

T. Rowe Price UK Limited - Remuneration Policy Statement

June 2024

1. Introduction

T. Rowe Price UK Limited (**'TRPUK'**) is authorised as a UK UCITS Management Company and as such, acts as the Authorised Corporate Director (**'ACD'**) for the T. Rowe Price Funds OEIC (**'the OEIC'**), an open-ended investment company that qualifies as a UK Undertaking for Collective Investments in Transferable Securities (**'UK UCITS'**) in accordance with sections 236A and 237 of the Financial Services and Markets Act 2000.

This Remuneration Policy Statement (**'RPS'**) sets out the policies, practices and procedures followed by TRPUK in order to comply with:

- The UK UCITS Remuneration Code as specified in SYSC 19E of the FCA Handbook;
- The MIFIDPRU Remuneration Code as specified in SYSC 19G.2 of the FCA Handbook;
- Directive 2009/65/EC, as amended, (**'the UCITS Directive'**) which is still referenced in the onshored rules in after Brexit; and
- the associated European Securities and Markets Authority's "Guidelines on sound remuneration policies under the UCITS Directive", published March 31st, 2016 (**'the UCITS Guidelines'** and referred to as **'the Guidelines'**).

2. Application to TRPUK

TRPUK is a wholly owned subsidiary of T. Rowe Price International Ltd (**'TRPIL'**) which in turn is a wholly owned subsidiary of T. Rowe Price Associates, Inc. which is, in turn, a wholly owned subsidiary of T. Rowe Price Group, Inc. (**'TRPG'**).

TRPUK has appointed a number of executive and non-executive directors. In addition, TRPUK has an agreement in place with other group entities the effect of which is to place the resources of other group entities (predominately TRPIL) at its disposal. TRPUK does not employ any associates directly. All TRPUK "staff" that support the activities of TRPUK are employed by TRPIL and remunerated under the TRPIL Remuneration Policy which meets the requirements of the MIFIDPRU Remuneration Code. TRPUK is subject to the UCITS Remuneration Code as well as some aspects of the MIFIDPRU Remuneration Code as the application of the MIFIDPRU Remuneration Code applies to TRPIL's subsidiaries on a consolidated basis.

In accordance with SYSC 19E 1.3 G and for the purpose of this RPS, remuneration includes payments made by a seconding organisation, which is not subject to the UK UCITS Remuneration Code, to a seconded in respect of their employment by a management company which is subject to the UK UCITS Remuneration Code. The policies, practices and procedures described herein are predominately reflecting those of TRPIL and TRPG. The effect of those policies, as described in this RPS, is to ensure a remuneration incentive regime which is at least equivalent to that under SYSC 19E and the UK UCITS Guidelines.

References within this RPS to "T. Rowe Price" and the "company" refer to TRPG. References to the "firm", "UK UCITS management company", "UK UCITS authorised corporate director" refer to TRPUK.

For external use.

3. Proportionality

The FCA has not issued guidance on how to apply SYSC 19E. However, there are many points of correspondence between the remuneration requirements of the UK UCITS rule and UK AIFMD, which the FCA has suggested firms review as the principles in its existing UK AIFMD guidance will be relevant to the expectations for remuneration policies and practices under the UK UCITS rules.

TRPUK applies the UCITS Remuneration Code principles in such a way that is appropriate to its size, internal organisation and the nature, scope, and complexity of its activities, and on this basis may determine to disapply certain requirements where appropriate.

4. Remuneration Principles

4.1 Identified Staff

The Guidelines note that UK UCITS must identify the staff covered by the Guidelines and classify them as "Identified Staff". The definition of Identified Staff covers the following categories of staff unless it can be shown that they have no material impact on the UCITS' risk profile.

- Board members
- Senior management
- Control Functions (i.e. risk management, compliance, internal audit)
- Staff responsible for portfolio management, administration, marketing and HR
- Other risk takers who can exert a material influence on the TRPUK's risk profile.
- Individuals receiving equivalent remuneration to anyone already included as "Identified Staff" from the criteria above.
- Staff of delegate entities whose professional activities have a material impact of the risk profile of the UCITS that the management company manages.

