



T. ROWE PRICE PRINCIPAL ADVERSE IMPACTS (PAI) POLICY

This policy applies to T. Rowe Price Associates, Inc. and its investment advisory affiliates, including T. Rowe Price Investment Management, Inc., collectively referred to as T. Rowe Price. In accordance with the European Union Sustainable Finance Disclosure Regulation (“SFDR”), T. Rowe Price considers and, where appropriate, incorporates into its investment and engagement processes the Principal Adverse Impacts (“PAI”) of investment decisions.

IDENTIFYING & PRIORITIZING PAI

The SFDR requires T. Rowe Price to identify and prioritise principal adverse sustainability impacts and indicators. T. Rowe Price collects and considers PAI data (where available) that is relevant to our investments for the entities outlined in Annex 1. A selection of the PAI indicators are also included in our proprietary ESG rating systems called the Responsible Investing Indicator Model (“RIIM”)¹. These select indicators are utilized in RIIM based on our view of their investment relevance (i.e. ability to provide investment insights). Some indicators are applied to the entire investment universe, while others are only applied to the sub-industries or industries where we see investment relevance. Key factors in our determination are:

- materiality of the indicator to the business model;
- availability of the indicator across a peer group; and
- level of standardization of the indicator (i.e. is the indicator comparable across companies).

The indicators used in RIIM (both PAI and other data points) are reviewed at regular intervals and a formal review of the firm’s responsible investment research activities is provided annually to the firms’ ESG investment committees, which assist in establishing the firm’s investment advisers’ framework for:

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

The committees report regularly, as appropriate, to the T. Rowe Price Funds’ Board of Directors summarizing voting results, policies, procedures, and other noteworthy items.

USE OF PAI INDICATORS IN OUR INVESTMENT PROCESS

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. Environmental, social, and governance analysis is integrated into

our fundamental investment process – meaning ESG factors are considered in tandem with traditional criteria such as financial, valuation, macroeconomic, industry-related, and other factors as part of investment decision-making.

Integration of ESG factors into our investment process starts with the initial research at the inception of an investment idea and continues through the life of the investment. This analysis is applied to multiple stages and includes such steps as:

- identification and monitoring of ESG data for company analysis;
- consideration of ESG risks or “red flags”, including relevant PAI indicators, through fundamental analysis;
- consideration of ESG risks and/or tailwinds in portfolio construction;
- engagement with boards or managements;
- and proxy voting.

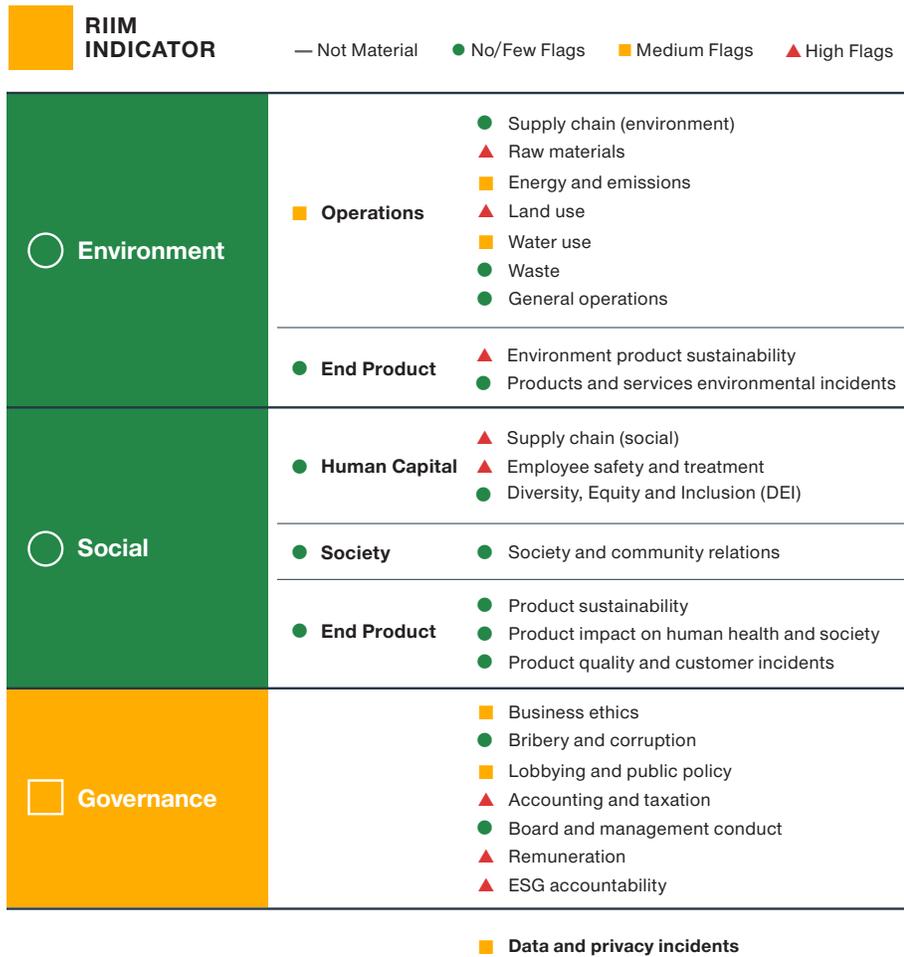
At T. Rowe Price, the responsibility for integrating ESG factors into investment decisions lies with our analysts and portfolio managers. In order to support our investment professionals’ capacity to incorporate ESG factors into their decision-making, we have specialists in ESG within our investment research teams who work with our analysts and portfolio managers to provide ESG-oriented research, data tools and subject matter expertise.

