



2022

# TCFD

**CORPORATE ANNUAL REPORT**  
**Task Force on Climate-Related Financial Disclosures (TCFD) Annual Report**





The following contains our report aligning to the TCFD recommendations in our third year of disclosure. These disclosures reflect our current understanding of our risks and opportunities related to climate change.

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# Leadership Message

We are pleased to share our third annual TCFD report.

As active managers, we consider climate risks and opportunities by taking environmental factors into account in our security analysis. For years, we have advocated for our portfolio companies to adopt TCFD disclosures so that our investors have comprehensive, comparable, and quality data to help inform their investment decisions. It is encouraging that an increasing number of companies are publishing TCFD reports and that many regulators are choosing to base their own disclosure requirements on the TCFD.

We recognize that publishing a TCFD report is not a destination but rather the start of a journey. Most companies do not currently disclose in line with all recommended TCFD disclosures, but levels of disclosure are increasing. As an issuer ourselves, this is a journey that we share with the companies in which we invest. We recognize that there is still more that we can do, but in this report we would like to share some progress.

- We have committed to achieving net zero emissions in scopes 1 and 2 by 2040, 10 years ahead of the goals of the Paris Climate Agreement.
- As a member of the Net Zero Asset Managers initiative (NZAM), we believe that it is reasonable to expect that 59% of the firm's assets under management (AUM)<sup>1</sup> will achieve net zero by 2050, assuming governments follow through on their own commitments under the Paris Climate Agreement.
- We have enhanced reporting of our scope 3 emissions, adding emissions generated from employee commuting and downstream leased assets to our greenhouse gas (GHG) inventory. We are working toward further expanding our disclosure of scope 3 emissions and plan to publish financed emissions in the future.
- To quantify the potential financial impact of climate change, we identified a vendor to conduct climate scenario analysis and have begun by assessing the exposure of our portfolios to climate-related risks. We anticipate sharing the findings in the future.

As an asset manager, we are a fiduciary first and foremost. We view climate change considerations through a fiduciary's lens, with a focus on financial performance and risk management. We believe that a smooth climate transition will create a more stable economic environment, reduce uncertainty, and enable business investment. This should result in better long-term outcomes for the companies and securities in which we invest on behalf of our clients.

We look forward to the work ahead and continuing to report on our progress annually.

Sincerely,



**ERIC VEIEL**

Head of Global Equity  
and Chief Investment Officer



<sup>1</sup> As of December 31, 2022. AUM commitment figures are unaudited and may be subject to change. Commitments are nonbinding.

Our support of the TCFD demonstrates that **we acknowledge climate as a material risk** and understand the need for improved disclosures across the asset management ecosystem.

## GOVERNANCE

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**A** Describe the Board's oversight of climate-related risks and opportunities.

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We recognize that ESG touches all parts of our business. To ensure we are appropriately identifying and managing potential ESG-related risks and opportunities, such as climate risk, we have incorporated ESG considerations into our core business functions, including those of our Board of Directors.

### **Nominating and Corporate Governance Committee**

The Nominating and Corporate Governance Committee (NCGC) oversees ESG across the firm. This includes ESG factors related to the firm's operations and investment activities. In 2020, amendments were introduced for the NCGC charter to monitor performance objectives and progress against our corporate goals and targets for climate-related issues. Additionally, the NCGC receives updates on the firm's ESG activities from the ESG Enablement team.

### **Audit Committee**

The Audit Committee of the Board considers ESG matters as they impact any disclosures in our financial statements, including climate-related risks. In addition, the Audit Committee receives updates from the company's chief risk officer (CRO) on these topics and regularly discusses ESG legal and regulatory developments with our general counsel.

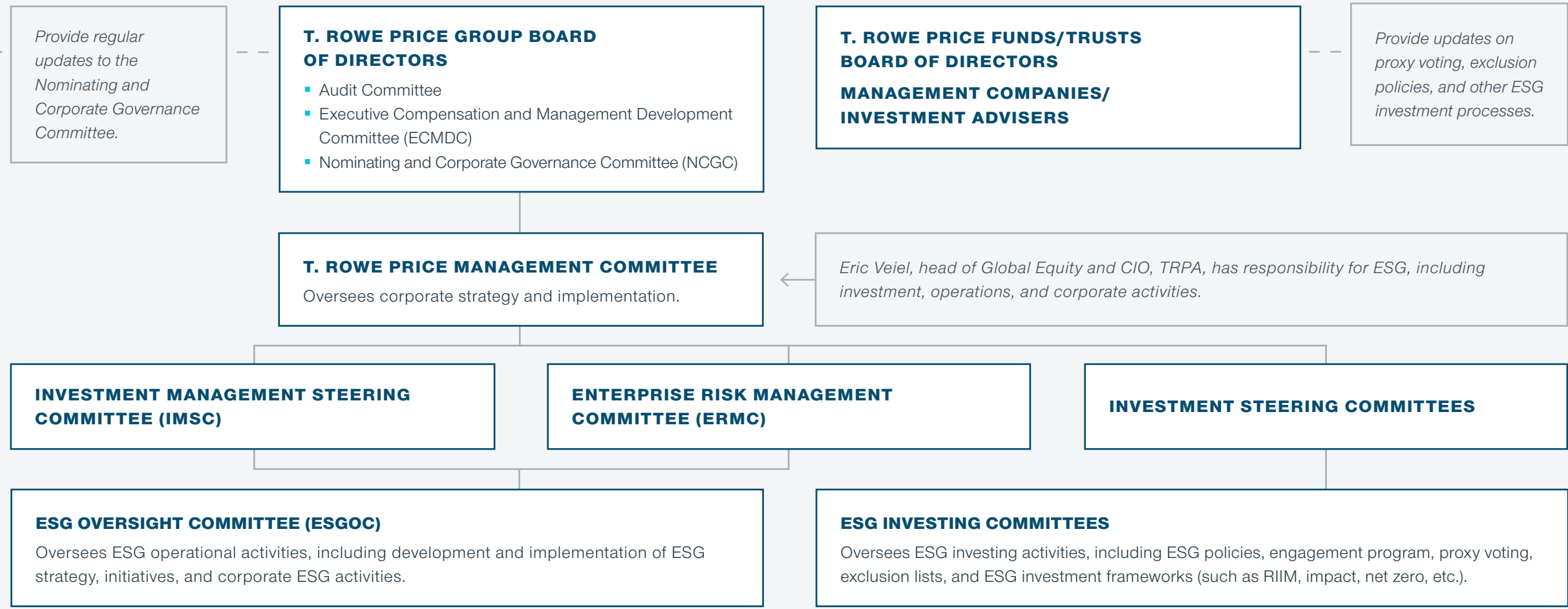
### **Executive Compensation and Management Development Committee**

The Executive Compensation and Management Development Committee (ECMDC) is responsible for considering how ESG matters may impact the compensation of management. The ECMDC considers the firm's ESG efforts when reviewing and approving general salary and compensation policies for management.



# Accountability\*

The following chart illustrates the firm's ESG accountability framework.



**ESG ENABLEMENT**

Responsible for developing and implementing the firm's ESG strategy. This includes ESG activities outside those related to investment process, such as:

- T. Rowe Price's ESG strategy
- Execution of ESG initiatives
- Product, marketing, and corporate ESG
- Fostering ESG collaboration across the organization

**RISK**

Monitors the firm's risks from an investment and operational perspective. This includes climate risk and other ESG risks.

**INVESTMENT PLATFORM (TRPA & TRPIM)**

<p><b>Portfolio managers</b> are accountable for integrating and monitoring ESG factors across portfolio holdings, engagement, and proxy voting as appropriate to their mandate.</p>	<p><b>Investment analysts</b> are accountable for integrating ESG factors into their research process and investment analysis.</p>	<p><b>ESG specialists</b> support analysts and portfolio managers by providing ESG analytics, issuer and thematic research, portfolio analysis, and stewardship activities.</p>
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\* As of June 30, 2023. The information provided in this report and related materials does not include content relating to Oak Hill Advisors, L.P. (OHA), an alternative credit manager that T. Rowe Price Group, Inc., acquired on December 29, 2021, unless otherwise noted.

