



T. ROWE PRICE FUNDS SICAV SFDR ARTICLE 8 FUND DISCLOSURES LUXEMBOURG

December 2021

Responsible Fund Range:

Environmental and Social Characteristics Promoted by the Responsible Funds

The Responsible Funds Range of the T. Rowe Price Funds SICAV includes:

Fund
T. Rowe Price Funds SICAV – Responsible Global Structured Research Equity Fund

Through the application of the T. Rowe Price Responsible Exclusion List (see below), the Responsible Fund Range of the T. Rowe Price Funds SICAV aims to reduce the harmful impact on the environment and/or society of controversial weapons (cluster munitions, anti-personnel land mines, incendiary, chemical, biological and nuclear weapons), tobacco production, coal production, assault-style weapons for civilian use, adult entertainment, direct gambling operations and certain conduct-based criteria.

The investments underlying this fund do not take into account the EU criteria for environmentally sustainable economic activities.

T. Rowe Price Responsible Exclusion List

The T. Rowe Price Responsible Exclusion List aims to exclude investments in sectors or companies that are harmful to the environment and/or society and incorporates both category and conduct-based exclusions. The nature of categories chosen to be excluded may change over time as market demands and trends evolve.

Controversial Weapons	<p>Companies that have direct exposure to anti-personnel land mines, cluster munitions, incendiary weapons, biological weapons, chemical weapons and/or nuclear weapons; which is defined as either:</p> <ol style="list-style-type: none"> 1. The company is developing, producing, maintaining, distributing, storing or providing another service for a cluster munition, anti-personnel land mine, incendiary, biological, chemical and/or nuclear weapon; 2. The company is developing, producing or providing another service for a component primarily developed for use in a cluster munition,
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	<p>anti-personnel land mine, incendiary, biological, chemical and/or nuclear weapon;</p> <p>3. The company is developing, producing or providing another service specialized or customized for the deployment of a cluster munition, anti-personnel land mine, incendiary, biological, chemical and/or nuclear weapon; or</p> <p>4. The company has an ownership stake of more than 50% in a company with direct exposure to cluster munitions, anti-personnel land mines, incendiary, biological, chemical and/or nuclear weapons.</p>
Tobacco	Companies that have direct exposure to the manufacturing of tobacco and/or key tobacco components.
Coal	Companies that derive more than 5% of their revenues through the production of thermal coal.
Assault-style Weapons	Companies that manufacture or retail semi-automatics or “assault-style” weapons.
Adult Entertainment	Companies that derive more than 5% of their revenues through the retail or production of adult entertainment.
Gambling	Companies that derive more than 5% of their revenues from direct gambling operations.
Conduct-based	Corporate or sovereign issuers that have been involved in an extreme environmental, social, ethical or governance breach and where the investment manager does not believe that they are taking adequate steps to remediate the issue.

The Board of Managers of T. Rowe Price (Luxembourg) Management. S.à r.l. has oversight of the exclusion list, but has delegated the responsibility for creation, analysis and maintenance of the exclusion list to the investment manager. Our ESG Committee has oversight over the implementation of the exclusion list, which is conducted by the specialists in environmental, social and governance issues.

Considerations taken into account in determining the content of the exclusion list, include the conclusions of external research providers, engagements with the companies, the direct, indirect or ongoing nature of a company’s involvement in a specific category or incident and evidence of exclusion by other investors. In conducting its analysis, the investment manager relies on a variety of sources for information about issuers, including:

- Sustainalytics
- MSCI ESG research
- Company reports
- Research by non-governmental organizations (NGOs)
- T. Rowe Price’s global team of equity and fixed income analysts
- UN Convention on Cluster Munitions data
- UN Anti-Personnel Mine Ban Convention

- Government reports
- UN Global Compact Principles
- OECD Guidelines for Multinational Enterprises
- UN Guiding Principles on Business and Human Rights

Companies are added to our conduct-based exclusion list when they have an extreme environmental, social, governance or ethical breach and we do not believe they are taking adequate steps to remediate the issue. There is an element of subjectivity in determining whether a particular conduct issue meets the 'extreme' threshold and this will be based on a variety of factors including but not limited to: type of conduct issue, industry/sector, length of time the issue has subsisted, and the company's receptiveness to engagement on the issue.

