The investments underlying the fund do not currently take into account the EU criteria for environmentally sustainable economic activities pursuant to the Taxonomy Regulation and therefore the fund's minimum proportion of investments aligned with the Taxonomy is 0%. Although the fund does not commit to making Taxonomy-aligned investments, it is possible that the fund holds securities that meet such criteria. The actual proportion of any Taxonomy-aligned investments held by the fund will be disclosed in the fund's annual report. The "do no significant harm" principle under the EU Taxonomy does not apply to investments that are not Taxonomy-aligned. However, in accordance with the SFDR, any other sustainable investments must also not significantly harm any E/S objectives.

**Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>3</sup>?**

☐ Yes

☐ In fossil gas

☐ In nuclear energy

☒ No

<sup>3</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

#### Enabling activities

directly enable other activities to make a substantial contribution to an environmental objective.

#### Transitional activities

are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

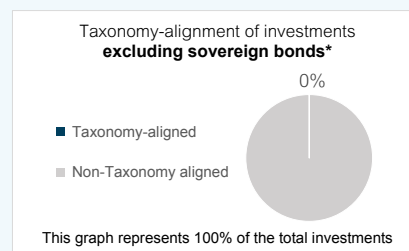
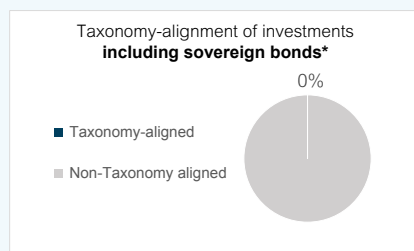


are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy.

#### Reference benchmarks

are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

The two graphs below show the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

#### What is the minimum share of investments in transitional and enabling activities?

The fund does not commit to a minimum share of investments in transitional and enabling activities.



#### What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

0.5%. The cumulative minimum investment in sustainable investments is 10%, out of which 9.5% may be comprised entirely of environmentally sustainable investments, entirely of socially sustainable investments or a combination of both.



#### What is the minimum share of socially sustainable investments?

0.5%. The cumulative minimum investment in sustainable investments is 10%, out of which 9.5% may be comprised entirely of environmentally sustainable investments, entirely of socially sustainable investments or a combination of both.



#### What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

These investments may include derivatives, cash positions, revenues of companies tied to economic activities that are not considered sustainable and any other permitted investments used to achieve the fund's investment objective. These are subject to screening by the investment manager to avoid investment in issuers that the investment manager believes are harmful to the environment or society through the application of the T. Rowe Price Responsible Exclusion List. The T. Rowe Price Responsible Exclusion List is a binding exclusion list that applies directly to the fund's entire portfolio, meaning that all investments the fund makes are screened against this exclusion list.

These investments are still subject to the good governance assessment, where relevant.

► See also: “What investment strategy does this financial product follow?”.



#### Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No.



#### Where can I find more product specific information online?

More product-specific information can be found on the website: [www.funds.troweprice.com](http://www.funds.troweprice.com)

## Environmental and/or social characteristics

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

- ☐ It promotes E/S characteristics but **will not make any sustainable investments**



► See also: “What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?” and the [T. Rowe Price Responsible Exclusion List](#).

125 | T. Rowe Price Funds SICAV | February 2025 Prospectus

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

**What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The sustainability indicator used by the fund to measure the extent to which it attains the promoted E/S characteristics is:

- % of the value of the fund's portfolio in securities that the investment manager identifies as sustainable investments

► See also: "What investment strategy does this financial product follow?"

**What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

The fund may invest in sustainable investments that have either an E/S objective. A minimum exposure of 0.5 % to each objective is imposed upon the fund in addition to a minimum aggregate exposure to sustainable investments of 10%. Except for these commitments, the fund may invest either in securities that contribute only to environmental objectives or social objectives, or a combination of both. Specifically, the fund uses the following E/S pillars to determine economic activities that contribute to E/S objectives: climate and resource impact (including reducing greenhouse gases, promoting healthy ecosystems, nurturing circular equity) and social equity and quality of life (including enabling social equity, improving health and enhancing quality of life).

