



T. ROWE PRICE FUNDS SICAV

Asia Credit Bond Fund – ESG Report

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

As of 31 December 2024

ESG APPROACH

- The Asia Credit Bond Fund uses environmental, social, and governance (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.)
- Our Asia Credit Bond Fund uses fundamental, bottom-up research to identify high-quality businesses as well as those with a greater long-term potential for external market rerating. As such, our primary emphasis is on company fundamentals, which include the consideration of environmental, social, and governance factors. We find that this long-standing investment philosophy tends to yield an ESG-friendly portfolio; however, 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 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 total return through income generation and capital appreciation, consistent with prudent investment management.

INVESTMENT PROCESS: The fund is classified as Article 8 under SFDR (the EU's Sustainable Finance Disclosure Regulation); it promotes, among other characteristics, environmental and/or social characteristics and the companies in which the investments are made follow good governance practices. The fund is actively managed and invests mainly in a diversified portfolio of transferable U.S. dollar denominated fixed income securities of issuers domiciled, or exercising the predominant part of their economic activity, in Asian countries including emerging markets, excluding Japan. 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 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.

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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.

First Abu Dhabi Bank (3rd Quarter 2024 Engagement)

Focus	Environment
Company Description	First Abu Dhabi Bank is one of the largest banks in the United Arab Emirates.
Engagement Objective	We requested a meeting with First Abu Dhabi Bank to discuss its sustainable bond framework.
Participants	From First Abu Dhabi Bank: Head of Sustainability From T. Rowe Price Associates, Inc.: Investment Analyst
Engagement Outcome	<p>Since 2019, we have had a series of ESG focused engagements with First Abu Dhabi Bank, where the company has demonstrated that it is a leader on ESG topics within the Middle East and North Africa region. First Abu Dhabi Bank has also been a frequent issuer of green bonds over recent years. While the company's framework scores well in our ESG-labelled bond framework, there are aspects of its sustainable bond framework that fall behind the industry gold standard, and we used this meeting as an opportunity to provide best practice disclosure recommendations on these points.</p> <p>Sustainable financing framework: There are aspects of First Abu Dhabi Bank's ESG-labelled bond framework that fall behind industry best practices. Notably, the bank does not report a lookback period, and its minimum thresholds for green buildings falls behind market standards. On the lookback period, the bank had concerns prescribing a specific time period given its greater focus on transition financing, which may take longer than usual for green projects. First Abu Dhabi confirmed it is speaking with the Climate Bonds Initiative to discuss how transition financing may influence the market standard for lookback periods. On the green building thresholds, the bank noted that given the cooling requirements in the Middle East, it is challenging for green buildings to meet the "Gold" standard. The government is in the process of creating a national taxonomy on green buildings as a result, and the bank is likely to move toward these standards in future frameworks.</p> <p>USD 600 million 2028 green bond: First Abu Dhabi Bank has issued a green bond where 15% of proceeds had been allocated to renewable energy and clean transportation projects as of March 2024. The bank believes it will be fully allocated by the time of the next allocation/impact report in March 2025 due to a large volume of clean transportation projects. It also confirmed that most of the proceeds allocated this year will be to new projects. We encouraged the bank to report the split between refinancing and financing in its upcoming report. We also discussed investor preferences for the issuer to receive limited assurance on both the allocation and impact data (rather than just on allocation data), and the bank said it may consider this for its 2026 report.</p> <p>Future issuance: The bank expects future issuance will remain in the green or social label going forward. Blue projects continue to be discussed within the industry, but the bank feels that eligible projects are primarily handled by the government and therefore does not envision issuing in this format. We also discussed the transition bonds, but the bank would like to see investors become more comfortable with the label before it considers issuing under this format.</p> <p>We were able to provide best practices disclosures feedback to First Abu Dhabi Bank to bring its sustainable financing framework and post-issuance reporting in line with the industry gold standard. We will monitor for First Abu Dhabi to report the financing versus refinancing split in its upcoming allocation report and for the bank to obtain limited assurance on allocation and impact data.</p>

Unless otherwise noted, data were provided by the company during the engagement or are available through company reports.

