



T.RowePrice

# 2024 TCFD Report

Task Force on Climate-Related Financial Disclosures  
(TCFD) Report for T. Rowe Price International Ltd

Issued June 2025

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**03 Leadership Message**

**04 Governance**

**06 Strategy**

**10 Risk Management**

**11 Metrics and Targets**

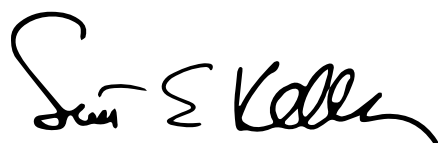
**16 Glossary of Terms**

# Leadership Message

This report is based on the Task Force on Climate-related Financial Disclosures (TCFD) reporting recommendations implemented by the UK Financial Conduct Authority (FCA), as they apply to FCA-authorised asset managers (together, the Rules).

It provides climate-related financial disclosures covering the overall assets managed by T. Rowe Price International Ltd (TRPIL) for TCFD in-scope business, meaning the portfolio management services it provides to its clients. All data referenced in this report is specific to TRPIL business unless otherwise noted.

The disclosures set out in this report for TRPIL, including cross-referenced T. Rowe Price Group, Inc. disclosures, comply with the requirements set out in “ESG 2.2 TCFD entity report” and other relevant sections of the FCA ESG Sourcebook. This report should be read in conjunction with the relevant sections of the [2024 TCFD Report for T. Rowe Price Group, Inc.](#), as indicated throughout. The reporting period is 1 January to 31 December 2024.

A handwritten signature in black ink, appearing to read "Scott Keller".

