

Sustainability-related disclosure

T. Rowe Price Funds SICAV

May 2025

SFDR product category: Article 8

This disclosure relates to the following Article 8 funds of the T. Rowe Price Funds SICAV (together, the “funds”):

- Bond funds

Fund Name	Legal Entity Identifier
T. Rowe Price Funds SICAV – Asia Credit Bond	549300E5E32GP9WFNS87
T. Rowe Price Funds SICAV – Diversified Income Bond	5493000PDBTYOTRWEK23
T. Rowe Price Funds SICAV – Dynamic Credit*	5493008PD6AN3V1SQH41
T. Rowe Price Funds SICAV – Emerging Markets Corporate Bond*	XSLTMTK3UV0FWSU0ME37
T. Rowe Price Funds SICAV – Euro Corporate Bond	7J7UPS7WEDHQV7BM1K89
T. Rowe Price Funds SICAV – European High Yield Bond	D6CRYMMPK4VCN6ZMXG43
T. Rowe Price Funds SICAV – Global Aggregate Bond	B8Y2IXMS2SEKE8RMXS79
T. Rowe Price Funds SICAV – Global High Income Bond	549300063NZS9HOO6B33
T. Rowe Price Funds SICAV – Global High Yield Bond*	LVSFNRBR3AKRIQY0LJ47
T. Rowe Price Funds SICAV – Global Investment Grade Corporate Bond*	5493000X8L27YCPH0I57
T. Rowe Price Funds SICAV – US Aggregate Bond*	5HFKHGVWCW0TQY7NJ6O41
T. Rowe Price Funds SICAV – US High Yield Bond	549300MAQP680L006954

- Equity funds

Fund Name	Legal Entity Identifier
T. Rowe Price Funds SICAV – Asian ex-Japan Equity	7CMI17N6D5WEZWVBKK41
T. Rowe Price Funds SICAV – Asian Opportunities Equity	549300IJYHTT3OSNG575
T. Rowe Price Funds SICAV – Continental European Equity*	2WKQYN31QJHGM62RV407
T. Rowe Price Funds SICAV – Emerging Markets Discovery Equity	54930052H5PJJ4Z9FO30
T. Rowe Price Funds SICAV – Emerging Markets Equity	JUL85ZM0SXJVTZFU3Z57
T. Rowe Price Funds SICAV – European Equity	NMYAFKSXOFHN1LOP5G94
T. Rowe Price Funds SICAV – European Select Equity*	549300NG7HJP7DT64G10
T. Rowe Price Funds SICAV – European Smaller Companies Equity*	D2HRX7V356CEHJWRD88
T. Rowe Price Funds SICAV – Future of Finance Equity*	549300U7VAIB2KGN5C15
T. Rowe Price Funds SICAV – Global Focused Growth Equity	ZNM5RWIUN0NPUGPFP390
T. Rowe Price Funds SICAV – Global Growth Equity	AFKS5Y1LI2I5YUS0C22
T. Rowe Price Funds SICAV – Global Real Estate Securities*	1NZHCGIB600NIWRCRR12
T. Rowe Price Funds SICAV – Global Select Equity	549300KZFJEU8GYLP012
T. Rowe Price Funds SICAV – Global Structured Research Equity*	549300GD00GSY5QJRH59
T. Rowe Price Funds SICAV – Global Technology Equity	54930004883DKA9ZED46
T. Rowe Price Funds SICAV – Global Value Equity	54930075X0ZMFU7C9895
T. Rowe Price Funds SICAV – Japanese Equity	LCA7EKH2JBRF21ZN1J31
T. Rowe Price Funds SICAV – US All-Cap Opportunities Equity*	549300R5CRIH1CATF281
T. Rowe Price Funds SICAV – US Blue Chip Equity	OA0CCU816JUVINZTE792
T. Rowe Price Funds SICAV – US Equity*	KWR8UEVM6WRT0Q148C22
T. Rowe Price Funds SICAV – US Large Cap Growth Equity Fund	K0YC07XONP2CCW2PH849
T. Rowe Price Funds SICAV – US Large Cap Value Equity*	HALN10DS32B5ME2WY214
T. Rowe Price Funds SICAV – US Select Value Equity*	549300BZJCGAR8WVQ681
T. Rowe Price Funds SICAV – US Smaller Companies Equity	F85E3ENYORGVJ2O80L47
T. Rowe Price Funds SICAV – US Structured Research Equity Fund*	2549002P7EL3FJAD2P10

- Multi-asset funds

Fund Name	Legal Entity Identifier
T. Rowe Price Funds SICAV – Capital Allocation Income Fund	254900C2B1BH51WMA28
T. Rowe Price Funds SICAV – Global Allocation Extended Fund ^{1*}	549300WDGVB0JIC9J091
T. Rowe Price Funds SICAV – Global Allocation*	549300KVKP8F7TWS4621
T. Rowe Price Funds SICAV – Multi-Asset Global Income	549300NLTVRK4F803T21

For the complete list of the funds' share classes and ISINs, go to www.funds.troweprice.com.

Not all funds are authorized for retail distribution in certain jurisdictions. For a list of funds registered in your market, please consult www.troweprice.lu/luxfundregistrations.

* The sub-fund is not authorized by the Securities & Futures Commission and is not available to the public of Hong Kong.

This document reflects the sustainable investment process of T. Rowe Price Associates, Inc. ("TRPA") and its investment advisory affiliates, including T. Rowe Price Investment Management, Inc. ("TRPIM"), collectively referred to as "T. Rowe Price". TRPIM was established as a separately registered US investment adviser, with a separate ESG team to TRPA. Decisions for TRPA and TRPIM ESG teams are made completely independently, but use a similar approach, framework and philosophy.

Summary

No sustainable investment objective

The funds promote environmental or social ("E/S") characteristics, but do not have sustainable investment as their objective.

