



CLIMATE TRANSPARENCY REPORT 2020

T. Rowe Price

About the Climate-related Disclosure Indicators

Climate has been identified as a top priority for PRI signatories, with over 70% of asset owners reporting this as the most important long-term trend they are acting on.

The FSB Task Force's guidance on climate-related financial disclosure aim to create a single framework for disclosure on assessment and management of climate-related risk. The recommendations, supported by investors representing US\$22 trillion, identify four main disclosures, Governance, Strategy, Risk Management, Metrics and Targets, and include specific guidance for asset owners and managers.

As a result, the PRI introduced climate-related disclosure indicators that can be used to align with the TCFD recommendations in the 2020 PRI Reporting Framework.

About this report

This report is an export of only the climate-related indicators from the 2020 Reporting Framework response. The full Public Transparency Report is available here (<https://reporting.unpri.org/surveys/PRI-reporting-framework-2020/-BA68CDDDB-34D7-469E-9641-FC6513659148/79894dbc337a40828d895f9402aa63de/html/2/?lang=en&a=1>). It shows the responses to all the completed climate indicators, even those you chose to keep private. It is designed for your internal review or – if you wish - to share with your stakeholders.

The PRI will not publish this report on its website if you have designated your 2020 climate reporting as “private”. Otherwise, you will be able to access the Climate Transparency Report of your organisation and that of other signatories on the [PRI website](#) and on the [Data Portal](#).

To easily locate information, there is a **Recommendation index** which summarises the indicators that signatories complete and disclose. The report presents information exactly as it was reported as per signatory preference. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory are presented in this report.

TCFD Recommendations Index

Strategy and Governance - CC			TCFD Recommendation			
Indicator	Reported	Disclosure	Governance	Strategy	Risk Management	Metrics & Targets
SG 01.6 CC	✓	Public				
SG 01.7 CC	✓	Public				
SG 01.8 CC	✓	Public				
SG 01.9 CC	✓	Public				
SG 01.10 CC	✓	Public				
SG 07.5 CC	✓	Public				
SG 07.6 CC	✓	Public				
SG 07.7 CC	✓	Public				
SG 07.8 CC	-	Public				
SG 13.1	✓	Public				
SG 13.2	✓	Public				
SG 13.4 CC	✓	Public				
SG 13.5 CC	✓	Public				
SG 13.6 CC	✓	Public				
SG 13.7 CC	✓	Public				
SG 13.8 CC	✓	Public				
SG 14.1	✓	Public				
SG 14.2	✓	Public				
SG 14.3	✓	Public				
SG 14.6 CC	✓	Public				
SG 14.7 CC	-	Public				
SG 14.8 CC	✓	Public				
SG 14.9 CC	✓	Public				
SG 15.1	✓	Public				
SG 15.2	-	Public				
SG 15.3	-	Public				

Symbol	Status
✓	The signatory has completed this sub-indicator
-	The signatory did not complete this sub-indicator.
	This indicator is relevant to the named TCFD recommendation
Within the first column "Indicator", indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.	

ORGANISATIONAL OVERVIEW

This section provides an overview of your organisation. These characteristics are used to define your peer groups.

MAIN CHARACTERISTICS	
Name	T. Rowe Price
Signatory Category	Fund Management - Majority
Signatory Type	Investment Manager
Size	US\$ > 50 billion AUM
Main Asset Class	>50% Listed Equity Internally Managed
Signed PRI Initiative	2010
Region	North America
Country	United States
Disclosure of Voluntary Indicators	92% from 38 Voluntary indicators

T. Rowe Price

Reported Information

Public version

Strategy and Governance

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

Investment policy

SG 01	Mandatory	Public	Core Assessed	General
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 01.1	Indicate if you have an investment policy that covers your responsible investment approach.
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SG 01 CC	Mandatory to Report Voluntary to Disclose	Public	Descriptive	General
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SG 01.6 CC	Indicate whether your organisation has identified transition and physical climate-related risks and opportunities and factored this into the investment strategies and products, within the organisation's investment time horizon.
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Yes

Describe the identified transition and physical climate-related risks and opportunities and how they have been factored into the investment strategies/products.
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Our practice at T. Rowe Price has been to embed ESG (including climate-related risks/opportunities) throughout our investment research platform and hold analysts and portfolio managers (PMs) accountable for ESG integration (it is part of their year-end assessment), but discretion for how a specific investment strategy manages climate-related risks sits with the portfolio manager of that strategy. When it comes to evaluating climate change risk/opportunities into our investment theses, we rely on a combination of fundamental analysis (by analysts and PMs), thematic research (by responsible investing "RI" team) and our proprietary Responsible Investing Indicator Model "RIIM" analysis (by RI team). Fundamental and thematic research are easily shared across our research management platform (RMS) and we have made considerable technology investments to embed RIIM analysis within RMS with the aim of getting ESG data/analysis straight onto the desktops of our investors. Our investment research on climate change is coupled with engagement with existing and prospective investments on the topic. The objectives of our climate change oriented engagements in 2019 have focused on improving our understanding of a specific company/issuer's exposure to climate change and to encourage improved disclosure of environmental data.