**Scott Keller**

CEO of T. Rowe Price International Ltd

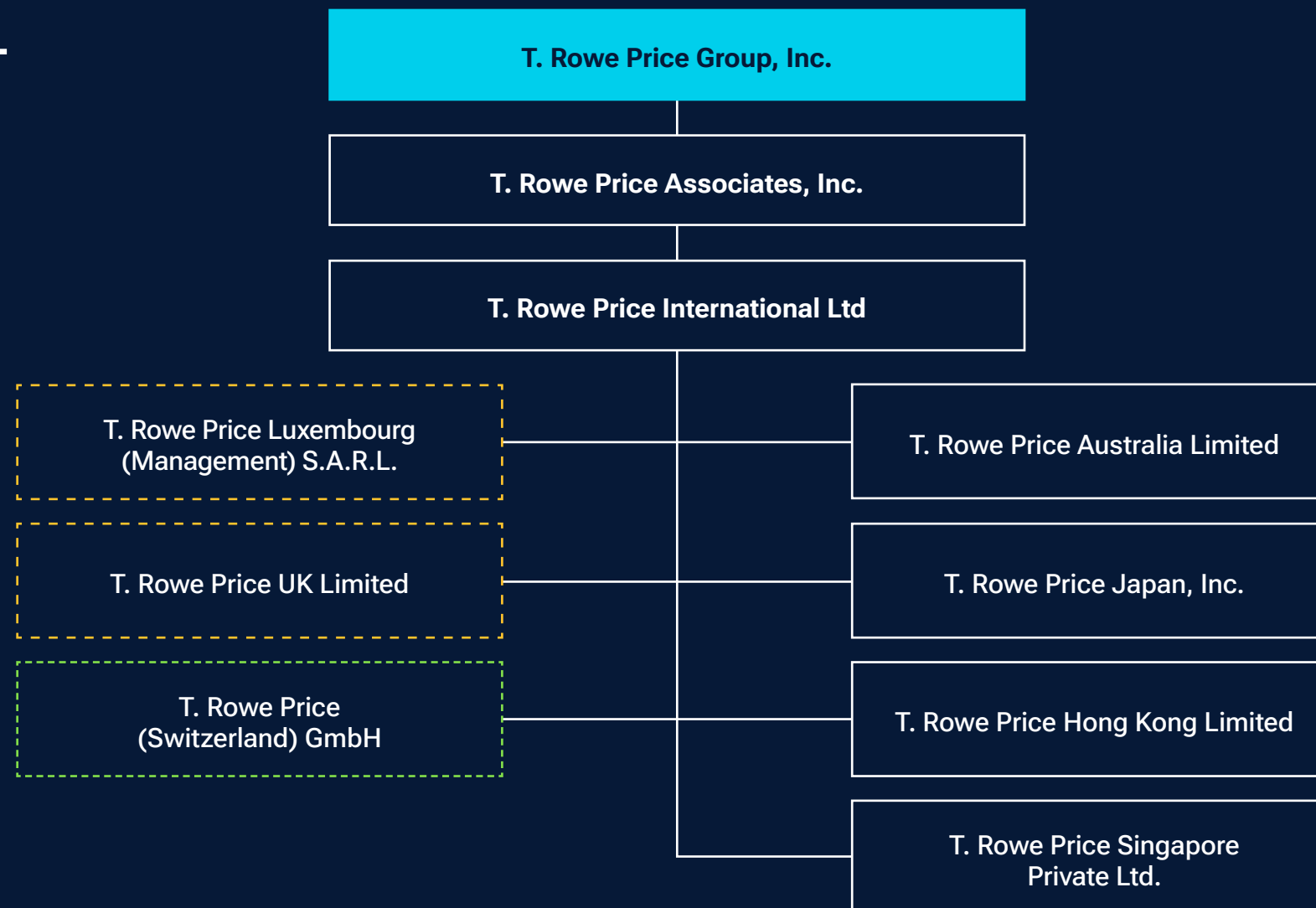
# Governance

As a global investment group, T. Rowe Price Group, Inc. (the firm, TRPG, the Group, we, our, or T. Rowe Price) publishes a global annual TCFD report. TRPIL's own approach to governance, strategy, and risk management is aligned with the broader Group's approach, and the content of this report can be viewed in that context.

The Board of Directors of TRPG is responsible for setting the Group's strategy, including ESG accountability. This is implemented through the Group committees, delegations, and Group companies, including TRPIL. The TRPIL Board appoints the CEO of TRPIL to implement this strategy in Europe, the Middle East, Africa, and Asia Pacific region. A simplified organisational structure is shown below:

## Simplified TRPIL Structure Chart

Source: T. Rowe price



The TRPIL Board has ultimate responsibility for the overall management of TRPIL. TRPIL's governance arrangements enable the TRPIL Board to deliver effective and prudent management to ensure TRPIL operates in a manner that promotes the integrity of the market as a whole and the interests of TRPIL's clients. The TRPIL Board's responsibility includes approval and oversight of TRPIL's strategic objectives and risk strategy, defining and implementing the governance framework, oversight of TRPIL's financial and operational controls, and compliance with applicable legal and regulatory requirements.

The TRPIL Board also provides oversight over TRPIL senior management. The TRPIL Board holds quarterly board meetings where it receives reporting on TRPIL's investment strategies and operations and the effectiveness of its systems and controls. It also holds multiple ad hoc meetings as needed to address other important topics.

T. Rowe Price's climate-related investment strategies, opportunities and risk appetite are set at Group level. The TRPIL Board is then responsible for oversight of the particular investment strategies TRPIL manages on behalf of its clients.

In respect of climate-related risks and opportunities as they relate to investment strategies, TRPIL relies upon the wider committee framework set out below to discharge its oversight responsibilities. Standalone training on specific areas is provided to the TRPIL Board as appropriate to enhance its knowledge.

TRPIL leaders are included as appropriate in various Group committees with responsibilities for ESG oversight.

TRPIL's governance for the consideration of climate-related risks and opportunities is part of the Group-level governance framework. Please refer to the Governance section of the Group report.

## **FCA Senior Managers and Certification Regime**

From a UK regulatory perspective, as an enhanced Senior Managers and Certification Regime (SMCR) firm, TRPIL, through the TRPIL Board, has approved a senior manager with responsibility for leading TRPIL's ESG agenda (the Senior Manager), covering responsible investing, governance, impact investments, enablement, regulatory research and proxy voting. The Senior Manager provides monthly reporting to the TRPIL CEO, who is responsible for the conduct of the whole of TRPIL's business and attends TRPIL Board meetings as required to update and inform on TRPIL's ESG agenda, including climate-related risks and opportunities.



