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T. ROWE PRICE FUNDS SICAV

Dynamic Global Bond Fund – ESG Report

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

As at 31 March 2023

ESG INTEGRATION APPROACH

- The Dynamic Global Bond Fund uses environmental, social, and governance (ESG) integration as part of its investment process. By incorporating 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 ESG factors into company valuations and ratings, and second, with the portfolio manager as he balances these ESG factor exposures at the portfolio level. Both the analysts and the portfolio manager are able to leverage dedicated, in-house resources to assist 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 portfolio 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/or 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).

INVESTMENT OBJECTIVE: To generate income while offering some protection against rising interest rates and a low correlation with equity markets.

INVESTMENT PROCESS: The fund is actively managed and invests mainly in a 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 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). 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, credit indices and equities. 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.

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.

Government of India (4th Quarter 2022 Engagement)

Focus	Environment
Company Description	The Republic of India is a country in south Asia.
Engagement Objective	We engaged with the Government of India on its efforts to reduce national emissions, to assess its proposed green bond framework, and to request and encourage impact reporting.
Participants	From Government of India: Budget Secretary, Government of India; Additional Secretary, Department of Commerce; Department of Economic Affairs representative; Ministry of Finance From T. Rowe Price: Portfolio Manager; Sovereign Credit Analyst; Responsible Investing Analyst
Engagement Outcome	We engaged with the Government of India on its Nationally Determined Contribution (NDC) plan. This embodies the country's efforts to reduce national emissions and adapt to the impacts of climate change in order to help achieve the long-term goals of the Paris Agreement. We wanted to understand how the NDC plan could impact India's ability and willingness to repay sovereign debt over the medium and long term. The Government of India emphasized the need to assess emissions holistically, rather than focusing only on the current level of absolute emissions (India is the world's third-largest global greenhouse gas emitter). It said that an emissions-per-capita or gross domestic product (GDP) metric is more appropriate to compare sovereigns, because it avoids penalizing countries for population size. Our view is that for the world to meet the 1.5 degrees Celsius temperature ambition, absolute emissions must be addressed, which is why we also have a transition metric evaluating net zero targets at sovereign level. The Government of India has a sovereign net zero target, but it has chosen a 2070 target date, behind the more conventional 1.5 degrees Celsius aligned by 2050 and earlier targets that other countries have adopted. Climate change can become a material credit risk. The Government of India is trialing a green bond framework. It has broad alignment with the International Capital Market Association (ICMA) principles, a second party opinion, and commitment to granular, quantifiable reporting of key-performance indicators (KPIs). However, on use of proceeds (UoP), we believe three areas could be strengthened, which, if not attended to, could cause issues if the Government of India decides to issue a USD labeled green bond. These are: (1) the fact that while clean transportation, including the electrification of the Indian railway, is a UoP, the framework does not exclude the potential electrification of rail lines directly transporting coal from mines to ports; (2) the separate inclusion of biofuels as a UoP, although it will not use solid feed such as wood, and (3) in certain circumstances, natural gas is permissible as a UoP when it pertains to rail transportation. We offered our feedback on these points. We do not think the Indian rupee issuance will be affected, as the dynamics there are more likely to be dictated by the local rates market, not least because the number of foreign investors who can participate is limited. Positives about the Government of India's green bond framework include the fact that will provide, over and above traditional sovereign green bond impact metrics such as installed renewable energy capacity, granular reporting on social co-benefits. This includes metrics such as the number of underprivileged households benefited. We expressed our support for this. We also encouraged the Government of India to consider issuing labeled sovereign social bonds.

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. T. Rowe Price may have ongoing business and/or client relationships with the companies mentioned in this report.

Government of Brazil (1st Quarter 2023 Engagement)

Focus	Environment
Company Description	The Federative Republic of Brazil is the largest country in South America.
Engagement Objective	We engaged with the Government of Brazil on biodiversity and broader environmental targets.
Participants	From Government of Brazil: Head of Debt Issuance; Head of Brazilian Debt Investor Relations, Deputy Head of Brazilian Debt Investor Relations From T. Rowe Price: Sovereign Credit Analyst; Associate Portfolio Manager, Responsible Investing Analysts (2)
Engagement Outcome	We engaged with the Government of Brazil on biodiversity and broader environmental targets. Brazil's President Luiz Inácio Lula da Silva, who was sworn into office in January 2023, has stated publicly that his Administration has a desire to become a much stronger champion of the environment, particularly when compared to the Administration of his predecessor, Jair Bolsonaro. Under Bolsonaro, there was an increase in deforestation and greenhouse gas emissions. Our aim was to convey our views and request that at a sovereign level, Brazil uses the opportunity provided by the recent change in political leadership to: (1) set, track, and publish relevant sovereign-level biodiversity targets and data. This would include setting targets focused on limiting deforestation and/or promoting afforestation with quantitative metrics, and considering third-party verification of these targets, accompanied by regular (annual or biannual) public disclosure of progress. (2) track and publish relevant sovereign-level additional environmental targets and data, including those focused on clean energy generation, with quantitative metrics, and consider third-party verification of these targets, accompanied by regular (annual or biannual) public disclosure of progress. We also suggested that sovereign level ESG-labeled debt be considered as an option and, specifically, encouraged the sovereign issuer to develop a robust labeled debt framework, looking to leverage best practice examples seen among other sovereign issuers. We encouraged best practice in allocation of proceeds and requested quantitative post allocation reporting of key performance indicators. On the biodiversity and broader environmental metrics, the Government representatives broadly agreed with our recommendations and if appropriate, would look to action them. They acknowledged our input on ESG-labeled debt and further shared that a task force supported by the World Bank and the Inter-American Development Bank had been set up alongside relevant ministries (in the areas of environment, energy, and water). We will monitor whether the country publishes a sustainability framework and look to assess whether our recommendations are incorporated and acted on.

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. **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. **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. **Prepayment and extension -** Mortgage- and asset-backed securities could increase the fund's sensitivity to unexpected changes in interest rates. **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.

IMPORTANT INFORMATION

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