Although the fund does not commit to making Taxonomy-aligned investments, in the event that the fund holds any investments that align with the EU Taxonomy, those investments contribute to one or more of the following objectives:

- climate change mitigation
- climate change adaptation
- sustainable use and protection of water and marine resources
- transition to a circular economy
- pollution prevention and control
- protection and restoration of biodiversity and ecosystems

**How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

The investment manager utilises its proprietary internal research platform to support its assessment of whether an issuer is causing significant harm to any E/S objective. Through the use of proprietary research and third-party data, the "do no significant harm" assessment incorporates issuer information in relation to Principal Adverse Impact (PAI) indicators and alignment to certain international guidelines and principles.

**How have the indicators for adverse impacts on sustainability factors been taken into account?**

As part of its investment process the investment manager, and/or the sub-investment manager, systemically assesses whether sustainable investment is causing significant harm to E/S objective. The assessment includes taking into account relevant principal adverse impact indicators.

The investment manager, and/or the sub-investment manager, applies a qualitative and quantitative assessment of the data, obtained for the mandatory PAI indicators listed in Table 1 and any relevant indicators in Tables 2 and 3 of Annex I of the SFDR Delegated Regulation. The investment manager, and/or the sub-investment manager, also analyses PAI metrics relative to internally set thresholds, where relevant and appropriate. These thresholds provide an initial indication of whether significant harm is occurring and the investment manager, and/or the sub-investment manager, may undertake further analysis to support its view. The investment manager and/or the sub-investment manager may consider the materiality of a given indicator relative to an issuer's industry, sector or location, which may be factored into the investment manager's overall determination.

Where sufficient data is not available, the investment manager and/or the sub-investment manager may rely on other relevant data points to make an assessment.

**How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?**

The investment manager's assessment of whether an investee company is causing significant harm to an E/S objective includes an analysis of how the issuer performs with respect to the OECD guidelines for multinational enterprises and the UNGPs on Business and Human Rights.

*The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The "do no significant harm" principle applies only to those investments underlying the fund that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.



**Does this financial product consider principal adverse impacts on sustainability factors?**

Yes. The investment manager collects data on the following PAI indicators:

- violations of UN Global Compact principles (PAI #10)
- board gender diversity (PAI #13)
- exposure to controversial weapons (antipersonnel mines, cluster munitions, chemical weapons and biological weapons) (PAI #14)

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

The investment manager aggregates the PAI indicators of the portfolio and reviews this information periodically. The periodic review of the portfolio's PAI profile will inform upcoming engagement activity for the fund and, where appropriate, any investment actions as deemed necessary by the investment manager, collectively with a view to pursuing an improvement in the portfolio's PAI data over time<sup>2</sup>.

Information regarding the portfolio's PAI data will be included in the fund's annual report, under the section titled "How did this financial product consider principal adverse impacts on sustainability factors?".



### ***What investment strategy does this financial product follow?***

Employing a flexible asset allocation approach, the fund is actively managed and invests mainly in a diversified portfolio of income generating bonds and equities, mainly from US issuers. Although the fund does not have sustainable investment as an objective it promotes E/S characteristics through the following components of its investment strategy:

1. **Sustainable investment exposure** At least 10% of the value of the fund's portfolio is invested in sustainable investments.
- Other relevant features of the fund's investment strategy are:
2. **Exclusion screen** The fund avoids sectors or companies whose activities may be considered, by the investment manager, harmful to the environment and/or society through the application of the T. Rowe Price Responsible Exclusion List. The relevance to the fund of each excluded sector and/or issuer included in the T. Rowe Price Responsible Exclusion List may vary due to the nature of the fund's investment strategy. In maintaining the T. Rowe Price Responsible Exclusion List, the investment manager and the sub-investment manager, as appropriate, rely on information from companies and reputable third-party research providers. This exclusion list is coded into the investment manager's and the sub-investment manager's, as appropriate, internal compliance systems, which automatically restrict trading in any excluded names. There may be circumstances where a fund has some limited, indirect, exposure to a company involved in the excluded categories. Examples of these circumstances could include an investment in an instrument that gives exposure to an index, or an investment in a fund managed by an unaffiliated investment manager. For more details please see [T. Rowe Price Responsible Exclusion List Policy](#).
3. **Active ownership** The fund embeds governance analysis into the investment process and engages in active ownership, monitoring, and engagement with the issuers of the securities in which it invests. This includes regular dialogue with issuers and active proxy voting, where relevant.

### ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The fund's binding elements are:

- at least 10% of the value of the fund's portfolio invested in sustainable investments. Specifically, the fund commits to a minimum of 0.5% of the value of its portfolio invested in sustainable investments with an environmental objective and a minimum of 0.5% of the value of its portfolio invested in sustainable investments with a social objective.
- all companies in which the fund invests will follow good governance practices, as determined by the investment manager.

In selecting sustainable investments for the fund's portfolio, the investment manager is required to assess and ensure that the investment contributes to an E/S objective and that it does not cause significant harm to any other E/S objectives.

► See also: "What investment strategy does this financial product follow?" and "Does this financial product consider principal adverse impacts on sustainability factors?".

### ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

The fund does not commit to a minimum reduction of its investment universe (pool of eligible investments).

### ***What is the policy to assess good governance practices of the investee companies?***

The investment manager has a policy to assess governance practices using the two-step good governance test set out below.

#### **Step 1: Quantitative review**

The good governance test consists of weighted pillars designed to measure specific corporate governance risks, rolled up to an overall rating. These risks include sound management structures, employee relations, remuneration of staff and tax compliance. The investment manager, through its proprietary Responsible Investing Indicator Model (RIIM), rates the pillars based on a simple 'traffic light' system: a green rating denotes positive governance characteristics, an orange rating denotes some improvements are needed, whereas red denotes significant governance concerns. If any of the pillars are rated red, the overall status of the test will be red.

<sup>2</sup> More information on the consideration and mitigation of the adverse impacts can be found within the T. Rowe Price Principal Adverse Impacts (PAI) Policy under <https://www.troweprice.com/content/dam/trowecorp/Pdfs/esg/principal-adverse-impacts-PAI-policy.pdf>



**Asset allocation**

describes the share of investments in specific assets.

**Taxonomy-aligned activities** are expressed as a share of:

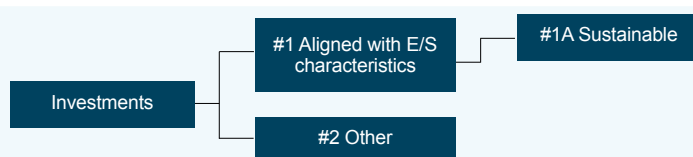
- turnover reflecting the share of revenue from green activities of investee companies.
- capital expenditure (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- operational expenditure (OpEx) reflecting green operational activities of investee companies.

**Step 2: Qualitative review**

If a company's good governance test rating is red, a qualitative review will be undertaken by the Governance team, during which the company's practices will be evaluated within the context of market and sector norms, using a mix of qualitative and quantitative data. Inputs used in the analysis include:

- the basic governance structure a company employs, compared against regional norms
- the presence of any significant controversies in the conduct of the board or management
- the presence of significant remuneration-related controversy in the prior year
- the investment manager's engagement history with the company, and its responsiveness to shareholder concerns
- the degree of insulation a company has from its investors as a result of its capital structure, concentrated shareholders, or the use of protective charter provisions

If necessary, the company's good governance test quantitative scores may be adjusted following the qualitative review. If a company has been assessed as not passing the good governance test, it is not a permitted investment for the funds and therefore cannot be purchased. If an existing holding in the fund is later deemed to no longer meet the good governance standard, this position will be addressed in line with the firm's breach policy.

**What is the asset allocation planned for this financial product?**

**#1 Aligned with E/S characteristics** includes the investments of the fund used to attain the environmental or social characteristics promoted by the fund.

**#2 Other** includes the remaining investments of the fund which are neither aligned with the environmental or social characteristics, nor are qualified as Sustainable Investments.

The category **#1 Aligned with E/S characteristics** covers:

- the sub-category **#1A Sustainable** covers Sustainable Investments with environmental or social objectives.

**#1 and #1A** – The fund promotes E/S characteristics by committing to maintain a minimum of 10% of the value of its portfolio invested in sustainable investments.