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**B Describe management’s role in assessing and managing risks and opportunities.**

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T. Rowe Price’s Management Committee assesses climate-related risks and opportunities via the ERM which is chaired by the firm’s chief risk officer. The ERM was recently formed after the Risk and Operating Steering Committee was split into the ERM and the Strategic Operating Committee. The new governance structure allows the ERM to serve as a standalone committee dedicated to risk management. Additionally, climate-related risks and opportunities related to investment processes are monitored through the Investment Steering Committees for our Equity, Fixed Income, and Multi-Asset Divisions.

In 2022, responsibility for ESG investing and corporate sustainability was consolidated under Eric Veiel, head of Global Equity, chief investment officer, and a member of the Management Committee. Under Mr. Veiel, our ESG Enablement and ESG Investing teams are responsible for developing and managing the firm’s sustainability initiatives in their respective areas of focus. Day-to-day tasks involve the identification, assessment, tracking, and mitigation of climate risks and opportunities.

In recognition that ESG activities are present across multiple operating functions for investment management firms, the firm created the ESG Oversight Committee in 2023. Chaired by the firm’s head of ESG Enablement, the ESGOC, a new central and global oversight body, will help support governance around our ESG activities and report into the IMSC, with regular updates to the ERM. Eric Veiel and the firm’s chief risk officer serve on the ESGOC.

**The ESGOC is responsible for:**

- Driving T. Rowe Price’s ESG strategy
- Ensuring coordinated, consistent, and prioritized execution of ESG initiatives and management of ESG risks
- Fostering ESG collaboration across the organization
- Embedding operational support for ESG across the organization at scale

The firm also created the ESG Enablement team in 2022 for the purpose of developing and implementing T. Rowe Price’s firmwide ESG strategy as well as fostering ESG collaboration across the organization.

Oversight of ESG investing policies, ESG integration, sustainable and impact investment, engagement, and proxy voting processes resides with T. Rowe Price’s ESG Investing Committees, made up of senior leaders, managers, analysts, and ESG specialists at the firm.

T. Rowe Price’s [Investment Policy on Climate Change](#) sets out our governance approach for the integration of climate risks into our investment processes.<sup>1</sup> Our practice at T. Rowe Price has been to embed ESG factors throughout our investment research platforms, including climate-related risks and opportunities.

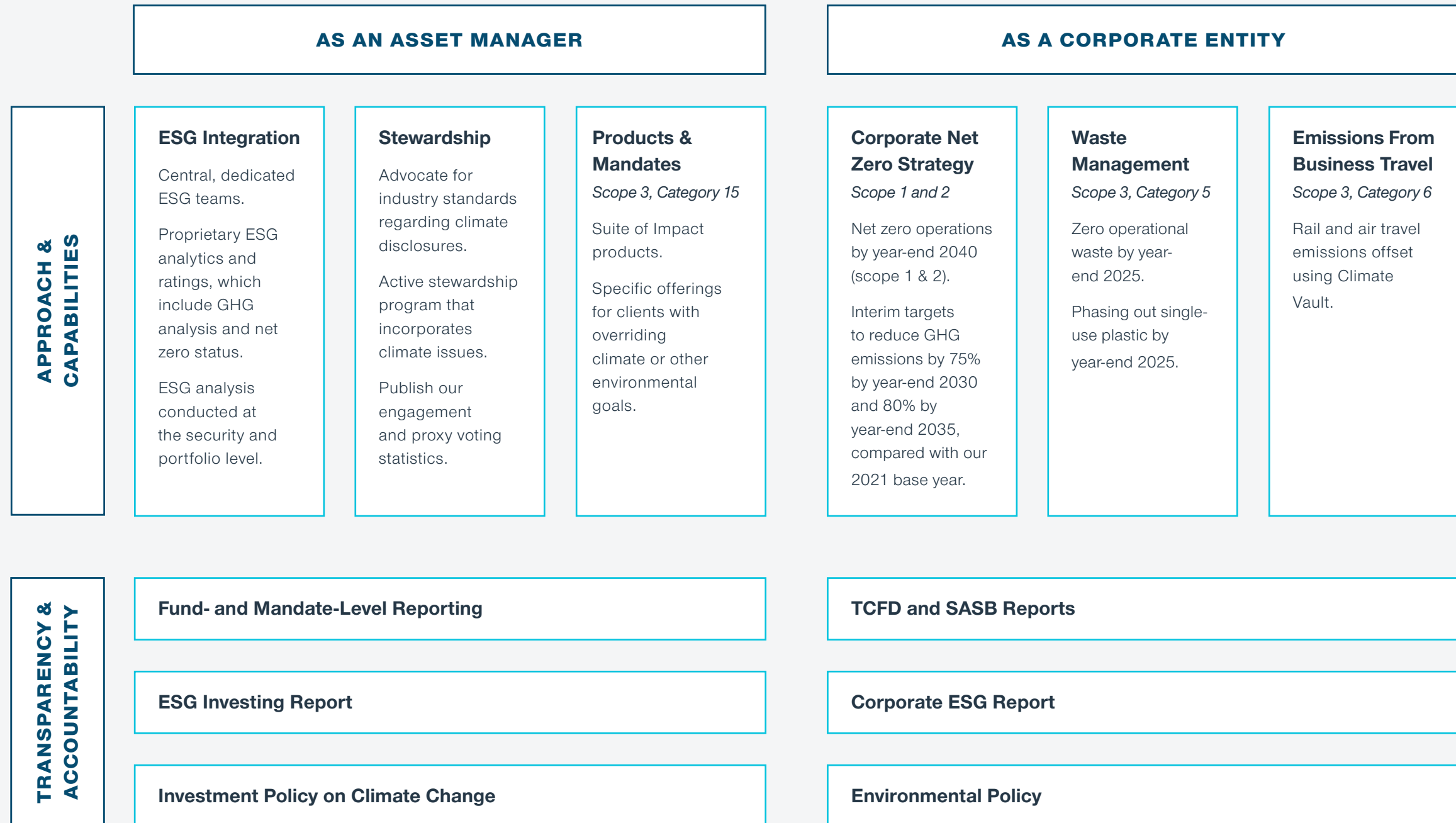
**Our organization relies on additional resources to identify and assess climate-related risks and opportunities and scope possible adaptation and mitigation strategies. These include:**

- Shareholder engagements
- Trade associations
- ESG benchmarking, surveys, and ratings
- ESG disclosures (such as SASB and TCFD) and sustainability reporting frameworks, which we believe provide management, clients, and stakeholders decision-useful information on material ESG issues

<sup>1</sup> The information provided in this report and related materials does not include content relating to Oak Hill Advisors, L.P. (OHA), an alternative credit manager that T. Rowe Price Group, Inc., acquired on December 29, 2021, unless otherwise noted.



# Addressing Climate Change as a Corporate Entity and as an Asset Manager



# STRATEGY

- A** Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.

## We identified the most significant climate risks to our business as:

1. Impact on investment performance,
2. Impact on client preferences for investment products, and
3. Impact of acute disruptions brought on by major weather events as well as chronic implications of climate change.

Over the past several years, the corporate strategy has evolved in an effort to mitigate climate risks and benefit from potential opportunities. In 2017, we strengthened ESG analysis and stewardship as a core capability on our investment research platform, which totaled 39 investment personnel dedicated full time to ESG, as of December 31, 2022. Given the data-intensive nature of ESG research and the fact that ESG data have unique qualities that differ from traditional financial data, T. Rowe Price has also built a Technology team dedicated to supporting this effort. Recognizing the cross-functional capabilities required to successfully implement an ESG strategy, the ESG Enablement team was established in 2022, as mentioned above. It possesses expertise in strategy, product, marketing, and legislative affairs, among other functions, and was designed with the intent of fostering ESG collaboration across the organization.

