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T. ROWE PRICE FUNDS OEIC

Dynamic Global Bond Fund – ESG Report

Providing transparency on Environment, Social and Governance aspects of the fund

As at 31 December 2022

ESG INTEGRATION APPROACH

- Our Dynamic Global Bond Fund uses environmental, social, and governance (ESG) integration as part of its investment process. By incorporating ESG considerations into our investment process, we seek to understand the range of ESG risks, together with many other investment criteria, to better position ourselves in order to deliver consistent, strong long-term returns for our clients.

- The process of ESG integration takes place on two levels: first, with our research analysts as they incorporate environmental, social and governance factors into issuer valuations and ratings; and, second, with the portfolio manager as he balances these ESG factor exposures at the portfolio level. Both the analysts and portfolio manager are able to leverage dedicated, in-house resources to assist them in analyzing ESG criteria.

- Our ESG specialist teams provide investment research on ESG issues at the issuer level and on thematic topics. Additionally, they have built tools to help pro-actively and systematically analyze the environmental, social and governance factors that could impact our investments. The foundation of the analysis is a proprietary flagging tool called the Responsible Investing Indicator Model (RIIM).

RECENT COMPANY ENGAGEMENTS

We maintain a regular dialogue with the management teams of companies represented across the portfolio. Our investment-driven engagement program frequently identifies targets through our proprietary RIIM analysis, governance screening and analysts' fundamental research. While we engage with companies in a variety of different contexts, ESG engagement focuses on learning about, influencing or exchanging perspectives on the environmental practices, corporate governance or social issues affecting their business.

While most of the meetings we hold with company managements will include some discussion of ESG topics, we differentiate meetings held with a heavy focus on ESG, meaning ESG issues were the sole items on the agenda or made up a meaningful part of the meeting. Agenda items are classified as "meaningful" when they take up a significant portion of the meeting or are a significant factor in the investment case.

The following are selected examples of recent engagements with companies held in or considered for the portfolio. The examples are not meant to be representative of every engagement held, but to illustrate the types of ESG engagements we are having with the managements of our investment companies.

MercadoLibre (2nd Quarter 2022 Engagement)

Focus	Environment, Social
Company Description	MercadoLibre (MELI) operates online marketplaces dedicated to e-commerce and online auctions.
Engagement Objective	We engaged with MELI on carbon emissions and social impact.
Participants	From MELI: Chief Financial Officer From T. Rowe Price: Portfolio Manager; Investment Analysts, Responsible Investing Analyst
Engagement Outcome	The purpose of our engagement was to gain a better understanding of the social outcomes generated by MELI's business and to convey to management the importance of improving the carbon footprint of its e-commerce business. MELI remains reluctant to set emission reduction targets or commit to quantitative targets. That said, the company is working on completing its Task Force on Climate-Related Financial Disclosures (TCFD) report, which requires a science-based target, and indicated that it would set a goal in the near term. We strongly encouraged the company to set a commitment to reduce emissions intensity. In order to reduce emissions, MELI is focused on the most material drivers—namely shifting its fleet to electric vehicles (EVs). This is a challenge given the competition for third-party logistics partners and reluctance to place onerous EV investment costs. The company is also committed to shifting its operations to renewable energy (RE), but highlighted that service centres are more difficult to serve with RE. A more recent challenge is curtailing the carbon impact of the company's growing cross-border trade. MELI is aiming to support the distribution of more sustainable products through a dedicated area on its website. The company also allows merchants to charge a premium for sustainable products. MELI has trialed a number of programs to help merchants on this journey, such as partnering with non-profit organizations, but these have had limited uptake. Small- and medium-sized enterprises (SMEs) have historically been poorly served by banks in Latin America, where MELI primarily operates. The company has the advantage of strong visibility on the SMEs' business performance through its e-commerce platform, enabling it to provide high-performing loans and credit services to help SMEs grow their business. MELI expects that, as the share of repeat loan customers grows, it will be able to offer lower annual percentage rates and higher loan amounts, as well as improve debt. We encouraged the company to provide transparency on SME loan spreads and how these are expected to evolve. On the consumer lending side, MELI highlighted that its personal loan product, which can drive consumption as well as open avenues for healthier borrowing categories (education, home improvement, etc.), is its best-performing loan category. The engagement allowed us to share with MELI our views on setting targets to reduce the carbon intensity of its products and improving social access to its financial products. We encouraged the company to set a carbon intensity target and to be more transparent about how SME loan spreads are calculated and are likely to evolve.

Citigroup (4th Quarter 2022 Engagement)