**#2** – All other investments that are not sustainable. These are subject to screening by the investment manager to avoid investment in issues that the investment manager believes are harmful to the environment or society through the application of the T. Rowe Price Responsible Exclusion List. The T. Rowe Price Responsible Exclusion List is a binding exclusion list that applies directly to the fund's entire portfolio, meaning that all investments the fund makes are screened against this exclusion list. At the discretion of the investment manager, the fund may hold investments that are not relevant to the T. Rowe Price Responsible Exclusion List (cash and certain derivatives used for efficient portfolio management).

► See also: "What are the binding elements of the investment strategy?" and "What investments are included under "#2 Other"?".

**How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Whilst the fund may use derivatives for portfolio management techniques for the purpose of hedging, liquidity management and risk reduction, derivatives are not used to promote E/S characteristics.

**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The investments underlying the fund do not currently take into account the EU criteria for environmentally sustainable economic activities pursuant to the Taxonomy Regulation and therefore the fund's minimum proportion of investments aligned with the Taxonomy is 0%. Although the fund does not commit to making Taxonomy-aligned investments, it is possible that the fund holds securities that meet such criteria. The actual proportion of any Taxonomy-aligned investments held by the fund will be disclosed in the fund's annual report. The "do no significant harm" principle under the EU Taxonomy does not apply to investments that are not Taxonomy-aligned. However, in accordance with the SFDR, any other sustainable investments must also not significantly harm any E/S objectives.

**Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>3</sup>?**

☐ Yes

☐ In fossil gas

☐ In nuclear energy

☒ No

<sup>3</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

#### Enabling activities

directly enable other activities to make a substantial contribution to an environmental objective.

#### Transitional activities

are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

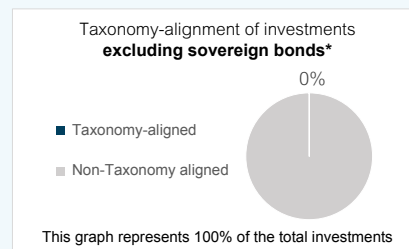
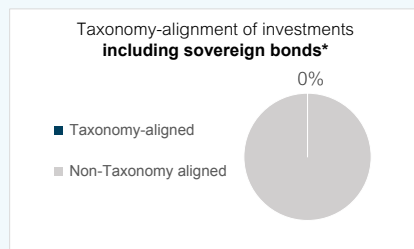


are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy.

#### Reference benchmarks

are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

The two graphs below show the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

#### What is the minimum share of investments in transitional and enabling activities?

The fund does not commit to a minimum share of investments in transitional and enabling activities.



#### What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

0.5%. The cumulative minimum investment in sustainable investments is 10%, out of which 9.5% may be comprised entirely of environmentally sustainable investments, entirely of socially sustainable investments or a combination of both.



#### What is the minimum share of socially sustainable investments?

0.5%. The cumulative minimum investment in sustainable investments is 10%, out of which 9.5% may be comprised entirely of environmentally sustainable investments, entirely of socially sustainable investments or a combination of both.



#### What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

These investments may include derivatives, cash positions, revenues of companies tied to economic activities that are not considered sustainable and any other permitted investments used to achieve the fund's investment objective. These are subject to screening by the investment manager to avoid investment in issuers that the investment manager believes are harmful to the environment or society through the application of the T. Rowe Price Responsible Exclusion List. The T. Rowe Price Responsible Exclusion List is a binding exclusion list that applies directly to the fund's entire portfolio, meaning that all investments the fund makes are screened against this exclusion list.

These investments are still subject to the good governance assessment, where relevant.

► See also: “What investment strategy does this financial product follow?”.



#### Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No.



#### Where can I find more product specific information online?

More product-specific information can be found on the website: [www.funds.troweprice.com](http://www.funds.troweprice.com)

## Environmental and/or social characteristics

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

**What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The sustainability indicator used by the fund to measure the extent to which it attains the promoted E/S characteristics is:

- % of the value of the fund's portfolio in securities that the investment manager identifies as sustainable investments

► See also: "What investment strategy does this financial product follow?"

