T. Rowe Price

2023 Stewardship Report

INVEST WITH CONFIDENCE™

2023 STEWARDSHIP REPORT

Foreword

In 2023, despite a challenging market environment, we made progress on our strategic initiatives and we executed on planned cost-saving efforts. We have some of the best talent in the industry, and we remain squarely focused on delivering consistently strong long-term investment performance and world-class service for our clients.

In the third quarter, associates in London moved to our new office in Warwick Court on Paternoster Square, and we marked the end of exterior construction of our new global headquarters at Harbor Point in Baltimore, Maryland, with a ceremonial beam signing. Both offices are an investment in the associate experience and have been designed to foster collaboration, a cornerstone of our culture. It's our culture and the dedication and hard work of our associates that are driving our progress on our path to return the firm to organic growth.

2023 highlights

- We were pleased to receive a number of honours, including being named one of *Fortune* magazine's World's Most Admired Companies in 2023.
- 2023 saw our initial disclosure as a signatory of the Net Zero Asset Managers initiative (NZAM). To meet our clients' needs, we developed and launched our Net Zero Transition Framework for global equities and corporate bonds and introduced our net zero voting policy.
- We now have the following US Securities and Exchange Commission (SEC)-registered investment advisers—T. Rowe Price Associates, Inc., and its investment advisory affiliates (together, TRPA), T. Rowe Price Investment Management, Inc. (TRPIM), and Oak Hill Advisors (OHA)—that are independent of one another, each with independent research and investment teams and their own environmental, social and governance (ESG) specialists and products. The three advisers are now fully established which created a need for greater coordination at the T. Rowe Price Group (Group) level. Hence, 2023 saw the creation of the ESG Oversight Committee, ESGOC, which is discussed under Principle 2. Also, in a step forward from 2022's transitional year, the 2023 Stewardship Report contains meaningful reporting for all three advisers, including case studies, for the first time.
- TRPA and TRPIM began systematically tracking specific requests or 'targets' made through engagement in 2022. These targets have been categorised into two 'high-level categories'—disclosure and practice. There are several subcategories within each. To hold ourselves and the companies we engage with accountable for promoting change, we have developed a tracking system for the status of each ask. TRPA will report on this in Principle 9 of this report following its first full year of engagement outreach. As TRPIM is earlier on its journey as a standalone entity, it plans to provide similar disclosure next year in the 2024 Stewardship Report.

Global stewardship reporting

The 2023 report still demonstrates our alignment with the 2020 UK Stewardship Code. However, the 2020 code and the revised EU Shareholders' Rights Directive (SRD II) are closely linked, so Appendix A details our disclosure obligations under both the UK code and SRD II.

We have been signatories to the Japan Stewardship Code since 2014, and Appendix B contains a mapping between the expectations in the Japan code and the content within this report. Additional disclosures, including a Japanese translation of this report, subsequently will be made available on our website.

Eric Veiel
Head of Global Investments and CIO

Contents

PRINCIPLE 1

Signatories' purpose, investment beliefs, strategy and culture enable stewardship that creates long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

T. Rowe Price purpose, promise and principles

T. Rowe Price is an asset management firm focused on delivering global investment management excellence and retirement services that investors can rely on—now and over the long term. We provide an array of pooled investment funds/mutual investment funds, subadvisory services, separate account management, collective investment trusts, retirement recordkeeping and related services for individuals, advisers, institutions and retirement plan sponsors. Our intellectual rigour helps us seek the best ideas for our clients, our integrity ensures that we always put their interests first, and our stability lets us stay focused on their goals as we pursue better investment outcomes. We take an active, independent approach to investing, offering our dynamic perspective and meaningful partnerships so our clients can feel more confident.

We have a fiduciary duty to deliver against our client objectives. For most of our clients, this means we have a duty to maximise long-term risk-adjusted returns on their behalf.

The one constant in asset management is change.

Market dynamics. Inflationary pressures. Alternative ways of investing. We know it's more important than ever to stay ahead of what's next.

'Change is the investor's only certainty', said our founder, Thomas Rowe Price, Jr. As a firm we recognise that rapidly changing market dynamics and shifts in the industry landscape mean we need to reflect evolving client needs whilst growing and delivering our strategic goals. We have clarified our purpose—what drives us as a company. And we've strengthened our promise—what clients can expect us to deliver.

Purpose	Promise
We identify and actively invest in opportunities to help people thrive in an evolving world.	With our dynamic perspectives and meaningful partnership, we instil investor confidence.

Principles

Championing an active, independent approach to investing	Pursuing performance with principle	Driving deliberate innovation	Building meaningful partnerships
We're independent thinkers, united behind an active and rigorous approach. With diverse perspectives, our investment professionals collaborate to identify market risks and opportunities that can give our clients sharper insights and an investment edge.	We're committed to our clients' success. That's why we maintain a long-term view as we aim to deliver consistently strong performance for investors in both up and down markets.	To meet the evolving needs of our clients, we create investment and retirement solutions in a way that's forward-thinking and purposeful.	We listen to understand our clients—and to learn. This helps us create deep partnerships. By understanding clients' needs and delivering timely, actionable insights and solutions, we help them navigate change and achieve better outcomes.

Key company characteristics

Foundations

- Founded in 1937; went public in 1986
- 7,906 associates worldwide
- Presence in 17 markets

Independent and stable

- Focused solely on investment management and related services
- Financial stability through a strong balance sheet
- Publicly owned company

Assets in our care

- US$1,445 trillion assets under management (AUM) (+13.3% YOY change)
- As of December 31, 2023, US$70 billion[1,2] (5% of total AUM) were deemed to be in accounts with a mandate that includes ESG criteria, defined by portfolios that apply screening or are sustainably themed.

Global client base

- Clients and shareholders in 51 countries
- Includes many of the world's leading corporations, public retirement plans in the US, foundations, financial intermediaries, sovereign entities, global institutions and private individuals
- 45 different languages spoken by our associates firmwide[1,3]

Stable investment and leadership teams

- 935 investment professionals
- 380 research professionals[1]
- 41 ESG investment professionals
- 20% of Management Committee based outside the US

Average tenure:

- 18 years for portfolio managers[1]
- 16 years for our Management Committee

Global investment organisation

- Active manager of investments across equity, fixed income, multi-asset and alternatives
- Oak Hill Advisors, L.P., an independent subsidiary of T. Rowe Price Group since 31 December 2021, is an alternative credit firm, diversifying our product offering.
- Continued investment in data and tools to aid our ESG integration efforts

Culture central to our success

- We were founded on a client-first mindset. From the moment we began, our clients came first. When he founded the company in 1937, Thomas Rowe Price, Jr., resolved that integrity would be the firm's guiding principle.
- The firm offers our associates flexibility within a collaborative culture, which is vital to build a model that sustains our culture and supports the well-being of our associates.
- Different perspectives, opinions and experiences are leveraged to yield the best outcomes for our clients and the firm.
- Diversity, equity and inclusion (DEI) are central to our success; every associate has DEI performance objectives.
- We are committed to supporting communities where our associates live and work—and beyond.
- We embed environmental sustainability in our operations in alignment with climate science and international frameworks
- T. Rowe Price fosters associate growth opportunities by offering training, mentoring and a culture that lets our associates explore their potential.
- We adopted a code of conduct long before it was a regulatory requirement. A robust Global Code of Conduct continues to guide us to act in a manner consistent with, and in support of, our values.
- As a result of our commitment to attracting and developing diverse talent globally, our portfolio managers average 22 years in the industry, with 95% remaining at T. Rowe Price annually. Clients can rely on us for deep knowledge and experience.

All data as of 31 December 2023. Oak Hill Advisors, L.P., operates as a standalone business within T. Rowe Price, with autonomy over its investment process, and maintains its own culture, associates and teams, including its own specialist ESG team. Decisions for the OHA ESG & Sustainability team are made independently to those of TRPA or TRPIM.

Firmwide AUM includes assets managed by T. Rowe Price Associates, Inc., and its investment advisory affiliates.

[1] Excludes OHA.

[2] ESG AUM data are not audited. Further information can be found in Principle 6.

[3] Firmwide, associates have self-identified and self-reported as speaking 45 different languages.

Business model, strategy and investment beliefs

Our global distribution model serves a diverse range of clients—including individuals (US only), intermediaries, institutions, consultants and plan sponsors. It demands that we continue to evolve. That means diversifying product offerings as well as building new, more effective ways to engage our clients with services, information and insights. We rely on established strengths whilst taking advantage of new opportunities. Our diversified distribution model has long been a source of stability.

We continue to deliver against our multiyear strategic objectives, which include delivering world-class client service, investment excellence, innovation of our investment capabilities and attracting and developing diverse talent. One of the ways we do this is by being a partner to our clients, growing long-term relationships built on trust in our abilities and information sharing. See Principle 6 for more information.

The T. Rowe Price active management approach

With a principled commitment to client success, we aim for strong long-term investment results through any market environment.

Our investment professionals are independent thinkers. They have the freedom to seek the right investments and identify market risks, wherever they are, to pursue their objectives. We believe the rigour of our research—and our collaborative investing culture—lead to dynamic perspectives and better decisions.

A long-term approach

We're deeply committed to seeing clients achieve their long-term goals, aiming for better returns over many market cycles.

Our ESG investment research approach is grounded in a heritage of identifying risks and uncovering opportunities.

Rigorous research

We go out into the field to uncover opportunities and study them first-hand with a view to providing insights that can give our clients an edge.

From an ESG perspective, we use forward-looking analysis based on material insights to focus on what we believe matters most to make better investment decisions—helping our clients pursue outcomes that align with their diverse needs.

Independent thinking

We seek out the right opportunities—wherever they are—to achieve client objectives. We share ideas. We debate them. We put the best ones into our strategies.

Experienced risk management

We've managed investments through all kinds of markets. We know that identifying risks is as important as identifying opportunities.

Our approach to ESG integration

At T. Rowe Price, integrating ESG factors—environmental, social and governance—into our investment research supports one of our core beliefs that helping clients reach their financial goals demands better insights into the long-term sustainability of the companies in which we invest.

Our philosophy is that ESG forms part of our overall investment approach; it is not the sole driver of an investment decision, nor is it considered separately from more traditional investment factors such as valuation, financials, industry trends and macroeconomics. Our in-house ESG specialists provide quantitative tools and research to support analysts and portfolio managers to help identify the ESG issues that they believe matter most.

We believe that ESG issues influence investment risk and return, and we incorporate them into our fundamental investment analysis. Our analysts and portfolio managers are responsible for implementation. It is the portfolio managers' responsibility to incorporate ESG risk analysis, as appropriate to their strategy, into the investment decision. Consideration of the full spectrum of risks most applicable to a given investment is reflected in our analysts' ultimate recommendations on an issuer's securities. Depending on the strategy, portfolio managers may apply extra layers of implementation by screening their portfolios for ESG issues on a periodic basis.

Examples of how we consider ESG in our investment decisions and engagement activities are provided in Principles 4, 7, 9, 10, 11 and 12.

2023 strategic priorities— notable developments

We are committed to our heritage of deep fundamental research and position of responsibility. These help us to understand and identify positive change for our clients, associates and society. In 2023, this commitment was demonstrated in a multitude of ways.

TRPIM and OHA within T. Rowe Price Group

T. Rowe Price Investment Management, Inc. (TRPIM), was established in 2022 as a separately registered US investment adviser, with a separate ESG team from T. Rowe Price Associates, Inc. (TRPA). Decisions for TRPA and TRPIM ESG teams are made independently but use a similar approach, framework and philosophy. For more information about our firm-level structures, see Principle 2.

OHA, however, operates as a standalone business within T. Rowe Price, with autonomy over its investment process; it maintains its own culture, associates and teams, including its own specialist ESG & Sustainability team. Decisions for the OHA ESG & Sustainability team are made independently of TRPA and TRPIM. To learn more about OHA, visit oakhilladvisors.com.

Information barriers are in place across all our investment organisations to prevent the inadvertent flow of confidential investment and research information between the advisers. See Principle 5 for details.

ESG Oversight Committee

ESG activities are present across multiple operating functions of the investment management entities. T. Rowe Price created an ESG Oversight Committee, a new central and global oversight body, in 2023. Chaired by the firm's head of ESG Enablement, the ESGOC supports good governance around our ESG activities. It reports into the Investment Management Steering Committee (IMSC) and provides regular updates to the Enterprise Risk Management Committee (ERMC). Eric Veiel and the firm's chief risk officer (CRO) serve on the ESGOC. See Principle 2 for details.

Our climate approach

Climate change poses a significant risk to the global economy and the stability of financial markets. We support the goals of the Paris Climate Agreement; we believe that a smooth climate transition will create a more stable economic environment, reduce uncertainty and enable business investment.

In 2023, the Nominating and Corporate Governance Committee (NCGC) of the T. Rowe Price Group Board of Directors (Board) approved our operations target to achieve net zero Scope 1[4] and 2 emissions by 2040, with a 75% reduction by 2030 compared with our 2021 baseline. We publish progress against these targets annually in our Task Force on Climate-Related Financial Disclosures (TCFD) report and have supported the TCFD recommendations since 2020.

Net Zero Asset Managers initiative

In May 2022, we announced that we became a signatory of the Net Zero Asset Managers initiative, an international group of asset managers committed to supporting the goal of net zero greenhouse gas (GHG) emissions by 2050 or sooner.

Climate transition is considered as part of our ESG analysis and is fully integrated into our fundamental research and portfolio construction where appropriate. The commitments we have made as signatories of NZAM are entirely in line with our fiduciary responsibility, and there is no change to our existing investment process.

In April 2023, we made our initial disclosure, confirming which assets we are committing to the initiative. T. Rowe Price Group, Inc., committed 59%[5] of total assets under management as of 31 December 2022. Mandates with specific climate- and net zero-related objectives are included in this commitment and represent less than 1%[5] of total assets under management as of 31 December 2022.

The considerations to define our initial AUM commitment included availability of carbon data, existence of net zero methodologies and compatibility of investment style and time horizons.

The strategies excluded from our initial commitment fall into four categories: (1) strategies invested in corporate securities that lack adequate GHG emissions data (min. 75%) to make an informed net zero assessment, (2) strategies that predominantly invest in emerging markets or specific sectors lacking realistic pathways to achieve net zero by 2050, (3) strategies that predominantly invest in asset classes lacking a net zero methodology (sovereign, securitised and municipal bonds) and (4) strategies with short-term investment styles (cash funds, short, ultra-short and low duration strategies) or strategies that do not have net zero as a consideration within their investment process (quantitative and index funds). Further information can be found in Principle 7.

We expect our committed assets to increase over time as data coverage improves, as net zero methodologies for assets classes such as sovereign bonds get developed and as we launch net zero products.

See our climate approach and action **here**.

[4] 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).

[5] AUM commitment figures are unaudited and may be subject to change.

Task Force on Climate-Related Financial Disclosure reporting

- **As a firm:** Our support of the TCFD demonstrates that we acknowledge climate as a material risk and understand the need for improved disclosures across the asset management ecosystem. Our 2022 TCFD Report represented the third annual TCFD disclosure by T. Rowe Price Group, Inc., and reflects our current understanding of our risks and opportunities related to climate change. Read our report **here**.

- **For investments we manage or administer:** In 2023, T. Rowe Price International Ltd (TRPIL), which represents our global, ex-US, distribution business, published its inaugural 2022 report aligned with the TCFD recommendations. The report sets out how we take climate-related matters into account when managing or administering investments on behalf of our clients. Read our report **here**.

Product launches and product enhancements

Our global scale and integrated research approaches allow us to deliver products that meet the changing preferences of clients around the world.

To better serve our clients in markets around the world, we've continued to develop our ESG-enhanced product offering.

In 2022, this included updating our ESG-focused product range—by evolving our commitment for Article 8 and 9 SICAVs to address client needs—and adhering to Sustainable Finance Disclosure Regulation (SFDR) in Europe, the Middle East and Africa (EMEA). In last year's report, we reported that as of 31 December 2022, 78% of our SICAV fund range (52 funds out of 67) were classified as Article 8; as of 31 December 2023, 80% of our SICAV fund range (53 funds out of 66) were classified as Article 8, whilst 6% of our SICAV fund range (a total of four funds) were classified as Article 9. In 2023, we launched or enhanced our products in the following ways.

In 2023:

- We developed product solutions that specifically address climate change and the transition toward net zero[6]. In response to clients' needs, we developed and launched our Net Zero Transition Framework for global equities and corporate bonds. We evolved an existing global growth equity product which implements net zero transition into our SICAV range. Further details can be found in Principle 6.

- We launched our fourth Impact strategy—Global Impact Multi-Asset. It was developed for EMEA and Asia Pacific (APAC) clients looking to generate a positive environmental or social impact whilst achieving a financial return through diversification that can mitigate the risks associated with investing in a single asset class.

Accountable for promoting change through company engagement

TRPA and TRPIM began systematically tracking specific requests or 'targets' made through engagement in 2022. These targets have been categorised into two 'high-level' categories—disclosure and practice. There are several subcategories within each.

To hold ourselves and the companies we engage with accountable for promoting change, we have developed a tracking system for the status of each ask. TRPA will report on this in Principle 9 of this report following its first full year of engagement outreach. Please refer to Principle 9 for further details.

Greater transparency of our active investment approach through proxy voting

- **Proxy voting disclosure.** Demand for improved transparency and more in-depth rationales for proxy voting decisions has grown. In response, we have enhanced our fund-level ESG proxy voting summary reports to include an example of a significant vote. T. Rowe Price discloses all proxy voting activity twice a year.

- **Availability of case studies.** Starting in early 2023, the proxy voting reports for 32 Global ex US Société d'investissement à Capital Variable (SICAV), Select Investment Series III SICAV (SIS III) and open-ended investment company (OEIC) funds included one significant case study per strategy, which are available upon request by our institutional clients. We expanded the number of investment strategies which feature these reports in the second half of 2023.

ESG reporting

To meet our regulatory obligations and client requirements, we continued to build our TRPA and TRPIM ESG research tools, including our Responsible Investing Indicator Model (RIIM), SFDR Sustainable Investment Model and Net Zero Status Model. We also enhanced our ESG reporting. Highlights from 2023 include:

- Added a sustainability indicator to ESG reports

- Added principle adverse impact (PAI) indicators

- Featured engagement narratives in our ESG fund reports

- Enhanced our Proxy Voting Summary Reports with the addition of significant votes

[6] Net zero refers to a state where greenhouse gas emissions added to the atmosphere are balanced by removals (such as through forests or carbon capture and storage).

Inclusion of TRPIM and OHA in 2023 Stewardship Report

As reported in 2022, we've diversified and strengthened our product offering through the creation of TRPIM and the acquisition of OHA. TRPA and its investment advisory affiliates, TRPIM, and OHA, are independent SEC-registered investment advisers, with independent research and investment teams and their own ESG specialists and products. Consequently, in addition to reporting for TRPA in 2023, we also include meaningful reporting for TRPIM and OHA. This offers insights into how, across these investment advisers, we provide responsible allocation, management and oversight of capital to create long-term value for clients and shareholders, as well as sustainable benefits for the economy, the environment and society.

Our ESG journey

As of 31 December 2023.
Not all vehicles are available in all jurisdictions.

ISSB[7]
T. Rowe Price supports adoption of the International Sustainability Standards Board's (ISSB) IFRS S1 and IFRS S2 standards.

2023

Net Zero Target Established
T. Rowe Price establishes net zero target for 2040 covering Scope 1 and 2 GHG emissions

NZAM
T. Rowe Price becomes a signatory to the Net Zero Asset Managers initiative

2022

Net Zero Transition Strategies
T. Rowe Price launches its first net zero transition strategies

ESG Enablement
Head of ESG Enablement hired to optimise ESG initiatives and oversee a centralised team 100% dedicated to ESG

IFC Partnership[8]
T. Rowe Price and the International Finance Corporation (IFC) announce plans to collaborate on a blue bond venture to support the sustainable blue economy across emerging markets

Launch of TRPIM
T. Rowe Price launches separate investment adviser with its own specialist ESG team

2021

RIIM Municipal Bonds and RIIM Securitised Bonds
The firm rolls out proprietary ESG rating system for municipal bonds and securitised bonds[9]

TRPIM[10] RIIM Corporates
Rollout of proprietary ESG research tool that builds an ESG profile for companies within TRPIM's US investment universe

Portfolio-Level ESG Reporting
T. Rowe Price implements portfolio-level ESG reporting

Global Impact Strategies
T. Rowe Price launches its first impact strategies[9]

2020

Launch of ESG Enhanced Products
T. Rowe Price launches its first suite of funds with ESG characteristics in Europe

UN Global Compact
T. Rowe Price becomes a signatory

TCFD Supporter
T. Rowe Price becomes a supporter of the Task Force on Climate-Related Financial Disclosures

SASB Alliance
T. Rowe Price becomes a member

2019

RIIM[11] Sovereigns
The firm rolls out proprietary ESG rating system for sovereigns[9]

2018

RIIM Corporates
Rollout of proprietary ESG rating system for equity and credit[9]

2017

Responsible Investing
Director of research[9] hired to establish in-house responsible investing expertise (environmental and social)

2013

'E' and 'S' Research
Sustainalytics appointed as specialised ESG research provider

2010

PRI[12]
T. Rowe Price becomes signatory to the Principles for Responsible Investment (PRI)

2008

Corporate Responsibility
Investment policy on corporate responsibility established

2007

Governance
Head of governance[9] hired

[7] IFRS S1 and IFRS S2 are ISSB standards designed to help to improve trust and confidence in company disclosures about sustainability to inform investment decisions.
[8] T. Rowe Price and IFC are not affiliated.
[9] T. Rowe Price Associates, Inc.
[10] T. Rowe Price Investment Management, Inc. TRPIM was established as a separately registered US investment adviser, with a separate ESG team from TRPA. Decisions for TRPA and TRPIM ESG teams are made completely independently but use a similar approach, framework and philosophy.
[11] RIIM = Responsible Investing Indicator Model.
[12] The PRI is an independent investor initiative supported by, but not part of, the United Nations.

Our people and our culture

We believe our people set us apart. We thrive because our company's culture is based on collaboration and diversity, enabling us to identify opportunities others might overlook. Our associates' knowledge, insight, enthusiasm and creativity help our clients succeed—and our firm excel. In this section, we share highlights related to our firm's sustainability targets and progress across environmental, social and governance factors. More detail can also be found in our ESG Corporate Annual Report.

Our associates drive our success

We strive for equity, opportunity and equality for all associates at the firm. A diverse and inclusive workforce and equal opportunity for all associates is a business and cultural imperative in today's dynamic business environment. Our Management Committee and Board of Directors ensure we set ambitious standards for the way we recruit, hire, mentor and develop talent. We prioritise increased hiring, retention and development of talent from underrepresented groups in asset management. This includes both ethnically diverse associates and women.

Our 2022 priorities and outcomes positioned us to continue evolving our DEI strategy and actions. In 2023, our focus was to improve and equip by:

- Focusing on leaders as mentors, sponsors and active allies
- Maximising associate engagement whilst demonstrating behaviours to attract and retain talent
- Fostering an inclusive culture whilst building a balanced workforce that accelerates company growth

In 2023:

- 25% of our investment professionals globally were women[13]
- Firmwide, 59% of new hires were either women or ethnically diverse[13]
- We set a goal of 40% slate diversity for all roles globally, meaning that at least 40% of the candidates interviewed are ethnically diverse and/or women for every role at the firm. In 2023, we exceeded this goal with 65% slate diversity[13].

We hold ourselves accountable to make further progress. We have set goals to increase the gender diversity of our global workforce, with a target of 46% women in 2025, up from 44% women in 2021. We aim to increase representation in senior roles to 33% in 2025, up from 29% in 2021[13].

Diversity, equity and inclusion

T. Rowe Price emphasises building diverse teams and an inclusive culture. Associates are encouraged to bring their best selves to work every day. Leveraging unique talents and perspectives, diversity and inclusion fosters dynamic teams that can confidently share insights, engage in open debate and challenge ideas. It keeps thinking fresh and independent and allows teams to arrive at carefully considered, well-informed decisions for our clients. Our Diversity, Equity and Inclusion Steering Committee meets bimonthly to discuss progress on specific DEI initiatives and related challenges and concerns.

2023 diversity, equity and inclusion global population		
Global firmwide gender representation (base total of 7,485)[13]	Female	44.0%
	Male	55.9%
	Did not disclose	0.1%

Percentage of our global population that were women or ethnically diverse[13]	
Board of Directors (13)	38%
Firmwide (7,485)	58%
Senior leaders (1,665)	42%

Case study: Developing female talent

In 2022, we launched ASPIRE, a professional development programme for women in midlevel roles across Global Distribution, Technology and Investments. This programme is designed to develop participants' capability and confidence as leaders, preparing them for opportunities to progress their careers and contribute to the wider business. Women are underrepresented in senior roles at the firm broadly, with a more acute gap in EMEA. The programme specifically aims to accelerate participants' pathways to leadership and align our ambition of closing the gender pay gap. Participants took part in seven developmental workshops; were assigned a sponsor, accountability partner and executive coach; and completed a capstone project. As a result, 19% of the cohort were promoted to senior roles, 44% changed roles and 80% increased capabilities to demonstrate strong leadership. Based on the success of this pilot initiative, the programme expanded in 2023 to include women in APAC.

[13] All data as of 31 December 2023. Excludes OHA.

Associate-led DEI initiatives via our BRGs

Our business resource groups (BRGs)—MOSAIC, PRIDE, WAVE, VALOR and THRIVE—provide important perspectives that help shape our company culture, especially in recruitment, talent acquisition and retention. At the end of 2023, 49% of associates were members of at least one BRG.

BRGs are open to all associates. They provide valuable information and support programmes. They serve to reinforce our inclusive culture, support career development and strengthen our brand in the community.

In 2023:

- T. Rowe Price hosted DEI mentoring opportunity events to help associates to learn about resources to grow their careers, improve their performance and increase their impact
- We launched our global disability inclusion strategy

MOSAIC @ T. Rowe Price	MOSAIC @ T. Rowe Price and its underlying heritage communities (the African, Asian and Latinx Heritage Communities) and heritage groups (Jewish and Indigenous Peoples Heritage Groups) seek to strengthen the firm's competitive advantage by attracting and retaining ethnically diverse associates, promoting an inclusive culture that values differences and developing talent and business practices supporting the firm's diversity, equity and inclusion strategy.
PRIDE @ T. Rowe Price	PRIDE @ T. Rowe Price's mission is to create an environment where LGBTQ+ associates and allies can bring their full selves to work each day.
VALOR @ T. Rowe Price	VALOR @ T. Rowe Price honours the contributions of veterans and their families by promoting a collaborative culture that values the strength and experience the military community brings to T. Rowe Price.
wave @ T. Rowe Price	WAVE @ T. Rowe Price champions a culture of confident female leaders who will serve as agents of change to influence firm policy, promote active allyship for gender equity and nurture a strong talent pipeline, enriching the overall associate experience.
THRIVE @ T. Rowe Price	In 2023, T. Rowe Price introduced a disability inclusion business resource group, THRIVE @ T. Rowe Price. The global mission of THRIVE is to promote awareness, education and acceptance of the broad spectrum of conditions affecting our associates to create an inclusive, supportive working environment, which fosters a sense of belonging and appreciation of our differences.

Supporting our associates

In all our global locations, we offer employee benefit solutions, including health care and retirement benefits (where applicable), fitness club reimbursement, life insurance, tuition assistance, Degreed (an upskilling platform that connects learning, talent development and internal mobility opportunities in one place, available globally) and an Employee Assistance Program to support well-being.

We assess the competitiveness and design of benefits within the relevant market for a given country and seek to align them with our global principles and local market practice. For example, retirement programmes are uniquely designed to support associates in meeting retirement goals whilst also reflecting regional and country-specific practices in Asia, Europe and the US. A robust benefits programme is invaluable in today's competitive business environment. Additional benefits offered to our associates in 2023 included:

- Due to the success of our associates' ability to work remotely, we offered most associates the choice of working from home up to two days per week.
- For the fourth year, the firm continued offering wellness days in addition to all associates' annual leave allocation.
- Associates were offered the opportunity to work from home or request to work from an approved remote work location during traditionally quieter times of the year. This was for a week during summer and an additional two weeks in November/December over holiday periods.
- Associates and their families can take advantage of the firm's corporate travel discounts and rates when booking getaways or holidays.

- Following the start of the Israel-Gaza conflict, we activated the Employee Assistance Program to support affected associates through this challenging time. Associates and their families can access assistance anytime, with access to confidential professional counselling, information and resources to help resolve challenges they face.
- T. Rowe Price uses associate feedback to inform firmwide decision-making. We conduct an annual engagement survey, pulse surveys and focus groups to gather associate insights. We are committed to a culture of open and transparent dialogue between the firm and associates. We collate and act on feedback to inform leadership's ability to optimise the associate experience and to make appropriate business decisions.
- Our most recent firmwide employee survey was conducted in 2022. Amongst other outcomes, it revealed an engaged and motivated workforce with a shared commitment to put clients first.

Awards and recognition

See our **website** for further details.

Recognition for the firm

World's most admired companies 2023

T. Rowe Price has been named one of *Fortune* magazine's World's Most Admired Companies in 2023—the 13th consecutive year the firm has received this recognition. Companies were evaluated on innovation, people management, use of corporate assets, social responsibility, financial soundness and global competitivenes[14].

***Barron's* Top 100 Most Sustainable Companies of 2023**

T. Rowe Price ranked 31st on *Barron's* Top 100 Most Sustainable Companies 2023 list. The firm earned the second-highest score amongst financial services companies. The list is developed by evaluating the largest 1,000 companies in the US, based on market value, and scoring them on 230 ESG performance indicators[15].

Bloomberg Gender-Equality Index (GEI)

T. Rowe Price participated in the Bloomberg GEI for the second time during the 2023 cycle. The GEI is a modified market capitalisation-weighted index that aims to track the performance of public companies committed to transparency in gender data reporting.

[14] Fortune® is a registered trademark, and Fortune World's Most Admired Companies™ is a trademark of Fortune Media IP Limited and are used under license. Fortune and Fortune Media IP Limited are not affiliated with, and do not endorse products or services of, T. Rowe Price.

[15] Used with permission. © 2023 Dow Jones & Company, Inc..

Our approach to corporate ESG reporting

ESG disclosure frameworks and alignment with international frameworks

T. Rowe Price is a public sponsor of the Task Force on Climate-Related Disclosures and is a member of the International Financial Reporting Standards (IFRS) Sustainability Alliance, which is affiliated with the IFRS Foundation and oversees the Sustainability Accounting Standards Board (SASB) Alliance. Furthermore, the director of Responsible Investing for T. Rowe Price Associates and the head of ESG for T. Rowe Price Investment Management are members of the SASB Investor Advisory Group.

T. Rowe Price is also a signatory of the United Nations Global Compact (UNGC) and supports its Sustainable Development Goals (SDGs). We believe that we are well positioned to advance progress of the SDGs and have identified three goals where T. Rowe Price has the greatest potential for impact: Gender Equality (SDG5), Decent Work and Economic Growth (SDG8) and Climate Action (SDG13). Further details can be found at troweprice.com/CorporateESG.

Environmental sustainability

We recognise the urgency to address climate change and support the transition to net zero carbon economy in alignment with climate science to limit the increase of global temperature to 1.5˚C. Our goal is to achieve net zero in Scope 1 and 2 greenhouse gas emissions by 2040. Transitioning to a net zero carbon and circular economy starts with our associates and offices, and we strive to use renewable energy where we operate and design-out waste before it is even generated. In relation to business travel, where our ability to directly reduce emissions is limited, we will use carbon allowances and carbon removal to help mitigate the impact of our emissions.

Beginning in 2022, we partnered with Climate Vault, an award-winning nonprofit designated by the Carbon Disclosure Project, as a Carbon Reduction and Science Based Targets initiative (SBTi)-accredited service provider, and the partnership remains current through 2023. Each year, we make a donation to Climate Vault to neutralise our emissions by purchasing and 'vaulting' carbon allowances on US government-regulated compliance markets.

We have ambitious sustainability goals that are incorporated into our real estate portfolio. One specific goal is to achieve zero waste in our operations by year-end 2025. We also have a goal to phase out all single-use plastics for our operations by year-end 2025.

Our path forward

Environmental	Social	Governance
Achieve environmental certifications for 60% of our real estate based on square foot by 2025.	By 2025, increase the diversity of our global workforce to 46% women and the diversity of our US workforce to 19% underrepresented minorities.	Continue to enhance disclosure of material ESG issues.
Achieve a 75% reduction in Scope 1 and 2 emissions by year-end 2030 compared with our 2021 baseline	Aim to spend US$50 million annually with diverse-owned and small disadvantage-owned businesses in the US by 2025.	
Achieve net zero Scope 1 and 2 emissions by 2040.		

Additional information on T. Rowe Price's ESG-related programmes and policies, and our commitment to our clients, associates and communities, is available on the T. Rowe Price corporate website: troweprice.com/CorporateESG.

INVESTING IN COMMUNITIES

Our 2023 Community Snapshot

We pride ourselves on making an impact far beyond our walls, supporting positive change in the communities where we live and work. We leverage the skills, resources and expertise of our associates to harness our collective power to invest in opportunities that enrich lives and enable equitable solutions.

We expand opportunities and see possibilities for all by breaking down barriers to advance growth and learning and uplifting one another in the community. Our efforts come to life through deep relationships that include pro bono and volunteer opportunities and experiences, grant-making, associate giving, community partnerships and signature programming.

Opportunity for All

Learn. Grow. Uplift.

#TRowePriceInCommunity

15.5m people reached through financial education programmes[16]

US$15.6 million total firm giving to communities[17]

[16] Total reach of websites, exhibits, programmes with global distribution partners and sponsored events since programme inception in 2009.
[17] Includes direct grants, matching gifts, associate donations, Corporate Social Responsibility sponsorships and community and business memberships.

US$182.3 million total given by the T. Rowe Price Foundation since inception (1981)

32k hours volunteered by associates globally

Our Accomplishments

Community Investment

US$6.5 million in matching gifts[18]
US$15.3 million total given by associates through the workplace[19]
US$11.9 million total given by the T. Rowe Price Foundation
US$5.5 million distributed through 298 direct grants

Serving

32,046 hours volunteered by 1,754 associates globally
368 associates serving on nonprofit boards
440 nonprofits with T. Rowe Price associates serving on their boards
8,681 total number of individual participants and 830+ unique organisations in the T. Rowe Price Foundation capacity-building programme for nonprofits since 2016

Data represent the 2023 calendar year or are as of 31 December 2023.

[18] Includes matching gifts from the T. Rowe Price Foundation for US associates and matching gifts from T. Rowe Price International Ltd for international associates.
[19] Includes donations matched within and external to the firm's giving platform.

Spotlight on financial education

We help people around the world achieve their long-term financial goals and improve their quality of life by closing the gaps between where they are and where they want to be. Because everyone does not have the opportunity to achieve their goals, we invest in financial education programmes to help people of all ages develop financial capabilities, recognise barriers to building wealth and identify strategies for overcoming them.

- **Money Confident Kids®** is the cornerstone of our commitment to building financial capabilities in our communities. Informed by proprietary research, this global programme provides kids, parents and educators with the tools and resources they need to learn or teach and retain basic financial concepts.
- Our partnership with **Diversity Investment Management Engagement (DIME)** helps build the next generation of young investors and reduce the nation's wealth gap by empowering high school students with the tools and knowledge to build long-term wealth.
- Working with **Girls Are INvestors (GAIN)** in the UK encourages female undergraduates to consider a career in the investment management industry and offers apprenticeship and internship programmes to enhance the diversity of our talent pipeline.
- Supported the **Neighborhood Financial Trust** with an impact grant targeting nearly 500 Baltimore City residents to help reduce debt and collections of more than US$2.4 million since 2019.
- Our **Maryland 529 Partnership, which** is designed to give children access to a college savings plan, reached more than 4,400 residents with 1,800 of them pledging to save for postsecondary education and 1,000 accessing financial capacity services.
- Pregnant women and parents received a range of **financial well-being services in health facilities**, including hospital waiting rooms. Approximately 600 women received earned income tax credit assistance and free tax preparation services.

Data represent the 2023 calendar year or are as of 31 December 2023.

Closing reflection

2023 saw T. Rowe Price Group continue to make positive progress, despite the ongoing challenging market conditions. We moved into our new EMEA headquarters in London, and work is progressing on our new global headquarters in Baltimore, Maryland. The establishment of three investment advisers, TRPA, TRPIM and OHA, has required greater coordination at the Group level. This has been delivered by the ESG Enablement team, whose remit and composition are discussed in Principle 2.

PRINCIPLE 2

Signatories' governance, resources and incentives support stewardship.

Robust governance structures and processes

Our governance structure is designed to protect the interests of shareholders in T. Rowe Price Group (Group) and our clients. It features separate boards of directors for the firm and for our investment funds or trusts. The interests of our corporate shareholders are distinct from those of investment clients, so we have board structures to represent each.

The T. Rowe Price Group, Inc., Board of Directors (Board) strives for excellence for all our clients, ensuring that our policies, practices and actions reflect the highest levels of ethics and integrity. The Group structure is complex, with several regional subsidiaries, each of which has a good understanding of local client and regulatory expectations.

Sound corporate governance is part of our philosophy and a critical component of our environmental, social and governance (ESG) approach. Our Board and its oversight of sustainability issues impact the creation of long-term value for our clients and stakeholders. We believe that our Board's oversight of ESG, and the actions it has taken, reflect responsible and proactive management of these matters and convey the importance ESG issues have on the future of the firm.

T. Rowe Price Group, Inc., Board of Directors

Group photo as of Q4 2023.
For further details on our Board and committees, visit our corporate website here.

- A skilled Board of Directors ensures strong governance.
- Our Board governance encompasses the responsible and proactive management of our environmental and social issues.
- Our Board of Directors and its oversight of sustainability issues impact the creation of long-term value for our clients and stakeholders.
- The Nominating and Corporate Governance Committee (NCGC) of the Board monitors performance objectives and progress against our climate-related targets. Only independent outside (non-executive) directors serve on the NCGC.
- The NCGC receives regular updates on our sustainability strategy and activities.

Accountability for ESG starts at the top

The industry leaders that compose our Board bring a diverse range of skills, expertise and experience to ensure strong governance of the Group and its subsidiaries.

ESG touches all parts of our business. To ensure we appropriately identify and manage potential ESG-related risks and opportunities, such as climate risk, we incorporate ESG considerations into our core business functions, including those of our Board.

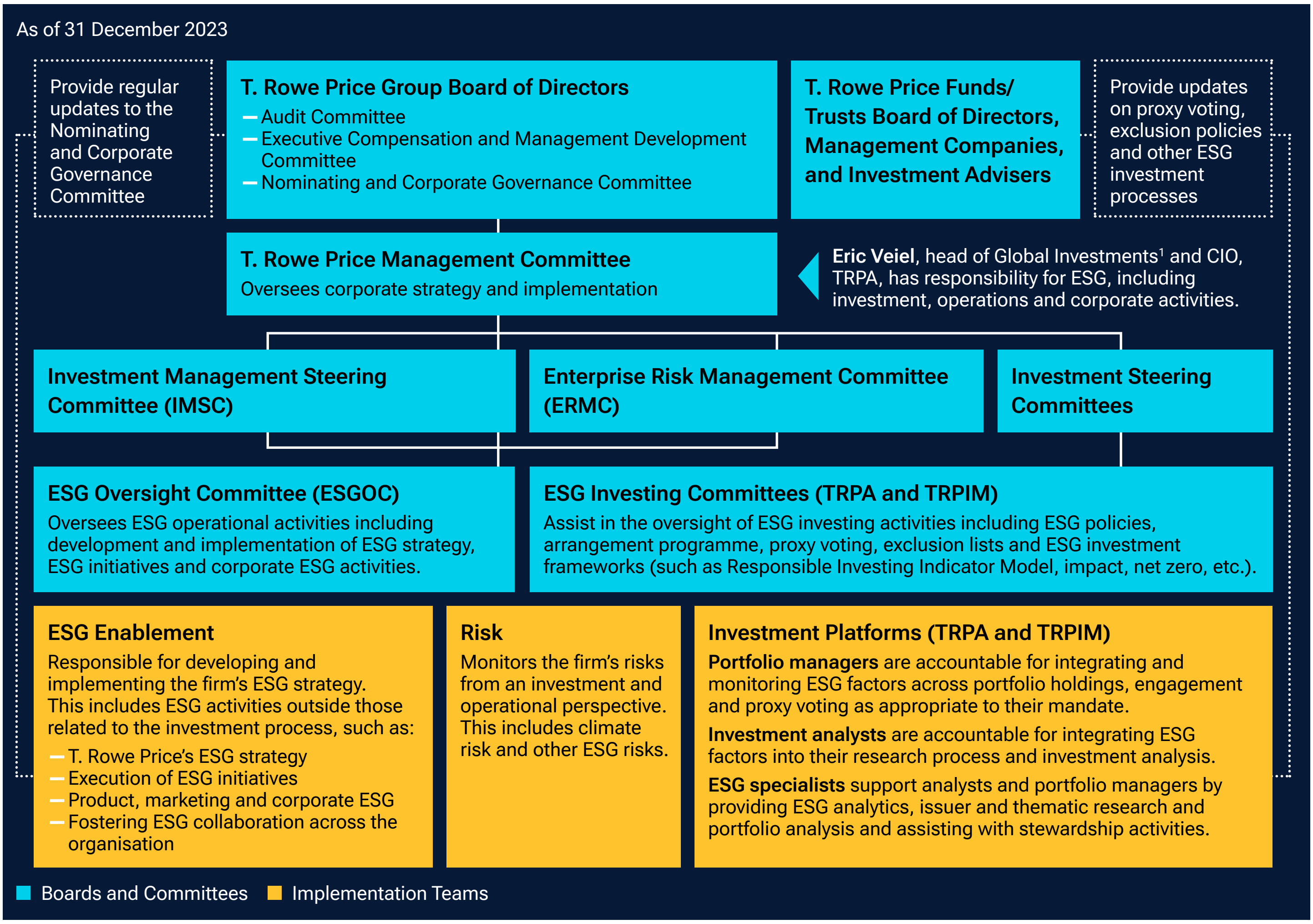
T. Rowe Price Group, Inc., is a holding company established as a Maryland corporation in the US and owns 100% of the stock of T. Rowe Price Associates, Inc. (TRPA), and is the direct or indirect owner of multiple subsidiaries, including T. Rowe Price Investment Management, Inc. (TRPIM) and Oak Hill Advisors (OHA). The senior management of each of these subsidiaries sit on the Management Committee of T. Rowe Price Group, Inc., and report on the operations of each entity to the Management Committee and to the Board of Directors of T. Rowe Price Group, Inc. In addition, TRPA, TRPIM and OHA each operate independently with their own investment platforms and have senior management representatives on their respective investment management steering committees and ESG Investing Committees (known as the ESG Committee at OHA).

Nominating and Corporate Governance Committee
The NCGC oversees ESG across the firm. This includes ESG factors related to the firm's operations and investment activities. Further details can be found in Principle 5.

Audit Committee
The Audit Committee of the Board considers ESG matters as they impact any disclosures in our financial statements, including climate-related risks. In addition, the Audit Committee receives updates from the company's chief risk officer on these topics and periodically discusses ESG legal and regulatory developments with our general counsel.

Executive Compensation and Management Development Committee (ECMDC)
The ECMDC of the Board is responsible for considering how ESG matters may impact the compensation of management. The ECMDC considers the firm's ESG efforts when reviewing and approving general salary and compensation policies for management.

T. Rowe Price boards and committees



[1] Effective as of 1 January 2024.

Strengthening ESG governance and oversight

In 2022, we consolidated responsibility for ESG investing and corporate sustainability under Eric Veiel, head of Global Investments and a member of the Management Committee. This strengthens our governance of ESG risks and opportunities and increases accountability for them. We established the ESG Enablement team to ensure a consistent vision and global strategy for ESG, with better coordination across functions.

The ESGOC was created in 2023 in recognition that ESG activities are present across multiple operating functions for an investment management firm like T. Rowe Price. Its membership includes senior leaders in Investments, Distribution and other critical functions, with all regions and advisory entities represented. Chaired by the firm's head of ESG Enablement, the ESGOC helps support governance around our ESG activities and reports into the IMSC, with regular updates to the ERMC. The firm's chief investment officer and chief risk officer serve on the ESGOC. Strategic responsibilities and global oversight with the establishment of the ESGOC replace the ESG taskforce, as described in our 2022 Stewardship Report. For details, see Principle 6—how we address and meet our clients' needs. Further details of the ESGOC's responsibilities can be found in Principle 5.

Throughout 2022 and 2023, we continued optimising our firmwide ESG initiatives by creating and growing a centralised team of associates dedicated to this objective. With this new operating model, we have defined accountability for the success of our ESG approach across Investments and the rest of the business to develop and execute our overall ESG strategy with improved coordination across functions.

Over the last few years, we have built our ESG specialist and investing teams, investing in our ESG research tools and enhanced firmwide and product reporting to improve transparency.

In 2023, highlights included:

- We added three associates to our head count in the ESG Enablement team, bringing the total number of dedicated ESG Enablement team resources from eight to 11.
- At TRPA, a dedicated ESG investment specialist joined the team supporting both investment and distribution teams in the Asia Pacific (APAC) region.
- At TRPIM, we completed the buildout of the TRPIM ESG team, hiring a resource to strengthen our analytical approach, grounded in data, to ESG.
- At OHA, we added a senior ESG analyst to the ESG and Sustainability team.

We have dedicated ESG resources across the firm

As of 31 December 2023.

ESG leadership team

Donna Anderson
Head of Governance (TRPA)

Maria Elena Drew
CHAIR
Director of Research, Responsible Investing (TRPA)

Chris Whitehouse
Head of ESG (TRPIM)[2]

Jeff Cohen
Managing Director, Head of ESG & Sustainability (OHA)[3]

Poppy Allonby
Head of ESG Enablement

30 ESG investment team (TRPA)
TRPA ESG investment team supports portfolio managers and analysts across global equity, fixed income, and multi-asset strategies. Includes 16 responsible investing, three governance, seven impact investors and four ESG investment specialists.

8 ESG investment team (TRPIM)
TRPIM ESG investment team supports portfolio managers and analysts across US equity and US high yield strategies.

3 ESG investment team (OHA)
OHA ESG investment team supports portfolio managers and analysts across private credit strategies.

11 ESG enablement team
The ESG Enablement team develops and drives our ESG strategy globally.

15 ESG technology team
The ESG technology team supports the integration of environmental, social and governance data throughout the data systems of T. Rowe Price. This also includes technology support for DARWIN, a proprietary technology platform that manages ESG data and various proprietary models built by TRPA and TRPIM (such as RIIM, Impact template etc.).

89 Total firmwide ESG full-time employees
41 Investment functions + **48** Non-investment functions

22 ESG full-time employees in other operations
This includes full-time ESG dedicated staff in Global Investment Operations; Legal, Compliance & Audit; Transformation Office; Global Marketing; Global Client Account Services; Corporate Real Estate & Workplace Services and the Chief Financial Officer Group.

Baltimore Associate | London Associate | Washington Associate | New York Associate

[2] T. Rowe Price Investment Management, Inc. TRPIM was established as a separately registered US investment adviser, with a separate ESG team from TRPA. Decisions for TRPA and TRPIM ESG teams are made completely independently but use a similar approach, framework and philosophy.
[3] Oak Hill Advisors, a T. Rowe Price company since 31 December 2021. The OHA ESG & Sustainability team is separate from TRPA and TRPIM, and decisions for the OHA ESG & Sustainability team are made independently.

Overview of ESG management responsibilities

The Nominating and Corporate Governance Committee, which is composed solely of independent members of our Board, oversees our ESG strategy and investment activity. Additionally, our Board receives an annual update on our ESG strategy and investment activity.