# Strategy

TRPIL's strategy for the consideration of climate-related risks and opportunities is part of the Group-level strategy framework. Please refer to the Strategy section of the Group report.

## Additional detail on our transition plans

Although transition plans are not yet mandatory, we believe it is important to develop our global climate action plan in line with accepted standards. TRPIL's approach to the consideration of a climate transition plan is included within the Group-level approach. In the Group [2024 Sustainability Report](#), the Investor Climate Action Plan (ICAP) index highlights items related to this climate transition plan.

## Delegated Functions and Service Providers

T. Rowe Price is committed to minimising its impact on the environment and engaging in ethical business practices, as detailed in its [Supplier Code of Conduct](#). The firm consistently seeks to improve its environmental management capabilities and measure progress. T. Rowe Price expects its suppliers to share this commitment to environmental sustainability.

The firm aims for its suppliers to:

- Comply with all applicable environmental laws and regulations;
- Continually strive to improve their sustainability performance, focusing on reduction of waste and greenhouse gas (GHG) emissions and implementing energy efficiency measures; and
- Make the best attempt to track and monitor the consumption of natural resources, incentivising decisions that align with a low-carbon economy.





T. Rowe Price's investment strategies are provided globally across the Group's affiliates. Decision-making and processes behind how portfolio management services are delegated and products are offered are based on a variety of factors, including legal, regulatory and regional investment expertise. In each case, the affiliate will be the entity we deem most appropriate to provide those services given the circumstances.

Where TRPIL contracts directly with clients, it will either manage assets itself or sub-delegate to Group affiliates globally (in some cases, to its own subsidiaries). Similarly, TRPIL may manage assets where it has been appointed by Group affiliates. Notwithstanding these delegation arrangements, all climate-related investment strategies, risks and opportunities are set at the Group level. This means that each affiliate is subject to the Group governance structure set out above while it remains responsible for managing particular investment strategies on behalf of its clients. T. Rowe Price does not delegate portfolio management to third parties outside the Group except in select circumstances.

## TRPIL Climate Resilience and Scenario Analysis

As an asset manager, it is incumbent on the firm to identify and analyse large systematic change, often driven by technological advances and/or regulation, and the corresponding risks and opportunities it could bring. T. Rowe Price sees climate change and the transition towards net zero as one such systematic change that will likely have a material impact across the investment universe. It will likely be the source of both value creation and destruction across industries, securities and portfolios.

### Core Evaluation Metrics:

- Responsible Investor Indicator Model (RIIM) environment scores
- GHG footprint
- Net zero status
- Climate solutions alignment

When it comes to considering climate-related risks and opportunities at a broader level (e.g., portfolio or investment universe level), we generally center on our core evaluation metrics, as well as engagement.

Climate scenario analysis explores a range of plausible climate scenarios that could have a financial impact on the value of our clients' investments over the next several decades. It provides an estimate of the direction and magnitude of the impact of the risk in each scenario. However, this approach is based on available data at a specific point in time and does not consider changes to a company or portfolio holdings during the projection horizon.

Our climate scenario analysis uses climate value at risk (VaR) to assess policy risk, technology opportunity and physical risk across a range of climate scenarios that may adversely impact the financial value of our investments. Please see our Group-level TCFD Report for information on the climate scenarios developed by Network for Greening the Financial System (NGFS) and an explanation of the risks considered. The data included on the following page are specific to TRPIL.

Our climate scenario analysis highlights those sectors that are most exposed to climate-related risks and opportunities. These include energy, industrials, materials, utilities and real estate.

The materialization of climate-related risks could lead to lower asset valuations and increased market volatility, but the range of possible outcomes is highly uncertain and subject to change. Moreover, our assessment of climate-related risks is not exhaustive but aims to highlight the most significant risks, as well as their potential impact on the investments we manage on behalf of our clients.