RIIM evaluates companies and sovereign issuers environmental risks & opportunities looking at a variety of indicators ranging from preparedness programs/certifications, targets set, performance and controversies. Our analysts will use the individual company/issuer analysis (which covers 14,000+ securities), while our portfolio managers also rely on RIIM portfolio analysis (which compares their portfolio to their benchmark). Another tool available to our portfolio managers is the carbon footprint of their portfolio. We evaluate each portfolio's carbon emissions and carbon intensity versus its benchmark. This analysis can be a useful indicator for PMs on how they are managing their portfolio from an environmental perspective (but it has to be noted that disclosure of carbon emissions data remains low).

In our view, the probability that our investments will need to be capable of adapting to a 1.5 or 2.0 degree scenario is high. Additionally, keeping global warming within a 1.5-2.0 pathway will result in very material transition risk/opportunity and it will result in material adaptation risk/opportunity. If the world is unable to stay within a 1.5-2.0 degree pathway, the adaptation risk will be even higher. How our investee companies and other issuers are assessing their exposure to climate change and building sustainability into their long-term strategic planning are key areas of consideration by our analysts and portfolio managers across asset classes. We believe that virtually the entire investment universe will feel some impact of climate change -- either through revenues, sourcing or their cost structure -- and companies that can create economic value with a low or no carbon footprint will be better positioned than peers in a world with rising environmental regulation.

No

**SG 01.7
CC**

Indicate whether the organisation has assessed the likelihood and impact of these climate risks?

Yes

Describe the associated timescales linked to these risks and opportunities.

We use our proprietary Responsible Investing Indicator Model (RIIM) to help pro-actively and systematically identify securities that are exposed to climate change risks or opportunities. Our fundamental analysis and thematic research will dig deeper on the associated timescales and impact. Timescales linked to these identified climate risks/opportunities vary from short-term (1-3 years), medium-term (3-10 years) to long-term (10+ years) depending on the industry or region of the company or issuer. Thematic work from the responsible investing team highlights the importance of 2030 targets in any 1.5-2.0 pathway, which puts an emphasis on many medium-term horizons. Additionally, there are many instances where climate change factors are key assumptions for short-term horizons; for example, companies providing climate change solutions.

No

**SG 01.8
CC**

Indicate whether the organisation publicly supports the TCFD?

Yes

No

Explain the rationale

We do not currently publicly support the TCFD. However, we do report on some of the TCFD recommended disclosures. These can be found in T. Rowe Price filings, ESG Annual Report and CSR Report.

**SG 01.9
CC**

Indicate whether there is an organisation-wide strategy in place to identify and manage material climate-related risks and opportunities.

Yes

Describe

Climate-related risks are considered as part of our annual corporate risk assessment process. Oversight and implementation of this process are performed by the Risk and Operating Steering Committee (ROSC), and ultimately, the T. Rowe Price Group Board of Directors. Celine Dufatel (CFO) is chairperson of the ROSC.

We also see climate-related risks/opportunities as material issues for the management of our portfolios and commercial appeal of our product range. We mitigate this risk through our extensive ESG integration efforts (discussed throughout this PRI submission) as well as the launch of new products that meet the growing demand for "ESG-oriented" portfolios (including the consideration of climate change). Oversight of ESG-integration is at the board and management committee level and included in the year-end assessment for analysts, portfolio managers and ESG-specialists. Oversight of the firm's product suite is done by the Investment Management Steering Committee (IMSC), which is chaired by Rob Sharps (Group CIO and Head of Investments) and includes the heads of each investment business unit (US equity, international equity, fixed income and multi-asset), heads of distribution and Celine Dufatel (CFO).