The work done by these teams factors climate-related risks and opportunities into investment processes and decisions relevant to the products and investment strategies offered by the firm. In addition to growing its ESG Investment, Technology, and Enablement teams, we launched investment products with specific climate-related mandates, such as the impact strategy range, as well as other products and strategies that promote environmental and social objectives.

## Investments

Asset managers have a significant impact on climate through the investments made on behalf of clients. We believe that climate risks and opportunities can impact investment performance and client demand for investment product offerings. The process for identifying, assessing, and managing climate-related risks and opportunities is outlined in the Risk Management section of this report.

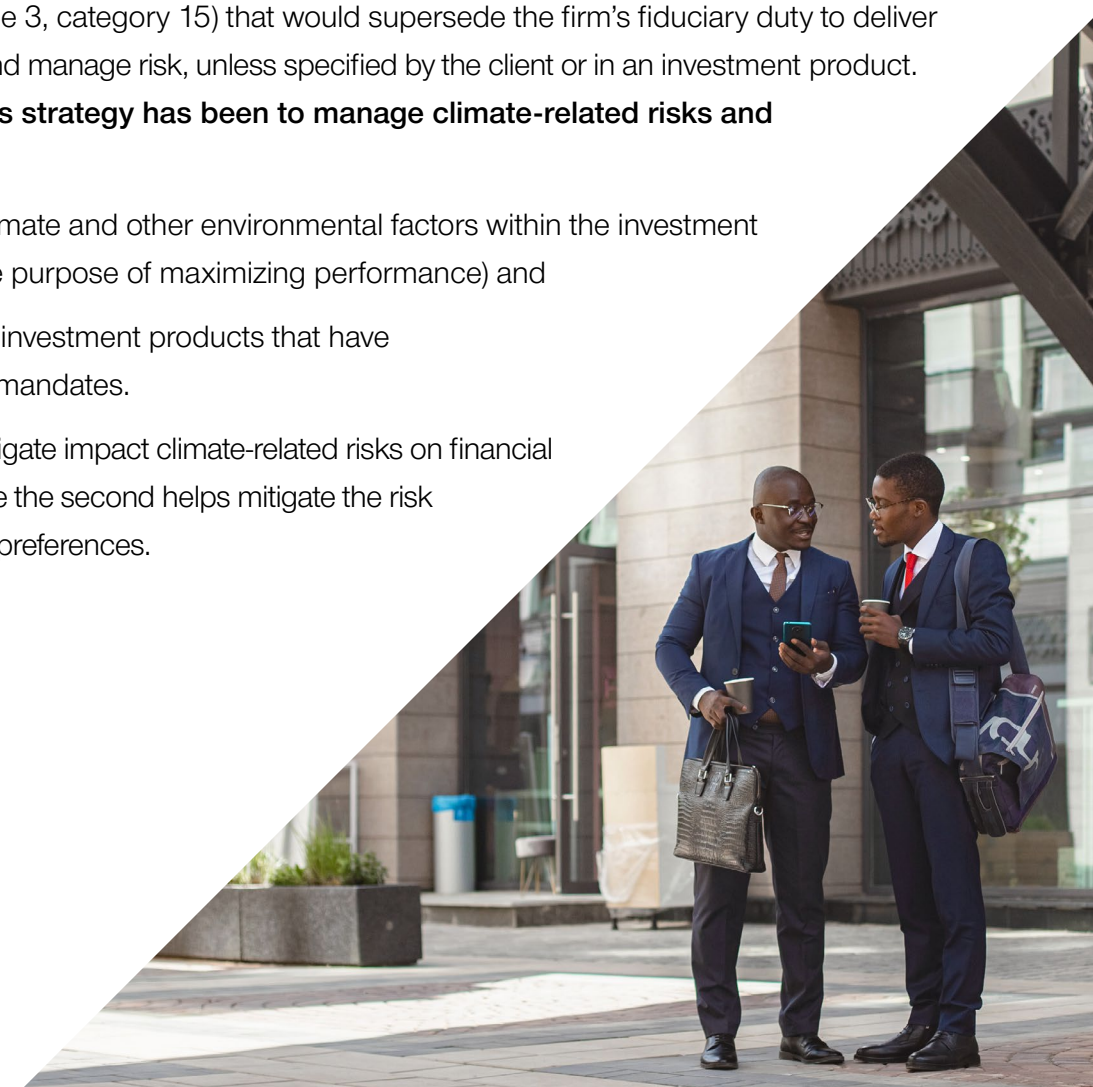
We expect that financial market performance will experience more volatility in the event of a delayed and/or disorderly transition as the likelihood for physical climate risk will be greater and the regulatory impact may be more severe. While climate change risks and opportunities are present across all geographies and sectors, they will likely be more pronounced for issuers in regions taking limited action to address climate risk from a regulatory standpoint; in those that, for geographic or economic reasons, are more likely to experience greater physical impacts; and in high-emitting sectors. In the short and medium term, we believe that risk and opportunities that could stem from climate change impact on client preferences in our investment product offerings are more material in Europe, Japan, and Australia.

While investments make up the majority of total greenhouse gas emissions for asset managers, most of these investments are managed for clients with a mandate to deliver financial performance. As a result, we have not set a binding net zero target for our investments (scope 3, category 15) that would supersede the firm's fiduciary duty to deliver financial returns and manage risk, unless specified by the client or in an investment product.

## Instead, the firm's strategy has been to manage climate-related risks and opportunities by:

1. Considering climate and other environmental factors within the investment analysis (for the purpose of maximizing performance) and
2. Offering select investment products that have environmental mandates.

The first helps mitigate impact climate-related risks on financial performance, while the second helps mitigate the risk of changing client preferences.





## Operations

Our climate risk strategy focuses on acute disruptions brought on by major weather events and chronic implications of climate change. Our operations are exposed to physical risks and transition risks derived from climate change. The risks associated with new climate-related regulations globally may result in increased energy and operational costs based on the current regulatory environment. Furthermore, emerging regulatory and legal requirements may be costly to implement from both a human resources and a budgetary perspective. To help mitigate risks associated with the prospect of increased energy costs and regulatory penalties for carbon emissions, we are seeking a long-term energy contract

for our largest facilities in Maryland, U.S., that would develop a purpose-built solar array in the PJM region.

Various climate risks and opportunities are likely to manifest across different time horizons and with different impacts. While some are present over a short-term time horizon, we believe they have the potential to become more significant over the medium and long term. The following table outlines the climate-related risks that might impact the firm's products, investment strategies, and corporate operations.

