



T. ROWE PRICE FUNDS SICAV

## Global Impact Short Duration Bond Fund – ESG Report

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

As of 31 December 2025

### ESG APPROACH

- The T. Rowe Price Global Impact Short Duration Bond Fund uses ESG integration as part of its investment process. This means incorporating the analysis of governance and sustainability factors for the purpose of maximizing financial performance. Our philosophy is that governance and sustainability factors are evaluated alongside more traditional investment factors such as valuation, financials, industry trends and macroeconomics. Where these factors are financially material, they are considered as part of the investment decision.
- ESG integration at T. Rowe Price is a collaborative process between portfolio managers, research analysts, and dedicated ESG specialist resources. Our specialist governance and sustainability teams at T. Rowe Price Associates, Inc. (TRPA) and T. Rowe Price Investment Management, Inc. (TRPIM) provide investment research on environmental, social, and governance issues at the security and industry level, and on thematic topics. Our equity and credit analysts utilize governance and sustainability research in their fundamental analysis (where financially material). TRPA and TRPIM have each built a proprietary responsible investing indicator model (collectively RIIM<sup>1</sup>), which forms the foundation of our ESG integration process.

<sup>1</sup> RIIM refers to the proprietary responsible investing indicator models built by TRPA and TRPIM. RIIM rates issuers using a traffic light system; where green indicates no/few ESG concerns, orange indicates medium ESG concerns, and red indicates high ESG concerns/risk. The TRPA RIIM model has a framework for rating corporate, sovereign, securitized and municipal issuers, whereas the TRPIM RIIM model only has a framework for rating corporate issuers. TRPIM was established as a separately registered U.S. investment adviser, with a separate ESG team from TRPA. Decisions for the TRPA and TRPIM ESG teams are made completely independently but use a similar approach, framework, and philosophy.

**INVESTMENT OBJECTIVE:** To have a positive impact on the environment and society by investing in sustainable investments, where the companies' current or future business activities are expected to generate a positive impact whilst at the same time seeking to increase the value of its shares through both growth in the value of, and income from, its investments.

**INVESTMENT PROCESS:** The fund is actively managed and invests mainly in a diversified portfolio of shorter maturity bonds from issuers around the world, including emerging markets. The fund has sustainable investment as an objective that the fund aims to achieve through its commitment to only invest in sustainable investments (excluding cash and derivatives used for portfolio management techniques for the purpose of hedging, liquidity management and risk reduction). The investment manager will use T. Rowe Price's in-house proprietary impact screening process to select companies for its portfolio. Each company selected for inclusion in the fund's portfolio has current or future business activities that are expected to generate a material and measurable positive impact under one of the two impact pillars: Climate and Resources Impact and Social Equity and Quality of Life. In addition, the investment manager will invest in ESG-labelled bonds that fund projects deemed to generate material and measurable impact, tied to one of the two impact pillars. ESG-labelled bonds will be analysed through T. Rowe Price's in-house proprietary ESG-labelled bond model, which assess the security's ESG's profile, sustainable finance framework, use of proceeds, and post-issuance reporting. The fund may use derivatives for hedging and efficient portfolio management. 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.

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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.