Focus	Environment, Social, Governance
Company Description	Citigroup is a large bank with operations in capital markets, U.S. credit cards, and treasury and trade services.
Engagement Objective	We engaged with Citigroup on its management of climate risk.
Participants	From Citigroup: Director of Diversity, Director of Investor Relations, Deputy Corporate Secretary and General Counsel, Global Head Citi Environmental and Social Risk Management, Global Head of Total Rewards, Head of Sustainability Strategy, Associate General Counsel, Global Head of Investor Relations, Chief Sustainability Officer From T. Rowe Price: Head of Corporate Governance, Responsible Investing Analyst
Engagement Outcome	We engaged with Citigroup to discuss its approach to managing climate risk as well as other ESG topics. Citigroup provided an update on its approach to managing risk related to financed emissions. The bank is working on targets for four additional sectors (autos, commercial real estate, steel, and thermal coal mining) ahead of the next Task Force on Climate-Related Financial Disclosures (TCFD) report. Additionally, the bank is participating in the Partnership for Carbon Accounting Financials (PCAF) methodology working group to understand how to measure financed emissions for capital market activities. Our view is that energy transition presents a material finance risk to the banking sector as regulators around the world are increasingly focused on climate. We see some banks respond to this by adopting broad-brush sector exclusions, which we do not advocate. Instead, we believe financial services companies will be better served by taking a risk-mitigation approach and evaluating the climate strategies of the companies they are financing. In order to do this effectively, they will need to have a framework in place to evaluate each sector. The nature of our discussion with Citigroup was to understand how its frameworks were evolving as it engages with clients and provide our view on best practices. In our view, the bank appears to be ahead of peers in creating a framework/template to assess its clients' transition plans/disclosure. Citigroup is piloting the framework with the largest emitting companies and is building internal capacity to evaluate these plans across more customers. To date, customers have been receptive to the level of scrutiny, understanding that Citigroup needs to collect more information than it had previously. The bank highlighted that while it will aim to provide more detail to investors on this template, it believes it may become proprietary information in the future. We also discussed diversity, equity, and inclusion (DEI). Citigroup was among the first companies to agree to voluntarily conduct a racial equity audit at the request of a shareholder. That audit is still underway; we expect a report in the first quarter of 2023. Meanwhile, the company's DEI update includes expansion of its representation goals. Whereas targets were previously set for the U.S. only, the bank has now expanded this to North America. Where possible (such as gender representation), targets have been expanded across the global workforce. Our engagement with Citigroup allowed us to impart our view on best practices around climate risk and ESG disclosure.

RISKS - The following risks are materially relevant to the fund (refer to prospectus for further details):
ABS and MBS - Asset-Backed Securities (ABS) and Mortgage-Backed Securities (MBS) may be subject to greater liquidity, credit, default and interest rate risk compared to other bonds. They are often exposed to extension and prepayment risk. **China Interbank Bond Market -** The China Interbank Bond Market may subject the fund to additional liquidity, volatility, regulatory, settlement procedure and counterparty risks. The fund may incur significant trading and realisation costs. **Country (China) -** Chinese investments may be subject to higher levels of risks such as liquidity, currency, regulatory and legal risks due to the structure of the local market. **Country (Russia and Ukraine) -** Russian and Ukrainian investments may be subject to higher risks associated with custody and counterparties, liquidity, market disruptions, as well as strong or sudden political risks. **Credit -** Credit risk arises when an issuer's financial health deteriorates and/or it fails to fulfill its financial obligations to the fund. **Currency -** Currency exchange rate movements could reduce investment gains or increase investment losses. **Default -** Default risk may occur if the issuers of certain bonds become unable or unwilling to make payments on their bonds. **Derivative -** Derivatives may be used to create leverage which could expose the fund to higher volatility and/or losses that are significantly greater than the cost of the derivative. **Emerging markets -** Emerging markets are less established than developed markets and therefore involve higher risks. **High yield bond -** High yield debt securities are generally subject to greater risk of issuer debt restructuring or default, higher liquidity risk and greater sensitivity to market conditions. **Interest rate -** Interest rate risk is the potential for losses in fixed-income investments as a result of unexpected changes in interest rates. **Issuer concentration -** Issuer concentration risk may result in performance being more strongly affected by any business, industry, economic, financial or market conditions affecting those issuers in which the fund's assets are concentrated. **Liquidity -** Liquidity risk may result in securities becoming hard to value or trade within a desired timeframe at a fair price. **Prepayment and extension -** Mortgage- and asset-backed securities could increase the fund's sensitivity to unexpected changes in interest rates. **Sector concentration -** Sector concentration risk may result in performance being more strongly affected by any business, industry, economic, financial or market conditions affecting a particular sector in which the fund's assets are concentrated.

General fund risks - to be read in conjunction with the fund specific risks above. Counterparty - Counterparty risk may materialise if an entity with which the fund does business becomes unwilling or unable to meet its obligations to the fund. **Geographic concentration -** Geographic concentration risk may result in performance being more strongly affected by any social, political, economic, environmental or market conditions affecting those countries or regions in which the fund's assets are concentrated. **Hedging -** Hedging measures involve costs and may work imperfectly, may not be feasible at times, or may fail completely. **Investment fund -** Investing in funds involves certain risks an investor would not face if investing in markets directly. **Management -** Management risk may result in potential conflicts of interest relating to the obligations of the investment manager. **Market -** Market risk may subject the fund to experience losses caused by unexpected changes in a wide variety of factors. **Operational -** Operational risk may cause losses as a result of incidents caused by people, systems, and/or processes.

IMPORTANT INFORMATION

The Funds are sub-funds of the T. Rowe Price Funds OEIC, an investment company with variable capital incorporated in England and Wales which is registered with the UK Financial Conduct Authority and which qualifies as an undertaking for collective investment in transferable securities (“UCITS”). Full details of the objectives, investment policies and risks are located in the prospectus which is available with the key investor information documents in English, together with the annual and semi-annual reports (together “Fund Documents”). Any decision to invest should be made on the basis of the Fund Documents which are available free of charge from the local representative, local information/paying agent or from authorised distributors and via www.troweprice.com.

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