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.

Inner Mongolia Yili (2nd Quarter 2024 Engagement)

Focus	Environment, Social
Company Description	Inner Mongolia Yili (Yili) is a large dairy company operating in China.
Engagement Objective	We engaged with Yili on the company's climate strategy, water management, sustainable packaging, deforestation, and antibiotic use.
Participants	From Yili: ESG Strategists; Board Secretary; Investor Relations Representative From T. Rowe Price Associates, Inc.: Responsible Investing Analyst
Engagement Outcome	<p>We participated in a group engagement with Yili alongside the Farm Animal Investment Risk and Return Initiative (FAIRR) and other investors. We used this as an opportunity to discuss best practice and follow up on our feedback from our last engagement with the company in the fourth quarter of 2022. At the previous engagement, we imparted best practice on material ESG topics:</p> <ul style="list-style-type: none"> • measure and disclose groupwide Scope 1–3¹ emissions • disclose near-term emissions reduction targets in addition to the long-term carbon neutrality goal • measure and disclose groupwide water consumption data • disclose water reduction goals • disclose sustainable packaging goals <p>Climate disclosure: Yili explained that Scope 3 remains a challenge. The company has only managed to collect data on 5% of its total Scope 3 emissions in 2023 and aims to provide the full disclosure by 2030. This is in progress, with a new timeline proposed, and we will follow up for progress in 2026.</p> <p>Decarbonization strategy: In addition to its 2050 carbon neutrality goal, Yili has set some near-term targets, including -50% in the carbon emission intensity per ton of product by 2030 (versus 2012 baseline) and -35% carbon emission intensity of core raw milk suppliers by 2030 (versus 2021 baseline). These targets are not in line with Science Based Targets initiative (SBTi) 1.5°C pathway, but the company has already submitted some science-based targets to the SBTi for approval and expected to hear back the following month. We continued to encourage Yili to work toward setting a net zero target. The next step is for Yili to receive SBTi's approval on its science-based emissions reduction targets by 2025.</p> <p>Water management: Yili has recently started disclosing its groupwide water usage data. Water consumption per ton of product has been following a downward trend since 2020. In addition, the company has also disclosed its 2025 water reduction targets, most of which it has already achieved. Yili is in the process of updating its targets, which it will disclose in its report next year. We will monitor for progress.</p> <p>Sustainable packaging: Yili has set and disclosed some 2025 goals to reduce plastic use in its packaging, which we think is a good first step, but we do not think the targets are ambitious enough. We will continue to engage with Yili on the topic and encourage it to set more ambitious goals to bring it in line with global best practice.</p> <p>Deforestation: Yili is committed to zero deforestation by 2030, which includes a deforestation-free supply chain in soy (including livestock feed), palm oil, and pulp and paper following a push from its investors who are committed to zero biodiversity loss. The company is in the process of assessing the deforestation risks of its raw materials and requesting suppliers to sign a zero-deforestation commitment. We will monitor for progress on both targets, with a proposed timeline of 2026.</p> <p>Antibiotic use: Similar to our takeaway from the last meeting, Yili's focus is on complying with regulations and enhancing the awareness of antibiotic reduction of its partner farms, rather than prohibition. This is normal for this market. That said, we encouraged the company to work toward setting a groupwide responsible antibiotic use policy with a proposed timeline of 2026.</p>

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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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	78	64.2	738	48.7
● Orange	36	26.0	367	33.8
● Red	0	0.0	7	0.3
● Not in scope	0	0.0	0	0.0
● Not covered	7	7.0	343	17.2
● Reserves	1	2.8	0	0.0
Total	122	100.0	1,455	100.0

● No/few Flags ● Medium Flags ● High Flags

The comparator benchmark of the Fund is the J.P. Morgan Asia Credit Index Diversified. 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	29.5
with Environmental Objectives	0.5	10.4
with Social Objectives	0.5	19.0

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%	90.5%
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	18.2%	71.5%
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%	83.1%

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. Country (China) - Chinese investments may be subject to higher levels of risks such as liquidity, currency, regulatory and legal risks due to the structure of the local market. 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. 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. 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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