**What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

The fund may invest in sustainable investments that have either an E/S objective. A minimum exposure of 0.5 % to each objective is imposed upon the fund in addition to a minimum aggregate exposure to sustainable investments of 10%. Except for these commitments, the fund may invest either in securities that contribute only to environmental objectives or social objectives, or a combination of both. Specifically, the fund uses the following E/S pillars to determine economic activities that contribute to E/S objectives: climate and resource impact (including reducing greenhouse gases, promoting healthy ecosystems, nurturing circular equity) and social equity and quality of life (including enabling social equity, improving health and enhancing quality of life).

Although the fund does not commit to making Taxonomy-aligned investments, in the event that the fund holds any investments that align with the EU Taxonomy, those investments contribute to one or more of the following objectives:

- climate change mitigation
- climate change adaptation
- sustainable use and protection of water and marine resources
- transition to a circular economy
- pollution prevention and control
- protection and restoration of biodiversity and ecosystems

**How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

The investment manager utilises its proprietary internal research platform to support its assessment of whether an issuer is causing significant harm to any E/S objective. Through the use of proprietary research and third-party data, the "do no significant harm" assessment incorporates issuer information in relation to Principal Adverse Impact (PAI) indicators and alignment to certain international guidelines and principles.

**How have the indicators for adverse impacts on sustainability factors been taken into account?**

As part of its investment process the investment manager, and/or the sub-investment manager, systemically assesses whether sustainable investment is causing significant harm to E/S objective. The assessment includes taking into account relevant principal adverse impact indicators.

The investment manager, and/or the sub-investment manager, applies a qualitative and quantitative assessment of the data, obtained for the mandatory PAI indicators listed in Table 1 and any relevant indicators in Tables 2 and 3 of Annex I of the SFDR Delegated Regulation. The investment manager, and/or the sub-investment manager, also analyses PAI metrics relative to internally set thresholds, where relevant and appropriate. These thresholds provide an initial indication of whether significant harm is occurring and the investment manager may undertake further analysis to support its view. The investment manager, and/or the sub-investment manager, may consider the materiality of a given indicator relative to an issuer's industry, sector or location, which may be factored into the investment manager's overall determination.

Where sufficient data is not available, the investment manager, and/or the sub-investment manager, may rely on other relevant data points to make an assessment.

**How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?**

The investment manager's assessment of whether an investee company is causing significant harm to an E/S objective includes an analysis of how the issuer performs with respect to the OECD guidelines for multinational enterprises and the UNGPs on Business and Human Rights.

*The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

*The "do no significant harm" principle applies only to those investments underlying the fund that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.*

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.



**Does this financial product consider principal adverse impacts on sustainability factors?**

Yes. The investment manager collects data on the following PAI indicators:

- violations of UN Global Compact principles (PAI #10)
- board gender diversity (PAI #13)
- exposure to controversial weapons (antipersonnel mines, cluster munitions, chemical weapons and biological weapons) (PAI #14)

The investment manager aggregates the PAI indicators of the portfolio and reviews this information periodically. The periodic review of the portfolio's PAI profile will inform upcoming engagement activity for the fund and, where appropriate, any investment actions as deemed necessary by the investment manager, collectively with a view to pursuing an improvement in the portfolio's PAI data over time.

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

Information regarding the portfolio's PAI data will be included in the fund's annual report, under the section titled "How did this financial product consider principal adverse impacts on sustainability factors?"



### ***What investment strategy does this financial product follow?***

Employing a flexible asset allocation approach, the fund is actively managed and invests mainly in a diversified portfolio of income generating equities, bonds and money market securities, from issuers around the world, including emerging markets. Although the fund does not have sustainable investment as an objective it promotes E/S characteristics through the following components of its investment strategy:

1. **Sustainable investment exposure** At least 10% of the value of the fund's portfolio is invested in sustainable investments.

