



# ECONOMIC

## sustainability



Economic stability is always a long-term goal for the firm, so it fits seamlessly into our philosophy of long-term investing with a client-first approach.

# our MISSION

We deliver global investment management excellency to help clients around the world achieve their long-term investment goals.

## HELPING PEOPLE ACHIEVE THEIR BEST OUTCOMES

Our goal is to help our clients achieve their long-term investment objectives. Whether helping a municipality fund its employee pension plan or helping a financial adviser support a client's transition into retirement, we work worldwide to support investors' financial goals and their quality of life.



For all of us, around the world, our quality of life is often linked to the quality of our finances. With sound finances, we're able to focus on bettering our lives and the lives of those around us.

But the challenges to our financial well-being are growing. Individuals can no longer simply rely on an institution to save for them, but rather the onus is on individuals to save and invest for themselves and their families. People are also living longer, which is good news, but longevity creates a greater need to prepare for retirement and sustain income in retirement. As individuals rely less on institutions, and longevity increases, we need more help as individuals to secure our financial futures.

As an active asset manager, T. Rowe Price can help build future financial security.”

**ROBERT HIGGINBOTHAM**  
HEAD OF GLOBAL DISTRIBUTION

### 2019 STATISTICS

WE SERVED:

**5,441**

retirement plans

**2.25 million**

retirement plan participants

**1.4 million**

direct individual investors

WE MANAGED:

**\$817.6 billion**

in total retirement and tax-deferred annuity assets

**\$15.9 billion**

in college savings assets



## OUR STRATEGIC INVESTING APPROACH

A sustainable approach to investing is a long-term approach: one that can endure regardless of market conditions and cycles. This is a strategy we have employed since 1937.

Our approach is deliberate and intentional. It's driven by independence of thought and guided by the rigor of our research—so we can strive to select the right investment opportunities to achieve our clients' objectives.

We have more than 650 investment professionals worldwide who are passionate about exploring and understanding potential opportunities. And they go beyond the numbers. More than 425 of these professionals meet with companies to gain a firsthand understanding of how they work, which products they offer, and their products and practices.

Helping to limit investors' losses is just as important as—if not more important than—delivering growth. In addition to identifying promising investment opportunities, our strategic investing approach helps us prudently manage risk by:

- combining different types of risk in carefully constructed portfolios—to avoid excessive concentration in any one sector, region, or company;
- actively adjusting to macroeconomic factors that impact volatility, such as global trade events, along with interest rate, credit, and currency risk in global capital markets; and
- monitoring risk throughout the investment process—through statistical tools and the oversight of senior investment professionals and corporate officers.

Our portfolio managers also bring considerable experience to the table. On average, they have 18 years of investment experience, with an average of 15 years at T. Rowe Price. They've seen both up and down markets—and they avoid rash or sudden moves to cope with them.



# OUR APPROACH TO ESG INVESTING

## strategies for sustainability

Environmental, social, and governance analysis is integrated into our fundamental investment process. This section provides an overview of our approach to ESG investing. Detailed information can be found in our annual ESG Report, available at [troweprice.com/ESG](https://www.troweprice.com/ESG).

ESG factors are considered along with such traditional criteria as financials, valuation, macroeconomics, and industry category. Our analysts and portfolio managers are responsible for incorporating ESG into their investment decisions. They're supported by nine ESG investment and two proxy voting team members, as of December 31, 2019, who help them identify, analyze, and integrate the ESG factors most likely to make a material impact on an investment's long-term performance.

Our proprietary Responsible Investing Indicator Model (RIIM) is a valuable component of our deep, fundamental research. RIIM builds an environmental, social, and ethical profile of corporate entities using nonfinancial data and incident history—data not traditionally used in mainstream investing. In addition to our analysis of corporate entities—used by our equity and fixed income credit investors—we have a RIIM module dedicated to evaluating sovereign securities.

Accountability for ESG investment processes starts with the T. Rowe Price Board of Directors. The Board's Nominating and Governance Committee oversees ESG investing activity and receives annual updates. At the Management Committee level, the head of Investments and group chief investment officer has responsibility for ESG. In addition, our ESG Committee, made up of senior leaders, oversees our frameworks for:

- assessing environmental, social, and corporate governance issues
- maintaining an appropriate set of proxy voting guidelines
- overseeing and approving exclusion lists for use in various investment capacities



2019 was another exciting year for ESG at T. Rowe Price. The responsible investing team has continued to grow in size, and we now have dedicated ESG staff represented in each of our major regions—Baltimore, London, and Hong Kong.”

**MARIA ELENA DREW**

DIRECTOR OF RESEARCH, RESPONSIBLE INVESTING

# STRATEGIES FOR SUSTAINABILITY

continued...

## ESG STRATEGIES AND PRODUCTS

### NEW SICAV FUNDS FOR EUROPE

As part of our commitment to offering investment strategies that meet clients' goals, we launched a Sustainable Funds range in the first quarter of 2020. These funds, which are based on existing strategies, will not invest in companies that have direct exposure to:

- assault-style weapons for civilian use
- adult entertainment
- controversial weapons including anti-personnel land mines, cluster munitions, incendiary weapons, and nuclear weapons
- thermal coal
- tobacco products
- conduct-based breaches—companies that have an extreme environmental, social, ethical, or governance breach and the investment manager believes they are not taking adequate steps to remediate the issue

Virtually all strategies at T. Rowe Price incorporate ESG risk considerations into the fundamental investment analysis used to build strategy portfolios; therefore, nearly all of our assets utilize ESG integration.

