T. ROWE PRICE FUNDS SICAV

Emerging Local Markets Bond Fund – ESG Report

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

As of 31 December 2024

ESG APPROACH

- The Emerging Local Markets Bond Fund uses environmental, social, and governance (ESG) integration as part of its investment process. By incorporating ESG considerations into our investment process, we seek to understand the range of ESG risks, together with many other investment criteria, to better position ourselves to deliver consistent, strong long-term returns for our clients.
- 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.)
- We seek to build a best-ideas portfolio through bottom-up research that emphasizes the best risk-adjusted value across the opportunity set, while also ensuring appropriate diversification for risk considerations. Our focus is primarily on sovereign debt denominated in the currency of the respective country, and we aim to integrate proprietary research and relative value analysis with a consideration for the ESG profile of the sovereign. We establish an independent credit rating by country and aim to add value through active country, currency, and individual security selection decisions.
- 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 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 bonds of all types from emerging market issuers, with a focus on bonds that are denominated in the local currency. 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 and debt securities. 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.

BNP Paribas (2nd Quarter 2024 Engagement)

Focus	Environment, Social, Governance
Company Description	BNP Paribas is a French universal bank.
Engagement Objective	We engaged with BNP Paribas on board composition, succession, and sustainability.
Participants	From BNP Paribas: Chair From T. Rowe Price Associates, Inc.: Head of Governance, EMEA and APAC; Corporate Governance Analyst
Engagement Outcome	**Board composition** At the 2024 annual general meeting (AGM), BNP Paribas proposes the reelection and appointment of the following directors: • Christian Noyer, chair of the Financial Statements Committee and a member of the Internal Control, Risk Management and Compliance Committee; he has a strong background in banking, finance, international business operations, risk, and regulatory monitoring. • Marie Christine Lombard, chair of the GEODIS executive board and a member of the Remuneration Committee; she was appointed following the departure of Professor Rajna Gibson Brandon, who resigned due to personal reasons. • Annemarie Straathof, who has a strong background in risk, regulation monitoring, CSR, and AML/CFT. • Juliette Brisac, a director representing employee shareholders. During the internal selection process, the Board recommended Juliette as she represents the largest group of employee shareholders and has been a board member for three years, so there is no need to spend time onboarding a new candidate. The company conducted a board assessment in 2023, which was facilitated by Russell Reynolds and included feedback from investors and proxy advisors. BNP Paribas continues to focus on recruiting high-quality board members, ideally those with large global company experience but also experience of relevant local markets. The workload has increased due to the European Central Bank (ECB) policies and new regulations. BNP did a benchmark analysis and found that the peers offer 3–4x higher board member fees, and therefore it proposed to increase the total package of director fees by 20% year on year to address the gap. There are no changes to the chief executive officer’s (CEO) remuneration, but the company proposes to increase the deputy CEO's fixed salary by 20% to close the pay gap versus peers. **Succession** We asked the chair for an update on how the company is preparing for the next CEO, as CEO Jean-Laurent Bonnafe is 62. The company is trying to grow the internal bench while also looking outside. We expect 2025 will be a key year for the succession process as a new strategy will be prepared. **Sustainability** BNP implemented an ESG assessment framework to identify, assess, and monitor the performance and ESG risks of corporate clients by sector; to offer a common and systematic approach within the group for clients within the credit process and Know Your Customer process; and to exercise greater control over the ESG dimensions during credit committees. The bank also made the decision to stop financing fossil fuel projects in 2023, which improved the bank's ESG profile versus 2022. The engagement allowed us to gain a better understanding of board composition and sustainability, and the meeting informed our voting at the 2024 AGM.

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.

Nova Ljubljanska Banka (4th Quarter 2023 Engagement)

Focus	Environment, Governance
Company Description	Nova Ljubljanska is a bank operating primarily in Slovenia.
Engagement Objective	We engaged with the bank on climate strategy, green bonds, and remuneration.
Participants	From Nova Ljubljanska Banka (NLB): Chief Financial Officer; Head of Sustainability; Investor Relations representative From T. Rowe Price Associates, Inc: Head of Governance; Responsible Investing Analyst
Engagement Outcome	We met with the bank to (i) make disclosure and target-setting recommendations relating to its climate strategy, (ii) conduct due diligence on its green bond issuance, and (iii) share our feedback on the 2023 annual general meeting (AGM) results. **Carbon emissions:** The bank reports its scope 1-2[1] emissions and some scope 3 emissions categories but falls behind its peers in having no forward-looking metrics. We recommended the bank set a science-based or net zero target for its scope 1-2 emissions. **Financed emissions:** NLB has measured the financed emissions across its balance sheet and expects to set sectoral targets for the residential and commercial real estate, power production, transportation, iron and steel, and manufacturing industries by November 2023. These targets will focus on drawn loans only, and we recommended the bank include undrawn commitments within its measurement and target setting to bring NLB in line with industry best practice. **Client engagement:** NLB has begun engaging with clients deemed to have high climate risk, and the bank walked through the qualitative and quantitative factors that go into this assessment. We recommended the bank publicly disclose its client engagement strategy in the upcoming climate report, and we provided examples of best practice from peers. **Green bond framework:** The bank issued a EUR 500 million green bond in June 2023 and has already allocated EUR 200 million toward energy efficiency (45%), renewable energy (25%), clean transport (20%), and green building (10%) projects. We also provided several recommendations to the bank, including reporting the financing/refinancing split of proceeds, adding restrictions on unallocated proceeds, obtaining an audit report for post-issuance reporting, and reporting impact key performance indicators (KPIs) alongside the International Capital Market Association's (ICMA)'s core KPIs. **Remuneration:** We explained that we had voted against the remuneration report at the 2023 AGM because the degree of achievement of the bonus metrics was not included within the remuneration report. The company said this was an issue that other investors had also raised, and it does not expect it to be an issue at the 2024 AGM. We are pleased with the progress the bank is making on its climate strategy and made several recommendations relating to disclosure and target setting to bring it in line with industry best practice.

[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.

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

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		Benchmark	
	No. of securities	% weight	No. of securities	% weight
Green	85	72.8	354	87.8
Orange	19	16.2	35	12.1
Red	0	0.0	0	0.0
Not in scope	59	0.2	2	0.0
Not covered	4	1.9	0	0.0
Reserves	1	8.9	0	0.0
Total	**168**	**100.0**	**391**	**100.0**

No/few Flags Medium Flags High Flags

The comparator benchmark of the Fund is the J.P. Morgan Government Bond Index- Emerging Markets Global 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 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	72.8

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	88.3%

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. 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. Country (Russia and Ukraine) - Russian and Ukrainian investments may be subject to higher risks associated with custody and counterparties, liquidity, market disruptions, as well as strong or sudden political risks. 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. 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. 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. 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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