ESG leadership team

Responsibility

- Our ESG leadership team brings together specialists from across our investment platforms—TRPA, TRPIM and OHA[4]—and our head of ESG Enablement.
- Appointed in June 2022, our head of ESG Enablement is not aligned to any single investment platform and is responsible for developing and executing our ESG strategy. This will allow us to have a consistent vision and global strategy whilst bringing greater resources and accountability to our approach across both Corporate ESG and Investments.
- The head of ESG Enablement reports directly to Mr. Veiel, who has senior management responsibility for our ESG efforts and serves on our Management Committee. In 2023, Mr. Veiel was also a member of our Chief Investment Officer Group and was an individual signatory for this disclosure in 2020, 2021 and 2022.

ESG committees

ESGOC Responsibility

The primary purpose of the ESGOC is to assist the IMSC of Group in the oversight of execution of the firm's ESG strategy. The ESGOC reports to the IMSC and makes regular updates to the ERMC.

The committee's duties include:

- Establish coordinated ESG strategy across different divisions of the firm
- Prioritise ESG projects throughout the firm
- Be an escalation body for ESG issues where needed
- Review product development road map and product recommendations for marketability
- Oversee controls and risk mitigations for key regulatory, investment and client processes; escalate to the Enterprise Risk Management Committee as appropriate
- Oversee ESG resources and budget needs across the firm
- Oversee production of the firm's flagship ESG reports

ESG Investing Committee Responsibility

Each investment platform has its own independent ESG Investing Committee. These are made up primarily of senior investment leaders from TRPA or TRPIM, respectively, with additional representatives from legal and operations.

ESG Investing Committees are chaired by members of our ESG leadership team. At TRPA the cochairs are our head of Corporate Governance and the director of research, Responsible Investing. At TRPIM, our chair is TRPIM's head of ESG Investing.

Each ESG Investing Committee's primary purpose is to assist the Investment Management Steering Committees (see earlier section, Accountability for ESG starts at the top). They typically meet twice per year but also can meet on an ad hoc basis if necessary.

The role of each ESG Investing Committee includes the oversight of:

- ESG policies (including the proxy voting guidelines and exclusion lists)
- Implementation of ESG in the investment processes
- Implementation of the proxy voting policy
- Implementation of exclusion lists
- Impact investment framework

Each ESG Investing Committee:

- Submits an annual report to the applicable T. Rowe Price Funds' Board of Directors summarising voting results, policies, procedures and other noteworthy items.
- Oversees the process for exclusion lists. This includes our firmwide human rights violators policy and controversial weapons, which are applied to our UK open-ended investment companies, European and international SICAVs and Canadian pooled funds.
- Oversees other exclusion lists such as those applied to our socially responsible and impact product offerings. A subcommittee, the Exclusion List Advisory Group, consisting of investment professionals and legal counsel, assist ESG specialist teams to assess ambiguous situations regarding exclusions. For socially responsible and impact strategies, more than one list of excluded companies may be created and maintained by the investment manager and sub-investment manager specialists in ESG at TRPA and TRPIM, as appropriate.

[4] OHA is represented within the companywide ESG leadership team and operates as a standalone business within T. Rowe Price, with autonomy over its investment process. OHA maintains its own culture, associates and teams, including its own specialist ESG team and committee. Decisions of the OHA ESG & Sustainability team and OHA ESG Committee are made independently of those of TRPA and TRPIM. More information regarding the composition of the ESG Committee can be found further in Principle 2.

Investment leaders are members of our ESG Investing Committees

Information barriers are in place across all our investment platforms to prevent the inadvertent flow of confidential investment and research information between the advisers across T. Rowe Price Associates, Inc., T. Rowe Price Investment Management, Inc. and Oak Hill Advisors, L.P.

TRPA ESG Investing Committee: Coverage breadth of global and regional asset classes	
Donna F. Anderson, Cochair Head of Corporate Governance	**Maria Elena Drew, Cochair** Director of Research, Responsible Investing
Austin Applegate Portfolio Manager, Municipal Bonds	**Matt Lawton** Portfolio Manager, Global Impact Credit
Kamran Baig Director of Equity Research, EMEA and Latin America	**Yoram Lustig**[5] Head of EMEA Multi-Asset Solutions
Hari Balkrishna Portfolio Manager, Global Impact Equity	**Ryan Nolan**[5] Senior Legal Counsel, Legal
Oliver Bell Associate Head, International Equity	**Ken Orchard** Portfolio Manager, Global Fixed Income
R. Scott Berg Portfolio Manager, Global Growth Equity	**Sally Patterson** General Manager, International Equity
Jocelyn Brown Head of Governance, EMEA and APAC	**Thomas Poullaouec**[5] Head of Multi-Asset Solutions, APAC
Archibald Ciganer Portfolio Manager, Japan Equity	**Preeta Ragavan** Equity Investment Analyst
Anna Driggs[5] Managing Legal Counsel	**Justin Thomson** Head of International Equities
Amanda Falasco[5] Supervisor, Global Proxy Operations	**Mitchell Todd** Portfolio Manager, UK Equity
Jennifer Geary General Manager, Fundamental Equity	**Eric Veiel** Head of Global Investments
Ryan Hedrick Associate Portfolio Manager, US Large-Cap Equity	**Willem Visser** Fixed Income ESG Associate Portfolio Manager
Arif Husain Head of International Fixed Income	**Ernest Yeung** Portfolio Manager, Emerging Markets Discovery Equity
Michael Lambe Associate Director of Research	

TRPIM ESG Investing Committee: Coverage of US corporates
Chris Whitehouse, Chair Head of ESG, TRPIM
Paul Cho Research Analyst
David Giroux Portfolio Manager and Head of Investment Strategy
Stephon Jackson, CFA Head of TRPIM
Steven Krichbaum, CFA Director of Research
Sara Pak[5] Managing Legal Counsel
Farris Shuggi Quantitative Team Leader, TRPIM
David Wagner Lead Portfolio Manager
Thomas Watson, CFA Director of Research
Ashley Woodruff Associate Portfolio Manager
Doug Zinser Research Analyst
Amanda Falasco (Observer)[5] Supervisor, Global Proxy Operations

[5] Not part of TRPA or TRPIM, these individuals are attending in an advisory capacity and, although not classified as restricted investment personnel, must adhere to the strict information barrier policy and guidelines.

OHA ESG Committee: Alternative Credit Investment Specialists			
Bill Bohnsack President and Senior Partner	**Adam Kertzner** Portfolio Manager and Senior Partner	**Nathaniel Furman** Partner	**Natalie Harvard** Head of Investor Relations and Partner
Lucy Panter Portfolio Manager and Partner	**Gregory Rubin** General Counsel and Partner	**Fritz Thomas** Head of Client Coverage and Partner	**Declan Tiernan** Co-head of Europe and Partner
Thomas Wong Portfolio Manager and Partner	**Colin Blackmore** Managing Director, European General Counsel and CCO	**Jeff Cohen** Managing Director, Head of ESG and Sustainability	**Alex Field** Managing Director
Joseph Goldschmid Managing Director	**Sonja Renander** Managing Director	**Erin Hartney** Principal, ESG and Sustainability	**Blaire Rowe** Associate

As of 31 December 2023.

Global ESG investment research teams

Our dedicated full-time ESG investment resources grew from 37 individuals in 2022 to 41 as of 31 December 2023 (30 in TRPA, including seven dedicated impact investing professionals, seven at TRPIM and three at OHA). Our ESG specialists help our analysts and portfolio managers identify, analyse and integrate the ESG factors most likely to have a material impact on an investment's performance.

Each of TRPA and its investment advisory affiliates, TRPIM and OHA, is a separate US-registered investment adviser with separate ESG specialist teams. Decisions across the investment advisers are made completely independently.

TRPA and TRPIM, although operating separately, do use a similar approach, framework and philosophy. Both of these ESG specialist teams are supported by an operations team focused on proxy voting execution and a technology team focused on ESG data integration.

See Principle 7 for details of our approach to ESG investing. For details about OHA, visit oakhilladvisors.com.

T. Rowe Price Associates (TRPA)

Responsible Investing

Maria Elena Drew
Director of Research, Responsible Investing

Corporate analysis

Joseph Baldwin
Analyst – Financials and REITs

Greg Bragg
Associate Analyst – Consumer (EMEA/USA)

Francesco Buonocore
Associate Analyst – Industrials

Ashley Hogan
Associate Analyst – TMT[6] (US)

Clarice Hung
Associate Analyst – Generalist (Asia)

Matthew Kleiser
Associate Analyst – Generalist (US)

Iona Richardson
Analyst – Consumer and TMT[6] (Asia/EMEA)

Daniel Ryan
Associate Analyst – Health Care

Duncan Scott
Analyst – Natural Resources and Industrials

Sovereign, municipal and securitised bond analysis

Tongai Kunorubwe
Head of ESG – Fixed Income

Dylan Cotter
Associate Analyst – Munis and Securitised

Natalie McGowen
Associate Analyst – Sovereign bonds

ESG data and business support

Matt Lodge
Senior Analyst – Responsible Investing Data Analytics

Michael Ray
Senior Business Analyst

Suha Read
General Manager

Governance

Donna Anderson
Head of Corporate Governance

Jocelyn Brown
Head of Governance – EMEA and APAC

Ryan Chiang
Senior Governance – Analyst

Kara McCoy
Governance – Analyst

Regulatory Research

Michael Pinkerton
Associate Analyst

Specialist Support

Véronique Chapplow
ESG Investment Specialist

Carolyn Hewitt[7]
Portfolio Analyst

Brian Horr
Lead Portfolio Analyst

Caroline Ramscar
ESG Investment Specialist

Impact Investing

Equity

Hari Balkrishna
Portfolio Manager – Equity

David Rowlett
Portfolio Manager – Equity

Chris Vost
Analyst – Equity

Kaoutar Yaiche
Analyst – Equity

Fixed Income

Matt Lawton
Portfolio Manager – Credit

Ellen O'Doherty
Associate Analyst – Fixed Income

Willem Visser
Associate Portfolio Manager – Credit

- Baltimore Associate
- London Associate
- Asia Pacific Associate
- Washington Associate
- New York Associate

T. Rowe Price Investment Management (TRPIM)[8]

ESG Investing

Chris Whitehouse
Head of ESG

Kevin Klassen
Quant Analyst (ESG)

Allie Hidalgo
Associate Analyst – Financials and Technology

Brandon Lee
Associate Analyst – Consumer Discretionary, Health Care and Utilities

Molly Shutt
Associate Analyst – Energy, Industrials and Materials

Thearra Su
Associate Analyst – Consumer Staples

Jack Williams
Senior Business Management Analyst – Business Support

Regulatory Research

Gil Fortgang
Associate Analyst

Oak Hill Advisors (OHA)

ESG & Sustainability

Jeff Cohen
Managing Director, Head of ESG & Sustainability

Erin Hartney
Principal – ESG & Sustainability

Jayd Alvarez
Senior Analyst – ESG & Sustainability

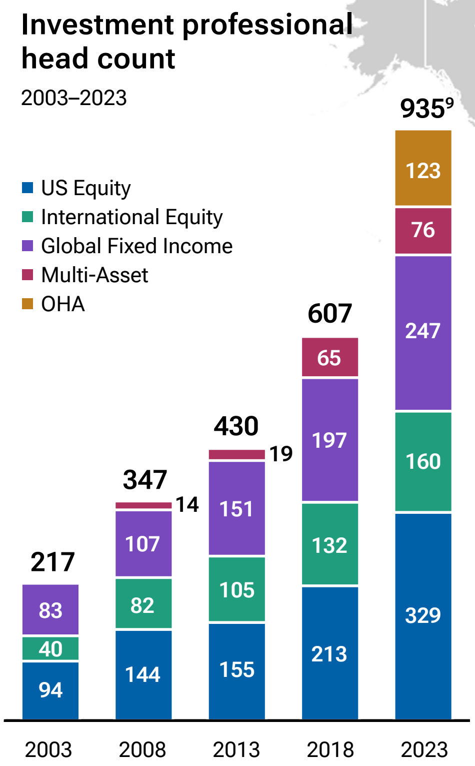
[6] TMT = technology, media and telecom.
[7] Providing maternity cover for Penny Avraam.
[8] T. Rowe Price Investment Management, Inc. was established as a separately registered US investment adviser with a separate ESG team from T. Rowe Price Associates, Inc. Decisions for TRPA and TRPIM ESG teams are made completely independently but use a similar approach, framework and philosophy.

Investing in ESG: people, systems, processes and research

Investment in our global investment capabilities year-on-year

We have continued to build out our investment teams where needed to ensure we can continue to diversify our product offerings and make sure that our investment teams have the resources they need to be successful.

As of 31 December 2023



935 investment professionals **worldwide**[9]

[9] 109 portfolio managers, 33 associate portfolio managers, 11 regional portfolio managers, 18 sector portfolio managers,196 investment analysts/credit analysts, 54 quantitative analysts, 9 solutions associates, 69 associate analysts, 45 portfolio specialists/generalists, 42 specialty analysts, 84 traders, 13 trading analysts, 4 economists, 84 portfolio modeling associates, 41 management associates, and 123 Oak Hill Advisors which is a T. Rowe Price company.

[10] Count includes 496 Baltimore-based associates, 108 New York-based associates, 13 San Francisco-based associates, 36 Washington, DC-based associates, 11 Philadelphia-based associates, and 2 Texas-based associates.

[11] Research only.

Investing in independent ESG research and client surveys

For the third year, we sponsored a dedicated third-party global ESG survey. The survey was designed to understand the distinct needs of institutional asset owners and discretionary fund selectors in the Americas, EMEA and Asia Pacific—particularly as different client types and regions are at different stages of their ESG journey. See Principle 6 for details.

Use of external service providers

We conduct our own deep fundamental research, using the processes outlined in Principle 7. Our proprietary ESG frameworks are populated by both quantitative ESG datasets as well as our own fundamental qualitative research.

We take a best-of-breed approach to working with third-party data. TRPA, TRPIM and OHA are all separate independent entities in this regard. Details of our vendor oversight, third-party monitoring and main uses of external data are provided in Principle 8. In addition to Sustainalytics for climate data at both TRPA and TRPIM, we also use climate scenario tools from MSCI ESG Research to inform our analysis presented in the T. Rowe Price International inaugural Task Force on Climate-Related Financial Disclosures report published in 2023.

These external and proprietary sources efficiently and consistently provide the data we need to build a preliminary ESG profile of a security and conduct our ESG screening and analysis, which are used in our analysts' detailed fundamental research.

We also discuss our use of proxy research providers in Principle 8 and how we oversee their operational performance. A key focus in recent years has been developing our access to Asian corporate governance research and data to meet the evolving needs of our investors. In 2023, TRPA embedded proxy research from a Chinese domestic provider, ZD Proxy, into our voting workflow, building on the lessons learned from implementing Institutional Investor Advisory Services (IIAS) in our voting workflow for Indian companies.

Training and development

T. Rowe Price is committed to ensuring our associates remain skilled in relation to their roles. For example, our client-facing relationship teams undertake regular training as part of their continuing professional development to ensure they maintain the skills, knowledge and expertise needed to perform their roles effectively. This includes, where relevant and as required, training on regulatory, product and market developments.

Opportunities for growth and career advancement
Whilst career development is ultimately the responsibility of each associate, we provide support through continuous training opportunities and a culture that encourages mentoring, collaboration and teamwork to help enable associates to advance to the best of their abilities.

This includes continually building awareness and knowledge of ESG amongst our global associates. Our ESG-related training sessions are critical to help us meet the evolving needs of our clients, ensuring client-facing distribution teams have the knowledge needed to support our clients and to strengthen their understanding of our ESG capabilities.

Our ESG training and education programme continues to be refined to meet the current and evolving needs of our clients and associates. It is designed to raise standards and help our associates develop technical and relevant competency.

- We offer different types of training and education to serve different associates based on their job responsibilities and level of leadership
- We aim to measure our progress around ESG training and education as our programme continues to accelerate
- We offer two tracks within the ESG training and education programme:
  - 'Core curriculum', offers core artifacts that are segmented and distributed appropriately to wide audiences. This includes education around our corporate ESG efforts
  - 'Immediate Needs', offers training and education solutions to specific questions or to fill immediate and specific needs. Examples include education sessions on new product launches or updates related to market-specific ESG regulation

Over the last few years, ESG awareness has been particularly important for our associates in Europe and regions where we register and distribute our Luxembourg SICAV products, to ensure competency in understanding EU Sustainable Finance Regulation and what this means for T. Rowe Price and our product offering. In the first quarter of 2023, we conducted a gap analysis for ESG education with our distribution associates globally, which enabled us to build an internal ESG education plan for our teams going forward. Highlights from our ESG education efforts are noted in the following section.

2023 training overview with ESG education highlights

- **ESG global and regional training**—In 2023, our ESG investment specialists, product, legal and compliance teams continued to provide regular training and education spanning a number of topics, including regional regulation, ESG product initiatives, the Responsible Investing Indicator Model tool, impact investing, ESG ratings and climate-related issues.
- **Fitch Learning**—We offered global associate training from Fitch Learning, an external supplier. The certification covered four modules, including ESG factors, ESG market and engagement, integrating ESG into investment analysis and integrating ESG into portfolio management.
  - In 2023, we had a 95% successful completion rate of the Fitch ESG Foundation Certificate amongst the global associate population that registered to obtain the certificate, compared with a 76% completion rate in the previous year.
  - In addition, in 2023 we rolled out the Fitch ESG Advanced course for our Distribution teams globally, in partnership with Fitch Learning.

The certification for this course covers four modules including ESG Reporting Framework, Sustainable Finance, Impact Investing and Climate Fundamentals.

- **Principles for Responsible Investment (PRI) Academy**—We offered responsible investing training from PRI Academy, an external supplier, to certain global client-facing associates in 2023. PRI Academy offers various foundational and specialised courses with the aim to equip industry professionals with a common language of ESG, based on the latest thinking in responsible investment.

- **Orientation for new analysts**—As outlined last year, each new analyst is trained in responsible investing and corporate governance as part of an in-depth, multi-day orientation. This is held every September in Baltimore, Maryland, although it continued to be a hybrid event in 2023.

- **Discussion forums**—In addition to the new analyst training outlined above, we also held forums with investment professionals across the firm to explore the integration of ESG factors in the investment process.

- **Chartered Financial Analyst® (CFA®)**[13]—We support the development of our staff through relevant training and development opportunities such as completion of the CFA® qualification and CFA Institute Certificate in ESG Investing.

- **OHA ESG training**—OHA's ESG & Sustainability team conducts training throughout the year for the investment team as well as for client-facing associates. Training for the investment team primarily focuses on ESG integration within the investment process. The ESG team also provides regular firmwide updates and dedicated trainings on various subjects related to sustainability.

- **All associates education**—We held two internal general-audience events with the head of ESG Enablement—an 'Ask Me Anything' event (April) and a 'T. Rowe Talk' firm event (November), the latter was part of an internal series aiming to help further connect our associates with strategic focus topics for the firm, such as ESG.

Other 2023 highlights:

- We conducted research and compiled feedback to identify knowledge gaps in order to inform where to focus our ESG training and education efforts.

- We developed a series of educational video modules focused on ESG integration. The video modules were released and promoted to targeted associate populations.

- We had subject matter experts attend a series of sales and distribution meetings in the EMEA region to bridge knowledge gaps, including, for example, an overview of the integration of a Net Zero Transition framework into an existing investment process.

Spotlight on impact education

Following the expansion of our impact offering in 2022, in 2023 we produced product feature sheets to reinforce and guide our client-facing associates and relationship managers of the key features and values of our impact products—ensuring consistent messaging and understanding of our impact products. This included the product mission, impact guiding principles, product specifications and investment approach. Portfolio specialists from the impact investment team also hosted a virtual presentation on fostering change with impact investing by pursuing social and environmental impact alongside financial returns. They highlighted the Impact Charter that incorporates the four elements: material, measurable, additional and resilient.

[12] CFA® and Chartered Financial Analyst® are registered trademarks owned by CFA Institute.

Performance management and incentivisation

We use performance management and reward programmes to incentivise our associates. A solid balance sheet, even in these challenging times, helps us to maintain a long-term view and continually invest in our business to best serve our clients.

For example, staff bonuses for T. Rowe Price International Ltd (TRPIL) associates are discretionary. An individual's performance assessment includes a range of factors, including conduct, collaboration, putting clients first, acting with integrity and accountability, cultivating intellectual curiosity and innovation, embracing diversity, being disciplined and risk aware, pursuing excellence with passion and humility, compliance with internal policies and procedures (including the Code of Ethics and Conduct), anti-bribery policies and procedures and completion of role-related compliance training courses on annual basis.

The integration of stewardship procedures and ESG factors in investment decision-making are considered as part of our performance management and reward programmes.

ESG specialist teams: Have clear objectives and are compensated with variable pay related to achieving these objectives.

Investment professionals: To ensure alignment across different teams and different perspectives, we appraise our research analysts on the extent to which they test their ideas with other teams and their contribution to wider idea generation and validation.

- Portfolio manager compensation is viewed with a long-term time horizon and measured over 1-, 3-, 5- and 10-year periods.
- The more consistent a manager's performance over time, the higher the compensation opportunity. Portfolio manager compensation is not solely formulaic, and short-term fluctuations in assets under management is not considered a material factor.
- T. Rowe Price Group evaluates performance in absolute, relative and risk-adjusted terms. Relative performance and risk-adjusted performance are determined with reference to the appropriate benchmark(s) for the investment product, as well as comparably managed investment strategies of competitive investment management firms.
- Also included is the integration of sustainability risks and ESG objectives into our investment process and our remuneration incentives.
- Our investment staff are responsible for incorporating sustainability risks and other ESG factors into their investment recommendations and investment decisions, as appropriate to the relevant mandate. TRPIL, for example, holds its portfolio managers and analysts accountable for doing so by incorporating the extent of the integration of ESG analysis into their individual investment processes as part of the qualitative aspect of performance assessments that determine each individual's compensation.

Client-facing distribution teams: Our client-facing distribution teams increasingly embed ESG knowledge and insights across our distribution channels to better support client needs. Distribution representatives have ESG objectives built into their appraisal process.

Diversity, equity and inclusion: Our goal is to increase our hiring, retention and development of underrepresented talent in asset management. We establish annual corporate DEI representation goals. We also strive to ensure that associates are compensated fairly and equitably throughout their careers at the firm. To validate this, we engage third-party consultants to conduct robust annual pay equity audits and commit to addressing any anomalies identified.

Each associate must complete a DEI performance objective, which emphasises expectations and accountability in achieving our shared DEI goals. For more details of DEI goals and achievements, see our ESG Corporate Annual Report.

Closing reflection

Our stakeholders—including our clients, employees and shareholders—are increasingly interested in how we think about ESG from an investment perspective and how we think about ESG as a firm. To ensure we meet our stakeholders' expectations, we have evolved both our Group-wide oversight of ESG topics in the last few years and the review and sign-off process of the 2023 Stewardship Report.

The primary purpose of the ESG Investing Committee for each adviser is to oversee the content and implementation of the adviser's ESG investment policies. The ESG Oversight Committee ensures global oversight of ESG across our businesses. This governance framework has become embedded as business as usual in 2023 and helps us ensure both global and local considerations are appropriately reflected in our ESG strategy.

PRINCIPLE 3

Signatories manage conflicts of interest to put the best interests of clients first.

Conflict of Interest Policy

T. Rowe Price's Code of Ethics and Personal Transactions Policy sets out our Conflicts of Interest policy. It can be found **here** on our public website. In cases where conflicts cannot be avoided, we seek to mitigate their impacts through organisational and administrative controls and, where appropriate, disclose them to our clients. We have additional policies and procedures to guide us in the event that a conflict arises in the course of business activities.

The Global Code of Conduct

The company's Global Code of Conduct sets the tone for how associates should think about conflicts, recognising the firm's fiduciary duty to its clients. All associates are expected to identify and report conflicts of interest in accordance with T. Rowe Price policies.

Changes to our Code of Ethics and Conduct in 2023

The Code of Ethics and Conduct was updated on 1 February 2023, to improve accessibility for associates and to align our policies with industry best practices. The Code of Ethics and Conduct was streamlined and split into two documents: a Global Code of Conduct and a Code of Ethics and Personal Transactions Policy (each, a "Code," and together, the "Codes").

The new Global Code of Conduct is a principles-based expression of our ethics and values, with direct links to important internal policies to help inform associates' everyday decisions and behaviours.

The Code of Ethics and Personal Transactions Policy focuses on specific guidance for personal trading activity, introduces more efficient compliance requirements and contains all of the requirements of US Securities and Exchange Commission Rule 17j-1.

The firm's Ethics Committee has the overall responsibility for developing, maintaining and administering the Codes. Key elements of the Global Code of Conduct include:

- Associate guidance: The Code provides guidance to associates to recognise and address conflicts in a manner consistent with the firm's expectations. Mandatory training and certification is conducted each year. Where a policy does not exist, actual or potential conflicts should be escalated to the appropriate person, group or committee for further review and resolution.
- Reporting and identification: The duty to report certain conflicts is the responsibility of each associate. However, the structure of the firm's compliance programme, and those specific to its subsidiaries, emphasises the responsibility of business units to identify and address conflicts of interest particular to their areas.
- Conflict definition: Business units aim to identify and address conflicts of interest that arise in the normal course of business. These include conflicts between: (a) the firm, including its managers, employees or any person directly or indirectly linked to the firm and a client, fund or the investors in such fund and (b) a client, fund or the investors in such fund and another client, fund or the fund's investors.
- Conflict management: The firm's Management Committee and the respective Boards of subsidiaries of T. Rowe Price are accountable for identification of conflicts and ensuring they are appropriately managed. A robust assurance programme supports groups and individuals identified. This includes the Internal Audit Group, Compliance teams, Legal Department, Risk Management teams and quality and compliance resources embedded within the business units themselves.

T. Rowe Price seeks to organise its business activities in a manner which avoids such a conflict occurring. The remedies for avoidance are fact-specific but may include:

- Prohibiting certain employee activities
- Segregation of duties
- Implementing information barriers
- Declining to provide a particular product or service

The avoidance of all conflicts is not feasible in a commercial environment. Where conflicts cannot be avoided, we seek to mitigate their impacts through organisational and administrative controls. In addition to the Code and various global compliance policies, business unit operating procedures and oversight committee charters may include references to specific conflicts of interest and how they are managed.

The firm has developed a centralised register of activities, products and services that present, or may be perceived to present, conflicts of interest. Entries in the register generally include the nature of the conflict, the parties responsible for oversight and any relevant policies, procedures and/or disclosures. The register and associated policies and procedures undergo periodic reviews, with involvement from relevant business units. The register informs compliance assessments, internal testing plans and disclosure reviews.

Our conflicts policy and how this has been applied to stewardship

Our overarching approach to dealing with potential conflicts of interest is to resolve them by taking the path which best serves our clients' interests. Potential conflicts and how they may be addressed are discussed below.

Potential conflicts with respect to ownership structure
We do not encounter conflicts of interest related to transactional relationships with issuers of corporate securities across various divisions of our firm (a risk potentially associated with a more diversified financial services group). T. Rowe Price has been in the investment management business since 1937 and has operated as a publicly traded corporation since 1986. The size of our assets under management, combined with our strong financial position, helps support our clients' needs. Our strong balance sheet and considerable financial resources are conservatively managed, allowing associates to focus on serving the investment management needs of our clients.

Potential conflicts with respect to individuals
With regard to our stewardship activities in 2023, there were no material breaches by individuals of our business unit policies and procedures designed to eliminate conflicts of interest. Our Code requires all employees to avoid placing themselves in a 'compromising position' in which their interests may conflict with those of our clients. The Code restricts their ability to engage in certain outside business activities. The firm has a variety of risk identification and assessment procedures to identify potential individual conflicts of interest.

Programmes are in place to monitor personal trading, gifts and entertainment, outside business activities and political contributions, amongst other potential conflict of interest areas. In addition, portfolio managers or ESG Investing Committee members with a personal conflict of interest regarding a particular proxy vote must recuse themselves and not participate in the voting decisions with respect to that proxy. An example of a personal conflict of interest would be a close relative serving on the board of a public company where T. Rowe Price has investments.

Potential conflicts with respect to stewardship activities
With regard to stewardship activities, potential conflicts between the interests of our firm and our clients could occur in the context of proxy voting or escalated forms of engagement, such as formal, written correspondence with a portfolio company. Risks are managed and monitored by using our proxy voting oversight and procedures, which are described below.

Proxy voting oversight

The T. Rowe Price Associates, Inc. (TRPA), and T. Rowe Price Investment Management, Inc. (TRPIM) ESG Investing Committees are responsible for monitoring and resolving potential conflicts between the interests of T. Rowe Price and those of its clients with respect to proxy voting. The Oak Hill Advisors (OHA) ESG Committee does not have a similar responsibility. OHA does not typically undertake proxy voting due to its investment activities being predominantly focused on credit. The same policy and controls framework is in place in both TRPA and TRPIM. We have adopted technological and compliance safeguards to ensure that our proxy voting activity is not influenced by interests other than those of our clients. We prevent internal conflicts of interest by excluding client relationship management, marketing or sales representatives from the ESG Investing Committees.

Our predetermined, standard proxy voting guidelines are designed to avoid potential conflicts of interest in our voting decisions. Proxy votes that are cast contrary to the guidelines could result in a potential conflict of interest if the investee company is also a significant business partner, trading counterparty, supplier or client of our firm. Therefore, we require that portfolio managers document their reasoning for any votes contrary to our voting policies which are in favour of management. We subject these votes to an extra level of scrutiny by ESG Investing Committee members before the vote is cast.

When conducting our stewardship activities, if a conflict were to arise that could not be addressed by the existing protocols described in this Principle 3, we would escalate it to the firm's Ethics Committee. Such circumstances have not arisen in the past.

T. Rowe Price's Compliance division maintains a register of our global corporate relationships that could trigger material conflicts of interest. The register comprises corporations that provide a material level of products or services to T. Rowe Price, our significant trading counterparties, our significant investment advisory clients, our significant recordkeeping clients and corporations where there is a Board member who also serves as a director for a T. Rowe Price entity. The register is updated annually.

Potential conflicts with respect to share classes or asset classes within an adviser

An area where our clients may encounter potential conflicts of interests with each other is when they own different securities of the same issuer. For instance, a strategy may purchase preferred stock whilst other clients hold common stock, or we may invest in both debt and equity instruments of a particular issuer. There are instances when the interests of the respective owners of these securities could conflict with each other. Our mechanisms for managing these potential conflicts include involvement of the senior management of our firm and full internal transparency amongst the interested parties.

An example of a potential conflict would include when a portfolio manager wishes to write a letter to the Board advocating for a particular change in strategic direction of the company or an improvement in its corporate governance practices. Here, our Compliance division checks if our clients also own any debt instruments of the company. If they do, the relevant fixed income portfolio manager is given an opportunity to review the letter and provide comments. Similarly, initiatives instigated by a fixed income portfolio manager allow for equity portfolio managers to contribute. The leaders of our Equity and Fixed Income Divisions, together with our legal and compliance teams, then assess how any recommendations to the company, if adopted, would affect the performance of its various securities. Growth equity managers might be more comfortable with the company undertaking actions with a higher degree of risk if the potential rewards are proportionate, whilst other managers might prefer a more cautious approach because of their investing style.

Importantly, our portfolio managers and analysts routinely engage with management teams of the companies in our clients' portfolios. These discussions typically focus on company strategy, financial and operational performance, industry conditions and capital allocation and often include environmental, social or governance topics. Internal transparency helps to mitigate potential conflicts. All TRPA and TRPIM meetings are open and fully visible on a calendar shared across our equity, fixed income, multi-asset and ESG teams. Credit and equity analysts within an advisory entity routinely participate in management meetings together, providing asset class-specific feedback to companies. Full internal transparency and access to these meetings is designed to ensure that the interests of clients across all strategies are fairly represented.

Potential conflicts between holdings in a target and acquirer in merger and acquisition scenarios

In a scenario where our clients own both the target of an acquisition and its acquirer in the same strategy, we vote the shares of the acquirer and the target solely in the interest of the shareholders of each entity. For example, assume Company A is acquiring Company B at a price that includes a premium we consider excessive. To exercise our fiduciary duty to the shareholders in each company, we would vote for the transaction at Company B but against it at Company A, assuming that shareholders of both entities are afforded a vote on the transaction.

Potential conflicts where client assets are invested in existing clients of the firm

From time to time, client assets may be invested in the securities of companies that have appointed T. Rowe Price or an affiliated entity as an investment adviser or recordkeeper. In addition, client assets may be invested in companies which have invested in T. Rowe Price funds, in companies which are clients of other affiliated entities of T. Rowe Price or in companies which provide a material level of products or services to T. Rowe Price or its affiliates. Investments for our clients' accounts are made in accordance with our fiduciary obligation without regard to other relationships.

Potential conflicts between multiple advisers in T. Rowe Price Group

We discuss the information barriers between OHA, TRPA and TRPIM under Principle 5. Given the nature of OHA's investments, the focus of our mitigation is where TRPA and TRPIM have holdings in the same issuer. The issuer will hold separate meetings with the relevant investors in TRPA and TRPIM, and there is no coordination between the investment and stewardship teams across the advisers on company-specific issues.

Disclosure of conflicts of interest

We ensure that material conflicts of interest are disclosed to clients on the US Securities and Exchange Commission Forms ADV Part 2A. Please see links to **TRPA Form ADV Part 2A** and **TRPIM Form ADV Part 2A**. We ensure that material conflicts of interest are disclosed to clients. These forms require us to prepare narrative brochures that disclose our business practices, fees, conflicts of interest, disciplinary information and other applicable regulatory disclosures. Additionally, where we believe the management of conflicts of interest is insufficient to ensure, with reasonable confidence, that risks of damage to the interests of a client, fund or the investors in such fund would be prevented, the firm may choose to disclose specific conflicts. Any such disclosures would follow the requirements of the relevant jurisdictions and regulatory bodies applicable to the specific scenario and include the general nature and/or source of the conflict to enable clients to make informed decisions. Client disclosures are also periodically reviewed to ensure the practices described remain current.

The process presented in this infographic represents the steps followed by TRPA and TRPIM.

Proxy voting: steps to monitor and resolve potential conflicts of interest

1 Analysis of Business Relationships

On a periodic basis, our Compliance division conducts analysis of business relationships that may cause a potential conflict of interest (including the investment advisory clients for each of our distribution channels, our recordkeeping clients, our trading counterparties and our vendors).

2 Schedule of Business Relationships for Publicly Listed Equities

For each category, our Compliance division updates a list of our significant business relationships for each, then reduces the list to entities with publicly listed equity securities.

3 Schedule of Shared Directorships

We add to the list any public companies where a T. Rowe Price Group director or a member of the T. Rowe Price Mutual Funds' Board of Directors also serves as a director. Typically, the final list comprises about 100 issuers globally and is uploaded into our proxy voting platform annually.

4 Voting Guidelines

Our voting guidelines are predetermined by the ESG Investing Committee and disclosed publicly. Application of any standard T. Rowe Price guideline to vote as clients' proxies should generally avert any potential conflicts of interest.

5 Flagging Non-standard

For proxy votes inconsistent with T. Rowe Price guidelines, where one or more portfolio manager overrides our guidelines to vote in favour of management, our proxy voting platform performs several automated actions to identify such instances.

6 Scanning for Conflicts of Interest

As soon as a vote inconsistent with a standard guideline is entered, the system scans the list of companies representing potential conflicts of interest.

This information is not visible to portfolio managers at any time.

7 Rationale for Override

If the system finds a match, details of the vote and the rationale for the override are sent to a subset of senior members of the ESG Investing Committee for review prior to votes being cast.

8 Process of Approval

This group determines whether the portfolio manager's voting rationale appears reasonable and well supported.

Approval from at least two members of the group must be received.

Proxy voting in 2023

We believe neither our regular research activities nor our stewardship activities routinely give rise to conflicts of interest. However, as every public issuer has a shareholder meeting every year—and some of these are significant business partners of our firm—potential conflicts within proxy voting occasionally arise. As an additional safeguard, we have developed extra scrutiny for voting these, requiring multiple sign-off pre-vote and additional review post-vote by committee.

Two examples of potential conflicts of interest in the 2023 reporting period, one in TRPIM and one in TRPA, are discussed below. An illustrative example from each adviser is described, along with our mitigation measures in the following case studies.

Voting at a company where a director of T. Rowe Price has an affiliation (TRPIM)

MasterCard	
Country	US
Issue	The election of a Board member
Outcome	We voted opposite the TRPIM ESG Investing Committee's Recommended Policy standard voting policy to vote to elect the director.
Potential Conflict	We voted at the annual general meeting (AGM) of this company which was on our pre-determined conflict issuer list owing to a director of our group being an officer at this company. A potential conflict was identified when we decided to override our standard voting guideline, and the vote was in management's favour.
Approach	The director in question was a chief executive officer (CEO) and on three company boards, which is considered overboarding under our regular voting guideline. However, whilst this MasterCard director was on three boards, two of those boards were affiliated to Singapore Airlines, the company where he is CEO. These two boards therefore represent his daily responsibilities, rather than being excessive additional outside time commitments that the policy is designed to capture. So whilst technically overboarded (three boards), considering the above nuance, he was below our overboarding threshold. As such, we did not regard him as overboarded.

The specific securities identified and described are for informational purposes only and do not represent a recommendation.

Voting in a financial services company that is a significant vendor for our firm (TRPA)

American Express Company

Country	US
Issue	The reelection of a Board member
Review	Detailed review by a subset of our ESG Investing Committee Execution of a vote override
Outcome	Approval to override standard voting policy to vote to reelect the director
Potential Conflict	We recently voted at the AGM of a US financial services company that is also a significant business partner of our firm. A potential conflict was identified when we decided to override our regular voting guideline, and the vote was in management's favour.
Approach	The issue centres on the number of board commitments held by one long-standing director. Generally, TRPA opposes the elections of directors who are CEOs of publicly listed companies whilst also serving as independent directors of more than one additional company. In fact, we have opposed this director at American Express in the past for this reason. In this year's proxy filing, the company directly addressed the perception that this director may be overboarded. It provided additional context around his contributions and participation as an American Express board member, and it disclosed additional details around his attendance record at meetings of the Board and its committees. The additional context alleviated our concerns about the individual's capacity for serving on an additional board, and we decided to support his reelection. Because our standard voting policy was overridden and the company was on our predetermined list of potential conflicts, the vote was subjected to an additional level of review by a subset of our ESG Investing Committee. The members approved the exception, and a vote FOR the director was entered.

The specific securities identified and described are for informational purposes only and do not represent a recommendation.

Closing reflection

The main change for 2023 was an update to our Global Code of Conduct. Otherwise, our process regarding conflict management is largely in line with what was discussed in the 2022 report. The oversight provided by the relevant ESG Investing Committees ensures that conflicts of interest related to proxy voting are handled appropriately. As the process appears to be working effectively, we do not expect any significant changes in the near term.

PRINCIPLE 4

Signatories identify and respond to marketwide and systemic risks to promote a well-functioning financial system.

How we identify marketwide and systemic risks

T. Rowe Price has a comprehensive risk management programme to ensure adequate controls and independent risk oversight throughout the organisation. It includes the assessment of industry, market, political and other events to identify emerging issues or trends that may warrant a response. The T. Rowe Price Group Board of Directors is ultimately accountable for risk and oversight of the risk management process.

As shown in the chart in Principle 2, which describes the Group's ESG accountability framework, the Group Board's Management Committee assesses risks and opportunities via the Enterprise Risk Management Committee (ERMC), which is chaired by the firm's chief risk officer (CRO). Our comprehensive approach to identifying and assessing risks and opportunities is managed through established risk frameworks focusing on reputational risk, strategic risk, operational risk, business continuity risk, human capital risk, compliance risk and financial risk. As head of the Enterprise Risk Group (ERG), our CRO is primarily responsible, with support from the Enterprise Risk Management Committee, for anticipating and addressing new risks, as well as ensuring the proper handling of risk across the firm. The CRO reports to the firm's chief operating officer and regularly updates the Group's Board.

The ERG is an independent, global team with seasoned experts specialising in enterprise and operational risk, investment risk, privacy and business resiliency. The ERG conducts assessments of the risks that the firm faces in the short, medium, and long term. The corporate risk profile informs the ERMC of the key risks the firm faces to help prioritise how we focus on risk mitigation across the firm. The ERG is responsible for leading our risk management efforts by partnering with business units to identify risks, understand acceptable levels of risk and implement solutions that mitigate exposure to risk. Individuals with functional expertise across the business are required to identify and address potential risks for their areas of responsibility. This is supplemented by the Enterprise Risk and Global Compliance functions, as well as Legal, Finance, Tax and HR, which provide insight on external risks as well as existing and emerging regulatory requirements.

Risk management = three lines of defence

Our enterprise risk management programme is designed with three lines of defence to ensure effective identification, assessment and management of risk.

1. Business Unit Leaders
- Responsible for overseeing our operations and managing risks specific to their respective business areas.
- Best placed to understand the challenges of our business and make appropriate decisions regarding risk management.
- Various steering and governance committees provide oversight, policy and strategic direction for certain critical business activities.

2. Enterprise Risk and Group Strategic Compliance
- Provide management with advice and guidance, along with tools, frameworks and policies for managing risk.
- These groups also provide oversight and independent challenge of business unit identification, assessment and response to risks.

3. Internal Audit
- Independent assurance that established internal controls are operating effectively and that our risks are adequately mitigated.

Overview of our approach to managing fiduciary risk

Fiduciary or investment risk refers to exposure resulting from investment positions in a portfolio through all traded instruments. Investment risk can be segregated into two distinct types:

1. Counterparty risk
Risk that a trading partner may default on contractual obligations to a T. Rowe Price fund or managed account. T. Rowe Price's Counterparty Risk Committee (CRC) is responsible for the administration and oversight of the firm's counterparty risk management programme, which is primarily implemented by the Counterparty Risk team within Investment Risk. The CRC is also responsible for monitoring and approving the creditworthiness of counterparties with which T. Rowe Price trades, globally. Wherever feasible, collateral agreements are pursued and executed in order to further mitigate exposure to counterparties. The CRC reports periodically to the US Equity Steering Committee, International Equity Steering Committee, Fixed Income Steering Committee, Multi-Asset Steering Committee and TRPIM Investment Steering Committee with regards to counterparty risk.

2. Portfolio risk
Market risk, including liquidity risk, of investment positions within a portfolio. To maintain and ensure the appropriate level of risk for a portfolio's objective, we monitor daily the exposure to equity, fixed income, foreign exchange or other instruments. The expected cash flow requirements for the portfolio influence how we manage the liquidity of the underlying investments. We use various measures of liquidity, including outright cash levels, percentage of daily average traded volume and vendor model-based liquidation schedules, to ensure all funds or accounts have the desired level of liquid assets to meet potential obligations or redemptions. Both Investment Compliance and Investment Risk monitor portfolio positions relative to prescribed portfolio risk profiles and frequently report significant exposures to portfolio managers, investment steering committees and oversight committees.

The level of investment risk within a portfolio is primarily dependent on the investment objectives as documented in investment management agreements with clients or in the prospectus of the relevant T. Rowe Price fund. Portfolio managers, being the first line of defence in investment risk management, and other investment management personnel monitor investment activities on a daily or real-time basis.

The US Equity, International Equity, Fixed Income and Multi-Asset Steering Committees review and monitor investment performance and risks associated with investment activities on a regular basis. In addition to the investment steering committees, the Liquidity Risk, Derivatives Risk and Counterparty Risk Committees are responsible for identifying, measuring, monitoring and overseeing the control and, where possible and necessary, mitigation of risk associated with the management of our clients' portfolios. We also monitor investment risk through the Investment Compliance and Investment Risk teams.

Responsible risk mitigation is reflected in our approach to portfolio construction, which seeks to create portfolios with diversified factor, currency and sovereign risk. Portfolio managers, as the risk owners, are supported by the Portfolio Risk team and overseen by the investment steering committee for their business area and by the independent ERMC. The head of Portfolio Risk and the senior risk managers for Equity Risk, Fixed Income Risk and Multi-Asset Risk, along with their teams, are responsible for identifying, measuring, monitoring and communicating key risks to portfolio managers and management in the investment divisions.

Assessing marketwide risk

In terms of assessing market risk, the foundation of the investment process at T. Rowe Price is proprietary, fundamental, bottom-up research on securities for our clients' portfolios. Assessing the potential for political risk is an important component of this process. We have invested in significant internal and external resources to understand political and regulatory risks at the industry level. The Washington and Regulatory Research (W&R) team works within the Investments Division at T. Rowe Price to provide guidance to portfolio managers and analysts as they incorporate political, regulatory, legal and legislative risks into their stock ratings and asset allocation decisions. Separate W&R analysts support the T. Rowe Price Associates, Inc. (TRPA), and T. Rowe Price Investment Management, Inc. (TRPIM), investment teams.

The W&R team undertakes a four-stage process in regulatory risk evaluation:

1 Identification of Potential Political Catalysts

This is based upon news flow and prospective events with critical market significance, or in reaction to events or potential risks for a sector or industry, as identified by a portfolio manager or analyst.

2 Fact-Finding

Once the catalyst is identified, the W&R team initiates a 'bottom up' research process mirroring the fundamental analysis T. Rowe Price analysts conduct each day. They interview subject matter experts, former government participants and influential political actors to understand the policy mechanics and political implications of the policy catalyst in question.

3 Thesis Testing

After developing an accurate and robust informational mosaic to frame the policy catalyst, the W&R team holds a series of internal meetings with investors and other information sources to discuss findings and initial conclusions, testing the team's thesis and assessing alternative perspectives.

4 Recommendation

The W&R team then publishes platformwide research featuring its conclusions and offering a clear and actionable recommendation for investors to respond to the potential catalyst.

Case study: The US debt ceiling fight of 2023 (TRPIM)

Catalyst Identification	There was considerable debate in the US in 2023 regarding whether, and under what conditions, the statutory limit of US government borrowing should be raised to avoid defaulting on US debt. Our W&R team leveraged publicly available commentary from the Biden administration, congressional leaders and members and media coverage.
Fact-Finding	The W&R team then identified plausible political avenues towards a bipartisan resolution of raising the debt ceiling. This was done through an analysis of previous debt ceiling fights, public comments from current and former congressional lawmakers and positions of the Biden administration. Our team then leveraged its sell-side resources and expert network services to hold dozens of meetings and calls over multiple months with former congressional staff and government officials to assess the likelihood of avoiding a default on US debt.
Thesis Testing	Our W&R team then developed initial conclusions. It held multiple internal meetings with sector analysts and portfolio managers to discuss takeaways, assess the perceived impact for companies and identify ways in which the W&R thesis could prove inaccurate. The W&R team then worked to clarify and source its research fundings, enhancing the thesis with the feedback provided by the investment team.
Recommendation	The W&R team then wrote a comprehensive overview of the likely outcome and the distribution of risk and reward, providing an assessment of the potential risks of a default and the conditions in which a default would be avoided. This document allowed our portfolio managers and analysts to engage in analysis of their own portfolios and companies with the insight of potential upside or downside created from the outcome of the debt ceiling fight in Congress.

Asset class investment considerations

Our Multi-Asset team uses analysis tailored to the client's unique objectives, risk/return profile, guidelines and underlying asset classes to design a portfolio's long-term asset allocation.

Our global tactical decision-making process then looks to overweight and underweight assets based on relative opportunities over a 6- to 18-month horizon. The relevant regional Investment Committee takes overweight and underweight positions in assets by considering the Asset Allocation Committee's global tactical views and complementing them with a regional perspective—for example, the UK Investment Committee considers the outlook for UK equities, gilts and UK corporate bonds in particular depth. The process uses the firm's deep knowledge of financial markets combined with our perspective on what drives returns and risks amongst assets. It is primarily based on fundamental analysis, including comparing our views on economic backdrop, valuations, sentiment, risks and other factors with broader market expectations.

In 2022, we developed a proprietary framework that incorporates the ESG risk scores of investments in portfolio optimisation; we updated the framework in March 2023. The framework will allow our clients to adjust their asset allocation to reflect their ESG preferences.