T. Rowe Price (Luxembourg) Management S.à r.l. periodically reviews the T. Rowe Price Responsible Exclusion List, together with the sources and methodologies utilised by the investment manager in the compilation of the list of securities for exclusion.

More information and the investment manager's ESG policy can be found on <https://www.troweprice.com/corporate/en/what-we-do/investing-approach/esg-investment-policy.html>.

Assessing, Measuring and Monitoring the Environmental and Social Characteristics

Responsibility for maintenance of the exclusion list lies with the investment manager's ESG specialists who review and update the T. Rowe Price Responsible Exclusion List as necessary. Restrictions are automated within our internal investment compliance system and monitored by our Investment Compliance team on a pre-trade, post-trade and portfolio basis. Any compliance breaches identified are appropriately escalated.

The following sustainability indicators are used to monitor and assess the extent to which the fund attains the environmental and social characteristics that it promotes.

- 0% holdings in companies involved in the production of controversial weapons (cluster munitions, anti-personnel land mines, incendiary, chemical, biological and nuclear weapons).
- 0% holdings in companies involved in the production or retail of assault-style weapons for civilian use.
- 0% holdings in companies whose main business activities involve the production of tobacco.
- 0% holdings in companies that generate >5% of revenues from adult entertainment.
- 0% holdings in companies that generate >5% of revenues from the production of coal.

- 0% holdings in companies that generate >5% of revenues from direct gambling operations.
- 0% holdings in corporate or sovereign issuers that have been involved in an extreme environmental, social, ethical or governance breach and, in the opinion of the investment manager, are not taking adequate steps to remediate the issue.

The use of derivatives aims to be consistent with the fund objectives and the environmental and social characteristics. However, 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.

Benchmark

Fund	Reference Benchmark
T. Rowe Price Funds SICAV – Responsible Global Structured Research Equity Fund	MSCI All Country World Net Index
<p>The MSCI All Country World Net Index is used for initial portfolio construction purposes as the investment team manage the portfolio within targeted stock, industry, sector and country limits relative to this benchmark.</p> <p>After this initial portfolio construction process, the T. Rowe Price Responsible Exclusion List is applied to the portfolio. The application of the T. Rowe Price Responsible Exclusion list may cause the fund to deviate from the targeted country, sector and security positions relative to this benchmark.</p> <p>The investment manager has a limited ability to invest in securities that do not form part of the benchmark and is unlikely to own all benchmark securities.</p> <p>This MSCI All Country World Net Index is a broad market index and, as such, is not aligned with the environmental and social characteristics of the fund.</p>	

Fund	Performance Comparison Benchmark
T. Rowe Price Funds SICAV – Responsible Global Structured Research Equity Fund	MSCI ACWI ex Selected Securities Net Index
<p>For performance comparison purposes, the fund uses a custom index – MSCI ACWI ex Selected Securities Net Index – which is calculated by MSCI, based on the T. Rowe Price Responsible Exclusion List. This benchmark is chosen for performance comparison because it excludes the T. Rowe Price Responsible Exclusion List from the MSCI ACWI benchmark, in the same way that these exclusions are applied to the fund.</p> <p>As such, this custom index is aligned with the environmental and social characteristics of the fund.</p>	

Environmental, Social & Governance (“ESG”) and Sustainability (“SU”) Risks

Due to the variety of ways to integrate ESG and SU criteria, as well as the lack of available, reliable and/or historical data on which to evaluate these criteria, the assessment of ESG and SU factors as part of the investment process may not be applied uniformly across funds or strategies. As a result, there may be differences in performance compared to similar funds which apply ESG and SU criteria due to the different approach taken by the investment manager of the funds, as well as compared to similar funds which do not apply ESG and SU criteria. The risks linked to the application of ESG and SU criteria may also vary over time as the framework continues to evolve.

Due to environmental changes, shifting societal views, and an evolving regulatory landscape related to sustainability issues, the earnings and/or profitability of companies that a fund invests in may be impacted.