## Standard Chartered (4<sup>th</sup> Quarter 2025 Engagement)

<b>Focus</b>	Environment
<b>Company Description</b>	Standard Chartered is an international banking group operating principally in Asia, Africa, and the Middle East.
<b>Engagement Objective</b>	We engaged with Standard Chartered on the bank's future labelled bond issuances, disclosure around its sustainability bond framework, and allocation to green buildings.
<b>Participants</b>	<p>From Standard Chartered: Sustainable Finance Solutions Representative; Global Head of Sustainability Engagement; Net Zero Portfolio Steering Representative</p> <p>From T. Rowe Price Associates, Inc.: Investment Analyst; Responsible Investing Analyst</p>
<b>Engagement Outcome</b>	<p><b>Sustainable bonds</b></p> <p>Standard Chartered highlighted that it is committed to being a repeat issuer in the sustainable format but cannot disclose more on 2026 issuance.</p> <p>Investor contribution is made through bondholder engagement, where we encouraged incremental sustainable financing to green and social projects that aim to solve many of the United Nations Sustainable Development Goals (SDGs). This supports both our impact and financial theses as the company will contribute to decarbonizing industries and improving water infrastructure. The bank's customers will also have greater access to health care. Additionally, the bank can facilitate job creation and help people become more connected through transport and internet connectivity. By allocating capital to these projects, it will help grow the bank's assets, in particular its eligible green and social asset portfolio.</p> <p><b>ESG disclosure</b></p> <p>We suggested a 24-month refinancing lookback period. As with other banks, Standard Chartered has challenges around this due to the portfolio approach around labelled bond allocation. However, the bank has looked into doing this on specific issuances, as it is easier to do so on a bond-by-bond basis rather than through a portfolio approach, and it is something the bank is considering in the future.</p> <p>We also suggested reporting on percentage of allocation used for new financing versus refinancing. This is not currently data Standard Chartered has on its asset base, so it is difficult for the bank to track. The bank is looking to improve its reporting and we will follow up with best practice examples from banking peers.</p> <p><b>Blue bonds</b></p> <p>We raised the idea of Standard Chartered issuing blue bonds (sub-benchmark sized, if needed), given the bank currently has USD 67 million of desalination and USD 53 million of water supply on its loan book. The bank indicated it would be interested in issuing blue bonds in the future but does not believe it currently has sufficient assets. It would consider this if its book expanded.</p> <p><b>Green buildings</b></p> <p>Given 13% of the bank's green real estate assets are certified BREEAM 'Very good', rather than BREEAM 'Excellent', we encouraged the bank to increase the threshold in line with market leading standards.</p> <p>Although it includes <i>Very Good</i>, the bank has a methodology to capture the high end of this. Any asset that has a BREEAM Very Good score (rather than Excellent) also needs to score an equivalent of Platinum in other energy efficiency scales to be included, to help negate differences between methodologies. We accept this methodology but would still encourage an increase in the threshold over time.</p> <p>The engagement provided us with the opportunity to encourage the issuance of labelled bonds, under Standard Chartered's current sustainable framework, as well as potential blue bond issuance. We also encouraged improvements to the bank's frameworks and reporting on refinancing of assets, and to its threshold methodology for green buildings.</p>

The specific securities identified and described do not represent all of the securities purchased, sold, or recommended for the portfolio, and no assumption should be made that the securities identified and discussed were or will be profitable.

## AIB Group (4<sup>th</sup> Quarter 2025 Engagement)

<b>Focus</b>	Environment
<b>Company Description</b>	AIB Group is a leading bank in Ireland.
<b>Engagement Objective</b>	We engaged with AIB Group to share best practice guidance on green and social bond impact reporting and labelled bond frameworks.
<b>Participants</b>	From AIB Group: Investor Relations Representatives; Treasury Representatives From T. Rowe Price Associates, Inc.: Responsible Investing Analyst; Investment Analyst
<b>Engagement Outcome</b>	<p><b>Sustainable bonds impact</b></p> <p>We noted the inclusion of case studies in recent impact reporting, which we had previously recommended. We shared best practice guidance on impact measurement and reporting, including: (1) breaking out the share of impact attributable to AIB Group where it is one of multiple lenders (e.g., affordable housing, hospitals, education); (2) breaking out private versus public hospitals, and (3) breaking out allocation for student accommodation versus university attendance and within that a breakdown illustrating lending targeting low-income or disadvantaged students</p> <p>AIB will assess including sub-category breakdowns in its social bond allocation report as part of its annual impact reporting methodology review. The issuer noted that its impact reporting methodologies were developed in partnership with Cambridge Econometrics, a well-regarded independent global economics consultancy that helps organizations make informed strategic and policy decisions.</p> <p><b>Sustainable bonds frameworks</b></p> <p>The bank reviews its green and social bond frameworks every year and updated its green bond framework this year. Updates were on use of proceeds, specifically: (1) expanding green building geography; (2) adding hydropower into renewable energy; (3) adding rail and freight to clean transport, and (4) including a new category of circular economy and waste management, which would include the plastic deposit return scheme in Ireland.</p> <p><b>Sustainable financing targets</b></p> <p>AIB Group has an ambition for 70% of new lending to be green and transition by 2030. Current levels are at 36%. The bank noted that its-balance sheet (less than 1% of gross loans toward fossil fuels) gives it a good starting point relative to peers.</p> <p>AIB Group highlighted its EUR 30 billion green and transition lending target, of which EUR 19.1 billion has been deployed to date. This has been primarily green focused, but there will be more emphasis on transition on a go-forward basis. AIB stated that sustainable finance "will be an engine" for bank performance and there is more to come. Climate capital was set up in 2024 and is the fastest growing portion of its book.</p> <p><b>Climate in risk management</b></p> <p>AIB Group has a suite of tools to identify and manage clients' risk, including detailed, sector-specific questionnaires and two important tools to evaluate flood risk – a technical flood risk model which locates any collateral to flood risk in that area and a tool called 'pearl finder' that gives a risk rating. If high or very high, then customers have requirements around insurance or mitigation. Climate stress tests will be finalised in March 2026 – AIB Group is comfortable that it is meeting or exceeding European Banking Authority (EBA) requirements.</p>