## TRPIL's Climate VaR by Sector<sup>1, 2</sup>

	Covered Market Value %	1.5° NGFS Low Demand Agg	1.5° NGFS Orderly Agg	2° NGFS Disorderly Agg	2° NGFS Orderly Agg	3° NGFS NDC Agg	3° NGFS Fragmented World Agg	3° NGFS Current Policies Agg
Communication Services	5.7%	-0.2%	-0.3%	-0.3%	-0.2%	-0.3%	-0.3%	-0.3%
Consumer Discretionary	9.3%	-0.9%	-1.4%	-0.7%	-0.5%	-0.5%	-0.5%	-0.5%
Consumer Staples	5.2%	-0.6%	-1.1%	-0.6%	-0.5%	-0.5%	-0.5%	-0.5%
Energy	3.1%	-1.8%	-2.7%	-1.6%	-0.8%	-1.0%	-0.9%	-0.4%
Financials	15.9%	-0.4%	-0.8%	-0.7%	-0.6%	-0.8%	-0.9%	-1.0%
Health Care	9.7%	-0.2%	-0.4%	-0.3%	-0.2%	-0.3%	-0.3%	-0.3%
Industrials	10.6%	-0.8%	-1.3%	-0.8%	-0.6%	-0.7%	-0.7%	-0.6%
Information Technology	18.1%	-0.2%	-0.3%	-0.2%	-0.1%	-0.2%	-0.2%	-0.2%
Materials	4.8%	-1.5%	-2.2%	-1.3%	-0.9%	-1.0%	-0.9%	-0.5%
Real Estate	1.7%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%
Utilities	1.9%	-0.6%	-0.9%	-0.9%	-0.6%	-0.8%	-0.9%	-0.5%
<b>Total</b>	<b>85.9%</b>	<b>-7.3%</b>	<b>-11.5%</b>	<b>-7.5%</b>	<b>-5.2%</b>	<b>-6.1%</b>	<b>-6.2%</b>	<b>-4.9%</b>

## Sovereign Climate VaR

	Covered Market Value %	1.5° NGFS Orderly Agg	2° NGFS Disorderly Agg	2° NGFS Orderly Agg	3° NGFS NDC Agg	3° NGFS Current Policies Agg
Sovereign	6.4%	-1.1%	-1.1%	-0.3%	-0.4%	0.0%

<sup>1</sup> Data as of 31 December 2024. Includes listed equities and corporate bonds; excludes private assets. All data are provided in terms of the contribution of each sector based on the aggregated assets covered. Please see page 7 for further definition. The climate scenarios are designed and developed by Network for Greening the Financial System (NGFS). Climate value at risk is based on a weighted average market value approach and represents the estimated percent change in portfolio value under each scenario. Sum of rows may not equal total due to rounding issues. Source: MSCI ESG Research LLC.

<sup>2</sup> Sector categories are based on Global Industry Classification Standard (GICS).



# Risk Management

TRPIL's risk management of climate-related risks and opportunities is part of the Group-level risk management framework. Please refer to the Risk Management section of the Group report.



# Metrics and Targets

TRPIL’s approach to assess metrics and targets in relation to climate-related risks and opportunities is part of the Group-level framework. Please refer to the Metrics and Targets section of the Group report.

## Measuring TRPIL’s Climate Impacts

TRPIL’s approach to setting targets is part of the Group’s approach to setting targets which is focused on reducing operational emissions. Details can be found in the Metrics and Targets section of our Group-level report. We do not have a financed emissions target at the entity level as the majority of our clients have given us a mandate to pursue financial performance for their portfolios. As such, setting a binding financed emissions target for the entity’s total assets under management would not be consistent with our fiduciary duty.

Carbon emissions datasets are made up of a combination of reported and estimated data, due to a variance in disclosure levels by companies. Because of this, there can be variations between vendors who take different approaches depending on the industry and the information available. The goal of any estimate is a figure in the right order of magnitude, since total accuracy can only be achieved if a company is actually reporting carbon data. We rely on our vendor to supply both the data and analysis. We do not guarantee its accuracy. The limited and unstandardized nature of Scope 3 emissions disclosure requires the use of datasets consisting entirely of estimated GHG emissions. For this reason, we see limitations in data quality and advocate caution when using these data. We expect data quality to improve over time. In line with TCFD recommendations, we use the following metrics to monitor and report financed emissions of TRPIL’s assets under management (AUM).