E/S characteristics of the financial product

The funds promote E/S characteristics through a commitment to maintain at least 10% of the value of their portfolio invested in sustainable investments. The funds commit to a minimum of 0.5% of the value of their portfolios invested in sustainable investments with an environmental objective and a minimum of 0.5% of the value of their portfolios invested in sustainable investments with a social objective. The funds' aggregate exposure to sustainable investments will always be at least 10%.

A sustainable investment is an investment in an economic activity that contributes to an E/S objective, provided that the investment does not significantly harm any E/S objective and that the investee companies follow good governance practices. The sustainable investments will have certain underlying E/S objectives, but these may not qualify under the EU Taxonomy.

Investment strategy

Each fund's strategy to promote E/S characteristics is through committing to maintain at least 10% of the value of its portfolio invested in sustainable investments. Sustainable investments must pass the investment manager's sustainable investment test which constitutes the following three elements:

1. Sustainable investment must contribute	2. Do no significant harm	3. Good governance practices
A sustainable investment must contribute to an E/S objective.	A sustainable investment must do no significant harm to any E/S objective.	Investee companies must follow good governance in order to be considered a sustainable investment.

Also relevant to the funds' investment strategies:

T. Rowe Price Responsible Exclusion List: an exclusion screen to avoid investments in issuers that may be deemed by the investment manager as harmful to the environment or society. (Not applicable to the T. Rowe Price Global Allocation Extended Fund).

Active Ownership: governance analysis embedded into the investment process with participation in active ownership, monitoring, and engagement with issuers of the funds' invested securities.

Principal Adverse Impact ("PAI") indicators: the funds consider:

- violations of UN Global Compact principles (PAI #10)
- board gender diversity (PAI #13)
- exposure to controversial weapons (antipersonnel mines, cluster munitions, chemical weapons and biological weapons) (PAI #14)

Proportion of investments

At least 10% of the funds' investments promote E/S characteristics. The funds commit specifically to a minimum of 0.5% of the value of their portfolios invested in sustainable investments with an environmental objective and a minimum of 0.5% of the value of their portfolios invested in sustainable investments with a social objective. The funds' aggregate exposure to sustainable investments will always be at least 10%. Other investments may include derivatives, but these are not used to promote E/S characteristics. The investments underlying the funds do not currently take into account the EU criteria for environmentally sustainable economic activities pursuant to the taxonomy regulation and therefore do not target a minimum alignment to the EU taxonomy regulation.

Monitoring of E/S characteristics

The investment manager continually monitors the funds' performance against the 10% minimum sustainable investment commitment. The investment manager's investment compliance systems prohibit any active trading that would cause any of the funds to drop below the 10% and 0.5% commitment levels.

¹ Article 8 effective 1st July 2024.

Methodologies

The methodology used to measure the attainment of the sustainable investment commitment is the investment manager's three-part sustainable investment test:

1: the sustainable investment must contribute to an E/S objective	2: the sustainable investment must not cause significant harm to any other E/S objective	3: a sustainable investment must follow good governance practices
The investment manager identifies issuer activity aligning to specific E/S pillars informed by UN Sustainable Development Goals (SDG), and considers: (i) whether >50% of issuer revenue or use of proceeds derive from E/S objectives; and/or (ii) the issuer is "Achieving" Net Zero emissions (see T. Rowe Price Net Zero Transition Framework, <i>Due Diligence</i>).	When determining issuer significant harm, the investment manager sets thresholds for PAI indicators, where appropriate, and considers involvement in significant controversies related to Organization for Economic Cooperation and Development ("OECD") guidelines for multinational enterprises and UN Guiding Principles ("UNGPs") on Business and Human Rights. If a company's activity breaches any set threshold, it is deemed to have caused significant harm and will not qualify as a sustainable investment. When assessing sovereign, municipal and securitized bonds, in addition to undertaking issuer level assessment, a more specific project level analysis of the relevant PAI indicators is also carried out.	For corporate issuers, the investment manager uses a two-step process to assess governance practices: 1) Quantitative assessment: consisting of weighted pillars designed to measure specific corporate governance risks, rolled up to an overall rating. 2) Qualitative review: undertaken when the issuer fails the first assessment. The issuer's practices within market and sector norms are reviewed. For sovereign issuers, the investment manager assesses the issuer's governance profile. For municipal and securitized investments, the investment manager assesses good governance practices where relevant and appropriate.

An investment must pass all three elements of the sustainable investment test to be considered a sustainable investment.

The funds also apply the T. Rowe Price Responsible Exclusion List, the investment manager's proprietary responsible screen. This excludes or restricts holdings in companies the investment manager believes to be harmful to the environment or society. (The T. Rowe Price Global Allocation Extended Fund does not apply an exclusion list).

Data sources and processing

The investment manager may overlay data received with its own proprietary research. The investment manager's ESG technology team is responsible for implementing data quality and processing controls. On a weekly and monthly basis, depending on the vendor, data is loaded automatically into the investment manager's internal ESG data platform. The ESG technology team monitor and verify expected files to have been successfully imported and any import errors are escalated.

Once the data has been loaded into the platform, it is analysed using the investment manager's sustainable investment test assessment framework. The sustainable investment test outcomes are then applied to each issuer's securities. The securities that have passed the sustainable investment test are aggregated by holding weight to give a portfolio level alignment to sustainable investments.

In rare/exceptional circumstances where issuer reported data is not available, the investment manager may rely on its own research to estimate contribution to an E/S objective. Data used for the DNSH and good governance tests are a mixture of reported and estimated data, and may use alternative or proxy indicators where relevant. Where estimates or proxies are not possible, the investment manager will not deem the sustainability test to have been passed.

Depending on the fund/issuer the proportion of data reported or estimated by third-party data vendors can vary.

