T. ROWE PRICE FUNDS SICAV
Global High Yield Bond Fund – ESG Report
Providing transparency on Environment, Social and Governance aspects of the Fund
As at 30 September 2023

ESG INTEGRATION APPROACH

• The Global High Yield 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.)

• Our Global High Yield Bond Fund seeks to generate alpha by focusing on proprietary, bottom up research to identifying companies offering long-term performance potential. The High Yield 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 High Yield 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.
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.
# Medline Borrower (3rd Quarter 2023 Engagement)

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<tr>
<th>Focus</th>
<th>Environment, Social</th>
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<tbody>
<tr>
<td>Company Description</td>
<td>Medline Borrower (Medline) is a leading U.S.-based privately held manufacturer and distributor of health care supplies to hospitals, post-acute settings, physicians' offices, and surgery centers.</td>
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<tr>
<td>Engagement Objective</td>
<td>We engaged with Medline on responsible sourcing, climate strategy, and the company's management of an environmental controversy.</td>
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</table>
| Participants | From Medline: Chief Financial Officer; Chief Legal Officer; Vice President ESG, Vice President Tax  
From T. Rowe Price: Investment Analyst, Responsible Investing Analyst |
| Engagement Outcome | Medline collects scope 1-2 emissions\(^1\) data for its North American and European operations, along with select scope 3 data. The company is currently completing a more detailed emissions inventory and intends to expand scope 3 reporting categories. We conveyed our interest in the reporting of purchased goods and services data, the most material emissions category for health care distributors. Medline is also considering establishing scope 1-2 emissions targets. We highlighted our preference for Paris-aligned, science-based targets and referenced other best practices in this area (e.g., detailed disclosure on emissions reduction pathway).  
Medline is subject to c.130 personal injury claims relating to the emission of ethylene oxide (EtO) from its Waukegan sterilization facility in Illinois spanning 2008-2018. EtO is essential to ensuring sterility for a wide range of medical products, predominantly medical supplies required for surgery. However, the chemical is a carcinogen, and a 2018 U.S. Environmental Protection Agency report found dozens of communities across the U.S. faced elevated cancer risks because of trace amounts of EtO released into the air as part of the sterilization process. Medline voluntarily shut down its facility in December 2019 to spend USD 10 million to further improve emissions capture in accordance with updated and significantly stricter Illinois environmental regulations, which it did not meet at the time.  
The company has two main aims regarding this matter: (1) resolve the current case load and (2) participate in public commentary on updated regulations and ensure full compliance with any further new requirements. The company makes reference to sterilization in its ESG reporting, but we suggested the company include additional disclosure on how it manages EtO emissions in light of the controversy associated with the use of this chemical. The company's management of this issue is suitable, and it is acting responsibly to comply with new emissions restrictions. |

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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.
### Athenahealth (3rd Quarter 2023 Engagement)

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<tr>
<th>Focus</th>
<th>Environmental, Social, Governance</th>
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<tbody>
<tr>
<td>Company Description</td>
<td>Athenahealth is a U.S. health care software company.</td>
</tr>
<tr>
<td>Engagement Objective</td>
<td>We engaged with the company to offer feedback on ESG disclosure and oversight.</td>
</tr>
<tr>
<td>Participants</td>
<td>From Athenahealth: Senior Vice President, General Counsel; Assistant General Counsel; Assistant General Counsel, Compliance</td>
</tr>
<tr>
<td></td>
<td>From T. Rowe Price: Responsible Investing Analyst</td>
</tr>
<tr>
<td>Engagement Outcome</td>
<td>We engaged with Athenahealth to offer our views on how to improve its ESG disclosure. Although the company has an ESG policy providing a basic overview of its approach, it has not published a dedicated ESG report. Bain Capital, Athenahealth’s financial sponsor, helped develop its ESG program, and the company plans to publish its inaugural sustainability report once it establishes key performance indicators (KPIs) as part of the target-setting process. Management was receptive to our suggestion of International Sustainability Standards Board (ISSB) reporting. It also agreed with our view that it was in the company’s interest to provide regular external reporting on ESG, having already done a significant amount of work internally on the issue. Much of Athenahealth’s ESG efforts do not appear on its website, so the company is not getting full credit for the work it has undertaken. We noted that T. Rowe Price would be interested in disclosure and KPIs regarding efforts to manage risks related to cybersecurity and business ethics after the company was fined in 2022 for paying kickbacks to generate sales for one of its products. Athenahealth’s governance and risk committee currently oversees ESG strategy, and management plans to set up a separate committee tasked with operationalizing ESG commitments the coming year. The company has quantified scope 1-2 emissions but is reluctant to publish the data until it has fully evaluated its scope 3 footprint. We suggested that Athenahealth publish scope 1-2 data on its corporate website as an interim step so that it gets credit for the work it has already undertaken. The engagement allowed us to impart our views on ESG disclosure and encourage greater external transparency. Looking ahead, we will monitor for the publication of its first ESG report, as well as for disclosure of scope 1-2 emissions.</td>
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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:

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<th>Sustainable Investments</th>
<th>Target Minimum Exposure</th>
<th>Fund Exposure</th>
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<tr>
<td></td>
<td>10.0%</td>
<td>20.0%</td>
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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. 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. 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.
IMPORTANT INFORMATION

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