Other relevant features of the fund's investment strategy is:

2. **Exclusion screen** The fund avoids sectors or companies whose activities may be considered, by the investment manager, harmful to the environment and/or society through the application of the T. Rowe Price Responsible Exclusion List. The relevance to the fund of each excluded sector and/or issuer included in the T. Rowe Price Responsible Exclusion List may vary due to the nature of the fund's investment strategy. In maintaining the T. Rowe Price Responsible Exclusion List, the investment manager and the sub-investment manager, as appropriate, rely on information from companies and reputable third-party research providers. This exclusion list is coded into the investment manager's and the sub-investment manager's, as appropriate, internal compliance systems, which automatically restrict trading in any excluded names. There may be circumstances where a fund has some limited, indirect, exposure to a company involved in the excluded categories. Examples of these circumstances could include an investment in an instrument that gives exposure to an index, or an investment in a fund managed by an unaffiliated investment manager. For more details please see [T. Rowe Price Responsible Exclusion List Policy](#).
3. **Active ownership** The fund embeds governance analysis into the investment process and engages in active ownership, monitoring, and engagement with the issuers of the securities in which it invests. This includes regular dialogue with issuers and active proxy voting, where relevant.

### ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The fund's binding elements are:

- at least 10% of the value of the fund's portfolio invested in sustainable investments. Specifically, the fund commits to a minimum of 0.5% of the value of its portfolio invested in sustainable investments with an environmental objective and a minimum of 0.5% of the value of its portfolio invested in sustainable investments with a social objective.
- all companies in which the fund invests will follow good governance practices, as determined by the investment manager.

In selecting sustainable investments for the fund's portfolio, the investment manager is required to assess and ensure that the investment contributes to an E/S objective and that it does not cause significant harm to any other E/S objectives.

► See also: "What investment strategy does this financial product follow?" and "Does this financial product consider principal adverse impacts on sustainability factors?"

### ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

The fund does not commit to a minimum reduction of its investment universe (pool of eligible investments).

### ***What is the policy to assess good governance practices of the investee companies?***

The investment manager has a policy to assess governance practices using the two-step good governance test set out below.

#### **Step 1: Quantitative review**

The good governance test consists of weighted pillars designed to measure specific corporate governance risks, rolled up to an overall rating. These risks include sound management structures, employee relations, remuneration of staff and tax compliance. The investment manager, through its proprietary Responsible Investing Indicator Model (RIIM), rates the pillars based on a simple 'traffic light' system: a green rating denotes positive governance characteristics, an orange rating denotes some improvements are needed, whereas red denotes significant governance concerns. If any of the pillars are rated red, the overall status of the test will be red.

#### **Step 2: Qualitative review**

If a company's good governance test rating is red, a qualitative review will be undertaken by the Governance team, during which the company's practices will be evaluated within the context of market and sector norms, using a mix of qualitative and quantitative data. Inputs used in the analysis include:

- the basic governance structure a company employs, compared against regional norms
- the presence of any significant controversies in the conduct of the board or management
- the presence of significant remuneration-related controversy in the prior year
- the investment manager's engagement history with the company, and its responsiveness to shareholder concerns
- the degree of insulation a company has from its investors as a result of its capital structure, concentrated shareholders, or the use of protective charter provisions



**Asset allocation**

describes the share of investments in specific assets.

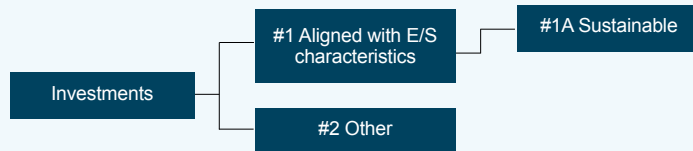
**Taxonomy-aligned activities**

are expressed as a share of:

- turnover reflecting the share of revenue from green activities of investee companies.
- capital expenditure (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- operational expenditure (OpEx) reflecting green operational activities of investee companies.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

If necessary, the company's good governance test quantitative scores may be adjusted following the qualitative review. If a company has been assessed as not passing the good governance test, it is not a permitted investment for the funds and therefore cannot be purchased. If an existing holding in the fund is later deemed to no longer meet the good governance standard, this position will be addressed in line with the firm's breach policy.

**What is the asset allocation planned for this financial product?**

**#1 Aligned with E/S characteristics** includes the investments of the fund used to attain the environmental or social characteristics promoted by the fund.

**#2 Other** includes the remaining investments of the fund which are neither aligned with the environmental or social characteristics, nor are qualified as Sustainable Investments.