Case study: A systematic portfolio construction framework to reflect ESG considerations (TRPA Multi-Asset)

The March 2023 paper sets out how our framework follows four stages:

1. **Gather Data** We collect the relevant investment and ESG data for the investments in the universe. For investment data, we can use any set of capital market assumptions (CMAs) or extract CMAs from an existing portfolio using reverse optimisation (extracting the CMAs that would lead an optimiser to the existing asset allocation). For ESG data, we use ESG risk scores for each investment, provided by the investor or a third party or by using our proprietary model.
2. **Adjust Utility** We adjust the expected utility of investments based on both their investment and ESG data. Utility is a function of the expected return—the benefit gained from the investment—less investment risk (e.g., volatility, downside risk) and less the ESG risk of each investment—the two sets of risk criteria of the investment.
3. **Optimise Allocation** Using a utility maximisation process (similar to traditional mean variance optimisation), we optimise the portfolio using the ESG-adjusted expected utility of the investments.
4. **Assess Portfolio** By generating a range of optimised portfolios with different sensitivities to investment and ESG criteria, our process can formulate an informed view of the portfolio construction choices. This can guide investors to arrive to a portfolio that best addresses both their investment and ESG objectives and the potential trade-offs between the two sets of goals.

Investors sometimes need to strike a balance between dual objectives: maximising risk-adjusted expected return and considering the ESG characteristics of their portfolios. These two objectives lie on a spectrum and often involve a potential trade-off because considering ESG factors may constrain the investment universe and in turn alter the investment characteristics of portfolios. Our framework offers a way to achieve an informed balance between the two sets of criteria. It allows investors to quantify the result of leaning towards investment criteria or ESG criteria and provides the basis to add new investments to portfolios or design new portfolios whilst considering both investment and ESG preferences.

How we manage climate risk

T. Rowe Price's climate-related investment strategies, opportunities and risk appetite are set at the Group level. The relevant entity Board is then responsible for oversight of the particular investment strategies each entity manages on behalf of its clients. Identifying climate-related risks includes the consideration of extreme weather events, uncertainty surrounding regulation, reputational impacts, investment risk and our product range. Climate-related risks and opportunities related to investment processes are also monitored through the asset class-specific Investment Steering Committees. Review and prioritisation of identified climate-related risks are undertaken by the ERMC. This approach ensures quick identification and response to risks and opportunities, reducing the impact on the firm and clients.

The following table outlines the process for management of identified climate risks over the short (S), medium (M), and long (L) term. In this context, short term is defined as one year or less, medium term is between one and nine years and long term is a decade or more.

Type	Process for managing climate-related risks and opportunities
Transition risk	**Market (related to investment performance) – [M] [L]**
	Analysts and portfolio managers are accountable for considering climate-related factors within their investment process as part of ESG integration. This is included as part of their year-end evaluation and compensation. Additionally, the firm's active stewardship programme helps mitigate climate risks within investment portfolios.
	Market (related to product offerings) – [M] [L]
	The ESG Enablement team is responsible for working in partnership with the Product team to develop a strategy regarding investment product offerings with environmental and/or social mandates.
	Market (related to operations) – [M] [L]
	These considerations are reflected in the firm's environmental management planning strategy, and influence ongoing planning and budgeting exercises.
	Regulatory – [M] [L]
	The risk of litigation claims, as well as existing and emerging regulatory requirements related to climate change, are continuously evaluated by our Legal, Compliance, & Audit Department and incorporated in the firm's overall risk management programme.
	Technology – [M] [L]
	T. Rowe Price tracks costs inherent to transitioning to lower-emissions technologies for its own corporate footprint, along with the substitution of existing assets and related services with lower-emissions options.
	Reputation – [M] [L]
	T. Rowe Price has a comprehensive risk management programme in place that is designed to quickly respond to any incident, minimise business interruption and help reduce any impact on clients or the firm. The multilayered approach ensures that the firm routinely tracks shifts in consumer preferences and collects feedback from stakeholders.
Physical risk	**Acute External Events – [S] [M] [L]**
	The firm has local crisis management plans that ensure business continuity by mobilising resources—employees and facilities—to address the fallout of an acute event, in order to sustain service levels for clients.
	Chronic External Events (related to investment performance) – [S] [M] [L]
	Analysts and portfolio managers are accountable for considering climate-related factors within their investment process as part of ESG integration. This is included as part of their year-end evaluation and compensation. Additionally, the firm's active stewardship programme helps mitigate climate risks within investment portfolios.
	Chronic External Events (related to corporate operations) – [M] [L]
	The Business Continuity team is developing a long-term plan that seeks to assess and mitigate specific impacts over 10–30 years.

Source: T. Rowe Price.

Incorporation of marketwide ESG risks in our sovereign RIIM

Within fixed income, our sovereign debt Responsible Investing Indicator Model (RIIM) considers environmental factors such as carbon intensity of energy, policy for energy transition, baseline water stress and biodiversity protection in a country's profile. Additionally, our sovereign RIIM tracks metrics related to an issuer's social and governance profiles. This analysis is used to assess sovereign debt issuances, but more broadly it informs our perspective on an individual country or region for analysts and portfolio managers to consider when investing in a sovereign issuer. In the RIIM, green indicates no/few flags, orange indicates medium flags and red indicates high flags.

Case study: Saudi Arabia (TRPA)

In 2023, our Sovereign Emerging Market Debt (EMD), Impact Credit and Responsible Investment teams co-operated on an ESG engagement with representatives from the Kingdom of Saudi Arabia (KSA). This followed earlier ESG engagements with the Saudi sovereign wealth fund and our sovereign team's separate visit to the KSA, both in 2022.

The key aim of our engagement was to convey our views and request that at the sovereign level the KSA set, track and publish relevant quantitative sovereign-level environmental targets and data, including sovereign targets focused on investment in clean energy sources (such as solar), water stress and conservation, energy efficiency and carbon sequestration and bio-diversity targets.

We communicated our support for the KSA's Green Initiative and Vision 2030, which will involve investing around SAR700 billion (US$187 billion) aimed at 'greening' the economy and uniting the KSA's environmental protection, energy transition and sustainability programmes. However, we believe at present there is limited public disclosure or use of quantitative metrics to enable progress tracking.

We recommended that tangible targets be set across the more than 60 initiatives, with quantitative metrics reporting, alongside periodic (annual/biannual) public disclosure of progress or lack thereof. We also communicated our view that the KSA could consider using broader environmental metrics beyond GHG emissions, for example, as appropriate considering biodiversity-related metrics in addition to the existing disclosure framework. The KSA National Debt Management Centre shared that they felt these were reasonable suggestions, and that they were currently involved in a multi-stakeholder project in the KSA spanning Energy, Water and Environmental ministries focused on this.

"ESG-related regulation continued to develop at a rapid pace in 2023"

Bob Grohowski,
Legislative and Regulatory Affairs,
T. Rowe Price

How we promote a well-functioning financial system

Our Legislative and Regulatory Affairs (LRA) team monitors new and amended regulatory requirements globally, including those relevant to the work of the Responsible Investing and Governance teams. The LRA and our Responsible Investing and Governance teams participate in advocacy initiatives on a selective and strategic basis. Sometimes we will engage individually in policy advocacy, participating in public comment or consultation periods offered by regulators, as in the examples below.

The 2023 examples below show that the LRA was particularly active in responding to consultations in the Europe, Middle East and Africa (EMEA) and Asia Pacific (APAC) regions during the reporting period.

2023 case studies

Enhancing understanding of impact investing

In January 2023, we responded to a consultation paper published by the UK's Financial Conduct Authority (FCA), which proposed a comprehensive regulatory regime for sustainable products in the UK, including labelling and disclosure. We expressed support for the FCA's efforts to improve retail investor understanding of sustainable products, improving their ability to compare between different sustainable propositions and to protect them from greenwashing. We focused our letter on the requirements for the proposed Sustainable Impact label to ensure retail investors continue to have access to a broad range of impact investments. We agreed with the proposed objective for this label (a predefined, positive and measurable impact), but we objected to the proposal's requirement that each impact fund must show 'financial additionality'—that it provides new capital to projects and activities that offer solutions to environmental or social problems. This condition, in our view, would limit the Sustainable Impact label to primary markets or where only new capital is deployed, which would be a disservice to retail investors, who would lose access to a broader range of impact investment products.

In November 2023, the FCA published its final Sustainability Disclosure Requirements (SDR) rules, positively addressing our concern with a proposed Sustainable Impact label. The FCA made it clear that investments in public markets can qualify for the Sustainable Impact label and that firms are not required to invest new capital for their products to qualify for the label.

Supporting a complete ESG fund disclosure framework

We continued to encourage the US Securities and Exchange Commission (SEC) to adopt the ESG disclosure rules it proposed in 2022. We strongly support the SEC's ongoing efforts to improve the overall investor experience. Although we have some concerns that parts of the SEC's proposal may be overly complex and prescriptive, we have focused much of our advocacy on support for the SEC's proposed approach to 'Integration Fund' disclosure. Consistent with our investment approach, we strongly believe that the integration of ESG factors into the investment analysis can be a distinct and specialised capability and should be recognised under the rubric of ESG investment practices with its own disclosure category. We are concerned that eliminating the Integration Fund category from the disclosure regime may potentially create liability for funds that include ESG integration discussion in their materials and that it would effectively create a binary universe of funds with ESG-focused funds on one side and all other funds on a 'non-ESG' side. This would result in an incomplete ESG disclosure framework, impeding investor awareness and understanding of the full range of investment products available. We have made these points to the SEC in numerous ways, including by submitting our own comment letter in 2022 and having individual follow-up meetings with the SEC staff and commission.

Advocating for strong corporate governance

We are a strong advocate for well-functioning markets and good corporate governance and provide targeted responses to relevant consultations.

In June 2023, we responded to the FCA consultation on proposed equity listing rule reforms and expressed concern about the proposed weakening of its rules on dual-class share structures for equity listings advocating for a strong, time-based sunset provision of a reasonable duration.

In August 2023, we responded to the Japanese Ministry of Economy, Trade and Industry on its draft Guidelines for Corporate Takeovers. The draft guidelines noted situations when establishing a special committee would be helpful to address potential conflicts of interest and ensure the interests of shareholders are fairly represented in a mergers and acquisitions transaction. We noted there may be certain situations where a board of directors should appoint a special committee, but noted that it was unclear as to why this would always be a better option than the takeover being considered by the board.

In September 2023, we responded to the Financial Reporting Council consultation on proposed changes to the UK Corporate Governance Code providing targeted feedback on several areas. The code is designed to strengthen the 'comply or explain' mechanism: We confirmed that we support this and believe flexibility is an important part of ensuring UK companies remain globally competitive.

We also responded to the consultation from the UK Vote Reporting Group for which the FCA provided the secretariat in September. We noted that TRPA already publicly reports our votes in the US with the SEC Form NP-X reporting format. Based on that experience, we generally support introducing a standard public template for vote reporting in the UK but noted certain concerns with the proposed format.

Our role in relevant industry initiatives

We believe collaboration with other institutions on industrywide issues benefits our clients. Where appropriate, senior members of our Responsible Investing and Governance teams will take leadership roles in investment industry initiatives.

Cochairing the GC100 and Investor Group Directors' Remuneration Reporting Guidance	In 2023 Jocelyn Brown, our TRPA head of Governance, EMEA and APAC, agreed to serve as an investor cochair of the 2024 update of the GC100 and Investor Group Directors' Remuneration and Reporting Guidance. The guidance, drafted by a group of senior investors and corporate representatives, addresses the key elements of the UK government's directors' remuneration reporting requirements. The guidance was first published in September 2013 and is subject to periodic revision.
Participation in the ISSB Investor Advisory Group	Maria Elena Drew, the TRPA director of Research, Responsible Investing, and Chris Whitehouse, the TRPIM head of ESG, both serve on the International Sustainability Standards Board (ISSB) Investor Advisory Group (IIAG). The IIAG is a global group of leading asset owners and managers who are committed to improving the quality and comparability of sustainability-related financial disclosures. Ms. Drew and Mr. Whitehouse both served on the group when it was previously known as the Sustainability Accounting Standards Board Standards Advisory Group.
Providing Input to the Consultations Run by Investor Initiatives	We are active members of our local investor trade bodies, including the UK Investment Association and the European Fund and Asset Management Association. We provide input to their consultations and submissions to regulators, such as the examples provided by Oak Hill Advisors (OHA) below.

Under Principle 10 we discuss how we participate in collaborative engagements and other investor initiatives.

OHA's approach to promoting well-functioning markets

Improving access to ESG data within the alternative credit markets has been a key focus of OHA, as it firmly believes that greater disclosure, transparency and harmonisation will help drive action and effective engagement, which may ultimately lead to real-world outcomes. OHA works closely with its peers, banks and private-equity firms to enhance industry collaboration and promote the consistent disclosure of key ESG indicators.

ESG IDP

The ESG Integrated Disclosure Project (ESG IDP) is an industry initiative bringing together lenders in the private credit and syndicated loan markets to improve transparency and accountability. The initiative was supported by a number of investor associations, including the Loan Syndications and Trading Association, the United Nations-supported Principles for Responsible Investment, the Alternative Investment Management Association and the Alternative Credit Council.

The ESG IDP provides borrowers with a harmonised and standardised means to report ESG information to their lenders, streamlining the disclosure process for borrowers and enabling lenders to receive consistent data from sponsored and non-sponsored companies in the private and broadly syndicated credit markets. OHA believes that by providing a baseline for ESG information requests, the template will encourage more consistent reporting and support comparison across the industry.

OHA provided significant methodology design input, and technical feedback, and our contribution was acknowledged by the ESG IDP on its website. OHA is excited about the benefits the ESG IDP brings to multiple stakeholders:

- For borrowers and private companies: provides greater certainty on the ESG indicators that are most relevant to lenders, allowing borrowers to concentrate on a baseline of disclosures that is more consistent with private-equity initiatives rather than respond to a multitude of similar questionnaires
- For investors: improves the consistency of disclosures and enhances ability to identify industry-specific ESG risks in their credit portfolio and compare meaningful data
- For credit fund managers: supports the ability of credit fund managers to engage with borrowers on disclosure as well as develop efficient investor reporting processes

The ESG IDP is led by its Executive Committee and Secretariat. Together they oversee the use and development of the ESG IDP template to support the consistent collection of data; raise awareness and promote the sharing of knowledge and sound practices amongst borrowers, lenders and investors about the ESG IDP; and coordinate with stakeholders to support a harmonised approach to ESG disclosure.

Initiative Climat International (iCI)

OHA joined iCI in 2022 and now co-leads the Global Private Debt Working Group. iCI offers investors in the private markets a platform for sharing best practices in analysing, managing and mitigating climate-related financial risk and emissions amongst their portfolios.

iCI's goals are to facilitate climate change action in private markets in two ways: (1) engaging the wider private markets industry to better understand and manage carbon emissions and (2) working towards forward-looking analysis of climate-related financial risk in alignment with Task Force on Climate-Related Financial Disclosures (TCFD) recommendations.

The group's first initiative was to create a resource guide for portfolio companies and sponsors. This document is intended to be a primer and resource for companies that are interested in learning more about, or plan to start, accounting for their emissions. OHA anticipates sharing with companies and sponsors during its regular engagement processes going forward. The guide synthesises insights, resources and tools from globally recognised organisations and standards to inform and facilitate key decisions and promote measurement and information sharing, including: GHG Protocol, TCFD and Science Based Targets initiative.

In addition, OHA is engaged with various organisations to promote industry collaboration:

- Loan Sales and Trading Association ESG Committee
- European Leveraged Finance Association ESG Committee
- The Alternative Investment Management Association's Responsible Investment Working Group/Alternative Credit Council

Closing reflection

In 2023 our Washington & Regulatory and Legislative and Regulatory Affairs teams played a key role in proactively identifying marketwide and systemic risks. Our Risk team manages both internal and external risks, and considerable focus has been placed this year on the management of climate risks. Senior members of the ESG teams continue to support our policy advocacy work and take leadership positions in relevant industry initiatives. Our 2023 disclosure sets out, for the first time, the approach taken by OHA in this area.

PRINCIPLE 5

Signatories review their policies, assure their processes and assess the effectiveness of their activities.

How we reviewed our policies to ensure they enable effective stewardship

T. Rowe Price's ESG-related investment strategies, opportunities and risk tolerance are set at the Group level. The Group's ESG accountability framework is set out in the chart in Principle 2. The key entities in the framework and the responsibility of each committee are discussed below.

Senior management's role in assessing and managing ESG-related risks and opportunities

To ensure the firm appropriately identifies and manages potential ESG-related risks and opportunities, we have incorporated ESG considerations across the Group's core business functions.

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee (NCGC) is a Group Board committee and oversees ESG across the firm. This includes ESG factors related to the firm's operations and investment activities. In 2020, amendments were introduced for the NCGC charter to monitor performance objectives and progress against our corporate goals and targets for ESG-related issues. Additionally, the NCGC receives updates on the firm's ESG activities from the ESG Enablement team.

Management Committee and Enterprise Risk Management Committee

The T. Rowe Price Group Board's Management Committee assesses ESG-related risks and opportunities via formal governance committees. The Enterprise Risk Management Committee (ERMC), which is chaired by the firm's chief risk officer (CRO), assesses ESG-related risks. The Investment Management Steering Committee (IMSC) and the Product Strategy Committee (PSC) oversee ESG-related opportunities. In 2022, responsibility for ESG investing and corporate sustainability was consolidated under Eric Veiel, head of Global Investments and a member of the Management Committee and ERMC. Under Mr. Veiel, the ESG Enablement and ESG Investing teams are responsible for developing and managing the firm's sustainability initiatives in their respective areas of focus. Day-to-day tasks involve the identification, assessment, tracking and mitigation of ESG risks and opportunities.

ESG Enablement and ESG Oversight Committee

In recognition that ESG activities are present across multiple operating functions for investment management firms, the firm created a new global ESG Oversight Committee (ESGOC) in 2023. Chaired by the head of ESG Enablement, ESGOC, a central and global oversight body, will help support governance around our ESG activities and report into the IMSC, with regular updates to the ERMC.

Mr. Veiel and the firm's CRO serve on the ESGOC. The ESGOC is responsible for:

- Driving T. Rowe Price's ESG strategy
- Ensuring coordinated, consistent and prioritised execution of ESG initiatives and management of ESG risks
- Fostering ESG collaboration across the organisation
- Embedding operational support for ESG across the organisation at scale

The firm also created the ESG Enablement team in 2022 for the purpose of developing and implementing T. Rowe Price's firmwide ESG strategy as well as fostering ESG collaboration across the organisation.

ESG Investing Committees

Oversight of ESG investing policies, ESG integration, sustainable and impact investment, engagement and proxy voting processes resides with T. Rowe Price's ESG Investing Committees, made up of senior leaders, managers, analysts and ESG specialists at the firm.

The Group's Investment Policy on Climate Change sets out the governance approach for the integration of climate risks into our investment process. This applies across the Group and at the adviser level in respect of the investment strategies that T. Rowe Price Associates, Inc. (TRPA), T. Rowe Price Investment Management, Inc. (TRPIM) and Oak Hill Adivsors (OHA) manage for their clients. ESG factors, including risks and opportunities, are embedded across T. Rowe Price investment research platforms.

The senior managers at TRPA, TRPIM and OHA responsible for investment activity also have ESG Investing Committee membership (known as the ESG Committee at OHA), providing a further oversight and information link to their respective individual entity boards.

Audit Committee

The Audit Committee is a Group Board committee. It considers ESG matters as they impact any disclosures in the Group's financial statements, including climate-related risks. In addition, the Audit Committee receives updates from the firm's CRO and regularly discusses ESG-related legal and regulatory developments with the firm's general counsel.

Executive Compensation and Management Development Committee

A Group Board committee, the Executive Compensation and Management Development Committee (ECMDC), has responsibility for considering how ESG matters, including climate-related risks and opportunities, may impact management compensation. The ECMDC considers the firm's ESG efforts when reviewing and approving general salary and compensation policies for management.

Business unit controls

Each business unit has distinct controls and processes in place. As discussed above, oversight of our activities is provided by the relevant ESG Investing Committee within TRPA, TRPIM and OHA. Additional working groups, formed with representatives of the ESG Investing Committee and under its remit, are set up either for specific projects or on an ongoing basis. Other working groups are formed as required.

Information barriers between the advisers

We have established protocols between TRPA, TRPIM and OHA.

As context, in 2022, we established TRPIM as a new US Securities Exchange Commission-registered US adviser to allow us to generate new capacity whilst retaining our scale benefits and positioning our investment teams for continued success. To support the separation of the investment platforms of TRPA and TRPIM, information barriers and associated controls were established. A similar information barrier was established as part of the acquisition of OHA.

Pursuant to the policies governing the information barriers, certain investment data will not be shared by and between the three advisers and their personnel, in order to support their independent decision-making. In practice, this has meant in 2023 that we have had to evolve our controls framework and ensure that our writer, who is employed by a Group function, takes content from the three advisers and decides what to incorporate. When drafts of the 2023 Stewardship Report have been shared for review during the writing process, the writer has made such redactions as necessary in the multiple versions shared with the working group or senior stakeholders to ensure the information barriers are honoured.

Enhancing ESG integration oversight within Fixed Income

The Fixed Income ESG Steering and Advisory Committee (FIESTA) reports directly to the Fixed Income Steering Committee and is tasked with providing oversight of the division's ESG integration priorities whilst advising on future development and resourcing needs in this area. The committee has investor representation across all Fixed Income business units, as well as Brand & Marketing, Product, Investment Specialist Group and Responsible Investing.

In 2023, FIESTA further enhanced its oversight of ESG integration within Fixed Income through the following initiatives:

- In 2023, FIESTA sponsored the development, prelaunch and subsequent post-launch endorsement for the strengthening of several pillars of our Responsible Investing Indicator Model (RIIM) within Fixed Income. Specifically, this included enhancements to our sovereign RIIM, which we believe introduced more forward-looking inputs in the social and environmental pillars of the model, helping to address data latency, and further focusing on ESG factors which we believe specifically target the most relevant indicators for sovereign willingness and ability to repay debt.
- FIESTA also approved the enhancements made to our auto asset-backed securities (ABS) RIIM as discussed in the case study on the next page.

Case study: Enhancements to the auto ABS RIIM

Auto asset-backed securities (auto ABS) are structured finance securities where investors receive a stream of cash flows from vehicle loan or lease payments. In 2023, we made enhancements to our auto ABS RIIM to better capture the environmental, social and governance risks unique to securitised assets.

In recent years, we have seen incrementally more stringent vehicle emissions regulations and the rapid adoption of electric vehicles by consumers. Given these trends, we expect vehicle tailpipe emissions to become an increasingly important factor when evaluating the quality of underlying collateral in securitised auto ABS pools.

To enhance our auto ABS RIIM, we mapped real-world tailpipe emissions data for each vehicle within the loan's collateral. This allows us to generate an aggregate value at the securitised pool level, enabling comparability across pools.

Other enhancements we have made include the evaluation of originator underwriting standards, borrower affordability, consumer complaints data and enforcement actions taken against issuers and servicers. We believe this more clearly highlights the relevant ESG risks and opportunities securitised ABS investors should be focused on.

Over and above this, as detailed in 2021 and 2022, FIESTA continued its integration and monitoring role through daily tracking of sustainable revenue and green revenue alignment, which included the incorporation of enhanced ESG monitoring metrics into our proprietary portfolio management platform.

How we align our investments with local legal requirements and market expectations

We contribute to a well-functioning financial system by implementing official exclusions which reflect our interpretation of legal requirements or market expectations in the region. This could include additional reporting or changes to our investment processes.

Case study: Publication of TRPIL's first TCFD Entity Report

In June 2023, T. Rowe Price International Ltd (TRPIL) published its first Task Force on Climate-Related Disclosures (TCFD) Entity Report. This report was based on the TCFD reporting recommendations implemented by the UK Financial Conduct Authority (FCA), as they apply to FCA-authorised Asset Managers (together, the Rules).

The report provides climate-related financial disclosures covering the overall assets managed by TRPIL for TCFD in-scope business, meaning the portfolio management services it provides to its clients.

The Rules require UK Asset Managers that exceed certain assets under management (AUM) thresholds to make mandatory entity-level annual disclosures. TRPIL is in scope, and the first disclosure requirement covered calendar year 2022. This entity-level report sets out how TRPIL takes climate-related matters into account in managing investments on behalf of its clients. Separately, as an in-scope firm, TRPIL must also make disclosures (and provide climate-related metrics) on its products and portfolios. These will be made available at the specific request of certain eligible clients. The Board and the chief executive officer of TRIPIL share collective responsibility for ensuring that TRPIL complies with the Rules on a 'comply or explain' basis, which is to say we make every reasonable effort to comply with the Rules, but where it is not reasonable or proportionate to do so, we explain why. We believe a smooth climate transition will create a more stable economic environment, reduce uncertainty and enable business investment, which should result in better long-term financial outcomes for our clients.

At T. Rowe Price, we implement limited sets of exclusions on our portfolios. The vast majority of our assets under management are only subject to a set of firmwide exclusions which target genocide and/or crimes against humanity.

- We maintain a **global exclusion** list of certain securities that, in our estimation, pose high risk due to their exposure to supporting governments carrying out genocide and/or crimes against humanity. The policy targets companies that exhibit a blatant disregard for due diligence on genocide and/or crimes against humanity and have repeatedly been involved in supporting governments carrying out these events.

For some of our assets under management, additional exclusions are applied to vehicles in specific regions where market preferences exist, as described as follows:

- In our **UK-**, **Luxembourg-** and **Canada-registered portfolios**, we maintain an exclusion policy on certain issuers deemed to be engaged in the manufacture, production or assembly of controversial weapons, which includes anti-personnel land mines, biological and chemical weapons, cluster munitions and incendiary weapons.
- In our **Australia-registered portfolios**, there is no intention for the Australian

unit trusts to invest in or hold any securities of companies that have direct exposure to the manufacturing of tobacco or key tobacco components (such as tobacco leaf and cigarette filters but excluding packaging).

All portfolios can be subject to sanction-related exclusions. At any point in time, a portfolio may be prohibited from investing in certain sovereign or corporate instruments associated with targeted US or international sanctions.

Enterprise Risk Group, Legal & Compliance

Our Legal & Compliance Department provides legal and regulatory advice to the business units on ESG-related matters. The Enterprise Risk Group's role in ESG oversight is discussed in Principle 4.

Internal Audit

The processes overseen by the Responsible Investing and Governance teams are subject to assurance by Internal Audit.

2023 Internal Audit case studies

Case study: ESG disclosure consulting review

In early 2023, Internal Audit reviewed key disclosures related to Principles 5, 9 and 12 of the UK Stewardship Code as part of the process of creating the 2022 Stewardship Report. The design assessment was focused on two areas:

- The enhanced sign-off process which would involve the T. Rowe Price Group Nominating and Corporate Governance Committee
- The data sources and calculations used for company engagement and proxy voting. These statistics and charts are presented in both the Stewardship Report and the ESG Investing Annual Report

The main outcome of the review was to flag the opportunity for more coordination between our 'flagship' ESG disclosures, the ESG Investing Annual Report, the Stewardship Report and the ESG Corporate Annual Report. The points identified were further explored in the Flagship Reporting Review, which commenced in autumn 2022. This is a cross-functional review which includes data and process mapping. The outcome was the introduction of a set of governance principles and the introduction of a common controls framework across all the group ESG reports. The 2023 Stewardship Report is the first of the Group ESG disclosures to be built under the new framework, with others expected to follow in 2024.

External Audit vs. Internal Assurance

Our internal control framework is the primary approach to manage risks and provide assurance on our stewardship activities. The assurance conducted by our Internal Audit team—in consultation with our Compliance and Risk teams—is a robust approach that capitalises on the teams' knowledge of our business and our internal controls framework for the assessment.

We continue to review what level of assurance is appropriate, and who it should be provided by, on a regular basis. In the first quarter of 2024, Internal Audit reviewed the approval process for the 2023 Stewardship Report and the controls around our voting and engagement statistics as well as a sampling of case studies and targets. They completed their work in April 2024. As of time of publication, a review of the voting and engagement statistics by the external auditor is currently underway.

How review and assurance promote continuous improvement of our stewardship policies and processes

ESG Investing Committees
As outlined above, the ESG Oversight Committee oversees ESG operational activities including development and implementation of ESG strategy initiatives and corporate ESG activities at the Group level. The individual ESG Investing Committees of each entity (TRPA, TRPIM and OHA's ESG Committee) oversee ESG investing activities including framework of ESG policies, engagement programme, proxy voting, exclusion lists and ESG frameworks such as RIIM, Impact and Net Zero).[1]

[1] OHA does not use RIIM, Impact or Net Zero frameworks. OHA's assets are not included in Net Zero Asset Managers initiative (NZAM) initial assets under management; however, it contributes to T. Rowe Price Group NZAM obligations.

How we ensured that our stewardship reporting is fair, balanced and understandable

The core Stewardship Code Working Group for the 2023 report has primary representation from Investments in TRPA, TRPIM and OHA; Legal; Transformation Office; Editorial and ESG Marketing. The inclusion of Legal and Transformation on the core working committee was to ensure they could serve as points of contact to safely incorporate content from all three advisers. This was necessary given the presence of investors, who were classified as Restricted Investment Personnel (RIP), from all three advisers on the working group and to participate in the design of the revised controls framework. A RIP from one adviser (e.g., TRPA) is not allowed to see Restricted Investment Data which may include recent nonpublic voting and engagement case studies from another adviser.

Content or advice was provided from subject matter experts in other business units, including Corporate ESG, Product, the Investment Specialist Group and Distribution. Global Communications Compliance also reviewed this submission in accordance with local regulatory and internal firm requirements.

2023 stewardship reporting and amendments to the review process

We amended both our working group composition and our review process to ensure that content from all three advisers could be incorporated within multiple Principles within the 2023 Stewardship Report. The vast majority of the examples are still sourced from TRPA, as over 80% of all the assets in T. Rowe Price Group are held within TRPA. A detailed discussion of the T. Rowe Price Group AUM broken out by asset class, adviser, client type and client geography can be found in Principle 6.

An independent reviewer supported the working group during the document creation phase. The reviewer provided an assessment as to whether the document was in line with the code as part of the sign-off process. In the first quarter of 2024, the Internal Audit team undertook an assurance exercise of the voting and engagement statistics and reviewed the working papers for a sample number of case studies. In addition, they reviewed the investment team's working documentation related to targets in the engagement target tracking process in the 2023 Stewardship Report for the first time.

The Board of T. Rowe Price Group, Inc., oversees the operations of the corporate entity, and it has delegated ESG oversight to its NCGC pursuant to the NCGC charter. Hence, our Stewardship Report was reviewed by the T. Rowe Price Group NCGC in January 2024.

We believe the size of T. Rowe Price's AUM qualifies us to be a very large organisation, and only independent non-executives serve on the NCGC. In January 2024 the NCGC approved the filing of the document following review by the TRPA, TRPIM and OHA ESG Investing Committees and the ESGOC. As in 2020, 2021 and 2022, we consider the entire T. Rowe Price Group to be covered by this disclosure.

As per last year's process, Eric Veiel, head of Global Investments, who had overall oversight of ESG within T. Rowe Price Group during 2023, serves as the named signatory. He serves on our T. Rowe Price Group Management Committee as well as our TRPA ESG Investing Committee. See Principle 2 for details.

Closing reflection

Informed by the Flagship Review, there have been two main changes to the development process for the 2023 Stewardship Report. The first has been the inclusion of Legal and Transformation on the Stewardship Report working group, as well as representatives from TRPIM and OHA. This was necessary to safely incorporate the content from TRPA, TRPIM and OHA in a single document within an upgraded controls framework. The second was the addition of sign-off by the ESGOC between sign-off by the three ESG Investing Committees and the T. Rowe Price Group Nominating and Corporate Governance Committee. The lessons learned from this exercise will be applied to other Group ESG documents in the next reporting cycle.

PRINCIPLE 6

Signatories take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them.

Taking account of client needs

Our global client base includes individuals (US only), intermediaries, institutions, consultants and plan sponsors. We are focused on building deep partnerships with our clients, which is vital given increasing uncertainty across global markets. We take care to understand our clients' needs and deliver timely, actionable insights and solutions to help them navigate change and achieve better investment outcomes.

Investing for the long term

Our institutional and retail clients (via intermediary distribution partners outside the US) have long-term financial goals. These are often pursued through assets that are linked to pensions and/or long-term savings and investment portfolios. Our active management approach is designed to deliver strong long-term investment results for our clients over many market cycles and different market environments.

Many of our strategies have an investment time horizon over a full economic cycle, which can typically range from three to eight years. Variations may exist depending on the mandate of each portfolio. Markets are dynamic, and we believe investing should be too. To achieve our clients' objectives, our active management approach focuses on the fundamental drivers of companies' future success, including environmental impact, social standards and governance.

Assets we manage

Total assets under management (AUM) in our care[1]	
2023[1]	US$1.445 trillion (+13.3%)
2022	US$1.27 trillion (-24.5%)
2021	US$1.69 trillion

We manage equity and fixed income securities and use these building blocks to provide multi-asset and bespoke solutions. Since our acquisition of Oak Hill Advisors, L.P. (OHA), on 29 December 2021, our product offering also includes alternative credit solutions. Further details of this acquisition are provided in Principles 1 and 2.

We do not manage dedicated (unlisted) real estate or infrastructure assets.

Focused on long-term performance for our clients, shareholders and associates

The market environment in 2023 was challenging and unlike any experienced in a very long time. It was characterised by several unique trends that we, and others in the asset management industry, had to navigate. In the US, equity markets saw a significant concentration of returns, with a very small number of stocks accounting for a majority of gains. Central banks around the world battled inflation, entering a period of rapid and dramatic monetary policy tightening. Interest rates in many economies reached levels not seen in a decade and a half, providing some compelling investment opportunities in fixed income. At the same time, China and globalisation trends became less likely to provide a boost to economic growth than in prior years. Technological change, and in particular the development of generative artificial intelligence, continued to provide both risks and opportunities.

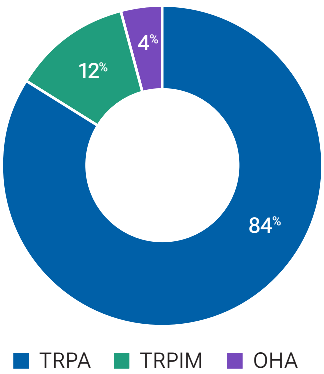
- Against this backdrop of market volatility, several of our key strategies delivered good performance; however, underperformance in 2022 in some areas weighed on the long-term track records of these strategies. In response, we made further progress in diversifying our asset class mix.
- We continued to invest in our strategic business goals which we believe will provide us with the right mix of capability, systems and people to meet client needs so that we can generate growth in the coming years.
- In light of the market challenges of 2023, we made decisions to protect our ability to invest for future growth. This included pausing some new hires and making targeted expense reductions across our business, including a 2% reduction in our global workforce in July.
- We remain focused on long-term performance for our clients and shareholders.

[1] T. Rowe Price, as of 31 December 2023. Firmwide AUM includes assets managed by T. Rowe Price Associates, Inc. (TRPA), and its investment advisory affiliates, including T. Rowe Price Investment Management, Inc. (TRPIM). Figures also include our alternative credit adviser OHA, which operates as a standalone business within T. Rowe Price.

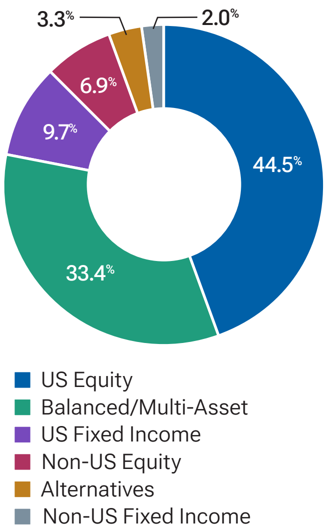
Assets under management—global client base, asset classes and geographies

As of 31 December 2023, we had US$1,445 trillion in assets under management in our care. Numbers may not total due to rounding.

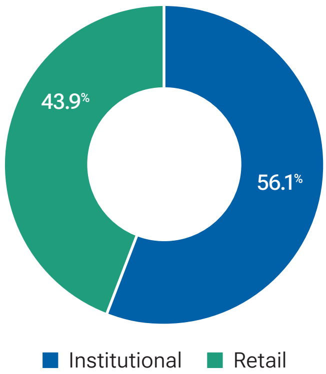
AUM by adviser (%)



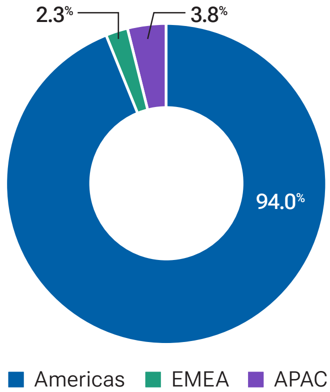
AUM by asset class (%)



AUM by channel[2] (%)



AUM by client geography (%)



Geographical breakdown of asset class[3] (%)

	US Equity	Multi-Asset	US Fixed Income	International Equity	International Fixed Income
US	93.2	99.5	97.6	62.8	53.1
Asia ex-Japan	1.7	0.3	0.2	5.1	5.8
Japan	1.5	0.0	1.0	8.9	10.8
Other	1.3	0.1	0.8	7.2	15.2
Canada	1.2	0.1	0.1	3.1	0.9
United Kingdom	0.7	0.0	0.3	1.5	7.7
Africa/Middle East	0.3	0.0	0.0	0.7	0.3
Australia	0.0	0.0	0.0	10.7	6.1
Europe ex-UK	0.0	0.0	0.0	0.0	0.0
Latin America	0.0	0.0	0.0	0.0	0.0
Total % of total AUM	**46.2%** (46.6% in 2022)	**34.7%** (32.6% in 2022)	**10.0%** (10.4% in 2022)	**7.2%** (7.6% in 2022)	**1.9%** (2.8% in 2022)

All data sourced by T. Rowe Price, as of 31 December 2023. Firmwide AUM includes assets managed by T. Rowe Price Associates, Inc., and its investment advisory affiliates, including TRPIM and OHA.

[2] In 2022, we disclosed our AUM by the following four client types: financial intermediaries, institutional investors, private investors (US only) and retirement plan sponsors–full-service recordkeeping (US only). This year, our public reporting of these categories has changed, and this graph represents our AUM by two channels: institutional and retail. The client types that we previously disclosed may be included in one or both of these two channels. Despite the recategorisation, the breakdown by client type in 2023 is very similar in practice to the breakdown that was reported in 2022.

[3] Geographical breakdown of asset class excludes OHA.

ESG pooled investment fund assets under management

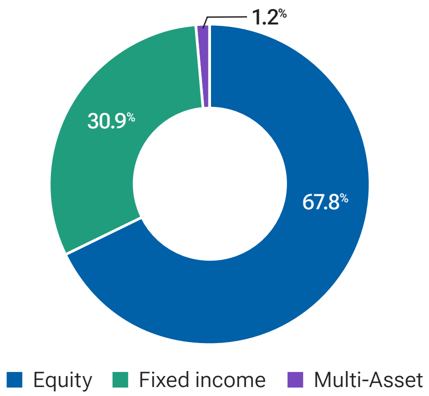
In 2023, we reviewed our reporting methodology, broadening the scope of ESG pooled investment fund assets under management from what was reported in last year's report.

As of 31 December 2023, US$70 billion,[4,5] was deemed to be in pooled investment vehicles that are actively marketed to clients and separate client accounts that are managed with ESG criteria, defined as follows:

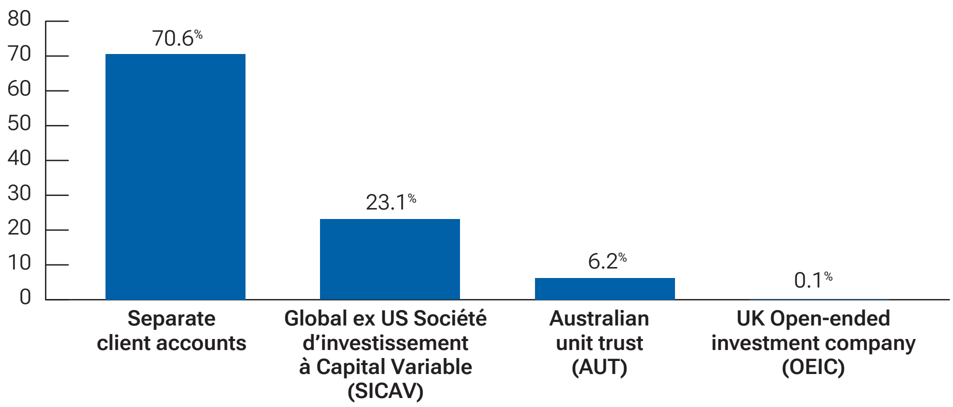
- ESG enhanced—promote specific ESG characteristics alongside financial returns. They incorporate binding environmental and/or social commitments that will vary by product type, such as values- and conduct-based exclusions, alignment to sustainable investments or positive tilt to Responsible Investing Indicator Model (RIIM) scores, and
- Impact—seek to deliver positive societal and/or environmental impact alongside financial returns. Investments are made with the intention to generate positive, measurable environmental and/or social impact.

T. Rowe Price is committed to providing stakeholders with meaningful, relevant, and decision-useful sustainability information. Therefore, we use Sustainability Accounting Standards Board (SASB) standards to provide industry-specific disclosure of material ESG issues. To find out more, see our ESG Corporate Annual Report, available on our website.

AUM by asset class (%)



AUM by pooled investment vehicle[6] (%)



All data sourced by T. Rowe Price, as of 31 December 2023. AUM includes assets managed by T. Rowe Price Associates, Inc., and its investment advisory affiliates, including TRPIM but excludes OHA. Numbers may not total due to rounding.

Engaging with clients

Against a backdrop of market challenges and investor uncertainty, we continued to work to deepen client relationships and focus on what matters most to them.

We engage with our clients to better understand their evolving needs. We seek to inform them of investment performance and rationales and share insights about the impact of world and market events on investments. We do this in the following ways:

Client relationships—local expertise across a global network

Our global network of relationship managers, who have local language capabilities and are based in our network of offices, are accountable for the overall management of the client relationship. They provide personal service and support. They address due diligence and information needs through request for proposals and due diligence questionnaires, helping clients better understand our business, products and investment approach.

Benefits of this global network may include:

- A localised structure, with relationship managers in core markets, ensures alignment with local regulations, trends and client needs
- Access to market updates across a wide range of equity, fixed income and multi-asset strategies that invest in developed, emerging and frontier markets
- Timely, actionable insights from our investment specialists from around the world. These insights aim to show clients what's ahead, what's most

[4] Excludes OHA.

[5] ESG AUM data are not audited.

[6] There is a small amount of assets under management in managed accounts and US mutual fund vehicles managed with ESG criteria. Due to rounding, these are not displayed in the graph above.

important and how our investment teams are responding now—so clients have a more complete picture of the investment landscape

- Insights from our client engagements are shared across our global distribution teams and the Investment Specialist Group, ensuring visibility of client needs from all regions and investor types

Relationship managers and support teams undertake regular training as part of their continuing professional development to ensure they maintain the skills, knowledge and expertise needed to perform their roles effectively. This includes training on relevant regulatory, product and market developments. See Principle 2 for training and education details.

Here are examples of how and who we engage with across regions to better understand their views (and those of their underlying clients) and investment goals around ESG:

Institutional clients

We engage in regular two-way dialogue to understand respective views on ESG and discuss how our ESG capabilities could help meet investment goals. Clients' interests and expectations around ESG and stewardship are gathered and form the basis for in-depth discussions and due diligence meetings.

Investment requirements of institutions that invest through separate accounts are often customised. These tend to require more 1:1 engagement with investment teams, as well as legal, compliance and product development teams to develop solutions that reflect their investment objectives and values.

We work with EU-based clients to fully understand their sustainability preferences—views towards sustainable investment, EU taxonomy-aligned investments and/or the use of Principal Adverse Impact indicators to promote ESG themes or manage risks within their portfolio. We discuss the application of those preferences to their portfolio and implications for achieving their goals.

Investment consultants

We conduct regular engagement on ESG as part of formal strategy research meetings, as well as focused meetings with ESG specialist teams at investment consulting firms. We contribute to consultants' industrywide ESG surveys to help identify trends and inform areas for future development. We liaise with consultants to ensure we are delivering the reporting their end clients need to meet regulatory requirements.

We also follow the work and guidance of the Investment Consultant Sustainability Working Group in the UK. We have implemented its engagement reporting template, which is designed to support consistent reporting and collection of engagement data for asset managers.

Intermediary clients

We work with a wide range of distribution partners, such as banks and financial advisers, to understand their distinct ESG needs and expectations. Ultimately this helps them with their end clients' investment goals. Intermediary client relationships are fundamental to the growth of our business. They facilitate distribution of 'wholesale' products from our various fund ranges to many individuals and organisations.

Intermediaries provide valuable insights into end investor trends and needs, which help shape our offering.

Investment Specialist Group: investment expertise

Client engagement and distribution is augmented with the investment expertise of our global Investment Specialist Group. This group is part of the investment team with divisions in both TRPA and TRPIM. The Investment Specialist Group comprises investment specialists, portfolio specialists and portfolio analysts who are closely aligned with the investment teams and the strategies that they support.

They work closely with investment teams at each entity and maintain a deep understanding of strategies and markets. In doing so, they free up investment teams' time, enabling them to focus on managing portfolios and investment analysis. Specialists represent investment teams in meetings with prospects, clients and consultants; develop insightful investment content, analysis and messaging; and advocate for portfolio managers, their investment strategies and the investment divisions.

They work with our client relationship managers, providing clients with deep insights across all our equity, fixed income, multi-asset and ESG capabilities.

Global Client Account Services (GCAS) teams

GCAS works alongside our relationship managers, investment teams and other business departments, such as trading and operations, legal and compliance, to provide client service and account management support.

The type of support facilitated by GCAS depends on whether the client invests in our proprietary products or enters into a separate, discretionary or advisory investment service arrangement. GCAS works with internal partners to provide relationship managers with materials such as sales kits, regulatory documents and pre-onboarding activities, such as preparing due diligence exercises for prospective clients and fact-finding to ensure we fully understand client requirements. GCAS also plays a key coordination role, leveraging expertise across T. Rowe Price, to assess and onboard new business and provide ongoing post-sale operational servicing, such as query management, notifications, reporting and data provisioning, service reviews and triaging across T. Rowe Price to address client needs.

We have a global client account services model, with regional teams to enable local market expertise. Our Global Client and Investment Reporting (GCIR) team, a division within GCAS, specialises in the production and distribution of client and fund reporting, including ESG reporting. See the ESG reporting section later in this Principle for the types of client reports we produce.

In-house and third-party industry events

In addition to regular dialogue between clients and relationship managers, we participate in third-party industry events and host our own in-house client events across local, regional and global markets.

Digital and in-person events enable us to address and gauge areas of interest and concerns for our clients globally. They offer an opportunity to network, listen and share—especially when held in person.

We offer digital and in-person forums to share updates across our products/capabilities and provide views on the market outlook.

We've seen continued interest in in-person events this year. The T. Rowe Price Investment Conferences, 'What does the aftershock bring?', held again in London and Frankfurt, saw a 23% increase in attendance from 2022.

Image: T. Rowe Price: Nat Terry, head of UK & Ireland Distribution, has a fireside chat with Rob Sharps, CEO and President, T. Rowe Price, at the T. Rowe Price Investment Conference held in London.

