



T. ROWE PRICE FUNDS SICAV

Global Impact Credit Fund – ESG Report

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

As of 30 June 2024

ESG INTEGRATION APPROACH

- Our Global Impact Credit Fund leverages our ESG integration process to understand environmental and social dynamics related to a company's conduct.
- All our credit selection decisions begin with a clearly defined positive impact thesis, which proactively and systematically integrates ESG considerations. In our view, ESG factors cannot be a separate or tangential part of a traditional investment thesis; instead they have to be integrated alongside fundamental factors to create the best outcomes for clients. Company fundamentals, including the consideration of ESG factors, play a critical role in the security selection process.
- The process of ESG integration takes place on three levels: first, as our fundamental and responsible investment research analysts incorporate environmental, social, and governance factors into their analysis; second, as we use T. Rowe Price's proprietary RIIM analysis at regular intervals to help us understand the ESG characteristics of individual issuers and the aggregate portfolio; and third, as the portfolio manager integrates ESG considerations within the investment thesis and portfolio construction process itself.
- 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.)

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 corporate bonds of all types 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 three impact pillars: Climate and Resources Impact; Social Equity and Quality of Life; Sustainable Innovation and Productivity. 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 three 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.

Orsted (1st Quarter 2024 Engagement)

Focus	Environment
Company Description	Orsted is a developer and operator of offshore wind power generation, operating in the UK, Germany, Denmark, and the U.S.
Engagement Objective	We engaged with the company for a discussion focused on blue/green financing, biodiversity, and climate strategy.
Participants	From Orsted: Head of Sustainability; Associate Lead Funding Specialist; Investor Relations representative; Senior ESG Engagement Specialist From T. Rowe Price Associates, Inc: Investment Analyst; Responsible Investing Analyst
Engagement Outcome	<p>We discussed blue and green financing and disclosures around this. Regarding its outstanding blue bond (issued in 2023), Orsted expects to allocate 60% towards marine biodiversity projects and 40% to sustainable shipping. It aims (and is on track) to fully allocate the proceeds within three years of issuance, with the majority allocated in the first year. The company intends to publish its blue bond allocation and impact report in May 2024, and it is currently working to gather the relevant data and decide on the best metrics or key performance indicators (KPIs) to include. However, this blue bond is likely to be a one-off for the time being. Orsted expects to focus more on green issuance in the future, as this is better-aligned with its business model. The blue bond has helped Orsted better understand the market and investor appetite for blue financing. The company also confirmed that its impact metrics were externally audited for its 2023 annual report, including the estimated figure for groupwide greenhouse (GHG) emissions avoided.</p> <p>We also discussed biodiversity and water. In addition to its blue bond, Orsted has an ambition to have a net positive biodiversity impact for all new renewable energy projects from 2030. This would follow a hierarchy of avoidance, mitigation, compensation, and restoration. The company walked us through some concrete examples of projects it is working on, such as growing corals on the foundations of an offshore wind project. Orsted was an early adopter of the TNFD (Taskforce for Nature-related Financial Disclosures) recommendations and its annual report this year includes a TNFD disclosure matrix. The company also has a target to reduce freshwater intensity 40% by the end of 2025. Freshwater only makes up a very small part of overall water usage, with the vast majority being seawater.</p> <p>Finally, we discussed climate strategy. Orsted aims to reduce scope 1-2¹ emissions intensity 99% by 2030, driven primarily by planned closure of its remaining three coal stations, alongside continued rollout of renewable energy projects. It expects its coal units to close by August 2024, and there is no expectation that this will be delayed. Regarding its updated renewable capacity target of 35-38 GW by 2030, the main risk that Orsted sees to this is governments not running enough renewables auctions. However, it is confident in its current pipeline and sees sizeable and attractive opportunities across multiple markets. Biomass currently accounts for 20% of heat and power generation volume in 2023, but this is a legacy business and should not expect to see any growth here. Orsted feels confident in its sourcing strategy for sustainable biomass and stressed that its inputs are all waste by-products (e.g., sawdust) from the forestry/timber industry which have no other uses. It has very detailed policies related to biomass sourcing which suppliers must follow. On scope 3, natural gas sales are the largest part of this. Again, this is a legacy business and the volumes of gas sold and traded will reduce over time and is expected to reach net zero on scope 3 by 2040. This is aligned with the Science Based Targets initiative (SBTi) net zero pathway for the industry.</p>

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.