Limitations of methodologies and data

Compared with traditional financial data, availability and quality of ESG-related data is challenging. Also, some data may appear comparable, where in practice it is not, as there are not yet accepted reporting standards for some ESG metrics. Whilst E/S data availability continues to improve, in some circumstances the investment manager may rely on its own research to determine whether a company can be classified as a sustainable investment.

The investment manager believes that the limitations described do not affect the funds' ability to attain E/S characteristics because a wide range of data inputs, including where available, actual company-reported data, are used. A security will not contribute to the minimum 10% commitment where there is insufficient data and estimation or qualitative assessment is not possible.

Due diligence

The investment manager integrates ESG considerations across its investment platform, meaning that they are considered alongside other investment factors such as valuation, financials, industry trends, and macroeconomics. The process of ESG integration takes place on two levels:

- first, with the investment manager's research analysts as they incorporate ESG factors into issuer valuations and ratings
- second, with portfolio managers as they balance these ESG factor exposures at the portfolio level

The investment manager assesses all the funds' corporate holdings for governance practices using its good governance test. A company is not permitted for investment if it fails the test. Any existing holdings later deemed to no longer meet the good governance standard will be addressed in line with the firm's breach policy.

As part of the sustainable investment test the investment manager and sub-investment manager, where appropriate, assess an issuer's attainment in reducing its Greenhouse Gas emissions according to the T. Rowe Price Net Zero Transition Framework.

ESG data is directly available on portfolio managers' and analysts' desktops through the investment manager's proprietary portfolio management system. They are therefore able to check the E/S alignment of potential or invested securities in the portfolio as well as the securities' sustainability test status. This helps ensure enough securities in the funds are aligned to meet their minimum 10% sustainable investment commitment.

The funds apply the T. Rowe Price Responsible Exclusion List to exclude or restrict holdings in companies the investment manager believes to be harmful to the environment or society. (The T. Rowe Price Global Allocation Extended Fund does not apply the exclusion list).

PAIs of investment decisions on sustainability factors are taken into account in relation to the selection and ongoing monitoring of investments.

Engagement policies

The investment manager or sub-investment manager, as appropriate, may actively engage with an issuer on a variety of issues prior to and after an investment is made. The investment manager frequently identifies targets through proprietary RIIM analysis, consideration of PAIs, governance screening (good governance test), and analysts' fundamental research. The investment manager may also identify broad themes and then engage with multiple issuers on the same issue. The portfolio managers, research analysts, and ESG specialists will actively engage on ESG issues for the purpose of:

- informing investment research
- imparting best practices around ESG issues
- requesting a change in a specific corporate practice

Occasionally, the investment manager participates with other investors in industry-level initiatives aimed at improving disclosure or business practices on a market-wide level.

Designated reference benchmark

The funds have not designated an index as a reference benchmark to attain the E/S characteristics they promote.

Full sustainability-related disclosure

No sustainable investment objective

These financial products promote E/S characteristics, but do not have sustainable investment as their objective.

The funds do, however, commit to maintaining at least 10% of their portfolio value invested in sustainable investments. See [Proportion of Investments](#) for more detail.

For sustainable investments, the investment manager has adopted a robust process to consistently identify whether an issuer causes significant harm to an E/S objective and incorporates PAI into that assessment, where appropriate, on an issuer-by-issuer basis.

The assessment is comprised of both proprietary research and third-party data inputs, including controversy data in relation to the PAI indicators where relevant to the issuer and/or sector. The investment manager's assessment incorporates the materiality and/or relevance of a particular PAI to an issuer's business model and therefore, some PAIs may be weighted differently in the assessment if they are not relevant to that issuer's operations. It is important to note that for some PAI indicators, very little data is available and the investment manager may utilise proxy data points to make an assessment (see [Data Sources and Processing](#) for more detail).

The investment manager's assessment of whether an investee company is causing significant harm to an E/S objective also includes an analysis of how the company aligns to the OECD guidelines for multinational enterprises and the UNGPs on Business and Human Rights, and whether there have been any significant controversies that relate to any of these standards.

Environmental or social characteristics of the financial product

The funds promote E/S characteristics through a commitment to maintain at least 10% of the value of their portfolios invested in sustainable investments.

Additionally, the funds commit to a minimum of 0.5% of the value of their portfolios invested in sustainable investments with an environmental objective and a minimum of 0.5% of the value of their portfolios invested in sustainable investments with a social objective. The funds' aggregate exposure to sustainable investments will always be at least 10%.

The sustainable investments will have certain underlying E/S objectives, but these may not qualify under the EU Taxonomy.

A sustainable investment is an investment in an economic activity that contributes to an E/S objective, provided that the investment does not significantly harm any E/S objective and that the investee companies follow good governance practices. See [Methodologies](#) for more detail.

In determining whether a company's activities contribute to an E/S objective, the investment manager uses the following pillars:

Impact Pillars	Sub-Pillars
Climate and Resource Impact	Reducing Greenhouse Gases ("GHGs")
	Promoting Healthy Ecosystems
	Nurturing Circular Economies
Social Equity and Quality of Life	Enabling Social Equity
	Improving Health
	Improving Safety and Security

The funds may invest in sustainable investments that have either an E or S objective. A minimum exposure of 0.5% to each objective is imposed upon the funds in addition to a minimum aggregate exposure to sustainable investments of 10%. Except for these commitments, the funds may invest either in securities that contribute only to environmental objectives or social objectives, or a combination of both.

Although the funds do not commit to making taxonomy-aligned investments, in the event that a fund holds any investments that align with the EU taxonomy, those investments contribute to one or more of the following objectives:

- climate change mitigation
- climate change adaption
- sustainable use and protection of water and marine resources
- transition to a circular economy
- pollution prevention and control
- protection and restoration of biodiversity and ecosystems

Investment strategy

Although the fund does not have sustainable investment as an objective it promotes E/S characteristics through the following components of its investment strategy:

Sustainable investment exposure: Each fund's strategy to promote E/S characteristics is through committing to maintain at least 10% of the value of its portfolio invested in sustainable investments.