Spotlight: Joining clients and industry peers to listen, discuss and join in the conversation	
Phenix Capital: Canada Impact Seminar Series, Montreal, 7 June 2023	As a silver sponsor of this conference held in Montreal, we participated in discussions on impact investing topics relevant to institutional investors and asset owners in Canada and the US. This conference offered an opportunity to connect investors with our Impact strategies.
Responsible Investor Europe 2023, London, 13–14 June 2023	Being a lead sponsor at this Europe, MIddle East and Africa (EMEA)-focused ESG conference in 2023 gave us the opportunity to join in discussions on sustainable finance developments and industry best practices. We gained insights from peers and clients on a number of topics, including accelerating net zero progress, the evolving EU regulatory landscape, biodiversity risk management and the future of ESG data strategy. Maria Elena Drew, director of Research, Responsible Investing, TRPA, was one of four speakers on a panel of financial industry leaders sharing thought-provoking views with an audience keen to learn about the potential path of the net zero project.
International Corporate Governance Policy Forum & Proxy Season Review, London, 20–21 September 2023	At this two-day event, Jocelyn Brown, head of Governance, EMEA and APAC, TRPA, moderated a plenary session panel on 'Constructive engagement: what does this mean in practice?'. This annual event brings together leaders from business and international investors. As a platinum sponsor, we were able to actively participate and engage on current and future topics for the proxy season as well as broader governance policy issues.
Principles for Responsible Investing (PRI) in Person, Japan, 3–5 October 2023	For the third year running, we were a gold sponsor of PRI's flagship in-person event held in Tokyo. The conference showcased expert speakers from across the investment industry and beyond. They discussed responsible investment practices and debated the impact of emerging ESG issues and global trends. Our sponsorship of this event demonstrates our commitment to responsible investing and the importance we place on integrating ESG criteria into our investment process and our business. The three-day conference is also an opportunity to network and raise awareness of our ESG capabilities amongst clients, industry peers and partners.
GSG Global Impact Summit, Malaga, 2–3 October 2023	We were a sponsor of the GSG Global Impact Summit held in Malaga. It brought together 1,000+ practitioners and leaders from the worlds of finance, business, policymaking and civil society from around the globe. Laurence Taylor, impact portfolio specialist at T. Rowe Price, represented T. Rowe Price on a panel at the event. He participated in a breakout session titled, 'How can asset managers develop impact investing products in public markets?'.
Phenix Capital Impact Summit America, New York City, 18 October 2023	We were a gold sponsor of the Phenix Capital Impact Summit America, an institutional investor conference held in New York City. The theme of the conference was 'Reimagining the Purpose of Capital', and David Rowlett, impact portfolio manager, participated in a mock debate-style plenary session on the topic of impact. The conference was an opportunity to connect investors with our Impact strategies.
2023 United Nations Climate Change Conference (COP28), Dubai, 30 November–12 December 2023	We participated in COP28 held in Dubai. COP28 gave us an opportunity to discuss our recently announced partnership with the International Finance Corporation (IFC) to create our first blue bond strategy, to participate in ESG discussions and panels and to raise our brand awareness in this space.
Impact regional meetings and roadshows	Throughout 2023, our portfolio management teams for Global Impact Credit, Global Impact Equity and US Impact Equity attended a number of regional meetings, events and roadshows. These events allows us to share our impact investing approach with clients and collaborate with other investors and industry experts on best practices across EMEA, Asia Pacific (APAC) and the Americas.

Understanding the values of our clients

We seek internal and independent external sources to better understand the ESG values and needs of our clients. The findings enable us to adapt and develop our approach to areas that include regulation, ESG products and solutions, communications, education and servicing.

Agreed areas of focus are incorporated into our strategic and tactical plans and are led by our global ESG Enablement team.

Global and regional ESG collaboration—'the voice of the client'

In 2023, the T. Rowe Price ESG Taskforce Steering Committee was replaced by the ESG Operating Committee (ESGOC). See Principle 2 for details on how we continued to strengthen ESG governance and oversight across our business. Regional and global knowledge, collaboration, the products we launch and the information we provide are vital. These activities are facilitated by three ESG client workstreams.

- Each forum or programme is sponsored or led by a representative from the ESG Enablement team
- The ESG Enablement leadership team receives quarterly updates from the leads

<table>
<tr><th colspan="3">ESG Client Insights Forum (formerly ESG Market Intelligence)</th></tr>
<tr><td colspan="3">Identifies key market trends and client insights globally to assist the development of our ESG investing capabilities and communication. ESG representatives from distribution teams reflect the views of our global client base and local markets and is co-led by the Americas ESG lead relationship manager and ESG Enablement.</td></tr>
<tr><th>EMEA Forum</th><th>APAC Forum</th><th>Americas Forum</th></tr>
<tr><td colspan="3">Each region has a local forum. For example, in EMEA the forum identifies key market trends and aggregates client feedback from the region. The forum includes regional relationship managers, EMEA and global ESG Marketing representatives and EMEA cross-border product management. Activities are carried out under the strategic direction of EMEA Business Management and the ESG Enablement team to ensure alignment.
The leads for each of these local forums report back to the Global ESG Client Insights Forum to bring alignment and share insights. They inform and bring together regional client perspectives on key initiatives.</td></tr>
<tr><th colspan="3">ESG Communications Forum</th></tr>
<tr><td colspan="3">Brings together internal marketing and communications resources (from across all regions) that work on ESG-related matters. The forum, held every four to six weeks, is designed to help these members of our marketing communications community to have continued connectivity with our ESG strategy and the work ongoing across the organisation and an opportunity to share perspectives and leverage work efficiently.</td></tr>
<tr><th colspan="3">ESG Client Reporting Programme</th></tr>
<tr><td colspan="3">Advises and promotes guidance to relevant teams on the delivery of ESG reporting based on market insights and feedback from clients and product management teams.</td></tr>
</table>

Although the governance structure has evolved, the forums continue to foster global and regional ESG information and insight sharing across the business, aligning priorities and focus. They also provide a forum to share commercial perspectives on key initiatives.

Client insights—Regular feedback and insights about evolving client needs and challenges to inform our ESG investing capabilities and communications. Areas of improvement or concern are escalated to the ESG Enablement leadership team.

Advisory—Provides client perspectives to product development, communications activity, client reporting, membership and support for industry-level initiatives. Many members of this group are also representatives in relevant project working groups, including those responsible for product development and regulatory developments such as Sustainable Finance Disclosure Regulation (SFDR), EU taxonomy and Delegated Acts sustainable preferences.

Regulatory—T. Rowe Price associates from the Legislative and Regulatory Affairs; Legal, Compliance & Audit and Responsible Investing teams follow, analyse and disseminate information about ESG-related regulatory developments. They conduct internal ESG policy and regulatory briefings with stakeholders throughout the company; update ESG specialist teams in Responsible Investing, EMEA Corporate Governance, EMEA Product and ESG Enablement and provide client-facing teams in APAC, EMEA and Americas with up-to-date information on ESG regulatory developments and trends, facilitating informed conversations with clients. To stay current, T. Rowe Price associates regularly participate in meetings and receive information from various ESG and sustainability committees of key trade associations, including the Investment Association, the European Fund and Asset Management Association and the Investment Company Institute. (See Principle 4 for further examples.)

Market research—Our centralised Global Market Research team is responsible for gathering insights from a variety of independent, third-party industry studies and carrying out proprietary market research to better understand the evolving needs, behaviours and attitudes of investors and clients around the world. These insights inform our strategic priorities and tactical plans.

We use a variety of sources to better understand perceptions of ESG topics across client types and in different regions:

- Client satisfaction survey—dedicated questions related to ESG preferences and priorities
- Syndicated ESG study—a global view of investor attitudes and behaviours that specifically probes SFDR and related regimes
- Brand surveys—to extract insights from third-party studies
- Internal feedback, including relationship manager surveys—to capture regional perceived scale and timings of impacts
- Consultants—active dialogue with consultants across the region

UK Consumer Duty

In 2023, we partnered with a research company in the UK to help us address the requirements for the UK Consumer Duty legislation. The project included a research syndicate of other large firms in the industry that each submitted material to be tested with consumers. Whilst our firm does not have direct relationships with retail customers, our products are sold to retail clients in the UK via our intermediaries or via execution-only platforms and, therefore, we must comply with the new Consumer Duty.

The findings from the research company with which we partnered provided us with several key recommendations for improvements to the usefulness, clarity, engagement and accessibility by retail customers of certain T. Rowe Price documents, including the Proxy Voting Guidelines for TRPA. We have and are using the findings to inform our approach to improve the clarity and accessibility by retail customers of T. Rowe Price documents.

Proprietary and third-party client research

We use market research to enhance our understanding of the evolving ESG landscape. It also provides insights into the changing needs and perceptions of institutional asset owners, discretionary fund selectors and retail financial advisers. 2023 marked the third year that we partnered with NMG Consulting, a specialist consulting and insights firm, on an annual, syndicated ESG study to explore trends across different client segments in the Americas, EMEA and APAC, using a globally consistent methodology.

Findings from this and other third-party studies, as well as from our own customised client research, are presented to the ESGOC, regional distribution teams and global distribution executive management.

Most important ESG factors cited amongst asset owners in 2023 by region (based on percent of citations in top three):

Europe	APAC	Americas
Climate change and carbon emissions (73%)	Climate change and carbon emissions (94%)	Climate change and carbon emissions (77%)
Human rights (39%)	Diversity, equity and inclusion (39%)	Diversity, equity and inclusion (65%)
Bribery and corruption (31%)	Board structure and voting rights (27%)	Board structure and voting rights (31%)

Source: NMG Consulting, 2023.

We track awareness and perceptions of T. Rowe Price's brand. We also conduct our own client satisfaction study to understand our clients' views on T. Rowe Price's investment, service and operational capabilities worldwide. We use the findings to understand where we are meeting or exceeding client needs and expectations and to identify any areas for improvement. These insights help to shape future client propositions.

We amended the format of our client satisfaction study in 2023. We ran an online questionnaire to understand clients' overall experience and level of satisfaction, ease of doing business, likelihood to recommend and a small selection of other topics. For example, we asked participants to 'name the first five asset managers that come to mind when thinking about ESG investing'. We received mentions for this question for the first time in 2023, demonstrating that awareness of our ESG capabilities is slowly increasing. In the same study, participants were asked which asset managers they would rank as the top three overall leaders when it comes to ESG/ responsible investing. In 2023, we ranked joint ninth in the US, having not featured in participants' responses in 2022.

Actions we take

We carry out market research and analysis throughout the year, and the insights we gather help to inform our efforts and monitor progress on various initiatives.

- We made significant progress in 2021 and 2022 to improve the coverage and visibility of our ESG capabilities, including ESG reporting, firmwide and across our funds and strategies, which we have reported on later in this Principle. As a result, these efforts have been reflected in research studies as awareness and familiarity gradually increase.

- Our overall marketing communication plans, as well as the plan for each underlying country and channel, are overseen by the heads of each segment marketing team at T. Rowe Price and help to improve awareness of the services we provide and our product range. We routinely seek feedback from our clients across all countries and channels in which we operate to understand our clients' needs. The feedback we received in 2023 indicates that our clients continue to be satisfied with T. Rowe Price generally and the insights that we provide, and that there is an appetite for expansion of our product offerings and continued opportunity to share wider market perspectives alongside our investment information. Other key takeaways from our client feedback surveys will inform how we may enhance our delivery of information so that the most relevant content reaches our clients when they need it most. We will continue to seek feedback from our clients and implement improvements accordingly.

Product needs

We launch new funds and develop bespoke products only after careful analysis of:

- Potential to align or develop capabilities to address client needs

- Investment objectives and whether there is an enduring investment case

- Commercial viability

When we are entirely satisfied with the suitability and viability of an investment strategy and its purpose, we commit to fund launches and enhancements to our products.

Our distribution teams receive regular training on a range of topics that span product features, pricing and product positioning (see Principle 2). This is particularly important for new product initiatives.

Case study: Diversification for impact investors

Impact investing represents a niche, but growing, area of demand from clients, particularly in the Nordics, Germany and the Netherlands. Some investors explicitly seek solutions that can generate positive environmental or social impact whilst achieving a financial return.

To date, demand has been primarily addressed by the market through equity or fixed income solutions. In 2023, we launched a new fund, designed to meet impact investors' needs for a global investment opportunity set with diversified assets that can mitigate the risks associated with investing in a single asset class.

The fund allows impact investors access to both listed equities and fixed income assets, as well as impact opportunities across corporate balance sheets, spanning equity and liabilities. Impact is also targeted through a third 'sleeve' of high-quality impact bonds from issuers such as regional and international development banks, which provide capital for economic development projects on a non-commercial basis.

Not all vehicles are available in all jurisdictions. This is not intended to be an offer or solicitation for any products.

Case study: Implementing our net zero transition approach

An increasing number of our clients, particularly in EMEA, are adopting carbon reduction targets. We expect this trend to continue. These clients need investment solutions that can help them achieve their net zero pledges.

Our Net Zero Transition Framework is an investment-led approach, aligning to a recognised industry standard, for incorporating climate transition targets alongside the existing investment process. The provision of net zero transition solutions is nascent in the investment industry. Our Net Zero Transition Framework allows us to engage with existing and potential clients, working in partnership with them to provide guidance on how they can implement net zero transition at the portfolio level and to put plans in place to achieve their objectives. Clients start with a very diversified portfolio. Over time, the portfolio evolves to reduce carbon emissions.

In 2023, we evolved an existing global growth equity product which implements net zero transition into our SICAV[7] range. We see this as a potential solution for clients seeking to address their carbon reduction targets, particularly for the core portion of their portfolios.

[7] SICAV refers to Société d'Investissement à Capital Variable (investment company with variable capital)

Case study: Blue economy

In November 2023, we announced we would be partnering with International Finance Corporation, a member of the World Bank Group, to create a pioneering global blue bond strategy to increase access to finance for blue projects in emerging markets and help improve market standards for the nascent blue bond market. The proposed T. Rowe Price Emerging Markets Blue Economy Bond Strategy is expected to mobilise international capital from eligible investors to support blue-labelled investments in emerging markets globally through blue bonds issued by financial institutions and real sector companies. The investor capital deployed into blue bonds will make a contribution to furthering a blue economy and will also promote sustainable capital markets in emerging markets and developing economies.

By partnering on this innovative strategy, together with IFC, we are sending a clear message to the market on the importance of mobilising capital needed to make meaningful progress towards achieving the United Nations' Sustainable Development Goals (SDGs). Specifically, UN SDG 6 'ensure availability and sustainable management of water and sanitation'; and SDG 14 'conserve and sustainably use the oceans, seas and marine resources'.

We conduct regular reviews of existing products to assess if they continue to deliver in line with objectives and stated benefits to clients. In recent years, we have undertaken significant work to evaluate existing products' alignment to the evolving ESG regulations. For our EU product offering, this includes the SFDR, the EU taxonomy and MIFID II Delegated Acts on sustainability preferences.

In the third quarter of 2023, the European Commission issued a consultation on SFDR assessment, asking whether it is meeting its intended goals and what changes stakeholders would like to see in the future. It also asked whether the EU should develop a new categorisation system for ESG financial products. This reassessment process is expected to take at least 12 months. Our Legislative and Regulatory Affairs team analysed this with our internal partners, discussing potential concerns and issues to raise in our feedback to the commission. Future regulatory changes across the globe, including in the UK and the US, would likely be materially impactful in several areas, and our Legal and Regulatory Affairs team will continue to stay abreast of developments and monitor any potential impacts.

Keeping clients informed

Local knowledge and deep insights from our relationship managers, direct feedback from clients and prospects and proprietary and independent market research help us build a picture of what is most important to our clients.

The type of information we provide

We produce fund, market, sector and asset class information for clients. These are published, as appropriate, to our country websites for professionals and shared via webinars, emails and social media and in person at client meetings, investment reviews or due diligence meetings. Examples include:

- Regular and timely (monthly and/or quarterly) fund and separate account reports, including fact sheets, portfolio manager commentaries and quarterly webinars across some of our largest portfolios.
- Frequent thematic insights, including ESG thought leadership and global market outlooks. These draw on research and information from across our investment and subject matter experts and span our product range and capabilities. Such insights are particularly important to clients during times of uncertainty.
- Our ESG Investing Annual Report provides firmwide information about key ESG themes, engagement, proxy voting and investment approaches. See the following section on ESG reporting for our products and our firm.
- We publish dedicated impact investing content on our websites, tailored to local markets where funds are registered. Content includes impact annual reports, webinars, videos and thematic insights to articulate our core impact investment principles and the impact that investment decisions have made on the environment or society.

ESG reporting for our products and our firm

We produce several reports to help clients understand how we apply ESG and how we integrate ESG into their investments. In 2023, we continued to enhance our ESG reporting as follows: (i) we produced T. Rowe Price International Ltd's Task Force on Climate-Related Financial Disclosures (TCFD) report for the assets we manage, (ii) we enhanced our proxy vote fund reports with the addition of a significant vote narrative, (iii) we expanded coverage of ESG fund reports across fixed income and municipal bond funds, (iv) we provided additional ESG fund reports for our multi-asset funds as well as a number of open-ended investment companies and (v) we delivered European ESG Template files that support our clients' sustainability preferences.

Some examples of our ESG and stewardship reporting are featured in the table below:

Firm level		
ESG Corporate Report	Sustainability Report—T. Rowe Price Group's annual disclosure on corporate ESG topics, including SASB and TCFD reporting.	Annual
ESG Investing Report	ESG themes, engagement overview, proxy voting activity, voting trends, analysis and investment approaches.	Annual
Proxy Voting Summary–TRPA	Global proxy voting data, voting trends and analysis for T. Rowe Price Associates, Inc.	Annual
Proxy Voting Summary–TRPIM	Global proxy voting data, voting trends and analysis for T. Rowe Price Investment Management, Inc.	Annual
Proxy Voting Case Studies	In 2023, as we did in 2022, we published a series of T. Rowe Price Associates, Inc., intentions. Proxy voting is a critical component of our approach to corporate governance; we offer a high degree of transparency related to the votes we cast on behalf of our clients.	Ad hoc
Stewardship Report	A report that demonstrates our alignment to the Financial Reporting Council's 2020 UK Stewardship Code, the EU Shareholders' Rights Directive implementation of our engagement policies and our voting rights and the principles of the Japan Stewardship Code.	Annual
T. Rowe Price Group TCFD Report	A report that aligns to the Task Force on Climate-Related Financial Disclosures recommendations, which reflects our current understanding of our risks and opportunities related to climate change.	Annual
Entity reporting: T. Rowe Price International Ltd TCFD Report 2022	Inaugural 2022 report that is aligned with the TCFD recommendations, which sets out how we take climate-related matters into account when managing or administering investments on behalf of our clients.	Annual
Strategy, for investment professionals		
Strategy-Level Significant Votes	Aligned to Pension and Lifetime Savings Vote Reporting Template in the UK.	Ad hoc
Global Impact Equity Report	Our impact annual reports articulate the decisions we have taken in the context of our core investment principles. Specifically, they aim to share with clients the impact that those decisions have made on our environment and society.	Annual
Global Impact Credit Report		Annual
Fund and separate accounts, for investment professionals[8]		
ESG Reports	Outline of fund ESG integration approach and engagement case studies featuring meeting details, objective, discussion points and outcome.	Quarterly
Proxy Voting Summary	Report containing all the portfolio's proxy votes cast in the period. Moved from annual to semiannual reporting in 2022 and in 2023 added an example of significant votes.	Semiannual
Carbon Footprint	Detailed carbon profile of funds (a minimum of 75% of a fund's AUM must have data available). In addition to Scope 1 and 2[9] emissions, since 2022 we have included Scope 3 emissions.	Quarterly
Impact Quarterly Reviews	Quarterly reviews include impact-related data, including alignment to United Nations Sustainable Development Goals pillars, impact thesis of top holdings and key performance indicators.	Quarterly
Separate Account ESG Reporting	Engagement and other ESG profile information.	Ad hoc
TCFD Client Reports	TCFD client reporting delivered on demand for our separate accounts managed by T. Rowe Price International Ltd.	Ad hoc

Our ESG reporting for our funds are for professional investors only and are available on our websites or on request; you can also speak with your local relationship manager to find out more.

[8] Excludes OHA.

[9] 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).

Addressing client needs in stewardship

We take our role as a fiduciary of our clients' and shareholders' capital seriously. As a matter of principle, we put our clients' interests first. To justify the trust each client places with us, we work to understand their needs and find solutions to satisfy those needs.

What our clients are telling us

In the table below we show some of the recurring themes, requests for information and client survey feedback from clients and prospects across the EMEA, APAC and Americas regions we received in 2023:

1. Climate	2. Stewardship
– Climate remains at the forefront, with increased need for products with alignment to net zero targets and decarbonisation solutions. – Concerns for greenwashing. – Greater need for transparency through reporting, including year-on-year progress.	– Engagements with companies now asked about more than proxy voting. – Approach to engagement, how these are used to share our views, including examples of successful and unsuccessful engagements. – Notably, in Japan there has been increased interest in shareholder proposals and asset manager commentary of their actions.
3. ESG regulation	**4. Diversity, equity and inclusion (DEI)**
– Evolving regulatory backdrops across regions, with diverging approaches. – Investor uncertainty and concerns about greenwashing, with notable local regulatory action in Australia and the US. – Need for greater understanding of the data used—both from third-party providers and from companies—building companies' ESG profiles. – Increased transparency through reporting, evidence-based examples of approach.	– DEI actions of companies are now growing in importance alongside their approach to climate and plans to meet net zero targets. – The actions of asset managers are just as important as the companies in which they invest.
Top 10 ESG questions/topics in requests for proposals and due diligence questionnaires	
1. ESG integration for the strategy 2. Firmwide ESG team 3. Firmwide ESG reporting, accountability and measuring progress 4. Engagement with companies for the strategy 5. Proxy voting	6. Firmwide DEI goals 7. Exclusions for the strategy 8. T. Rowe Price corporate ESG 9. Climate change/decarbonisation 10. DEI data for the strategy and for T. Rowe Price as a firm

'Incredibly useful materials and contact with product specialists, fund managers & business development managers. They are flexible and accommodative'. **Retail Advisor, UK&I**

'The team does an excellent job in our access to fund managers & product specialists. Furthermore, the methods in which that information is conveyed is presented in is tailored precisely to our needs'. **Retail Advisor, UK&I**

'Good range of products currently on offer, though there is some scope for expansion in certain areas'. **Retail Gatekeeper, UK**

Sample of developments, our actions and insights

Product: Listened to and worked with clients to develop a Net Zero Transition Framework applicable to equities and corporate bond products. Launched an equity net zero transition fund.

Fund and separate account ESG reports:
- Reinforced the ESG reports with carbon and net zero reporting developments which are underway
- Increased company engagement examples, across ESG fund reports; see following section ESG reporting for our products and our firm

Annual reports—our own actions, our investing approach, the actions we take through proxy votes, engagements and more:
- TRPA proxy voting case studies
- T. Rowe Price ESG Corporate and ESG Investing Annual Reports
- Annual Stewardship Report

Insights for professional investors only:
- Buy and Align—The Next Generation Buy and Maintain Portfolios. Introducing the Net Zero Transition Product Framework.
- Counting the Cost of Biodiversity Loss. Addressing the challenge of integrating biodiversity into investment analysis.
- Divest or Engage to Meeting Climate Commitments?

Insights for corporates and professional investors:
- TRPA and TRPIM 2023 Aggregate Proxy Voting Summary. Key trends in T. Rowe Price's proxy voting activity over the past year.
- Blue Bonds: A Growing Resource for Sustainability Financing.

Our thinking and insights can be accessed via the pages on our website for our professional clients only.

Addressing client needs in diverse jurisdictions

ESG-related regulation continued to develop at a rapid pace globally and nationally in 2023. Regional directional divergence amongst the US, Europe and UK presents challenges for global asset managers. In addition, within the US, variations exist at the state level. Some divergence is inevitable as different jurisdictions finalise local rules.

In 2023, in some US state legislators enacted laws that prohibit the management of state assets using 'non-pecuniary' or 'nonfinancial' factors. Many of these states also introduced laws prohibiting the 'boycotting' of fossil fuel companies, firearm manufacturers and certain other companies. In other US states, legislators enacted laws that require the consideration of ESG factors in the management of state assets, where those factors may be financially material. Some also passed laws that require state holdings to divest of fossil fuel companies or other holdings.

As in 2022, we spent a considerable amount of time in 2023 explaining our investment and proxy voting process to policymakers and clients in both types of jurisdictions. The reality is that, like all global asset managers, T. Rowe Price has to be able to offer investment products and asset management solutions that meet the needs of various types of clients, consistent with their particular investment mandate and compliant with all regulations applicable uniquely to them.

For the vast majority of investment styles and portfolios, we found that there was actually far more convergence than divergence. For example, the thoughtful integration of ESG considerations into the investment management process, like the use of T. Rowe Price's RIIM, can be consistent with both a prohibition on the use of non-pecuniary factors and a mandate to take material ESG considerations into account.

On the other hand, a product or solution like an impact fund may not be equally useful or relevant in all jurisdictions. Exclusion of fossil fuel investments may make a fund attractive for a governmental client in a state that is required to divest of oil and gas holdings. That same exclusion policy, however, may make it inappropriate to authorities in other states.

As policymakers continue to consider legislation or rulemaking along these lines, we will continue to explain our investment process and our approach to proxy voting and corporate engagement. We will advocate for good client outcomes and argue against approaches that make it harder for us to fulfil our fiduciary duties, impair our investment process or impede our exercise of shareholder rights.

Closing reflection

The market environment in 2023 was quite unlike any we have seen in a very long time. Against this challenging backdrop, our focus on understanding and anticipating our clients' needs never wavered. We were pleased to continue to extend our product range in 2023, including the launch of our first net zero transition strategy and a multi-asset impact strategy.

PRINCIPLE 7

Signatories systematically integrate stewardship and investment, including material environmental, social and governance issues and climate change to fulfil their responsibilities.

ESG integration

At T. Rowe Price, our goal is to help clients achieve their investing goals—whether financial, sustainable or both. We believe that ESG integration is essential to achieving this purpose, and as such, we incorporate the assessment of ESG issues into our investment analysis. Our philosophy is to embed ESG considerations into a research-led, active management approach to support our clients' investing goals. Our approach is driven by the following principles:

Integrated

We ascribe **responsibility for integrating ESG factors into investment decisions** to our analysts and portfolio managers.

Collaborative

We have **specialists in ESG and regulatory research who collaborate with our analysts and portfolio managers** to delve into situations where ESG issues are material.

Material

We **focus on the ESG factors we consider most likely to have a material impact** on the performance of the investments in our clients' portfolios.

We integrate stewardship and the consideration of ESG factors into our investments through our dedicated ESG investment resources and our proprietary tools and processes, creating purpose-driven solutions to meet our clients' needs. The main change from the 2022 report is the introduction of net zero transition products alongside the three other product types which were discussed last year: financial only, ESG enhanced and impact.

We have a wide range of ESG capabilities

Partnering with clients to offer solutions

	Financial Only	ESG Enhanced	Net Zero	Impact
Objective	Seeks to deliver competitive financial returns	Seeks to promote specific ESG characteristics alongside financial returns	Seeks to deliver financial returns whilst promoting the transition to net zero	Seeks positive societal and/or environmental impact alongside financial returns
Approach	Analyses ESG factors for the purpose of maximising investment performance	Incorporates binding social and/or environmental commitments that vary by product type	Mandate seeks to align with 1.5°C scenario by incorporating commitments	100% positive impact holdings that meet T. Rowe Price's impact criteria, including: • impact thesis • theory of change • measurable key performance indicators (KPIs)

ESG integration and stewardship are embedded across our product ranges and asset classes.[1]

[1] Where appropriate and where data coverage is sufficient.

Dedicated ESG investment research resources

Our dedicated ESG investment research resources[2] help our analysts and portfolio managers at both T. Rowe Price Associates, Inc. (TRPA), and T. Rowe Price Investment Management, Inc. (TRPIM), identify, analyse and integrate the ESG factors most likely to have a material impact on an investment's performance. At TRPA, our ESG investment resources are spread across two teams—Responsible Investing and Governance. They are further supported by dedicated ESG investment specialist resources. At TRPIM, our ESG investment resources are spread across two teams—ESG and Regulatory Research. As detailed in Principle 2, Oak Hill Advisors (OHA) has three resources in a single ESG & Sustainability team.

Our ESG Investment teams at both TRPA and TRPIM are further supported by an operations team focused on proxy voting and rely on dedicated ESG technology teams to help build out the firm's ESG research and investment tools. Please refer to Principle 2 for more detail on our teams.

Proprietary tools and processes

Integration of ESG factors into our investment process starts with the initial research at the inception of an investment idea and continues through the life of the investment. This analysis is applied to multiple stages and includes the following steps:

- Identification and monitoring of ESG data for security analysis.
- Consideration of ESG risks or 'red flags' through fundamental analysis.
- Consideration of ESG risks and/or opportunities in portfolio construction.
- Engagement with boards, managements, nonfinancial stakeholders or government officials.
- Proxy voting (for equities).

The process of ESG integration takes place on two levels. The first level starts with our research analysts as they incorporate ESG factors into security valuations and ratings, and the second level involves the portfolio managers as they balance ESG factor exposure at the portfolio level. Both the analysts and portfolio managers can leverage dedicated, in-house resources to assist them in analysing ESG criteria. Our ESG specialist teams provide investment research on ESG issues at the security level and on thematic topics. They have built tools to help proactively and systematically analyse the ESG factors that could impact our investments. One such tool is a proprietary scoring system called the Responsible Investing Indicator Model (RIIM), which forms the foundation of our ESG integration process.

The RIIM framework provides two key benefits:

1. RIIM provides a uniform standard of due diligence on ESG factors across our investment platform.
2. RIIM establishes a common language for our analysts, portfolio managers and ESG specialists to discuss how an investment is performing on ESG and to compare securities within the investment universe.

We have developed RIIM frameworks across asset classes covering equities and corporate bonds, sovereign bonds, municipal bonds and securitised bonds. The RIIM frameworks are unique for each asset class as the level and type of ESG data available vary across asset classes.

For equities and corporate bonds, we are able to leverage ESG datasets and feed those directly into our RIIM frameworks. This allows us to generate a quantitative RIIM profile for a wide breadth of issuers. TRPA covers a global corporate investment universe of more than 15,000 issuers, whilst TRPIM covers a predominantly US investment universe of more than 6,500 issuers. In addition, for sovereign bonds, TRPA leverages ESG datasets to generate a RIIM profile for sovereign issuers (TRPIM does not invest in sovereign issuers). These quantitative sets of scores are an important starting point in our ESG evaluation process as they help us quickly identify any outliers, both positive and negative. Additionally, they create a baseline of understanding of our investment universe from which we delve deeper using fundamental analysis on a narrower universe of securities. Having the breadth of coverage provided by using this quantitative data as a first step is also instrumental in informing our engagement programme.

For municipal and securitised issuers, the ESG data universe is still developing. Given that we have not yet found ESG datasets that we believe are fit for purpose to directly integrate into the RIIM framework, TRPA uses a two-step ESG integration process: analysis and integration. Our credit analysts conduct ESG analysis on each security. To do this, they utilise the RIIM framework to ensure that a uniform standard to ESG due diligence is conducted on each security. Our credit analysts leverage our in-house ESG specialists, third-party research and their own fundamental research to develop a RIIM profile for each issuer. TRPIM does not invest in either municipal or securitised issuers.

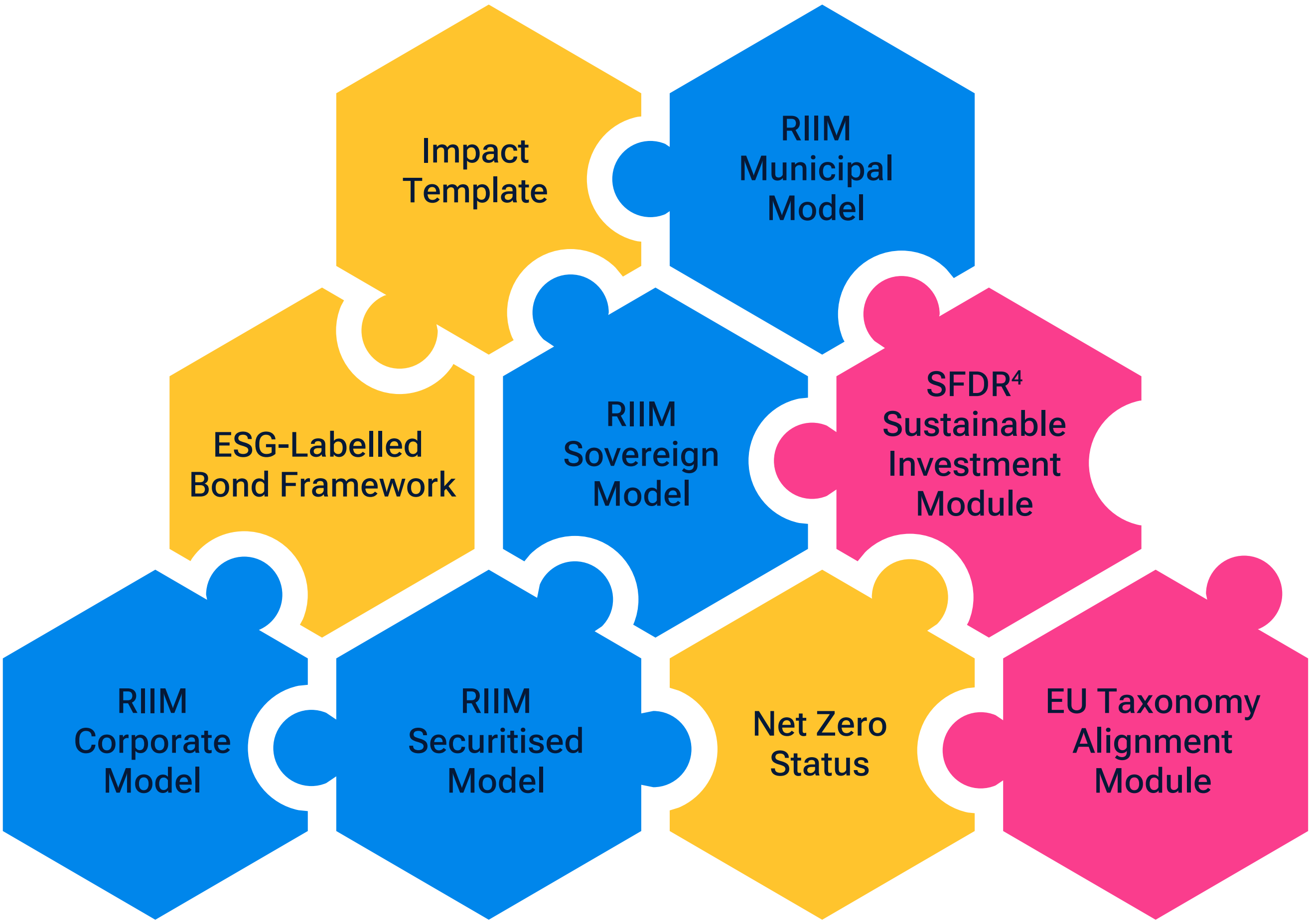
[2] TRPA and TRPIM have separate ESG teams and RIIM products. Decisions for TRPA and TRPIM ESG teams are made completely independently, but they use a similar approach, framework and philosophy. The implementation and oversight of RIIM for TRPA and TRPIM differ.

RIIM frameworks across asset classes

	1 IDENTIFICATION	2 ANALYSIS	3 INTEGRATION
Equities and Corporate Bonds (TRPA and TRPIM)	RIIM creates a responsible investing profile[3] for 15,000+ companies using third-party ESG datasets, company-reported data and datasets created internally.	Securities flagged in our RIIM and governance analysis are subject to further review, including engagement and, for equities, proxy voting recommendations.	**Analysts and portfolio managers incorporate ESG factors (as appropriate to their strategy) into:** – Investment theses – Company ratings – Price targets – Credit ratings – Engagements – Position sizing – Proxy voting decisions
Sovereign Bonds (TRPA only)	RIIM creates an ESG profile for approximately 200 sovereign issuers, leveraging datasets created by nongovernmental organisations and third parties as well as datasets created internally.		
Municipal Bonds (TRPA only)	Our municipal bond analysts create an ESG rating for approximately 1,700 issuers by evaluating specific criteria for individual issuers. To establish RIIM ratings, the analysts conduct research in-house. Environmental and social analysis leverages geospatial research tools.		
Securitised Bonds (TRPA only)	Our securitised bond analysts create an ESG rating for approximately 1,400 issuers by evaluating specific criteria for individual issuers. To establish RIIM ratings, the analysts conduct research in-house, leveraging external data sources as well as their own direct research. Where there is overlap on issuers, the analysts can leverage RIIM scores from other asset classes.		

[3] The implementation and oversight of RIIM for TRPA and TRPIM differ. TRPIM RIIM covers equities and corporate bonds only. TRPA has RIIM coverage of approximately 15,000 corporate issuers, 200 sovereign issuers, 1,400 municipal issuers, and 1,200 securitised issuers. TRPIM has RIIM coverage of approximately 6,500 corporate issuers. 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. On our proprietary RIIM frameworks, green indicates no/few concerns, orange indicates medium concerns, and red indicates high concerns.

Whilst RIIM forms the cornerstone of our ESG analysis, it is supplemented by several other in-house frameworks we have developed to evaluate securities seeking to deliver on sustainable objectives, for example, for the evaluation of ESG-labelled bonds and impact investments.



For illustrative purposes only.

OHA policy: stewardship, investment and ESG integration

OHA focuses on the financially material ESG factors that underpin a company's creditworthiness, utilising consistent resources to inform determination and analysis of these factors.[5]

The investment team utilises an OHA-designed methodology, which meaningfully contributed to the ESG Integrated Disclosure Project, an initiative backed by leading trade associations and nongovernmental organisations to promote transparency and accountability in private and broadly syndicated credit markets. This methodology utilises the Sustainability Accounting Standards Board (SASB) standards, the technical basis for the International Sustainability Standards Board's industry-specific disclosure standards.[6]

SASB standards identify ESG factors reasonably likely to have a significant effect on the financial conditions, operating performance or market valuation of companies and industries. OHA's methodology applies a credit lens to the SASB standards, and the investment team utilises this framework when underwriting financially material ESG factors for each company in which it invests. Core determinants of our factor selection are where ESG factors manifest within the income statement and risk profile and their relevance to credit quality and the potential magnitude of impact. Additional determinants of credit relevance within the SASB standards involve a relative comparison between material factors and associated financial implications as well as climate risk implications informed by the Task Force on Climate-Related Financial Disclosures (TCFD). The intersection between financial and impact materiality, where investments promote environmental and social characteristics, will serve as a valuable informant to OHA's post-investment engagement strategy.

[4] Sustainable Finance Disclosure Regulations (SFDR).

[5] Certain issuers are excluded from this process.

[6] OHA applied a credit lens to the SASB standards and created this framework for the investment team to begin utilising in September 2022. Certain investments are excluded from this process.

Analysts determine the appropriate underlying ESG factors on a company-by-company basis at time of diligence, as guided by the process above.[7] Analysts consider evidence of proactive practices to mitigate risks or capture opportunity in line with each material factor. They may also consider relative exposure to that factor as compared with industry peers. Analysts may also consider broader reputational risks and incidents for each company when assigning overall scores. In addition, given the relative lack of access to quantitative KPIs in the markets in which OHA invests, we rely on a mix of both quantitative and qualitative data and weigh each, as well as their interconnection, on a company-by-company basis. These factors are used as inputs when assessing overall company environmental, social and governance scores. Ratings are based on a five-point scale to help the research analysts quantify the materiality of ESG factors for each company.

How service providers support the integration of material ESG issues into our stewardship and investment activities

When selecting data vendors, our prime consideration is the data points they are capturing and the coverage universe. We also consider the quality of their research process, which may include the expertise of their research team and practical considerations such as how frequently the data will be updated.

Each data provider is appointed with the expectation that it will undertake a specific role, such as providing portfolio-level carbon footprint data. We consider their responsiveness to our questions and requests when deciding whether to allocate future business to the third party. TRPA and TRPIM have long-standing relationships with the core third-party data providers listed below.

Sustainalytics	We use data from Sustainalytics as an input to our proprietary Responsible Investing Indicator Model—this includes a range of data points covering environmental, social and governance topics. However, we do not use its overall ESG ratings; we prefer to build our own internal rating which reflects the ESG factors we consider to be financially material. The specific data requested are set out in a contract schedule.
MSCI	Both TRPA and TRPIM use research from MSCI to manage our socially responsible screens (exclusion lists), which may exclude companies whose business activities involve controversial weapons (cluster munitions, anti-personnel mines, incendiary weapons), nuclear weapons, tobacco production, coal production, assault-style weapons for civilian use and adult entertainment. Socially responsible screens from MSCI also contribute to our process for determining our conduct-based exclusion list. The specific data requested are set out in a contract schedule. We also used climate scenario tools from MSCI ESG Research to inform our analysis presented in the inaugural T. Rowe Price International Ltd TCFD report published June 2023.
Institutional Shareholder Services (ISS)	We use proxy voting research from ISS as an input to our own custom research policy. We also provide ISS with our own voting policy guidelines, which it implements on our behalf. We have different custom voting policies, covering T. Rowe Price standard, impact and net zero strategies, respectively. These custom voting policies will be discussed in more detail in Principle 12, but an example of TRPA providing clear and actionable criteria would be the introduction of our net zero custom voting policy in 2023. These are a separate set of proxy voting guidelines administered for T. Rowe Price strategies subject to an explicit net zero investment framework. These portfolios require a separate voting policy because they have two explicit mandates: competitive financial returns as well as alignment with net zero goals. In order to meet these objectives, portfolios under net zero mandates may vote differently from other T. Rowe Price funds, particularly on director elections, say-on-climate resolutions and shareholder proposals. Our custom voting policy ensures ISS factors in ESG considerations that we consider to be important (see Principle 12).

This is not an exhaustive list of all data providers; we discuss our third-party data providers in more detail in Principle 8.
We also consider the quality of the data collected, which includes such factors as the frequency and timeliness of data collection activities and the capabilities of the third-party supplier (e.g., size and sophistication of the in-house research team). Where we have identified data quality issues with any of our key ESG data vendors, we address these as soon as possible directly with the vendor relationship teams and request a remediation plan be implemented in a timely manner. Where we have access directly to more accurate data, we supplement our models with the correct data in the interim until the data feed is fixed.

[7] OHA applied a credit lens to the SASB standards and created this framework for the investment team to begin utilising in September 2022. Certain investments are excluded from this process.

Systemic considerations

Whilst company-specific, fundamental investment research is at the heart of our investment process, our analysts and portfolio managers also consider how top-down, systemic risks could impact their assessment of an investment opportunity. Our ESG investment resources frequently publish thematic research, which aids our investment professionals in their analysis of top-down, systemic risks. One systemic consideration which has been an area of focus in 2023 is climate change, which we are seeking to manage through our membership of the Net Zero Asset Managers initiative (NZAM).

Case study: The Net Zero Asset Managers initiative

The Net Zero Asset Managers initiative is an international group of asset managers committed to supporting the goal of net zero greenhouse gas emissions by 2050 or sooner, in line with global efforts to limit warming to 1.5°C.

We made our initial disclosure to NZAM in April 2023, a year after becoming a signatory. Ahead of this milestone, we undertook work to develop a proprietary Net Zero Status tool that tracks the progress of the net zero alignment of our portfolio companies. We also updated our Investment Policy on Climate Change in March 2023 to clarify our expectations of good practice by companies.

Our updated investment policy states that we view best practice as adopting a science-based net zero aligned to a 1.5°C pathway that covers Scope 1 and 2 and the most relevant Scope 3 emissions[8]. If a company has these targets validated by the Science Based Targets initiative (SBTi), that gives us further confidence that the company is adequately addressing its material emissions and not relying on carbon offsets in the case of emissions that should be mitigated.

For the majority of companies, we believe this is an appropriate expectation; however, we recognise that not all companies or sectors start in the same position when considering decarbonisation targets. As such, our net zero analysis does not solely focus on whether a company has a net zero target in place; it also includes a company's short- and medium-term greenhouse gas (GHG) reduction targets and the credibility of its emissions trajectory. It is underpinned by the principles established by the Paris Aligned Investment Initiative Net Zero Investment Framework and includes the following areas of focus:

- Net zero target by 2050 or earlier
- Medium-term GHG reduction targets
- Short-term GHG reduction targets
- Assessment of the credibility of the pathway to achieve targets
- SBTi validation
- Recent emissions trajectory

Through our NZAM membership, T. Rowe Price aims to support the establishment of robust and standardised methodologies for evaluating pathways to net zero. After careful evaluation, we were able to commit 59%[9] of our total assets under management (AUM) (on 30 December 2022) towards the initiative.

The majority of our committed assets are those that have primary mandate to deliver financial performance, whilst mandates with specific climate- and net zero-related objectives reflected less than 1% of assets under management as of 31 December 2022. The commitments we have made as signatories of NZAM are entirely in line with our fiduciary responsibility, and there is no change to our investment process. At T. Rowe Price, climate transition is considered as part of our ESG analysis and fully integrated into our fundamental research portfolio construction where appropriate.

Our considerations for the initial AUM commitment are rooted in process, alignment with investment styles, quality of data and measurements. The strategies not committed fall into four categories: (i) strategies invested in corporate securities that lack adequate GHG emissions data (minimum 75%) to make in informed net zero assessment, (ii) strategies that predominantly invest in emerging markets or specific sectors lacking realistic pathways to achieve net zero by 2050, (iii) strategies that predominantly invest in asset classes lacking a net zero methodology (sovereign, securitised and municipal bonds) and (iv) strategies with short-term investment styles (cash funds and short, ultrashort, and low duration strategies) or strategies that do not have net zero as a consideration within their investment process (quantitative and index funds).

In 2023, we disclosed targets for our committed assets for 2030 and 2040. We aim for 50% of our pledged assets to be at least aligned with a net zero pathway by 2030, up from 15% at the end of December 2022 and for this percentage to increase to 100% by 2040 and then 100% achieving net zero by 2050. The net zero alignment assessment adheres to guidelines laid out by the Paris Aligned Investment Initiative Net Zero Investment Framework, with issuers classified in five categories from 'not aligned' to 'achieved'.

[8] 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).

[9] AUM Commitment figures are unaudited and may be subject to change.

Asset class consideration[10]

The following graphic includes a non-exhaustive list of factors used for ESG integration in each asset class.

	Environmental	Social	Governance
Equities and Corporate Bonds	Adaptability of sourcing Biodiversity impact Emissions intensity Environmental track record Hazardous chemicals use Impact of carbon taxation Integration of eco-design 'New cities' infrastructure Pesticide safety standards Product end of life Regulatory dynamics Site restoration provisions Stranded asset risk Sustainable product sales Sustainable raw materials Waste recycling (mgmt.) Water intensity	Access to skilled labour Bribery/corruption record Conflict minerals sourcing Customer preference shift Data privacy standards Diversity statistics Fair trade sourcing Health and safety record Lobbying standards Local community relations Marketing standards Product safety record Robotics integration Stakeholder relations Supply chain standards Talent retention Technology shift	Accounting standards Audit practices Antitakeover provisions Board composition Board expertise Bond covenants Financial transparency Management remuneration Share issuance policies Shareholder rights
Sovereign Bonds	Agricultural capacity Air pollution/emissions Climate change impact Ecosystem quality Energy dependency Energy resources Stranded asset risk Water resources	Crime and safety Education levels Employment levels Food security Human rights Income inequality Institutional quality Poverty Public health	Bond covenants Corruption Institutional quality Institutional strength Rule of law
Securitised Bonds	Energy efficiency Exposure to energy transition risk Exposure to green activities—e.g., renewables, electric vehicles Exposure to physical climate change risk Green building certifications	Contribution to wealth inequality Exposure to affordable housing Income inequality Level of homeownership Population dynamics	Bond covenants ESG disclosure Internal controls and loan modification standards Originator ESG standards and track record Originator underwriting practices Regulatory standards Sponsor performance and legal history Timeliness and quality of financial reporting

[10] The implementation and oversight of asset class considerations for the RIIM for TRPA and TRPIM differ. The TRPIM RIIM covers equity and corporate bonds only.