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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	160	92.7	10,588	75.3
● Orange	6	3.1	1,525	10.4
● Red	0	0.0	98	0.3
● Not in scope	9	-0.1	0	0.0
● Not covered	6	3.3	3,417	14.0
● Reserves	1	1.0	0	0.0
<b>Total</b>	<b>182</b>	<b>100.0</b>	<b>15,628</b>	<b>100.0</b>

● No/few Flags ● Medium Flags ● High Flags

The comparator benchmark of the Fund is the Bloomberg Global Aggregate 1-5 Year Index Hedged USD. 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 9 according to the Sustainable Finance Disclosure Regulations (SFDR).

The sustainability indicator used by the fund is a minimum of 30% of the value of the fund's portfolio held in securities that the investment manager identifies as sustainable investments with an environmental objective and 30% with a sustainable objective.

The percentage exposure of the fund to sustainable investments is:

	Target Minimum Commitment %	Fund Exposure %
Sustainable Investments	-	98.3
with Environmental Objectives	30.0	53.7
with Social Objectives	30.0	44.6

## 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 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 (%)
1. GHG Emissions	Scope 1 GHG emissions	mtCO2e	2,899	84.1%
	Scope 2 GHG emissions	mtCO2e	577	84.1%
	Scope 3 GHG emissions	mtCO2e	27,251	83.5%
	Total GHG emissions	mtCO2e	30,727	84.1%
2. Carbon footprint	Carbon footprint	mtCO2e per mn invested	298.3	84.1%
3. GHG intensity of investee companies	GHG intensity of investee companies	mtCO2e per mn revenue	910.7	84.1%
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%	96.6%
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	32.7%	84.0%
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%	96.6%

## 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):** 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. 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. Emerging markets - Emerging markets are less established than developed markets and therefore involve higher risks. 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. Interest rate - Interest rate risk is the potential for losses in fixed-income investments as a result of unexpected changes in interest rates. Prepayment and extension - Mortgage- and asset-backed securities could increase the fund's sensitivity to unexpected changes in interest rates.

**General fund risks - to be read in conjunction with the fund specific risks above.** Conflicts of Interest - The investment manager's obligations to a fund may potentially conflict with its obligations to other investment portfolios it manages. 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. Custody - In the event that the depository and/or custodian becomes insolvent or otherwise fails, there may be a risk of loss or delay in return of certain fund's assets. Cybersecurity - The fund may be subject to operational and information security risks resulting from breaches in cybersecurity of the digital information systems of the fund or its third-party service providers. ESG - ESG integration as well as events may result in a material negative impact on the value of an investment and performance of the fund. Inflation - Inflation may erode the value of the fund and its investments in real terms. Investment fund - Investing in funds involves certain risks an investor would not face if investing in markets directly. Market - Market risk may subject the fund to experience losses caused by unexpected changes in a wide variety of factors. Market liquidity - In extreme market conditions it may be difficult to sell the fund's securities and it may not be possible to redeem shares at short notice. Operational - Operational risk may cause losses as a result of incidents caused by people, systems, and/or processes. Sustainability - Funds that seek to promote environmental and/or social characteristics may not or only partially succeed in doing so.

## ADDITIONAL DISCLOSURES

Company specific data were provided by the company during an ESG engagement or are available through company reports. Information presented has been obtained or derived from sources believed to be reliable and current; however, we cannot guarantee the sources' accuracy or completeness.

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.

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