ESG or SU event(s) or condition(s) may occur, which could have a material negative impact on the value of an investment and performance of the fund. The exposure that the fund is likely to have to ESG and SU risks is regularly assessed and disclosed in the ‘Environmental, Social and Governance (ESG) Investment Policy’ section of the prospectus.

Environmental, Social and Governance (ESG) Investment Policy

The investment manager uses fundamental analysis as the foundation of its investment decisions. Through its bottom-up approach, the investment manager endeavours to understand the long-term sustainability of a company’s business model, and the factors that could cause it to change. The investment manager believes that environmental, social and governance issues can influence investment risk and return and, therefore, incorporates ESG risk considerations into its fundamental investment analysis.

Sustainability Risks

The investment manager and the sub-investment managers, as appropriate, consider sustainability risks through the implementation of their proprietary Responsible Investing Indicator Model (or RIIM). RIIM utilises a selection of environmental, social and governance/ethical data points to construct a distinct responsible investing (RI) profile of each issuing entity, flagging any elevated RI risks or positive RI characteristics. This process helps the investment manager or sub-investment manager determine which ESG factors may materially impact the value of an investment. These sustainability risks and the ESG factors in general are incorporated into the investment process alongside financials, valuation, macro-economics and other factors, and are components of the investment decision.

As derivatives are not assessed through RIIM, the investment manager or sub-investment manager makes a qualitative judgment as to whether they have any impact on the sustainability risk of the fund.

The tables below set out 1) the selection of environmental, social and governance/ethical data points considered, where available, within the individual ESG and SU criteria and 2) the exposure level that each fund is likely to have to each criteria.

1) ESG and SU criteria and their underlying data points

ESG and SU criteria	Applicable to Sovereign Investments	Applicable to Corporate Investments
Environmental	<ul style="list-style-type: none"> • Carbon intensity of energy • Policy for energy transition • Pollution • Baseline water stress • Population density • Sea level rise • Extreme weather • Ocean health • Biodiversity protection • Forest cover • Ecosystem vitality (including deforestation) • Agriculture • Tourism revenue • Natural resource rents • Resource depletion • Carbon cost 	<ul style="list-style-type: none"> • Supply chain • Raw materials • Energy and emissions • Land use • Water use • Waste • General operations • Product sustainability • Products and services environmental incidents
Social	<ul style="list-style-type: none"> • Population growth • Labour force • Population health • Health infrastructure • Safety • Unemployment • Education • Employment opportunities • Development • Services • Income equality 	<ul style="list-style-type: none"> • Supply chain (social) • Employee safety and treatment • Evidence of meritocracy • Society and community relations • Product sustainability • Product impact on human health and society • Product quality and customer incidents

ESG and SU criteria	Applicable to Sovereign Investments	Applicable to Corporate Investments
	<ul style="list-style-type: none"> Poverty Gender equality 	
Governance / Ethics	<ul style="list-style-type: none"> Voice and accountability Political stability Government effectiveness Regulatory quality Rule of law Control of corruption 	<ul style="list-style-type: none"> Business ethics Bribery and corruption Lobbying and public policy Accounting and taxation Board and management conduct ESG accountability

2) Fund exposure levels to each criteria.

The lower a fund's exposure level to each criteria, the less likely it is to experience a material negative impact on its returns as a consequence of the materialisation of an ESG or SU risk.

	Environmental	Social	Governance / Ethics
Equity Funds			
T. Rowe Price Funds SICAV – Responsible Global Structured Research Equity Fund	Low	Low	Low

There may be circumstances where a fund has indirect exposure to the ESG criteria. 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. In such cases, this potential level of additional exposure would not be reflected in the table above.

More information and the investment manager's ESG policy can be found on <https://www.troweprice.com/corporate/en/what-we-do/investing-approach/esg-investment-policy.html>

The prospectus can be viewed here: <https://www.troweprice.com/literature/public/country/lu/language/en/literature-type/prospectus/sub-type/sicav>

Annual Review

More information will be available in the annual report for the T. Rowe Price Funds SICAV, which will be published in 2022.

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