	Environmental	Social	Governance
Municipal Bonds	Exposure to green activities—e.g., renewables, electric vehicles, public transport Exposure to energy transition risk Exposure to physical climate change risk Issuer's management of environmental footprint	Accessibility of health care Crime and safety Education levels Employment levels Exposure to social activities—e.g., hospitals, schools, transport Income inequality Population dynamics and trends Positive social contributions Poverty levels Quality of infrastructure	Bond covenants Quality of elected officials and key government staff Quality of governance and Board Quality of management Timeliness and quality of financial disclosure
OHA-Specific Additional Asset Class Considerations	Air quality Business model resilience Ecological impacts Energy management GHG emissions Materials sourcing and efficiency Physical impacts of climate change Product design and life cycle management Supply chain management Waste and hazardous materials management Water and wastewater management	Access and affordability Customer privacy Customer welfare Data security Employee engagement, diversity and inclusion Employee health and safety Human rights and community relations Labour practices Product quality and safety Selling practices and product labelling	Business ethics Competitive behaviour Critical incident risk management Management of the legal and regulatory environment Systemic risk management

Assessment of environmental and social factors[11]

When determining which data points to evaluate across an industry/region, we take a thoughtful analysis of each criterion and ask ourselves a series of questions, including:

- Is the factor material to the underlying investment?
- Is the factor a meaningful contributor to environmental or societal burdens/tailwinds?
- Is there a robust data point underpinning that factor?
- Is the data point a quantitative or qualitative assessment?
- If the data point is qualitative, what level of subjectivity has been incorporated?
- Are the data uniformly disclosed? Are issuers using the same reporting standard?
- Are the data commonly disclosed within an industry/region?

Our approach to environmental and social factor integration is highly differentiated at the sector and industry levels. Materiality to the underlying business model is one of the key determinants used in our analysis.

[11] The assessment of environmental and social factors for the RIIM for TRPA and TRPIM differ.

	Environmental factors	Social factors
Consumer Discretionary	Eco-design product/electric vehicles Responsible sourcing (cotton, synthetic textiles, etc.) Waste management	Customer behaviour (online shift) Employee relations (unions/'living wage' workers) Treatment of workers in the supply chain
Consumer Staples	Organic products HCFCs phaseout Responsible sourcing (palm oil and other agri-products)	Fair trade products Human health impact (sugar, tobacco, etc.) Supply chain management (vulnerable agri-chains)
Energy	Methane emissions Risk of stranded assets Refinery/chemical emissions	Bribery and corruption Employee and contractor health and safety Relations with local communities
Financials	Environmentally related products (drought protection) Natural catastrophe risk Sustainable financing	Business ethics Cybersecurity Human capital management (talent retention)
Health Care	Waste disposal Water usage	Appropriate marketing/lobbying practices Cybersecurity Product safety
Industrials	Energy-efficient products Intermodal transportation shifts Manufacturing environmental footprint	Bribery and corruption (aerospace and defence) Product safety Robotics
Information Technology	Product end of life 'Smart' appliances and infrastructure Water usage (semiconductors)	Data privacy Human capital management (talent retention) Responsible sourcing (conflict minerals)
Materials	Efficient building products Emissions Responsible pesticide usage	Bribery and corruption Employee and contractor health and safety Relations with local communities
Real Estate	Eco-friendly buildings 'New cities' infrastructure	Demographic shift/aging population Local communities/affordable housing
Telecommunications	Intelligent and efficient network infrastructure	Cybersecurity Improving lives through connectivity Responsible sourcing (conflict minerals)
Utilities	Electric mix shift towards renewables/grid stability Shift towards distributed power Stranded assets	Employee and contractor health and safety Human health impact (particulate emissions) Relations with local communities

Assessment of corporate governance factors

As discussed in last year's report, we focus on the governance factors that we consider to be most relevant given the issuer's sector, region and asset class. Our objective is to support governance practices designed to enhance and preserve long-term shareholder value.

We employ a governance lens to our company analysis throughout the life cycle of an investment. Whilst we maintain a highly contextual, company-specific approach to assessing corporate governance, we believe the following principles can be applied to corporates across the globe:

- The importance of Board accountability to investors
- Shareholder rights in reasonable proportion to economic ownership
- A Board structure that fosters independence, a mix of perspectives and effectiveness
- Incentive structures for Board management and employees that are aligned with the company's strategy

Other factors that we consider include the robustness of the internal controls framework and whether the external auditor provided a qualified opinion. We also expect to have independent directors on a company's audit committee provide robust oversight of the financial reporting and control framework.

Particular attention will be paid to the Board's handling of any ESG controversies, including those related to employee relations and tax. The company's policies, practices and level of disclosure will also be considered in the assessment of Board oversight. We employ both qualitative and quantitative approaches to the assessment of governance practices. Depending on the severity of the issues and whether there are any mitigating circumstances (e.g., where a company appears to be trying to remediate the problem), the company may be added to the T. Rowe Price significant governance concerns list.

Case study: Removal of company from T. Rowe Price significant governance concerns list (TRPA)

SillaJen

Focus	Governance
Asset Class	Equity
Country	South Korea
Background	The former CEO of South Korean biotechnology company SillaJen, Eun-sang Moon, reportedly made personal gains of KRW191.8 billion by selling SillaJen stock on inside information regarding a halted clinical trial. Mr. Moon was sentenced to five years in prison. Two other former executives were also found guilty of a similar breach of trust. None of these three convicted directors currently serve on the board of SillaJen. In May 2020, the Korea Stock Exchange (KRX) suspended SillaJen's stocks from trading in the public market and granted a one-year grace period in November 2020. In January 2022, the KOSDAQ Market Committee decided to delist SillaJen, but the company was granted a second grace period. As a result, the TRPA Governance team recommended that the company be added to the T. Rowe Price significant governance concerns list in September 2023, but that its status be reviewed if the Korea Stock Exchange were to readmit it to trading. On 12 October 2022, the KRX's KOSDAQ Market Committee decided to keep SillaJen listed on the KOSDAQ. Trading resumed on 13 October 2022.
Monitoring and Analysis	Following a period of monitoring by our Governance team leading up to SillaJen's uncontentious March 2023 annual general meeting (AGM), the decision was made to remove the company from the T. Rowe Price significant governance concerns list.
Outcome	The significant governance concerns list tracks the companies that have failed both the quantitative and qualitative screens within the T. Rowe Price good governance test. SillaJen showed sufficient progress to be removed from this list.

The specific securities identified and described are for informational purposes only and do not represent a recommendation.

Thematic research case study

Our research considers variations in performance within sectors and regions. Our analysis of water stress risk in the Latin American utilities and pulp and paper sectors conducted in 2023 identified which Latin American countries have the largest projected increases in water stress, which sectors are the most exposed to water stress risk and which companies are most exposed to regulatory risk.

Water stress analysis for Latin American utilities and pulp and paper (TRPA)

Focus	Environment
Asset Class	Fixed Income
Country	Latin America
Background	Our fixed income and responsible investing teams worked together on a piece of research to provide analysts and portfolio managers with an analysis of the water stress risk for our utilities and pulp and paper investments in Latin America. Water stress is a measure of the ratio of total water withdrawals (including domestic, industrial and irrigation) to available renewable surface and groundwater supplies. A higher value indicates more competition amongst users, i.e., more water stress. — Although water is abundant on Earth, only a very small fraction of the planet's water is accessible freshwater. There is a major imbalance in the global supply of water—the top 10 countries have 57% of the world's freshwater; 23% is in Latin American countries. — Despite how crucial water is to business, the risks that come with not having enough of it have been overlooked by investors who have tended to focus more on carbon. — Water availability is decreasing across regions, and events related to water stress in Latin America are on the rise. — In terms of water priority use regulation in Latin America, industrial users are lower priority.
Analysis	— We used geolocation data from the World Resources Institute (WRI) to assign a water risk score to utilities and pulp and paper names. Numerical scores were assigned to generation technologies based on their water intensity. — Our analysis considered water intensity, capacity exposure to water stress areas and matrix transitioning plans. — We used the WRI's Risk Atlas to determine the current water stress at each of an issuer's 'in scope' assets, as well as to determine the modelled future water stress in 2030 and 2040 under 'business as usual' scenarios. — We then calculated a T. Rowe Price water stress score for each issuer, taking the weighted average water stress score across an issuer's generation fleet. — We conducted 11 company interviews to understand risk mitigation practices, disclosures of water risk metrics and water-use reduction key performance indicators. Management teams that we spoke to were highly aware of water-related risks and were taking concrete steps to mitigate it and to minimise their water footprint. We were generally pleased by the level of oversight of water-related issues.
Outcome	— Water stress is expected to increase globally over the coming years as the climate continues to warm and populations grow. We believe investors may be overlooking the operational and reputational impacts of water scarcity in vulnerable industries. Chile, Mexico and Argentina are the countries with largest projected increases in water stress as per the World Resources Institute. — Growing and persisting focus on water supply is likely across the region, exposing companies to wider water-related operational challenges. Government, legislative and public pressure to limit water usage for the benefit of domestic use is increasing. Agribusiness is the industry most exposed to this risk with almost a 70% share of water usage in Latin America followed by the energy production, mining, meat production, pulp and paper and beverage industries. — Regulatory risk is higher for companies/industries more exposed to freshwater withdrawals, as they are competing directly with human consumption. — In a scale from 0 (best) to 5 (worst), TRPA utility and pulp and paper holdings scored between 0 and 2.3, which is low to moderate risk. We maintain our conviction recommendations for issuers under this analysis.

Company-specific analysis

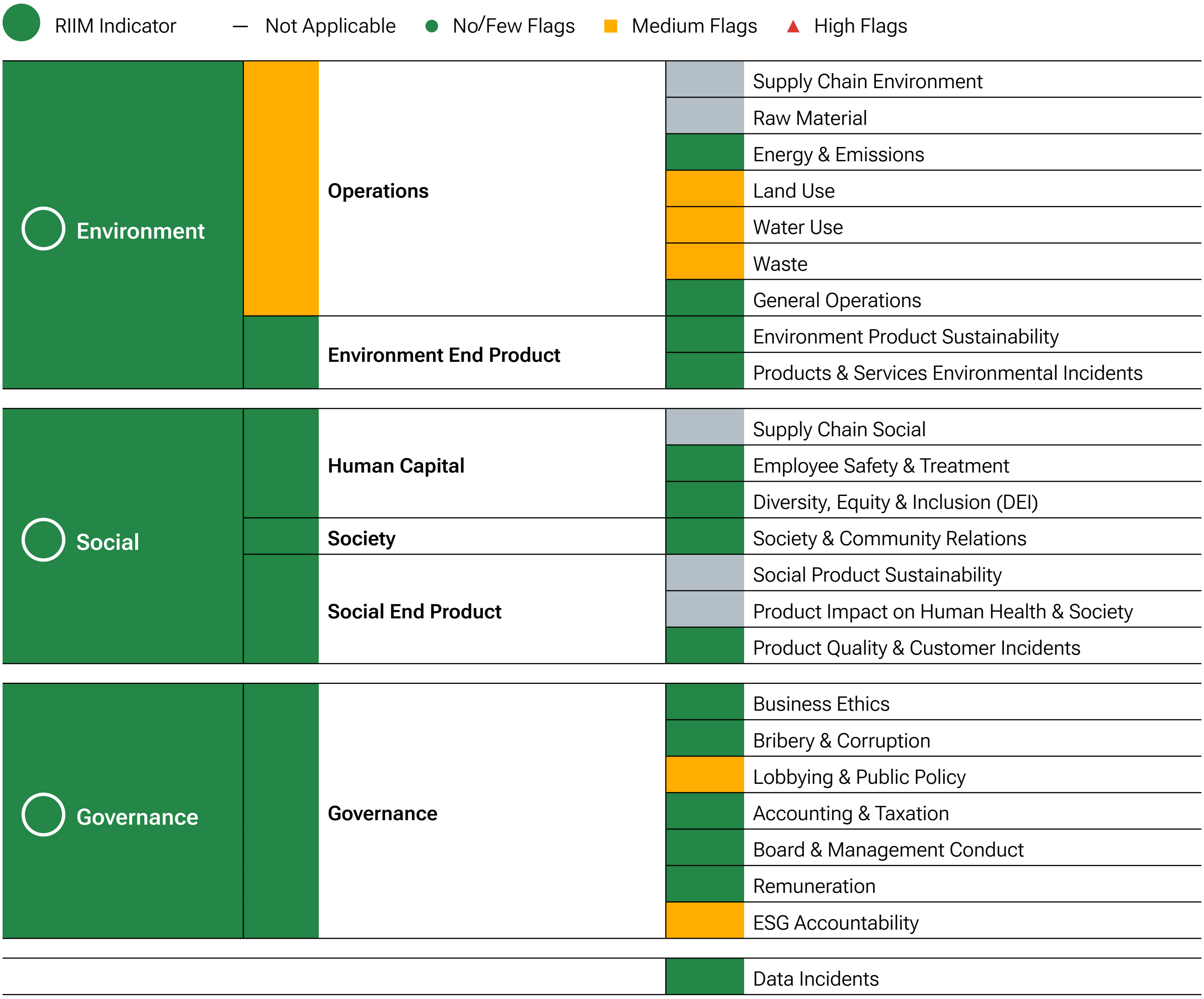
Alongside our thematic research, analysing the ESG characteristics of an individual security is a key responsibility for the Responsible Investing team, with input from Governance as appropriate.

Evaluating a diversified utility with nuclear power capacity (TRPA)

Constellation Energy (CEG)	
Focus	Environment
Asset Class	Equity
Country	US
Background	In 2023, we upgraded Constellation Energy to a green rating in RIIM. The company is the largest owner of nuclear power capacity in the US, and as such, the company may sometimes be viewed as a 'controversial' stock from an ESG standpoint. On balance, our team's view on nuclear is positive, and we believe that CEG should therefore score well in our assessment of end product sustainability.
Analysis	Given the high share of nuclear power in its fleet, Constellation Energy is one of the lowest carbon intensity power generators in the US. It owns no coal-fired capacity and aims to be net zero on operational emissions by 2040. The company is the largest owner and operator of nuclear power capacity in the US, with around 21 gigawatts of installed nuclear capacity across the Midwest and Northeast, and it produces more than 10% of the US's clean power. It also operates a fleet of peaking gas stations, as well as some wind, solar and hydro assets. Given how significant nuclear power is within CEG's overall portfolio, the overall ESG view on the company may ultimately boil down to an investor's stance on nuclear power and whether nuclear power is a sustainable form of energy. There is a bifurcated view on the relative 'green-ness' of nuclear power within both the investment and political communities—whilst (almost) everyone agrees that it is a zero-carbon source of power, in some geographies the view is that the potential environmental impacts of radioactive waste and concerns related to safety outweigh the positive impact. Despite the lack of consensus amongst the investment and political communities, it appears that there are strong regulatory tailwinds in the US, which is what ultimately matters most for CEG. There appears to be bipartisan support currently for nuclear power in the US, including the introduction of a nuclear power production tax credit in the recently passed Inflation Reduction Act and several nuclear life extensions to 80 years have been approved in the last few years. However, we appreciate that CEG's significant nuclear power exposure may mean it is considered a somewhat 'controversial' stock from an ESG standpoint. There are a wide range of views on the technology globally, often with stark differences from country to country (e.g., France versus Germany) and over time (e.g., Japan's nuclear phaseout post-Fukushima). On balance, the Responsible Investing team takes a positive view of nuclear power from an ESG perspective, given it is a low-carbon, reliable source of baseload power. In RIIM, nuclear power is scored far more favourably than fossil-based power generation sources; however, we do not score it quite as positively as renewables such as wind or solar. Overall, CEG therefore scores reasonably well in our assessment of environment end product sustainability. At present, Constellation Energy has no targets addressing its Scope 3 emissions (which account for more than 90% of its total carbon footprint). These emissions are largely linked to its natural gas business, which does expose CEG to some transition risk; however, this business is small in the context of the group and is asset light, which significantly lessens the stranded asset risk. Waste and water are important risk factors in the environment pillar given CEG's large nuclear fleet, and the company's high water and waste intensities raise flags in RIIM. Safety is the most material risk factor in the social pillar. The US nuclear power industry as a whole performs very well on safety metrics compared with the broader utility industry, whilst CEG itself has outperformed the industry on safety for the past three years. It therefore scores well in the social pillar. The company is also green rated in the governance pillar. Overall, it appears to have robust governance structures and oversight, and we are not aware of any recent governance-related controversies.
Outcome	We rated Constellation Energy green in RIIM. Given the meaningful share of nuclear in its generation fleet, the company is one of the lowest carbon intensity power generators in the US, clearly positive from an environmental perspective, and is also a major contributor to the US's total clean power output.

The specific securities identified and described are for informational purposes only and do not represent a recommendation.

RIIM profile: Constellation Energy



Shown for illustrative purposes. The specific securities identified and described are for informational purposes only and do not represent a recommendation.

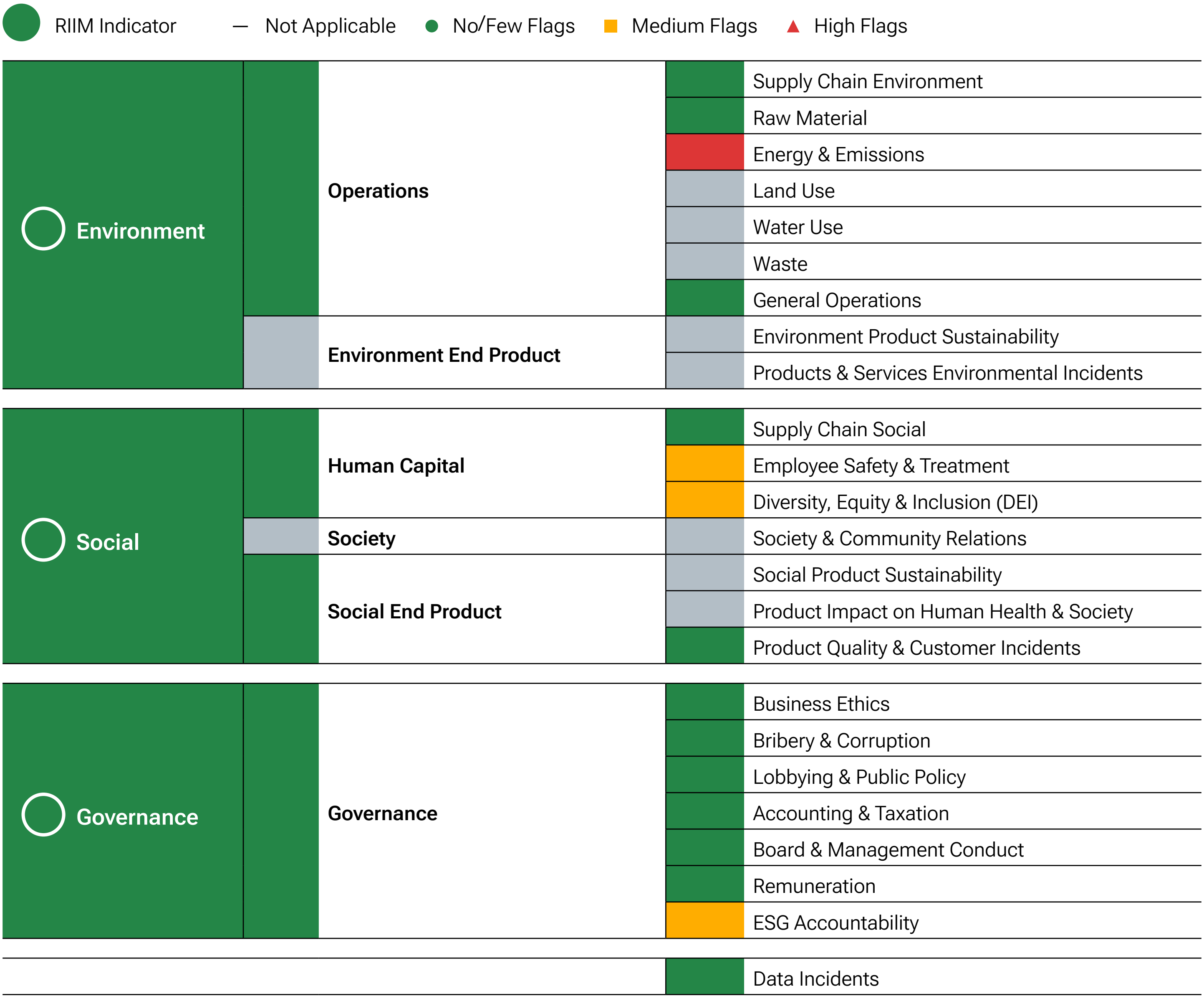
Evaluating regulatory risk overhang as part of our research process (TRPA)

Meituan

Focus	Social
Asset Class	Equity
Country	China
Background	Our investment analyst downgraded the rating on this stock in 2023. One of the main arguments was focused around social security, due to regulatory risk overhang.
Analysis	Neither Meituan nor its logistics service partners pay social security insurance for riders. In 2021, China's government announced that gig workers should be eligible for social security payments. However, implementation will require an overhaul in the legacy social security systems that currently limit eligibility of migrant or rural people to urban social security systems. Given that 85% of delivery riders are migrants, payment of social security will require the government reform to take place first, and the timing of this remains uncertain. Meituan estimates the cost per delivery of implanting social security will be 30c–50c per delivery—which would be a material hit to margins. Meituan is committed to implementing the changes and to complying with any regulation. Although the government is unlikely to enforce the payment in the near term, given the weak economy, it may do so once the economy rebounds. Given its scale and efficiency, Meituan should be better placed than smaller players to handle this additional cost, but this is a big factor in our analyst's downgrade. This is one of the ESG risks around gig work in China and contributed to the downgrade of the stock.
Outcome	We integrated ESG risks directly into our investment decisions.

Shown for illustrative purposes. The specific securities identified and described are for informational purposes only and do not represent a recommendation. The views and RIIM profile for this specific security may have changed since that time.

RIIM profile: Meituan



Shown for illustrative purposes. The specific securities identified and described are for informational purposes only and do not represent a recommendation.

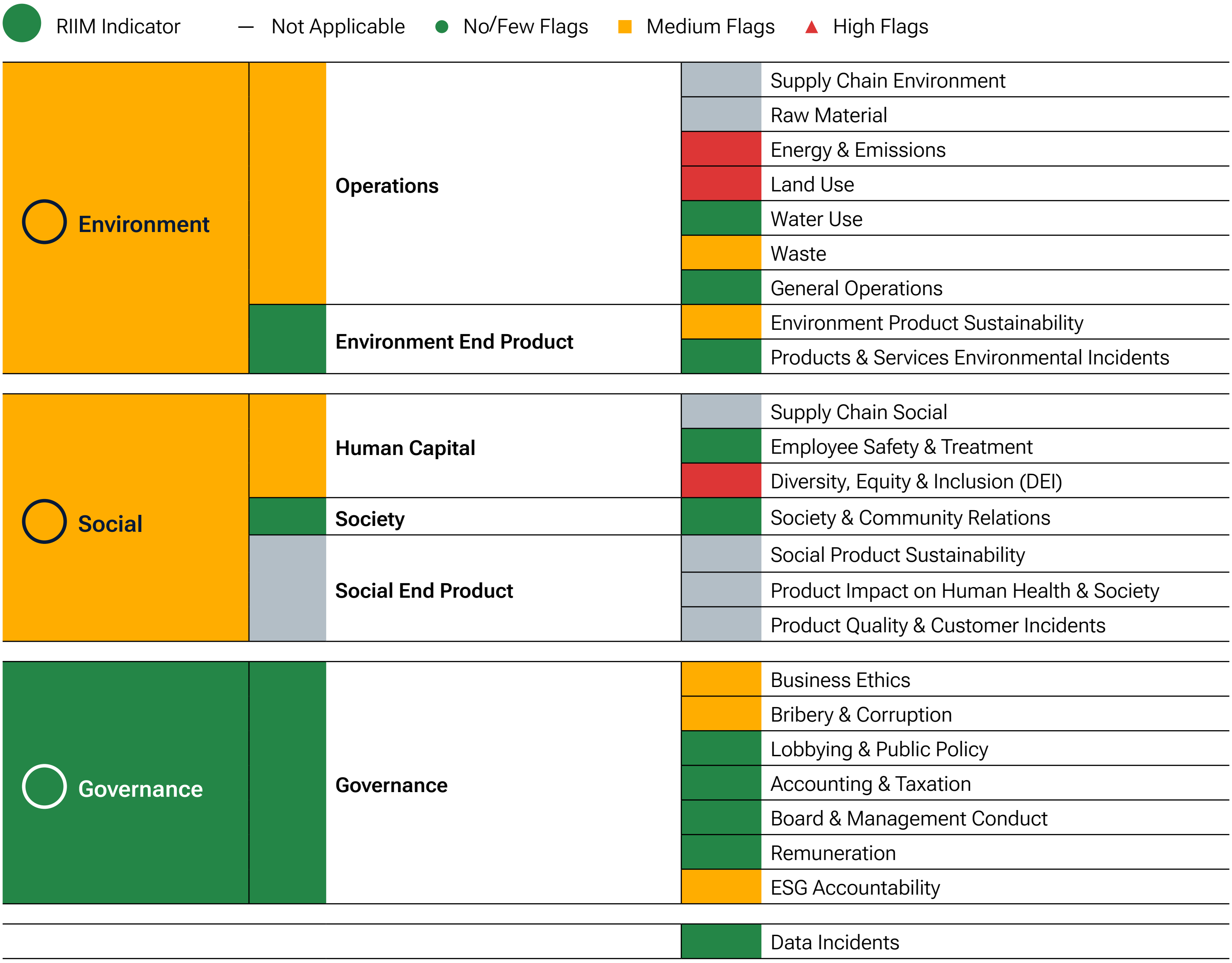
Evaluating an electricity producer's environmental and social pillars (TRPA)

Saudi Electricity Co.

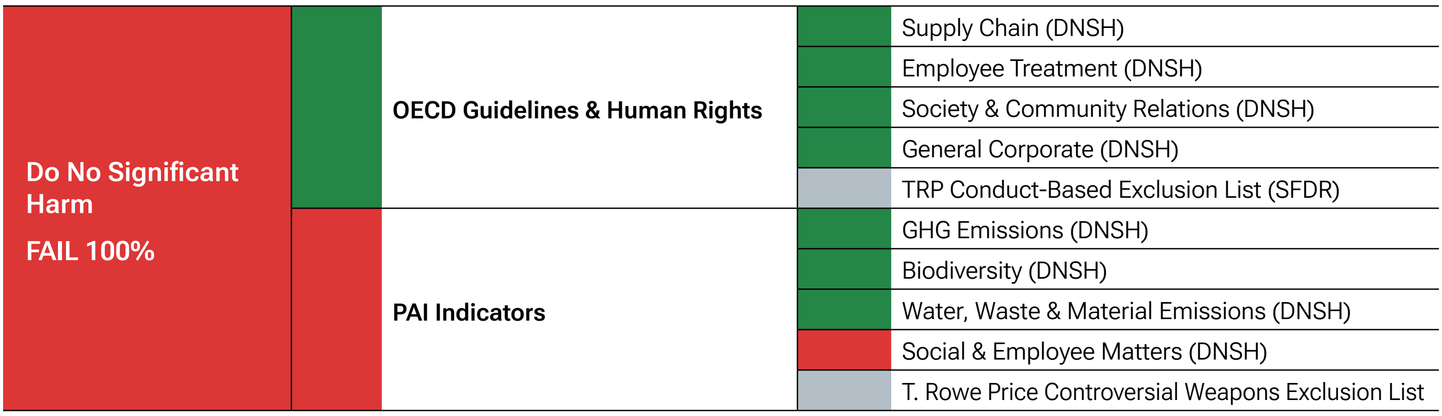
Focus	Environment, Social
Asset Class	Fixed Income
Country	Saudi Arabia
Background	Saudi Electricity Co. is the dominant vertical producer of electricity in Saudi Arabia, with a regulated monopoly position in transmission and distribution of electric power. Saudi Electricity will play a major role in enabling the decarbonisation of the power sector in Saudi Arabia as the owner and operator of the nation's electricity transmission and distribution infrastructure; however, its owned generation fleet is fossil fired and carbon intensive, whilst its climate strategy is weak.
Analysis	From an environmental perspective, Saudi Electricity's climate strategy is limited in scope, and its generation fleet is almost entirely dependent on fossil-fired capacity. The vast majority of the company's emissions are related to its power generation business; it owns and operates 54.5 gigawatts of oil- and gas-fired power generation capacity in the country and produced 57% of Saudi Arabia's total power output in 2021. The company has been gradually improving the emission performance of its fleet by progressively shifting from oil-fired power generation to gas fired. Average carbon intensity has fallen by 16% since 2016, but overall Scope 1 and 2 greenhouse gas emissions have only fallen 7% given increasing output. So far, Saudi Electricity's renewable rollout has been very limited, and the efficiency of its fleet has only slightly improved over the past five years. Groupwide, Saudi Electricity has a target to reduce its absolute Scope 1 and 2 emissions another 20% by 2025, largely via a switch from oil- to gas-fired generation. However, the company has no longer-term emission reduction targets. The Kingdom of Saudi Arabia has a net zero target for 2060; although the company has said that it will help the country achieve this goal, it has not committed to such a target itself. The lack of longer-term targets and the elevated emission intensity of its existing generation fleet drive a relatively weak score in the energy and emissions category in RIIM. Overall, we therefore have a mixed view on Saudi Electricity's environment end product sustainability. On the one hand, it has a carbon-intensive generation fleet with no immediate plans to pivot its own fleet to renewables. On the other hand, its transmission and distribution network will play a key role in enabling the rollout of renewables in Saudi Arabia and in enabling the decarbonisation of the power sector and broader economy. We have assigned an orange rating in the end product environment sustainability category in RIIM to reflect this mixed view. The Middle East is a highly water-stressed region, and Saudi Arabia is the 8th most water-stressed country in the world, according to data from the WRI. Water is an essential input for power generation, meaning that water is a material risk factor for its generation business. However, the company's exposure to this risk appears relatively limited; over 90% of its water withdrawals in 2021 were seawater and 88% of water was reused or recycled after its initial withdrawal. The limited freshwater consumption materially lowers the likelihood of water shortages that could impact its operations or regulatory restriction on withdrawals. That said, Saudi Electricity could still strengthen its water management programmes, and its preparedness in the water use category leaves some room for improvement. From a social perspective, its score in the DEI sub-pillar is weak. There are no women on the Board, the company does not have any female executives and less than 0.5% of total employees across the entire firm are women. The company has introduced what it calls an 'SEC women employment policy', although this policy is fairly limited in scope with no clear targets or actions to improve gender diversity. The company's performance on safety appears reasonably strong. Its safety incident rates compare well with peers, and it has avoided any major incidents. Preparedness is generally fairly strong too, although its health and safety programmes have not been externally certified.
Outcome	We rated Saudi Electricity Co. orange in the environment and social pillars in RIIM. Additionally, the company fails the Do No Significant Harm (DNSH) test and, therefore, we do not classify this company as a Sustainable Investment under SFDR.

Shown for illustrative purposes. The specific securities identified and described are for informational purposes only and do not represent a recommendation. The views and RIIM profile for this specific security may have changed since that time.

RIIM profile: Saudi Electricity Co



Do No Significant Harm



Shown for illustrative purposes. The specific securities identified and described are for informational purposes only and do not represent a recommendation. The views and RIIM profile for this specific security may have changed since that time.

Adding an oil and gas exploration company to our exclusion list following engagement (TRPA)

NewMed Energy and Leviathan Bond

Focus	Environment, Social
Asset Class	Fixed Income
Country	Israel
Background	In December 2022, NewMed Energy announced that it had entered into a partnership to explore for oil and gas in an offshore block in Western Sahara. Western Sahara is a disputed territory claimed by Morocco and the Saharan Arab Democratic Republic. It has been designated a non-self-governing territory by the UN, and any exploration or exploitation of natural resources in the area is illegal without the consent of the local Sahrawi people.
Analysis	We engaged with the company in February 2023. We wanted to ask the company about the recently signed contract and to understand the human rights due diligence that it had carried out ahead of signing the contract. NewMed indicated that whilst it was still waiting on final approvals for the project, it expected these 'imminently'. From our conversation, it did not appear that NewMed had yet carried out any consultation with local communities or the Sahrawi people or any meaningful human rights due diligence, although the company stressed that it was still only in the initial phase of the project and no activity (e.g., drilling, seismic) would actually take place in the offshore block for over two years. NewMed indicated that it would be willing to engage with all stakeholders and would want to approach this diligently, but it also did not want to overcommit and said that it was not sure whether it would be able to find a solution that satisfied every stakeholder group. The company noted that it was very aware of the potential reputational risk from operating in the region. We found no evidence to suggest that NewMed or the Moroccan government engaged with the local population before signing the agreement, meaning that this may be illegal under international law. We believe that this agreement therefore brings major reputational and social risk and may bring increased scrutiny from the investment community.
Outcome	As a result of the above analysis, we added the company to our conduct-based exclusion list. This means that NewMed Energy cannot be held by ESG enhanced or impact funds, but mainstream/Article 6 funds can own securities issued by the company. In order to be removed from this exclusion list, we would need to see a change in the political status of Western Sahara or for NewMed to exit the region. This exclusion also applies to so-called Leviathan bonds, given that the vehicle that issued these bonds, Leviathan Bond Ltd, is wholly owned by NewMed Energy. As a result of this decision, we divested from Leviathan bonds held in ESG enhanced strategies.

Below is an extraction of the social pillar for NewMed Energy from our RIIM.

Social	**Human Capital**	Supply Chain Social
		Employee Safety & Treatment
		Diversity, Equity & Inclusion (DEI)
	Society	Society & Community Relations
	Social End Product	Social Product Sustainability
		Product Impact on Human Health & Society
		Product Quality & Customer Incidents

Shown for illustrative purposes. The specific securities identified and described are for informational purposes only and do not represent a recommendation.

TRPIM case studies

At TRPIM, our philosophy is to embed ESG considerations into a research-led, active management approach, supported by dedicated ESG research resources and proprietary tools and processes. Whilst TRPIM and TRPA share policies for ESG, principal adverse impacts, and engagement, the implementation and oversight of the Responsible Investing Indicator Model for TRPA and TRPIM differ, with TRPIM RIIM covering equities and corporate bonds only.

Below is a representative chart that illustrates TRPIM's use of its RIIM.

TRPIM RIIM—Corporates in practice

Company illustration

	Disclosure S	Disclosure W	Data S	Data W	△12 mths		Disclosure S	Disclosure W	Data S	Data W	△12 mths	
Environment	0.25	50%	0.51	58%	–	Operations	0.11	–	0.54		–	Supply Chain Environment
												Raw Materials
												Energy and Electricity
												Emissions
												Land Use
												Water Use
												Waste
						Environment end product	0.14	–	0.09		–	Environment Product Sustainability
												Products and Services Environmental Incidents
Social	0.00	50%	0.21	26%	–	Human capital	0.00	–	0.08		–	Supply Chain Social
												Employee Safety and Treatment
												Diversity, Equity and Inclusion
						Society	0.00	–	0.04		–	Society and Community Relations
						Social end product	0.00	–	0.04		–	Social Product Sustainability
												Product Impact on Human Health and Society
												Product Quality and Customer Incidents
						Ethics	0.00	–	0.04		–	Business Ethics
												Bribery and Corruption
												Lobbying and Public Policy
Governance	–	–	0.17	16%	–	Board	–	–	0.03		–	Board Quality
												Board Structure
						Remuneration	–	–	0.01		–	Remuneration
						Stakeholders	–	–	0.14		–	Ownership and Shareholder Rights
												Stakeholder Governance
												Auditing and Financial Accounting
Impact							–	–	41.5		–	

For illustrative purposes only. Green indicates no/few flags, orange indicates medium flags, and red indicates high flags. S = Score, W = Weight.

		Disclosure S	Disclosure W	Data S	Data W	△12 mths
RIIM Indicator	Orange	0.13	–	0.38	–	–
Environment	Orange	0.25	50%	0.51	58%	–
Social	Green	0.00	50%	0.21	25%	–
Governance	Green	–	–	0.17	16%	–
Impact		–	–	0.00	–	–
Disclosure	Green	–	–	0.18	–	–

Disclosure Scores are a measure of a company's ESG awareness and preparedness

Impact Pillar helps to identify positive ESG characteristics (as opposed to ESG risk measured by rest of the model)

Quant: TRPIM RIIM data selection partly informed by cooperation with the TRPIM Quant team post backtesting

Output: ESG profiles are on our portfolio managers' and financial analysts' desktops.

- 0.00–0.49
- 0.50–0.74
- 0.75–1.00
- Not Material

An example of a quantitative model constructed by TRPIM and used for ESG integration purposes is the carbon footprint analysis tool.

Carbon intensity considerations at TRPIM

Carbon intensity considerations used to inform portfolio energy weight (TRPIM)

Focus	Environment
Asset Class	Equity
Sector	Energy
Background	As carbon emissions are a material factor when evaluating the ESG risks and operational efficiency of companies in the energy sector, a portfolio manager, to better inform capital allocation changes, engaged the ESG team to compare ESG profiles of potential companies to understand how each would impact the portfolio's carbon footprint relative to the benchmark.
Analysis	Carbon footprint analysis tool: To aid the analysis, the ESG team built a dynamic tool to calculate changes in the portfolio's carbon intensity arising from modelled changes to energy company position sizes and names. The chart below is the output illustrating the carbon intensity of the portfolio under modelled changes to energy company weightings (portfolio estimation), the carbon intensity of the benchmark and the carbon intensity of the portfolio under existing weights (as of June 2023). The lower table is the input representing the intended new company position names and weightings used to drive the portfolio estimation.
Outcome	The results of the analysis contributed to the portfolio manager's decision on how to allocate capital in the energy sector. The process and tool identified allocation combinations that optimised the portfolio's carbon footprint.

	Portfolio Est	As of 6/23	Benchmark
Energy Sector Wgt (%)	**4.00**	**7.40**	**8.92**
Energy Equipment & Services	3.00	3.50	2.06
Oil, Gas & Consumable Fuels	1.00	3.90	6.85
Portfolio Carbon Intensity[12]	**118**	**119**	**164**
Energy Equipment & Services	38	146	269
Oil, Gas & Consumable Fuels	18	459	890
Portfolio Weighted Average Carbon Intensity[13]	**161**	**177**	**232**
Energy Equipment & Services	119	488	496
Oil, Gas & Consumable Fuels	21	1,661	9,453

Ticker	Security	Industry	INPUT ↓ New Wgt (%)	Wgt (%) as of 6/28/2023
A	Company A	Oil, Gas & Consumable Fuels	0.00	1.34
B	Company B	Energy Equipment & Services	1.00	1.00
C	Company C	Oil, Gas & Consumable Fuels	0.00	1.00
D	Company D	Oil, Gas & Consumable Fuels	0.00	0.85
F	Company F	Energy Equipment & Services	0.00	0.63
G	Company G	Energy Equipment & Services	1.00	0.45
H	Company H	Energy Equipment & Services	1.00	0.43

Shown for illustrative purposes.

[12] Portfolio Carbon Intensity (Σ value of investment * CO_2e tons / $m revenue).

[13] WACI (wgt avg CO2e tons / $m revenue).

Good governance at TRPIM

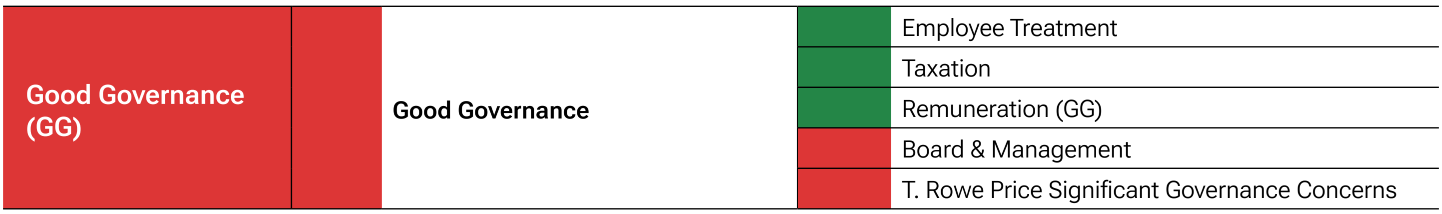
TRPIM assesses the most relevant governance factors for the issuer. TRPIM employs both qualitative and quantitative approaches to the assessment of governance practices, including the good governance quantitative model.

Good governance applied to our Article 8 US Smaller Companies SICAV (TRPIM)

Warby Parker	
Focus	Governance
Asset Class	Equity
Country	US
Background	Under SFDR regulation, all company holdings in an Article 8 SICAV need to have Good Governance. As a starting point of assessment, we have developed a quantitative Good Governance Model. When transitioning an existing Article 6 SICAV to an Article 8 SICAV, the ESG team worked with the portfolio manager to assess company holdings in the portfolio for Good Governance. Each portfolio company underwent the scrutiny of our Good Governance Model, a first-stage tool to assess governance. This is a model that pulls relevant data that are material to different aspects of Good Governance. An example of this model is below (please see graphic), which is an assessment of a company according to the relevant criteria of employee relations, tax compliance, remuneration and Board and management structure.
Analysis	The company in question, Warby Parker, was formerly held when the fund was an Article 6 SICAV. When considering whether this company passes our internal Good Governance test for Article 8 transition, our Good Governance Model flagged concerns. We then reviewed the company in detail against our expectations and considered the company not to meet the Good Governance standard. Notable negative features here are control by dual class (two founders control the vote with now only a minority, around 15% of economics). We believe that voting influence should be aligned with economic interest. Further, the company maintains a classified board, has no independent lead director and there are non-independent directors (on our framework) on key board committees.
Outcome	As an outcome, we determined that Warby Parker did not meet the Good Governance threshold, and so we added it to our exclusion list for Article 8 products and it was sold on transition of the Article 6 product to Article 8.

TRPIM SFDR Good Governance test

Company illustration – Warby Parker



Shown for illustrative purposes. The specific securities identified and described are for informational purposes only and do not represent a recommendation. The views and RIIM profile for this specific security may have changed since that time.

Consistent across TRPA and TRPIM, our analysts and portfolio managers integrate ESG factors alongside other factors into their investment thesis, company ratings or credit ratings, price targets and position sizes, as appropriate to their mandate.

Evaluating the carbon transition plan of a utility (TRPIM)

IDACORP	
Focus	Environment
Asset Class	Equity
Country	US
Background	A key tenet of our ESG integration approach is that financial analysts work alongside dedicated specialised ESG analysts such that material ESG factors are considered, so as to add alpha and reduce risk within the stock recommendation and sizing process. A good example of this is when our ESG utility analyst worked with our utility financial analyst on IDACORP, including sharing a meeting together with the company CEO. IDACORP is a holding company. Through its subsidiaries, it generates, purchases, distributes and sells electricity in southern Idaho, eastern Oregon, Wyoming and northern Nevada.
Analysis	The starting point of our ESG analysis is our TRPIM Responsible Investing Indicator Model, this screens IDACORP as green. However, one flag within the overall rating is the emissions component of the environmental pillar, which flags orange; as a utility, emissions are a key factor. As such, we followed up with a more detailed analysis. We discussed with the company its own generation plan and long-term goal to provide 100% clean energy by 2045. IDACORP approaches its energy resource planning through an economic lens, and this is a situation where the evolution of its generation mix to clean energy both optimises economics and reduces carbon emissions. The company benefits from substantial hydro power reserves, has a firm commitment and plans to convert the Jim Bridger coal plant to gas in 2024, exit coal at the Valmy unit 2 plant in 2025 and phase out the Jim Bridger gas units 1 and 2 in 2034 after progressively adding clean energy capacity, particularly solar capacity. As such, we are confident that, although IDACORP currently flags for emissions, over time it will move towards clean energy within its own mix. We also consider from an ESG perspective the risk of wildfire ignition from power lines and the steps the company is taking to address this. IDACORP invests heavily in vegetation management, sparkless fuses and other mitigation efforts. Where possible, the company also uses 10-year herbicides to limit vegetation in proximity to poles. In terms of the legal liability framework, the states that they operate in have a cap on non-economic damages or burdens of proof around intentionality.
Outcome	After joint assessment of energy mix plans and examination of wildfire risks, we continued to own and build positions in IDACORP.

The specific securities identified and described are for informational purposes only and do not represent a recommendation.

RIIM profile: IDACORP Inc

RIIM Indicator — Not Applicable ● No/Few Flags ■ Medium Flags ▲ High Flags

Environment	Operations	Supply Chain (Environment)	No/Few Flags
		Raw Materials	Not Applicable
		Energy & Electricity	No/Few Flags
		Emissions	Medium Flags
		Land Use	Medium Flags
		Water Use	No/Few Flags
		Waste	No/Few Flags
	Environment End Product	Product Sustainability (Environment)	Not Applicable
		Environmental Incidents	No/Few Flags
Social	Human Capital	Supply Chain (Social)	No/Few Flags
		Employee Safety & Treatment	No/Few Flags
		Diversity, Equity & Inclusion	No/Few Flags
	Society	Society & Community Relations	No/Few Flags
	Social End Product	Product Social Impact	No/Few Flags
		Product Impact on Human Health	Not Applicable
		Product Quality & Customer Incidents	No/Few Flags
	Ethics	Business Ethics	No/Few Flags
		Bribery & Corruption	No/Few Flags
		Lobbying & Public Policy	Medium Flags
Governance	Board	Board Quality	No/Few Flags
		Board Structure	No/Few Flags
	Remuneration	Remuneration	No/Few Flags
	Stakeholders	Ownership & Shareholder Rights	No/Few Flags
		Stakeholder Governance	No/Few Flags
		Audit & Financial Accounting	No/Few Flags

Shown for illustrative purposes. The specific securities identified and described are for informational purposes only and do not represent a recommendation.

Climate-related risks and opportunities: supporting different client mandates

The majority of our assets under management have a sole mandate to deliver financial performance—for these strategies, our portfolio managers will consider an underlying holding's net zero status as one of many inputs that could influence the investment thesis. As we view climate change as a systemic risk, assessing climate-related risks and opportunities is an important consideration that can impact our equity and credit ratings, target prices, position sizes or decision buy or sell a security. In some cases, our portfolio managers may decide to avoid a security with higher climate-related risks, whilst in other cases they may be willing to take on more risk in this area.

Willingness to hold a security with climate-related risk can be driven by a number of factors—for example, a portfolio manager may be able to mitigate the risk at the portfolio level, or a long-dated risk may be accounted for in the valuation of the security. One way we can help mitigate climate-related risks in our portfolios is through engagement and proxy voting.

A small but growing number of clients have elected to apply various net zero or GHG reduction targets to their investment portfolios. These clients have directed a dual mandate to deliver on climate-related outcomes as well as financial performance.

Improvements in 2023

Throughout 2023, we continued to develop and enhance our ESG product offering to meet the regulatory landscape and our clients' needs. We launched our first proprietary net zero transition fund in the fourth quarter of 2023.

We undertook a lot of work on our climate policy over the year, setting out our views on best practice in this area, which are that we view best practice as adopting a science-based net zero aligned to a 1.5°C pathway that covers Scope 1–2 and the most relevant Scope 3 emissions. If a company has these targets validated by the Science Based Targets initiative, that gives us further confidence that the company is adequately addressing its material emissions and not relying on carbon offsets in the case of emissions that should be mitigated.

When it comes to considering climate-related risks and opportunities at a broader level (e.g., portfolio or investment universe level), we generally centre on five core evaluation metrics: RIIM environment scores, net zero status, GHG footprint, climate solutions alignment and engagement and proxy voting (stewardship). We also have engaged a third-party vendor to provide us with climate scenario analysis and implied temperature rise tools. Whilst these new emerging evaluation metrics add some investment insights, data availability and quality are issues that have limited the usefulness of climate scenario analysis so far.

Closing reflection

The main change to the TRPA ESG integration approach in 2023 is the introduction of net zero transition products alongside the three other product types which were discussed last year: financial only, ESG enhanced and impact.

Whilst TRPA continues to provide the majority of examples in line with its contribution to the Group AUM, the key change to how T. Rowe Price reports under this Principle in 2023 was the inclusion of examples which illustrate the ESG integration approach taken by TRPIM and OHA. These examples illustrate the areas of commonality across our approach, as well as areas where variation is justified due to specific regional or asset class considerations.

PRINCIPLE 8

Signatories monitor and hold service providers to account.

Third-party monitoring

Fundamental research is at the heart of our investment approach, including ESG research. As an active investment manager, we conduct rigorous proprietary analysis at the regional, sector, industry and company levels. The vast majority of our research across all asset classes is conducted in-house, and this approach is reflected in the size of our research teams globally, which cover specific regions and industry sectors.

For the purposes of this disclosure, our comments in this section are limited to the service providers used for our ESG research and proxy voting. It does not include the many providers we use in the conduct of fundamental investment research.