As part of its oversight of ESG issues the IMSC receives a quarterly update from the Global ESG Taskforce. This Taskforce is co-chaired by Maria Elena Drew (DOR Responsible Investing) and Zoe Godfrey (Global Head of ESG Marketing & Communications). The Global ESG Taskforce is made up of representatives from investments, distribution, marketing and client reporting with the mandate to: 1.) help inform the curation of the firm's global ESG narrative to enable more comprehensive discussions with clients, consultants and the media in this arena; 2.) to increase the level of ESG communication across and between each of our major markets around the globe for the purpose of facilitating a more globally calibrated ESG view; 3.) to be a source of input for the potential ESG-related product development

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activities and to help promote ESG-related elements resident within our existing investment portfolios; and 4.) to assist in the development of a servicing approach for clients interested in ESG-related reporting.

No

SG 1.10 CC	Indicate the documents and/or communications the organisation uses to publish TCFD disclosures.
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- Public PRI Climate Transparency Report
- Annual financial filings
- Regular client reporting
- Member communications
- Other

specify

We publicly report our environmental performance through participation in the annual Carbon Disclosure Project, periodic Corporate Responsibility reports and our annual ESG report.

We currently do not publish TCFD disclosures

Governance and human resources

SG 07 CC	Mandatory to Report	Voluntary to Disclose	Public	Descriptive	General
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SG 07.5 CC	Indicate the roles in the organisation that have oversight, accountability and/or management responsibilities for climate-related issues.
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Board members or trustees

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Risk Officer (CRO), Investment Committee

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Portfolio managers

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Investment analysts

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Dedicated responsible investment staff

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

SG 07.6 CC

For board-level roles that have climate-related issue oversight/accountability or implementation responsibilities, indicate how these responsibilities are executed.

The Nominating and Governance committee of the Board of T. Rowe Price has oversight over ESG related to our investment activities, which includes climate-related issues. The Nominating and Governance committee receives an annual update on the incorporation of ESG factors into the investment process.

SG 07.7 CC

For management-level roles that assess and manage climate-related issues, provide further information on the structure and processes involved.

We consider climate change risks/opportunities within our ESG integration framework, so the oversight structure for ESG integration applies. Oversight for ESG integration is held at the senior management level specifically with Head of Investments and Group Chief Investment Officer, Rob Sharps, and co-head of Global Equity, Eric Veiel. Our dedicated, in-house ESG resources report directly to the senior management level with the DOR, Responsible Investing (Maria Elena Drew) reporting to Mr. Sharps and the Head of Governance (Donna Anderson) reporting to Mr. Veiel. The Directors of Research for equity and fixed income have oversight over investment analysts and how they implement ESG factors in their investment process, which is a component of each analyst's annual performance review. In assessing an analyst's implementation of ESG factors, the DORs will receive input from DOR, Responsible Investing and Head of Governance. Our analysts and portfolio managers are responsible for implementation. It is the analyst's responsibility to incorporate ESG risk analysis into the investment decision. Consideration of the full spectrum of risks most applicable to a given issuer or industry is reflected in our analysts' ultimate recommendation. Depending on the strategy, portfolio managers may apply extra layers of implementation by screening their portfolios for ESG issues on a periodic basis. Our Responsible Investing subject-matter experts are focused on implementation of ESG factors into our investment processes by providing research, tools and support to our global team of investment analysts and portfolio managers. These specialists have accountability over this area through our regular performance review process.

The firm takes a comprehensive approach to identify risks and opportunities-including climate change-at the company and asset levels through an enterprise risk management framework, managing reputational risk, strategic risk, operational risk, business continuity risk, human capital risk, compliance risk, and financial risk. Our approach to identifying climate-related risks includes the consideration of extreme weather events, uncertainty surrounding regulation, reputational impacts, and our product range. Our Enterprise Risk Group (ERG) conducts assessments of the risks that our firm faces in the short, medium, and long terms. The corporate risk profile informs the Risk and Operational Steering Committee of the key risks the firm faces to help prioritize how we focus on risk mitigation across the firm. The ERG is responsible for leading our risk management efforts by partnering with business units to identify risks, understand acceptable levels of risk, and implement solutions that mitigate exposure to risk. The firm employs a multilayered approach to identify risks and opportunities associated with individual physical locations, led by our Business Continuity Committee, which reports to the ERG. This multilayered approach ensures that we are able to quickly identify and thoroughly respond to risks and opportunities, thereby reducing the impact on the firm and our clients. External events, such as severe weather events or other natural disasters, receive ongoing attention given their potential impact on executing business activities, facilities and related infrastructure and technologies.

ESG issues in asset allocation

SG 13	Mandatory	Public	Descriptive	PRI 1
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SG 13.1 Indicate whether the organisation carries out scenario analysis and/or modelling, and if it does, provide a description of the scenario analysis (by asset class, sector, strategic asset allocation, etc.).