As of December 31, 2019, investments that apply exclusions accounted for 6% of our \$1.2 trillion in assets under management.<sup>1</sup> Many of these assets are separate accounts, which allow our clients to choose specific exclusions that align with their values.

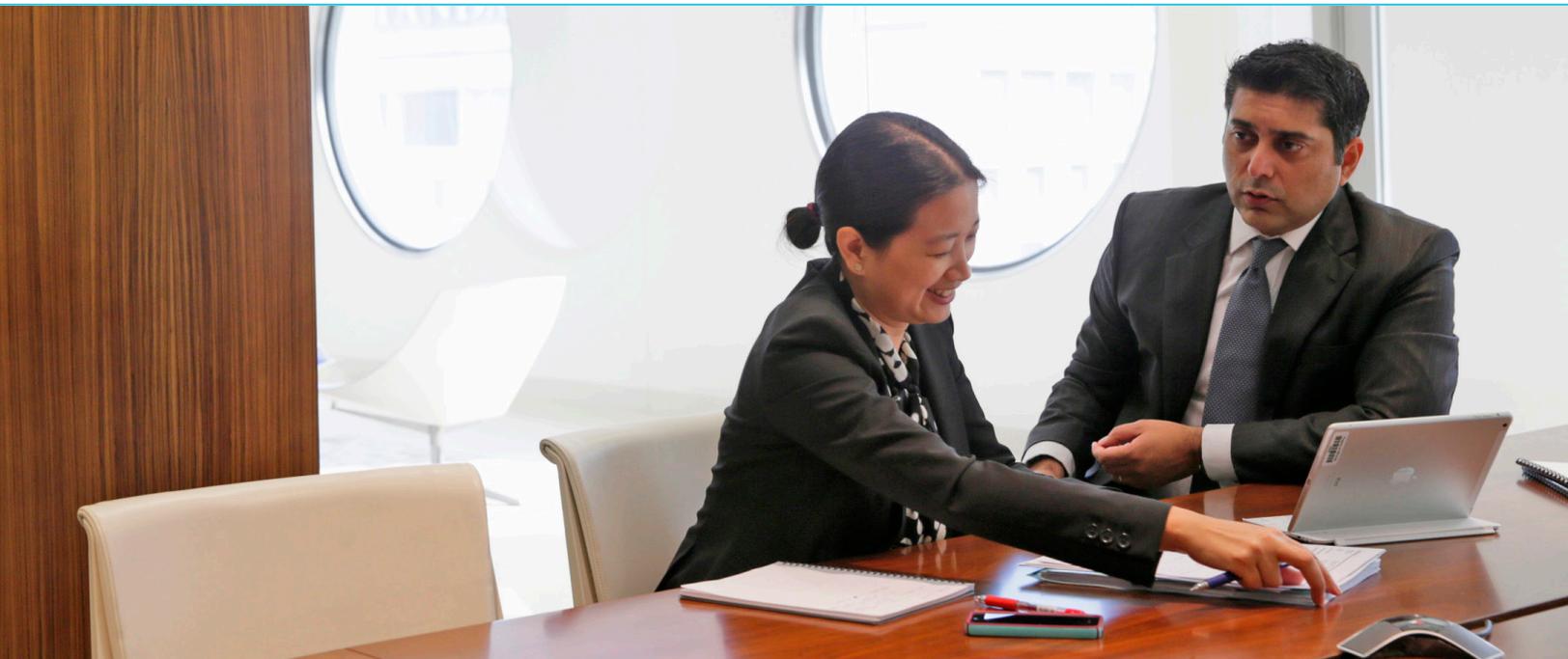
#### socially responsible investment assets under management<sup>2</sup> (\$US billions)

Equity	46.27
Fixed Income	18.91
Multi-Asset	4.22
Total	69.4

The firm does not offer sustainability-themed investing strategies as of December 31, 2019.

<sup>1</sup> Firmwide AUM includes assets managed by T. Rowe Price Associates, Inc. and its investment advisory affiliates.

<sup>2</sup> Data as of 12/31/2019. Asset categories presented in accordance with TRPG 10-K Financial Statements. Socially Responsible Investment accounts include accounts that, at client direction, apply screens to avoid specific companies or sectors associated with one or more objectionable activities as determined by the investor. Not all products included under this category apply the same screens.



### **PROXY VOTING AND ENGAGING WITH PORTFOLIO COMPANIES**

One of the privileges of owning a company's stock is the right to vote on issues submitted to the shareholders—a principle we recognize and support. The registered investment companies that we sponsor and advise, along with our clients, have given us certain proxy voting powers to exercise on their behalf. That's a fiduciary responsibility that we take very seriously.