<sup>1</sup> Sovereign bonds are only used in financed emissions and weighted average carbon intensity  
<sup>2</sup> Based on estimates only and accounts for approximately 1% of total TRPIL AUM.

## Methodological Approach to Climate Metrics

Asset classes included	Listed equities, corporate bonds, sovereign bonds, <sup>1</sup> securitised bonds, <sup>2</sup> municipal bonds <sup>2</sup> and bank loans <sup>2</sup>
Asset classes excluded	Private assets, REITs, derivatives and commodities
Standards	Partnership for Carbon Accounting Financials (PCAF)
Data source	MSCI ESG Research LLC

## Financed Emissions

Our data coverage for financed emissions is approximately 98%. Where reported carbon emissions data are not available, we use estimates based on the Partnership for Carbon Accounting Financials (PCAF) standards, which are derived by our third-party vendor’s proprietary estimation model.

These estimates consider a variety of data sources and approaches to derive emissions based on the available data for each asset type. This includes production activity data as well as sector- and country-level average emissions. Where PCAF does not provide specific methodology guidance, our data vendor leverages existing PCAF approaches to derive emissions. This approach applies to securitised credit and municipal bonds.

We use the equity ownership method recommended by PCAF, which allocates emissions based on the investment amount relative to the enterprise value including cash (EVIC). It is important to highlight that company data can be severely lagged, which may result in inconsistent time periods across the required input data.

However, as the frequency and availability of company climate disclosures improve, we expect this inconsistency to reduce over time.

The PCAF standard suggests using a data quality score, since the calculation of financed emissions relies frequently on unaudited and estimated emissions data from investees. This scale ranges from 1 (highest quality, verified data) to 5 (low quality, estimation based on asset turnover). The weighted data quality score for Scope 1 and 2 financed emissions is 2.4, and for Scope 3 financed emissions it is 2.5.

### Listed and Private Company Total Financed Greenhouse Gas Emissions

$$\sum_n^i \left( \frac{\text{current value of investment}_i}{\text{issuer's EVIC or total equity} + \text{debt}_i} \times \text{issuer's Scope 1, 2, 3 GHG emissions}_i \right)$$

### Sovereign Financed Greenhouse Gas Emissions

$$\sum_n^i \left( \frac{\text{current value of investment}_i}{\text{PPP - GDP}_i} \times \text{sovereign issuer's GHG emissions}_i \right)$$

### Climate Metrics by Sector<sup>3</sup>: Financed Emissions<sup>4</sup>

Sector	Covered MV%	Scope 1	Scope 2	Scope 3
Communication Services	5.8%	18,969	93,183	479,616
Consumer Discretionary	9.5%	149,066	232,298	11,995,259
Consumer Staples	5.2%	205,489	198,423	5,624,905
Energy	3.3%	1,944,793	156,567	21,668,300
Financials	24.9%	5,942,867	111,939	4,768,925
Health Care	9.8%	47,864	60,351	1,297,656
Industrials	10.8%	608,620	223,348	36,041,424
Information Technology	18.3%	80,025	245,583	2,509,926
Materials	4.9%	3,861,460	1,098,444	15,435,574
Real Estate	1.7%	9,057	30,089	444,138
Utilities	2.0%	3,642,039	70,866	2,747,859
Total	98.3%	16,663,689	2,543,657	103,871,866

<sup>3</sup> All data are provided in terms of the contribution of each sector to the aggregated assets covered. Sector categories are based on Global Industry Classification Standard (GICS).  
<sup>4</sup> Financed emissions aligned with PCAF Global GHG Accounting and Reporting standards, carbonaccountingfinancials.com/standard.  
 Individual sectors may not exactly equal the total due to rounding and missing industry classifications. Scope 1 and 2 for securitised assets is 3,745 and is reported separately by our data vendor and cannot be decoupled. Financed emissions have been adjusted by the coverage ratio. The coverage ratio is less than 100% due to limited data availability.



## Weighted Average Carbon Intensity (WACI)

WACI measures the carbon intensity of our investments and includes corporates and sovereigns. The advantage of this approach is that it is simple to calculate and easy to interpret. It relies on readily available input data, such as carbon emissions, company revenue, gross domestic product (GDP) and investment values. Carbon emissions are normalized and then attributed based on the amount invested relative to total portfolio value. WACI is expressed in tons CO2e/USD million and can also be used to compare investment portfolios across asset classes.

