ESG INTEGRATION APPROACH

• The Global Aggregate 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 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 is constructed on the basis of identifying the best risk/reward opportunities from the global fixed income universe. Key to this is proprietary, bottom-up research that includes the assessment of ESG factors by our analysts who work in collaboration with the dedicated ESG specialist team. We complement this approach with regular screening of the portfolio using T. Rowe Price’s proprietary RIIM analysis. This helps us understand the ESG characteristics of the portfolio and makes us aware of any elevated exposures to specific ESG factors from a risk management perspective.

• 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 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 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 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, 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.
United Kingdom (2nd Quarter 2023 Engagement)

<table>
<thead>
<tr>
<th>Focus</th>
<th>Environment, Social</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company Description</td>
<td>The United Kingdom of Great Britain and Northern Ireland</td>
</tr>
<tr>
<td>Engagement Objective</td>
<td>We met with the UK Debt Management Office (DMO) to offer feedback on the cadence of impact reporting, disclosure on social co-benefits of green projects, and disclosure on the country’s net zero strategy and underlying green spend.</td>
</tr>
<tr>
<td>Participants</td>
<td>From the UK DMO: Co-head of Policy and Markets; Senior Policy Advisor</td>
</tr>
<tr>
<td>From T. Rowe Price: Head of ESG, Fixed Income; Responsible Investing Analyst</td>
<td></td>
</tr>
</tbody>
</table>

### ESG Disclosure (Environment) – Impact reporting cadence

The UK issued its first green Gilt in September 2021 and later published an allocation report in 2022. The country’s impact report will be published by the end of the 2023.

The UK’s allocation report is of a high standard and includes several helpful case studies for each eligible project category; however, we noted that we typically see an allocation report published alongside an impact report and gave feedback that an impact report two years after new issue was less common. The UK DMO explained that it decided to allot two years to develop its impact report in order to ensure accuracy and allow for adequate time to collaborate with the relevant ministries and gather relevant data. We recognized these challenges but noted that best practice is to annually report impact metrics and requested subsequent labeled green gilts consider adopting this.

### GHG reduction target/net zero – underlying green spend and implementation

The UK was one of the first countries to enshrine its 2050 net zero target in law. Despite this legally binding commitment, we discussed that the government has faced criticism over its net zero strategy and limited implementation of the projects outlined in the strategy. We will be tracking future UK public disclosure, including from the DMO, for more granular details on the achievement of the UK’s net zero strategy.

### ESG Disclosure (Social) – Biodiversity social co-benefit reporting

The UK’s green financing framework was one of the first sovereign issuers, to our knowledge, to commit to include disclosure on the social co-benefits associated with eligible green projects. However, we noted that the UK’s allocation report lacked social co-benefit reporting (such as the number of jobs created) in the biodiversity and nature category. We commended the inclusion of biodiversity and nature projects as we believe climate change and biodiversity loss are interlinked crises.

### Social bond

Given the country’s commitment to social disclosure in its green financing framework, we inquired if it has ever considered a social bond. We were informed that a future social bond is possible, but given that the UK DMO’s mandate is social in nature, issuing a social bond would be redundant (the UK DMO funds schools and hospitals and has funded the NHS during COVID, etc.). The DMO also expressed hesitancy to issue a social bond due to the risk of market fragmentation.

The engagement allowed us to impart our views and ask for annual impact reporting, consistent disclosure on social co-benefits of green projects, potential social bond issuance, and greater detail on the implementation of the country’s net zero strategy and alignment with underlying green spend.

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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.
Realty Income (3rd Quarter 2023 Engagement)

<table>
<thead>
<tr>
<th>Focus</th>
<th>Environment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company Description</td>
<td>Realty Income is a real estate investment trust that owns and manages a portfolio of commercial properties located across the U.S., the UK, and Spain.</td>
</tr>
<tr>
<td>Engagement Objective</td>
<td>We engaged with Realty Income on its climate strategy.</td>
</tr>
</tbody>
</table>
| Participants | From Realty Income: Sustainability Representative, Investor Relations Representatives  
From T. Rowe Price: Portfolio Manager, Investment Analysts, Responsible Investing Analyst |
| Engagement Outcome | We engaged with Realty Income regarding its climate strategy. |

**Greenhouse gas emission reduction targets**

Realty Income is reducing its scope 1 and 2 emissions¹ and we discussed the possibility of setting an emission reduction target. It is currently focusing on aligning to Task Force on Climate-Related Financial Disclosures (TCFD) reporting and offsetting emissions by on-site solar in FY23. The company also expects to report its decarbonization strategy in FY24 and we recommended the company set a science-based or net zero target as part of this strategy.

**Tenant engagement**

Realty Income’s triple-net lease structure makes it challenging for the company to manage its scope 3 emissions. The company described some of the services it is looking to provide (renewable energy procurement, green retrofit program, and electric vehicle charging stations) to help encourage its tenants to improve on their environmental profiles. We were encouraged by the work it is doing on influencing tenant behavior which will likely help its scope 3 emissions fall over time.

**Physical climate risks**

Realty Income’s assets in Texas, California and Florida make it exposed to physical climate risks. It is in the process of quantifying the financial impact of physical climate risks and layering on an insurance program on top of clients’ primary insurance for exposed assets. We recommended the company publish the results of this assessment in its next ESG report.

Overall, we are pleased with the direction of travel the company is taking with respect to its climate strategy and provided several recommendations relating to disclosure and target setting to bring the company in line with industry best practice. These included: (i) to publish its decarbonization strategy, (ii) to set a science-based or net zero target for scope 1 and 2 emissions, and (iii) to report on its physical climate risk assessment.

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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.

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.
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:

<table>
<thead>
<tr>
<th>Sustainable Investments</th>
<th>Target Minimum Exposure %</th>
<th>Fund Exposure %</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>10.0%</td>
<td>12.1%</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. 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. Currency - Currency exchange rate movements could reduce investment gains or increase investment losses. 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. 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. Real estate - Real estate and related investments can be hurt by any factor that makes an area or individual property less valuable. 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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