In 2019, we voted on 64,249 proposals globally at 6,350 meetings, representing 99.2% of all meetings held. Additionally, this included 1,439 shareholder proposals relating to companies within our portfolios.

For more details on our engagements with company management on ESG topics, see our brochure, [T. Rowe Price Engagement Policy](#). Our proxy votes for U.S. mutual funds are disclosed on our [ESG investing](#) Web page and on the U.S. Securities and Exchange Commission's (SEC) website, [sec.gov](#).

### **PROXY ADMINISTRATION**

Our ESG Committee develops our firm's positions on all major proxy voting issues. It creates guidelines and oversees the voting process. Proxy policies are analyzed based on whether they would adversely affect shareholders' interests and make a company less attractive to own.



We intend to launch more ESG-oriented products in the coming years. You can expect our incorporation of environmental and social datasets in the portfolio construction process to be thoughtful and implemented in a robust way.”

#### **ROB SHARPS**

HEAD OF INVESTMENTS AND GROUP  
CHIEF INVESTMENT OFFICER

# STRATEGIES FOR SUSTAINABILITY

continued...

The ESG Committee's recommendations are distributed to our portfolio managers as voting guidelines. Ultimately, the managers decide how to vote on the proxy proposals of companies in their portfolios. Because managers may have differing opinions on companies and their unique governance issues, the T. Rowe Price funds may cast different votes at the same shareholder meeting.

When portfolio managers cast votes that run counter to ESG Committee guidelines, they must document their reasons in writing. Every year, the ESG Committee reviews our proxy voting process, policies, and voting records.

We take our responsibility to vote our clients' shares very seriously—taking into account both high-level principles of corporate governance and company-specific circumstances. Our overarching objective is to cast votes to foster long-term, sustainable success for the company and its investors. T. Rowe Price portfolio managers are ultimately responsible for the voting decisions within the strategies they manage. They receive recommendations and support from a range of internal and external resources, such as our ESG Committee; our global industry analysts; our specialists in corporate governance and responsible investment; and Institutional Shareholder Services (ISS), our external proxy advisory firm.

Our proxy voting program serves as one element of our overall relationship with corporate issuers. We use our voting power in a way that complements the other aspects of our relationship with these companies, including engagement, investment diligence, and investment decision-making.

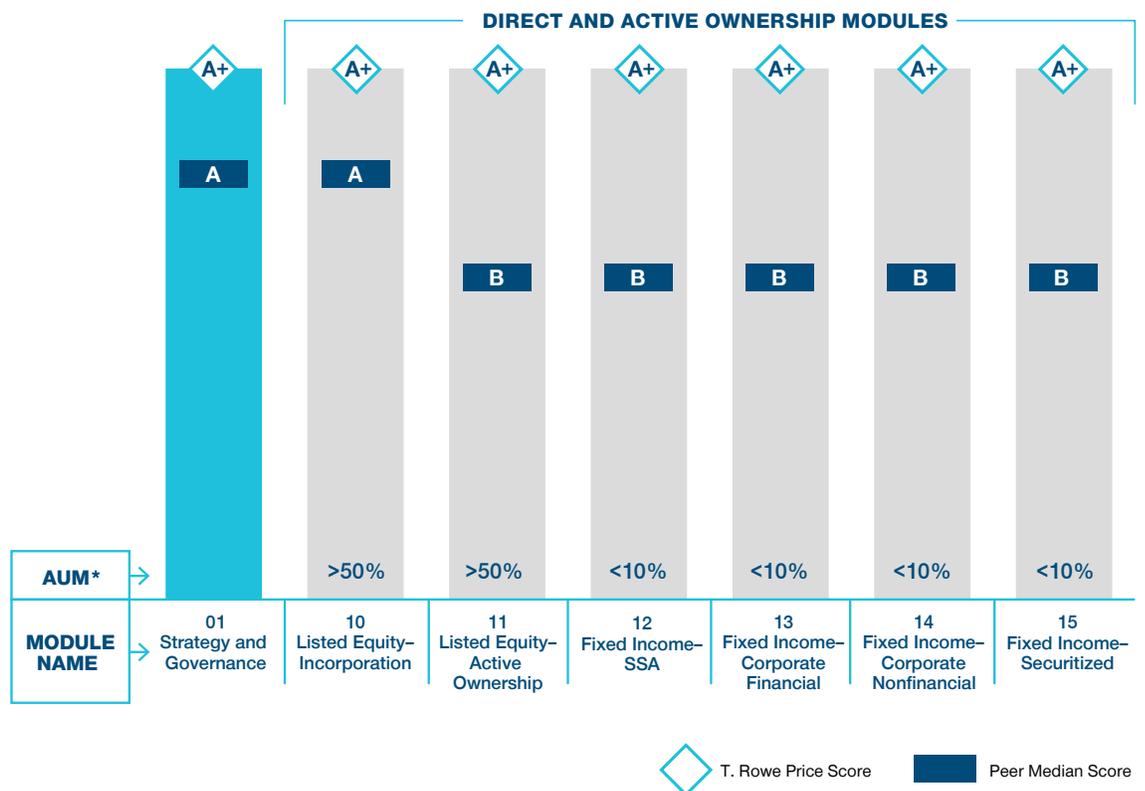


# SIX PRINCIPLES WITH ONE GOAL

understanding the principles for responsible investing

In 2010, T. Rowe Price signed the Principles for Responsible Investment (PRI). These are voluntary and aspirational principles developed by investors worldwide under a process convened by the United Nations Secretary-General. By implementing them, the signatories commit to developing a more transparent and sustainable world financial system.