Sustainable investments must pass the investment manager's sustainable investment test, which constitutes the following elements:

1. Sustainable Contribution

A sustainable investment must contribute to an environmental or social objective.

2. Do No Significant Harm

A sustainable investment must do no significant harm to any E/S objective. The investment manager evaluates significant harm using a combination of adherence to minimum safeguards and PAI indicators. In addition, the investment manager also applies exclusions to avoid investments that could cause significant harm to environmental or social objective. This is not applicable to the T. Rowe Price Global Allocation Extended Fund which does not apply an exclusion list.

3. Good Governance

Investee companies must follow good governance in order to be considered a sustainable investment. The investment manager has a policy to assess governance practices using a two-step good governance test that includes:

- **Quantitative assessment** – this measures specific corporate governance risks, which include sound management structures, employee relations, remuneration of staff and tax compliance.
- **Qualitative review** – for companies failing the quantitative assessment, a qualitative review will be undertaken of the company's practices within the context of market and sector norms. Any investee companies failing the qualitative review will not be considered for inclusion in the funds.

Other relevant features to the funds' investment strategies are:

Exclusion screening The funds' investments are screened against the T. Rowe Price Responsible Exclusion List (see *Due diligence*) to avoid investments in issuers that may be deemed by the investment manager as harmful to the environment or society. The relevance of each excluded sector and/or issuer included in the T. Rowe Price Responsible Exclusion List to the funds may vary due to the nature of the fund's investment strategy. This is not applicable to the T. Rowe Price Global Allocation Extended Fund which does not apply an exclusion list.

Active ownership In addition to the good governance test, the funds embed governance analysis into the investment process and engage in active ownership, monitoring, and engagement with the issuers of the securities in which they invest. This includes regular dialogue with issuers and active proxy voting, where relevant.

Consideration of principal adverse impact indicators (PAIs)

The funds commit to considering the following PAIs at an aggregate portfolio level:

- violations of UN Global Compact principles (PAI #10)
- board gender diversity (PAI #13)
- exposure to controversial weapons (antipersonnel mines, cluster munitions, chemical weapons and biological weapons) (PAI #14)

For each fund, the investment manager aggregates the metrics for all portfolio holdings in relation to the PAI indicators and reviews this information periodically. The periodic review of a fund's PAI profile will inform upcoming engagement activity for that fund and, where appropriate, any investment actions as deemed necessary by the investment manager, collectively with a view to pursuing an improvement in the fund's PAI data over time.

Information regarding the funds' PAI data will be included in the funds' annual reports, under the section titled "How did this financial product consider principal adverse impacts on sustainability factors?".

Proportion of investments

The funds invest a minimum of 10% of the value of their portfolios in sustainable investments. Additionally, the funds commit to a minimum of 0.5% of the value of their portfolios invested in sustainable investments with an environmental objective and a minimum of 0.5% of the value of their portfolios invested in sustainable investments with a social objective.

At the discretion of the investment manager, the funds' portfolios may also include derivatives, cash positions and portions of investments tied to economic activities that are not considered sustainable and any other permitted investments used to achieve the fund's investment objective. However, these investments are not used by the funds to promote E/S characteristics.

The assets that are identified as sustainable investments do not include cash and derivatives used for portfolio management techniques for the purpose of hedging, liquidity management and risk reduction.

Indirect exposure

Whilst the funds may use derivatives for hedging and efficient portfolio management, derivatives are not used to promote E/S characteristics. However, any use of these instruments aims to be consistent with the funds' E/S characteristics.

Taxonomy alignment

The investments underlying the funds do not currently take into account the EU criteria for environmentally sustainable economic activities pursuant to the taxonomy regulation and therefore, the funds' minimum proportion of investment aligned with the taxonomy is 0% (both on a direct and indirect basis, as well as including and excluding investments held in sovereign bonds). Although the funds do not commit to making taxonomy-aligned investments, it is possible that the funds hold securities that meet such criteria. The actual proportion of any taxonomy-aligned investments held by a fund will be disclosed in that fund's annual report. The "do no significant harm" principle under the EU taxonomy does not apply to investments that are not taxonomy-aligned. However, in accordance with the SFDR, any other sustainable investments must also not significantly harm any E/S objectives.

The mandate will not invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy.

Monitoring of environmental or social characteristics

Sustainability indicators

The following sustainability indicator is used to monitor and assess the extent to which each fund attains the E/S characteristics that it promotes:

- % of the value of the fund's portfolio in securities that the investment manager identifies as sustainable investments

Sustainable investment commitment

The investment manager has access to the attributes of the funds' assets that are invested in sustainable investments both at a security level and portfolio level. This enables the investment manager to monitor the funds' performance against their minimum 10% (and 0.5% objective) sustainable investment commitments on an ongoing basis. To support the attainment of this characteristic, the investment manager has incorporated binding controls into its internal investment compliance system which monitors portfolio concentrations of sustainable investments and prohibits active trading that would cause the funds to drop below the 10% and 0.5% thresholds.

Methodologies

Sustainable investment commitment

Each fund commits to invest at least 10% of the value of its portfolio in sustainable investments. The methodology used to measure the attainment of the sustainable investment commitment is the investment manager's three-part sustainable investment test.

Sustainable contribution

In the first step, the investment manager identifies an investment's contribution to activities under environmental and/or social pillars as listed in the table below. The nature of pillars and sub-pillars chosen has been informed by and aims to be broadly aligned with the UN SDGs but may change over time as market demand and trends evolve.

