T. ROWE PRICE FUNDS SICAV

Emerging Markets Corporate Bond Fund – ESG Report

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

As of 30 September 2024

ESG APPROACH

- The Emerging Markets Corporate Bond Fund uses ESG integration by incorporating ESG factors into our investment process in order to enhance investment outcomes. Our philosophy is that ESG factors are a component of the investment decision—meaning that they are not the sole driver of an investment decision, nor are they considered separately from more traditional analysis. We seek to understand the range of ESG risks, together with many other investment criteria, to better position ourselves in order to deliver consistent, superior 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 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.)
- Our primary emphasis is on fundamentals, which include the consideration of environmental, social, and governance factors. We find that this process tends to yield an ESG-friendly set of investments; however, we also screen the portfolio using T. Rowe Price's proprietary RIIM analysis at regular intervals. This helps us understand the ESG characteristics of the portfolio and makes us aware of any elevated exposures to specific ESG factors. Our security selection process emphasizes identifying the best issues across the capital structure of a country or company. Our research and trading teams work seamlessly together to evaluate the fundamentals, ESG profile, valuation and technicals across an issuer or country's outstanding debt set to access the best risk-adjusted positions for inclusion in the portfolio. The ESG analysis helps the portfolio managers to identify where there may be elevated ESG risks across the portfolio and help them to determine how material an impact those risks may have in order to inform their decision-making.
- The fund is classified as Article 8 according to the Sustainable Finance Disclosure Regulation. Although the fund does not have sustainable investment as an objective, the promotion of environmental and social characteristics is achieved through the fund's commitment to maintain at least 10% of the value of its portfolio invested in Sustainable Investments. The fund avoids issuers whose activities we may consider harmful to the environment and/or society through the application of our proprietary screen, the T. Rowe Price Responsible Exclusion List.

INVESTMENT OBJECTIVE: To maximise the value of its shares through both growth in the value of, and income from, its investments.

INVESTMENT PROCESS: The fund is actively managed and invests mainly in a diversified portfolio of corporate bonds from emerging market issuers. Although the fund does not have sustainable investment as an objective, the promotion of environmental and/or social characteristics is achieved through the fund's commitment to maintain at least 10% of the value of its portfolio invested in sustainable investments, as defined by the SFDR. In addition to the E/S characteristics promoted, the fund also applies the investment manager's proprietary responsible screen (the T. Rowe Price Responsible Exclusion List). The fund may use derivatives for hedging, efficient portfolio management and investment purposes. The fund may also use derivatives to create synthetic short positions in currencies and debt securities. For full investment objective and policy details refer to the prospectus. The manager is not constrained by the fund's benchmark, which is used for performance comparison purposes only.

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.

Banco General (2nd Quarter 2024 Engagement)

