



# T. Rowe Price (Luxembourg) Management S.à r.l. Principal Adverse Impact Statement

## SUMMARY OF T. ROWE PRICE ENGAGEMENT POLICY

Engagement is defined as any interaction between T. Rowe Price and an issuer of corporate securities with the intent of learning about, influencing, or exchanging perspectives on the company's environmental practices, corporate governance, or social issues affecting the business. At T. Rowe Price, we believe it is our responsibility as an asset manager to safeguard our clients' interests through active ownership, monitoring, and mutual engagement with the issuers of the securities we hold in our clients' portfolios. Thanks to the trust our investment clients have placed in us, T. Rowe Price is a significant investor for many of the world's leading companies. This affords us, in most cases, access to company management teams and board members.

We believe our responsibilities as diligent investors do not cease with the decision to purchase a security. We maintain regular dialogue with the managements of issuers represented across our portfolios. Where we find areas of concern, we make those concerns known to them.

Engagement, proxy voting activities, and assessment of a broad range of investment considerations — including environmental, social, and governance (ESG) issues — are integrated into T. Rowe Price's investment process. Based on our view that these issues are important investment considerations, our engagement program is driven by our investment professionals and usually focused on a matter material to the investment case. It is conducted by members of our investment team comprising Portfolio Managers, Investment Analysts and dedicated ESG analysts in order to leverage their expertise on specific companies, industries, or issues of an environmental, social, or governance nature.

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## WHAT ARE WE MONITORING?

### Strategy

Due to our long-term time horizon and fundamentally driven approach to investing, monitoring of the management, performance, strategy, and governance of our investee companies is a natural extension of our investment process. Our dedicated, in-house research analysts consider tangible investment factors such as financial information, valuation, and macroeconomics in tandem with intangible investment factors related to the environment, social, and corporate governance. The primary responsibilities of these analysts are monitoring our current investments and assessing potential future investments.

### Financial and nonfinancial performance and risk

We employ primarily long-term-oriented, actively managed investment strategies. As such, active monitoring of and engagement with our investee companies are fundamental components of our investment processes. At T. Rowe Price, we strive to help our clients reach their long-term financial goals through a thoughtful, disciplined approach to managing investments. Consistent with that mission, we have an obligation to understand the long-term sustainability of a company's business model and the factors that could cause it to change. In this process, our dedicated, in-house research analysts consider tangible investment factors such as financial information, valuation, and macroeconomics in tandem with intangible investment factors related to the environment, social, and corporate governance.

### Social and environmental impact and corporate governance

Our investment approach is rooted in proprietary fundamental analysis, with ESG factors assessed alongside financial, macro, and other qualitative factors. We believe ESG integration is most effective when executed by experienced investors who know the company or issuer well, which is why the responsibility for integrating ESG into investment decisions lies with our analysts and portfolio managers.

Our research analysts incorporate ESG factors into company valuations and ratings, while our portfolio managers balance the ESG factor exposures at a portfolio level. Our in-house ESG specialists support the investment team through all stages of the investment process: identification, analysis, and integration.

Our dedicated in-house ESG teams help our investors identify, analyze, and integrate the ESG factors most likely to have a material impact on the long-term performance of an investment.

T. Rowe Price publicly discloses how we have applied our Engagement Policy on an annual basis in our ESG Annual Report.

Information regarding our approach to due diligence with respect to principle adverse impacts (PAI) of investment decisions can be found [here](#).

## Memberships and Associations<sup>1</sup>

T. Rowe Price has joined or led the following initiatives to bring investors together for purposes of advocacy and engagement:

Organization	Status	Joined
Council of Institutional Investors (CII)	Associate Member	1989
Principles for Responsible Investment (PRI)	Signatory	July 2010
UK Stewardship Code	Signatory	2010
Japan Stewardship Code	Signatory	August 2014
Associação de Investidores no Mercado de Capitais (AMEC)	Member	2015
Asia Corporate Governance Association (ACGA)	Member	2016
UK Investor Forum	Founding Member	August 2016
Investor Stewardship Group (ISG)	Founding Member	2017
Japan Stewardship Initiative	Founding Member	November 2019
Investment Association Climate Change Working Group	Member	2020
Institutional Investors Group on Climate Change (IIGCC)	Member	2020
PLSA Stewardship Advisory Group	Member	2020
Emerging Markets Investors Alliance	Member	2020
Task Force on Climate-related Financial Disclosures (TCFD)	Supporter	November 2020
Responsible Investment Association Australasia (RIAA)	Member	2020
Farm Animal Investment Risk & Return (FAIRR)	Member	2020
Access to Medicine Index	Signatory	2021
TCFD Consortium (Japan)	Member	2021
Global Impact Investing Network (GIIN)	Member	2021
Sustainability Accounting Standards Board (SASB) Alliance	Member	March 2021
UN Global Compact	Signatory	March 2021
International Corporate Governance Network (ICGN)	Member	2021
IMEA (Investment Management Education Alliance) ESG Committee	Member	2021
30% Club Investor Group – UK Chapter	Member	2021
International Capital Market Association (ICMA)	Member	2017
Member of the ICMA Principles* (GBP, SBP, SBG and SLBP)	Member	2022
Net Zero Asset Managers Initiative	Signatory	2022

\* The Principles include GBP (Green Bond Principles), SBP (Social Bond Principles), SBG (Sustainability Bond Guidelines) and SLBP (Sustainability-Linked Bond Principles)

As at April 2022.

<sup>1</sup> At least one T. Rowe Price entity is a member of the above organizations.

## INVEST WITH CONFIDENCE<sup>SM</sup>

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

# T.RowePrice<sup>®</sup>

### Important Information

This material is provided for informational purposes only and is not intended to be investment advice or a recommendation to take any particular investment action. The information contained herein is as of April 2022 and is subject to change without notice. This information is not intended to reflect a current or past recommendation, investment advice of any kind, or a solicitation of an offer to buy or sell any securities or investment services. The opinions and commentary provided do not take into account the investment objectives or financial situation of any particular investor or class of investor. Investors will need to consider their own circumstances before making an investment decision. Information contained herein is based upon sources we consider to be reliable; we do not, however, guarantee its accuracy.

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