As stated above, all Identified Staff are remunerated under the TRPIL Remuneration Policy.

4.2 Remuneration schemes

Under the UK UCITS Remuneration Code and as stated in the Guidelines, TRPUK is required to ensure remuneration contains both fixed and variable components. As stated above, TRPUK does not employ any associates directly. It engages Independent Non-Executive Directors, whose remuneration consists of a fixed fee only. All other TRPUK "staff" that support the activities of TRPUK are employed and remunerated by TRPIL under the TRPIL Remuneration policy. The TRPIL Remuneration Policy includes detailed information on our fixed and variable remuneration components and can be provided upon request.

5. Governance

The board of TRPUK has approved this RPS and will undertake a review of this RPS at least annually. Responsibility for the implementation of the remuneration practices described in the

For external use.

TRPIL Remuneration Policy has been delegated by the TRPIL board of directors to the Management Compensation and Development Committee ('**MCDC**') which serves as TRPIL's Remuneration and Nomination Committee.

On the basis of proportionality, TRPUK is not required to establish a remuneration committee because it is not a significant management company as defined in SYSC 19E 2.9 R. Remuneration is subject to the oversight of several committees within the TRPG compensation process which have different roles within our compensation processes.

5.1 **Interest alignment**

The Executive Compensation and Management Development Committee ('the **ECMDC**') of the T. Rowe Price Group Board of Directors oversees and approves the total amount allocated to the annual bonus pool and approves annual long-term equity awards and MFU awards for our associates. Individual bonus, MFU awards and/or long-term equity awards are based on individual performance against a combination of financial, operational or other strategic objectives.

The ECMDC is comprised of all non-executive directors. The company believes that its compensation programs are designed to reward executives and other senior officers for building and strengthening the very core of our company's long-term viability, which contributes to long-term value creation for our clients and stockholders. We seek to accomplish this through a balance of short-term fixed and variable cash compensation, and long-term equity-based incentives, in the form of restricted stock units ('**RSUs**'), performance stock units ('**PSUs**') and MFUs. We believe the stability of our management team over long periods of time, our executives' and staff-wide level of ownership in the company, and our unwavering focus on generating outstanding long-term performance for our clients are evidence that we have created a powerful alignment of incentives between our executive team, our associates, our clients and our stockholders. The fixed element of each associate's compensation is sufficiently high to allow for a fully flexible policy on the variable component.

5.2 **Consistency with sound and effective risk management**

It is intended that TRPUK's RPS is consistent with, and promotes, sound and effective risk management and does not encourage risk taking that is inconsistent with the risk profile, rules or governing documents of the investment funds managed. The TRPUK board reviews this RPS annually to ensure remuneration practices are consistent with the firm's risk profile.

Investment discretion for the OEIC is controlled within mandated parameters. These parameters are generally coded within the Investment Manager's automated pre and post trade compliance system, limiting the amount of risk that can be taken within the OEIC.

Capital Adequacy and Risk Profile

The Internal Capital Adequacy and Risk Assessment ('ICARA') process is undertaken annually for T. Rowe Price International Ltd. Group, which includes TRPUK as a subsidiary, however TRPUK does not complete its own ICARA. As part of this exercise, the risk profile of and harms posed by the TRPIL group is evaluated and scenario analysis and stress testing are undertaken to determine severe but plausible risks and harms that inform capital and liquidity requirements. The risk profile also considers risk tolerances set by the TRPIL board of directors.

5.3 **Delegation**

Where the firm delegates investment management activities, it shall require confirmation from the delegate entity that either: 1. It is subject to equally as effective regulation on remuneration, which shall include the rules of the Capital Requirements Directive; or 2. it sets its remuneration in compliance with a remuneration policy that is compliant with the relevant remuneration regulations.

5.4 **Guaranteed Variable Remuneration**

Guaranteed variable remuneration is exceptional and would in any case be limited to the first year of service, in the context of new hires.

5.5 **Severance Pay (payments related to early termination)**

Severance pay (subject to what is required under local law) is at the firm's absolute discretion but will reflect performance and not reward failure.

5.6 **Personal Investment Strategies**

Employees must not use personal hedging strategies which could undermine the risk alignment effects embedded in remuneration policies.