Every year, signatories are required to report on their responsible investment activities. Our most recent Transparency Report is available via the PRI data portal at [dataportal.unpri.org](http://dataportal.unpri.org).



As of July 2020.

\* Asset classes were aggregated to four ranges: 0%, <10%, 10%–50%, and >50%. T. Rowe Price AUM is as of December 31, 2019. Under the PRI's transparency requirements, all signatories complete an annual self-assessment. A significant portion of this report must be publicly disclosed on the PRI's website. T. Rowe Price's most recent Transparency Report is available via the PRI data portal [dataportal.unpri.org](http://dataportal.unpri.org). The PRI Summary Scorecard provides an overview of our aggregate score for each module assessed and the median score. These bands range from "A+" (top band) to "E" (lowest band). The PRI Assessment scoring methodology is available at [unpri.org](http://unpri.org). Source: PRI Assessment report 2019, showing the applicable T. Rowe Price scores.



## THE **6** PRINCIPLES OF PRI

PRI signatories believe they have a duty to act in the best, long-term interests of their beneficiaries—and that by applying six principles, they can better align investors with society’s objectives as a whole. As signatories, all members commit to:

- 1 Incorporating ESG issues into investment analysis and decision-making processes
- 2 Being active owners and incorporating ESG issues into ownership policies and practices
- 3 Seeking appropriate disclosure on ESG issues by the entities in which they invest
- 4 Promoting acceptance and implementation of the principles within the investment industry
- 5 Working together to enhance effectiveness in implementing the principles
- 6 Reporting on activities and progress toward implementing the principles

Signatories have committed to adopting and implementing these principles wherever it is consistent with their fiduciary responsibilities. We encourage other investment firms to do the same.

# INNOVATING FOR OUR CLIENTS

advancing technology at T. Rowe Price

Investing has become more complex, faster-paced, and more globally interconnected. Our Global Technology practice is continually innovating to help our investors keep ahead of the pack—and to build new capabilities that glean investment insights from mass datasets.

We have always believed in using the power of technology to conduct meaningful research on markets and industries—including our own. Our New York Technology Development Center, which opened in 2017, serves as a technology accelerator for our firm, focused on developing specialized capabilities in data science.

However, the center is far more than the fintech resource of T. Rowe Price. Our New York team members work closely with our investment division, seeking to harness the power of technology to support their research and decision-making processes. The data scientists, application developers, and data engineers in our New York office collaborate to provide end-to-end solutions for our business.

As the center's leader, Jordan Vinarub, puts it: "The goal is 'intelligent augmentation' instead of artificial intelligence—'IA' instead of 'AI.'"

## IA IN ACTION

Recent advancements in cloud computing, along with the availability of massive new datasets, have made it possible to apply machine learning to investing. Here are two examples of how our team has put IA in action:

- Clearly, a company's performance affects the way the market values its stock—but the precise linkage is often unclear. The investment division wanted to gain deeper insight into how a company's various fundamentals—such as its earnings growth rate and profit margins—feed through into the stock's valuation multiples (such as its price-to-earnings ratio).



The goal is 'intelligent augmentation' instead of artificial intelligence—'IA' instead of 'AI.'"

**JORDAN VINARUB**

LEADER, NEW YORK TECHNOLOGY DEVELOPMENT CENTER

# ADVANCING TECHNOLOGY AT T. ROWE PRICE

continued...

- Using machine learning to analyze decades of performance information and millions of data points, the equity data insights team and the center developed a model that provides theoretical valuations for every stock in the Russell 1000 Index. Analysts can use this tool to see how the theoretical valuation might respond to a particular change in fundamentals—for example, an acceleration in the company’s growth rate.
- Cloud-based computing, falling memory prices, and other innovations have made gathering massive amounts of data cheap and easy. Government agencies, companies, and other institutions are providing valuable online databases featuring consumer patterns and other information that can be mined for investment insights. The challenge is how to sort through these massive datasets.

Vincent DeAugustino, one of our financial services analysts, knew there was valuable information buried in the millions of complaints filed with the Consumer Financial Protection Bureau (CFPB). The equity data insight team and the center helped provide Vincent and his colleagues with a CFPB “dashboard,” which provides quick and easy information into how complaint volumes change over time. Vincent and his team can now quickly determine how well banks and other institutions are addressing problems.