Weighted average carbon intensity consists of both reported and estimated data with a coverage ratio of 87.0%. High-emitting sectors, such as utilities, materials, energy and industrials, are the largest contributors to carbon emissions, due to their energy intensity. Collectively, they contribute 64.2% of Scope 1–3 WACI but only 21.4% of total assets under management. Sovereign WACI is 383.9 with a coverage ratio of 8.0% and consists entirely of estimated data due to data availability and reliability.

Since last year, our total Scope 1–3 WACI has decreased by approximately 15.9%, which was driven by decreases in financials and materials but were also partially offset by consumer staples and industrials.

### Corporate Issuers

$$\sum_n^i \left( \frac{\text{current value of investment}_i}{\text{current portfolio value}} \times \frac{\text{issuer's Scope 1 and Scope 2 GHG emissions}_i}{\text{issuer's \$M revenue}_i} \right)$$

### Sovereign Issuers

$$\sum_n^i \left( \frac{\text{current value of investment}_i}{\text{current portfolio value}} \times \frac{\text{sovereign issuer's GHG emissions}_i}{\text{sovereign issuer's \$M GDP}_i} \right)$$

## Climate Metrics by Sector<sup>5</sup>: Weighted Average Carbon Intensity

Sector	Covered MV%	Scope 1 and 2	Scope 3
Communication Services	5.7%	1.3	10.0
Consumer Discretionary	9.4%	3.8	67.6
Consumer Staples	5.2%	2.3	34.5
Energy	3.3%	11.1	137.1
Financials	16.4%	2.9	57.0
Health Care	9.7%	1.5	43.9
Industrials	10.8%	8.6	175.7
Information Technology	18.1%	6.9	80.0
Materials	4.8%	28.2	139.1
Real Estate	1.7%	1.2	5.6
Utilities	2.0%	48.8	23.1
<b>Total</b>	<b>87.0%</b>	<b>116.5</b>	<b>773.5</b>

## Carbon Footprint

Carbon footprint is used to measure emissions attributable to investors per USD million invested. This approach applies only to corporate assets and uses available data, such as EVIC, asset values and Scope 1–3 emissions. It is expressed in tons CO2e/USD million invested and can be used to compare portfolios and benchmarks but does not account for the emissions intensity of individual companies, unlike WACI.

Carbon footprint consists of both reported and estimated data with a coverage ratio of 87.0%. High-emitting sectors, such as utilities, materials, energy and industrials, are the largest contributors to carbon emissions, due to their energy intensity. Collectively, they contribute 72.8% of Scope 1–3 carbon footprint but only 21.4% of total assets under management.

Since last year, our total carbon footprint has been reduced by approximately 8.5%, which was driven by decreases in financials and materials but were also partially offset by consumer staples and utilities.

<sup>5</sup> All data are provided in terms of the contribution of each sector to the aggregated assets covered. Sector categories are based on Global Industry Classification Standard (GICS). Sovereign WACI is 283.9 with a coverage ratio of 6.7%.

Corporate Issuers Carbon Footprint

$$\sum_n^i \left( \frac{\text{current value of investment}_i}{\text{issuer's EVIC}_i} \times \text{issuer's Scope 1 and Scope 2 GHG emissions}_i \right)$$

current portfolio value (\$M)

Climate Metrics by Sector<sup>6</sup>: Corporate Carbon Footprint

Sector	Covered MV%	Scope 1+2	Scope 3
Communication Services	5.7%	0.5	3.4
Consumer Discretionary	9.4%	1.5	42.9
Consumer Staples	5.2%	1.5	21.9
Energy	3.3%	7.9	100.9
Financials	16.6%	1.2	16.0
Health Care	9.7%	0.4	11.4
Industrials	10.7%	3.5	88.4
Information Technology	18.1%	1.3	12.1
Materials	4.8%	18.2	65.2
Real Estate	1.7%	0.2	1.3
Utilities	2.0%	16.3	8.5
Total	87.0%	52.4	371.9

Implied Temperature Rise (ITR)

ITR is a forward-looking assessment used to evaluate the alignment of a company or portfolio with global climate targets, such as the 2015 Paris Climate Agreement, which aims to limit the global average temperature increase to below 2°C and pursue efforts to reach below 1.5°C by the end of the century. It highlights how much global temperatures could increase over the next several decades, if we assume the global economy follows the same carbon emissions trajectory as a company or portfolio.