Focus	Environment, Social
Company Description	Banco General is a private bank in Panama.
Engagement Objective	We engaged with Banco General to discuss climate strategy, sustainable finance, and financial inclusion initiatives.
Participants	From Banco General: Finance Representative; Head of ESG Strategy; ESG Risk Management Representatives; Investor Relations Representative From T. Rowe Price Associates, Inc.: Responsible Investing Analyst
Engagement Outcome	Banco General's overall disclosure is broadly in line with Latin American peers, but the bank lags in addressing its financed emissions. Banco General instructed a consultant in 2023 to help develop its climate strategy, and we sought to understand how the strategy will evolve over time. We also discussed its financial inclusion initiatives. **Climate strategy** Following Banco General's work with the consultant to develop its climate strategy, the bank set a 2025 carbon neutrality goal for its Scope 1-2[1] emissions and formulated a strategy to decarbonize its balance sheet. The strategy has four objectives that the bank aims to achieve by the end of 2025: (1) measure the financed emissions across its lending portfolio; (2) set interim targets on the construction, energy, and commercial real estate sectors; (3) integrate climate risks into its risk management processes; and (4) improve climate governance. Banco General is engaging with its largest counterparties to understand how it can partner with them in their decarbonization journey. We were pleased with the bank's efforts and encouraged management to provide more disclosure on how it engages with customers. **Sustainable finance** Banco General has set a USD 105 million solar energy financing goal over 2022–2025 but is currently behind expectations with USD 19 million financed as of May 2024. The bank highlighted the challenges it faces (e.g., cultural, no fiscal incentives, lack of government support) and has adjusted pricing to increase its lending volumes. The bank noted that Panama released its sustainable taxonomy in March 2024, and it is evaluating alignment across its loan book. It highlighted green credit cards and sustainable construction loans as green-related products in the pipeline. **Financial inclusion** Banco General provides financial literacy training to high school students and adults and publishes content across its social media channels. The bank has offered training to high school students for 10 years and gauges their improvement in financial literacy based on pre- and post-training tests. It aims to financially educate 10,000 individuals from 2022 to 2025 and was at 5,000 as of fiscal year 2023. On the inclusion front, Banco General has added 500,000 new clients over the past three years, half of whom it estimates did not have a bank account beforehand. The bank explained that its digital payments platform Yappy has played a key role in growing its customer base from 30% of the adults in Panama to 59% over the past decade. Providing access to rural populations in the country is a priority for the bank going forward. We were pleased with the findings of our engagement with Banco General, which revealed that the bank is taking appropriate steps to evolve its climate strategy and doing a good job at quantifying its financial inclusion impact in Panama. It gave us an opportunity to provide recommendations to align its disclosure with global 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.

OTP Bank (3rd Quarter 2023 Engagement)

Focus	Environment
Company Description	OTP Bank is a leading Hungarian bank with a dominant retail franchise.
Engagement Objective	We engaged with the bank for a discussion on climate strategy and ESG bonds.
Participants	From OTP Bank: Head of ESG From T. Rowe Price Associates, Inc: Responsible Investing Analyst
Engagement Outcome	We engaged with OTP Bank on its sustainability strategy. The bank is making strides in relation to managing its own carbon footprint and building its green credit portfolio but falls behind global best practice in managing climate risks on the balance sheet. We took this opportunity to provide several recommendations relating to disclosure and target setting, to bring OTP in line with its regional peers. **Carbon footprint** OTP has set a target to be carbon neutral by 2030 across scope 1-2[1] emissions. We discussed the viability of setting a net zero target but the bank noted that in many regions in which it operates (Albania, Montenegro, and Serbia) it does not have access to the renewable energy sources of the liberalized European Union energy market. The bank is considering building its own solar photovoltaic parks in these regions as a result. We recommended it set a net zero target for scope 1 and 2 emissions in regions where a net zero target is achievable. **Green lending** The bank has a target to provide EUR 3.9 billion in green lending by FY25 and is on course to meet this, with EUR 768 million financed as of FY22. OTP Bank expects this target will be split 2:1 between its corporate customers (loans targeting green buildings, renewable energy, clean transportation, and agriculture) and retail customers (green mortgages). The head of ESG also confirmed that the bank provides pricing discounts on these products to help facilitate the transition to a green economy. **Financed emissions** OTP Bank falls behind its global and regional peers in not measuring or reducing the financed emissions tied to its lending activities. The bank is looking to calculate the emissions of its large corporate clients but feels data availability remains a big challenge. It is also beginning to assess the decarbonization plans of its corporate clients. We recommended the bank leverage external methodologies such as Partnership for Carbon Accounting Financials (PCAF) to measure and report on the financed emissions tied to its lending activities. **ESG bonds** OTP Bank issued its first series of green bonds through its sustainable financing framework in July 2022 and indicated it would publish its first allocation/impact report in July 2023. The bank is likely to issue more green bonds in the future and is considering issuing a social bond to finance its microlending business.