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.

Engie (1st Quarter 2024 Engagement)

Focus	Environment, Social, Governance
Company Description	Engie is a French multinational utility company operating in the fields of electricity generation and distribution, natural gas, nuclear energy, renewable energy, and petroleum.
Engagement Objective	We engaged with Engie on governance matters ahead of its upcoming annual general meeting (AGM) and also discussed recent safety performance and the company's climate strategy.
Participants	From Engie: Head of Governance; Head of Investor Relations, Sustainable Finance Manager From T. Rowe Price Associates, Inc: Head of Governance EMEA & APAC; Governance Analyst; Responsible Investing Analyst
Engagement Outcome	<p>We discussed Engie's governance structure. The company's new director is at the limit of the number of board commitments, but he will not renew one of his current mandates this year. The company wanted a customer of the energy sector to join.</p> <p>On safety, it was disappointing to hear that there were six fatalities in 2023, up from five in 2022, as management had launched an action plan on safety in 2022 and one of the leadership qualities is safety. The company reduced compensation for managers in the impacted units.</p> <p>We also discussed the company's climate strategy. Engie continues to make good progress against its climate plan, including on its renewables rollout and coal closures. The company plans to publish an updated climate plan in early 2025, in line with its commitment to publish an updated plan every three years.</p> <p>Engie has targets covering its scope 1-3¹ emissions over the medium and long term, including a target to be net zero by 2045. The company also has a specific target on its use of sold products, which primarily relates to sales from Engie's gas business, for 2030. We asked the company about this target since emissions would stay flat from now until 2030 under the target. The company responded that part of the reason for a decrease in emissions in 2023 was transient due to a mild winter and as a demand response to higher energy prices. Engie is still working through how much of the decrease so far is transient versus structural, and the company will update its target in the 2025 climate plan if appropriate.</p> <p>Since our meeting with Engie in the second quarter of 2023, Moody's has certified the company's targets as being aligned with a 1.5° Celsius trajectory. In Moody's assessment, the one area where Engie does not score well relates to the long-term greening of the gas grid, since Engie's plans to decarbonize its gas networks rely on third parties producing green gas while the company does not produce green gas itself. On the other hand, the Science Based Targets initiative (SBTi) has only validated Engie's targets as being aligned with a "well below 2°" scenario, or not exactly aligned with the 1.5° Celsius trajectory. Engie believes that its targets actually fall somewhere between the two pathways per the SBTi definitions. On SBTi's website, it indicates that Engie has had its net zero commitment removed—however, this is an error on the part of SBTi and Engie has never made such a commitment with SBTi. It has tried to communicate with the SBTi to have this inaccuracy removed, but without success so far.</p> <p>Engie continues to make progress toward its decarbonization goals and is set to publish its updated climate plan, which may include new scope 3 targets, before its 2025 AGM. The engagement allowed us to impart our view of best practices on a number of ESG topics.</p>

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.

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	168	95.1	14,763	75.9
● Orange	3	1.8	3,107	16.1
● Red	0	0.0	207	1.1
● Not in scope / not covered	10	0.0	1,452	7.0
● Reserves	1	3.1	0	0.0
Total	182	100.0	19,529	100.0

● No/few Flags ● Medium Flags ● High Flags

The comparator benchmark of the Fund is the Bloomberg Global Aggregate Credit USD Hedged Index. 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 70% 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	-	90.8%
with Environmental Objectives	30.0%	46.0%
with Social Objectives	30.0%	44.8%

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 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	mtCO ₂ e	864	69.8%
	Scope 2 GHG emissions	mtCO ₂ e	145	69.8%
	Scope 3 GHG emissions	mtCO ₂ e	7,459	69.8%
	Total GHG emissions	mtCO ₂ e	8,467	69.8%
2. Carbon footprint	Carbon footprint	mtCO ₂ e per mn invested	376.0	69.8%
3. GHG intensity of investee companies	GHG intensity of investee companies	mtCO ₂ e per mn revenue	928.6	71.0%
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%	89.5%
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	31.1%	86.8%
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%	87.7%

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

mtCO₂e - 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. 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. 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.

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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