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T. ROWE PRICE FUNDS SICAV

Dynamic Credit Fund – ESG Report

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

As at 31 December 2022

ESG INTEGRATION APPROACH

- The Dynamic Credit Fund uses ESG integration as part of its investment process. By incorporating environmental, social, and governance (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, 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 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):
  - ESG performance data (i.e. number of accidents, carbon emissions, strength of whistle-blower programs);
  - ESG targets (i.e. plans to reduce carbon emissions, increase diversity, etc.)
  - ESG incidents and controversies (i.e. environmental fines paid, local community controversies/protests against a company, etc.)

- ESG considerations are integrated into our risk monitoring through RIIM that systematically and proactively collects information on environmental and social factors. RIIM helps measure an issuer’s ESG profile and flag those with elevated risks. RIIM also helps to identify and prioritize which issues require further fundamental assessment by the Responsible Investing team. It rates issuers using a “traffic light” system. Issuers flagging red or orange undergo further analysis by the RI team and their findings are shared with the analyst for incorporation into the investment process.

INVESTMENT OBJECTIVE

The fund seeks total return through a combination of income and capital appreciation.

INVESTMENT PROCESS

The fund is actively managed and invests mainly in a diversified portfolio of bonds of all types from issuers around the world, including emerging markets. 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, debt securities, credit indices and equities. For full investment objective and policy details refer to the prospectus. The manager is not constrained by the fund’s benchmark.

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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.

Post Holdings (1st Quarter 2022 Engagement)

Focus	Governance
Company Description	Post Holdings (Post) is a consumer packaged goods holding company.
Engagement Objective	We engaged with Post to inform our understanding of a labor dispute at the company's UK Weetabix plants.
Participants	From Post: Chief Executive Officer; Chief Financial Officer; General Counsel; Treasurer; Investor Relations; Managing Director, UK and Ireland, Weetabix From T. Rowe Price: Head of Governance, EMEA and APAC; Head of ESG, T. Rowe Price Investment Management; Credit Analyst; Equity Analyst; Responsible Investing Analyst
Engagement Outcome	We engaged with Post to discuss a labor dispute at its UK Weetabix plants, which drew media coverage. Two unions operate in the plants, one covering the operators (USDAW) and the other covering the engineers (UNITE). Relations with the unions historically have been reasonable, but the UNITE relationship became more fraught in recent months. Management wanted to move to a 24/7 work schedule with the option of a central "day" team that worked UK business hours and was available on call. UNITE wanted all workers to be paid a fixed sum for the change, but in 2017 the company agreed to never again "pay for change." At the same time, four UNITE engineers were receiving legacy payments backdated to 2016 and being paid more than their peers. When the company tried to address this, the union charged that management wanted to "fire and rehire." However, Post's managing director of the UK and Ireland said only one employee had ever been fired and rehired in Weetabix's history in an unrelated incident. Up to 60 engineers went on strike in the first half of 2021 for up to four days a week. Post's human resources director and the managing director of the UK and Ireland, both of whom report to the chief executive officer, led negotiations. Post delayed some planned maintenance and gave extra pay to supervisors (who are nonunion) to cover their teams' responsibilities. The strike ended, all the engineers returned to work on the new shift patterns, and no one left the business. Weetabix is holding standard annual pay negotiations with the unions, which should be done by February 2022. When employees were canvassed for further strike action, support was lower than the previous ballot, and the union did not issue the notice to strike papers. The engagement increased our understanding of the dispute and allowed us to signal that worker treatment is an investment issue. We will continue to monitor labor developments.

The specific securities identified and described do not represent all of the securities purchased, sold, or recommended for the SICAV sub-fund, and no assumption should be made that the securities identified and discussed were or will be profitable. T. Rowe Price may have ongoing business and/or client relationships with the companies mentioned in this report.

Delta Air Lines (4th Quarter 2021 Engagement)

Focus	Environmental, Social, Governance
Company Description	Delta Air Lines (Delta) is a leading U.S. passenger air carrier.
Engagement Objective	We engaged with the company as part of a regular dialogue on ESG matters including shareholder proposals, lobbying, political considerations, and ESG oversight.
Participants	From Delta: Vice President, Investor Relations; Assistant General Counsel and Assistant Secretary; Managing Director, Government Affairs; Chief Diversity, Equity, and Inclusion Officer; Director, Executive Compensation; Managing Director, Sustainability; Assistant General Counsel; General Manager, Investor Relations From T. Rowe Price: Head of Governance
Engagement Outcome	The purpose of our engagement with Delta was to provide feedback on a range of ESG topics, including shareholder proposals, lobbying, political considerations, and ESG oversight. Delta received two proposals at its last two shareholder meetings seeking disclosure about the alignment of its ESG messaging and political lobbying. The proposals asked whether the airline's main trade organizations lobbied against issues such as alternative fuels and emissions reduction requirements. The proposal passed in 2021 (T. Rowe Price voted with the majority for the resolution). Delta said it would publish a report by the second quarter of 2022. The airline maintains that there is no conflict between its climate objectives and those of its trade associations, pointing to recent climate statements from the International Air Transport Association, Airlines for America, and the Business Roundtable. Delta's involvement on the issue of voting rights came up following the 2021 passage of a new, more restrictive voting law in Georgia, where the airline is headquartered. The company is involved in a group called Business Alliance for Effective Democracy, a bipartisan policy center. Regarding ESG oversight, Delta said it updated the board's committee charters to make it clear that the board is responsible for overseeing ESG issues. However, it found that material ESG issues fell into its existing committee structure (e.g., the compensation committee oversees human capital issues, and DEI matters fall under the governance committee). The engagement allowed us to impart our views on best practices on a range of ESG matters.

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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. **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. **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. **Distressed or defaulted debt -** 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. **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. **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. 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. **Equity -** Equities can lose value rapidly for a variety of reasons and can remain at low prices indefinitely. **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.

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