The estimation process for an individual company follows four simple steps. First, the global carbon budget is calculated based on a net zero scenario of 1.5°C and allocated to each economic sector and region, followed by individual companies based on their fair share of emissions (e.g., revenue). Next, carbon emissions are projected over the next several decades, considering the current level of emissions, individual decarbonization targets and credibility assessments. The cumulative estimated emissions from the previous two steps are then used to calculate the relative carbon over/undershoot, which is a measure of how much of the carbon budget has been used over the forecast period, compared with the specific global budget allowance to meet net zero. Finally, the carbon over/undershoot is converted to degrees Celsius using the Transient Climate Response to Cumulative Carbon Emissions (TCRE) factor, which was created by the Intergovernmental Panel on Climate Change (IPCC) to determine the relationship between each additional unit of emissions beyond the 1.5°C carbon budget to degrees of additional warming.

Climate Metrics by Sector<sup>7</sup>: Implied Temperature Rise

Sector	Covered MV%	Implied Temperature Rise	Contribution in Degrees
Communication Services	5.7%	1.7	0.0
Consumer Discretionary	9.4%	2.3	0.3
Consumer Staples	5.2%	2.1	0.1
Energy	3.3%	3.2	0.5
Financials	16.6%	2.2	0.5
Health Care	9.7%	1.8	0.1
Industrials	10.7%	2.8	0.4
Information Technology	18.1%	2.0	0.1
Materials	4.8%	3.1	0.5
Real Estate	1.7%	2.8	0.0
Utilities	2.0%	1.9	0.1
Total	86.8%	2.5	2.5

<sup>6</sup> All data are provided in terms of the contribution of each sector to the aggregated assets covered. Sector categories are based on Global Industry Classification Standard (GICS).  
<sup>7</sup> Asset coverage based on 87% of TRPIL AUM. All data are provided in terms of the contribution of each sector to the aggregated assets covered. Sector categories are based on Global Industry Classification Standard (GICS).

TRPIL 2024 Climate Metrics			
Measurement	Unit	Scope	Metrics
Financed emissions	Tons CO <sub>2</sub> e	Scope 1	16,663,689
		Scope 2	2,543,657
		Scope 3	103,871,866
Weighted average carbon intensity (WACI)	Tons CO <sub>2</sub> e/USD Million Revenue	Scope 1 and 2	116.5
		Scope 3	773
Carbon footprint	Tons CO <sub>2</sub> e/\$Million Invested	Scope 1 and 2	52.4
		Scope 3	371.9
Implied temperature rise	Celsius	Scope 1 and 2	2.5





# Glossary of Terms

**Carbon Footprint:** Carbon footprint is the total amount of greenhouse gas (GHG) emissions, usually measured in carbon dioxide equivalents (CO<sub>2</sub>e), caused by an individual, organisation, product or activity.

**Climate Scenario Analysis:** Climate scenario analysis (CSA) is the process of assessing the potential impacts of different climate change scenarios on an organisation's operations, financials and strategies. It helps identify risks and opportunities related to climate change.

**Climate Value at Risk:** Climate value at risk (VaR) is an output of climate scenario analysis. It is designed to provide a forward-looking and return-based valuation assessment to measure climate-related risks and opportunities in an investment portfolio. It offers insights into how climate change could affect company valuations.

**Disorderly Transition:** A disorderly transition refers to a particular climate scenario. The representative scenario for a disorderly transition assumes a much more challenging pathway to meeting the Paris Climate Agreement targets.

**Energy Transition:** The shift away from the current energy system to one that emits low to zero GHG emissions. This is achieved through the use of energy efficiency measures and the shift to cleaner and more sustainable energy sources, such as renewable energy (solar, wind, hydropower).

