**ESG INTEGRATION APPROACH**

- The Dynamic Emerging Markets Bond 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, 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 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 around 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.)

- The fund construction process combines top-down and bottom-up approaches. We combine a top-down approach to asset allocation amongst Emerging Market sovereigns, corporates, interest rates and currencies, with a bottom-up approach to country, issuer and security selection. The foundation of our investment process is fundamental research, which includes an assessment of ESG factors to identify the best opportunities across the Emerging Markets macroeconomic landscape and the capital structure of a country or company. Investment recommendations from the specialist sovereign and corporate analysts incorporate ESG analysis independently performed by our dedicated ESG specialist team. We complement this approach with regular screening of the portfolio using T. Rowe Price's proprietary RIIM analysis. This approach helps us understand and manage the ESG characteristics of the portfolio, including exposures to specific ESG factors.

- 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 50% of the value of its portfolio invested in issuers and/or securities that are rated as ‘Green’ by the T. Rowe Price proprietary Responsible Investor Indicator Model (RIIM). The fund applies the T. Rowe Price RIIM Rating Criteria. 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.
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.
Banca Transilvania (3rd Quarter 2023 Engagement)

<table>
<thead>
<tr>
<th>Focus</th>
<th>Environment, Governance</th>
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</thead>
<tbody>
<tr>
<td>Company Description</td>
<td>Banca Transilvania is a large bank in Romania.</td>
</tr>
<tr>
<td>Engagement Objective</td>
<td>We engaged with the bank on financed emissions, sustainable finance, and governance.</td>
</tr>
</tbody>
</table>
| Participants | From Banca Transilvania: ESG Director; Corporate Governance Director; ESG Expert, Investor Relations  
From T. Rowe Price: Head of Governance, EMEA & APAC; Investment Analysts (2), Responsible Investing Analyst |
| Engagement Outcome | We engaged with Banca Transilvania (BT) to discuss the viability of setting financed emission reduction targets and to conduct due diligence on its blue financing opportunities. |

**Financed emissions**

The bank is one of a handful of banks globally that have measured financed emissions across the entire balance sheet (excluding unsecured consumer lending and credit cards). The bank, however, flagged the calculations are based on estimates and want to gain confidence in these estimates before setting any targets. BT is looking to provide additional disclosure on the financed emissions tied to the agriculture, transportation, and construction sectors, and we recommended the bank set financed emission reduction targets. We also recommended it establish a framework to evaluate the credibility of clients' transition plans to bring it in line with global best practice.

**Sustainable finance**

The bank received EUR 100 million from the International Finance Corporation (IFC) in 2022 to invest in blue projects in Romania, and it expects to allocate this capital by 2027. The IFC reported that Romania needs EUR 3 billion of private sector financing in blue-related projects by 2027, but the bank does not believe it has sufficient blue assets to issue a blue bond to finance this. The bank is considering publishing a sustainable financing framework by the end of 2023 ahead of a potential sustainable bond issue, where sustainable water may be an eligible category.

**Governance**

We voted against the performance plan at the 2023 annual general meeting as the vesting period was less than three years. The bank explained that the performance plan had a three-year vesting period for middle management and five years vesting for top management, plus a one-year holding period, so the vesting period should not be an issue at future meetings. We shared our feedback relating to variable pay disclosure, and BT highlighted that it would look to disclose more on the key performance indicators. We asked whether the company would provide a separate agenda item to vote on the remuneration rate. The bank explained this was not possible as when the Shareholder Rights Directive II (SRDII) was transposed into Romanian national law to implement the say on pay requirement, the remuneration report must be placed within the Board of Directors’ report and cannot be presented separately.

We were pleased with the progress the bank has made to date in measuring its financed emissions, and we made disclosure and target-setting recommendations to bring the bank in line with global peers.
## International Container Terminal Services (3rd Quarter 2023 Engagement)

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<tr>
<th>Focus</th>
<th>Social</th>
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</thead>
<tbody>
<tr>
<td><strong>Company Description</strong></td>
<td>International Container Terminal Services (ICTS) is a global port management company headquartered in Manila, the Philippines.</td>
</tr>
<tr>
<td><strong>Engagement Objective</strong></td>
<td>We engaged with ICTS to provide feedback on its decarbonization strategy and to discuss a recent bribery controversy in Papua New Guinea (PNG).</td>
</tr>
<tr>
<td><strong>Participants</strong></td>
<td>From ICTS: Treasury Director, Investor Relations Representatives From T. Rowe Price: Responsible Investing Analyst, Investment Analyst</td>
</tr>
</tbody>
</table>

**Engagement Outcome**

We engaged with ICTS regarding its decarbonization strategy, a recent bribery controversy, and various other ESG topics.

ICTS reports ESG data for 30 out of 33 of its terminals and is working to report on all terminals by the next 12-18 months, subject to significant changes in the terminal portfolio. We suggested reporting on energy consumption and greenhouse gas emissions separately for each terminal, which should help make likes-for-likes historical comparisons and clarify acquisitions and divestitures. The company appreciated the suggestion. ICTS will be able to revisit its ESG reporting once it has full coverage of its terminal portfolio.

The company has put out a carbon neutrality pledge for scope 1-2 emissions¹ and is working to set up a clear target date and an interim medium-term target by the end of this year. The company has also started working on mapping scope 3 emissions and will likely be able to report them in 2025, which should be followed by work on setting up a scope 3 target.

We discussed setting up a long-term net zero goal. The company is currently focused on establishing medium-term targets but does not leave out the option to set up a long-term net zero goal in the next couple of years if there is enough clarity on a reasonable long-term pathway to net zero for the business.

We provided feedback that biodiversity scores low in ICTS' materiality matrix despite ports having a material impact on seaboards, maritime, and terrestrial ecosystems. ICTS explained most of its current action is focused on (1) planting mangroves to offset port carbon emissions (in e.g., Latin America, Ecuador) and (2) preserving biodiversity at a few critical locations that are under expansion (e.g., Mexico); more disclosure on this topic is expected in the next years. We also discussed appetite for blue bond issuance to (re-)finance marine biodiversity-related projects. The company is interested in blue bonds and is working with ING to potentially access the market in the near future. Projects may relate to mangroves planting as well as biodiversity mitigation and preservation measures for port expansions.

In the second quarter of 2023, ICTS flagged for a controversy case in PNG where former ICTS officials have been allegedly involved in a bribery scheme related to a port expansion project in the country. ICTS has been very transparent and issued a public statement on the matter where it explained it got improperly entangled in a dealing between several individuals for the award of the contract. However, ICTS confirmed no dealings with the individuals mentioned in the alleged PNG case, which still needs to be confirmed by the authorities; it exclusively carried out business with them on projects outside the country and a long time after the PNG expansion project got awarded.

The engagement allowed us to provide feedback on ICTS’ decarbonization strategy and recent bribery controversy case in PNG. The company’s decarbonization strategy is under further development; more disclosure is expected in the next years. ICTS’ response to the Papua New Guinea controversy was adequate and this case appears resolved.

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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.
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 to maintain at least 50% of the value of its portfolio invested in issuers and/or securities that are rated "Green" by the T. Rowe Price proprietary Responsible Investor Indicator Model ("RIIM").

The percentage exposure of the fund in issuers and/or securities that are rated “Green” is:

<table>
<thead>
<tr>
<th>Green Issuers/Securities</th>
<th>Target Minimum Exposure %</th>
<th>Fund Exposure %</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>50.0%</td>
<td>79.2%</td>
</tr>
</tbody>
</table>

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 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. 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. 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. 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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