**S** Short-term risk (less than 1 year)      **M** Medium-term risk (2–5 years)      **L** Long-term risk (5+ years)

Type	Climate-Related Risks and Mitigation Strategies	Potential Financial Impact
<b>Risks</b>		
<b>Transition Risks</b>	<p><b>Regulatory</b> <b>M</b> <b>L</b></p> <p>Changes in regulation could lead to increased compliance costs, enhanced reporting obligations, regulation of existing products and/or services, and exposure to litigation.</p>	<ul style="list-style-type: none"> <li>Change in client preferences for investment products</li> <li>Increased compliance costs</li> <li>Carbon taxes levied or other environmental fines</li> <li>Increased costs for ESG data</li> </ul>
	<p><b>Technology</b> <b>M</b> <b>L</b></p> <p>Transitioning to lower-emissions technologies for our own corporate footprint, along with the substitution of existing assets and related services with lower-emissions options, may require additional expenditure.</p>	<ul style="list-style-type: none"> <li>Substitution of obsolete assets</li> <li>Capital investments in new technologies</li> <li>Costs to adopt lower-emissions processes</li> </ul>
<b>Market</b>	<p><b>Investment Performance Related</b> <b>M</b> <b>L</b></p> <p>Energy transition may drive volatility in financial market performance and/or deviation in performance across specific regions and industries. This risk may be further exacerbated in the event of a disorderly transition.</p>	<ul style="list-style-type: none"> <li>Volatile or unfavorable market conditions leading to underperformance of investment portfolios</li> </ul>
	<p><b>Product Related</b> <b>M</b> <b>L</b></p> <p>Climate change may influence client preferences by increasing the demand for investment products oriented toward climate change mitigation. Clients may request more customization on their separate accounts in order to align with their individual climate goals.</p>	<ul style="list-style-type: none"> <li>Lower market share if product suite does not align with client preferences</li> <li>Increased costs associated with providing more customized products</li> <li>Increased costs for ESG data</li> </ul>

Type	Climate-Related Risks and Mitigation Strategies	Potential Financial Impact
	<p><b>Operations Related</b> <span>M</span> <span>L</span></p> <p>Regulatory environmental standards may require participation in energy reduction initiatives, energy efficiency programs, or renewable energy programs.</p> <hr/> <p><b>Reputation</b> <span>M</span> <span>L</span></p> <p>If we fall short of stakeholder expectations on climate risks and sustainability, this may influence clients' willingness to do business with us and our workforce's willingness to remain.</p>	<ul style="list-style-type: none"> <li>▪ <b>Increased costs from carbon taxes or other environmental levies</b></li> <li>▪ <b>Drop in stock price due to negative stakeholder feedback</b></li> <li>▪ <b>Negative impact on workforce management (i.e., employee attraction and retention)</b></li> <li>▪ <b>Reduced assets under management due to negative client feedback</b></li> </ul>
<p><b>Physical Risks</b></p>	<p><b>Acute</b> <span>S</span> <span>M</span> <span>L</span></p> <p>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.</p> <p>An extreme weather event—such as a cyclone, wildfire, or flood—that impacts the firm's locations or the location of a vendor servicing the firm may affect our day-to-day operations, potentially resulting in increased costs and workforce disruptions.</p> <hr/> <p><b>Chronic</b></p> <p><b>Investment Performance Related</b> <span>S</span> <span>M</span> <span>L</span></p> <p>Within our investment portfolios, extreme weather-related events around the world can impact companies in which the firm invests on behalf of our clients. An extreme weather event may cause our investment professionals to reevaluate investments in affected companies. Valuations may be impacted, resulting in declines in asset values and potential loss of revenue. We incorporate climate-related investment analysis into our investment process to mitigate the potential impact on our portfolios.</p> <hr/> <p><b>Operations Related</b> <span>M</span> <span>L</span></p> <p>Rising sea levels may increase the risk of flooding to our Baltimore office, and increasing wildfires could impact our operations in various locations. Additionally, because of extreme variability in weather patterns, we may experience increased costs related to more frequent cooling and heating needs inside our buildings. Additionally, attracting and retaining talent in high-risk locations could become more challenging.</p>	<ul style="list-style-type: none"> <li>▪ <b>Negative impact to valuations could result in declines in asset values and potential loss of revenue</b></li> <li>▪ <b>Negative impact to valuations could result in declines in asset values and potential loss of assets under management</b></li> <li>▪ <b>Increased operating and capital costs</b></li> <li>▪ <b>Increased insurance premiums and potential for reduced availability of insurance</b></li> <li>▪ <b>Reduced ability to attract talent</b></li> </ul>

S Short-term risk (less than 1 year)

M Medium-term risk (2–5 years)

L Long-term risk (5+ years)



Type	Climate-Related Risks and Mitigation Strategies	Potential Financial Impact
Mitigation Strategies		
<b>Reputation</b> M L	Exhibiting robust management of climate issues across the business may influence clients' willingness to do business with the firm and our workforce's willingness to remain at the firm.	<ul style="list-style-type: none"> <li>Increased assets under management</li> <li>Increased ability to attract and retain talent</li> </ul>
Market	<b>Investment Performance Related</b> M L The large systematic change driven by technological advances and/or regulation presents an opportunity for alpha generation by using environmental analysis as part of the investment process. As predominantly active investors, the firm is well positioned to evaluate the impact of this systematic change on a case-by-case basis.	<ul style="list-style-type: none"> <li>Ability to generate better investment research insights could lead to better investment performance</li> </ul>
	<b>Product Related</b> M L Changing client preferences may increase demand for investment products.	<ul style="list-style-type: none"> <li>Increased assets under management</li> </ul>
	<b>Operations Related</b> M L Our firm is currently implementing an operational net zero strategy and action plan based on these pillars: understanding our GHG footprint and trajectory; reducing our operational energy use; increasing our renewable energy supply; and offsetting remaining emissions, which we anticipate will represent less than 5% of our current GHG inventory. We are targeting net zero scope 1 and 2 emissions by year-end 2040 and a 75% reduction by year-end 2030 compared with our 2021 baseline.  Our net zero strategy may help reduce long-term utility costs and avoid carbon penalties that would be imposed on our Maryland and Colorado operations in 2031 and 2024, respectively.	<ul style="list-style-type: none"> <li>Reduced energy costs (e.g., through efficiency gains and cost reductions)</li> <li>Reputational benefits</li> </ul>

S Short-term risk (less than 1 year)

M Medium-term risk (2–5 years)

L Long-term risk (5+ years)

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- B** Describe the impact of climate-related risks and opportunities on the organization’s business, strategy, and financial planning. Asset managers should describe how climate-related risks and opportunities are factored into relevant products or investment strategies.
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## Consideration in Investment Product and Strategies

Our approach and consideration of climate-related factors are grounded in our existing fundamental investment and engagement practices, where we consider climate risks and opportunities as part of security selection, portfolio review, and discussions with companies as well as sovereign, securitized, and municipal bond issuers. We believe that environmental and social factors, including climate change, can impact financial performance of our investee companies and other issuers, and we therefore integrate analysis of these factors into our research process for the purpose of maximizing long-term risk-adjusted returns.

We use a combination of fundamental analysis, thematic research and our proprietary Responsible Investing Indicator Model (RIIM) to assess an issuer’s net zero status and evaluate climate-related risks and opportunities. RIIM analysis provides two key benefits for our analysts and portfolio managers. First, RIIM proactively searches for environmental indicators and controversies on companies and sovereign issuers. This is an important feature as environmental data are not required to be disclosed nor are they standardized like financial data. Second, RIIM provides a framework for evaluating environmental factors, creating a common language for our analysts and portfolio managers to discuss how an investment is performing on environmental factors, as well as compare securities within the investment universe.

Our evaluation of climate-related factors focuses on energy transition and physical risk, but we also believe that an issuer’s environmental footprint and track record are important indicators that can help in a tightening regulatory environment. As such, our RIIM framework includes a range of inputs, which are weighted by materiality, and the weight applied to each factor will vary based on industry or asset class. We determine materiality using the Global Industry Classification Standard (GICS), the Bloomberg Industry Classification Standard (BICS), and the Bloomberg Classification System. Materiality is initially assigned at the GICS subindustry level. If a GICS classification is not available for a security, we use BICS.

When considering climate-related risks and opportunities at the portfolio or investment universe level, we generally center on the five core evaluation metrics listed below. Recently, we have engaged a third-party vendor to provide us with climate scenario analysis and implied temperature rise (ITR) tools. While these new emerging evaluation metrics add some investment insights, data availability and quality are an issue.

