T. ROWE PRICE FUNDS SICAV

US Investment Grade Corporate Bond Fund – ESG Report

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

As of 30 June 2024

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 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.)
- 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.

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 investment-grade corporate bonds that are denominated in US Dollar including those from emerging markets issuers. 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.

Ford Motor Credit (2nd Quarter 2024 Engagement)

Focus	Environment, Governance
Company Description	Ford Motor Credit is the financing unit of automaker Ford Motor Company.
Engagement Objective	We engaged with Ford Motor Credit to discuss the automaker's electric vehicle (EV) strategy.
Participants	From Ford Motor Credit: Head of Fixed Income Investor Relations; Director, Global Funding; Director, Global Sustainability; Investor Relations Representatives From T. Rowe Price Associates, Inc: Responsible Investing Analyst, Investment Analyst
Engagement Outcome	We engaged with Ford Motor to discuss the impact of the company's updated EV strategy on its green bonds outstanding and prospective labeled and unlabeled issuance. Ford recently announced a slowdown in its EV pipeline to focus on hybrids and fuel-efficient internal combustion engine cars. It has also backed away from releasing EV volume targets, which clashes with what we typically require for impact strategies. The company has two green bonds on the market for a total amount outstanding of about USD 4bn. Management reassured us that its latest EV strategy has no impact on the existing green bonds, which are fully allocated to spending that has already been undertaken to support EV production, specifically for models on the road. Regarding future labeled issuance, however, Ford sees green bonds as just one financing tool, i.e., it will continue use the green format as and when it makes sense alongside unlabeled issuance.

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.

Barclays (2nd Quarter 2024 Engagement)

Focus	Environment, Social, Governance
Company Description	Barclays is a global financial services company headquartered in London.
Engagement Objective	We engaged with Barclays to discuss its climate reporting and offer recommendations on aligning with global best practice.
Participants	From Barclays: Head of ESG Investor Relations; Group Head of Sustainability, Head of Sustainable Finance, Corporate and Investment Bank From T. Rowe Price Associates, Inc: Responsible Investing Analyst
Engagement Outcome	We engaged with Barclays to discuss the bank's latest climate report. Although we regard the bank as a global leader in managing climate risks, we believed that some aspects of its climate strategy lagged the industry gold standard. We took the opportunity to provide several recommendations on how Barclays can align with global best practice. Management walked us through the efforts it undertook in 2023. On the policy front, Barclays tightened its policy language on financing oil and gas customers, including setting expectations for counterparties to have a transition plan and short-term emissions reduction targets to maintain a relationship with the bank. Barclays set financed emissions targets for the agriculture, commercial real estate, and aviation sectors, meeting its Net-Zero Banking Alliance commitments. It also gave more detail on its Client Transition Framework (CTF), which evaluates the credibility of counterparties' climate strategy across 80 variables. Barclays has scored 1,250 counterparties (on a 1 to 5 scale, with 5 being the worst) and established a Client Transition Review Forum to conduct escalated engagement on counterparties scoring 4 and 5. We were pleased with the level of detail Barclays offered about its CTF, including reporting the rating distribution of its energy and power clients, and encouraged the bank to report this scoring distribution over time to show clients' progress and to align with global best practice. In response, Barclays noted it could not report a like-for-like distribution after it made some changes in the framework's methodology in 2023. Regarding sustainable finance, Barclays remains on track to meet its 2030 target of USD 1 trillion, with USD 68 billion of sustainable finance in 2023. Management believes that the bank is uniquely positioned to capitalize on climate finance given its stature as a high street bank and a leading investment bank. While Barclays' sustainable finance reporting ranks among the best in Europe in terms of granularity, we encouraged the bank to report the revenue tied to these activities so that investors can better understand its impact on profitability. Barclays continues to demonstrate progress in its climate strategy and operates to a high standard. Some aspects of its climate strategy lag the industry gold standard, so we provided some best practice disclosure recommendations. In the next one to two years, we will monitor for Barclays to report counterparties' year-over-year progression on its CTF and to measure and report revenue related to sustainable financing activities.

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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	171	78.7	6,108	77.3
Orange	56	20.4	1,542	19.3
Red	0	0.0	120	1.8
Not in scope / not covered	9	-0.4	230	1.6
Reserves	1	1.4	0	0.0
Total	**237**	**100.0**	**8,000**	**100.0**

No/few Flags Medium Flags High Flags

The comparator benchmark of the Fund is the Bloomberg US Corporate Investment Grade Bond Index. 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%	34.5%
with Environmental Objectives	0.5%	6.8%
with Social Objectives	0.5%	27.7%

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 vale 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%	91.0%
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	32.5%	83.4%
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%	87.8%

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
$mtCO_2e$ - 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): 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.

ADDITIONAL DISCLOSURES

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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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