T. ROWE PRICE FUNDS SICAV

Euro Corporate Bond Fund – ESG Report

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

As of 31 December 2024

ESG APPROACH

- The Euro 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 aims to generate alpha through security selection based on bottom-up research. By drawing on our global research resources and analyst teams, we aim to identify positive idiosyncratic stories and names that can perform over the long term. As such, our primary emphasis is on company fundamentals, which include the consideration of environmental, social, and governance factors. We find that this longstanding investment philosophy tends to yield an ESG-friendly portfolio; however, we also screen the portfolio using 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.
- 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 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 corporate bonds that are denominated in euro. 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.

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.

Credit Agricole (4th Quarter 2024 Engagement)

Focus	Environment
Company Description	Credit Agricole is a French international banking group.
Engagement Objective	We engaged with Credit Agricole for a discussion on climate regulation; financed emissions; customer transition plans; sustainable finance; and ESG bonds.
Participants	From Credit Agricole: Investor Relations (IR) and ESG Representative; Funding Representatives; IR Representative From T. Rowe Price Associates, Inc.: Responsible Investing Analyst
Engagement Outcome	Credit Agricole is broadly in line with European peers in its climate strategy but falls behind global best practice in areas such as facilitated emissions and customer transition plans. **Climate policy and regulatory environment:** The bank acknowledged the growing bifurcation between European (i.e., European Central Bank or ECB) and other (e.g., U.S. Federal Reserve) banking regulations on the management of climate risks. As expected, the bank expressed concerns that if the ECB requires European Union (EU) banks to hold additional capital for climate risks, it would make it more challenging for EU banks to be competitive on the global scale. Credit Agricole also questioned the empirical evidence, with the bank not seeing any risk premium attached to “brown” loans relative to “green” loans (the bank is seeing the opposite, where unscaled clean energy is seen as riskier). The bank also shared its concerns around regulatory fatigue, with the upcoming Corporate Sustainability Reporting Directive (CSRD) requirements an excessive strain on resources. **Financed emissions:** Credit Agricole provided a progress report on its climate strategy. The bank is ahead on its oil and gas financed emissions reduction targets (due to reducing its exposure to end clients) and has therefore raised the ambition of its emissions reduction goal. Credit Agricole continues to work on facilitated emissions and is hoping to set emissions reduction targets tied to these activities by the end of 2025, broadly in line with the rest of the industry. **Customer transition plans:** The bank had fallen behind peers, with limited information on how it assesses the transition plans of its customers, but we would commend the bank for increased disclosure in 2024. The assessment was previously only focused on the oil and gas sector but has extended this to five high-emitting sectors in 2024. Credit Agricole noted that one-third of all loans are sustainability-linked loans, whereby the customer will receive better pricing if it meets predefined sustainability targets. However, the bank still falls behind global best practice in not demonstrating how the clients’ transition plans are maturing over time, and we highlighted several peers demonstrating best practice. **Sustainable finance:** The bank launched a subsidiary, Credit Agricole Transition & Energies, in 2023 to help provide climate and transition finance to customers. We encouraged the bank to report a revenue figure tied to this subsidiary so that investors can measure the impact its sustainable financing efforts are having on the income statement. The bank is also consulting internally whether to set a forward-looking goal for this subsidiary as part of its medium-term sustainability plan (2025–2030). **ESG funding needs:** Credit Agricole noted that its funding needs for 2025 will be slightly lower than 2024 (EUR 24 billion) and expects most 2025 funding to come in euro green format. We discussed the bank’s appetite for thematic bonds (e.g., transition, affordable housing, gender, blue), but it expects to remain focused on the green label given the large pool of green buildings on the balance sheet. We continue to see Credit Agricole’s climate strategy as being broadly in line with European peers but acknowledge the continued improvement during 2024. We made a series of recommendations during the meeting to help bring the bank in line with global best practice.

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.

Renault (3rd Quarter 2024 Engagement)

Focus	Environment, Social
Company Description	Renault is a French automobile manufacturer.
Engagement Objective	We engaged with Renault on supply chain human rights risks and 2025 European Union (EU) CO_2 compliance goals.
Participants	From Renault: Vice President, Sustainability; Investor Relations Representative From T. Rowe Price Associates, Inc.: Responsible Investing Analyst, Other Investors
Engagement Outcome	**Supply chain human rights risks** Having transparency on the human rights treatment and the operations of lower-tier suppliers is a challenge, but Renault is taking several steps to improve monitoring and reporting. More than 140 audits on tier 1 suppliers have already been conducted over the past few years, and the company is now working on a heatmap to identify key risks and prioritize on-site audits for lower-tier suppliers in higher-risk regions (i.e., China, Brazil, India, Morocco, Türkiye). Renault is also working to improve disclosure of key environmental and social risks of specific electric vehicle (EV)-critical minerals and is planning to publish an updated vigilance report covering 18 critical minerals around July 2025. There are also plans to set up direct partnerships with mine sites to have people on the ground and gain direct visibility on the sustainability of mining operations, which we haven't heard of from other original equipment manufacturers (OEMs). We provided positive feedback on all of these initiatives. For the updated vigilance report, we suggested Renault look at Volkswagen and Mercedes as best practice examples. We will monitor for progress on the updated reporting covering the key risks for each EV critical mineral. **2025 EU CO_2 compliance goals** Renault is well positioned to achieve the 2025 EU CO_2 compliance goals as it would require an electric vehicle sales mix in the region of just below 20% to achieve compliance next year versus 10%–15% expected for this year. As a result, the company is not advocating to postpone the 2025 targets. What helps Renault in practice is the lower weight and smaller size of its internal combustion engine (ICE) vehicles, meaning the company does not require a significant uptick in EV sales mix to compensate any extra CO_2 from ICEs. In addition, the company has a good product lineup for the next 12–18 months skewed toward the mass segment at competitive pricing, which should help attract EV demand in the near term. The company made it clear that it does not need to pool with another OEM to achieve compliance in 2025 and that fines are not an option. That all being said, the company has a relatively gloomier outlook toward the 2030 and 2035 CO_2 regulatory targets in the EU. While the company is not advocating for any targets delay, there are concerns in Europe around the lack of EV incentives, the advent of cheap Chinese EVs for the mass market, the concentration and geopolitical risks of the EV battery supply chain, and the potential for tariffs against China to become unsustainable in the medium/long term. Renault thinks the EU needs to implement stronger policies and reintroduce EV incentives for the market to pick up. The engagement allowed us to provide the company with feedback on its supply chain human rights risk management practices and strategy to achieve the 2025 EU CO_2 compliance goals and to highlight several suggestions for improved disclosure.

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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	290	90.2	3,368	88.9
Orange	16	6.9	325	9.2
Red	0	0.0	31	0.8
Not in scope	6	-1.6	0	0.0
Not covered	8	1.0	61	1.1
Reserves	1	3.4	0	0.0
Total	**321**	**100.0**	**3,785**	**100.0**

● No/few Flags ● Medium Flags ● High Flags

The comparator benchmark of the Fund is the Bloomberg Euro-Aggregate:Corporates Bond Index EUR. 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	54.4
with Environmental Objectives	0.5	19.6
with Social Objectives	0.5	34.9

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 (EUR):

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%	98.6%
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	40.4%	87.8%
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%	97.5%

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): 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. 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. 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. 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.

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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