### Core Evaluation Metrics:

- RIIM environment scores
- Net zero status
- GHG footprint
- Climate solutions alignment
- Engagement and proxy voting stewardship

### Emerging Evaluation Metrics:

- Climate scenario analysis
- Implied temperature rise





How each of the evaluation metrics is considered within a portfolio context will vary based on data availability and the investment strategy. For example, a portfolio with very limited data availability may not find a GHG footprint, climate scenario analysis, and ITR to be decision-useful metrics. Instead, that strategy may place a greater focus on RIIM environmental scores and climate solutions alignment (both of which can be generated through T. Rowe Price’s own fundamental research and, as such, do not have to be dependent on third-party data providers), as well as stewardship. In other cases, data availability may be good, but the portfolio’s investment strategy may be more aligned with specific indicators, and that will determine which of the evaluation metrics are weighted most heavily by the portfolio manager.

Our management of climate-related risks for a particular investment product is dependent upon the mandate given to us by the client. In the case where a client has set a sole mandate to deliver financial performance, climate-related risk mitigation is limited to evaluating environmental factors as part of our investment process for the purpose of maximizing financial performance.

A small but growing number of clients have elected to apply various net zero or GHG reduction targets to their investment portfolios. These clients have directed a dual mandate to deliver on climate-related outcomes as well as financial performance—these types of mandates tend to fall into the three areas outlined below.

Net Zero Stewardship	Net Zero Mandate	Client-Specific Targets
<p>The portfolio analyzes net zero factors for the purpose of maximizing investment performance and deploys stewardship activities aimed at promoting a net zero objective.</p> <ul style="list-style-type: none"> <li>▪ Specific targets are set for engagement with portfolio holdings that have a net zero status of Not Aligned or No Data (minimum 70% of financed emissions)</li> <li>▪ Proxy voting reflects net zero objective</li> <li>▪ Engagement also takes place on net zero issues with other holdings in the portfolio</li> </ul>	<p>The portfolio has a specific objective to reach net zero by 2050.</p> <p>As part of this objective, the portfolio mandate:</p> <ul style="list-style-type: none"> <li>▪ Sets firm targets on engagement with holdings that are Not Aligned (minimum 70% of financed emissions)</li> <li>▪ Sets firm target for 2050 that 100% of holdings have to be Achieved on net zero status</li> <li>▪ Sets firm target for 2040 that 100% of holdings have to be Achieved or Aligned on net zero status</li> <li>▪ Sets comply or explain target on net zero status for five years forward</li> <li>▪ Sets comply or explain target on GHG emissions reduction</li> <li>▪ Tracks climate solutions alignment</li> </ul>	<p>Clients with separate accounts may be more targeted on the specific net zero factors they want to contribute to their net zero mandate—e.g., GHG reduction along specific trajectory, climate solutions, engagements, etc.</p> <p>Some or all of the following are included in target setting and data tracking:</p> <ul style="list-style-type: none"> <li>▪ Net zero status</li> <li>▪ GHG emissions</li> <li>▪ Alignment to climate solutions</li> <li>▪ Engagement</li> </ul>

## Consideration in Operational Strategy

Reducing and managing our GHG emissions is our primary sustainability priority from a corporate standpoint. We assessed the costs associated with continuing to use brown power compared with working toward net zero in scope 1 and 2 by year-end 2040.

Additionally, through our Corporate Real Estate and Workplace Services team, we regularly seek energy efficiency measures to implement throughout our global offices. Our firm aims to have at least 60% of its real estate by square footage environmentally certified by year-end 2025. Our new global headquarters will aim for excellence in terms of environmental sustainability and energy efficiency, with our Baltimore offices striving for LEED Platinum status for commercial interiors from the U.S. Green Building Council. Additionally, our new London office has achieved an Excellent standard in Building Research Establishment Environmental Assessment Methodology (BREEAM) for the design phase.

- C** Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

To quantify the potential financial impact of climate, our firm identified a vendor to conduct climate scenario analysis. The climate scenario analysis will complement our existing climate-related analysis of portfolios and their underlying securities and will inform our mitigation and adaptation strategies moving forward. We anticipate sharing the findings of a comprehensive scenario analysis in the future.



## RISK MANAGEMENT

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- A** Describe the organization's processes for identifying and assessing climate-related risks. Asset managers should describe, where appropriate, engagement activity with investee companies to encourage better disclosure and practices related to climate-related risks to improve data availability and asset managers' ability to assess climate-related risks.
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### Our Risk Framework

Our comprehensive approach to identifying and assessing risks and opportunities—including climate change—is managed through established risk frameworks focusing on reputational risk, strategic risk, operational risk, business continuity risk, human capital risk, compliance risk, and financial risk. Identifying climate-related risks includes the consideration of extreme weather events, uncertainty surrounding regulation, reputational impacts, investment risk, and our product range.

As head of the Enterprise Risk Group (ERG), our chief risk officer (CRO) is primarily responsible, with support from the ERMC, for anticipating and addressing new risks, as well as ensuring the proper handling of risk across the firm. The CRO reports to the firm's chief operating officer (COO) and regularly updates the T. Rowe Price Group Board of Directors. The ERG is an independent, global team with seasoned experts specializing in enterprise and operational risk, investment risk, privacy, and business resiliency.

Our ERG conducts assessments of the risks that our firm faces in the short, medium, and long terms. The corporate risk profile informs the ERMC 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 where appropriate. Individuals with functional expertise across the business are required to identify and address potential climate-related risks for their areas of responsibility. This is supplemented by the Enterprise Risk and Global Compliance functions, as well as Legal, Finance, Tax, and HR, which provide insight on external risks and existing and emerging regulatory requirements related to climate change. Review and prioritization of identified climate-related risks are undertaken by the ERMC.

This approach ensures quick identification and response to risks and opportunities, reducing the impact on the firm and its clients.

### Analyzing Investment Risks

Within our investments, the firm uses RIIM analysis, net zero status, GHG footprint, and climate solutions alignment<sup>1</sup> analysis to identify and assess climate-related risks. Where data availability is adequate, the process has also started to incorporate climate value at risk (CVaR) and ITR. However, this type of analysis was limited in scope in 2022. With the onboarding of an ESG data vendor providing CVaR and ITR data, this analysis is expected to be incorporated more broadly as appropriate based on data availability.

<sup>1</sup> Percentage of revenues or use of proceeds aligned to economic activities that are climate solutions (e.g., renewable energy generation, sustainable agriculture, etc.).



**Within the RIIM assessment, investments' environmental characteristics are considered holistically. At the issuer level, each area of focus is weighted in accordance with its materiality to the industry or subindustry. Portfolio-level assessments can also include a comparison with the benchmark. Key areas of focus include:**

- Energy transition risk
- Net zero status
- Physical risk
- Biodiversity impact
- Circular economy contribution
- Exposure to climate solutions
- Land use
- Water use
- Track record on environment
- Accountability and transparency for ESG (including climate change)

## Climate Stewardship

We believe climate-related risks can be financially material, especially in high-emitting industries, and, therefore, ongoing engagement with investee companies and other issuers on this topic is one way to mitigate risk. For equity investments, engagement can be supplemented with a proxy voting program that takes climate risk into account.

Engagement on climate change with management teams or boards of investee companies is usually conducted as part of a multifaceted discussion on many investment considerations for that particular company but occasionally could focus only on climate change implications. Given that T. Rowe Price has predominantly actively managed portfolios, portfolio managers may elect to screen out specific companies with onerous climate-related risk if they believe it will negatively impact the investment case. As a result, the profile of invested companies across portfolios may look meaningfully different from peers—particularly passive peers. That is why engagements on specific ESG issues like climate change tend to be in-depth discussions, where T. Rowe Price believes engagement can be effective.

One of the more difficult aspects of evaluating climate change risks and opportunities in corporate securities is the lack of disclosure on key environmental metrics, strategy, and accountability. T. Rowe Price expects companies to adopt industry best practice disclosure standards. To this end, we advocate for disclosures aligned to SASB and TCFD—both globally recognized frameworks that emphasize financial materiality.

Additionally, for smaller issuers of private credit and syndicated loan transactions that may find SASB and TCFD difficult to achieve in the near term, we advocate using the ESG Integrated Disclosure Project (ESG IDP) reporting template.