Use of external service and data providers

Although proprietary research is the main driver of our investment decision-making, we supplement our ESG research capabilities with data and services from several external providers. Many of these key data contracts are at the group level, where a vendor is used across advisers.

External service providers complement our in-house research tools and processes, including those relating to ESG and stewardship. The following are amongst the contributions to our ESG and stewardship process:

Fundamental analysis

We use a wide array of external service providers to conduct fundamental research on material ESG topics to support investment analysts and portfolio managers. These providers may be asset class- or region-specific.

Quantitative analysis

Our quantitative analysis is underpinned by our Responsible Investing Indicator Model, or RIIM (our proprietary ESG rating system, discussed in Principle 7). Corporate RIIM utilises data from external service providers, such as Sustainalytics, which we complement with databases built in-house and our own fundamental research. Sovereign RIIM uses data from many sources, including the World Bank and non-governmental organisations. Our municipal bond analysis utilises geospatial ESG data.

Screening

Screening includes the use of data to manage the exclusion lists we apply to various funds. Our primary external data provider for exclusion lists is MSCI, which is supplemented with other ESG data providers and our own fundamental research.

Examples of our third-party providers include:

- **Sustainalytics**—We use data from Sustainalytics and other providers to feed our proprietary Responsible Investing Indicator Model.
- **MSCI**—We use research from MSCI and other providers to manage our exclusion lists.
- **Institutional Shareholder Services (ISS)**—We use proxy voting research from external provider ISS as an input to our own custom research policy. ISS also provides our voting platform and our vote execution service.
- **Additional providers**—Several other service providers provide data which are an input to our ESG research across equity and fixed income. For example, Proxy Insight helps us analyse the reasons for significant investor dissent at key meetings.

In terms of climate data, whilst new emerging evaluation metrics add investment insights, data availability and quality are an issue. We have therefore engaged a third-party vendor, MSCI, to provide us with climate scenario analysis and implied temperature rise tools.

As discussed in last year's report, we have introduced an India-based proxy advisory firm, IIAS, into our workflow to aid with the review of contentious meetings. In 2023 we added China-based proxy advisory firm ZD Proxy to provide specialist local knowledge in this market.

As the case study below illustrates, we believe domestic proxy advisory firms bring local insight which complements the international good practice perspective provided by ISS.

Case study: Using multiple proxy research inputs to make well-rounded voting decision (TRPA)

Dabur India Ltd.	
Asset Class	Equity
Company Description	Dabur India is a multinational consumer goods company.
Country	India
Issue	Ahead of the 2023 annual general meeting (AGM), the T. Rowe Price Associates, Inc. (TRPA), policy saw the meeting as uncontroversial. However, IIAS, our local Indian proxy research provider, recommended that shareholders vote against item 8 (Approve Reappointment and Remuneration of Mohit Malhotra as Whole Time Director and Chief Executive Officer).
Analysis	IIAS noted that the CEO's pay is unusually high when compared with peers. Notably, the CEO was granted 20% of the total stock option grants made in FY20 and FY22, which is an unusually high proportion. This raised questions about how effectively the relevant board committee was overseeing executive remuneration. As a result, support was not recommended for the reappointment of Ajit Mohan Sharan (item 7), who serves on the Nomination and Remuneration Committee.
Vote Decision	Given the circumstances flagged by IIAS, we voted AGAINST both items 7 and 8.

The specific securities identified and described are for informational purposes only and do not represent a recommendation.

New data sources: adding RepRisk controversy data to TRPIM RIIM

As a separate adviser, T. Rowe Price Investment Management, Inc. (TRPIM), has its own Responsible Investing Indicator Model that is consistent with the framework and approach of TRPA RIIM. TRPM uses material ESG data to better understand a company's profile. As part of the model, it looks at controversy data on issuers.

Ingesting third-party data provider RepRisk controversy data into TRPIM RIIM enhanced TRPIM RIIM by (1) increasing objectivity, (2) minimising the time lag between ESG-related events and data ingestion and (3) broadening the scope of ESG-related events considered by the model. These improvements translate to more meaningful insights of ESG risk available directly to its investors.

- **Objectivity:** Adding the RepRisk incident data reduced the reliance of the model on previously more subjectively based controversy scores. RepRisk uses artificial intelligence to screen thousands of news sources daily for mentions of companies (both public and private) in any ESG-related context. The data are presented on a 1–3 scale of severity using a rules-based methodology that considers the consequences, extent of impact and type (i.e., accident versus systemic negligence) of the risk incident.

- **Timeliness:** RepRisk screens news sources daily and will provide monthly updates to TRPIM RIIM, a more frequent update compared with our previous data supplier. Not only does RepRisk data result in more accurate real-time ESG profiles when controversies occur, but the tool will also reflect momentum as long-standing issues return to the spotlight, particularly in the case of lengthy lawsuits, that have price implications at various points in time (e.g., initial reputational hit when an incident occurs and lawsuit settlement potentially several years later).

- **Scope:** TRPIM RIIM ingests RepRisk ESG risk incident data at a detailed level, with 32 topic tags covered. RepRisk's automated methodology also enables broader company coverage, with over 200,000 entities covered globally. RepRisk is an important screening tool for private companies (approximately 50% of our US high yield holdings) and integrating the data into TRPIM RIIM created more meaningful scores for these names.

OHA uses the following key vendors

Persefoni:
Oak Hill Advisors (OHA) uses Persefoni to collect, estimate and analyse its financed emissions. Persefoni provides a software platform for OHA to manage its financed emissions in line with Partnership for Carbon Accounting standards.

RepRisk:
OHA utilises RepRisk as a primary input to monitor for ESG risks and incidents within its investments in line with its formal ESG incident response policy.

How we monitor providers

We monitor third-party data and service providers closely. Service reviews are held regularly to discuss ongoing performance and any operational issues, although the frequency of such reviews will depend on the criticality of the data to our operations. If performance standards and expectations are not met, we communicate our dissatisfaction and request a remediation plan. If the vendor is not able to deliver on this plan within a reasonable time frame, we would ultimately terminate the contract.

In 2023, our Governance team initiated a new process to oversee ZD Proxy and IIAS, our domestic proxy advisers in China and India, respectively.

The Responsible Investing team has a more continuous, ad hoc approach to reviewing the quality of the data provided by our sustainability data providers. Where an issue is found within RIIM, the Responsible Investing team will manually correct the data by entering an override. They will then raise the issue with the relevant vendor.

In parallel, our Responsible Investing team initiated a process to oversee the quality of our sustainability data. The new process, which will go live in 2024, will create automated exception reporting, which will highlight any erroneous outliers. We will be able to use this reporting to proactively alert the data vendors to any quality issues.

Contribution of ISS to our proxy voting needs

We use highly customised proxy voting guidelines, supplemented by the services that ISS adds to our voting process. Our specific guidelines for the Americas; Europe, Middle East and Africa; and Asia Pacific regions and for impact-driven portfolios are included at the end of Principle 12. We apply a two-tier approach to determine and apply global proxy voting policies:

- **Tier 1:** Establishes baseline policy guidelines for the most fundamental issues, irrespective of a company's domicile. An example of a baseline policy issue is the importance of having independent directors on a company's audit committee.

- **Tier 2:** Establishes more targeted policy guidelines, considering specific governance codes and norms in different regions. This tier considers local market practices, provided they do not conflict with the fundamental goal of good corporate governance. Our objective with Tier 2 guidelines is to enhance shareholder value through the effective use of the shareholder franchise, recognising that no single set of policies is appropriate for all markets.

As in previous years, we actively participated in ISS's policy development process.

Oversight of proxy voting advisory services

The TRPA and TRPIM ESG Investing Committees oversee the activities of our proxy research provider, ISS. The ESG Investing Committee conducts various service provider oversight activities throughout the year and reviews ISS's performance and service levels. We also ask ISS to provide voting results for a select sample of votes cast to ensure they were transmitted to the issuer in a timely and accurate manner.

Documentation is reviewed by select members of the ESG Investing Committee and retained by the Global Proxy Operations team. In addition to reviewing documentation, meetings are held periodically with ISS staff and senior management throughout the year, which include discussions on ISS's business plans, its service levels and forward-looking trends in corporate governance.

On a weekly basis, members of our Global Proxy Operations team, based in our Baltimore headquarters, and the lead from our Service Provider Management function, who oversees the ISS relationship, meet with two senior members of the ISS Governance Client Success team, an ISS regional director and our client success manager. The weekly agenda reflects any matters arising and includes a review of operational tasks such as account openings, client reporting, workflow issues within ISS's Proxy Exchange, our voting platform as well as any upcoming development and releases within ISS's Proxy Exchange.

On a monthly basis, ISS provides reports on volumes of meetings and ballots voted as well as accuracy and timelines of research and recommendations. We monitor against agreed benchmarks.

To date, there have been no issues where ISS has fallen below the benchmarks. However, if required standards are not met, we have a service credits arrangement in place and would seek an explanation and potential remediation from ISS. We also monitor access to the Proxy Exchange platform.

The Global Proxy Operations team polls the Governance team regularly for any policy errors and is copied on correspondence between the Governance team and the ISS Custom Policy team. In the event of a policy application (or any other error), we would receive an incident write-up including root cause and remediation, and then track the remediation. Any errors or performance issues would also be reviewed during our annual proxy voting due diligence review.

Case study: Product feedback delivered at our annual ISS due diligence review

In the fourth quarter of 2023, the TRPA and TRPIM Governance and Proxy Operations teams participated in an on-site due diligence visit to the ISS headquarters.

We provided similar feedback to the year before that:

- We were unsure of the economic justification for certain recommendations made to vote for a number of shareholder resolutions on environmental and social topics in the ISS Benchmark reports in the US market in the 2023 AGM season.
- We continue to be concerned with the quality of the proxy research provided by the Chinese Benchmark team. Our investors have highlighted a number of examples where they believe the analysis was technically incorrect. We reported these cases during AGM season, but we only received an outcome in one case where ISS issued an alert to all subscribers following our intervention.

Responding to an inadvertent data disclosure

ISSUE

A proxy research provider inadvertently made voting content available to outside parties.

ACTION

The supplier undertook a root-cause analysis and fixed the technical issue which caused the breach.

OUTCOME

We determined that our clients had not been impacted and retained the provider.

One of the issues we discussed with our proxy advisory services vendor at our annual due diligence meeting was an incident involving inadvertent disclosures.

We publish our voting records to our website every six months. An ISS operative mistakenly thought we were on a quarterly release schedule and released our vote rationales from production onto the vote disclosure website three months sooner than anticipated. This error was not identified until the middle of the next quarter.

Whilst any inadvertent disclosure of data is a matter to be taken seriously, T. Rowe Price's clients were not harmed by this incident. We already, voluntarily, elect to disclose all non-routine vote rationales for all co-mingled funds advised by us, including our US mutual funds. Therefore, the coding flaw resulted only in a temporary incongruency between certain of our disclosures of votes and rationales. After we were informed of the incident, we confirmed that our disclosures had been corrected.

Closing reflection

The key change in vendors was the onboarding of MSCI climate data to support the scenario analysis work and the introduction of ZD Proxy, a Chinese proxy research vendor. We expect our data sources to be steady state for now, and focus is now turning to increased oversight of the non-ISS data sources. A quality review process was introduced for the Indian and Chinese domestic second-line proxy research providers, and automated exception reporting is being developed for the core sustainability data.

PRINCIPLE 9

Signatories engage with issuers to maintain or enhance the value of assets.

Company engagement

Our engagement programme is conducted by our investors and our in-house specialists in corporate governance and sustainability. We do not employ any third-party organisations to engage on our behalf.

2022 was the first full calendar year where we systematically tracked the targets set in the ESG engagements across our entire global portfolio. This 2023 report is the first time we have included these target tracking statistics for T. Rowe Price Associates, Inc. (TRPA), in our reporting.

Our engagement approach

Our engagement approach is driven by company-specific investment issues, such as:

- To what extent is management meeting our performance expectations?
- Who represents shareholders on a company's board? Is the board a strategic asset for the company?
- Which factors drive the executive compensation programme and, therefore, the incentives of management?
- How robust are shareholders' rights at the company?
- How well is the company managing its environmental risks, human capital, facilities, stakeholder relations and long-term access to critical resources?
- Are there ESG risks that could negatively affect the interests of shareholders or bondholders (during the period before the instrument matures)?

Both TRPA and T. Rowe Price Investment Management, Inc. (TRPIM), apply the same approach to engaging with companies whether the holding is in an equity or fixed income portfolio and across all geographies. However, with noncorporate entities, the nature of these engagements means that each instance requires a tailored approach, based on the size of our investment, our relationship with the issuer, the state of the credit (whether in default or not) and other factors.

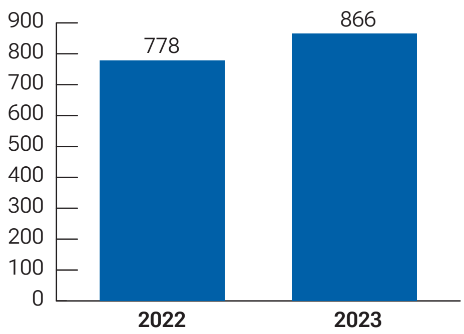
TRPA 2023 engagement activity

Through the course of 2023, TRPA engaged with companies on 866 separate occasions on ESG topics. The list of companies with which we engaged is included in the appendix. The chart below shows the engagements by topic.

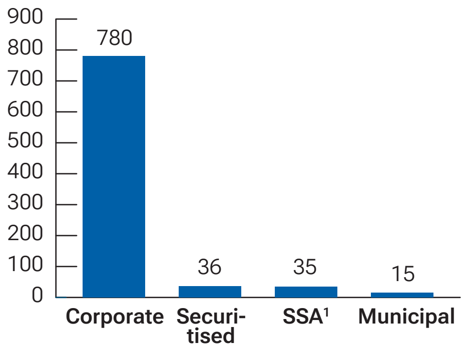
Our reporting in the 2023 report has been guided by the expectation set by the UK Financial Reporting Council in its Review of Stewardship Reporting 2022 that 'engagement activities aim to achieve a specific purpose and should be considered separate from routine, monitoring interactions with issuers'. Our approach to monitoring is discussed at the end of Principle 9.

2023 saw an 11% increase in the number of ESG engagements undertaken by TRPA. In part this was an outcome from investment in TRPA ESG resources in 2022, which enabled us to take on more engagements in 2023. A particular area of growth was our focus on fixed income engagements in the municipal, sovereign, and securitised asset classes.

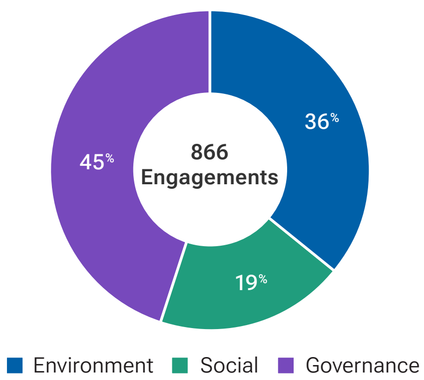
Total number of TRPA engagements



Engagements by asset category–TRPA



Engagements by topic–TRPA



[1] Supranationals, sovereigns and agencies.

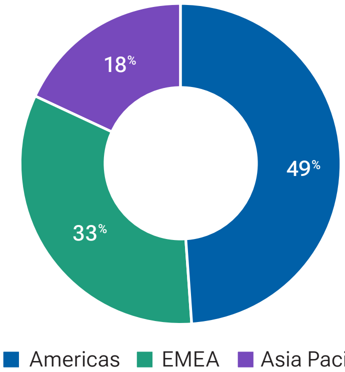
There was some change in the engagement topics by category compared with the prior year: For social topics, the fifth slot changed from nutrition, food quality and antibiotics to product safety and sustainability, reflecting a thematic focus in this area. There were two changes in the third and fourth slots for environmental topics, as water overtook product sustainability. In terms of governance topics, succession issues rose in prominence to the third slot whilst disclosure of governance data and governance structure and oversight were both new top five topics.

Top five 2023 engagement topics by category—TRPA

Environment
1. Greenhouse gas (GHG) emissions[2]
2. Disclosure of environmental data
3. Water
4. Product sustainability
5. Packaging/single-use plastics
Social
1. Disclosure of social data
2. Employee safety and treatment
3. Supply chain
4. Diversity, equity and inclusion
5. Product safety and sustainability
Governance
1. Executive compensation
2. Board composition[3]
3. Succession[4]
4. Disclosure of governance data
5. Governance structure/oversight

Below is the split of TRPA ESG engagements by region. As last year, around half the ESG engagements in 2023 took place with companies in the Americas, and the other half took place with companies in the Europe, Middle East and Africa (EMEA) and Asia Pacific regions.

Engagements by region—TRPA



How we engage with companies

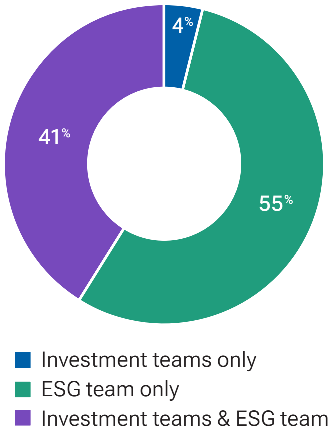
TRPA's engagement programme primarily takes place through formal letters to Boards of Directors, private meetings in our offices, conference calls and proxy voting. Just over half of all engagements are attended by the ESG team only; our investment teams, which include both investment analysts and portfolio managers, participated in just under half of all meetings. In terms of who we engage with, just under half of all meetings are with sustainability specialists or other managers. The proportion of meetings with Executive Committee members in 2023 slightly increased compared with 2022; the number of meetings with members of the Board of Directors remained stable year on year.

When a company is participating in a business practice related to ESG issues that we believe could inhibit our ability to reach our investment goals, we make that view known to the company's leadership through all means at our disposal (see examples under Principle 11). Our Engagement Policy (publicly available for investors via our website) sets out our approach in more detail.

The charts below show who participated in ESG-related dialogues in 2023 both from within TRPA and from the company side.

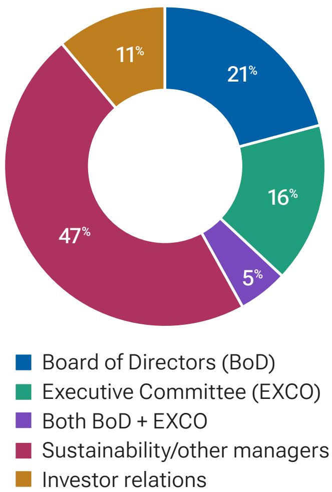
TRPA ESG engagement attendees—T. Rowe Price

TRPA engagement attendees



TRPA ESG engagement attendees—companies

Corporate ESG engagement attendees



[2] Includes greenhouse gas, GHG reduction/net zero targets and financed emissions.
[3] Includes board independence and board diversity.
[4] Includes both executive and board succession.

How companies can engage with TRPA

The central contact point for inbound engagement requests on ESG topics to TRPA is through the shared inbox, engagement@troweprice.com. This allows our globally distributed team to see all incoming requests in a single location.

We encourage companies to visit our ESG homepage, where we publish our Proxy Voting Guidelines, ESG Investment Policy, Investment Policy on Climate Change, detailed voting results with rationales, Engagement Policy, white papers and other documentation on a single webpage accessible to the public.

Companies wanting to engage in a market sounding with T. Rowe Price should contact our Compliance team via our Market Soundings shared inbox, Market_Soundings@troweprice.com.

How engagement differs for funds, asset classes or geographies

In general, our approach to engagement does not differ significantly between individual funds in TRPA and TRPIM. However, the equity Impact strategies take a particularly hands-on approach to joining their voting and engagement activities as part of their commitment to additionality, driven from discussions at the weekly Impact Research Meeting.

For those clients that have adopted a net zero stewardship approach, either standalone or as part of applying T. Rowe Price's Net Zero Transition Framework, we internally aim for 70% of a portfolio's financed emissions to be at least aligned with net zero or the subject of engagement over any 24-month period. Our net zero engagement philosophy is focused on meaningful interactions with investee companies around their emissions disclosure and net zero strategy, with specific, time-oriented goals and key performance indicators (KPIs) used for monitoring and oversight.

Both TRPA and TRPIM engagement meetings are open to holders of both equity and fixed income securities. Our engagement approach may vary by geography to reflect local market norms and regulations (e.g., Principle 10 contains a discussion of how this impacts our willingness to undertake collaborative engagements).

Oak Hill Advisors (OHA) has a different engagement model, due to the nature of the asset class in which it invests. As such, most of the engagement practices outlined in Principle 9 relate only to TRPA and TRPIM.

How OHA approaches engagement

OHA views engagement as an opportunity for constructive dialogue and promoting transparency and disclosure around important ESG factors for company management consideration. OHA believes measurement leads to management and can create an intrinsic motivation amongst companies to take action and improve performance on financially material factors that can also contribute to positive social and environmental outcomes.

Given OHA's broad investment platform, which includes a wide range of strategies, the firm utilises a tailored approach towards engagement based on factors such as level of control and access to management. OHA seeks to engage with relevant parties on ESG topics, but engagement varies across strategies and is influenced by transaction type, timeliness, access to information, access to company management and relationships with interested parties. OHA prioritises areas which it believes are most material to the credit profile of the company, which can vary greatly amongst companies and industries.

In control investments[5] where OHA has governance rights, OHA is generally able to exert more influence on ESG matters compared with syndicated loans or public bonds where there are typically a large number of lenders. In these control investments, the OHA investment professionals work closely with the OHA ESG & Sustainability team to promote transparency and disclosure whilst elevating awareness of important ESG issues for company management and stakeholders. In syndicated or public investments, where OHA may have less access to management, collaborating with key field-building initiatives and trade associations to promote transparency and disclosure provides an opportunity to elevate the awareness of important ESG issues for company management consideration. In situations where financially material ESG issues are not addressed or prioritised by the company, OHA may avoid investment or divest its holdings if it believes there are financially material ESG risks.

Company/sponsor engagement

- OHA seeks to support companies and sponsors and their ESG priorities
- When engaging with sponsors, OHA will prioritise company disclosure aligned with core standards and frameworks of mutual importance to the sponsor and OHA
- OHA supports both companies and sponsors with resources for calculating emissions developed through leadership with iCI

Bank engagement

- OHA drives understanding of consistent disclosure of ESG KPIs beyond green and sustainability-linked issuance
- OHA provides educational sessions highlighting buy-side disclosure initiatives and their value for companies to drive adoption
- OHA promotes adoption of the ESG Integrated Disclosure Project across leveraged finance markets

During 2023, OHA logged approximately 100 engagements with companies, sponsors or other interested parties in an effort to advance the goals outlined above.

[5] Control indicates that OHA owns 10% or more of the company's equity and/or had a board seat or board observer rights.

When we engage

Our starting point is that we assume any ESG engagement will be relevant to the holders, whether the security is held within a fixed income or equity strategy. TRPA has an open-door meeting policy and a single calendar of upcoming company meetings across the organisation; TRPIM operates under the same approach. Any analyst or portfolio manager is welcome to attend any company meetings, whether or not they cover or hold the company's securities. There may be a diversity of views in any company meeting, but the responsibility for leading the dialogue with the company sits with the relevant investment analyst. We may choose to open a dialogue with a company on an environmental, social or governance topic for a variety of reasons.

- Ahead of an annual general meeting (AGM), we may seek further information before we make the voting decision. This is particularly likely if we are a significant shareholder and the company is actively held. However, we will engage on behalf of any holding, regardless of size, if we believe it is warranted by the nature of the voting resolution.
- We may seek further information relating to the company's environmental, social and governance disclosures and practices, for example, if a change to the company's Responsible Investing Indicator Model (RIIM) rating was flagged in a portfolio review. If we have previously identified that there is room for improvement, we may engage to encourage the company to strengthen these.
- Performance concerns, whether related to financial or nonfinancial metrics, is a frequent reason for engagement. The company may have been involved in a significant controversy, and we are speaking to understand its perspective. Alternatively, we may have concerns over the company's strategy towards a sustainability topic, such as climate change or employee treatment.

Engagement requests may also be initiated by the investee company. These may be requested for a few reasons, including:

- Ahead of an AGM, companies may request the opportunity to speak with us if an item on the ballot is particularly controversial and they have received a negative vote recommendation from one of the proxy advisers or because they are aware that one of their voting items is contrary to a T. Rowe Price voting guideline.
- Companies seek feedback on environmental, social and governance disclosures which have been published or to invite comment on practices which the company is thinking of amending.
- If the company has been involved in a significant controversy, management may wish to share their perspective with shareholders.

Pre-meeting engagement

Ahead of an AGM, we may seek further information before we make a voting decision. This aims to ensure we have sufficient information to make an informed voting decision. If we were not able to support the resolution following engagement, we will tell the company why. This may be through a pre-AGM notification email, or we will tell the company directly if they ask. We do not generally tell third parties, even those working on behalf of the company, how we plan to vote.

Pre-meeting engagement case studies

Engaging with a global health care company on accountability (TRPA)

Koninklijke Philips

Focus	Governance
Company Description	Koninklijke Philips (Philips) is a global health care and consumer company.
Asset Class	Equity
Country	Netherlands
Engagement Objective	Philips had a significant product recall issue in 2022 involving some of its respiratory devices. This resulted in the departure of the CEO. We engaged with Philips' supervisory board to understand the rationale behind the proposal to discharge the management board at the 2023 AGM.
Participants	**From Philips:** Chairman of supervisory board, head of Business/Corporate and Financial Legal, head of Investor Relations, head of Remuneration Committee **From T. Rowe Price:** Head of Governance, investment analyst
Engagement Outcome	We engaged with Philips to discuss the departure of the outgoing CEO following the product recall, including the financial terms he was offered and the proposal to discharge the management board (including the former CEO). Given the product recall, the supervisory board decided to appoint a new CEO and felt that it was in shareholders' interests to accelerate the departure of the former CEO. The supervisory board indicated that the financial terms offered to the outgoing CEO were in line with his service contract. Given that the management board waived their bonuses, it would have been better if the outgoing CEO had also waived his bonus in solidarity, but he was unwilling to do so. We asked if the supervisory board had considered using discretion and were told that there was no legal mechanism to do so. However, the new remuneration policy, which will be put before shareholders at the 2024 AGM, will contain the necessary clawback provisions to address similar issues in future. The company has strengthened the role of the Quality and Regulatory Board Committee, and the chair suggested that around 95%–99% of the impacted machines had been recalled. However, the company still needs to resolve the outstanding issues with the US Food and Drug Administration (FDA) and the Department of Justice. Subsequent to our engagement, the company issued a rebuttal letter when the ISS Proxy Research was published. We reviewed the letter and agreed that ISS's rationale for the vote against the discharge of the management board unhelpfully brings in the former CEO's pay. Instead, we discussed the issue with our holders of Philips shares through the lens of the litigation risk which has become apparent following the recall and the potential impact on stakeholder relationships. We also reviewed similar examples of European companies in the sector which had seen controversies with a comparable impact on shareholder value and how we had voted at prior AGMs. The outcome of the discussion was all TRPA holders of Philips shares voted AGAINST the discharge of the management board. In making this decision, the holders noted that the majority of the management board has been in post since before the recall and therefore bear some responsibility. 76.4% of shareholders, including TRPA, voted AGAINST the discharge for the management board.

Engaging with a Finnish company: Progress on pay and scope for further improvements (TRPA)

Valmet	
Focus	Governance
Company Description	Valmet is a provider of equipment and services to the paper, board and pulp industry.
Asset Class	Equity
Country	Finland
Engagement Objective	We engaged with Valmet on the issue of pay and an overboarded director.
Participants	**From Valmet:** Director of Investor Relations **From T. Rowe Price:** Head of Governance, EMEA and APAC
Engagement Outcome	In our previous engagement with the company in 2022, we had conveyed our view that Valmet's approach to its long-term incentive programmes (LTIP) was not in line with good practice for LTIPs in Europe. (The company was using a one-year performance/two-year holding period approach.) Since then, there has been some good progress. We are encouraged that, following the feedback we provided in the 2022 pre-AGM call, Valmet has introduced a three-year ESG metric for its LTIPs. However, the majority of the reward is still unlocked by financial metrics with a one-year performance period and a two-year holding period, which the T. Rowe Price policy flags as contentious. The CEO has a strong view that overlapping LTIP periods remove accountability; he wants the management to be clear on the two numbers they need to hit this year. The climate plan reward is unlocked by hitting the annual milestones in the road map on the way to the 2030 target. This is a non-standard LTIP structure, but Valmet thinks it is effective. Valmet seems open to evolving its other corporate governance practices, and the Investor Relations team has been holding many corporate governance meetings with institutional investors. On the subject of the overboarded director, he brings valuable experience running a similar, global industrials company, and Valmet believes he has ample time to read the papers and contribute to board meetings. We raised the point that the problem is that because the director election is a bundled resolution, his commitments impact the whole board's reappointment. The company acknowledged that they were aware from the investor dialogues that market practice was changing. We suggested that to prevent the overboarded director's commitments being an ongoing problem for Valmet, the director elections should be unbundled and/or the director needs to reduce his board commitment by the 2024 AGM.

The specific securities identified and described are for informational purposes only and do not represent a recommendation.

A discussion on virtual AGMs (TRPA)

Siemens Healthineers

Focus	Governance
Company Description	Siemens Healthineers is global medical equipment and services company.
Asset Class	Equity
Country	Germany
Engagement Objective	We engaged with Siemens Healthineers on virtual AGMs. The company had asked for a five-year authority to hold virtual AGMs, despite market practice in Germany to ask for two years rather than the legally permitted maximum of five years.
Participants	**From Siemens Healthineers:** Investor Relations and ESG representative **From T. Rowe Price:** Head of Governance, EMEA and APAC; Responsible Investing analyst
Engagement Outcome	In the post-pandemic world, the question has arisen: How should the experience of the last three years inform how shareholders view virtual AGMs? We expect companies to proceed with caution, being mindful of developing market norms and carefully calibrating the risks and opportunities provided by the technological solutions provided. In Germany, for example, although this AGM season companies were legally entitled to ask for a five-year authority to hold a virtual AGM, we felt this was an excessive duration given the expected pace of change. Instead, we supported companies that asked for a two-year authority in the first instance. We were pleased to see in 2023 that the vast majority of German companies that we engaged with did not request the five-year authority, citing the need to understand how market practice was developing and acknowledging the sensitivity of the topic for investors. We voted AGAINST the request for the full five-year authority at the handful of companies where such a request was made. During our engagement with Siemens Healthineers, we asked why it had asked for a five-year authority for the virtual AGM. The company said it plans to take the authority as a provisional approval but to make the decision year by year as to whether it hold a virtual or a physical AGM. We were disappointed to hear that the company did not seem to be aware that it was such an outlier compared with peers, including the controlling shareholder, Siemens AG, which requested a two-year authority. We voted AGAINST the item (to approve virtual-only shareholder meetings until 2028) because the duration of the authority is excessive. However, the item passed with 91.8% support. As Siemens AG had 75.3% of the voting power at the 2023 AGM, this was always going to pass. However, it is significant that one-third of the minority shareholders voted AGAINST the authority.

The specific securities identified and described are for informational purposes only and do not represent a recommendation.

An uncontentious AGM after two tumultuous years (TRPA)

Informa

Focus	Governance
Company Description	Informa is a global exhibitions and publishing company.
Asset Class	Equity
Country	UK
Engagement Objective	There have been long-running pay controversies at Informa as we documented in last year's report. The purpose of our 2023 engagement was to inform our understanding of the steps Informa had taken over the previous year in the area of remuneration.
Participants	**From Informa:** Chair, director of Investor Relations **From T. Rowe Price:** Head of Governance, EMEA and APAC; portfolio manager; investment analyst
Engagement Outcome	As we noted in last year's Stewardship Report, Informa has been the subject of significant investor dissent on pay in recent years, in particular its handling of contentious pandemic-related LTIP amendments. Whilst we were initially supportive of non-standard practices, the repeated mishandling of investor expectations became a distraction from the core investment opportunity. We advised the company that any negative surprises on pay this year would be poorly received by investors, and yet the same dynamic continued under the new chair. It was against this backdrop that we engaged with Informa in 2023. On remuneration, the company indicated to us that it still feels the adjustments which have caused such controversy at the last two AGMs were the right thing to do because key staff were retained. However, the chair said 2023 was likely to be an easier AGM, and we were pleased to see that the remuneration report received 94.5% support from shareholders at the 2023 AGM.

The specific securities identified and described are for informational purposes only and do not represent a recommendation.

Sometimes the desired outcome of a pre-AGM engagement is not seen in the year of the meeting. As outlined below, one change which we had raised in 2021 and 2022 was resolved by the company in 2023.

Gender balance on a Japanese board (TRPA)

Medley

Focus	Governance
Company Description	Medley is a success fee-based recruitment platform in Japan.
Asset Class	Equity
Country	Japan
Engagement Objective	We have engaged with the company for several years over the issue of board gender diversity.
Participants	**From Medley:** Chief financial officer (CFO) **From T. Rowe Price:** Investment analyst
Engagement Outcome	Medley is one of the longest-standing members of the board diversity laggards list which were monitored in the portfolio reviews within our Japan strategies. In 2021, we voted against a director because it was a single-gender board. In 2022, Medley still had a single-gender board but no directors up for reelection. We raised the issue and in 2023 were pleased to see that this is no longer a single-gender board as the company has appointed two female outside directors, taking the board to 33% female.

The specific securities identified and described are for informational purposes only and do not represent a recommendation.

Engaging on executive compensation (TRPA)

Simon Property Group	
Focus	Governance
Company Description	Simon Property Group (SPG) is a real estate investment trust (REIT) that owns a collection of retail real estate consisting of malls and open-air retail.
Asset Class	Equity
Country	US
Engagement Objective	We engaged with the company on the issue of executive compensation.
Participants	**From Simon Property Group:** Director, CFO, general counsel **From T. Rowe Price:** Head of Corporate Governance, investment analyst
Engagement Outcome	The board granted special cash bonuses to select executives, including a US$24 million payment on a discretionary basis to the CEO. Of concern, there were no performance hurdles, vesting conditions or clawbacks associated with this award. The award was meant to reflect gains realised through one of SPG's investment vehicles. A number of REITs maintain plans like this where gains from co-investment vehicles separate from the corporation are periodically passed directly to executives. The concept can be problematic. First, if these vehicles created value for shareholders, that should be reflected in the stock price, which is the main currency of the executives' compensation programmes. Second, the concept of paying executives on the performance of their acquisitions creates potential conflicts of interest and does not exist outside the REIT context. However, our main objection in this case was the size and discretionary nature of the award and the board's very poor job in explaining why it was appropriate. SPG experienced one of the worst say-on-pay vote outcomes of 2023. Only 11% of investors voted in favour. TRPA sided with the majority, voting AGAINST.

The specific securities identified and described are for informational purposes only and do not represent a recommendation.

Engagement to promote best practice

Outside the AGM season, we may seek further information related to a company's environmental, social and governance disclosures and practices. This is to improve our understanding of the company's practices. Where we identify room for improvement, we encourage the company to strengthen its approach.

Best practice engagement examples

Providing feedback on recent governance changes and enhanced shareholder communications (TRPA)

ExxonMobil	
Focus	Environment, Governance
Company Description	ExxonMobil (Exxon) is a US integrated oil and gas company.
Asset Class	Equity and Fixed Income
Country	US
Engagement Objective	We engaged with the company to discuss its climate strategy and governance changes and offer our feedback on its governance practices.
Participants	**From Exxon:** Directors (2); vice president, Investor Relations; ESG director **From T. Rowe Price:** Head of Governance, investment analyst, Responsible Investing analyst
Engagement Outcome	We engaged with Exxon to discuss the company's climate strategy and governance changes and to provide feedback on these issues. Our engagement marked the first time we had a chance to meet board members outside of Exxon's 2021 proxy contest. Since the 2021 proxy contest, seven of 12 board seats have turned over. Given that most of the board is new, Exxon has taken the opportunity to do a 360° review of its practices, skills and training. The company described the review as a time of 'developing trust' following a tumultuous period for the board. Board members have visited Exxon's properties in the Permian Basin and other locations, invited third parties to increase the group's knowledge on operational topics and devoted time to formulating climate and overall corporate strategy. Exxon has no explicit targets on Scope 3 emissions[6], and the directors thought that a life cycle emissions approach was more appropriate than setting absolute targets. The Board's view is that ultimately, addressing Scope 3 emissions will be an economy-wide effort and not something driven solely by the energy industry. However, the company believes it is well positioned for the climate transition with a growing low-carbon business and a resilient, traditional portfolio. The engagement allowed us to give feedback on recent governance changes and enhanced shareholder communication at Exxon. We noted that we are pleased that management has appointed a number of senior executives from outside the company, going against its long-standing practice of only promoting from within.

The specific securities identified and described are for informational purposes only and do not represent a recommendation.

[6] 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).

Progress on science-based target setting at Yum China (TRPA)

Yum China	
Focus	Environment
Company Description	Yum China is a large restaurant operator in China.
Asset Class	Equity
Country	China
Engagement Objective	We had a pre-AGM discussion with Yum China on greenhouse gas emissions.
Participants	**From Yum China:** CFO, chief people officer, chief legal officer, chief supply chain officers, vice president (VP) engineering and sustainability officer, corporate secretary **From T. Rowe Price:** Head of Governance, EMEA and APAC; Responsible Investing analyst
Engagement Outcome	Yum China's emission goals have recently been validated by the Science Based Targets initiative (SBTi) to confirm that they align with a 1.5°C warming scenario, which is a significant achievement, particularly the goal to reduce supply chain emissions—which is very unusual for a restaurant company (and especially in Asia). The company's goals are to achieve by 2035: -63% Scope 1 and 2 and -66% Scope 3. The path to achieving the Scope 3 target will not be easy. The company is starting by engaging its top 40 suppliers (80%–90% of emissions) to move towards renewable energy. Given the agricultural nature of the supply chain, green electricity is just one source of emissions, and we expect it will be challenging to achieve net zero in other aspects of agricultural emissions. Progress on deforestation and supply chain traceability has been more limited for beef and soy. We encouraged the company to set goals or a strategy on this. Yum China reiterated the challenges associated with tracing soy and beef. The company said that it imports beef, but did not confirm the sourcing country. Both commodities are very high risk for deforestation. The company said it plans to work with a consultant in this area. We have been engaging with Yum China over several years and are pleased to see the progress the company has made in setting an SBTi-validated target for Scopes 1–3 and engaging its top 40 suppliers (80%–90% emissions) on emission reduction.

The specific securities identified and described are for informational purposes only and do not represent a recommendation.

Board diversity at Ooredoo (TRPA)

Ooredoo	
Focus	Environment
Company Description	Ooredoo is a diversified telecoms company.
Asset Class	Equity
Country	Qatar
Engagement Objective	Our main objective was to engage in relation to the company's single-gender board and to encourage the appointment of a female director.
Participants	**From Ooredoo:** Investor Relations head, IR and ESG representative, Corporate Finance representative **From T. Rowe Price:** Responsible Investing associate analyst
Engagement Outcome	Ooredoo has an all-male board at the group level, and only two of its subsidiaries have females on their boards. The company believes it has a strong gender diversity profile at the subsidiary level, 50% of board seats are now occupied by women in Ooredoo Maldives, and Ooredoo Palestine recently appointed its first female board member. However, we explained that T. Rowe Price policy highlights the importance of female inclusion on the board at the group level. More broadly, the company shared that it has implemented some basic programmes to encourage women in the workplace, including organising internal female events and increasing maternity leave days as part of a recent revision of human resources policies. We will continue to monitor Ooredoo's progress in improving gender diversity on its board at the group level.

The specific securities identified and described are for informational purposes only and do not represent a recommendation.

Engaging with a Portuguese utility on green bonds (TRPA)

Energias de Portugal (EDP)	
Focus	Environment, Social, Governance
Company Description	EDP is a vertically integrated utility which generates, supplies and distributes electricity and supplies gas in Portugal and Spain.
Asset Class	Fixed Income
Country	Portugal
Engagement Objective	We engaged with EDP to provide some recommendations for ways to improve its green bond impact reporting and renewable project disclosures.
Participants	**From EDP:** Investor Relations representatives, Sustainable Finance representative **From T. Rowe Price:** Portfolio manager, credit analyst, impact credit analyst
Engagement Outcome	In its green bond impact reporting, EDP only reported on the total aggregated impact of its green bond portfolio and does not report on specific green bonds, making it difficult for investors to assess the impact of its individual renewable assets. We asked for several enhancements to EDP's reporting: – We asked EDP to provide more granular disclosure, including impact reporting on the individual green bonds that it has issued rather than just reporting on the total portfolio – We also asked for year-on-year impact key performance indicator reporting. – We asked for more information of the geographical split of assets in the green bond portfolio The engagement allowed us to provide feedback on EDP's green bond reporting, and we made several recommendations for EDP to improve its reporting. The company was receptive to the idea of reporting year-on-year impact KPIs. We have since seen EDP meet two out of the three asks within its 2022 Annual Report. The company is now reporting impact metrics on a bond-by-bond basis as well as at the total portfolio level. The company has also provided the geographic split of these assets. The company has yet to report on the year-on-year impact metrics. The company may not have had sufficient time to take on board all of our suggestions ahead of the report; therefore, we may need to wait until the publication of the 2023 Annual Report before we can see progress on the third ask.

The specific securities identified and described are for informational purposes only and do not represent a recommendation.

Providing feedback on impact reporting and best practices in green bond issuance (TRPA)

ACEN Corp

Focus	Environment
Company Description	ACEN Corp is a Philippines-based energy firm.
Asset Class	Fixed Income
Country	Philippines
Engagement Objective	We engaged with the company to provide feedback on its impact/green bond reporting and to provide our views on best practices for structuring green bonds.
Participants	**From ACEN:** Sustainability officer, head of Corporate Planning and Investor Relations, head of Sustainability and Corporate Communications, Investor Relations manager **From T. Rowe Price:** Credit analyst, impact credit analyst, Responsible Investing analyst
Engagement Outcome	We provided feedback to ACEN on its impact reporting and encouraged the company to continue reporting real-world KPIs, including green energy generated and greenhouse gas emissions avoided. We also encouraged it to report these figures annually and in report form to allow investors to make year-on-year comparisons. We also highlighted that best practice for green bonds is to use a two-year lookback period for refinancing and to aim to allocate proceeds within two years, whereas ACEN uses three years for both. ACEN's green bond framework is currently rated orange on T. Rowe Price's ESG Bond Framework due to post-issuance reporting lacking qualitative detail and longer than market average lookback and allocation periods. We will continue to monitor how the company responds to our feedback.

The specific securities identified and described are for informational purposes only and do not represent a recommendation.

Engaging on ESG disclosure and social controversies in a privately held company (TRPA)

PetSmart	
Focus	Environment, Social, Governance
Company Description	PetSmart is a privately held specialty retailer of pet food and supplies.
Asset Class	Fixed Income
Country	US
Engagement Objective	We engaged with PetSmart to provide feedback on the company's ESG efforts and to discuss recent social controversies.
Participants	**From PetSmart:** Chief financial officer; vice president, Corporate Social Responsibility and Sustainability; senior director, Finance; senior manager, Treasury and Investor Relations; deputy general counsel and assistant secretary; corporate controller **From T. Rowe Price:** Credit analyst, Responsible Investing analysts
Engagement Outcome	The purpose of our engagement with PetSmart was to focus on the retailer's ESG efforts and to address social controversies. The company recently hired a vice president of sustainability, but its disclosure on ESG issues is limited. Management said it was undertaking several corporate social responsibility initiatives and was meeting with business leaders and external stakeholders to determine its priorities. It plans to release its inaugural ESG report this year. Regarding environmental management, PetSmart has almost no disclosure. The company tracks its energy usage and states that its goal is to use technology to reduce its Scope 1–2 emissions. It also claimed it has consistently reduced energy usage whilst increasing its store base. We encouraged PetSmart to set emissions reduction targets and to report them in its upcoming ESG report. Regarding employee safety and treatment, PetSmart dismissed reports of alleged mistreatment of its workers and claimed it has significantly invested in its associates. The lack of transparency is challenging, given that PetSmart is not a public company. PetSmart has 50,000 associates, and management claims that its turnover rate is lower than other retailers, whilst its associate well-being is relatively better. Efficiency of communications and the company's sales channels were cited as areas for improvement, according to employee surveys. We encouraged the company to disclose these associate initiatives in more detail to help investors better understand them. PetSmart said it has a strong culture of belonging and tracks diversity statistics, but it does not publish them. Management said it has a high ratio of female workers and was looking at introducing targets for diversity initiatives, but it was not able to comment on them. Regarding its supply chain, PetSmart said that suppliers must subscribe to its code of ethics and audits them to make sure its partners comply with the rules. It maintains a restricted ingredients list and provides guidelines on packaging. Our engagement allowed us to give feedback on PetSmart's ESG disclosure and recommend that management offer more detail on its efforts in a format that is accessible to investors. We provided our views on best practices, which included alignment with the Science Based Targets initiative when setting emissions targets, and with Task Force on Climate-Related Financial Disclosures (TCFD) and Sustainability Accounting Standards Board (SASB) frameworks in its ESG reports. The company said it would evaluate these recommendations but refrained from committing to any timelines. We were pleased to see its first ESG report released in 2023 included data on Scope 1 and 2 emissions and human capital metrics.

The specific securities identified and described are for informational purposes only and do not represent a recommendation.

Communicating our views on evolving best practice at dedicated events

Our Corporate Access team arranges individual company meetings, as well as more complex group events such as the example below.

2023 Buyside Sustainability Summit (TRPA)

Focus	Environment, Social, Governance
Company Description	Environmental, Social
Asset Class	Equity
Country	Americas, EMEA
Engagement Objective	We convened an investment conference with two other global asset managers and a large asset owner inviting select companies in our portfolios to discuss emerging sustainability topics.
Engagement Outcome	The event ran over two days with a focus on net zero in energy and the future of vehicles. There was a mix of individual company meetings with CEOs or relevant division heads, as well as two thematic panel sessions on each day facilitated by a senior investor representative. It provided a time-efficient way to share our perspectives on these themes with leading companies in these sectors. T. Rowe Price also hosted an expert panel session on nuclear fusion that was open to all investor and company attendees.

The specific securities identified and described are for informational purposes only and do not represent a recommendation.

Controversy-led engagement

When a company may have been involved in a significant controversy, we speak to them to understand their perspective and gain a better insight into the situation. A successful engagement will be demonstrated by our improved understanding of the company's practices and the context to the incident. If we have identified that there is room for improvement, we will encourage the company to strengthen its approach.

Example of a controversy-led engagement (TRPA)

Teleperformance	
Focus	Social
Company Description	Teleperformance is a provider of outsourced customer experience management.
Asset Class	Equity
Country	France
Engagement Objective	We engaged with Teleperformance to discuss and impart our views on the final external audit report on social responsibility practices following last year's ESG controversies.
Participants	**From Teleperformance:** Senior vice president, Corporate Social Responsibility; Board secretary; deputy head of IR **From T. Rowe Price:** Head of Governance, EMEA and APAC; investment analyst; Responsible Investing analyst
Engagement Outcome	In 2022, Teleperformance was the subject of numerous serious allegations on content moderation and worker relations in the US and Colombia. We engaged with the company to assess the specific allegations on (1) content moderation in the US, (2) the allegations on labour unions in Colombia and (3) the overall level of preparedness for workers' treatment and labour union management. Specifically, Teleperformance was cited in a news article for using explicit child sexual abuse material (CSAM) to train TikTok content moderators in the US and storing CSAM in a shared drive instead of in a temporary secured location. This was followed by two US senators starting an investigation on the company's content moderation activities in the US since the US Code (Chapter 110) criminalises the production, distribution, solicitation and possession of CSAM. In Colombia, Teleperformance was cited for poor working conditions, low pay and union opposition in the country, where it does content moderation for TikTok. We engaged with the company on two separate occasions in 2022 to discuss these allegations. In February 2023, a final external audit report on social responsibility practices was released that focused on the company's social responsibility practices in six international countries. We subsequently engaged with the company on a number of issues, including the external report. The overall outcome of the audit was positive, except a minor gap for US operations; these have social practices in place but lack formalisation into local policies. To resolve the gap, Teleperformance is ratifying new policies and establishing stronger ESG governance at the local level. We imparted our views on the final external audit report on social responsibility practices; there are minor gaps in the US, and these should be resolved in the near term. We will continue to monitor this as the issue is not yet fully resolved.

