T. ROWE PRICE FUNDS SICAV

Euro Corporate Bond Fund – ESG Report

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

As of 30 September 2024

ESG APPROACH

- The Euro Corporate Bond Fund uses ESG integration as part of its investment process. This means incorporating environmental, social, and governance factors to enhance investment decisions. 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.
- 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.)
- The fund aims to generate alpha through security selection based on bottom-up research. By drawing on our global research resources and analyst teams, we aim to identify positive idiosyncratic stories and names that can perform over the long term. As such, our primary emphasis is on company fundamentals, which include the consideration of environmental, social, and governance factors. We find that this longstanding investment philosophy tends to yield an ESG-friendly portfolio; however, we also screen the portfolio using 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.
- 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 that are denominated in euro. 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 debt securities and credit indices. 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.

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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, 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.

JP Morgan Chase (2nd Quarter 2024 Engagement)

Focus	Environment, Social, Governance
Company Description	JP Morgan Chase (JP Morgan) is a leading U.S.-based money center bank.
Engagement Objective	We engaged with JP Morgan for a discussion focused on shareholder resolutions.
Participants	From JP Morgan: Associate Corporate Secretary; Compensation Representative; Head of ESG Investor Relations; ESG Investor Relations Representative From T. Rowe Price Associates, Inc: Head of Corporate Governance
Engagement Outcome	We engaged with the company ahead of its annual shareholder meeting. The main focus was shareholder resolutions. In keeping with Chief Executive Officer (CEO) Jamie Dimon's shareholder letter in the annual report, JP Morgan is becoming more direct and assertive on the topic of shareholder voting, the use of proxy advisors, and poorly targeted shareholder proposals. There was a new section in the proxy in 2024 where the bank used pointed language around these issues. JP Morgan uses a single, strong, consistent voice on this topic, which we found helpful. Compensation was within normal parameters this year, and there were no significant updates on the Board or succession. We provided feedback to the company around the various proposals, which included: • A repeat proposal to separate the roles of CEO and chair at the company on a permanent basis. The proposal got 42% support. • A proposal asking the company to subject its executives' golden parachute plans to additional stockholder approvals. Of investors, 59% sided with management. • A proposal requesting a report on how effective JP Morgan's policies, practices, and performance indicators are in respecting Indigenous Peoples' rights in its existing and future general corporate and project financing. While we acknowledge that the bank has faced scrutiny in the past linked to its lending to Enbridge's Dakota Access Pipeline, this occurred in 2016 and JP Morgan was one of several banks criticized. Since then, we believe the company provides sufficient disclosure and has measures in place to protect against these risks through its Environmental and Social Risk Management screening. Finally, the bank has not received material scrutiny on its lending activities since 2016. Of investors, 68% sided with management. • A proposal asking the company to issue an audited report assessing the economic and humanitarian impacts of the company's climate transition policies on emerging countries. The company's existing disclosures and initiatives (2023 Climate Report, ESG Report, Sustainable Development Targets) provide sufficient detail on how the bank is examining both the risks and opportunities associated with its net-zero commitment. In particular, the bank has been explicit in stating that the company's financing activity and climate targets reflect the need to balance the energy transition with energy security, reliability, and affordability, including acknowledging the role of fossil fuels in the transition. As such, we felt that support for this proposal was not warranted. • A proposal requesting a report reviewing JP Morgan Asset Management's 2023 proxy voting record and policies relating to climate change and diversity. The proposal asked the asset management division to poll its clients periodically to ascertain whether it should be supporting more environmental/social issues in its proxy voting. The company provides sufficient disclosure in its stewardship policies and reporting relating to climate-related risks and diversity, alongside its proxy voting record. Therefore, we felt support for the shareholder proposal was not warranted. Of investors, 91% sided with management. • A proposal asking for additional reporting on the company's human rights due diligence process for conflict-affected and high-risk countries. Our view is that the bank provides sufficient disclosure on how it conducts due diligence linked to human rights and high-risk countries both at an enterprise level and through its financing activities. Of investors, 91% sided with management. • There were two anti-ESG proposals. One was not voted because the proponent did not show up to the meeting. The other one got 1% support. The engagement allowed us to provide feedback to JP Morgan on various ESG topics and informed our proxy voting decisions.

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.

ABN AMRO (2nd Quarter 2024 Engagement)

Focus	Environment
Company Description	ABN AMRO is a Netherlands-based bank with retail, private, and corporate banking operations.
Engagement Objective	We engaged with ABN AMRO with a particular focus on climate strategy.
Participants	From ABN AMRO: Investor Relations Representative From T. Rowe Price Associates, Inc: Responsible Investing Analyst
Engagement Outcome	We provided feedback on the environmental and social topics that we believe are most financially material to the bank and shared our view on what we consider to be the most material environmental (financed emissions, sustainable finance), social (product quality, customer satisfaction), and governance (business ethics) topics. We also provided feedback on ABN AMRO’s sustainability strategy. While it is broadly in line with European peers, there are aspects of the bank’s climate strategy that fall behind the industry gold standard. Of note, the bank is not reporting the output and outcomes of its client engagement efforts, nor has it articulated how climate risks are being integrated into its risk management framework. We made a number of recommendations on these topics to bring ABN AMRO in line with industry best practices. We will monitor for progress on ABN AMRO’s next steps, which include reporting on the output of its client engagement activities, reporting on how its clients’ decarbonization efforts are maturing over time, and articulating how climate risks are integrated into its risk management practices.

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	287	86.9	3,350	89.0
Orange	16	6.5	306	9.4
Red	1	0.8	32	0.8
Not in scope	5	-0.6	0	0.0
Not covered	7	1.1	51	0.9
Reserves	1	5.3	0	0.0
Total	**317**	**100.0**	**3,739**	**100.0**

No/few Flags Medium Flags High Flags

The comparator benchmark of the Fund is the Bloomberg Euro-Aggregate:Corporates Bond Index EUR. 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	49.1
with Environmental Objectives	0.5	15.9
with Social Objectives	0.5	33.3

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 (EUR):

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%	95.3%
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	38.7%	85.0%
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%	93.7%

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. 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. 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. 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.

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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