T. ROWE PRICE FUNDS OEIC

Global Impact Credit Fund – ESG Report

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

As at 31 December 2023

ESG INTEGRATION APPROACH

- Our Global Impact Credit Fund leverages our ESG integration process to understand environmental and social dynamics related to a company's conduct.
- All our credit selection decisions begin with a clearly defined positive impact thesis, which proactively and systematically integrates ESG considerations. Our philosophy is that ESG factors cannot be separate or a tangential part of a traditional investment thesis. Company fundamentals, including the consideration of environmental, social, and governance factors, play a critical role in the security selection process.
- The process of ESG integration takes place on three levels: first, as our fundamental and responsible investment research analysts incorporate environmental, social, and governance factors into their analysis; second, as we use T. Rowe Price's proprietary RIIM analysis at regular intervals to help us understand the ESG characteristics of individual issuers and the aggregate portfolio; and third, as the portfolio manager integrates ESG considerations within the investment thesis and portfolio construction process itself.
- Our ESG specialist teams provide investment research on ESG issues at the company level and on thematic topics. Additionally, they have built tools to help proactively 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). It covers over 15,000 companies and pulls from data sets that are not in the wheelhouse of traditional financial analysis. These data sets include:
  - ESG performance data (e.g., number of accidents, carbon emissions, strength of whistle-blower programs, etc.);
  - ESG targets (e.g., plans to reduce carbon emissions, increase diversity, etc.)
  - ESG incidents and controversies (e.g., environmental fines paid, local community controversies/protests against a company, etc.)

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, encouraging 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.

Thermo Fisher Scientific (4th Quarter 2023 Engagement)

Focus	Environment, Social
Company Description	Thermo Fisher Scientific (Thermo Fisher) is a U.S. life sciences company.
Engagement Objective	We engaged with the company on 2023 shareholder meeting results, executive compensation, and business ethics.
Participants	From Thermo Fisher Scientific: Corporate Secretary; Corporate Counsel Director; Legal From T. Rowe Price: Head of Corporate Governance; Responsible Investing Analyst
Engagement Outcome	We engaged with the company to discuss its 2023 shareholder meeting results, executive compensation, and business ethics. The Say on Pay vote fell to 79% this year, despite support from both proxy advisors. The company believes there are two groups of dissenters: active managers upset about the stock's performance and European investors who do not approve of the use of options. We discussed trends around the use of options and whether it is considered performance-based pay. Given the escalated requirements for companies doing business within the European Union, the company plans to adopt those standards for all its reporting going forward, rather than create two different reports for the two regions. Thermo Fisher is increasingly an outlier versus its peers in describing its sustainability efforts in a corporate social responsibility report. We suggested that renaming the existing disclosure to an ESG/sustainability or impact report would be more in line with market practice. We revisited a prior engagement in the second quarter of 2023 where we discussed impact measurement. We again stressed the importance of key performance indicators (KPIs) that demonstrate the company’s impact, e.g., diagnostic tests enabled, the proportion of approved therapies supported by Thermo Fisher solutions). These data are increasingly reported by its peers. The company was receptive to this feedback and is working to develop an internal framework to be able to measure data of this nature more robustly. Thermo Fisher has previously attracted significant press scrutiny regarding its sale of DNA testing products in China, first to Xinjiang (where the products are no longer sold) and then to Tibet, ostensibly for forensic purposes. The company has sought to further strengthen internal controls (all distributors have had to resign agreements), and the company is confident the products are not being used outside of its intended purpose for forensics. Acknowledging that this is a delicate topic, we suggested, where possible, that additional transparency on the company’s bioethics program and quantitative KPIs addressing supplier compliance could help further strengthen its external ESG disclosure in this area.

[1] Scope 1: direct emissions from owned or controlled sources; scope 2: indirect emissions from the generation of purchased electricity, steam, or cooling; scope 3: all other indirect emissions.