To view our governance policies, visit our [Policies Web page](#). The following documents are available there:

- Code of Ethics and Conduct (standards of professional behavior)
- Corporate Governance Guidelines (system of rules, practices, and processes by which we conduct business)
- Environmental Policy (commitment to environmental laws and regulations)
- Privacy, Data Security, and Risk Management (how we protect client information and manage risk)

## OUR POLICIES OF ETHICS AND INTEGRITY

the rules we live by

Conducting our business with ethics and integrity is not only the right thing to do: We believe it's the best way to drive results for our clients. These are some of the policies and procedures that guide us. We revisit them regularly to make sure they cover new developments.

policy name	availability
anti-bribery and corruption policy	yes (see <a href="#">code of ethics</a> )
whistleblower policy	yes (see <a href="#">code of ethics</a> )
anti-money laundering policy	yes (see <a href="#">code of ethics</a> )
political involvement policy	yes (see <a href="#">code of ethics</a> )
accounting and taxation disclosure policy	no
lobbying and public policy	yes (see <a href="#">code of ethics</a> )
anti-competitive practices policy	yes (see <a href="#">code of ethics</a> )
business ethics policy	yes (see <a href="#">code of ethics</a> )
finances/sanctions relating to the above topics	\$0

List based on Sustainalytics "Key ESG Issues for this Company" in the business ethics category.

For the year ended December 31, 2019, T. Rowe Price did not sustain any monetary losses as a result of legal proceedings associated with fraud, insider trading, antitrust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations.

### GLOBAL WHISTLEBLOWER PROCEDURES

Any associate worldwide can report potential or actual violations of laws or regulations, regardless of where he or she works. Questionable conduct can be reported:

- Directly to their line manager. Managers should escalate issues to the Legal and Compliance Department as necessary;
- Anonymously, via the Whistleblower Hotline (administered by an independent, external third party); or
- To the chief legal counsel, respective chief compliance officer, senior compliance manager, or regional head of Human Resources verbally or in writing.

# OUR POLICIES OF ETHICS AND INTEGRITY

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Reports from the hotline go to our Legal and Compliance Department, which promptly investigates matters and provides an annual summary of complaints to our Audit Committee. No adverse action will be taken against anyone who in good faith reports a violation, or a potential violation, of a law, a regulation, or our Code of Ethics.

## **ANTI-BRIBERY LAWS AND PROHIBITIONS AGAINST ILLEGAL PAYMENTS**

Our anti-bribery policy applies to any dealings with companies, individual investors, political parties, or government officials. It prohibits bribes, kickbacks, inducements, or other illegal gratuities.

This policy is strictly enforced. Associates are required to take annual anti-bribery training to ensure they understand the full range of actions that may be considered bribery, both in the U.S. and internationally. More information is available in our [Anti-Bribery Statement](#) and our [Code of Ethics](#) online.

## **COMBATting SLAVERY AND HUMAN TRAFFICKING**

In accordance with the requirements of Section 54 of the UK Modern Slavery Act 2015, T. Rowe Price International publishes an annual statement setting out steps taken during the year to ensure that slavery and human trafficking do not take place in any part of its business or supply chains. A link to the current Modern Slavery and Human Trafficking Statement can be found [here](#).

## **PRODUCT TRANSPARENCY AND MARKETING**

We are considered a fiduciary to many of our clients. They always expect us to act in their best interests.

It's critical that we provide timely information to our clients and prospects.

Every communication must be:

- Accurate
- Clear
- Balanced
- Not misleading in any way

We distribute this information through [troweprice.com](http://troweprice.com) to almost 40 country-specific websites. Communications are tailored to each country's audience, which include:

- Institutional clients
- Consultants
- Retail clients
- Financial intermediaries

Email and regular mail messages, along with in-person meetings, are the foundation of our communication strategy. In addition to our enhanced website, we are expanding our social media footprint through several channels.

Each message we send out is tailored to a specific audience and reviewed by specially trained associates to ensure the communications comply with local regulatory requirements and firm policies for the intended audience. They ensure that communications conform to local regulations and our policies. These associates also confirm that risks are clearly stated—not minimized—and that content is not too complex for the intended audience. All communications are produced in the appropriate language (English, Italian, Chinese, and Japanese, to name a few).

We recognize that availability is key. Therefore, we've made the following product-specific documents available on our websites and through links in product-related emails:

- Fund prospectuses
- Key investor information documents
- Annual reports
- Other legal documents relevant to the products and the countries where they're distributed

U.S. Advisory clients can also find our ADV forms at [adviserinfo.sec.gov](http://adviserinfo.sec.gov).

We maintain written supervisory procedures (WSPs) to stay in compliance with applicable rules and regulations. Depending on an associate's responsibilities, he or she may need to register as a securities representative and/or a principal with FINRA and appropriate state regulatory agencies through our broker-dealer, T. Rowe Price Investment Services, Inc. The WSPs require these associates to:

- Submit their fingerprints to FINRA
- File an application for registration as an agent (Form U4)
- Pass all qualifying examinations
- File all required registration updates in a timely manner

We have always believed that honesty, candor, and fairness are the best approach, so we maintain a robust governance program. It ensures that we avoid conflicts of interest and that we comply with local regulations and industry best practices everywhere we do business.

## **EXECUTIVE PAY**

Executive compensation amounts, sources, and policies are laid out each year in our [Proxy Statement](#). Pay is tightly tied to performance, and practices such as the hedging of the company's stock are not allowed.

For the year ended December 31, 2019, T. Rowe Price did not sustain any monetary losses as a result of legal proceedings associated with marketing and communication of financial product-related information to new and returning customers.