**Enterprise Value Including Cash:** Enterprise value including cash (EVIC) is an alternative measure to enterprise value (EV) to estimate the value of a company by adding back cash and cash equivalents to EV. The underlying data used for EVIC calculation are sourced from a company's accounting year-end annual filings. EVIC is updated and reflected once a year as the data are sourced annually.

**Financed Carbon Emissions (tons CO<sub>2</sub>e/USD million invested):** Allocated emissions to all financiers (EVIC) normalized by USD million invested. Measures the carbon emissions for which an investor is responsible per USD million invested, by their equity ownership. Emissions are apportioned based on equity ownership (percent of market capitalization).

**Financed Carbon Intensity (tons CO<sub>2</sub>e/USD million revenue):** Allocated emissions per allocated revenue. Measures the carbon efficiency of a portfolio, defined as the ratio of carbon emissions for which an investor is responsible to the revenue for which an investor has a claim by their equity ownership. Emissions and revenue are apportioned based on equity ownership (percent of market capitalization).

**Financed Emissions:** Financed emissions are those generated as a result of financial services, investments and lending by investors and companies that provide financial services.

**Global Industry Classification Standard:** The Global Industry Classification Standard (GICS®) classifies companies in the subindustry that most closely describe the business activities that generate the majority of the company's revenues.

**Implied Temperature Rise:** The implied temperature rise metric provides an indication of how companies and investment portfolios align to global climate targets. Expressed in degrees Celsius (°C), it estimates the global implied temperature rise (in the year 2100 or later) if the whole economy had the same carbon budget over/undershoot level as the company (or portfolio) in question.

**Nationally Determined Contribution:** The nationally determined contribution (NDC) is where countries set targets for mitigating the greenhouse gas emissions that cause climate change and for adapting to climate impacts through a climate action plan that is updated every five years. The plans define how to reach the targets, as well as elaborate systems to monitor and verify progress so it stays on track.

**Network for Greening the Financial System:** The Network of Central Banks and Supervisors for Greening the Financial System (NGFS) is a group of central banks and supervisors willing, on a voluntary basis, to exchange experiences, share best practices, contribute to the development of environment and climate risk management in the financials sector and mobilize mainstream finance to support the transition toward a sustainable economy. Its purpose is to define and promote best practices to be implemented within and outside of the membership of the NGFS and to conduct or commission analytical work on green finance.

**Orderly Transition:** An orderly transition refers to a particular climate scenario. The representative scenario for an orderly transition assumes immediate action is taken to reduce emissions consistent with the Paris Climate Agreement.

**Responsible Investing:** Responsible investing includes a variety of activities, such as ESG integration, stewardship, management of exclusion lists, security- or industry-level research and thematic research.

**Scope 1, 2 and 3 Greenhouse Gas Emissions:** Corporate greenhouse gas emissions are broken down into Scope 1, 2 and 3, where Scope 1 and 2 emissions represent those under a company's direct control and Scope 3 emissions represent those in a company's upstream and downstream value chain.

- Scope 1 refers to all direct emissions
- Scope 2 refers to indirect emissions from consumption of purchased electricity, heat or steam
- Scope 3 refers to other indirect emissions not covered in Scope 1 and 2 that occur in the value chain of the reporting company, including both upstream and downstream emissions. Scope 3 emissions could include the extraction and production of purchased materials and fuels; transport-related activities in vehicles not owned or controlled by the reporting entity; electricity-related activities, e.g., transmission and distribution losses; outsourced activities; and waste disposal

**Task Force on Climate-Related Financial Disclosures (TCFD):** Please refer to [fsb-tcfd.org/](https://fsb-tcfd.org/) for more information.

**Total Financed Carbon Emissions (tons CO<sub>2</sub>e):** Allocated emissions to all financiers/enterprise value including cash (EVIC). Measures the total carbon emissions for which an investor is attributed by their equity ownership. Emissions are apportioned based on equity ownership (percent of market capitalization).

**Transition Plan:** Refers to an aspect of an organisation's overall business strategy that lays out a set of targets and actions supporting its transition toward a low-carbon economy, including actions such as reducing its GHG emissions.



## IMPORTANT INFORMATION

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