We strongly encourage all issuers to report their scope 1–3 GHG emissions. However, we recognize that reporting scope 3 emissions adds much more complication than reporting scope 1 and 2 emissions and that for some industries, estimating methodologies are still evolving. Given these issues, we do not think it is appropriate for us to unilaterally expect all issuers to report a full suite of scope 3 emissions; however, we do expect that the landscape and our expectations will evolve over the next 12–36 months. In the interim, we strongly encourage issuers to report the scope 3 emissions categories most material to their business. For high-emitting companies, our minimum expectation is they disclose absolute scope 1 and 2 GHG emissions on an annual basis. Failure by companies in these industries to disclose these data leaves investors unable to properly analyze their exposure to climate change risk. For this transparency gap, we will generally oppose the reelections of all non-executive incumbent directors at the next shareholder meeting.

Engagement is only part of the stewardship toolbox. If we do not see sufficient progress in a reasonable time frame, then we will typically escalate the dialogue in a number of ways. One option is to undertake collaborative engagement alongside our direct conversation. Another would be to use our vote to encourage the company to take a different approach. A third option would be to make a public statement, perhaps by pre-disclosing how we intend to vote before or around the time of the meeting.





**B** Describe the organization’s processes for managing climate-related risks. Asset managers should describe how they manage material climate-related risks for each product or investment strategy.

The following table outlines the process for management of identified climate risks. Similar to the risks and opportunities tables provided in the Strategy section, these are considered in the context of the following time frames: short-term risk (less than one year), medium-term risk (one to nine years), and long-term risk (10 or more years).

**S** Short-term risk (less than 1 year)

**M** Medium-term risk (1–9 years)

**L** Long-term risk (10+ years)

Type	Climate-Related Risks and Mitigation Strategies
<b>Transition Risks</b>	<p><b>Market</b></p> <p><i>Related to Investment Performance</i> <b>M</b> <b>L</b></p> <p>Analysts and portfolio managers are accountable for considering climate-related factors within their investment process as part of ESG integration. This is included as part of their year-end evaluation and compensation. Additionally, the firm’s active stewardship program helps mitigate climate risks within investment portfolios.</p> <hr/> <p><i>Related to Product Offerings</i> <b>M</b> <b>L</b></p> <p>The ESG Enablement team is responsible for working in partnership with the Product team to develop a strategy regarding investment product offerings with environmental and/or social mandates.</p> <hr/> <p><i>Related to Operations</i> <b>M</b> <b>L</b></p> <p>These considerations are reflected in the firm’s environmental management planning strategy and influence ongoing planning and budgeting exercises.</p> <hr/> <p><b>Regulatory</b> <b>M</b> <b>L</b></p> <p>The risk of litigation claims, as well as existing and emerging regulatory requirements related to climate change, are continuously evaluated by our Legal, Compliance, &amp; Audit Department and incorporated in the firm’s overall risk management program.</p> <hr/> <p><b>Technology</b> <b>M</b> <b>L</b></p> <p>T. Rowe Price tracks costs inherent to transitioning to lower-emissions technologies for its own corporate footprint, along with the substitution of existing assets and related services with lower-emissions options.</p> <hr/> <p><b>Reputation</b> <b>M</b> <b>L</b></p> <p>T. Rowe Price has a comprehensive risk management program in place that is designed to quickly respond to any incident, minimize business interruption, and help reduce any impact on clients or the firm. The multilayered approach ensures that the firm routinely tracks shifts in consumer preferences and collects feedback from stakeholders.</p>



**Type** **Climate-Related Risks and Mitigation Strategies**

**Physical Risks**

**Acute External Events** **S** **M** **L**

The firm has local crisis management plans that ensure business continuity by mobilizing resources—employees and facilities—to address the fallout of an acute event in order to sustain service levels for clients.

**Chronic**

**Related to Investment Performance** **S** **M** **L**

Analysts and portfolio managers are accountable for considering climate-related factors within their investment process as part of ESG integration. This is included as part of their year-end evaluation and compensation. Additionally, the firm’s active stewardship program helps mitigate climate risks within investment portfolios.

**Related to Operations** **M** **L**

The Business Continuity team is developing a long-term plan that seeks to assess and mitigate specific impacts over 10–30 years.

**S** Short-term risk (less than 1 year)

**M** Medium-term risk (1–9 years)

**L** Long-term risk (10+ years)

**C** Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization’s overall risk management.

We identify and assess climate risks as part of our overall risk architecture, as led by our CRO. Our CRO manages the ERG and serves on the ERM. Additionally, business unit leaders are responsible for overseeing operations and managing risks specific to their respective business areas.

The ERM oversees, monitors, and communicates the firm’s risk management structure, processes, and business unit risk management efforts. The ERM monitors existing policies, makes policy recommendations on matters related to risk management, and ensures issues are elevated and risk is mitigated to acceptable levels. The committee meets monthly and is composed of senior business leaders from across the organization.

## METRICS AND TARGETS

- A** Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.

To support the goals of the Paris Climate Agreement to limit the increase of global temperatures to 1.5°C, we are committed to reducing GHG emissions associated with our operations. We are focusing on actions that will have a real-world impact on emissions and are taking a comprehensive approach to achieve our 2040 net zero goal and 2030 interim target to reduce GHG emissions by 75%, compared with our 2021 baseline. This includes, but is not limited to, virtual power purchase agreements, project-specific renewable energy credits, and energy efficiency improvements in our operations.

While long-term targets are important, so are the short- and medium-term milestones that test our strategy and progress along the way. The NCGC recently agreed to set new short- and medium-term net zero climate targets designed to address our operational GHG emissions. This section provides an update of where we stand with each of our targets and their underlying metrics.

### Key metrics:

- Scope 1 and 2 greenhouse gas emissions in 2022 were 20,150 MT CO<sub>2</sub>e
- Percentage of global renewable electricity consumption in 2022 was 4%

### Targets:

- Reduce scope 1 and 2 greenhouse gas emissions by 75% by year-end 2030, compared with our 2021 baseline, and achieve net zero by year-end 2040
- Achieve zero operational waste in our global facilities by year-end 2025
- Eliminate all single-use plastics from our facilities by year-end 2025
- Partnered with Climate Vault to purchase carbon allowances to address GHG emissions resulting from business travel<sup>1</sup>

<sup>1</sup> T. Rowe Price purchased carbon allowances from Climate Vault during 2023 in order to address 5,081 metric tons of CO<sub>2</sub>e. This amount approximates emissions from business travel during 2022, which includes air and rail transportation. It is based on known business travel trips booked through the firm's corporate travel portal. Travel that may have been booked outside our corporate portal is not tracked.



**B** Disclose scope 1; scope 2; and, if appropriate, scope 3 GHG emissions and the related risks.

T. Rowe Price's GHG emissions are calculated according to the methodology set forth by the Greenhouse Gas Protocol. We are working to expand our reporting of scope 3 emissions and will add additional material categories in the future.

## 2022 EMISSIONS BY SCOPE<sup>1</sup>

Emissions reported in metric tons of CO<sub>2</sub> equivalent (MT CO<sub>2</sub>e)

GHG Source Category	Emissions (MT CO <sub>2</sub> e)	Percent of Total
<b>Scope 1 Emissions</b>	<b>941</b>	<b>2.7%</b>
Stationary Combustion	636	1.8%
Mobile Combustion	3	0.0%
Refrigerants	302	0.9%
<b>Scope 2 Emissions</b>	<b>19,210</b>	<b>54.9%</b>
Purchased Electricity	18,623	53.2%
Purchased Steam	586	1.7%
<b>Scope 3 Emissions</b>	<b>14,826</b>	<b>42.4%</b>
Category 5: Operational Waste <sup>2</sup>	193	0.6%
Category 6: Employee Business Travel <sup>3</sup>	5,081	14.5%
Category 7: Employee Commuting	8,595	24.6%
Category 13: Downstream Leased Assets	957	2.7%
<b>Total GHG Emissions</b>	<b>34,976</b>	<b>100.0%</b>

Note: Totals may not sum due to independent rounding.

