



T. ROWE PRICE FUNDS SICAV

## Emerging Markets Corporate 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 Corporate Bond Fund uses ESG integration by incorporating ESG factors into our investment process in order to enhance investment outcomes. 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. We seek to understand the range of ESG risks, together with many other investment criteria, to better position ourselves in order to deliver consistent, superior 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 primary emphasis is on fundamentals, which include the consideration of environmental, social, and governance factors. We find that this process tends to yield an ESG-friendly set of investments; 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. 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 managers to identify where there may be elevated ESG risks across the portfolio and help them to determine how material an impact those risks may have in order to inform their 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 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 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 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 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.

## Minsur (3<sup>rd</sup> Quarter 2024 Engagement)

<b>Focus</b>	Environment
<b>Company Description</b>	Minsur is a Peru-based mining company engaged in the extraction, foundation, and refining of tin and copper.
<b>Engagement Objective</b>	We engaged with Minsur on water management and climate strategy.
<b>Participants</b>	From Minsur: Environmental Manager; Corporate Superintendent of Water Resources  From T. Rowe Price Associates, Inc.: Responsible Investing Analyst
<b>Engagement Outcome</b>	<p>We engaged with Minsur to discuss its approach to water management and to understand whether the company intends to set water reduction goals. We also wanted to ask whether it planned to set any Scope 31 greenhouse gas (GHG) reduction targets.</p> <p><b>Water management</b></p> <p>Minsur is working toward setting a water goal for 2030. With the help of a consultant, it has been working to establish a water-use baseline and on a study to define its water efficiency goals. It believes that this should be ready by the end of this year and hopes to publish the targets in 2025.</p> <p>It is focusing its efforts on two key performance indicators: water intensity (per ton of mineral) and water re-use/re-circulation.</p> <p>As well as 2030 targets, Minsur will look to establish short-, medium- and long-term goals. Its initial efforts will be on low hanging fruit, and then it will move to more capital-intensive water reduction measures further down the line. The company is also working with its consultant to benchmark its performance against peers in the mining industry.</p> <p>Incremental opportunities for desalination are limited for Minsur—it already uses a desalination plant at its Mina Justa asset, and the Pisco refinery is its only other asset that is close enough to the coast for desalination to be feasible.</p> <p>Although its Pucamarca asset is highly exposed to water stress, Minsur has a good solution where it uses a source of water (Azufre River) that is extremely acidic and high in sulfur and cannot be used by communities or alternative industries and therefore is not competition with other users.</p> <p><b>Climate strategy</b></p> <p>Minsur has a net zero target for 2050 covering Scope 1–2<sup>1</sup> emissions. It also aims to reduce its Scope 1–2 emissions 30% by 2030. It does not have any Scope 3 targets yet. Minsur told us that it intends to establish a goal on Scope 3 and already has an internal goal on Scope 3. It wants to make sure that this is robust before it is made public, however. It has begun speaking to suppliers and contractors related to its Scope 3 efforts.</p> <p>We were pleased with the quality of Minsur’s water management programs, and the company intends to set targets related to both water usage and Scope 3 GHG emissions in the next year or so. We will track progress on both these targets.</p>

<sup>1</sup> 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.

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.

## Compania de Minas Buenaventura (3<sup>rd</sup> Quarter 2024 Engagement)

<b>Focus</b>	Environment
<b>Company Description</b>	Compania de Minas Buenaventura (Buenaventura) is a Peruvian precious metals mining company.
<b>Engagement Objective</b>	We engaged with Buenaventura on the company's climate strategy and water management.
<b>Participants</b>	From Buenaventura: Head of Environmental Sustainability and Water Resources; Senior Financial Analyst; Investor Relations Representative  From T. Rowe Price Associates, Inc.: Responsible Investing Analyst; Investment Analyst
<b>Engagement Outcome</b>	<p>We engaged with Buenaventura to discuss various climate issues, with a focus on emissions reduction targets and water management. The company has published its Scope 1–3<sup>1</sup> emissions footprint. Now that Buenaventura has established a baseline for its greenhouse gas footprint, management indicated that it is more confident setting a decarbonization target and aims to set one within the next 12 months.</p> <p>Regarding water management, water scarcity risk is not an issue given the location of its assets (i.e., Peru) and the rainfall in the regions where it operates. Flooding is an emerging risk, however. Buenaventura's water recirculation rate is high, meaning that most of water withdrawals come from its tailings dams, and fresh water accounts for about one-fifth of total water usage. The company aims to increase the recirculation rate in its underground mines from 84% to 87% over the three years until 2027. Management is updating its sustainability and materiality matrix and aims to publish new ESG targets in 2025, including water-specific targets.</p> <p>The engagement gave us an opportunity to get an update on Buenaventura's climate progress and learn about its plans to set greenhouse gas reduction targets. Over the next year, we will monitor for the company to publish its 2030 decarbonization road map and set a water-related target.</p>

<sup>1</sup> 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.

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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	118	65.9	1,166	64.0
● Orange	44	22.5	353	23.3
● Red	0	0.0	14	1.2
● Not in scope	0	0.0	0	0.0
● Not covered	15	7.7	249	11.4
● Reserves	1	3.8	0	0.0
<b>Total</b>	<b>178</b>	<b>100.0</b>	<b>1,782</b>	<b>100.0</b>

● No/few Flags ● Medium Flags ● High Flags

The comparator benchmark of the Fund is the J.P. Morgan CEMBI Broad 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	31.7
with Environmental Objectives	0.5	8.7
with Social Objectives	0.5	23.0

## 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%	93.8%
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	18.7%	73.0%
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%	84.9%

## 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<sub>2</sub>e** - 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. 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. 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](http://www.troweprice.com). The Management Company reserves the right to terminate marketing arrangements.

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