Pillar	Sub-Pillars	SDG Alignment
Climate and resource impact (Environmental)	Reducing Greenhouse Gases ("GHGs")	– Goal 7: affordable and clean energy – Goal 9: industry, innovation and infrastructure – Goal 11: sustainable cities and communities – Goal 12: responsible consumption and production – Goal 13: climate action
	Promoting Healthy Ecosystems	– Goal 6: clean water and sanitation – Goal 7: affordable and clean energy – Goal 12: responsible consumption and production – Goal 14: life below water – Goal 15: life on land
	Nurturing Circular Economies	– Goal 6: clean water and sanitation – Goal 7: affordable and clean energy – Goal 9: industry, innovation and infrastructure – Goal 12: responsible consumption and production – Goal 14: life below water – Goal 15: life on land
Social equity and quality of life (Social)	Enabling Social Equity	– Goal 1: no poverty – Goal 3: good health and well-being – Goal 4: quality education – Goal 5: gender equality – Goal 8: Decent work and economic – Goal 9: industry, innovation and infrastructure – Goal 10: reduced inequalities – Goal 11: sustainable cities and communities
	Improving Health	– Goal 3: good health and well-being – Goal 14: life below water – Goal 15: life on land
	Improving Safety and Security	– Goal 8: decent work and economic growth – Goal 11: sustainable cities and communities – Goal 16: peace, justice and strong institutions

When looking at a corporate issuer's contribution to an environmental or social objective, the investment manager considers

- whether more than 50% of its revenues are derived from activities contributing to one or more of the environmental or social objectives listed in the table above; and
- whether the issuer is "Achieving" Net Zero emissions, according to the investment manager's Net Zero Transition Framework (an alternative method of measuring contribution to the Reducing Greenhouse Gases sub-pillar). See **Due Diligence** for more detail.

If either or both of these conditions are satisfied, the investment manager deems the issuer to contribute to an environmental or social objective.

When looking at ESG-labelled bonds* issued by a corporate issuer, the investment manager determines whether the use of proceeds of the bond issuance will be used to finance a project that contributes to any of the environmental (E) or social (S) objectives listed above. If the project is determined to contribute to an E or S objective, then so does the investment in the ESG-labelled bond. In the case of sustainability-linked bonds (SLBs), the evaluation follows the corporate issuer methodology described above.

When looking at sovereign bonds, the investment manager determines whether the use of proceeds of the bond issuance will contribute to an environmental or social objective. This can encompass both ESG-labelled sovereign bonds and non-labelled sovereign bonds where proceeds can be directly linked to funding a project that contributes to an E or S objective. In the case of ESG-labelled bonds, if the project is determined to contribute to an E or S objective, then so does the investment in the sovereign bond. In the case of sovereign-issued SLBs, at least 50% of the proceeds must be directly linked to funding a project that contributes to an E or S objective.

When looking at municipal and securitized bonds, at least 50% of the use of proceeds of the bond issuance must contribute to an environmental or social objective.

Do No Significant Harm (DNSH)

The second stage of the sustainable investment test is to determine whether the investment is causing significant harm to any E or S objectives.

For corporate issuers, the investment manager has adopted a robust process to consistently identify whether the issuer causes significant harm to an environmental or social objective and incorporates PAIs into that assessment, where appropriate on an issuer-by-issuer basis. Its DNSH assessment is comprised of both proprietary research and third-party data inputs, including data in relation to PAI where relevant to the issuer and/or sector. The investment manager assesses whether the company causes significant harm by setting thresholds relative to PAI indicators, and whether it has been involved in significant controversies related to the OECD guidelines and UNGPs on Business and Human Rights. If the activity breaches the thresholds set, regardless of the percentage of revenue alignment to an E/S objective, the measurement immediately goes to 'zero' and fails the sustainable investment test. For example, if a company's revenue is from building wind farms but is severely polluting the

* ESG-labelled bonds can include green, blue, social or sustainable bonds.

environment in the process, that company is flagged as causing significant harm and its contribution to an environmental objective therefore goes to zero (and cannot be considered a sustainable investment).

For sovereign issuers, the investment manager determines whether the issuer is causing harm to the environment or society by assessing the mandatory sovereign PAI indicators and whether the issuer is aligned with the minimum environmental and social safeguards. Following the issuer-level assessment, the investment manager qualitatively assesses whether the project being financed by the sovereign bond causes significant harm to the environment or society. This is a qualitative assessment which may incorporate PAIs and other data points relevant to the project.

For securitized and municipal issuers, the investment manager assesses whether the project being financed by the bond is causing significant harm to the environment or society and is aligned with the minimum environmental and social safeguards. In addition, since the mandatory corporate and sovereign PAIs do not typically apply to municipal and/or securitized bonds, other indicators for adverse impact on sustainability factors are utilized to complete the DNSH assessment. These indicators will vary depending on the subsector of the municipal and/or securitized bonds.

Good Governance

The third and final stage of the sustainable investment test is to assess the governance practices of the potential sustainable investment.

For corporate issuers, the investment manager has a policy to assess governance practices using the two-step good governance test set out below.

Step 1: Quantitative assessment The quantitative assessment consists of weighted pillars designed to measure specific corporate governance risks, rolled up to an overall rating. These risks include sound management structures, employee relations, remuneration of staff and tax compliance. A failure or lack of data on any of those risks will denote a “fail” rating of the overall quantitative assessment.

Step 2: Qualitative review If a corporate issuer fails the quantitative assessment, a qualitative review of the company’s practices within the context of market and sector norms is undertaken by the investment manager, using a mix of qualitative and quantitative data. Inputs used in the analysis include:

- the basic governance structure a company employs, compared against regional norms
- the presence of any significant controversies in the conduct of the board or management
- the presence of significant remuneration-related controversy in the prior year
- the investment manager’s engagement history with the company, and its responsiveness to shareholder concerns
- the degree of insulation a company has from its investors as a result of its capital structure, concentrated shareholders, or the use of protective charter provisions

If necessary, the corporate issuers good governance test quantitative scores may be adjusted following the qualitative review. If a company has been assessed as not passing the good governance test, it is not a permitted investment for the funds and therefore cannot be purchased. If an existing holding in a fund is later deemed to no longer meet the good governance standard, this position will be addressed in line with the firm’s breach policy.

