ESG INTEGRATION APPROACH

• The US Investment Grade 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 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 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.
## Becton Dickinson (3rd Quarter 2023 Engagement)

<table>
<thead>
<tr>
<th>Focus</th>
<th>Environment, Social, Governance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Company Description</strong></td>
<td>Becton Dickinson is a U.S. life sciences and medical equipment manufacturer.</td>
</tr>
<tr>
<td><strong>Engagement Objective</strong></td>
<td>We engaged with Becton Dickinson for a discussion focused on governance, impact, and climate strategy.</td>
</tr>
<tr>
<td><strong>Participants</strong></td>
<td>From Becton Dickinson: Corporate Secretary; Vice President ESG; Vice President Diversity, Equity, and Inclusion; Associate General Counsel (2); Senior Counsel From T. Rowe Price: Head of Corporate Governance; Responsible Investing Analyst</td>
</tr>
</tbody>
</table>

### Governance Items

We discussed a shareholder resolution from the 2023 annual general meeting that passed with 62% support. The proposal asked that a shareholder vote be convened every time a severance payout over a certain limit is paid out. These resolutions do not reflect U.S. market practice, and doing this would be impractical. For these reasons, we sided with management on that item. As a compromise, the company plans to adopt a policy capping the potential cash severance payouts for all executives, thus eliminating the need to have us vote on them. We believe this is a reasonable response to the vote’s mandate.

### Impact and Access to Health Care

Having highlighted access to health care as a gap in the company’s reporting in our third-quarter 2022 engagement, Becton Dickinson has since formalized a more comprehensive strategy underpinned by three pillars: (i) technology and innovation, (ii) public-private partnerships to enhance access, and (iii) investment in health system strengthening. The company intends to build on this framework in future iterations of its ESG report to provide additional disclosure and product case studies highlighting its work in this area.

We encouraged the company to also provide consistent quantitative key performance indicators (KPI) where possible in its reporting, to best evidence its impact. We highlighted several metrics, such as patients reached, which are increasingly reported by peers. We also suggested the company give greater prominence to this part of its strategy which is currently placed toward the end of its ESG disclosures.

### Climate Strategy

Becton Dickinson has already set a goal to reduce emissions 46% by 2030 and reach carbon neutrality by 2040. In line with previous feedback given to the company, it now intends to submit its near-term goal and a new longer-term net zero target for Science Based Targets initiative (SBTi) verification by the end of 2023. The company does not have a scope 3 target. We discussed how it is approaching developing a pathway to reduce its scope 3 footprint, and the company also intends to submit scope 3 targets for verification by SBTi this year. We encouraged Becton Dickinson to (i) expand existing disclosure on its scope 1-2 emissions reduction efforts and (ii) add new disclosure on its scope 3 emissions reduction glide path in future reporting.

We will monitor for additional disclosure on access to health care and impact (e.g., product case studies and quantitative KPIs). We will also continue to monitor for scope 3 net zero targets and pathway, a prior open ask from our previous engagement in the third quarter of 2022.

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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.

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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.
Eli Lilly (2nd Quarter 2023 Engagement)

<table>
<thead>
<tr>
<th>Focus</th>
<th>Environment, Social</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company Description</td>
<td>Eli Lilly &amp; Co. (Lilly) is a U.S. biopharmaceutical company.</td>
</tr>
<tr>
<td>Engagement Objective</td>
<td>We engaged with Lilly to discuss ESG disclosure, access to medicine, and climate strategy.</td>
</tr>
</tbody>
</table>
| Participants | From Lilly: Head of ESG Strategy; Investor Relations  
From T. Rowe Price: Portfolio Manager; Investment Analyst; Responsible Investing Analysts (2) |
| Engagement Outcome | We engaged with Lilly to discuss how it could improve its ESG reporting, its approach to access to medicine, and the company’s climate strategy.  
On the drug pricing front, Lilly receives significant attention for insulin pricing in the U.S. The company noted how it was the first of the three main producers to cut prices in March 2023, reducing the list price of Humalog and capping monthly out-of-pocket costs. On access to medicine, Lilly’s approach rests on three pillars: pipeline, partnerships, and programs to create more sustainable markets for pharmaceutical products. The company is making progress toward its 30x30 target (i.e., to reach 30 million patients a year in resource-limited areas by 2030), but we suggested it could improve disclosure of its strategy in its reporting.  
The popularity of GLP-1 agonists (drugs used to treat type 2 diabetes, some of which have been approved for weight loss) has raised concerns about promotional practices. In response, the company has implemented stricter monitoring of its sales agents for Mounjaro (a diabetes drug manufactured by Lilly for which the company is seeking regulatory approval to be covered for weight loss). It plans to do the same for similar drugs in the future.  
On climate strategy, Lilly set a goal to reach carbon neutrality in its operations by 2030. We provided feedback that setting an absolute emissions reduction target was a more credible approach and noted that a few other U.S. drugmakers (e.g., Merck) have set clear, Paris-aligned targets to reduce absolute scope 1-2 emissions.  
The engagement allowed us to request more transparency on Lilly’s access to medicine and climate strategies.

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>32.6%</td>
</tr>
</tbody>
</table>

RISKS - The following risks are materially relevant to the fund (refer to prospectus for further details): 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. Interest rate - Interest rate risk is the potential for losses in fixed-income investments as a result of 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. 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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