The category **#1 Aligned with E/S characteristics** covers:

- the sub-category **#1A Sustainable** covers Sustainable Investments with environmental or social objectives.

**#1 and #1A** – The fund promotes E/S characteristics by committing to maintain a minimum of 10% of the value of its portfolio invested in sustainable investments.

**#2** – All other investments that are not sustainable. These are subject to screening by the investment manager to avoid investment in issuers that the investment manager believes are harmful to the environment or society through the application of the T. Rowe Price Responsible Exclusion List. The T. Rowe Price Responsible Exclusion List is a binding exclusion list that applies directly to the fund's entire portfolio, meaning that all investments the fund makes are screened against this exclusion list. At the discretion of the investment manager, the fund may hold investments that are not relevant to the T. Rowe Price Responsible Exclusion List (cash and certain derivatives used for efficient portfolio management).

► See also: "What are the binding elements of the investment strategy?" and "What investments are included under "#2 Other"?".

**How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Whilst the fund may use derivatives for portfolio management techniques for the purpose of hedging, liquidity management investment purposes and risk reduction derivatives are not used to promote E/S characteristics.

**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The investments underlying the fund do not currently take into account the EU criteria for environmentally sustainable economic activities pursuant to the Taxonomy Regulation and therefore the fund's minimum proportion of investments aligned with the Taxonomy is 0%. Although the fund does not commit to making Taxonomy-aligned investments, it is possible that the fund holds securities that meet such criteria. The actual proportion of any Taxonomy-aligned investments held by the fund will be disclosed in the fund's annual report. The "do no significant harm" principle under the EU Taxonomy does not apply to investments that are not Taxonomy-aligned. However, in accordance with the SFDR, any other sustainable investments must also not significantly harm any E/S objectives.

**Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?**

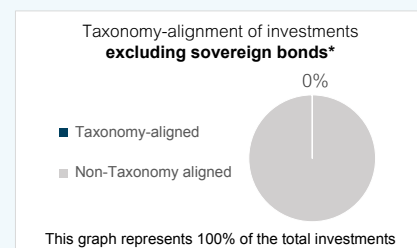
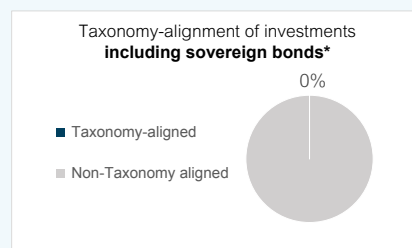
☐ Yes

☐ In fossil gas

☐ In nuclear energy

☒ No

The two graphs below show the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy alignment of sovereign bonds<sup>2</sup>, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

<sup>2</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

### Enabling activities

directly enable other activities to make a substantial contribution to an environmental objective.

### Transitional activities

are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.



are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy.

### Reference

**benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

### What is the minimum share of investments in transitional and enabling activities?

The fund does not commit to a minimum share of investments in transitional and enabling activities.



### What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

0.5%. The cumulative minimum investment in sustainable investments is 10%, out of which 9.5% may be comprised entirely of environmentally sustainable investments, entirely of socially sustainable investments or a combination of both.



### What is the minimum share of socially sustainable investments?

0.5%. The cumulative minimum investment in sustainable investments is 10%, out of which 9.5% may be comprised entirely of environmentally sustainable investments, entirely of socially sustainable investments or a combination of both.



### What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

These investments may include derivatives, cash positions, revenues of companies tied to economic activities that are not considered sustainable and any other permitted investments used to achieve the fund's investment objective. These are subject to screening by the investment manager to avoid investment in issuers that the investment manager believes are harmful to the environment or society through the application of the T. Rowe Price Responsible Exclusion List. The T. Rowe Price Responsible Exclusion List is a binding exclusion list that applies directly to the fund's entire portfolio, meaning that all investments the fund makes are screened against this exclusion list.

These investments are still subject to the good governance assessment, where relevant.

► See also: “What investment strategy does this financial product follow?”.



### Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No.



### Where can I find more product specific information online?

More product-specific information can be found on the website: [www.funds.troweprice.com](http://www.funds.troweprice.com)