Our proprietary RIIM¹ is a tool created and maintained by our ESG specialists to support our analysts and portfolio managers in integrating sustainability factors into their investment process. As stated in the previous section, RIIM utilizes a selection of the PAI indicators alongside other environmental, social and governance data points to construct a distinct ESG profile of an issuer, flagging any elevated ESG risks or positive ESG characteristics. Analysts and portfolio managers have access to the issuer’s ESG profile as required. As shown in Chart 1: Illustration of a company RIIM profile, a rating of red, orange or green highlights the extent of a security’s environmental, social, and governance risks or positive characteristics.

By measuring issuers’ ESG profiles in this way, they can more easily be used as building blocks for an investment thesis for each security we research—alongside financial, economic, and industry related insights.

1. RIIM analysis will be different across T. Rowe Price Associates, Inc. and T. Rowe Price Investment Management, Inc. T. Rowe Price Investment Management (TRPIM) was established as a separately registered US investment adviser, with a separate ESG team to T. Rowe Price Associates, Inc (TRPA). Decisions for TRPA and TRPIM ESG teams are made completely independently, but use a similar approach, framework and philosophy.

Chart 1: Illustration of a company RIIM profile



This illustrative RIIM framework and analysis will be different across ESG teams at TRPA and TRPIM, and could evolve over time.

RIIM also allows our portfolio managers to understand if there are concentrated environmental, social or governance factor risks in an overall portfolio. The firms' ESG teams conduct regular reviews with portfolio managers to discuss areas of concentrated risk, or positive themes identified during the portfolio screening process.

RIIM processes data from a variety of sources including third-party ESG data vendors, company reports, non-governmental organizations (NGOs) and datasets built in-house. When determining which data points to incorporate in RIIM, we take a thoughtful analysis of each criterion and ask ourselves a series of questions, including:

- Is the factor material to the underlying investment?
- Is the factor a meaningful contributor to environmental or societal burdens/tailwinds?

- Is there a data point underpinning that factor?
- Is the data point a quantitative or qualitative assessment?
- If the data point is qualitative, what level of subjectivity has been incorporated?
- Are the data uniformly disclosed? Are issuers using the same reporting standard?
- Are the data commonly disclosed within an industry/region?

Data used within our RIIM analysis evolves over time and includes a number of the PAI indicators defined by the SFDR.