For sovereign issuers, the investment manager assesses the governance profile of the sovereign issuer to determine whether the issuer is exhibiting good governance practices.

For municipal and securitized investments, the investment manager assesses the municipal or securitized bond issuer for good governance practices, where relevant and appropriate. The good governance assessment is qualitative in nature and takes account factors that are relevant to each subsector of municipal and/or securitized bond issuers.

An investment must pass all three elements of the sustainable investment test to be considered a sustainable investment. The funds are not permitted to invest in any investments that have not passed the sustainable investment test with the exception of cash and derivatives used for portfolio management techniques for the purpose of hedging, liquidity management and risk reduction. In addition, the funds have a minimum commitment to investing in sustainable investments that contribute to E and S objectives. These restrictions are coded into the investment manager’s compliance and trading systems to ensure that the funds do not fall below the E and S commitments or purchase an investment that has not passed the sustainable investment test.

*For more detail on the investment manager’s impact investment framework and Net Zero Transition Framework, please refer to the **Due Diligence** section below.*

Exclusionary screening

The funds apply the T. Rowe Price Responsible Exclusion List, the investment manager’s proprietary responsible screen. This excludes or restricts holdings in companies the investment manager believes to be harmful to the environment or society. Please refer to the [T. Rowe Price Exclusion Policy](#) for more details. This is not applicable to the T. Rowe Price Global Allocation Extended Fund which does not apply an exclusion list.

Data sources and processing

Data sources used to attain the funds’ E/S characteristics

The funds’ commitment to invest at least 10% of their value in sustainable investments is assessed using the investment manager’s proprietary internal systems, incorporating external data received from investee companies and from third party data vendors. The investment manager may overlay data received with its own proprietary research. This data supports the investment manager’s analysis of each part of the sustainable investment test as well as more broadly the overall investment process.

Measures taken to ensure data quality

The investment manager’s ESG technology team is responsible for implementing data quality and processing controls. On a weekly and monthly basis, depending on the vendor, data is loaded automatically into the investment manager’s internal ESG data platform. The ESG technology team monitor a dashboard to verify that expected files have been successfully imported and any import errors are escalated for resolution within 24 hours.

Although vendor data is not delivered daily, the data platform models are re-run daily to pick up any changes in reference data, manual data, model weights and other relevant data reference points. The team maintains a full data history to allow audit and verification and historic data can be corrected and re-run if needed, although this is an exceptional event. Any manual overrides to model output or weights are restricted to the investment manager’s ESG specialists and cannot be saved without an audit comment.

Data processing

All revenue and use of proceeds data required to calculate a sustainable contribution for a particular issuer, as well as data needed to perform the good governance and DNSH tests (inclusive of PAI) are fed into the investment manager’s proprietary data management system from the appropriate vendor. There, the data is analysed using the investment manager’s sustainable investment test assessment framework.

Once the outcome of the sustainable investment tests is determined, the next process, Propagation, uses issuer and security relationships to apply the sustainable investment test outcome to each issuer's securities and if appropriate, subsidiary/parent companies. The securities that have passed the sustainable investment test are then aggregated by their holding weights to give a portfolio level alignment to sustainable investments.

Estimated data

The investment manager typically uses a company's reported revenue data (or a bond's use of proceeds) when applying its framework for assessing whether the activity is contributing to an E/S objective. This data is obtained either directly from the company's reports, through third-party vendors (which rely on reported data), or through engagement with the issuer where it does not report publicly. In extremely rare/exceptional circumstances, the investment manager may rely on its own research to estimate the contribution to an E/S objective.

However, the data that the investment manager relies on to perform the DNSH and good governance tests is a mixture of reported and estimated data. In the cases where there is a complete lack of vendor data for a particular pillar in the DNSH and good governance tests, the investment manager will rely on alternative or proxy indicators. If there is no appropriate alternative, and if the investment manager does not believe it can reasonably estimate it, then the investment manager would not deem the issuer to pass the affected test.

Depending on the fund's strategy and/or on the issuers held in a fund at a given point in time, the proportion of data that are either reported or estimated by the third-party data vendors can vary.

► See also **Limitations of methodologies and data**.

Limitations of methodologies and data

Compared with traditional financial data, evaluating E/S factors brings distinct challenges. This is because many of these factors are qualitative in nature and due to many quantitative data sets being underdeveloped (i.e. limited disclosure and lack of standardisation).

Although the level of disclosure of E/S data has improved, there is divergence among regulators on which data points will be required from corporations and the standards they must employ when disclosing. This can lead to a lack of commonality between companies on what they disclose. Because of these "disclosure gaps", it can be very difficult to apply a consistent assessment of a company's profile based solely on quantitative data. Additionally, data from a particular source, for example, the data coming from the companies directly, may be incomplete, biased or incorrect. Data comparisons can often identify such situations, but often there is not enough data to compare against. In some cases, metrics that appear to be comparable may have been derived using non-comparable measurements. Any of these issues could leave a fund's promotion of E/S characteristics and exclusion process potentially vulnerable to data flaws.

To help improve disclosure, the investment manager guides and encourages companies toward industry best practice disclosure standards. To this end, it advocates for disclosures aligned to the Sustainability Accounting Standards Board ("SASB") and the Task Force on Climate-Related Financial Disclosures ("TCFD") – both globally recognised frameworks that emphasise financial materiality.

The investment manager believes that any limitations as described in this disclosure, in relation to data and/or methodologies, do not affect the funds' ability to attain their E/S characteristics. This is because the investment manager typically uses a wide range of data inputs to inform its assessment of prospective investments and monitoring on an ongoing basis, including where available, actual company-reported data. Where sufficient data is not available, cannot be estimated, or a qualitative assessment is not possible, a security will not be rated and will not contribute to the minimum 10% commitment.