<sup>1</sup> Unless otherwise noted, the information provided in this report and related materials does not include content relating to Oak Hill Advisors, L.P. (OHA), an alternative credit manager that T. Rowe Price Group, Inc., acquired on December 29, 2021.

<sup>2</sup> Underlying waste figures are unaudited and may be based on estimates. For owned facilities, waste is based on actuals. For leased facilities that do not have reported data, waste is estimated per employee or square foot. Waste streams for building operations include landfill waste, energy recovery, compost, and recycling.

<sup>3</sup> Employee business travel includes known air and rail travel.



## YEAR-OVER-YEAR SCOPE 1 AND 2 GHG EMISSIONS

GHG Emissions	Unit	2016	2017	2018	2019	2020	2021	2022	% Change 2022 vs. 2021
<b>Scope 1: Direct Emissions</b>	MT CO <sub>2</sub> e	1,050	1,259	2,162	1,424	796	877	941	-7.3%
<b>Scope 2: Indirect Emissions</b>	MT CO <sub>2</sub> e	34,065	28,877	28,607	24,791	20,661	18,887	19,210	1.7%
<b>Total Scope 1 &amp; 2 Emissions</b>	<b>MT CO<sub>2</sub>e</b>	<b>35,115</b>	<b>30,135</b>	<b>30,769</b>	<b>26,215</b>	<b>21,457</b>	<b>19,764</b>	<b>20,150</b>	<b>2.0%</b>
<b>Global Square Feet (SF)</b>	Thou. SF	2,303	2,356	2,386	2,392	2,320	2,212	2,246	1.5%
<b>Scope 1 &amp; 2 Emissions per Square Foot</b>	MT CO <sub>2</sub> e/Thou. SF	15	13	13	11	9	9	9	0.4%

## YEAR-OVER-YEAR OPERATIONAL WASTE MANAGEMENT<sup>1</sup>

Scope	Unit	2016	2017	2018	2019	2020	2021	2022	% Change 2022 vs. 2021
<b>Landfill Waste</b>	Tons	61	56	59	39	124	123	117	-4.3%
<b>Recycling</b>	Tons	465	572	573	604	216	232	335	44.4%
<b>Compost</b>	Tons	16	23	50	43	19	107	68	-36.0%
<b>Energy Recovery</b>	Tons	363	313	332	527	189	141	219	55.0%
<b>Total Operational Waste</b>	<b>Tons</b>	<b>905</b>	<b>964</b>	<b>1,014</b>	<b>1,213</b>	<b>548</b>	<b>603</b>	<b>739</b>	<b>22.7%</b>

<sup>1</sup> Underlying waste figures are unaudited and may be based on estimates. For owned facilities, waste is based on actuals. For leased facilities that do not have reported data, waste is estimated per employee or square foot. Waste streams for building operations include landfill waste, energy recovery, compost, and recycling.

- 
- C** Describe the targets used by the organization to manage climate-related risks and opportunities and performance targets.
- 

## Scope 1 and 2 Targets

We have committed to reducing our scope 1 and 2 emissions by 75% by year-end 2030, compared with our 2021 baseline, and to net zero by year-end 2040. Additionally, we are targeting zero operational waste in our facilities by year-end 2025.

Scope 2 emissions represent 55% of our total emissions. Our Baltimore-based facilities generate the largest portion of our scope 2 emissions. Consequently, bringing renewable energy to our Baltimore-based facilities represents the largest step toward reducing our greenhouse gas emissions and is our first priority.

Our contract with our local energy provider in Baltimore expires in 2024, and we are currently reviewing supplier bids to procure off-site renewable energy. While we do not expect to fully transition our Baltimore locations to renewable energy by the contract expiration in 2024, we anticipate that by year-end 2028 all the electricity in our owned Maryland offices will be provided by renewable sources.

To address the remaining scope 2 emissions, we have developed a timeline to convert most of our remaining global offices to green power from brown power. The most immediate example of this is our office move in London to Warwick Court, scheduled for fall 2023, where our office will be powered by 100% renewable electricity from high-quality contracts that meet UK Green Building Council requirements for net zero carbon and RE10 requirements.

We have offices in select global locations that currently do not offer renewable energy. While these offices represent less than 4% of our emissions, we are hopeful that renewable energy options will become available in advance of our 2040 goal.

Furthermore, we have multiple leasing cycles for all of our leased sites before 2040, and we plan to work closely with our landlords to procure green energy. As older equipment becomes obsolete, we will install more efficient replacements, selected to specifically support our net zero strategy.

We share the view of the Science-Based Targets initiative and the Net Zero Asset Managers initiative that offsets involving long-term carbon removal should only be used where there aren't any technologically and/or financially viable alternatives to eliminate emissions.

## Scope 3 Reduction Efforts

### Net Zero Asset Managers Initiative

We are a fiduciary first and foremost. Our support for the Paris Climate Agreement is driven by the belief that a smooth climate transition will create a more stable economic environment, reduce uncertainty, and enable business investment. This should result in better long-term financial outcomes for the companies and other securities in which we invest on behalf of our clients.

#### In becoming a signatory to the Net Zero Asset Managers initiative (NZAM), we committed to two overarching goals:

- Set an interim target for the proportion of assets to be managed in line with the attainment of net zero emissions by 2050 or sooner, in line with fiduciary duty.
- Review the interim target at least every five years, with a view to ratcheting up the proportion of AUM covered until 100% of assets are included, in line with fiduciary duty.

NZAM acknowledges that the scope for asset managers to invest for net zero depends on the mandates agreed with clients and with regulatory environments and also that the commitments are made with the expectation that governments will follow through on their own commitments to ensure the objectives of the Paris Climate Agreement are met. Accordingly, T. Rowe Price's ability to meet the goals of the initiatives remains in the context of complying with its fiduciary duty.

In becoming a signatory to NZAM, we help support the establishment of robust and standardized methodologies for evaluating pathways to net zero. For years, climate transition has been considered as part of our ESG analysis and is fully integrated into our fundamental research and portfolio construction. Additionally, we have engaged constructively with companies to encourage a thoughtful approach to decarbonization and advocate for greater transparency of climate-related information and data. Consequently, the commitments made under NZAM were already in line with our existing business practices.

To determine our commitment to NZAM, we have adopted an approach that aligns with our ESG integration process. We include all accounts where the coverage of the greenhouse gas emission data is adequate. This is determined as 75% minimum coverage (including both reported and estimated data).

#### We exclude:

- Accounts invested in asset classes where there is no agreed net zero methodology today, such as sovereigns, municipal bonds, and securitized bonds.
- Multi-asset accounts managed outside of T. Rowe Price where we have no ESG look-through.
- Accounts where the investment style and time frame are incompatible with net zero by 2050, such as quantitative, index, and money market accounts.
- Accounts invested in regions where net zero targets stretch well beyond 2050 (e.g., emerging markets) or portfolios mandated to invest exclusively in natural resources.

T. Rowe Price is committing 59% of total assets managed on behalf of clients as of December 31, 2022, to be in line with the attainment of net zero emissions by 2050 or sooner.<sup>1</sup> Mandates with specific climate- and net zero-related objectives are included in this commitment and represent less than 1% of total AUM as of December 31, 2022. We anticipate that by 2040 100% of our assets managed on behalf of clients will align with the attainment of net zero emissions by 2050 or sooner, in line with fiduciary duty.

We will continue to work with our clients to determine how climate impacts their portfolios and provide solutions that meet their needs. For most of our clients, their sole objective is risk-adjusted financial performance. For these portfolios, integration of ESG-related risks and opportunities forms part of our fundamental research process. As an active investor, we use our research process to inform our management of climate risks and opportunities by taking environmental factors into account as part of our security analysis.