- Yes, in order to assess future ESG factors

Describe

Analysts routinely consider scenario analysis while assessing specific securities and industries -- i.e. fines levied on autos for emission standards, carbon tax scenarios, etc.

- Yes, in order to assess future climate-related risks and opportunities

Describe

We have created a carbon tool, which allows investors to input their assumptions GDP growth, deforestation/reforestation, energy mix, energy efficiency and other factors to determine how a specific set of assumptions compare to 1.5 degree and 2.0 degree scenarios. Applicable to all asset classes.

- No, our organisation does not currently carry out scenario analysis and/or modelling

SG 13.2 Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between sectors or geographic markets.

We do the following

- Allocation between asset classes
- Determining fixed income duration
- Allocation of assets between geographic markets
- Sector weightings
- Other, specify

T. Rowe Price's multi-asset portfolios are made up of T. Rowe Price funds that have ESG-integration embedded in their investment process.

- We do not consider ESG issues in strategic asset allocation

SG 13 CC	Mandatory to Report Voluntary to Disclose	Public	Descriptive	General
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SG 13.4 CC Describe how your organisation is using scenario analysis to manage climate-related risks and opportunities, including how the analysis has been interpreted, its results, and any future plans.

- Initial assessment
- Incorporation into investment analysis

Describe

We execute scenario analysis which includes factors representing the investment impacts of future environmental and social trends (including climate change). Our scenario analysis is conducted at the investment level (not the overall portfolio level) and will vary by industry and region. When conducting scenario analysis around climate change factors (specifically GHG emissions and natural carbon sinks), we have built our own internal model. Additionally we have used numerous forecasts as set by the IPCC, IEA and the INDC submissions made for the Paris Climate Accord in 2015.

- Inform active ownership

Describe

The results of our scenario analysis informs our investment decisions. It can also be a useful talking point when discussing the potential impact of climate change with company managements.

- Other

**SG 13.5
CC**

Indicate who uses this analysis.

- Board members, trustees, C-level roles, Investment Committee
- Portfolio managers
- Dedicated responsible investment staff
- External managers
- Investment consultants/actuaries
- Other

**SG 13.6
CC**

Indicate whether your organisation has evaluated the potential impact of climate-related risks, beyond the investment time horizon, on its investment strategy.

- Yes

Describe

Our carbon tool assesses long time horizons to see if a specific investment is on the correct trajectory to meet a 1.5 degree or 2.0 degree scenario.

- No

**SG 13.7
CC**

Indicate whether a range of climate scenarios is used.

- Analysis based on a 2°C or lower scenario
- Analysis based on an abrupt transition, consistent with the Inevitable Policy Response
- Analysis based on a 4°C or higher scenario
- No, a range is not used

**SG 13.8
CC**

Indicate the climate scenarios your organisation uses.

Provider	Scenario used	
IEA	<input checked="" type="checkbox"/> Beyond 2 Degrees Scenario (B2DS)	
IEA	<input checked="" type="checkbox"/> Energy Technology Perspectives (ETP) 2 Degrees scenario	
IEA	<input checked="" type="checkbox"/> Sustainable Development Scenario (SDS)	
IEA	<input checked="" type="checkbox"/> New Policy Scenario (NPS)	
IEA	<input checked="" type="checkbox"/> Current Policy Scenario (CPS)	
IRENA	<input type="checkbox"/> RE Map	
Greenpeace	<input type="checkbox"/> Advanced Energy [R]evolution	
Institute for Sustainable Development	<input type="checkbox"/> Deep Decarbonisation Pathway Project (DDPP)	
Bloomberg	<input checked="" type="checkbox"/> BNEF reference scenario	
IPCC	<input checked="" type="checkbox"/> Representative Concentration Pathway (RCP) 8.5	
IPCC	<input type="checkbox"/> RPC 6	
IPCC	<input type="checkbox"/> RPC 4.5	
IPCC	<input type="checkbox"/> RPC 2.6	
Other	<input checked="" type="checkbox"/> Other (1)	<div style="background-color: #0070C0; color: white; padding: 2px;">Other (1) please specify:</div> INDC submissions.
Other	<input type="checkbox"/> Other (2)	
Other	<input type="checkbox"/> Other (3)	

SG 14	Mandatory to Report Voluntary to Disclose	Public	Additional Assessed	PRI 1
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SG 14.1

Some investment risks and opportunities arise as a result of long term trends. Indicate which of the following are considered.

