T. ROWE PRICE FUNDS SICAV

Emerging 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 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.)
- Our security selection process emphasizes identifying the best issues across the capital structure of a country or company. Our research and trading teams work seamlessly together to evaluate the fundamentals, ESG profile, valuation and technicals across an issuer or country's outstanding debt set to access the best risk-adjusted positions for inclusion in the portfolio. The ESG analysis helps the portfolio manager to identify where there may be elevated ESG risks across the portfolio and help him to determine how material an impact those risks may have in order to inform his decision-making.
- 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. 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.

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.

Malaysia (2nd Quarter 2024 Engagement)

Focus	Environment, Social, Governance
Company Description	Malaysia
Engagement Objective	We engaged with representatives of Malaysia to provide feedback on ESG disclosure.
Participants	From Bursa Malaysia: Senior Vice President, Corporate Governance and Sustainability From T. Rowe Price Associates, Inc.: Head of ESG, Fixed Income
Engagement Outcome	We engaged with Bursa Malaysia, which was acting on behalf of the Securities Commission Malaysia (SC). The SC, with endorsement from the Ministry of Finance, has set up a national-level Advisory Committee on Sustainability Reporting (ACSR) to support the implementation of the International Sustainability Standards Board (ISSB) Standards in Malaysia. Chaired by the SC, ACSR comprises representatives from the Malaysian Audit Oversight Board, Bank Negara Malaysia, the Companies Commission of Malaysia, Bursa Malaysia, and the Financial Reporting Foundation. We participated in an ACSR survey on Malaysia's National Sustainability Reporting Framework (NSRF). This survey forms part of the larger consultation to seek feedback on the use of the standards issued by the ISSB, specifically International Financial Reporting Standards (IFRS) S1 General Requirements for Disclosure of Sustainability-related Financial Information (IFRS S1) and IFRS S2 Climate-related Disclosures (IFRS S2), collectively referred to as the ISSB Standards, and a sustainability assurance framework in Malaysia. One of the proposed approaches in the Consultation Paper is to mandate the use of the ISSB Standards for listed companies, as well as large non-listed companies. The latter is defined as those with annual revenue of Malaysian ringgit (RM) 2 billion (~USD 422 million) and above. In terms of next steps, we will track and monitor progress on whether our feedback encouraging the adoption of a more systematic national sustainability reporting framework is actioned across all Malaysian corporates with annual revenue of RM 2 billion and above.

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.

Serbia (2nd Quarter 2024 Engagement)

Focus	Environment
Company Description	Republic of Serbia
Engagement Objective	We engaged with Serbian officials to discuss the country’s energy and greenhouse gas (GHG) emissions.
Participants	From Ministry of Finance, Serbia: State Secretary; Senior Advisor From T. Rowe Price Associates, Inc.: Investment Analyst; Head of ESG, Fixed Income
Engagement Outcome	Our Responsible Investing team and fundamental sovereign credit teams collaborated on an ESG sovereign engagement with the Republic of Serbia. **Energy and GHG Emissions (Environmental) 2050 Net Zero Target and Decarbonization of Generation** • Serbia has not directly/officially communicated a sovereign net zero target. However, indirectly through its participation in the Energy Community, an international organization consisting of the European Union (EU) and a number of non-EU countries, Serbia has committed to adopting the EU Climate Law, which could makes achieving net zero by 2050 legally binding. • In our engagement with representatives of Serbia, we offered feedback on why arguably having a 2050 sovereign net zero target is important, a fact that the representatives acknowledged and indicated they anticipated rectifying in the next 18 months. • Serbia has very heavy exposure to coal-fired electricity generation, which constitutes >70% of generation, within which lignite, which is the lowest-grade coal (highest carbon concentration), is around 62 percentage points. • This legacy position has a lot to do with the country’s substantial lignite reserves of around 7.1 billion tons, which are second only to Germany and Türkiye in Europe. • Serbia’s coal-power generation fleet has an average age of 53 years. • As part of Serbia’s EU membership process, among other considerations decarbonization has been a key focus area, as it has for Serbia’s multi-lateral partners and financers, such as the World Bank. • Potential economic consequences of not investing in reliable, clean energy generation were also driven home two winters ago when unusually heavy and wet snow caused issues with coal mining, prompting Serbia to resort to very high cost imported electricity. • We shared our feedback on why not de-carbonizing coal-fired generation, in particular lignite, could prove problematic over the medium term as trapped asset risk increases and why it seemed prudent to focus on a generation mix shift that delivers energy security, lower costs, and decarbonization. • The representatives of Serbia broadly agreed with our perspective. While progress would not occur on day 1, they felt implementing the National Energy Climate Plan, along with investing to meet the sovereign renewable energy target of ~34% renewable generation by 2030, would evidence progress. There are two next steps: 2050 Net Zero Target: We will track and monitor progress on whether our feedback for an updated nationally determined contribution with a net zero target is actioned. De-carbonization of Generation: We will track and monitor progress on whether Serbia shows signs of de-carbonizing electricity generation, with particular focus on investments made in this regard. .

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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		Benchmark	
	No. of securities	% weight	No. of securities	% weight
Green	163	58.6	565	60.2
Orange	109	36.7	293	32.8
Red	0	0.0	0	0.0
Not in scope	0	0.0	8	0.3
Not covered	5	1.0	112	6.7
Reserves	1	3.7	0	0.0
Total	**278**	**100.0**	**978**	**100.0**

● No/few Flags ● Medium Flags ● High Flags

The comparator benchmark of the Fund is the J.P. Morgan Emerging Markets Bond Index 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	58.6

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	69.9%

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. 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. 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.

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. 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

Information has been obtained from sources believed to be reliable but J.P. Morgan does not warrant its completeness or accuracy. The index is used with permission. The Index may not be copied, used, or distributed without J.P. Morgan's prior written approval.

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

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