[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	125	66.0	1,194	63.2
Orange	43	22.2	361	24.8
Red	2	1.1	16	1.5
Not in scope	0	0.0	0	0.0
Not covered	16	6.8	253	10.5
Reserves	1	4.0	0	0.0
Total	**187**	**100.0**	**1,824**	**100.0**

No/few Flags Medium Flags High Flags

The comparator benchmark of the Fund is the J.P. Morgan CEMBI Broad Diversified. The manager is not constrained by the fund's benchmark, which is used for performance comparison purposes only.

SUSTAINABILITY INDICATOR

The fund is classified as Article 8 according to the Sustainable Finance Disclosure Regulations (SFDR).

The sustainability indicator used by the fund is a minimum of 10% of the value of the fund's portfolio held in securities that the investment manager identifies as sustainable investments.

The percentage exposure of the fund to sustainable investments is:

	Target Minimum Commitment %	Fund Exposure %
Sustainable Investments	10.0	33.4
with Environmental Objectives	0.5	9.0
with Social Objectives	0.5	24.4

PRINCIPAL ADVERSE IMPACT (PAI) INDICATORS

Under the European Union Sustainable Finance Disclosure Regulations (SFDR), investment managers are required to take into account Principal Adverse Impact (PAI) indicators, a set of metrics that highlight the potential negative impacts on sustainability factors that result from investment decisions. This is integrated into our ESG analysis at a security level.

Some PAI indicators have limited data availability which may lead to misrepresentative values for the fund. In these cases, the metric vale and data coverage are displayed as n/a in the following tables.

In addition, the investment manager considers the following PAI indicators at an aggregate fund level. Metric values are shown in the Base Currency of the fund (USD):

PAI Indicator	Metric Description	Unit of Measurement	Metric Value	Metric Coverage (%)
10. Violations of UNGC principles and OECD guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	Percentage of total invested	0.0%	93.9%
13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of board members	Average ratio of female board members	18.8%	75.9%
14. Exposure to controversial weapons	Share of investments in investee companies involved in the manufacture or selling of controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Percentage of total invested	0.0%	87.8%

GLOSSARY OF TERMS

Metric coverage - The percentage of the portfolio for which PAI data is available
GHG - Greenhouse gas emissions
Scope 1 GHG emissions - Direct greenhouse gas emissions by the fund
Scope 2 GHG emissions - Indirect greenhouse gas emissions made by the fund
Scope 3 GHG emissions - All other indirect emissions that occur in the funds value chain
mtCO_2e - Metric tonnes of carbon dioxide equivalent
Carbon footprint (Scope 1,2 & 3 emissions) - The total greenhouse gas emissions per million invested in the fund
GWh - Gigawatt Hours
Ktons - Kilotonnes
UNGC - The United Nations Global Compact
OECD - The Organization for Economic Co-operation and Development
No data - no data is available or can be calculated for the indicator

RISKS - The following risks are materially relevant to the fund (refer to prospectus for further details): 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. 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. 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. Frontier markets - Frontier markets are less mature than emerging markets and typically have higher risks, including limited investability and liquidity. 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. Total Return Swap - Total return swap contracts may expose the fund to additional risks, including market, counterparty and operational risks as well as risks linked to the use of collateral arrangements.

General fund risks - to be read in conjunction with the fund specific risks above. 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

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Holdings-based analytics are calculated using T. Rowe Price's internal Investment Book of Records (IBOR). Due to timing and accounting methodology differences, IBOR data may differ from the Accounting Book of Records (ABOR) data provided by the Fund's accountant.

IMPORTANT INFORMATION

The Funds are sub-funds of the T. Rowe Price Funds SICAV, a Luxembourg investment company with variable capital which is registered with Commission de Surveillance du Secteur Financier 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 (KIID) and/or key information document (KID) in English and in an official language of the jurisdictions in which the Funds are registered for public sale, together with the articles of incorporation and 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. They can also be found along with a summary of investor rights in English at www.troweprice.com. The Management Company reserves the right to terminate marketing arrangements.

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