Due diligence

The investment manager evaluates and continually monitors both actual and potential investments using the following due diligence processes:

ESG integration

The investment manager incorporates ESG considerations across its investment platform. ESG factors are a component of the investment decision meaning that they are considered alongside other investment factors such as valuation, financials, industry trends, and macroeconomics.

Integration of the ESG factors into the funds' 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 security analysis
- consideration of ESG risks or "red flags" through fundamental analysis
- consideration of ESG risks and/or opportunities in portfolio construction
- engagement with government officials, boards, managements, or non-financial stakeholders as appropriate
- proxy voting (for equities)

The process of ESG integration takes place on two levels:

1. Research and analysis The investment manager has dedicated specialists in ESG and regulatory research who work closely with its analysts and portfolio managers. The ESG specialists provide research at the security level and on thematic topics. Their ESG analysis is both quantitative and qualitative, using the investment manager's proprietary RIIM framework to leverage ESG datasets and generate an ESG profile for issuers under consideration. RIIM hence forms the foundation of the ESG integration process, its key benefits being:

- a uniform standard of due diligence on ESG factors across our investment platform
- establishing a common language for analysts, portfolio managers, and ESG specialists to discuss how an investment is performing in relation to ESG matters and to compare securities within the investment universe

The quantitative set of proprietary RIIM scores is an important starting point in the ESG evaluation process, as it helps to quickly identify any outliers, both positive and negative. The ESG specialists then conduct in depth fundamental analysis on flagged issuers to determine ESG factor materiality and potential impact on an investment. This may involve additional quantitative inputs as well as qualitative insights and is often conducted in close collaboration with the investment manager's or sub-investment manager's equity and credit analysts.

2. Portfolio manager assessment The portfolio managers balance ESG factors with other investment factors in the funds and screen their portfolios using RIIM analysis at regular intervals. They leverage the investment manager's ESG specialists research to assist them in analysing the sustainability risks and opportunities. This helps them understand the ESG characteristics of their fund and makes them aware of any elevated exposures to specific ESG factors.

Due to the specific nature of the following funds' investment processes, the second level of ESG integration is applied as follows:

T. Rowe Price Funds SICAV – Global Structured Research Equity Fund

Capital is allocated to the fund's analysts in proportion to the weight of the stocks they follow within the benchmark. Subject to oversight by and the discretion of the investment manager's directors of research/portfolio managers, each analyst makes buy and sell decisions within their coverage. The analysts overweight the most attractive stocks, underweight the least attractive stocks, and opportunistically add high-conviction, non-index securities from their coverage area. Relative position sizes are indicative of the analyst's conviction in each holding and are based on intensive, company-specific research that incorporates the ESG analysis provided by the ESG specialists.

T. Rowe Price Funds SICAV – Global Allocation Fund and T. Rowe Price Funds SICAV – Multi-Asset Global Income Fund

These funds allocate capital to various sub-strategies. The portfolio managers of the sub-strategies integrate ESG factors within their respective portfolios.

Sustainable investment alignment

ESG data, such as the RIIIM generated ESG profile, or the outcomes of the sustainable investment tests, are directly available on portfolio managers' and analysts' desktops through the investment manager's proprietary portfolio management system. This allows portfolio managers and analysts to check the E/S alignment of potential or invested securities in the portfolio, as well as the securities' sustainable investment test status. This helps ensure the funds continue to meet their minimum 10% sustainable investment commitment on an ongoing basis.

Good governance assessment

The investment manager assesses all the funds' corporate holdings for governance practices using its good governance test as described previously. If a company has been assessed as not passing the good governance test, it is not a permitted investment for the funds and therefore cannot be purchased. If an existing holding in a fund is later deemed to no longer meet the good governance standard, this position will be addressed in line with the firm's breach policy.

T. Rowe Price Net Zero Transition Framework

As part of the Sustainable investment test the investment manager and sub-investment manager, where appropriate, assess whether the issuer is "Achieving" Net Zero emissions, according to the investment manager's Net Zero Transition Framework (an alternative method of measuring contribution to the Reducing Greenhouse Gases sub-pillar).

The investment manager and sub-investment manager, where appropriate, has developed a Net Zero Transition Framework to assess the extent to which corporate issuers have established and are implementing credible, scientifically based Net Zero transition plans that are compatible with the goal of limiting global temperature increases in this century to 1.5 degrees. Each security is assigned a net zero status based on the Paris Aligned Investor Initiative (PAII) Net Zero Investing Framework developed by the IIGCC (Institutional Investors Group on Climate Change).

There are 5 categories of net zero status dependent on whether corporate issuers have certain aspects transition planning in place, including ambition, targets, emission performance, disclosure, decarbonization strategy and capital allocation alignment.

Achieving: Corporate issuer is already achieving or close to achieving net zero, has adequate GHG emissions disclosure and its capital allocation plan supports the achievement of net zero.

Aligned: Corporate issuer has both a 2050 net zero target, and short and medium-term targets that align to the regional/sectoral 1.5C pathway, exhibits GHG emissions performance in line with these targets, has adequate GHG emissions disclosure and has a credible decarbonisation plan supported by adequate capital allocation.

Aligning: Corporate issuer has short and medium-term targets aligned to the regional/sectoral 1.5C pathway, has adequate GHG emissions disclosure and has a credible decarbonisation plan supported by adequate capital allocation.

Committed: Corporate issuer has a 2050 net zero target aligned to the 1.5C pathway.

Not Aligned: Corporate issuer does not have a net zero target or its net zero target does not meet the 1.5C pathway. Monitoring the percentage of a fund's value invested in securities classified as Achieving and/or Aligned helps measure and track the fund's transition to Net Zero.