- Changing demographics
- Climate change
- Resource scarcity
- Technological developments
- Other, specify(1)

other description (1)

Analysis on "solutions providers" to lower global carbon emissions. Much of this focus has been on energy generation, chemicals and transportation sector.

- Other, specify(2)

other description (2)

Income inequality.

- None of the above

SG 14.2

Indicate which of the following activities you have undertaken to respond to climate change risk and opportunity

- Established a climate change sensitive or climate change integrated asset allocation strategy
- Targeted low carbon or climate resilient investments
- Phase out your investments in your fossil fuel holdings
- Reduced portfolio exposure to emissions intensive or fossil fuel holdings
- Used emissions data or analysis to inform investment decision making
- Sought climate change integration by companies
- Sought climate supportive policy from governments
- Other, specify

other description

Launched new fund range that excludes investments in coal (Sustainable fund range).

- None of the above

SG 14.3

Indicate which of the following tools the organisation uses to manage climate-related risks and opportunities.

- Scenario analysis
- Disclosures on emissions risks to clients/trustees/management/beneficiaries
- Climate-related targets
- Encouraging internal and/or external portfolio managers to monitor emissions risks
- Emissions-risk monitoring and reporting are formalised into contracts when appointing managers
- Weighted average carbon intensity
- Carbon footprint (scope 1 and 2)
- Portfolio carbon footprint
- Total carbon emissions
- Carbon intensity
- Exposure to carbon-related assets
- Other emissions metrics
- Other, specify
- None of the above

SG 14 CC	Voluntary	Public		General
SG 14.6 CC	Provide further details on the key metric(s) used to assess climate-related risks and opportunities.			

Metric Type	Coverage	Purpose	Metric Unit	Metric Methodology
Climate-related targets	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets			
Weighted average carbon intensity	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Aid in assessing a portfolio's environmental risk profile vs. benchmark	The weighted average, by Fund weight, of the total carbon emissions per US\$1mn of revenues for each of the Fund holdings.	The weighted average, by Fund weight, of the total carbon emissions per US\$1mn of revenues for each of the Fund holdings.
Carbon footprint (scope 1 and 2)	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets			
Portfolio carbon footprint	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input checked="" type="checkbox"/> Minority of assets	Aid in assessing a portfolio's environmental risk profile	Metric tons of carbon dioxide	We calculate the total portfolio carbon emissions using Scope 1 and 2 emissions data provided by Sustainalytics
Total carbon emissions	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Identify company performance	Scope 1 + 2 (Sustainalytics)	data point in RIIM model
Carbon intensity	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Identify company performance	Scope 1 + 2 / revenues (Sustainalytics)	data point in RIIM model
Exposure to carbon-related assets	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets			

SG 14.7
CC

Describe in further detail the key targets.

Targettype	Baseline year	Target year	Description	Attachments
<input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target				
<input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target				
<input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target				
<input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target				
<input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target				

**SG 14.8
CC**

Indicate whether climate-related risks are integrated into overall risk management and explain the risk management processes used for identifying, assessing and managing climate-related risks.

- Processes for climate-related risks are integrated into overall risk management

Please describe

Climate-related risks are captured at the security and portfolio level through our RIIM analysis; however, this is not integrated into our overall risk management process for portfolios. A select number of portfolio managers have elected to conduct RIIM analysis in tandem with their quarterly portfolio risk meeting.

In addition to our investment analysts' fundamental research, climate change factors are systematically identified in our Responsible Investor Indicator Model. The model helps our analysts and portfolio managers identify climate change related issues not easily captured by traditional financial analysis and helps keep climate change considerations on their radar. RIIM is particularly useful as it systematically identifies climate change considerations beyond greenhouse gas emissions. While carbon is the focus of public debate and data is widely available, we believe limiting analysis to this factor is short-sighted. Many other climate change factors - such as water availability, air pollution, etc. - are more likely to be catalysts for regulatory change.

- Processes for climate-related risks are not integrated into overall risk management

**SG 14.9
CC**

Indicate whether your organisation, and/or external investment manager or service providers acting on your behalf, undertake active ownership activities to encourage TCFD adoption.

- Yes

Please describe

We do not have a formal or systematic process for encouraging companies to make TCFD disclosures, however, we regularly advise and make recommendations to companies on ESG disclosures. This often includes a discussion on TCFD disclosures.

- No, we do not undertake active ownership activities.
- No, we do not undertake active ownership activities to encourage TCFD adoption.

SG 15	Mandatory to Report Voluntary to Disclose	Public	Descriptive	PRI 1
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SG 15.1 Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.

- Yes
- No