Bank Negara Indonesia (4th Quarter 2023 Engagement)

Focus	Environment, Social
Company Description	Bank Negara Indonesia is a state-owned bank.
Engagement Objective	We engaged with the bank on its climate strategy and to conduct due diligence on blue financing opportunities.
Participants	From Bank Negara Indonesia (BNI): Head of Enterprise Risk Management; Investor Relations Representative From T. Rowe Price: Associate Portfolio Manager; Investment Analysts; Responsible Investing Analyst
Engagement Outcome	We engaged with the bank on its climate strategy. The bank has been reporting its scope 1-2[1] emissions and some scope 3 categories for several years, in line with regional peers. However, the bank recently set a 2030 net zero target for its own operations that helps it stand out versus its Asia-based peers. BNI is currently developing a formal climate strategy to support this target, and we recommended the bank provide additional detail on its climate strategy in its next ESG report. The bank has integrated ESG risks within its underwriting practices. For example, it requires all new palm oil customers to have Roundtable on Sustainable Palm Oil (RSPO)/Indonesian Sustainable Palm Oil (ISPO) certificates but only 48% of its existing palm oil customers are RSPO/ISPO certified, which is lower than its peers. The bank explained that the existing debtors that are not certified are in the process of obtaining certificates but warned investors that progress will be slow. In 2023, BNI measured the financed emissions of corporate and commercial clients for the first time. It is currently working with a consultant to formalize its strategy to reduce financed emissions, and we recommended the bank provide additional disclosure in its upcoming ESG report and set financed emission reduction targets on high-priority sectors. We discussed how the bank can measure the “impact” its financing is having on the un-banked/underbanked communities. BNI highlighted several measures, including district coverage, new clients onboarded, and transaction volumes, and we provided additional recommendations such as number of financially empowered individuals and the number of customers who took out their first loan or credit card with the bank. BNI issued its first green bond in 2022, with most of the proceeds being allocated to clean transportation, green buildings, and renewable energy. We discussed the bank’s opportunities on blue financing, noting that it can be challenging to verify certain projects (e.g., wastewater) as full visibility of the entire supply chain is required. We were pleased with the progress the bank is making in relation to reducing its scope 1-2 emissions and decarbonizing its loan book. We also provided several disclosure and target-setting recommendations to bring the bank in line with regional best practice.

[1] Scope 1: direct emissions from owned or controlled sources; scope 2: indirect emissions from the generation of purchased electricity, steam, or cooling; scope 3: all other indirect emissions.

ESG RIIM PROFILE

The T. Rowe Price Responsible Investing Indicator Model (RIIM) rates companies, governments and securitized assets in a traffic light system measuring their environmental, social, and governance profile and flagging issuers with elevated risks. For certain types of investments, including, but not limited to, cash, currency positions, and particular types of derivatives, an ESG analysis may not be relevant or possible due to a lack of data. Where ESG considerations are integrated into the investment research process, we may conclude that other attributes of an investment outweigh ESG considerations when making investment decisions.

	Portfolio		Benchmark	
	No. of securities	% weight	No. of securities	% weight
Green	172	95.8	13,948	71.5
Orange	2	0.9	3,343	17.6
Red	0	0.0	208	1.1
Not in scope	7	0.9	818	5.4
Not covered	0	0.0	678	4.4
Cash	1	2.4	0	0.0
Total	**182**	**100.0**	**18,995**	**100.0**

● No/few Flags ■ Medium Flags ▲ High Flags

The comparator benchmark of the Fund is the Bloomberg Global Aggregate Credit Index Hedged to GBP. The manager is not constrained by the fund's benchmark, which is used for performance comparison purposes only.

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. Contingent convertible bond - Contingent Convertible Bonds may be subject to additional risks linked to: capital structure inversion, trigger levels, coupon cancellations, call extensions, yield/valuation, conversions, write downs, industry concentration and liquidity, among others. Convertible bond - Convertible bonds contain an embedded equity option which exposes them to risks linked to equity as well as fixed income. They may be subject to higher market and liquidity risk. Credit - Credit risk arises when an issuer's financial health deteriorates and/or it fails to fulfill its financial obligations to the fund. 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. Distressed or defaulted debt securities - Distressed or defaulted debt securities may bear substantially higher degree of risks linked to recovery, liquidity and valuation. 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. 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.

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. ESG and sustainability - ESG and Sustainability risk may result in a material negative impact on the value of an investment and performance of 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.

ADDITIONAL DISCLOSURES

Bloomberg®" and Bloomberg Global Aggregate Credit Index Hedged to GBP are service marks of Bloomberg Finance L.P. and its affiliates, including Bloomberg Index Services Limited ("BISL"), the administrator of the index (collectively, "Bloomberg") and have been licensed for use for certain purposes by T. Rowe Price. Bloomberg is not affiliated with T. Rowe Price, and Bloomberg does not approve, endorse, review, or recommend T. Rowe Price Funds OEIC. Bloomberg does not guarantee the timeliness, accurateness, or completeness of any data or information relating to T. Rowe Price Funds OEIC.

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