The T. Rowe Price Net Zero Transition Framework covers corporate issuers. Certain issuers and security types are deemed out of scope, for example: derivatives and cash. This is because the asset class is not covered by the Paris Aligned Investor Initiative (PAII) Net Zero Framework.

Monitoring and control

ESG data is directly available on portfolio managers' and analysts' desktops through the investment manager's proprietary portfolio management system. This allows portfolio managers and analysts to check the E/S alignment of potential or invested securities in the portfolio, as well as the securities' sustainable investment test status.

This helps ensure the funds continue to meet their minimum 10% sustainable investment commitment on an ongoing basis. In addition, the investment manager has incorporated binding controls into its internal investment compliance system, which monitors portfolio concentrations and prohibits active trading that would cause a fund to drop below the 10% threshold (as appropriate to the asset-class).

Exclusionary screening

The funds apply the T. Rowe Price Responsible Exclusion List, the investment manager's proprietary responsible screen. This excludes or restricts holdings in companies the investment manager believes to be harmful to the environment or society. This is not applicable to the T. Rowe Price Global Allocation Extended Fund which does not apply an exclusion list.

Restrictions are automated within the investment manager's internal investment compliance system. Adherence to these are monitored by its investment compliance team on a pre-trade, post-trade and portfolio basis. Any compliance breaches identified are appropriately escalated. In addition, the constituents of the exclusion list are monitored by the investment manager's ESG specialists using third-party data. While changes can be made at any time, a full review is conducted quarterly.

The investment manager conducts compliance reviews on an on-going basis throughout the year to ensure the funds are subject to the exclusions and reports quarterly to the Board of Directors of the T. Rowe Price Funds SICAV.

There may be circumstances where a fund has some limited, indirect, exposure to an issuer involved in the excluded categories. An example of these circumstances could include an investment in an instrument that gives exposure to an index.

PAI of investment decisions on sustainability factors

The portfolio managers are required to take into account the PAI of each investment decision on sustainability factors in relation to the selection and ongoing monitoring of investments. This is one of multiple factors that are taken into account before an investment decision is taken, and in most instances investment decisions are not made based solely on PAIs.

The portfolio managers are able to view the PAI profile of securities within their investment universe on a dynamic basis. Additionally, they can assess related indicators within RIIM that link to the PAI on an individual issuer basis. These select indicators are utilised based on the portfolio managers' view of their investment relevance (i.e., ability to provide investment insights). Some indicators are applied to the entire investment universe, while others are applied to the sub-industries or industries where they see investment relevance. Portfolio managers will look at each of the PAI indicators individually to determine whether or not they are providing a reasonable indication of the aggregated impact of a portfolio manager's investment decisions on that specific indicator. In conducting their evaluation of each PAI indicator, the portfolio managers endeavour to understand the severity of that indicator across their holdings in industries where that indicator will be most significant. Each of the PAI indicators has varying levels of significance across industries.

The investment manager's ESG specialists will discuss the PAI profile of the funds with the respective portfolio managers during review meetings at least once per year in order to aid in the assessment and prioritisation of the PAIs for stewardship and/or investment activity.

Further controls

At a higher level, the investment manager's internal audit team uses a risk-based methodology to identify key areas of focus and reviews the areas on a periodic basis based upon an overall risk score. The review may include, but is not limited to:

- factors, such as E/S information, used to make responsible investing decisions are consistently applied
- overrides within RIIM are documented and performed accurately

Engagement policies

Approach for corporate securities

The investment manager or sub-investment manager may actively engage an investee company on a variety of issues prior to and after an investment is made. The portfolio managers, research analysts and ESG specialists will actively engage with companies on ESG issues for the purpose of:

- informing investment research
- imparting best practices around ESG issues
- requesting a change in a specific corporate practice

Occasionally, the investment manager or sub-investment manager participates with other investors in industry-level initiatives aimed at improving disclosure or business practices on a market-wide level. However, the central focus of its engagement program is at the investee company level and is typically bottom-up driven. The investment manager or sub-investment manager frequently identifies targets through proprietary RIIM analysis, consideration of PAIs, governance screening (good governance test), and analysts' fundamental research. The investment manager may also identify broad themes and then engage with multiple investee companies on the same issue.

If the investment manager does not believe engagement will yield a positive outcome, it may choose to underweight or sell the issuer's securities. In the case of equity investments, the investment manager has an additional tool at its disposal — the proxy vote. For example, voting may focus on expectations around ESG disclosure or voting against an investee company's directors for inadequate oversight of ESG controversies. Proxy voting is a critical component of the investment manager's approach to corporate governance. It is the investment manager's policy to take a case-by-case approach to analyse shareholder proposals of an E/S nature. To do this, it uses research reports from its external proxy advisor, company filings and sustainability reports, public research from other investors and non-governmental organizations, its internal industry research analysts, and its in-house sustainability experts. Generally, the investment manager supports well-targeted proposals addressing ESG concerns that are particularly relevant for an investee company's business that have not yet been adequately addressed by management.

Approach for other securities

The investment manager's fixed income portfolio managers, credit research analysts, and ESG specialists dedicated to sovereign, supranational, and agency (SSA) debt, municipal debt, and securitised debt will engage directly with any relevant non-corporate entity as part of their ongoing identification, monitoring (including RIIM analysis and consideration of PAIs) and credit risk management process. This may include meetings with key government officials, management teams and policymakers. The nature of these engagements means that each instance requires a unique approach, based on, but not limited to, the following factors:

- investment size
- relationship with the issuer
- state of credit (whether in default or not and credit quality)
- holdings duration

In addition to direct engagement, the investment manager's fixed income portfolio managers, credit research analysts, and ESG specialists participate in collaborative engagements, targeting specific fixed income issuers and ESG themes.

The investment manager's full engagement policy is available [here](#).

Designated reference benchmark

The funds have not designated an index as a reference benchmark to attain the E/S characteristics they promote.