The specific securities identified and described are for informational purposes only and do not represent a recommendation.

Engaging with automakers on supply chains (TRPA)

Mercedes and BMW

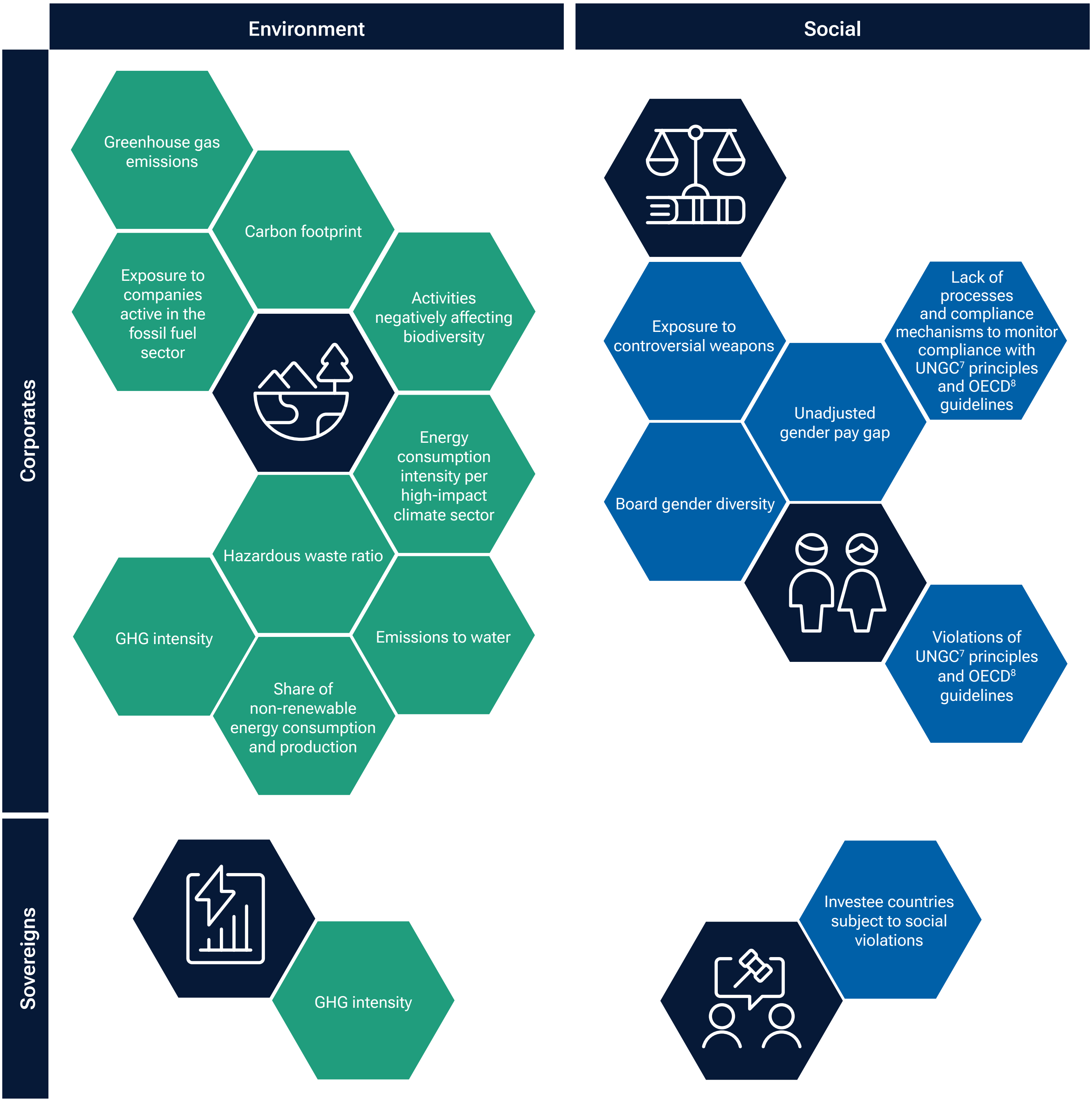
Focus	Governance
Company Description	Automotive
Asset Class	Equity
Country	Germany
Engagement Objective	We engaged with several automakers, including Mercedes and BMW, following the publication of the Sheffield Hallam report on forced labour in automotive supply chains.
Participants	***Engagement with Mercedes*** **From Mercedes:** ESG Investor Relations representative **From T. Rowe Price:** Head of Governance, EMEA and APAC; equity analyst; Responsible Investing analyst ***Engagement with BMW*** **From BMW:** Investor Relations representative **From T. Rowe Price:** Head of Governance, EMEA and APAC; Responsible Investing analyst
Engagement Outcome	In 2022, researchers at Sheffield Hallam University published a high-profile report highlighting findings of widespread forced labour in automotive supply chains. In 2023, we used the report as an opportunity to open a series of dialogues with automakers or original equipment manufacturers on the topic of human rights and assess their risk management, particularly in China. In our engagements with both Mercedes and BMW, we were specifically interested in the following areas: views on the Sheffield Hallam report and their own assessment of supply chain, the degree of traceability in supply chain, the company's ability to audit/implement polices in Chinese operations, management of longer-term risk concerning raw material supply and management of human capital risk given German labour laws. **Engagement with Mercedes** Our assessment was that the level of sophistication on supply chain monitoring at Mercedes appears relatively low. The company has laid out a timeline to trace many of its high-risk raw materials—which should help Mercedes lower supply chain ESG risk. However, there do not appear to be any on-the-ground sourcing team members in key and high-risk markets, such as China, which suggests to us that the company has limited visibility on its supply chain. We will continue to monitor the situation. **Engagement with BMW** BMW has a much more developed process for assessing and implementing its human rights polices and appears to have good visibility on its suppliers. Given this expertise, BMW has been part of the working group to design Germany's supply chain due diligence regulation—which came into place last year. This regulation is amongst the strictest globally, and BMW has not faced any challenges in meeting the requirements. Clearly the auto and battery supply chain remains very high risk, and complete traceability is very difficult to achieve. However, we feel relatively comfortable that BMW has the mechanisms in place to trace, investigate and remediate issues should/when they arise.

The specific securities identified and described are for informational purposes only and do not represent a recommendation.

Thematic engagement

This occurs when we have identified a non-company-specific issue which has been identified as a material risk by the investment team. Engaging on the same topic with a group of companies allows us to benchmark their responses against those of peers and build our knowledge of developing practice on this topic.

We prioritise material long-term themes which generally represent structural shifts or imbalances taking place in the economy. Some of the themes we select will also link to the EU's Principal Adverse Impact indicators (see Principle 5 for a discussion of this regulation).



As of December 2023.

[7] United Nations Global Compact.

[8] The Organisation for Economic Cooperation and Development.

Source: The European Union.

Examples of thematic engagements undertaken may include environmental topics such as sustainable agriculture and social topics linked to inequality such as access to medicine and board gender diversity.

Some thematic engagements are conducted directly with many companies. An example of this is our work encouraging companies to disclose in line with the TCFD and SASB frameworks or to disclose their GHG emissions reduction targets. We consider these as thematic as the same request has been raised at many companies.

Another type of thematic engagement would be a deep-dive on one of our priority themes, such as human capital management in an individual dialogue with a company.

A third type of thematic engagement would be a collaborative engagement on one of these themes. Our work in this area is discussed under Principle 10.

Thematic engagement case studies

Inequality in the gig economy (TRPA)

Gig economy worker welfare and equality has been a key theme across many of our engagements globally. Gig economy employment is defined as independent full- or part-time work. This can include temporary, freelance and contract employment or business ownership. Gig economy work can span many different sectors and job types, but one of the better-known and well-publicised forms of gig work is delivery driving. Whilst there are advantages for gig economy workers, such as flexibility and greater independence, there are also many potential risks and disadvantages—particularly in relation to inequality.

Over the past year, we have engaged with several companies on issues such as the safety, welfare and satisfaction of gig economy workers. We held equity in all the companies listed below. Key areas of focus include gig economy worker pay, ESG practices at gig economy companies and how companies are supporting their gig workers. We have also sought to keep pace with regulatory trends, risks and changes—such as an increasing focus in some regions on the reclassification of certain gig workers as employees, the preservation of worker rights and the erosion of worker protections.

Deliveroo

As we outlined in last year's Stewardship Report, in our engagement with Deliveroo in 2022, we had communicated our concerns around executive pay and recommended the appointment of a sustainability officer. In 2023, we wanted to obtain an update on the disclosure of rider safety data as well as the rider benefits and minimum safety/welfare hurdles for rider (insurance helmets, training, social security, etc. We also wanted to better understand Deliveroo's ambitions on environmental topics, particularly electric deliveries.

We came away from the 2023 engagement with Deliveroo's head of Policy and Sustainability reassured by the enhancements that had been made to the company's ESG strategy since our previous engagement in 2022. In certain areas of rider welfare, the company is leading the charge amongst gig platforms. Most notably, the headline performance of 83% satisfaction from riders is good (most companies do not share this information). Moreover, Deliveroo is the only platform to have engaged a union for riders—with the aim to elevate rider voice and gain better insights into rider needs. Rider safety training, rider insurance and rider safety equipment are now commonplace amongst the gig platforms, and Deliveroo has all of these in place to a high standard. The company is also going one step further on training, delivering a broader set of skills training opportunities to its riders. This could add a further level of differentiation for rider retention.

As with other gig platforms, Deliveroo does not share rider safety data, and we encouraged the company to do so. On environmental topics, its efforts are earlier in their development and not leading for now. The headline target of net zero by 2030 is a little misleading as it does not include emissions from deliveries, and the company is cautious on supporting riders with the shift to e-bike because this might also benefit other platforms. On packaging, Deliveroo is trying to stimulate uptake of more sustainable packaging types by restaurant partners. However, the contributions from Deliveroo itself are fairly small and there are no data on uptake at this stage.

The specific securities identified and described are for informational purposes only and do not represent a recommendation.

Inequality in the gig economy (TRPA) Continued

Delivery Hero

As noted in the 2022 Stewardship Report, we engaged with Delivery Hero in September 2021 to assess the company's level of ESG risks in relation to rider safety. Overall, we saw plenty of good initiatives taking place at the company to protect the well-being of riders and a strong commitment from the company to comply with legal regulations. However, we also identified a few areas for improvement and requested that Delivery Hero track and publicly disclose rider accident rates as well as KPIs to show rider satisfaction.

In our subsequent engagement in early 2023 we were encouraged that Delivery Hero has made progress in tracking rider safety data and net promoter scores (NPS). However, the company is unwilling to disclose or share any high-level details regarding either rider safety or rider satisfaction. Although Delivery Hero is not unique in opacity on rider safety data, we find the lack of commentary on trends/causes of safety incidents or high-level rider feedback quite problematic.

In terms of ensuring rider welfare or minimum safety standards (topics like insurance, social security, rider helmets), Delivery Hero places a lot of emphasis on complying with the regulatory requirements in the local markets in which it operates. However, some of its markets have very low regulatory requirements, meaning that the social risk to riders remains high. For example, we were very surprised that the company does not require freelance riders to wear a helmet as this is not in line with what we hear from other companies.

In terms of following up with the company, Delivery Hero now tracks rider safety data, and we urged the company to continue to disclose this data. Delivery Hero still does not share details of rider NPS, and we continued to request it share this as well as rider feedback summaries. These are our common asks of the gig companies in which we are invested.

Meituan

We engaged with Meituan in late 2023 on ESG risks related to gig economy work. Our goals were to emphasise the importance of rider safety disclosure and preparedness, encourage better transparency on environmental performance and assess the scale and feasibility of new programmes that have been introduced.

In terms of rider welfare, Meituan confirmed that it continues to closely monitor safety data and that the performance is improving due to operational integration of this data. The company took on feedback about disclosure but made no commitment to do so. Meituan has undertaken a number of initiatives to improve driver safety. The company conducts rider satisfaction surveys (satisfaction is gradually improving, but there is no disclosure on this) and rider feedback seminars. The top priority for riders continues to be on pay. We asked Meituan to share data on rider satisfaction and rider safety.

Zomato

We engaged with Zomato in December 2023, and overall we continue to see excellent focus from Zomato on material ESG topics, most notably rider well-being, safety and electric delivery. However, like its peers in the sector, the company has not disclosed rider NPS data or high-level safety statistics, nor would it clarify whether it would do so in future. The reason given was that Zomato is working closely with the Indian authorities who are working on outlining ESG disclosure rules specific to this sector, and Zomato's approach will be to follow these applicable rules going forward.

Transcontinental pay practices (TRPA)

When undertaking remuneration consultations, there is often a particular sensitivity when a company based outside the US is seeking to recruit executives with recent US work experience, which may be necessary given the location of their operations and clients. Our approach is to analyse these on a case-by-case basis, taking into account the rationale provided by the company and our investors' judgment as to whether the management team is capable of sustainable value creation.

In 2023 we have engaged with a number of companies facing this very challenge. One such example this year was the remuneration policy at UK-incorporated Pearson plc. This was highly contentious because the company proposed to increase the bonus from 200% to 300% and the LTIP grant from 350% to 450% because of the need to prepare for any future executive director hires from the US. We understood the rationale, and indeed had been supportive in 2020 when the last remuneration policy was put before shareholders: The quantum and design of the package were non-standard for the UK market but were necessary to attract CEO Andy Bird to take the role. This year we understood the rationale for why the policy envelope needed to be enlarged, but we voted against the remuneration policy as we would have preferred to see the executives' LTIP and bonus not be increased to the maximum award levels in a single step.

We engaged with New Zealand incorporated Xero Limited on the pay for their new CEO who is based on the West Coast. It has implemented a hybrid package which reflects US expectations around a sign-on award, quantum and a mix of performance shares and restricted stock units. Although non-standard for Australia/New Zealand, we understood that it was necessary to attract the CEO who is part of the company's global growth strategy.

The specific securities identified and described are for informational purposes only and do not represent a recommendation.

A successful engagement is when we have either gathered sufficient information to lessen the concern or have seen an improvement in the company's practices. Most thematic campaigns run for a set period. We will consider escalation options where companies have not responded positively in a reasonable time.

Engaging for impact case study

The Responsible Investing analyst responsible for covering the health care sector undertook a series of dialogues with health care companies which were held in our Impact strategies. These meetings had two purposes. First, to educate companies on T. Rowe Price's approach to impact. Second, to encourage the companies to provide additional disclosure which would help evidence the positive impact created by their products and services. An example of one meeting is below.

Impact reporting disclosure and differentiated voting decisions by our Impact strategies (TRPA)

UnitedHealth Group	
Focus	Environment, Social, Governance
Company Description	UnitedHealth Group is a managed care company.
Asset Class	Equity and Fixed Income
Country	US
Engagement Objective	We engaged with UnitedHealth twice over the course of 2023, to inform our proxy voting decision ahead the AGM and to discuss impact measurement and health equity.
Participants	**From UnitedHealth:** Chief financial officer; chief sustainability officer; chief legal officer and corporate secretary; senior VP, Investor Relations; chief people officer; senior VP, Total Rewards and People Services; deputy corporate secretary; VP, Sustainability **From T. Rowe Price:** Head of Corporate Governance, investment analyst, Responsible Investing analyst, impact credit analyst
Engagement Outcome	Our first engagement with UnitedHealth in 2023 helped inform our voting decisions ahead of the AGM. In particular, one shareholder proposal called for the company to 'Report on Congruency of Political Spending With Company Values and Priorities'. Our Impact strategies voted FOR this resolution because increased transparency of lobbying activity across the board would be optimal for investors with explicit social impact objectives. 28.2% of investors supported this resolution. We also engaged with the company later in the year to highlight the value T. Rowe Price's Impact strategies place on effective impact measurement at a company level and to discuss a range of other material ESG topics. UnitedHealth historically has led the managed care industry in impact measurement with the broadest range of impact KPIs of any of its peers. Additionally, the company has set one of the most comprehensive target sets focused on impact across all of health care. Following our 2022 engagement, UnitedHealth has further strengthened its transparency in this area. The latest sustainability report includes additional context on each impact-relevant target and the company's delivery against these objectives. We suggested that UnitedHealth could further improve its approach by strengthening disclosure on the types of care gaps it closes (as it defines using the Healthcare Effectiveness Data Information Set). This would help better evidence its contribution to improved health equity or in addressing certain chronic diseases, providing a more rounded view of UnitedHealth's impact in the process. We also highlighted several examples of impact KPIs from peers—specifically focused on value-based care—that could be useful additions to UnitedHealth's existing reporting. Finally, we discussed a range of other ESG topics including human capital management, data privacy and business ethics.

How we engage with noncorporate issuers

Our investment analysts will engage directly with any relevant noncorporate entity as part of their ongoing monitoring.

Engaging with Fannie Mae on its Single-Family Social Bond Program (TRPA)

Fannie Mae	
Focus	Social
Company Description	The Federal National Mortgage Association, or Fannie Mae, enables affordable housing in the US.
Asset Class	Mortgage-backed securities
Country	US
Engagement Objective	The purpose of our engagement with Fannie Mae's capital market team was to provide feedback and recommendations on its proposed social disclosure for single-family mortgage pools.
Participants	**From Fannie Mae, Capital Markets–Single Family Products:** Senior vice president, vice presidents **From T. Rowe Price:** Director of Research, Fixed Income; fixed income portfolio manager; impact portfolio manager; Responsible Investing associate analyst
Engagement Outcome	As we noted in last year's Stewardship Report, since 2022, our credit analysts and fixed income Responsible Investment specialists have held a series on ongoing engagements and dialogue with Fannie Mae's Capital Markets team to provide feedback and recommendations on its proposed social disclosure for single-family mortgage pools. We provided feedback to Fannie Mae, the largest issuer in the mortgage-backed security marketplace, prior to and following the release of its Single-Family Social Disclosure Framework, noting that the framework provides welcome additional insight to investors, but additional disclosure would be needed. In 2022, we offered four specific recommendations to improve the utility of the proposed disclosures for investors. Our suggestions covered the nature and frequency of specific disclosures we believe are necessary, along with an explanation of our reasoning. For example, we advised the agency to leverage an existing reporting framework for certain affordable housing metrics—the International Capital Markets Association (ICMA). In May 2023, at Fannie Mae's request, we provided feedback to the Federal Housing Finance Agency's request for comment on the proposed Single-Family Social Bond Program. We were one of the few investors we believe provided tangible recommendations/suggestions that helped shape the programme. In October 2023, we followed up with Fannie Mae, which shared that it has finished compiling investor feedback and is currently synthesising all feedback into a draft proposal to be released in the first quarter of 2024. During the discussion, representatives noted T. Rowe Price's feedback as influential in shaping the framework.

The specific securities identified and described are for informational purposes only and do not represent a recommendation.

Engaging with an issuer on climate (TRPA)

Los Angeles World Airports

Focus	Environment
Company Description	Los Angeles World Airports (LAWA) is an independent department of the City of Los Angeles.
Asset Class	Fixed Income
Country	US
Engagement Objective	As a fixed income investor, our purpose for the engagement was to discuss climate-related issues, including greenhouse gas emissions reduction and net zero targets.
Participants	**From Los Angeles World Airports:** Chief financial officer, chief sustainability officer, other LAWA representatives **From T. Rowe Price:** Head of Fixed Income, Responsible Investing; Responsible Investing associate analyst
Engagement Outcome	We engaged with LAWA to encourage it to regularly update its Sustainability Action Plan (SAP), provide quantitative targets for the Ground Support Equipment (GSE) Emission Reduction Policy and pursue both Airport Carbon Accreditation Level 4 and Science Based Targets initiative verification. In 2019, LAWA formalised its GHG emission reduction targets for the Los Angeles International and Van Nuys Airports, publishing an SAP which included ambitious GHG emissions and net zero targets (100% renewable energy use and carbon neutrality by 2045). Although LAWA does publish an annual sustainability report, the SAP has not been updated since 2019. We encouraged the issuer to revise its SAP on a regular basis, including annual disclosure of GHG emissions reduction and/or emissions abated due to specific tangible actions taken by LAWA, as well as water conserved metrics from sustainability focused programmes. LAWA shared that it did not plan to revise the existing SAP as this would need to be reapproved by the Board and require additional stakeholder engagements; however, it would potentially update internal recommendations using our feedback. Additionally, the issuer informed us it has hired an external consultant to focus on air and water quality and will look to update its internal recommendation. The issuer highlighted its GSE Emissions Reduction Policy as one of the key programmes instituted to achieve its GHG emissions reduction targets. The programme's goal is to decrease the proportion of ground support equipment powered by diesel/gasoline and transitioning towards electric. We encouraged management to set a quantitative target and lay out steps on how it plans to reverse a declining proportion of electric vehicles over the past decade. We encouraged LAWA to pursue Airport Carbon Accreditation Level 4. LAWA acknowledged our request and noted that its consultant had a similar recommendation. At the time of the engagement, the issuer noted that it intended to begin steps to apply for the certification during fiscal year 2023. We also encouraged LAWA to attain SBTi verification of its GHG emissions reduction plans because this provides robust third-party scientific verification of targets and delivery. We provided specific feedback, highlighting municipal peers that have done this. We believe LAWA's emission reduction targets are amongst the most ambitious of its peers but require third-party scientific verification. The issuer committed to looking into the certification but expressed caution, given the financial cost for getting numerous certifications if they are duplicative. Management acknowledged that many of our requests were in line with those of their recently hired external consultant. Additionally, LAWA informally committed to reviewing all future projects for green financing opportunities (inaugural green issuance with second-party opinion in August 2022). The next step was to review the 2022 Annual Sustainability Report for our requested disclosure. The LAWA ESG report was issued at the end of September 2023. Unfortunately, LAWA did not achieve Airport Carbon Accreditation Level 4 as planned for fiscal year 2023 but had renewed its 'Level 3 Optimisation' for the two airports it operates. We plan to meet with the issuer in 2024 to understand why LAWA was unable to achieve Level 4 accreditation last year and will encourage it to reapply for Level 4 accreditation when feasible.

The specific securities identified and described are for informational purposes only and do not represent a recommendation.

Engagement objectives

We have recorded and reported on our engagements for many years. However, in 2021 we identified the opportunity to more systematically track ESG-related expectations, or targets, set with our investee companies; the new process also supported the timely review of next steps we had identified within ongoing engagements.

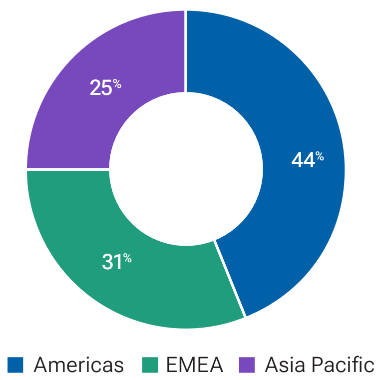
TRPA reconfigured the regular biweekly meeting for the Responsible Investing and Governance teams into a Stewardship team meeting, which allowed us to review the engagement targets set and progress made on a regular basis in 2022. A business analyst has taken ownership of the engagement tracking process and ensures that the Responsible Investing and Governance analysts provide regular updates on the status of outstanding targets in a timely fashion.

Case study: Engagement target tracking (TRPA)

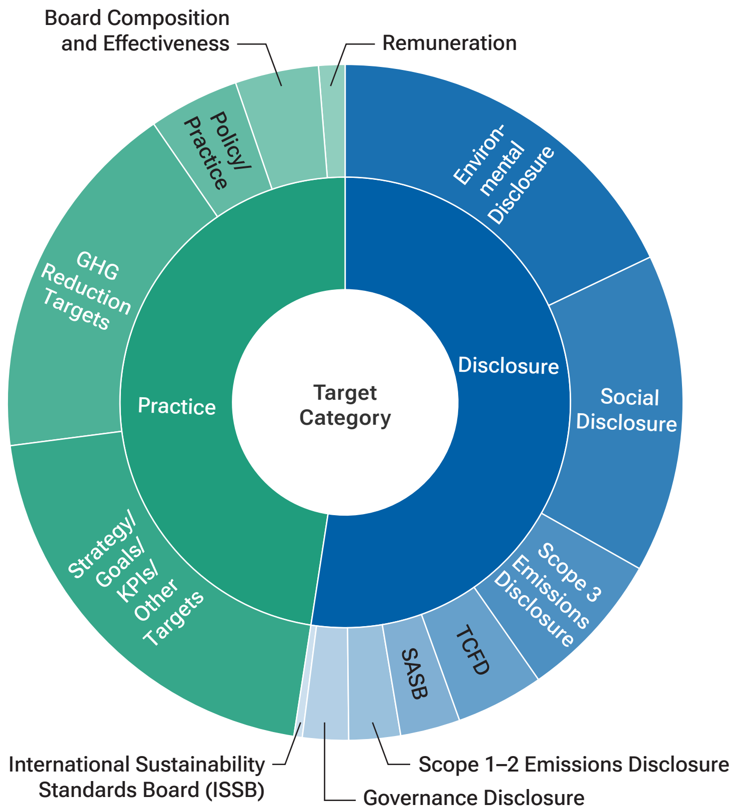
We now track both follow-up actions and targets in a central database, and targets are divided into those seeking enhanced disclosure and those seeking a change in an issuer's practices.

The process has been adopted globally in TRPA, across both fixed income and equity strategies. The chart below shows the regional split of targets either opened or closed since 2022.

Regional split of targets



Targets by category



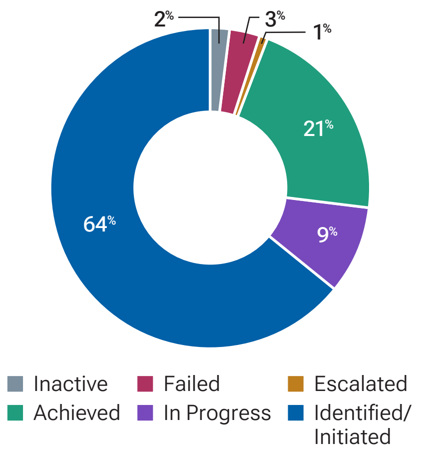
We recognise that the length of time to implement a practice change will depend on the company's situation and the nature of the change. We typically set targets that are achievable within 36 months. We want our targets to be clearly measurable and action-oriented, so we typically do not set targets of over three years, although our analysts would continue to monitor the relevant long-term developments.

One exception to the timelines set out above is when a company is involved in a significant controversy and where we are therefore likely to want to see evidence of process improvements or management change within a shorter time frame. These companies will also have a shorter monitoring cycle than the standard annual cycle.

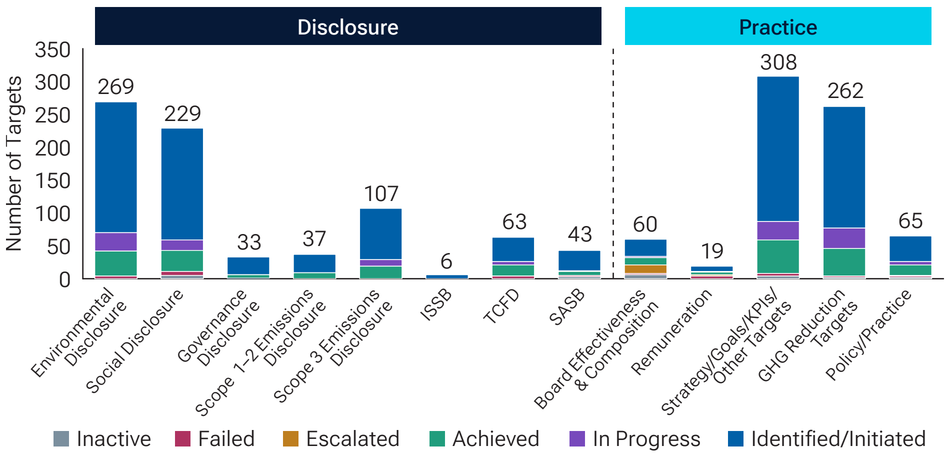
Engagement targets by status

We began systematically tracking our targets in the autumn of 2021, and we have consistently tracked the status of targets set in the 2022 and 2023 calendar years. Many of our targets have a multiyear time horizon of up to three years, particularly where we are requesting changes to practice. We have chosen to report our targets by status as at the end of 2023 in this report. However, going forward, we intend to report by yearly vintage in our 2024 report, as the targets set in 2021 will by then have passed through the three-year window by which we would have expected most to be achieved. We believe that reporting in this way gives the clearest picture of progress to plan.

Engagement targets by status



Status by target type



Identified/Initiated – a target has been identified and communicated to the issuer.

In Progress – the issuer has evidenced steps taken towards achieving the target.

Achieved – a target has been met, either exactly as specified or in an equivalent way, within the expected timeline.

Escalated – a target has not been met within the expected timeline. Action is being taken to maximise the chance of the target being achieved.

Failed – a target has not been met within the expected timeline and is now not realistically expected to be met.

Inactive – the target is no longer applicable, e.g., the entity no longer exists or is no longer owned.

From the beginning of 2023, TRPA introduced a new status for our targets which capture whether they are in progress, met, closed but not met or escalated because the target is still in progress but was not met in a timely fashion and is considered to be a high-priority change. (Of note, our concept of escalated targets is not the same as the concept of escalated engagements discussed under Principle 11. Escalated targets are where the company failed to meet our expectations within the expected time frame. Escalated engagements are those which are particularly high profile or contentious in some way.) Below is an example of a company which failed to meet, in a timely fashion, a target we set and that is now considered to have an escalated target.

Board independence: Escalated targets at a Japanese company (TRPA)

Hikari Tsushin

Focus	Environment
Description	Hikari Tsushin is a provider of subscription-type products and services to small businesses and individuals.
Asset Class	Equity
Country	Japan
Engagement Objective	The purpose of our engagement was to discuss board independence.
Participants	**From Hikari Tsushin:** Investor Relations representative **From T. Rowe Price:** Head of Governance, EMEA and APAC; Responsible Investing analyst
Engagement Outcome	We engaged with this issuer in late 2022 to discuss board independence, having previously voted against the reelection of the chair and president at the 2022 AGM, along with 24% and 22%, respectively, of all shareholders) as board independence was still too low at 30%. The company indicated that it planned to be compliant with the expected one-third independence by the 2023 AGM, either by adding a new independent director or by asking an inside director to leave the board. However, by the time of the 2023 AGM in June, it was apparent the company had not made the necessary changes and was still at 30% board independence. As a result, we did not support the reelection of the chair and president at the AGM, voting AGAINST both items.

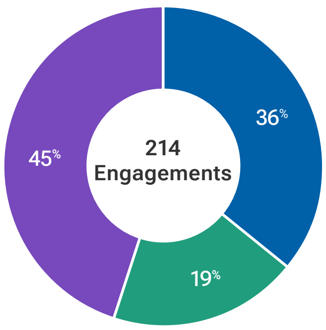
The specific securities identified and described are for informational purposes only and do not represent a recommendation.

TRPIM 2023 engagement activity

Through the course of 2023, TRPIM engaged on 214 occasions.

The 2023 report is the first time we have also presented the top five engagement topics by category for TRPIM, although the headline statistics were included in last year's report. The list of companies with which we engaged is included in the appendix. The chart below shows the engagements by topic. All TRPIM engagements were with companies in the Americas.

Engagements by topic–TRPIM



Top five 2023 engagement topics by category—TRPIM

Environment

1. Greenhouse gas emissions[9]
2. Net zero
3. ESG disclosure (Environment)
4. Product sustainability
5. Renewable energy

Social

1. Diversity
2. Employee safety and treatment
3. ESG disclosure (Social)
4. Supply chain
5. Society and community relations

Governance

1. Governance structure/oversight
2. Executive compensation
3. Proxy voting
4. Board diversity
5. Shareholder rights

How companies can engage with us

The central contact point for inbound engagement requests on ESG topics to TRPIM is through the shared inbox, engagement.TRPIM@troweprice.com.

We encourage companies to visit our ESG homepage, where we publish our Proxy Voting Guidelines, ESG Investment Policy, Investment Policy on Climate Change, detailed voting results with rationales, Engagement Policy, white papers and other documentation on a single webpage accessible to the public.

When we engage

Our starting point is that we assume any ESG engagement will be relevant to the holders, whether the security is held within a fixed income or equity strategy. TRPIM has an open-door meeting policy and a single calendar of upcoming company meetings across the organisation. Any analyst or portfolio manager is welcome to attend any company meetings, whether or not they cover or hold the company's securities. There may be a diversity of views in any company meeting, but the responsibility for leading the dialogue with the company sits with the relevant investment analyst. We may choose to open a dialogue with a company on an environmental, social or governance topic for a variety of reasons, including to inform a voting decision and to share best practice. Engagement requests may also be initiated by the investee company.

Pre-meeting engagement

Ahead of an AGM, we may seek further information before we make a voting decision. This aims to ensure we have sufficient information to make an informed voting decision.

[9] Includes greenhouse gas, GHG reduction/net zero targets and financed emissions.

Engaging ahead of a vote: Pay practices (TRPIM)

Tricon Residential	
Focus	Governance
Company Description	Tricon Residential operates as a rental housing company. It owns and manages single-family rental homes and multi-family rental units. Tricon serves customers in both Canada and the US.
Asset Class	Equity
Country	US
Engagement Objective	We discussed 2022 executive compensation, as there was a pay-for-performance misalignment and CEO compensation was outsized due to poor pay structure.
Participants	**From Tricon Residential:** Chair of Compensation, Nominating & Governance Committee **From T. Rowe Price:** Head of ESG, ESG associate analyst
Engagement Outcome	Under this structure, 2022 CEO compensation was composed of a US$1 million salary, US$3 million cash bonus, US$3 million LTIP and US$13 million outperformance compensation (which is a cash component of compensation generated from performance fees). In total, CEO compensation was US$20 million (the majority of which was cash),US$13 million of this came from the performance fees linked to the sale of the multi-family rental joint venture. This sale realised about US$315 million of gross proceeds and generated US$100 million of performance fees, US$50 million of which was paid to management. We made the point that this structure was not optimal as it led to outsized cash awards for management. Tricon Residential shared that going forward it will have an annual say-on-pay vote, will be hiring a compensation consultant and will do a compensation review this summer. The company will consider putting a cap on outperformance compensation payouts. Owing to this poor compensation practice and in light of the inability to voice our disapproval through the typical say-on-pay proposal, we withheld support for Compensation Committee members (as did a high proportion of other shareholders—support for compensation Compensation Committee was low 60%s versus high 90%s for other directors).

The specific securities identified and described are for informational purposes only and do not represent a recommendation.

Engagement to promote best practice

Outside the AGM season, we may seek further information related to a company's environmental, social and governance disclosures and practices. This is to improve our understanding of the company's practices. Where we identify room for improvement, we encourage the company to strengthen its approach.

Engaging around best practice: Board gender diversity (TRPIM)

Skyline Champion	
Focus	Social
Company Description	Skyline Champion (SKY) is a factory-built housing company. The company designs and produces modular homes for multiple applications. The company operates in the US and Canada.
Asset Class	Equity
Country	US
Engagement Objective	The background here is that as part of our Article 8 product process, we screen for companies that have below-average diversity on their board and engage with them around best practice in diversity, equity and inclusion.
Participants	**From SKY:** Chief financial officer and general counsel **From T. Rowe Price:** ESG associate analyst
Engagement Outcome	SKY is one of a double-digit number of companies that we engaged with in this area. The context here is that there is only one female director on the board (11% representation) versus an average 25% representation of women on the board for companies in the Russell 2500 Index. In 2020, the board added its first female director. Last year, the first racially diverse director was elected to the board. In 2021, the board adopted the Rooney Rule in its bylaws, whereby a minority candidate is included in the pool of candidates to be assessed. SKY has now instructed the search firm that it uses to find director candidates to identify at least one female candidate amongst the finalists it presents to the board. SKY anticipates that diversity considerations will be a heavily weighed factor when the board next looks for a new director. The board does not have any targets around gender or racial diversity but understands that it is an important topic for us. The engagement allowed us to discuss SKY's process of recruitment and expressed our view that board diversity generally improves the performance of the board, and we encouraged the company to improve diversity over time.

The specific securities identified and described are for informational purposes only and do not represent a recommendation.

Engaging on classified boards (TRPIM)

Huron Consulting Group	
Focus	Governance
Company Description	Huron Consulting is a financial and operational consulting services company. The company offers strategy, advisory, technology and analytics solutions. The target customer mix is academic institutions, health care, law firms, life sciences and commercial sectors globally.
Asset Class	Equity
Country	US
Engagement Objective	We engaged with the company to explain our new policy regarding long-term classified boards, with the hope that the company will improve its governance standards by declassifying the board.
Participants	**From Huron:** Chairman of the board, chief financial officer, Investor Relations representative **From T. Rowe Price:** Head of ESG, ESG analyst
Background	We made an outreach to all our holdings that had maintained a classified board as a public market company for 10 years or longer (around 80 companies), including Huron Consulting.
Engagement Outcome	We explained our long-term classified (staggered) board policy, which is aimed at encouraging companies to declassify their board, beginning latest after 10 years as a public market company. A board where directors are all elected annually offers best-in-class accountability to shareholders. It also removes a soft takeover defence and enables investors to drive change more effectively through activism, where appropriate. Huron has maintained a classified board since its initial public offering (IPO) in 2005. Our policy at companies that have maintained a classified board for 10 years or longer is to withhold support for those directors accountable for governance and the lead independent director or independent chair, as the director principally accountable to outside shareholders. Following our engagement, in 2023 the company put forward a declassification proposal which we supported and continued to support relevant directors. The proposal passed, receiving 100% support.

The specific securities identified and described are for informational purposes only and do not represent a recommendation.

How we monitor our investments

The frequency of our monitoring activity at TRPA and TRPIM is a function of the asset class of the investment, its reporting cycle, the size of our investment and the degree to which we have concerns about performance. Due to our long-term time horizon and fundamentally driven approach to investing, monitoring of the management, performance, strategy and governance of our investee companies is a natural extension of our investment process. Our dedicated, in-house research analysts consider tangible investment factors such as financial information, valuation and macroeconomics in tandem with intangible investment factors related to the environment, social factors and corporate governance.

Our approach is the same whether our investment is held in an equity or fixed income strategy. The equity or credit analyst generally speaks with the management of the company or other issuer following the public release of any significant news, financial results or strategic developments. In between such events, our analysts are responsible for monitoring the public filings of the company as well as information from a variety of sources: broker-sponsored research, investment conferences, industry publications and analyst days.

Our RIIM analysis also supports our regular portfolio monitoring reviews, as it will capture new data released and/or exposure to new controversies.

Closing reflection

There are three main changes to our 2023 engagement practice and reporting under Principle 9. The first is the inclusion of meaningful content from TRPA, TRPIM and OHA for the first time in our Stewardship Report. The second is that 2023 saw an 11% increase in the number of ESG engagements undertaken by TRPA. A particular area of growth was our focus on fixed income engagements in the municipal, sovereign and securitised asset classes. We have not included similar year-on-year numbers for TRPIM as 2022 being a transitional year means the end of year numbers are not comparable. The third is the inclusion of the engagement target tracking statistics and process description for TRPA. TRPIM expects to report similar engagement target tracking statistics in the 2024 Stewardship Report.

PRINCIPLE 10

Signatories, where necessary, participate in collaborative engagement to influence issuers.

Collaborative engagement

Collaborative engagement involves working with other investors to engage an issuer in a group dialogue on specific topics or to achieve a specific change. Where we believe this benefits our clients and is allowable under the applicable regulatory framework, T. Rowe Price Associates, Inc. (TRPA), increasingly uses collaborative engagement as a means of escalating a concern we have identified in an individual dialogue (see Principle 11). T. Rowe Price Investment Management, Inc. (TRPIM), has not used this tactic to date, given that the average size of its holdings in small- and mid-cap companies is typically sufficiently meaningful to ensure its voice is heard, but would do so if it felt this course of action was appropriate given the company-specific situation. Oak Hill Advisor's (OHA) collaborative engagement may involve work with other investors to facilitate systems-level change and in direct interactions with an issuer to achieve a specific outcome. The framework we use to decide when to join a collaborative engagement is set out below.

Five key considerations for collaborative engagement

When considering participation in a collaborative engagement initiative, we weigh the following factors:

1 Alignment

How closely aligned is this engagement opportunity with our investment holdings? Does it include companies where we are significant shareholders?

2 Impact potential

Would our participation help the engagement initiative? Does it need a large asset manager merely to gain attention, or does it already have broad support?

3 Resource focus

Does the engagement make the most efficient use of our internally dedicated engagement resources?

4 Practicality

Have we already undertaken the same engagement or very similar engagements successfully?

5 Tangibility

Is the scope of the collaborative engagement clear, and are we confident that it will not change over time?

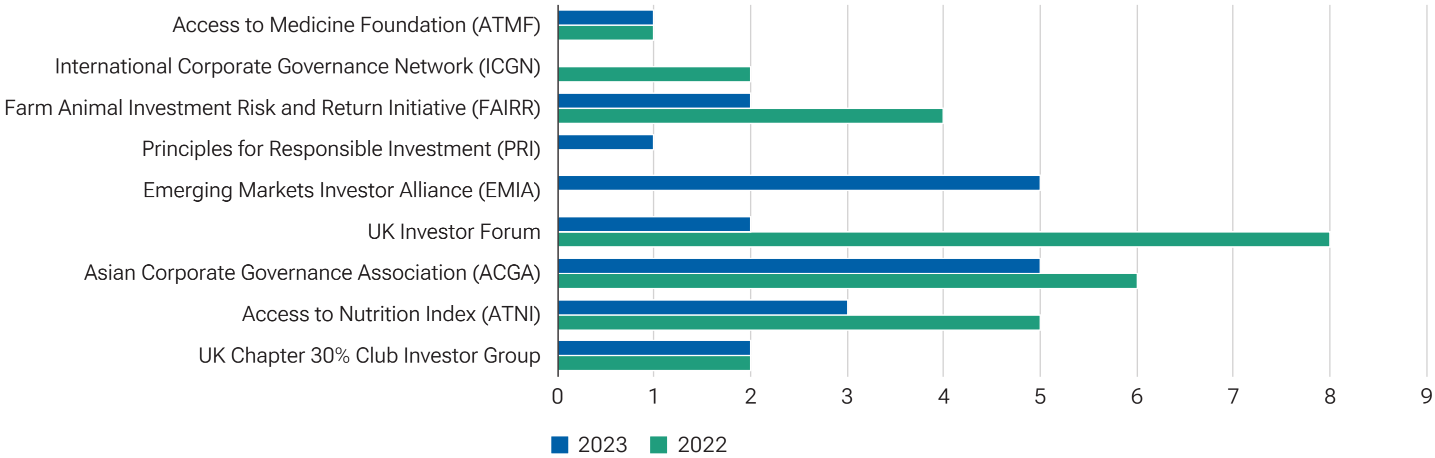
Why engage through investor associations?

We primarily engage in collaboration with investor associations or other initiatives that have been established specifically for this purpose, either with policymakers or with companies. We believe this is the most efficient and appropriate approach for such activity.

Collaboration highlights

In 2023 we participated in 21 collaborative engagements with 19 issuers. This number is a marginal decrease from 2022, but we are dependent on our preferred investor initiatives choosing to run collaborative engagements at companies we hold. Of the dialogues which did take place, 17 were with corporates and four were with sovereigns. The chart on the following page shows the year-on-year (yoy) change in the number of collaborative engagements or group meetings we participated in, facilitated by the initiatives below.

A comparison of the TRPA collaborative engagement initiatives in 2022 and 2023



Collaborative engagement by type

- On **governance**, we engaged corporates on governance topics through the UK Investor Forum and through the ACGA Japan Working Group and China Working Group. We are a member of the 30% Club UK Investor Group Race Equity Working Group, and over 2022 and 2023 have engaged in a dialogue with four UK companies in the FTSE 250 to ensure they are compliant with the expectations of the Parker Review to have at least one ethnically diverse board director by 2024. Three of these companies have since confirmed they consider themselves to be compliant now, whilst the engagement with the other is ongoing.

- We continue the **environmental** and **social** dialogues begun in 2022 through ATMF, FAIRR and ATNI. These thematic engagements are detailed in the case studies later in Principle 10.

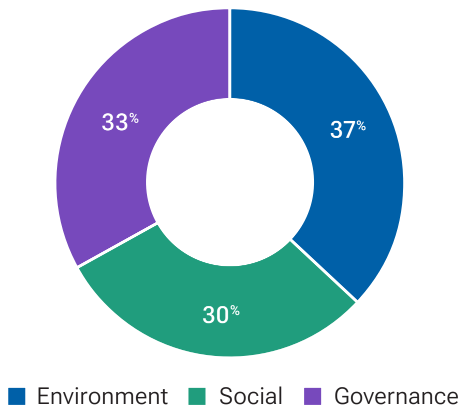
- We engaged sovereigns through dialogues convened by EMIA and PRI. The majority of these dialogues were on **environmental** topics.

The thematic breakdown of collaborative engagements is shown in the chart on the right. Collaborations were split evenly on environmental (37%), social (30%) and governance topics (33%).

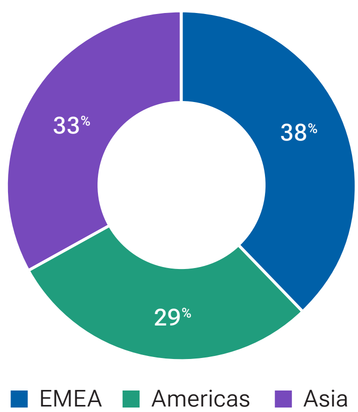
Regional breakdown of collaborative engagement

The greatest proportion (38%) of collaborative engagements in 2023 took place in the Europe, Middle East and Africa (EMEA) region, although to a lesser extent than in 2022 when EMEA had the majority (57%) of engagements. This skew towards EMEA can be explained by the presence of local investors who are open to engaging collaboratively, companies that are familiar with this mode of engagement, investor initiatives which provide secretariat support and a regulatory framework which in some markets provides investors with reassurance that they will not be considered to be acting in concert with other investors merely by participating in a collaborative engagement.

Breakdown of collaborative engagement topics



Regional breakdown of collaborative engagement



Our descriptions of collaborative engagements respect the confidentiality expectations of the individual initiatives.

Engaging collaboratively with a Brazilian bank on climate issues (TRPA)

Itau

Company Description	Itau is a Brazil-based bank.
Focus	Environmental
Asset Class	Fixed Income
Country	Brazil
Engagement Objective	We joined a group ESG investor meeting as part of the Emerging Market Investor Alliance to conduct due diligence on (1) the bank's integration of environmental and social risks within its lending standards and (2) its strategy to decarbonise the balance sheet.
Collaboration Partner	Emerging Market Investor Alliance
Background	We believe the bank is ahead of its Latin American peers in its climate strategy with the measurement of financed emissions across the entire wholesale loan book, but Itau falls behind global best practice in aspects relating to target setting and client engagement.
Outcome	Key takeaways from the collaborative meeting include: **Deforestation:** The bank walked through how it evaluates risks associated with deforestation within its lending standards. Itau evaluates clients on ESG risks (with medium-/high-risk rated counterparties reviewed at an internal risk committee) and the bank has several requirements on counterparties that are exposed to deforestation risks (e.g., clients must have a deforestation-free policy by fiscal year 2023, and plans must be fully implemented by fiscal year 2025). To help in its monitoring, the bank uses satellite images to assess ongoing risks associated with agricultural and commodity counterparties. Itau also explained that it provides a discount (0.03%–0.05%) to farmers that are demonstrating a commitment above the minimum standard required by law. **Financed emissions and targets:** The bank stands out versus its regional peers as it has measured the financed emissions for 59.6% of the balance sheet, including its entire wholesale, real estate and automobile portfolios. It found that nine wholesale sectors accounted for 75% of its financed emissions and is working on setting financed emission reduction targets on these sectors. The bank has already established interim 2030 targets for two sectors (power generation and thermal coal), and we recommended the bank set financed emission targets for the remaining seven high-priority sectors (cement, iron, aluminium, real estate, autos, agriculture and mining) to bring it in line with global best practice. **Client engagement:** The bank has developed an assessment tool to measure the counterparties' transition plans, with a focus on the measurement of emissions, established reduction targets, net zero commitments and green capex spending. Each counterparty is scored on this model, and ratings are fed into the bank's risk models. We recommended the bank provide additional disclosure on this tool in the upcoming ESG report. The meeting confirmed our view that Itau is ahead of its Latin American peers in integrating ESG risks into its lending standards and in its strategy to decarbonise the loan book. We provided some specific recommendations to bring the bank in line with global best practice. We will monitor the bank for next steps, including setting financed emission reduction targets for seven high-priority sectors and provide additional detail on its client assessment tool.