Nine of our registered representatives (covered employees<sup>1</sup>) employed as of December 31, 2019, had disclosures of investment-related investigations, consumer-initiated complaints, private civil litigations, or other regulatory proceedings.<sup>2</sup> This represents 0.5% of our total "covered employee" population as of year-end. None of the disclosures related to an incident that occurred while the associate was employed by T. Rowe Price.

<sup>1</sup> "Covered employees" is defined by SASB as employees subject to filing the following forms: Form U4, Form U5, Form U6, Form BD, and Form BDW, which are filed with the Central Registration Depository of the Financial Industry Regulatory Authority (FINRA).

<sup>2</sup> Covered employees with the identified disclosures referenced above on their Form U4 or Form U5 were included, regardless of date of the event or whether they were employed by T. Rowe Price at the date of incident.

# COLLABORATIVE OVERSIGHT WITH AN EMPHASIS ON INDEPENDENCE

a diverse, active Board of Directors

T. Rowe Price Group, Inc.'s Board of Directors works to ensure that we deliver excellence for our clients and that our policies reflect the highest levels of ethics and integrity.

When the Board selects nominees, emphasis is placed on diversity and independence. Ten of 11 Board members are independent, as determined by Nasdaq's Global Select Market standards.

All directors who serve on the following committees are independent:

- Audit
- Executive Compensation and Management Development
- Nominating and Corporate Governance

In addition, a well-empowered lead independent director provides vital leadership and perspective.

Independent directors' tenure ranges from one to 10 years, with an average of five years. We seek to maintain a balanced composition for our Board, recognizing that long-tenured leadership creates continuity for our clients, while lesser-tenured directors bring new perspectives to the business.

## AVAILABILITY AND ENGAGEMENT

The Board held six meetings in 2019. All directors attended at least 75% of the combined total Board and Board committee meetings of which he or she was a member.

The independent Board members met in an executive session at all six Board meetings.

All directors were present at the 2019 and 2020 annual stockholders' meetings and were available to respond to any questions from our stockholders.

## AUDIT COMMITTEE

Our firm is built on a foundation of integrity. The Audit Committee of the Board of Directors plays a crucial role in maintaining our standards of ethics and transparency. It oversees:

- The integrity of our financial statements and of the information provided to stockholders
- Decisions on the selection and retention of our external, independent registered public accounting firm
- The performance of the firm's internal auditing functions, internal controls, and disclosure controls
- Our framework for risk management

The committee must include at least three independent directors who meet at least four times per year and shall hold additional meetings as deemed necessary.

# OUR APPROACH TO MANAGING RISKS

responsible and thoughtful management

T. Rowe Price's risk philosophy centers on the belief that intelligent, informed, and risk-aware decision-making is an essential part of our business; risks must be actively identified and managed within our established risk tolerance levels. More information is available in our [Enterprise Risk Management Program](#) online.

## MANAGING LIQUIDITY RISKS

T. Rowe Price's Liquidity Risk Committee (LRC) helps to oversee the firm's implementation and day-to-day operations of liquidity risk management activities, including the production and distribution of periodic liquidity risk reporting for all T. Rowe Price U.S. and non-U.S. products.

The LRC considers the following factors, among others, when overseeing liquidity:

- the fund's investment strategy and liquidity of portfolio investments during both normal and reasonably foreseeable stressed conditions
- the extent to which the strategy involves a relatively concentrated portfolio or large positions in particular issuers, holdings of cash and cash equivalents, investor concentration, and available borrowing arrangements

## MEETING MUTUAL FUND REDEMPTION REQUESTS

We expect the T. Rowe Price mutual funds will hold cash or cash equivalents to meet redemption requests. A fund may also use the proceeds from the sale of portfolio securities to meet redemption requests if consistent with the management of the fund. These redemption methods will be used regularly and may also be used in deteriorating or stressed market conditions. The fund may also pay redemption proceeds with securities from the fund's portfolio rather than in cash (redemptions in-kind).

Redemptions in-kind are typically used to meet redemption requests that represent a large percentage of the fund's net assets. Large redemptions can have an adverse impact on a mutual fund and its remaining shareholders. Redemptions in-kind may be used in order to minimize these adverse effects. Redemptions in-kind may be used regularly in circumstances as described above and may also be used in stressed market conditions. The U.S.-registered mutual funds are also permitted to borrow money from and/or lend money to other U.S.-registered mutual funds.

## LIQUIDITY CONSIDERATIONS OUTSIDE THE UNITED STATES

Certain investment funds managed by T. Rowe Price (e.g., UCITS and OEIC) can employ various liquidity tools, where permitted under applicable regulation and under the conditions as described in the relevant prospectuses, such as:

- temporary borrowing (typically up to 10% of net asset value (NAV))
- dilution levy

# OUR APPROACH TO MANAGING RISKS

continued...

