



T. ROWE PRICE FUNDS SICAV

Latin American Equity Fund – ESG Report

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

As at 30 June 2020

ESG INTEGRATION APPROACH

- The Latin American Equity Fund uses ESG integration as part of its investment process. This means incorporating environmental, social and governance factors to enhance investment decisions. 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.
- The process of ESG integration takes place on two levels: first, with our research analysts as they incorporate environmental, social, and governance factors into company 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 pro-actively 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 approximately 14,000 securities and pulls from data sets that are not in the wheelhouse of traditional financial analysis. These data sets include:
 - ESG performance data (i.e. number of accidents, carbon emissions, strength of whistle-blower programs);
 - ESG targets (i.e. plans to reduce carbon emissions, increase diversity, etc.)
 - ESG incidents and controversies (i.e. environmental fines paid, local community controversies/protests against a company, etc.)
- Our approach to the integration of environmental and social factors in our investment decision making is differentiated at the sector and industry levels, where our RIIM model helps us to determine the materiality of any given factor. Material ESG factors play an integral part in our assessment of the balance between risk and potential reward for each company. Once we have assessed all of the factors, our conclusions can influence whether to include or exclude a given company or at what weight to add the company to the portfolio. ESG considerations can influence positioning on both the positive and the negative side.

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, influencing 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.

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MercadoLibre (2nd Quarter 2020)

Focus	Social
Company Description	MercadoLibre operates online marketplaces dedicated to e-commerce and online auctions.
Engagement Objective	We engaged with the company on community impact and employee safety amid the coronavirus outbreak.
Participants	A T. Rowe Price Investment Analyst engaged with an Investor Relations representative from MercadoLibre.
Engagement Outcome	<p>The company has shifted a large number of employees (8,200) to home working in order to help slow any potential spread of the coronavirus.</p> <p>It believes that business continuity and maintaining a quality service for the delivery of essential items is important to help the community navigate the virus. Therefore, for essential staff that are needed in person (mainly logistics workers) the company has reinforced strict safety measures to protect their health and to support business continuity.</p> <p>Measures include:</p> <ol style="list-style-type: none"> 1. Forced hand sanitation in warehouses and other work areas. 2. Temperature control at entry and exit, and strict protocols for all those who present symptoms. 3. Enhanced cleaning and disinfection of work areas and surfaces. 4. Paid leave granted to high-risk employees. 5. Structuring work in semi-fixed teams to mitigate rotations of people between processes within warehouses. <p>As a result of the engagement, we gained confidence that MercadoLibre's safety response at logistics warehouses should support both employee safety and business continuity.</p>

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.

BTG Pactual* (1st Quarter 2020)

Focus	Social
Company Description	BTG Pactual is a leading Brazilian merchant bank and asset manager.
Engagement Objective	We engaged with BTG Pactual to offer guidance on how to improve its ESG disclosure. Additionally, we discussed the company's responsible lending programme.
Participants	A T. Rowe Price Portfolio Manager, Investment Analyst, and Responsible Investing Analyst engaged with BTG Pactual's ESG Director and an Investor Relations representative.
Engagement Outcome	<p>Our RIIM analysis uncovered several flags for BTG Pactual, which were related to lack of disclosure and controversies related to the company's lending program. We engaged with the company to discuss the disclosure gaps picked up through our RIIM analysis—namely on various social key performance indicators and compliance disclosure. The company explained it has recently conducted a materiality assessment and will look to align its sustainability reporting with the Global Reporting Initiative standards in its upcoming annual report. The company will also report on adherence to the Task Force on Climate-related Financial Disclosures recommendations.</p> <p>We also spoke to BTG Pactual about its responsible lending program, given the company has received criticism in the past for its lending exposure to Norte Energia, a company linked to human rights violations at the Belo Monte dam. In 2014, regulation was introduced in Brazil to force banks to consider ESG factors as part of lending due diligence. BTG Pactual screens projects for various ESG risks (environmental contamination, health and safety standards, exposure to indigenous territories, evidence of slavery, and money laundering), and those deemed high risk will have ESG clauses in their contract which are then reviewed every six months.</p> <p>On Norte Energia, the company explained that there are government teams and external consultants who check whether the project is compliant, and that it receives a quarterly report on developments.</p> <p>The engagement informed our investment analysis. We will monitor the company's sustainability disclosure.</p>

* T. Rowe Price maintains an ongoing business relationship with BTG Pactual. This includes an agreement for the distribution of a selection of our Luxembourg domiciled UCITS funds in certain Latin America countries.

Risks - The following risks are materially relevant to the fund (refer to prospectus for further details):

Currency risk - changes in currency exchange rates could reduce investment gains or increase investment losses.

Emerging markets risk - emerging markets are less established than developed markets and therefore involve higher risks.

Issuer concentration risk - to the extent that a fund invests a large portion of its assets in securities from a relatively small number of issuers, its performance will be more strongly affected by events affecting those issuers. **Small and mid-cap risk** - stocks of small and mid-size companies can be more volatile than stocks of larger companies. **Volatility risk** - the performance of the fund has a risk of high volatility.

General fund risks - to be read in conjunction with the fund specific risks above. **Capital risk** - the value of your investment will vary and is not guaranteed. It will be affected by changes in the exchange rate between the base currency of the fund and the currency in which you subscribed, if different. **Equity risk** - in general, equities involve higher risks than bonds or money market instruments. **Geographic concentration risk** - to the extent that a fund invests a large portion of its assets in a particular geographic area, its performance will be more strongly affected by events within that area. **Hedging risk** - a Fund's attempts to reduce or eliminate certain risks through hedging may not work as intended. **Investment fund risk** - investing in funds involves certain risks an investor would not face if investing in markets directly. **Management risk** - the investment manager or its designees may at times find their obligations to a fund to be in conflict with their obligations to other investment portfolios they manage (although in such cases, all portfolios will be dealt with equitably). **Operational risk** - operational failures could lead to disruptions of fund operations or financial losses.

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 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 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 and via www.troweprice.com.

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