T.RowePrice

T. ROWE PRICE FUNDS SICAV

Dynamic Global Bond Fund – ESG Report

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

As of 31 December 2024

ESG APPROACH

- The Dynamic Global Bond Fund uses environmental, social, and governance (ESG) integration as part of its investment process by incorporating environmental, social and governance factors to enhance investment decisions. Our philosophy is that ESG factors are a component of the investment decision—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.)
- To construct the portfolio, we identify the best risk/reward opportunities from the global fixed income universe. Proprietary bottom-up research is key and includes the assessment of ESG factors by our analysts, who collaborate with the dedicated ESG specialist team. We also regularly screen the portfolio using T. Rowe Price's proprietary RIIM analysis, which 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 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). The fund applies the T. Rowe Price RIIM Rating Criteria. 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 generate income while offering some protection against rising interest rates and a low correlation with equity markets.

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 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, 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.

UBS (4th Quarter 2024 Engagement)

Focus	Governance
Company Description	UBS is a wealth management, investment banking, and asset management firm.
Engagement Objective	We engaged with UBS on controls.
Participants	From UBS: Chair From T. Rowe Price Associates, Inc.: Head of Governance, EMEA and APAC; Responsible Investing Analyst
Engagement Outcome	The company provided an update on its discussions with policymakers. The Parliamentary Committee will report by the end of 2024 on the reasons for the collapse of Credit Suisse (CS). Recommendations will be made in early 2025, which are likely to grant FINMA, the Swiss Financial Market Supervisory Authority, new powers. There is a parallel discussion with the Swiss finance minister about capital requirements. UBS strongly disagrees on the policymakers' view that additional capital is required. The new rule will be finalized in the first quarter of 2025 at the earliest. UBS expects it will be an acceptable solution that will not impact current forecasts. **Governance** • Succession planning remains on the Board's agenda, although Group Chief Executive Officer Sergio Ermotti still has another three and a half years to serve in the role. UBS expects to have a strong slate of internal candidates who will be introduced to shareholders at an appropriate time. • There is a strong non-executive director lined up for the 2026 annual general meeting (AGM) who brings accounting and technology controls experience. • A vote on the capital band may come in at the 2026 AGM. **Integration** • The integration between USB and CS is progressing well and to time. The most difficult part—to integrate technology platforms and clients—is still to come. • When UBS was reviewing the CS Human Resources files, there was a pattern of individuals being allowed to stay in the business after they received multiple warnings. UBS has a more strictly applied process where warnings escalate from verbal to written to final and impact compensation. **Sustainability** • The chair remained concerned about the risk of greenwashing as it relates to ESG position statements. As a result, it is unlikely that UBS will have a prescriptive policy on specific topics (e.g., palm oil, drilling) and instead focus on the opportunities that come with transition advice and sustainable financing solutions. • The chairman expressed similar concerns on how progressive the European Central Bank has been on climate risks. He believes that integrating climate risks into the capital regime remains years away given potential risks to economic growth and the global competitiveness of the EU banking sector.

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.

HDFC Bank (4th Quarter 2023 Engagement)

Focus	Environment
Company Description	HDFC Bank is a private bank in India.
Engagement Objective	We engaged with the bank to discuss its climate strategy and the current regulatory environment in India.
Participants	From HDFC Bank: ESG Head From T. Rowe Price Associates, Inc.: Investment Analyst, Responsible Investing Analyst
Engagement Outcome	We joined a collaborative investor meeting with HDFC Bank as part of the Emerging Market Investor Alliance. The aim was to discuss the steps the bank has taken to formulate its climate strategy and to better understand the regulatory environment in India. HDFC Bank lags its emerging market peers in not having a formal strategy in place to measure and set reduction targets linked to the financed emissions on its loan book. The bank has undertaken a pilot project on its mortgage portfolio and is working with a start-up to estimate the financed emissions for customers. We encouraged the company to provide additional disclosure on this pilot study in the upcoming integrated annual report. We also recommended the bank provide information on its sustainable financing efforts as it looks to scale up the green and social assets on its balance sheet. The Securities and Exchange Board of India, a leading regulator, requires the top 1,000 companies by market capitalization to publish an annual business responsibility and sustainability report. The regulator recently made further amendments, requiring the top 150 companies to report nine key parameters that are subject to reasonable assurance by March 31, 2024. The bank clarified that the parameters are sector agnostic and, therefore, it has struggled to measure some of them (e.g., water use from its entire branch network), which are less financially material to the sector. The bank also explained that the Reserve Bank of India developed a sustainable financing framework in July 2022 requiring banks to consider climate risks, with a consultation paper in progress to examine appropriate next steps. We were encouraged that HDFC Bank has begun to measure the financed emissions on its loan book but believe the bank remains behind emerging market peers in its climate strategy. Therefore, we provided several disclosure recommendations that would bring it in line with regional peers. We will monitor for: (1) HDFC Bank to report on its initial efforts to measure and manage its financed emissions and (2) the bank to report on its sustainable financing efforts.

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

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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.

The data in the table below is the RIIM Weighted Average Score which is a combined Environmental. Social and Governance score for the portfolio, and which is used to measure the Sustainability Indicator for the Fund. It differs to the overall RIIM Indicator Score which is determined by the worst of the Environmental, Social and Governance scores.

	Portfolio	
	No. of securities	% weight
Green	148	79.3
Orange	8	0.6
Red	11	0.6
Not in scope	78	4.6
Not covered	12	0.9
Reserves	1	13.9
Total	**258**	**100.0**

No/few Flags Medium Flags High Flags

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 to maintain at least 50% of the value of its portfolio invested in issuers and/or securities that are rated “Green” by the T. Rowe Price proprietary Responsible Investor Indicator Model (“RIIM”).

The percentage exposure of the fund in issuers and/or securities that are rated “Green” is:

	Target Minimum Commitment %	Fund Exposure %
Green Issuers/Securities	50.0	79.3

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 (%)
16. Investee countries subject to social violations	Number of investee countries subject to social violations.	Absolute number	0	67.0%

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): 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

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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