- buy/sell spread or swing pricing (reduces the impact of transactions above a defined threshold on remaining investors by adjusting the NAV by a certain factor)
- redemption in-kind (permits the reimbursement with a selection of securities that closely or fully matches the overall composition of the fund's portfolio)
- gating (allows the fund to limit how many shares are redeemed on a single day if requests exceed typically 10% NAV)
- suspension of dealing (provides time for funds to address liquidity challenges, typically when markets are closed, which would only be used in a worst-case scenario)

## **SECURITIES FINANCING TRANSACTIONS**

T. Rowe Price Group (TRPG) does not engage in securities financing transactions. TRPG is the parent company of the investment advisers to proprietary and nonproprietary client accounts.

The wholly owned subsidiary advisers of TRPG provide advice and oversight for the securities lending of the securities in the firm's proprietary accounts. Currently, only the T. Rowe Price proprietary U.S.-registered mutual funds participate in securities lending. T. Rowe Price does not oversee the securities lending for nonproprietary accounts.

The T. Rowe Price U.S.-registered mutual funds participate in securities lending through unaffiliated securities lending agents, the funds' custodians. The T. Rowe Price funds minimize the risk of securities lending by requiring the securities lending agents to provide indemnification for borrower default to the participating T. Rowe Price mutual funds. Borrowers are required to provide collateral for the loans that meets or exceeds the value of the securities on loan on a daily mark-to-market basis and by investing any cash collateral received from the borrowers in short-term high-quality investments, including a proprietary short-term mutual fund. The T. Rowe Price funds disclose the securities on loan and the monthly average of securities on loan in their filings with the SEC on Forms N-Port and N-CEN, respectively.

TRPG does not participate in repurchase or reverse repurchase agreements. The T. Rowe Price U.S.-registered money market funds and other short-term investment vehicles, advised by a wholly owned subsidiary of TRPG, may enter into overnight and seven-day repurchase agreements, whereby the funds lend cash to various counterparties. Those transactions are fully collateralized on a daily mark-to-market basis. The T. Rowe Price U.S.-registered money market funds disclose the types and amount of the repurchase agreements in their monthly Form N-MFP filings with the SEC. Other T. Rowe Price U.S.-registered mutual funds disclose the use of repurchase agreements in filings with the SEC on Form N-Port. All holdings in trusts are disclosed in annual financial statements, which are sent to retirement plans, which determine if the statements will be provided to the plan participants.

## CREDIT DERIVATIVES

TRPG has zero net exposure to written credit derivatives as of December 31, 2019. This response refers to the exposure of TRPG and its subsidiaries and does not refer to transactions conducted on behalf of client portfolios.

## BUSINESS CONTINUITY

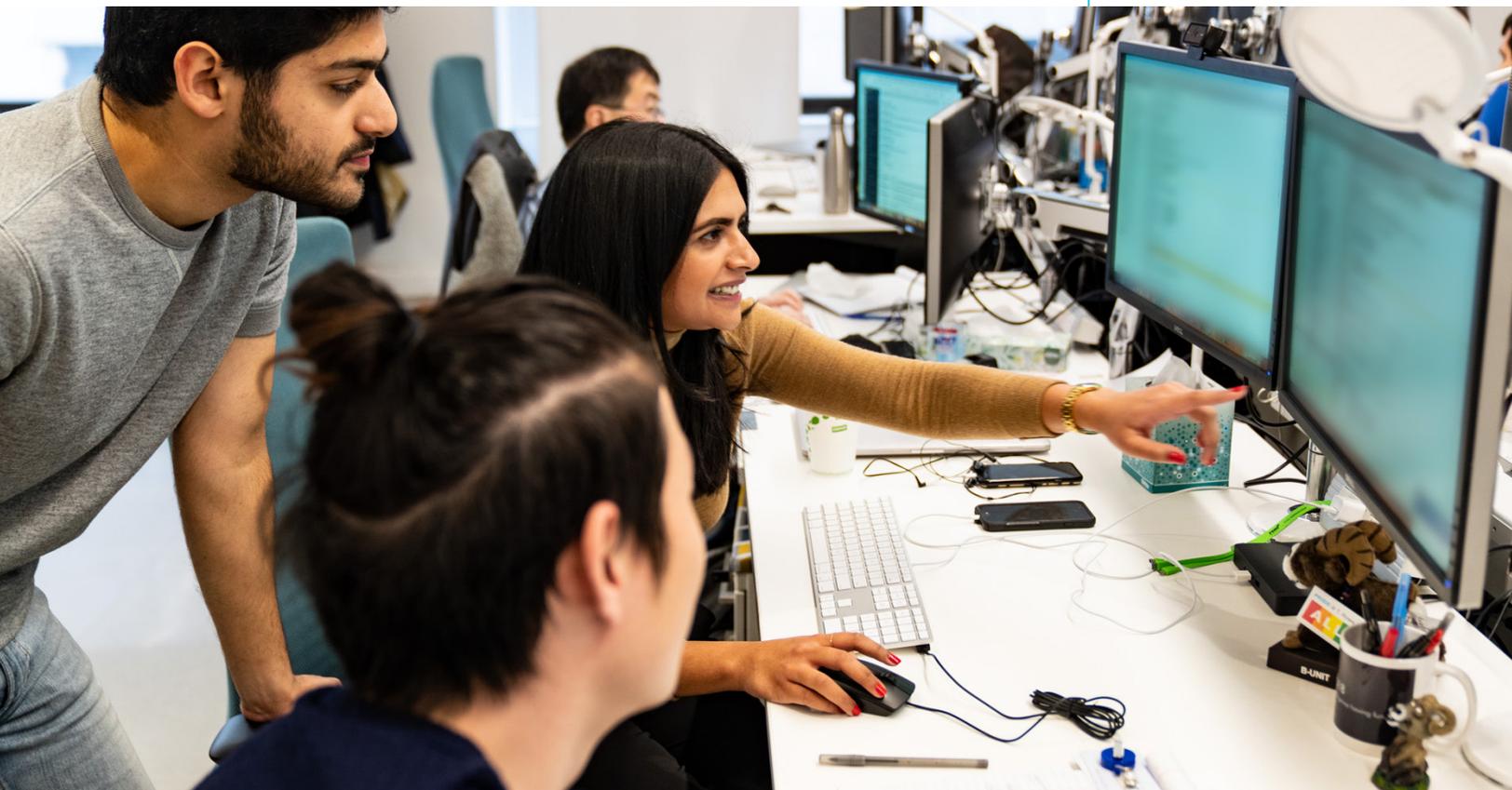
We take specific measures to minimize potential disruption to our business, including:

- testing our systems and technology to make sure all of our associates can work remotely and still conduct business as usual
- confirming that our key vendors have their own continuity plans to support our business if necessary
- maintaining business recovery sites in the U.S., including a dedicated tertiary backup site for global trading and a technology recovery site in western Maryland
- all offices outside the U.S. have dedicated, location-specific business continuity strategies

To ensure that our processes remain resilient in a changing economic climate, we continually reevaluate and test our plans.

## ADDITIONAL INFORMATION

More information about risks to our business and the financial services industry is available on page 12 of our [10-K](#).



# PROTECTING DATA AND PERSONAL INFORMATION

information security:  
an important step on the road to sustainability

**We select and train our people carefully.** All associates are trained in maintaining security and protecting client privacy. We also conduct regular phishing and spear-phishing exercises to ensure our associates remain vigilant.

**We employ sophisticated voice biometrics.** This technology evaluates calls to our phone center based on the caller's voice and behavior, while assessing the caller's location and the device being used. This tool, along with other authentication procedures, give us confidence we are speaking to our clients. Suspicious calls are further investigated.

**Multi-factor authentication is our default and strongly encouraged for all clients.** We give clients the option to create and use an additional code along with their established user name and password, strengthening online account security. Our call center also uses multi-factor authentication.

**We use advanced technology** for systems and data protection and for identity and access management. We also continually analyze cybersecurity data.

**We hold regular updates on security strategy,** including board and committee briefings, as well as cybersecurity tabletop exercises with other firms, law enforcement, and federal resources and executive tabletop sessions.

**We employ independent cybersecurity firms** to assess our protection measures. This testing includes vulnerability assessments, which attempt to penetrate our network, and evaluations of our responses.

**We exchange information with other financial services and investment firms.** If we detect suspicious activity, we inform other firms—and they do the same for us.

**We actively engage with our clients,** recommending best practices and precautions they can take to help us protect their data.

**Our Code of Ethics restricts the use of client information** and requires that it be held in strict confidence. Our full privacy notices are available on [troweprice.com](https://www.troweprice.com).

# SAFEGUARDING PRIVACY

our clients and associates have a right to privacy

Global growth and technology innovation have introduced new challenges to protecting the privacy of our associates and clients. One of our firm's core values is acting with accountability and integrity. When it comes to privacy, that means we comply with our obligations under applicable privacy and data protection laws and maintain a corporate culture that regards the ethical use and disclosure of personal data with utmost importance. Clients and associates entrust us with their personal data, and we embed privacy principles across our processes, technologies, and services to uphold their trust.

## GOVERNANCE AND ACCOUNTABILITY

We demonstrate our commitment to privacy through our dedicated Global Privacy Office (GPO). The GPO oversees the implementation of our privacy program and policy. Specially trained privacy leads are also embedded within our business areas.

All our privacy programs are based on the following principles:

### Privacy by design

Privacy and data protection are embedded in the early stages of design and development of all new processes and technologies. Instilling privacy by design not only supports our compliance goals, but also ensures we consider the benefits to, and potential impacts on, the individuals whose personal data is involved.

### Transparency

We are open with clients and associates about the collection, use, and disclosure of their personal data. We publish and maintain up-to-date privacy notices on our websites and ensure that our personal data processing aligns with our public notices.

### Adapting to changes in the regulatory landscape

The worldwide regulatory landscape is changing rapidly. Recently, we have seen particularly significant changes in the United States. We are actively monitoring, and complying with, the new requirements of the California Consumer Privacy Act, the California Privacy Rights Act, and similar pending state laws. We have established a dedicated program to incorporate these new requirements and to enable consumers to exercise their rights under these new laws.

### Keeping our associates current

To keep pace with these rapid changes, we educate our associates, providing them with the training and resources they need to comply with new and existing laws. Associates complete mandatory training on the appropriate use and handling of personal data, privacy by design, and core principles described in our Global Privacy Policy.