<sup>1</sup> AUM commitment figures are unaudited and may be subject to change. Commitments are nonbinding.



### Fund Carbon Footprint Reporting

We assess and report on the carbon footprint of our equity and credit funds (for portfolios where we have more than 75% data coverage) on a quarterly basis to our clients. The report includes data on total emissions and weighted average carbon intensity. The carbon footprint reports for our investment strategies are available to investment professionals upon request.

### Reducing Operational Waste

Within our operations, we aim to reduce our sources of waste by seeking out circular economy options. As part of this endeavor, we embrace the need to shift from managing waste once it is created to designing out waste before it is generated. We have set a target to have zero operational waste across our facilities by year-end 2025, aligning with criteria set by the Green Business Certification, Inc., for TRUE Zero Waste to achieve an average of 90% or greater overall diversion from landfill and incineration and the environment for solid, nonhazardous wastes. Additionally, we aim to phase out all single-use plastics from our facilities by year-end 2025.

ESG investment specialist Véronique Chapplow and portfolio managers Hari Balkrishna and Matt Lawton discussed impact investing at the Mid-Europe Investment Conference in September 2022.





## Working With Our Supply Chain

Our [Supplier Code of Conduct](#) has a specific focus on environmental requirements, including the establishment of operational practices to minimize impacts on the environment and to implement measures that prevent and mitigate environmental harm. Through the Supplier Code of Conduct, we also expect suppliers to track performance and report environmental improvements, as well as to set targets and commitments to reduce their respective footprints.

## Business Travel and Commuting

In 2022, total business travel emissions were 5,081 MT CO<sub>2</sub>, which includes known air and rail travel and was overwhelmingly driven by air travel with 5,003 MT CO<sub>2</sub>. Our emissions from air travel are down 48% since 2019. However, as we emerged from the pandemic, emissions from travel are up more than 1,000% since 2021.

We made a donation to Climate Vault to purchase carbon allowances in 2023 in order to offset 5,081 metric tons of CO<sub>2</sub>e. This amount approximates total emissions from business travel during 2022. This is the second year we made donations to Climate Vault to purchase carbon allowances. We anticipate that our relationship with Climate Vault may be broadened to supplement select areas of our net zero strategy and address shortcomings in our ability to eliminate emissions. Climate Vault is an award-winning nonprofit that has been designated by the Carbon Disclosure Project as a Carbon Reduction and Science Based Target initiative accredited service provider. They purchase and “vault” carbon allowances on government-regulated compliance markets. Because the number of allowances is limited, keeping them off the market decreases CO<sub>2</sub> emissions and provides a quantifiable carbon reduction. Climate Vault's approach is easily measurable (1 permit = 1 metric ton of CO<sub>2</sub>), provides price transparency, and is rigorously verifiable. Climate Vault will use the monetary value of the permits to fund carbon dioxide removal technologies to eliminate CO<sub>2</sub> already in our atmosphere.

For the first time, we surveyed our employees to understand and report the emissions generated from their commuting. We learned that even with a hybrid work schedule, commuting into work generated more emissions than business travel, with 8,595 MT CO<sub>2</sub> coming from our associates' commutes. To encourage the use of electric cars, we provide free charging stations at most of our global facilities, providing access to 93% of our global workforce.



We are focusing on actions that will have a **real-world impact** on emissions.

# Final Verification Statement

Cventure LLC | March 29, 2023

<b>REPORTING ENTITY:</b> T. Rowe Price	<b>CONTACT:</b> Heather McDonold	<b>LEAD VERIFIER:</b> Kevin L. Johnson, Cventure LLC	
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## Emissions Inventory:

Global, corporate-wide FY2021 (January 1, 2022 – December 31, 2022) GHG emissions inventory: Scope 1 direct emissions from fuel combustion, mobile sources, and refrigerant losses; Scope 2 emissions from imported electricity and steam; and Scope 3 emissions associated with employee business travel and waste. Boundaries include owned/leased facilities over which T. Rowe Price maintains operational control. CO<sub>2</sub>, CH<sub>4</sub>, and N<sub>2</sub>O direct combustion, electricity consumption, and mobile source combustion emissions, and HFC refrigerant gas and waste CO<sub>2</sub> equivalent emissions, were all calculated; T. Rowe Price has no SF<sub>6</sub>, PFC, or NF<sub>3</sub> emissions.

## Greenhouse Gas Management Plan:

T. Rowe Price's 2022 GHG emissions inventory and methodology were developed by ICF, according to ICF's 2022 Corporate GHG Inventory excel workbook tool. Raw data collection activities for boundary determinations and GHG emissions sources' characteristics and activity data were performed by T. Rowe Price and Jones Lang LaSalle. T. Rowe Price's GHG inventory was developed according to generally accepted GHG accounting standards: The Greenhouse Gas Protocol, A Corporate Accounting and Reporting Standard, Revised Edition, WRI/WBCSD, March 2004.

## Verification Approach:

Tier II of the ERT Standard: "Corporate GHG Verification Guideline" by ERT, a CDP-approved verification standard. Tier II-level verification is appropriate for basic reporting purposes, including stakeholder and other external communications, and voluntary efforts for which there are no imminent requirements for GHG emissions compliance. This verification effort covered T. Rowe Price's FY2022 GHG emissions inventory. Cventure was not directly involved in the FY2022 GHG emissions inventory's data collection, management, or reporting; nor associated emissions calculation or estimates, and any subsequent assertions made by T. Rowe Price. Cventure has not provided any services to T. Rowe Price, which could compromise Cventures' independence as a third-party verifier. Cventure disclaims any liability for any decision made by third parties based on this verification statement. Cventure's conclusion is based on the findings described below.

The Tier II review was designed to provide a limited level of assurance that the GHG emissions assertion is materially correct. Reviews of methodologies, calculations, and data management processes used in T. Rowe Price's GHG inventory were conducted. All T. Rowe Price facilities and GHG emissions Scopes reported within the operational boundary determination were subject to the verification process. Twelve (12) facilities were selected for detailed reviews and data sampling, representing over 90% of T. Rowe Price's total building related GHG emissions, with purchased electricity and natural gas monthly billing records being examined for each of them. Root audit data records were also reviewed for travel agent-booked employee business air travel, and for waste management vendors. Error checking tests were performed on the data to assess the information collected, including missing data, limits and reasonableness,



units of measure (UOM), and select re-computation crosschecks. No material errors or omissions were identified by Cventure during this verification project. Several minor, immaterial discrepancies between root data documentation and the GHG inventory report were identified; these were corrected by T. Rowe Price/ICF at that time. Boundary checks included a review of the 2022 lease management reports. Emissions aggregation and select inventory spreadsheet calculation checks were also made and compared against inventory reported data. No material errors or discrepancies were found in those types of verification review checks. We believe that our work provides a sound basis for our verification conclusion.

### **Conclusion:**

This effort included sampling and testing of GHG emissions data and underlying root data and information, resulting in a limited level of assurance. Based on its verification review of T. Rowe Price's FY2022 GHG emissions inventory, Cventure has found no evidence that T. Rowe Price's GHG assertion is not presented fairly and accurately. Cventure found that the GHG inventory emissions estimates conform to generally accepted GHG accounting standards and are generally consistent with the WRI/WBCSD GHG accounting and reporting protocol. GHG emissions estimates were calculated in a consistent, transparent manner, and found to be a fair and accurate representation of T. Rowe Price's actual conditions, and to be free from material misstatements or omissions. Cventure verified a total of 26,381 metric tons of CO<sub>2</sub> equivalent emissions (941 Scope 1, 19,210 Scope 2, and 6,230 Scope 3 [excluding employee commuting]), with a limited level of assurance.

**IMPORTANT INFORMATION**

This material is provided for informational purposes only and is not intended to be investment advice or a recommendation to take any particular investment action.

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