



T. ROWE PRICE FUNDS SICAV

Global High Income Bond Fund – ESG Report

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

As of 30 June 2024

ESG INTEGRATION APPROACH

- Our central mission is to help our clients reach their long-term financial goals and we believe that incorporating ESG factors into our investment process alongside financials, valuation, macro-economics and other factors is consistent with that objective. 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.)
- Our Global High Income Bond Fund seeks to generate alpha by focusing on proprietary, bottom up research to identifying companies offering long-term performance potential. The Global High Income investment team examines each potential investment; each holding; and the entire portfolio with an approach deeply rooted in fundamental analysis along with a macro and industry top-down view. These processes naturally incorporate an analysis of each company's environmental, social, and governance factors and tend to yield an ESG-friendly portfolio. However, our Global High Income investment team collaborates closely with our ESG specialists to augment their work. 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 exposures to specific ESG factors or how these ESG factors may impact a company's business operations and market performance.
- 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 high yield corporate bonds 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 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.

BBVA (2nd Quarter 2024 Engagement)

Focus	Environment
Company Description	BBVA is a retail-focused Spanish bank with a long-established presence in Latin America.
Engagement Objective	We engaged with BBVA on its climate strategy.
Participants	From BBVA: Global Head of Sustainability & Net-Zero From T. Rowe Price Associates, Inc: Responsible Investing Analyst
Engagement Outcome	<p>We joined a collaborative investor meeting with BBVA to discuss the bank's overall climate strategy and progress.</p> <p>We believe the bank is aligned with European peers on topics relating to sustainable financing, decarbonizing the loan book, and engaging with counterparties on their transition plans. However, the bank falls behind the industry gold standard on various topics and the meeting gave us an opportunity to provide feedback to the bank on future enhancements.</p> <p>Sustainable finance: The bank is on track to meet its 2018–2025 EUR 300bn sustainable financing target, with EUR 226bn committed as of March 2024. Most of this has been allocated to climate (80%) and inclusive growth (20%) categories, with BBVA noting that it expects the allocation to natural capital to grow from 2024 onward. The company also noted that its sustainable lending accounts for 15%–20% of all new lending, but it remains challenging for investors to understand the impact this is having on its profit and loss account. We recommended the bank report the revenue contribution from its sustainable financing to bring it in line with the leading industry standards.</p> <p>Sectoral targets: BBVA has financed emission reduction targets on eight sectors and noted it intends to announce targets for the commercial real estate, residential real estate, and aluminum sectors by June 2024 to meet its Net-Zero Banking Alliance (NZBA) commitments. We endorsed the bank's actions, which would bring it in line with the industry gold standard. We also encouraged the bank to set targets for its facilitated emissions (driven from its capital markets business) now that the Partnership for Carbon Accounting Financials (PCAF) has published its guidance. BBVA intends to report these in the first quarter of 2025.</p> <p>Client engagement: The bank has developed a framework (Transition Risk Indicator) to measure the climate maturity of its counterparties and is reporting the % of customers (80% as of FY23) who are actively managing transition risks. We encouraged the bank to continue reporting this metric on an annual basis so that investors can better understand how the clients' transition efforts are maturing.</p> <p>The engagement provided us with reassurance that the bank continues to evolve its climate strategy and is aligned with the "above average" banks in Europe. We also provided a series of recommendations to help the bank align with the industry gold standard.</p>

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.

Seadrill (2nd Quarter 2024 Engagement)

Focus	Governance
Company Description	Seadrill is an offshore drilling contractor providing services to the oil and gas industry
Engagement Objective	We engaged with Seadrill for a discussion focused on a number of governance issues, including the proposed issuance of "blank check" preferred shares.
Participants	From Seadrill: General Counsel; Investor Relations Representative; Chief Financial Officer From T. Rowe Price Associates, Inc: Head of Corporate Governance, Investment Analyst
Engagement Outcome	<p>We engaged with Seadrill ahead of its upcoming annual general meeting. The issue of main concern was a series of bylaw amendments in anticipation of the company's conversion from Foreign Private Issuer status to a full U.S. listing with a Bermuda incorporation.</p> <p>While most amendments were housekeeping in nature, one provision required further discussion. Seadrill wants to establish a new class of up to 5 million "blank check" preferred shares. Such pools of preferred stock are common, but only because they were established when companies were originally listed. Generally, shareholders are not inclined to approve such pools now because they can be deployed defensively in the event of an unsolicited offer.</p> <p>The reason that blank-check preferred stock serves as a takeover defense is because it is the funding mechanism for a poison pill. If a pill were ever to be activated, the company would need a preapproved pool of shares to issue to "friendly" shareholders in amounts that overwhelm the hostile party's holdings.</p> <p>In this unique case, Seadrill put in enough guardrails that we were comfortable approving the preferred stock. The guardrails are: (a) the class will only be used for this potential defensive purpose, not for any capital raising purposes, and (b) any poison pill adopted by the board in the future will be subject to shareholder approval if it exceeds one year in length.</p> <p>The other takeover defense that will remain in the Seadrill bylaws is that it takes the approval of two thirds of shares outstanding to approve the sale of the company in any deal that the board has not endorsed. In a board-approved transaction, it would only take a 50% vote.</p> <p>The other factors we considered in our decision were the company's relatively short history in this current incarnation. It is rational for newer and smaller companies to maintain some basic forms of protective provisions in their first 10 years. We also considered the current competitive environment and Seadrill's potential acquirors.</p> <p>The engagement allowed us to provide feedback to the company and make a more informed proxy voting decision ahead of the shareholder meeting.</p>

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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	169	65.2	1,949	60.1
● Orange	66	26.3	630	22.5
● Red	0	0.0	55	1.6
● Not in scope / not covered	15	7.2	610	15.8
● Reserves	1	1.3	0	0.0
Total	251	100.0	3,244	100.0

● No/few Flags ● Medium Flags ● High Flags

The comparator benchmark of the Fund is the ICE BofA Merrill Lynch Global High Yield Index Hedged to USD. 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%	27.0%
with Environmental Objectives	0.5%	7.3%
with Social Objectives	0.5%	19.7%

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 value 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%	91.9%
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	20.6%	67.9%
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%	82.1%

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

mtCO₂e - 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. 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. 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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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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