CONSIDERATION OF PAI AT PORTFOLIO LEVEL

In accordance with the SFDR, T. Rowe Price aggregates the PAI indicators relevant to our investments on an annual basis. The scope of each T. Rowe Price entity's aggregated data is set out in Annex 1. T. Rowe Price assesses the aggregated data for each of the PAI indicators and considers the scope, severity, probability of occurrence (where appropriate) and trend in data over time. Other considerations taken into account are data availability and quality.

Our process for assessing the aggregated data is to look at each of the PAI indicators individually to determine whether or not they are providing a reasonable indication of the aggregated impact of our investment decisions on that specific indicator. In conducting our evaluation of each PAI indicator, we endeavor to understand the severity of that indicator across our holdings in industries where that indicator will be most significant, as each of the PAI indicators has varying levels of significance across industries. For example, the presence of a deforestation policy is more meaningful for a food & beverage company than a technology company (being in the agri-business chain, the food & beverage company has the opportunity to have a more material impact on deforestation). In this case, we consider both the financial and societal adverse impact. In addition, each of the PAI indicators has varying levels of disclosure and, in some cases, we rely on estimated data. Therefore, part of our assessment of the severity of each of the PAI indicators is to understand our aggregated value for a given indicator relative to the universe of companies that report data for that specific PAI indicator.

T. Rowe Price will use this annual assessment to inform its engagement process and, where appropriate, engage with investee companies on specific PAI metrics. A review of this assessment and the subsequent engagement activities will be reported to the firm's ESG investment committees and the T. Rowe Price (Luxembourg) Management S.à r.l. board outlined in Annex 1.

Portfolio managers also consider the aggregated profile for certain PAIs (as applicable to the mandate of their products) as part of their investment process. The portfolio managers have real-time access to the full PAI profile of their products and are able to view how changes to the portfolio impact the PAI profile. The PAI profile of the portfolios will help to inform upcoming engagement activity, in line with the process described above.

APPROACH TO DATA COLLECTION AND DATA SOURCES

The annual assessment of our aggregated portfolios' performance on the PAI indicators requires the collection of relevant data points from thousands of companies. While not required by the SFDR, T. Rowe Price also collects this data for the relevant benchmarks of each investment strategy. This improves our understanding of our performance on these metrics as it provides context, but it further increases the amount of total data collection. In order to effectively accomplish this, T. Rowe Price utilizes data sets provided by third-party providers as inputs for our calculations of the PAI indicators.

T. Rowe Price has adopted a robust approach to data sourcing and evaluation and will endeavor to use estimated data when reported data is not available (and has confidence the data can be estimated in a reliable fashion). T. Rowe Price believes that the best quality of data available is from investee companies directly.

ACCOUNTABILITY FOR PAI POLICY

Ownership of this policy resides with the firms' ESG investment committees and it is reviewed periodically as required. Implementation of the principles and procedures set out in this policy reside with the firms' ESG specialist teams.

RECORD KEEPING

T. Rowe Price will publish on its website an Adverse Sustainability Impacts Statement in line with the requirements prescribed by the SFDR, which will include a description of the aggregated PAI and a description of any relevant activities and, where possible their measurable impact, to address the PAI attributable to each entity specified in Annex 1. T. Rowe Price will retain all relevant PAI data for a period of 5 years from the most recent date of disclosure and the results of annual assessments carried out.

ANNEX (1)

T. Rowe Price Entity	Scope of aggregated accounts
T. Rowe Price International Ltd, T. Rowe Price Associates, Inc., T. Rowe Price Hong Kong Limited, T. Rowe Price Australia Limited, T. Rowe Price Japan, Inc., T. Rowe Price Singapore Private Ltd., T. Rowe Price Investment Management, Inc.	TRPLUX-contracted accounts managed by these entities Separate accounts domiciled in EU, contracted directly with any of these entities – where the client entity itself is subject to the SFDR (e.g. a third-party client UCITS fund or AIF)
T. Rowe Price (Luxembourg) Management S.à r.l.	Lux-domiciled funds: T. Rowe Price Funds SICAV T. Rowe Price Funds Series II SICAV Select Investment Series III SICAV T. Rowe Price Funds B SICAV T. Rowe Price Institutional FCP T. Rowe Price Kikantoushika-Muke FCP TRPLUX-contracted separate accounts

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