The specific securities identified and described are for informational purposes only and do not represent a recommendation.

Engaging with a pharmaceuticals company on reporting on access to medicine (TRPA)

AbbVie	
Company Description	AbbVie is a pharmaceutical research and development company.
Focus	Social
Asset Class	Equity and Fixed Income
Country	US
Engagement Objective	The Access to Medicine Foundation runs a collaborative engagement programme with the 20 largest global pharmaceutical companies to help track and encourage progress towards the United Nations' Sustainable Development Goal 3 (SDG 3).
Collaboration Partner	Access to Medicine Foundation
Background	We previously discussed our engagement with AbbVie in our 2022 Stewardship Report. In 2023, we reengaged as a co-lead investor with AbbVie to provide feedback on best practices for disclosure on access to medicine.
Outcome	Relative to the time of our last collaborative engagement, the company has made solid progress on ESG disclosure in some areas (e.g., product quality, human capital), but transparency specifically on access to medicine remains essentially unchanged. We discussed whether there was scope to improve access planning in countries where the company is already present, and AbbVie was open to strengthening its approach here. We also discussed AbbVie's general strategy and philosophy on access to medicine and outlined our view that an access to medicine strategy based purely on philanthropy and product donations is less credible. The company's views were aligned to our own here, so we asked the company outline this more clearly in its overall description of its access to medicine strategy in future. We will continue to monitor for additional disclosure addressing how access planning during product development and product launch functions in practice.

The specific securities identified and described are for informational purposes only and do not represent a recommendation.

Promoting healthier food products, particularly in the US (TRPA)

Kraft Heinz	
Company Description	Kraft Heinz is a multinational food company.
Focus	Social
Asset Class	Equity and Fixed Income
Country	US
Engagement Objective	This engagement was organised by the Access to Nutrition Initiative, an independently funded research group that analyses and ranks food manufacturers and retailers on their preparedness and performance on product nutrition. The purpose of the 2023 collaborative engagement was to follow up on the results of the ATNI's US Retailer Index 2022. We engaged with Kraft Heinz, as members of a wider group, to discuss healthier products.
Collaboration Partner	Access to Nutrition Initiative
Background	In light of the recent White House Strategy on Hunger, Nutrition and Health, which called for a 'whole-of-America approach to ensuring that by 2030...fewer Americans experience diet-related diseases', we engaged with Kraft Heinz on product nutrition following the 2022 assessment, which saw its score ranked 8 out of the 11 consumer companies participating. In terms of nutrition guidelines, Kraft Heinz currently has a target for 85% of global sales to comply with its Global Nutrition Guidelines by 2025, although this only accounts for negative nutrients and its nutrient profiling model (NPM) doesn't include positive nutrients. This is currently at 69%, and the company is focused on improving this—the reason for the slowdown in 2021 and 2022 was because it enlarged the scope of compliance to all regions, such as Latin America and China where it did not have the data before whilst regions such as the UK and Europe are well on their way to achieving this target. The company stated that when it sets its next five-year agenda it will include an NPM that is benchmarked versus a universally known NPM and that it would also design a strategy related to positive nutrition, as it is currently more focused on reducing nutrients of concern such as sugar and sodium. However, it stressed the importance of being mindful of what consumers want to eat. Kraft Heinz also has a sodium reduction target, although this is only applied to reducing sodium in North America BBQ sauce and Kraft salad dressings by 5% by 2025. The company admitted that these were developed before the October 2021 release of the US Food and Drug Administratio's Voluntary Sodium Reduction Goals Guidance for Industry. It stated that the next version of the Global Nutrition Guidelines in 2025 would take this into consideration. The company does not currently have a responsible marketing policy applicable to all audiences, whilst most of its peers do. However, it abides by a number of marketing to children standards such as the Children's Food & Beverage Advertising Initiative, Children's Online Privacy Protection Act and Children's Advertising Review Unit, although these only extend to children up to 13 years old. The company stated that it aims to have a public global policy on marketing to children released in 2023, and it welcomed the feedback that we provided on what peers such as Unilever and Nestle are doing—both use age 16 for the marketing cutoff.
Outcome	The meeting allowed the group to provide feedback on Kraft Heinz's current product nutrition strategies and give examples of best practice in the industry. In terms of next steps, the group will circle back with the company to see how it scores on the next ATNI US Index and review progress in areas related to product nutrition. Kraft Heinz stated it would have a new global policy on marketing to children released in fiscal year 2023, although this has yet to be published. The company is also aiming to publish, by the end of fiscal year 2025, new Global Nutrition Guidelines in its next agenda which are benchmarked against an internationally recognised NPM and promote positive nutrients.

The specific securities identified and described are for informational purposes only and do not represent a recommendation.

Engaging with a consumer company to promote protein diversification (TRPA)

Unilever

Company Description	Unilever is a British-Dutch multinational consumer goods company.
Focus	Environment
Asset Class	Equity and Fixed Income
Country	UK
Engagement Objective	We discussed our engagement with Unilever in our 2022 Stewardship Report. The purpose of this collaborative engagement, led by T. Rowe Price, was to get an update on Unilever's commitment to alternative meat and dairy products and to check if it is on track to meet its 'Future Foods' targets. We also wanted to ask how the company is calculating the carbon abatement potential of its alternative meat and dairy products. Moreover, we wanted an update on Unilever's Scope 3[1] targets and how it plans to align these with the Paris Agreement to 1.5°C.
Collaboration Partner	FAIRR
Background	Unilever is on the front foot when it comes to diversifying its product portfolio towards alternative products and improving the sustainability profile of its portfolio. The company has a 'Future Foods' ambition—a plan to transition towards healthier diets and reduce the environmental impact of the food chain. Unilever is assessing the resiliency of its supply chain and looking at other sources of plant-based protein (beyond soya and pea) that can be used to increase the different non-dairy proteins in its products. We discussed Unilever's road map for reaching net zero across the company by 2039. Currently, the largest source of emissions is the supply chain, raw materials and the refrigeration units for the ice cream products, so it is working on increasing its plant-based portfolio, reducing plastic in packaging and finding more efficient refrigerant methods. It reported being on track to reach the 2030 target but acknowledges that the most significant challenge will be post-2030 and net zero by 2039.
Outcome	The collaborative engagement made several asks of Unilever: 1. Unilever should begin publishing data around its €1 billion alternative meat and dairy target in the next annual report in March 2023. 2. The company should start reporting its total sales of plant-based products as of the next annual report. 3. Unilever should share an update on its new 1.5°C Scope 3 target in its next reporting cycle, which it wants to be Science Based Targets initiative validated. We were pleased to see that the first two targets were met in 2023. No update is expected on the third target until May 2024, given the timing of the reporting cycle.

[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).

Escalation following a conflicted transaction (TRPA)

Arco Platform Ltd

Focus	Governance
Company Description	Arco provides curriculum support, content and a technology-enabled delivery system to private schools in Brazil.
Asset Class	Equity
Country	US/Brazil
Collaboration Partner	We are not reporting this case as a formal collaborative engagement for 2023. We recommended it to the Association of Capital Markets Investors (AMEC), but we do not know if AMEC carried it forward. We include it in this report as an example of escalation and of our engagement with our regional investor association partners.
Escalation Approach	Using nontraditional means to express concerns about a transaction to sell the company. This included engaging collaboratively with AMEC, a local advocacy organisation that represents foreign and local investors in the Brazilian market. AMEC was founded in 2006 as an initiative by independent and financial institutional investors to defend the rights of minority shareholders and promote the development of the Brazilian stock market.
Background	In late 2022, two private equity investors disclosed an offer they had made to take the company private at a price we considered inadequate. Our attempts to engage with the company's board and management were unsuccessful, so in 2023 we identified other means to escalate our concerns.
Engagement Outcome	We were significant investors in Arco, a family-controlled corporation with a US listing but operations in Brazil. The company had delivered mixed results since its 2018 initial public offering, but our investment perspective was that the company had stabilised and was poised to experience improved performance. In late 2022, two private equity investors with stakes in Arco made an offer to acquire it. Our analysis indicated that the consideration was grossly inadequate, and we had concerns about the process undertaken to arrive at that price. The board established a Special Committee to negotiate with the buyers. The parties disclosed almost no information about the proposal or the process. After allowing some time for the process to take place, we attempted to engage with the company management and board. We were not allowed the opportunity, but Arco permitted the board's third-party financial and strategic adviser to speak with us. This engagement was wholly disappointing, as the adviser did not provide any additional information and did not respond to any of our objections or questions. Arco subsequently announced a final transaction at a price slightly higher than the original offer yet still inadequate. That transaction closed in December 2023. We were disappointed that the parties elected not to receive any meaningful market feedback during this process. As a final step, we engaged with AMEC. We discussed ways this organisation could enable investors to express concerns about the transfer of value that took place in this instance from public to private investors, with the objective of preventing other such transfers in the future. We recommended that AMEC seek feedback from its other members who were investors in the company and determine whether a formal collaborative engagement would be productive.

T. Rowe Price memberships and associations[2]

T. Rowe Price has joined or led the following initiatives to bring investors together for purposes of advocacy and engagement.

Organisation	Status	Joined
CLIMATE RELATED		
Task Force on Climate-Related Financial Disclosures (TCFD)	Supporter	2020
TCFD Consortium (Japan)	Member	2021
Institutional Investors Group on Climate Change (IIGCC)	Member	2020
Net Zero Asset Managers initiative	Signatory	2022
THEMATIC ENGAGEMENT		
Farm Animal Investment Risk and Return	Member	2020
Access to Medicine Index	Signatory	2021
Access to Nutrition Initiative	Signatory	2022
IMPACTING INVESTING		
Global Impact Investing Network (GIIN)	Member	2021
Responsible Investment Association Australasia (RIAA)	Member	2020
Japan Impact-Driven Financing Initiative	Signatory	2022
GLOBAL INITIATIVES AND STANDARDS		
Principles for Responsible Investment	Signatory	2010
International Capital Market Association (ICMA)	Member	2017
– ICMA Principles – Green Bond Principles (GBP), Social Bond Principles (SBP), Sustainability Bond Guidelines (SBG) and Sustainability-Linked Bond Principles (SLBP)	Member	2022
– ICMA Advisory Council	Member	2023
International Corporate Governance Network (ICGN)	Member	2021
UN Global Compact	Signatory	2021
Sustainability Accounting Standards Board (SASB) Alliance	Member	2021

[2] As of November 2023, at least one T. Rowe Price entity is a member of the organisations listed (continued on the next page).

T. Rowe Price memberships and associations (continued)

	Organisation	Status	Joined
REGIONAL INITIATIVES AND STANDARDS			
UK	UK Stewardship Code	Signatory	2020
UK	Pensions and Lifetime Savings Association (PLSA) Stewardship Advisory Group	Member	2020
UK	30% Club Investor Group – UK Chapter	Member	2021
UK	UK Investor Forum	Founding Member	2016
US	Council of Institutional Investors (CII)	Associate Member	1989
US	Investor Stewardship Group (ISG)	Founding Member	2017
Asia	Japan Stewardship Code	Signatory	2014
Asia	Asian Corporate Governance Association	Member	2016
Asia	Japan Stewardship Initiative	Founding Member	2019
Emerging markets	Association of Capital Markets Investors	Member	2015
Emerging markets	Emerging Markets Investors Alliance	Member	2020

Organisation	Status	Joined
WORKING GROUPS		
Investment Association Climate Change Working Group	Member	2020
ACGA Japan Working Group	Member	2020
30% Club UK Investor Group Race Equity Working Group	Member	2021
Investment Management Education Alliance (IMEA) ESG Committee	Member	2021
ACGA China Working Group	Member	2022
ICMA (Impact Reporting, Social Bonds, Climate Transition Finance, Sustainability-Linked Bonds)	Member	2022
Taskforce on Nature-Related Financial Disclosures (TNFD)	Forum Member	2022
GC100 and Investor Group – Directors' Remuneration Reporting Guidance	Member	2023
IIGCC (Sovereign Bonds and Country Pathways Working Group, Derivatives and Hedge Funds Working Group)	Member	2023

Closing reflection

Whilst our approach to collaborative engagement is unchanged, in practice we undertook fewer collaborative dialogues in 2023 than in 2022. This was because, as an active manager, we are dependent on our preferred investor initiatives, choosing to run collaborative engagements at companies held in our portfolio. We will carefully monitor participation in collaborative engagements in 2024 and the investor initiatives we participate in, given our stewardship objectives.

PRINCIPLE 11

Signatories, where necessary, escalate stewardship activities to influence issuers.

Our approach to escalation

Essentially our approach to escalation takes a case-by-case approach, tailored to the company's specific situation. Typically, we follow a three-step process when deciding how to proceed.

1
Issue identification
- Events or decisions that bring into question company performance

2
Issue evaluation
- Portfolio manager and analyst review cause for underperformance
- Responsible Investing and Governance team perspectives

3
Escalation
- Divestment an option—but not taken lightly
- Potential to vote against management
- Potential to re-weight the security in the portfolio

1. **Issue Identification:** We may conclude that a series of events or decisions on the part of a company's management or board has reduced the probability that our investment in the company's securities will generate the returns we expected.
2. **Issue Evaluation:** At that point, the investment analyst and the portfolio manager(s) will discuss the root cause of the underperformance. Frequently, we see a cluster of related issues, some of which may be ESG related; if so, the relevant members of the Responsible Investing and Governance teams will also be asked to provide input. Similarly, if a company is involved in egregious misconduct relating to environmental, labour or human rights abuses or corruption, the Responsible Investing and Governance teams may raise the issue for escalation.
3. **Escalation:** As an active manager, our ultimate escalation is to sell the stock. However, this decision is not made lightly. Whilst the investment analyst will have a perspective on a company's situation, the ultimate decision on how to escalate—whether that be to vote against the directors if the company is held in an equity strategy or to divest—sits with the portfolio managers. Over/underweighting is another tool at our disposal. When an ESG risk or benefit is identified, it may cause the portfolio manager to adjust his or her weighting of the holding.

Given their different mandates, there may be a range of views amongst the portfolio managers responsible for the T. Rowe Price holding on the shareholder register of a single company. In practice, we have a bottom-up approach to escalation which seeks to build a consensus on next steps between the holders of a particular security at a point in time. Some portfolio managers may choose to sell whilst others continue to hold, and so members of the core T. Rowe Price holders' group may change over time, which can also influence the approach.

How we decide when to escalate an engagement

We may choose to escalate an engagement if our investment teams are frustrated with the dynamic of an existing dialogue but remain convinced by the long-term potential of the stock. Escalation could also be triggered if the company has failed to meet an engagement target within a reasonable time period. When deciding whether to escalate, we would consider any client questions either on the company or on the thematic issue. We are most likely to seek to escalate an engagement, rather than sell the position, where:

- We own a substantial amount of the company's share capital and intend to remain long-term owners.
- We have general agreement amongst our portfolio managers as to the nature of the concern and potential solutions.
- We believe there is a reasonable probability that the company's leadership will enter constructive dialogue with us and seek to address the issue in question.

Escalation versus escalated targets

Of note, this Principle 11 refers to examples of complex escalation engagements, as it has done in previous years' Stewardship Reports. However, as of 2023, we are using the term 'escalated' to describe a target status where a company has failed to meet, in a timely fashion, a target we set and that is now considered to have an 'escalated target'. An example of such an escalated target, Hikari Tsushin, is provided in Principle 9 of this report.

Escalation case studies

Engaging on long-standing remuneration concerns (TRPA)

Naspers Ltd and Prosus NV

Focus	Governance
Company Description	– Naspers Ltd is a South African multinational with media, e-commerce and venture capital businesses. – Prosus NV is a Dutch multinational which holds Naspers' international internet assets.
Asset Class	Equity and Fixed Income
Country	South Africa and the Netherlands
Engagement Objective	At the 2022 annual general meetings (AGMs), the companies introduced a non-standard remuneration structure which we supported as it aligned management's interests with those of shareholders. We were disappointed to see the companies return to a more conventional pay framework at the 2023 AGM.
Background	One of the key investor debates at Naspers and Prosus has been caused by their share prices trading at a substantial discount to net asset value (NAV). In theory, discounts to NAV in holding companies exist to compensate holders for tax and liquidity costs if all the assets were monetised and the proceeds returned to shareholders. In reality, discounts to NAV are volatile and also driven by perception of managements' capital allocation record, complexity in the corporate structure and stage in the market cycle. In the case of Prosus and Naspers, the discounts have likely not only reflected tax and liquidity costs, but also complexity around corporate structure and concerns on capital allocation. At times, investors have had significant concerns that the management teams were not taking sufficient steps to address the discount. Encouragingly the board addressed shareholder concerns about the discount in the remuneration policy put forward at the 2022 AGMs of Prosus and Naspers. Unusually, the companies did not grant a long-term incentive, and instead proposed a separate discount-linked short-term incentive (STI). We voted in support, following engagement, as we felt this novel structure would align executives' and shareholders' interests and had responded to a key concern of our portfolio managers. In the year that the discount-linked STI was present, the management teams took several steps to improve capital allocation and, therefore, reduce the discount, including (1) the announcement of a buyback programme funded by the gradual sale of its largest asset, Tencent, and (2) a more disciplined approach to mergers and acquisitions. We believed these actions aligned well with shareholders' interests and, at least in part, could be attributed to the influence of the discount-linked STI plan in management's remuneration. Therefore, we were disappointed to see ahead of the pre-AGM engagement in July 2023 that the companies announced that the discount-linked STI was not renewed at the 2023 AGMs, and the long-term incentive plan (LTIP), which contained long-running problematic elements, was being reintroduced. Our objective in meeting the companies was to communicate that we thought the discount-linked STI had been a success and to express our disappointment that it was not being renewed for another year. The chair of the Remuneration Committees shared our view that the discount-linked STI had incentivised management to behave in a way which aligns their interests with those of shareholders, noting that there had been a reduction in the holding company discount as a result of the share repurchase programme over the last year. However, they also added that given this had created significant value for shareholders, the Remuneration Committees felt the discount-linked STI had met its objectives. Although the discount-linked STI is being held in reserve (because of a clawback provision) and will only be released if the discount as per 31 March 2023 persists until 31 March 2024, which is a positive, the Remuneration Committees had ultimately decided that the discount-linked STI was not going to be renewed for fiscal year 2024.

Engaging on long-standing remuneration concerns (TRPA) Continued

Background (continued)	Instead, the companies has reverted to their standard remuneration approach which consists of fixed pay, bonus (STI), LTI performance share units, LTI share appreciation rights (SARs) and LTI share options. Both companies feels this structure incentivises management to make value-creating asset allocation decisions on the non-Tencent portfolio, whilst being sensitive to the share price and thus aligned with shareholders' interests. Our main concern is the lack of transparency into how the SARs are valued. We have raised this with the companies over several years, and whilst the companies have improved their disclosure of the valuation process, ultimately we do not know the underlying valuations and so how the outturn is calculated. This is concerning, given the overall quantum of reward, which is significant in the Europe, Middle East and Africa (EMEA) context. The chair of the Remuneration Committees explained that the performance of the SARs is determined by year-on-year changes to the per share valuation of the group's Global Ecommerce Portfolio. A valuation report is provided which includes the share scheme valuations. The report is reviewed by the Valuations Sub-committee of the Remuneration Committee, before their recommendations are sent to the Remuneration Committee. The lack of transparency in the valuations of the mature private assets is problematic as the bulk of the enterprise value is here. The chair of the Remuneration Committees said the discount-linked STI could be reintroduced in a future year if needed, which we considered an encouraging statement. We also voted FOR item 10, which removed the cross-holding structure between Naspers and Prosus.
Participants	**From Prosus NV and Naspers:** Chair of the Remuneration Committee, head of Investor Relations **From T. Rowe Price:** Head of Governance, EMEA and APAC; investment analyst
Engagement Outcome	At the 2023 AGM of Naspers Ltd T. Rowe Price Associates, Inc. (TRPA), voted AGAINST the remuneration policy, as the reintroduction of the share appreciation rights brings back the long-standing issues with opaqueness. We also voted AGAINST the remuneration report, because we were disappointed to see the special discount-related short-term incentive not be renewed. At the 2023 AGM of Prosus, our holders voted FOR all items with the exception of the remuneration report because, as above, we were disappointed to see the special discount-related short-term incentive not be renewed. Whilst no LTI grant was made for fiscal year 2023, the usual structure has been reintroduced for fiscal year 2024, which brings back the long-standing issues with the opaqueness of the valuation methodology for the share appreciation rights, given the quantum of the reward being unlocked. We made it clear when we saw the company that we felt it had taken a step backwards with its fiscal year 2024 pay arrangements.

The specific securities identified and described are for informational purposes only and do not represent a recommendation.

Escalating an engagement based on governance concerns (TRPA)

Kemper	
Focus	Governance
Company Description	Kemper is a multiline insurance company.
Asset Class	Equity
Country	US
Engagement Objective	We engaged with the company post-AGM as part of an escalated engagement to discuss our decision to vote against the entire board as well as the compensation.
Background	We are long-standing investors in the company. Performance of certain divisions of the company has been persistently poor. We were concerned that the board was not exhibiting the proper level of urgency to address important strategic issues the company faces. We also noted evidence that management and the board are insulated from shareholder perspectives and concerns. For these reasons, we concluded an escalation in our vote was necessary.
Engagement Outcome	We became concerned that our previous efforts to engage with members of the management team had not been fully communicated to the board. As one of the company's largest shareholders, we had an expectation that our previous comments on strategy, performance, board composition and remuneration would have been shared with the board in a detailed and timely manner. Over time, we did not observe an appropriate level of urgency at the board level to address the company's performance issues. We became more concerned about accountability throughout the company. These concerns caused us to vote AGAINST the entire board and AGAINST the compensation at the 2023 AGM. At the 2023 AGM, all directors were reelected, although three saw double-digit dissent. 30% of shareholders voted against the say-on-pay resolution. Shortly after the vote was submitted, we learned that the board was not aware of the concerns we had expressed in previous engagements. Certain directors then asked to meet with us directly. We discussed the key strategic questions the company faces at the moment and how the board assesses them. One complication is that a few of the board's leaders joined right before the pandemic. They have struggled to gauge how much of the company's lagging results may be pandemic-related. The directors conceded that their understanding of investor sentiment is limited. They asked us to continue to engage directly in the future. Based on this development, we believe the decision to escalate our concerns to the directors' reelections was effective.

The specific securities identified and described are for informational purposes only and do not represent a recommendation.

Using the vote post-engagement (TRPIM)

Starbucks	
Focus	Social
Company Description	Starbucks is a major roaster and retailer of specialty coffee, operating in more than 80 markets. It operates both a wholesale and franchise model. The US is the company's key market.
Asset Class	Equity
Country	US
Engagement Objective	Starbucks has repeated controversies around allegedly not adhering to freedom of association rights, contrary to expectations of the International Labour Organization (ILO).
Background	On this key issue of human capital management, the National Labor Relations Board (NLRB) has found merit in allegations of labour rights violations and issued multiple complaints against the company. This subject matter led to a shareholder proposal calling for a third-party assessment of the company's commitment to Freedom of Association and Collective Bargaining rights.
Engagement Outcome	We engaged with Starbucks around the controversy and discussed the shareholder proposal. We discussed the legal fact pattern of judicial finding against Starbucks, and whilst the company has not exhausted legal appeals, findings of reinstatements currently remain in place. An argument put forward by Starbucks was that if the third party commissioned to do the report was not of its choosing, that confidential information could be compromised. This is not credible, given that, regardless of the commissioned author, the company will be in control of information provided. Having engaged on the topic and weighed the consideration, we escalated our concerns via the vote. T. Rowe Price Investment Management, Inc. (TRPIM), supported the shareholder proposal. At the 2023 AGM, the proposal passed with 52% support. We will monitor progress here.

The specific securities identified and described are for informational purposes only and do not represent a recommendation.

How we engage after a controversy

Our approach to engagement may vary according to the type of issue, such as financial concerns or ESG controversies. Key questions in the handling of any serious ESG controversy are:

- What did the board know?
- When did it become aware?
- What is it doing to remediate the issue?

It is important that companies communicate clearly and openly to all stakeholders, including shareholders, during a crisis. Companies often hold a group meeting for investors to set out their perspective—we see these as valuable opportunities to compare what the company is telling us in individual meetings with what it says in front of other investors. One of our escalation strategies is to look for the opportunity to join a collective engagement with the company through a third-party initiative, where we believe the dialogue will constructively raise issues of concern.

Engaging on corporate governance concerns (TRPA)

Fujitec	
Focus	Governance
Company Description	Fujitec is a manufacturer of elevators and escalators.
Asset Class	Equity
Country	Japan
Engagement Objective	The purpose of our engagement with Fujitec was to use our vote at the company's 2023 Extraordinary General Meeting (EGM) to express our concerns regarding misuse of corporate assets.
Background	Fujitec was the subject of a 'vote no' campaign in 2022 against its president following the alleged misuse of corporate assets. The accusations were made by the activist, Oasis Management Company Ltd, which is also the largest shareholder. We had engaged with Fujitec on corporate governance topics in 2020 and 2021 and had thought genuine progress had been made. Hence, we are particularly concerned by the issues which have since emerged and by the company's response.
Engagement Outcome	In 2022, evidence of misuse of corporate assets emerged. These included accusations of several inappropriate related-party transactions taking place between Fujitec and its president. We engaged with Fujitec senior management and board members twice to express our concerns over Oasis' accusations. We impressed upon management that a full review by a third-party committee was warranted. We also requested a call with Fujitec's independent directors. Subsequently, Fujitec amended the proxy, but although the president did not stand for reelection at the 2022 AGM, he was appointed to an unelected chairman role. This entrenched his power and was inappropriate given the severity of the allegations. Frustrated with the company's response, Oasis convened an EGM in February 2023 to remove the six incumbent outside directors and replace them with candidates it saw as more likely to stand up for the interests of shareholders, given the decision of the existing outside directors not to hold Chairman Takakazu Uchiyama to account. Prior to this meeting, in line with our usual process for contested elections, we met separately with management and with Oasis. We also attended a webinar where the nominees who had been nominated by Oasis presented to investors. The six nominees had relevant skills; two had expertise in legal and governance matters and two were experienced investors. Fujitec specialises in the development, manufacturing and installation of elevators, escalators and other transportation systems, so we were pleased to see that two had track records of business leadership in the international elevator industry. The candidates proposed by Oasis also provided demographic diversity in terms of age, gender, ethnicity, nationality and regions in which they were based or had gained professional experience. The nominees had been identified through external searches and consider themselves independent of Oasis and independent of Fujitec; on the webinar they emphasised that they would treat Oasis equivalent to any other shareholder if they were elected. Fujitec proposed two new independent directors, but following our unsatisfactory engagements with the company, we were not convinced that these two candidates would be able to drive meaningful change. TRPA, on behalf of the T. Rowe Price funds and certain of its advisory clients, voted AGAINST the new company-proposed outside directors and FOR all the other items at the EGM.
Future Escalation Options	This is not possible as we have sold out of the stock.

The specific securities identified and described are for informational purposes only and do not represent a recommendation.

Persistent concerns at Tesla—an update for 2023 (TRPA)

Tesla	
Focus	Governance, Environmental
Company Description	Tesla designs, manufactures and sells electric vehicles (EVs), renewable power systems and storage.
Asset Class	Equity
Country	US
Issue	Tesla is a clear leader in the effort to increase market penetration of electric vehicles and the infrastructure necessary to support them. However, its outspoken founder and corporate structure frequently give rise to controversy across multiple issues of interest to investors.
Background	T. Rowe Price portfolios have voted AGAINST the reelection of directors at the company on multiple occasions in the past. We engaged with the company ahead of the 2023 AGM to discuss general governance practices and the directors' reelections. We voted AGAINST the board chair at this year's AGM.
Analysis	We highlighted governance and disclosure concerns at Tesla in our 2022 Stewardship Report and listed ways we might escalate our approach in future years. At the company's 2023 shareholder meeting, only three directors were up for reelection due to a classified board structure. These were CEO Elon Musk, board chair Robyn Denholm and a new nominee, JB Straubel, CEO of private company Redwood Materials. The board is clearly frustrated with investors' perception that it provides a weak counterbalance to the CEO's decision-making authority. From our perspective, this perception had only gained strength in the 10 months since the 2022 AGM, particularly with Musk's acquisition of Twitter, the protracted legal fight that preceded the sale, continued intemperate statements on the platform, related-party transactions between Tesla and Twitter, worsening relations with the US Securities and Exchange Commission and many other provocative statements made by the CEO outside the Twitter context. We discussed these issues as well as the pledging of shares with a member of the board. We also discussed the 'vote no' campaign against newly appointed director Straubel and the reelection of the board chair. TRPA voted FOR the new director but AGAINST the chair.
Future Escalation Options	In 2023, we took two of the steps we listed in this report last year as possible future escalation options. We added the incumbent Tesla directors to our list of 'high concern' directors, which triggers a review of their status at every company in a TRPA portfolio where they serve as directors. Our internal investment discussions about the name reflect a consensus that the position carries a particularly high governance risk.

The specific securities identified and described are for informational purposes only and do not represent a recommendation.

Litigation as a last resort

As a last resort, we will consider commencing legal action to recover shareholders' funds when we believe that the board has acted inappropriately or negligently. One such legal case was outstanding at the end of 2023. This does not include our participation in class action suits.

Escalation considerations in fixed income

The escalation path for fixed income features some variations. For both ESG-labelled bonds and traditional bonds, T. Rowe Price analysts continuously monitor issuer performance. In the case of underperformance or if environmental or social targets are not met, analysts have several options.

They will seek to gain a better understanding using publicly available information. Typically, this is followed by a meeting with the issuer accompanied by T. Rowe Price portfolio managers and/or a Responsible Investing associate to understand the cause of the underperformance and provide guidance if necessary. The aim of the meeting is to assess whether the underperformance is temporary or structural. That engagement, as well as additional checks of publicly available information, is designed to assess if the underperformance is something that will correct over time or is structural in nature.

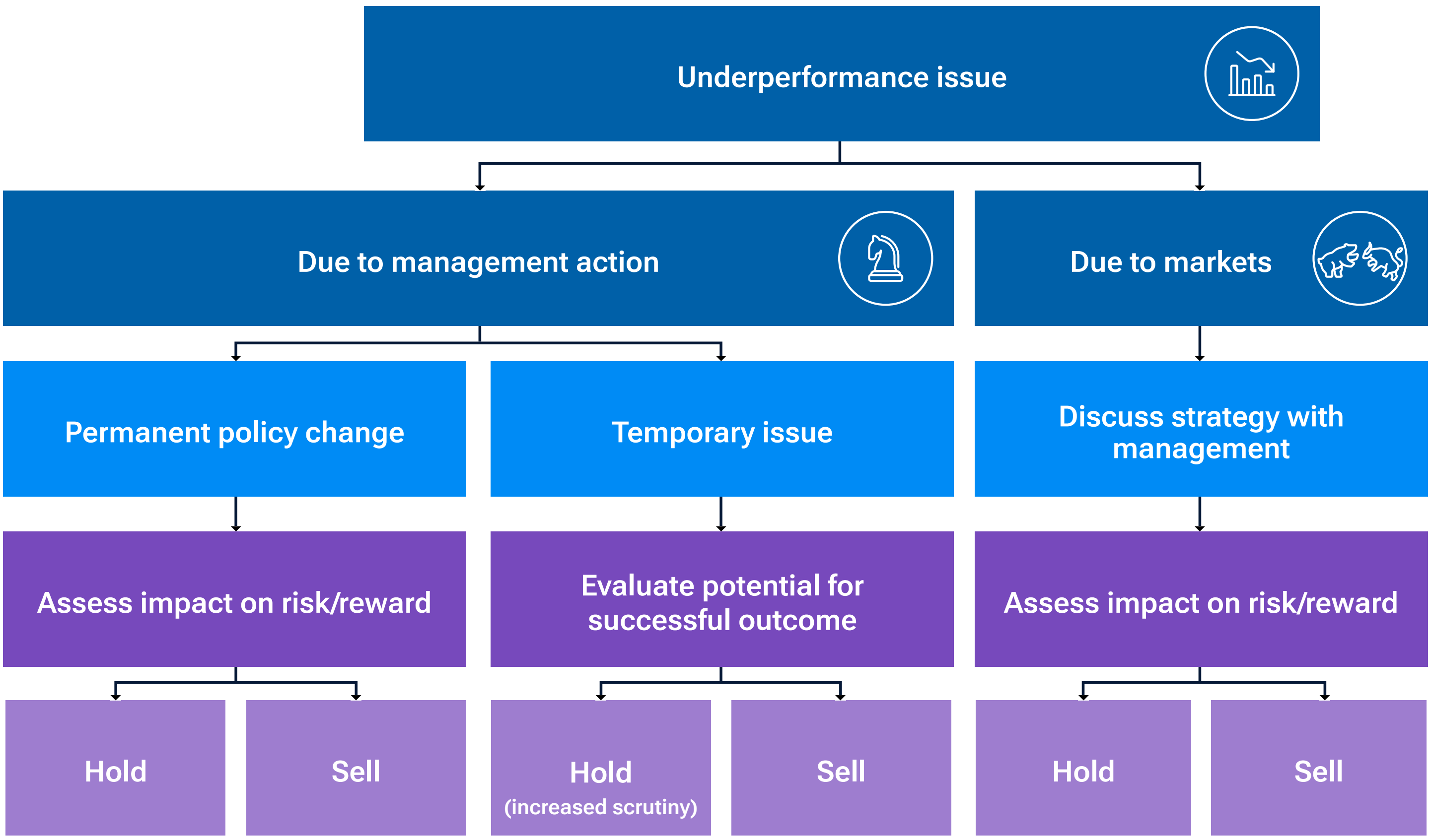
If the underperformance proves to be structural, this may lead the portfolio manager to sell the respective bond. The nature of the underperformance is something that also determines next steps. If it is due to the issuer's action, we work with them to understand if this is a permanent policy change or a temporary issue that they are taking steps to rectify.

If it is a permanent policy change, having assessed the impact of that change on the investment risk/reward, we will decide whether to maintain a holding or seek to sell.

If it is a more temporary issue, we will seek to understand the probability of a successful course correction before deciding whether to hold or sell. If we decide to hold, the analyst will increase creditor scrutiny, with frequent management engagement and credit updates to ensure that the underperformance genuinely is temporary.

For more permanent market-driven underperformance, we will discuss the issuer's perspective on strategic next steps. If we deem those steps to be potentially damaging to bondholders (such as looking for a transformative debt-funded merger and acquisition) we will ultimately look to sell the investment where that risk is not adequately priced.

Examples of the TRPA custom policy differing from the ISS benchmark



The Financial Reporting Council defines escalation as 'how it builds upon an initial engagement, where specific objectives have not yet been met and further action is needed'. The example below sets out how we have engaged with a government agency where we had concerns relating to a project it was funding. This escalation followed an earlier discussion about with the government about the country's role in global decarbonisation initiatives.

Exim Bank: Lending to Bangladeshi coal power plant (TRPA)

Exim Bank	
Focus	Environment
Company Description	Exim Bank is a specialised financial institution, an agency wholly owned by the government of India.
Asset Class	Fixed Income
Country	India
Background	The bank was alleged to have made a US$1.5 billion loan to a coal power plant in Bangladesh which may impact biodiverse areas.
Analysis	In 2022, we engaged with representatives of the government of India. In that ESG sovereign engagement, amongst other ESG topics we specifically focused on India's role in global decarbonisation, along with a discussion on social considerations. Escalation can be about seeking to make our voice heard at the top of an organisation. In this case it was about switching focus to another government entity that is playing a key role in how decarbonisation is implemented in the region, through its support for a coal-fired power plant. Thus, in 2023, our Emerging Market Corporate Credit Investment team, in collaboration with our Responsible Investment team, has extended our engagement to Exim Bank, which is an agency of the Indian sovereign. We used the engagement with Exim Bank to provide feedback on sustainability matters and make a set of targeted, measurable and time-bound ESG/sustainability requests. Our requests centred around Exim Bank's lending practices, including a focus on the Just Transition and level of development-aware lending. During our engagement, we also made requests of the lender asking for incremental public disclosure on Exim Bank's pre- and post-assessment process, particularly focused on how ESG/sustainability considerations are built into the process. In addition, as part of our ongoing fixed income engagement and escalation process, we specifically engaged with the lender on its US$1.6 billion loan to the Bangladesh-India Friendship Power Company 1,320 megawatt Rampal coal power plant. In a follow-up action, we have utilised a third-party debt syndicate desk, through which we have reiterated our feedback and further requested incremental actions related to Rampal. These engagements include, amongst other elements, requests for incremental public disclosure on the project in question and whether the reconstituted issuer's Sustainable Finance Committee has re-underwritten the project. We believe this is relevant information, which will allow investors such as T. Rowe Price to undertake a balanced evaluation.
Future Escalation Options	As part of our ongoing fixed income ESG engagement and escalation process, we intend to track progress, or the lack thereof, on the targeted, measurable and time-bound ESG/sustainability requests we have made of Exim Bank.

The specific securities identified and described are for informational purposes only and do not represent a recommendation.

Communication as an escalation strategy

In many cases, a period of engagement is sufficient to encourage a company to address areas of concern. However, on rare occasions we may decide to share our concerns via a public statement. TRPA selectively shares our voting intentions either just before or around the AGM via a number of proxy voting case studies. The votes are selected either because they are unusually contentious or otherwise particularly illustrative of a key voting theme.

Escalation case studies

Seven & i Holdings Co. Ltd (TRPA)

Seven & i Holdings Co. Ltd	
Focus	Governance
Company Description	Seven & i Holdings is Japan's largest retail conglomerate.
Asset Class	Equity
Country	Japan
Issue	This vote illustrates our approach to a high-profile proxy contest at a company which has been the focus of sustained engagement in recent years. This voting case study was published on our website shortly after the AGM to communicate how we had voted at a high-profile meeting.
Background	Seven & i Holdings was the subject of a proxy contest with activist investor ValueAct. In line with our Shareholder Activism Policy, we met with both the activist and the company before deciding how to vote. Under our policy, we are only able to engage directly with the specifics of an activist's proposals once its campaign is in the public domain; ValueAct had published an open letter to the Board in January 2022.
Analysis	The conglomerate's convenience store operations in Japan and the US are very promising, high-return businesses, but despite generating nearly all of the group's operating earnings, the stock has continually traded at a large discount due to the persistence of struggling, low-return businesses in Japan in markets with few synergies with the core convenience franchise. With the expansion of the North American 7-Eleven business, the company has become increasingly international. Senior management remains very domestically oriented, and investors have questioned to what extent the company is run as a genuinely global enterprise. In addition, we believe Japanese accounting standards and problems with disclosure have led to the market's underestimation of the true level of earnings as well as key performance indicators such as return on equity. Since 2020, well before activists took positions in the stock, we were quietly offering ideas to management about how to reduce the conglomerate discount and to encourage capital deployment to expand the overseas footprint. Despite our dialogue, we remained concerned that domestic reform was too slow and that the limited measures taken were reactive rather than proactive. Thus, we regretfully voted against the reelection of President Ryuichi Isaka at the 2022 AGM. In early 2023 we wrote to the Board of Directors to encourage the further adoption of governance practices and reforms designed to enhance and preserve long-term shareholder value. In the letter we applauded management's recent efforts to spin off low-return operations such as the Sogo-Seibu department store chain and praised the appointment of six new non-executive directors, which established a majority-independent and diverse Board for the first time. However, we expressed our concern that reform measures were incomplete and that the creation of a Strategy Committee, composed entirely of independent directors to assess progress on medium-term plans, might be used by incumbent management to delay urgently needed changes and delegate important decision-making that most well-managed companies can harness without the need for a separate organisational structure.

Seven & i Holdings Co. Ltd (TRPA) Continued

Analysis (continued)	ValueAct continued to engage with the company, and in April 2023 issued an open letter calling for the removal of Isaka, Vice President Katsuhiro Goto and other long-serving directors, alleging they enabled management to avoid shareholder scrutiny. Troublingly, ValueAct alleged that shareholder meetings had been secretly recorded without the consent of participants. To refresh the Board, ValueAct said it would nominate four new independent outside directors, who would serve alongside the six new independent outside directors who joined the Board in 2022 and alongside four inside directors who manage major parts of the group. We went into the analysis inclined to support management, in recognition of the progress that has been made. However, after listening objectively to the arguments made by ValueAct, studying the qualifications and capabilities of the nominated outside directors and concluding that management's efforts to defend the status quo were not compelling, we made the difficult decision to support all the activist's proposals, including voting for its Board nominees. On 19 May, our analyst met with senior members of Investor Relations at the company to detail the reasons why we had decided to support the shareholder proposals and held a frank and constructive discussion. We noted four main reasons for our stance: (1) the company's reactive rather than proactive attitude; (2) the insufficiency of incumbent management's explanations and rebuttals, in particular its inability to quantify the dis-synergies that might hinder product development if lower-return parts of the group were deconsolidated; (3) its mischaracterisation of the specifics of ValueAct's proposals and of its Board nominees and (4) its evident unwillingness to offer sufficient alternative measures to reduce the conglomerate discount.
Vote Decision	TRPA, on behalf of the T. Rowe Price funds and certain advisory clients to which it acts as investment adviser, voted AGAINST items 2.1–2.5 and FOR all other items, including items 5.1–5.4, the ValueAct nominees.
Future Escalation Options	We will continue to engage. When we met with the company before the AGM we emphasised, above all, that regardless of the results of the AGM vote, T. Rowe Price would continue to engage with the company quietly and politely, but always firmly and in accordance with our fiduciary duty to clients.

The specific securities identified and described are for informational purposes only and do not represent a recommendation.

Closing reflection

Escalated engagements are, by definition, complex and often span several years. Improvements may be seen in certain areas over time, whilst other issues may stay stubbornly resistant to change. We provided an update on three case studies which were present in the 2022 Report, Naspers, Prosus and Tesla, to illustrate how progress is not linear. Informa, which is no longer considered escalated, is updated in Principle 9. The escalation process we followed in 2023 was largely the same as discussed in the 2022 Report. TRPA continues to use public communication, including through public voting case studies, as an escalation strategy.

PRINCIPLE 12

Signatories actively exercise their rights and responsibilities.

Active stewards of our clients' assets

We tailor our approach to stewardship by asset class. The table below details our process for fixed income and listed equities.

Oversight by asset class	
Equities	The Investment team typically: – Understands the governance practices, incentives and board quality of corporate issuers – Assesses ESG issues upon initiation of a new investment – Monitors for changes and highlights any concerns about these issues in their research reports, which are distributed internally – Considers governance practices holistically at least once a year in the runup to the annual general meeting (AGM), in conjunction with the Governance team – Expresses our views on company performance at the AGM through our votes – Uses the opportunity in the off season ahead of the next AGM to understand how the company is considering the feedback from shareholders on its performance – Provides guidance to unlisted equity investments, as they near their first public offering, on ESG disclosure frameworks, board composition, remuneration, shareholder rights and managing communications with public investors
Fixed Income	The Investment team typically: – Understands the governance practices, incentives and board quality of corporate issuers – Understands the governance practices, institutional (state and society) checks and balances and overall environmental quality of sovereign issuers – Assesses ESG factors upon initiation of a new investment – Monitors for changes and highlights any concerns about these issues in their research reports, which are distributed internally – Participates in a key engagement at the start of our due diligence, before investing in a bond issuer, when we review the documentation with the aim of assessing the level of creditor protection offered – Engages when an issuer is seeking to amend the terms in the bond documentation for an existing bond – Engages in the event of an impairment scenario

Our process in fixed income

As part of extensive due diligence before investing in a bond issuer, a T. Rowe Price analyst reviews bond documentation to assess the level of creditor protection that the documentation offers. If the covenant package or transaction structure proves to be weak, the analyst has several options. In the case of prospective new issue bonds, the analyst can highlight the weak structures with the portfolio manager and fixed income legal team, who may choose not to invest. Alternatively, potential remedies include providing feedback directly to the bond issuer or requesting amendments to the terms and conditions of the indentures with the syndicate arranging the transaction. When an issuer seeks to amend terms of securities we already hold (such as to relax or waive covenants), the analyst and portfolio manager assess the implications of the proposed amendments to determine how to vote on them. If required, the analyst will reach out to the issuer for additional publicly available information and engage other bondholders, internal and external counsel and other external sources to make a well-informed vote that is in the best interest of our clients.

In 2023 we saw fewer consent solicitations than in previous years. This was in part due to the higher-than-usual number seen in 2021, reflecting LIBOR language change-related consent solicitations and the fact that 2023 has seen material changes in the often-interconnected inflation and interest rate backdrops. Also, consent solicitations typically occur when markets are moving upward as this potentially provides more incentive for investors to consider loosening covenants. Given market conditions, no suitable case study was identified for 2023.

When an issuer seeks to amend terms of securities we already hold, T. Rowe Price acts in the best interest of the client in scenarios where we risk impairment. Dedicated fixed income research specialists focus exclusively on understanding, negotiating and maximising our legal and economic interests when issuers face difficulty or attempt to impair our rights. We also have dedicated in-house legal resources and use outside advisers in these situations. T. Rowe Price participates, via the respective analyst and other specialists, in discussions and negotiations with other bondholders and issuers to achieve the best outcome for our clients.

Our process in listed equities

Our voting process considers both high-level principles of corporate governance and the circumstances specific to each entity. It includes significant involvement by investment analysts and portfolio managers. Our overarching objective is to cast votes in a thoughtful, investment-centred way to foster long-term success for the entity and its investors. T. Rowe Price's portfolio managers are ultimately responsible for the voting decisions within the strategies they manage.

Their decision-making is informed by recommendations and support from:

- The relevant T. Rowe Price ESG Investing Committee (T. Rowe Price Associates, Inc. (TRPA), or T. Rowe Price Investment Management, Inc. (TRPIM))
- Our global industry analysts
- Our specialists in Corporate Governance and Responsible Investing
- Our external proxy advisory firm, Institutional Shareholder Services

Proxy voting is a critical component of our approach to corporate governance. We offer our clients a high degree of transparency related to the votes we cast on their behalf. Unless otherwise stated, everything in this Principle 12 refers to TRPA.

How our custom voting policy uses the default recommendations of proxy advisers as an input

T. Rowe Price maintains four different sets of custom voting guidelines, defined by T. Rowe Price and administered with the assistance of ISS. These are the TRPA custom voting policy, the TRPIM custom voting policy, the Impact voting policy and, new in 2023, the TRPA Net Zero voting policy. The TRPA voting policy has regional variations for the Americas; Europe, Middle East and Africa (EMEA) and Asia Pacific (APAC) regions, whilst the TRPIM policy is focused on the Americas given the geographic concentration of the holdings of that adviser.

The TRPA and TRPIM custom policies are underpinned by the good practice expectations from local corporate governance codes and other market norms. As many of these expectations are widely held, 87% of our annual voting outcomes in the 12 months ended 31 December 2023 were aligned with the board's recommendations. ISS is typically aligned with management as well, given the routine nature of most resolutions.

Example of a change to our voting policy in 2023 aligned with the ISS benchmark

In terms of voting policy, there are certain issues where we conclude the benchmark policies do not reflect a high enough standard and other situations where we find the benchmark policy goes beyond reasonable expectations. These differences are reflected in our custom policy. In other cases, our approach evolves and we come to agree with the benchmark policy and therefore adopt it.

For example, in September 2023, we implemented the 30% female board representation expectations for Australian companies in the ASX 300. This is in line with the ISS benchmark, although we delayed incorporating this in the custom policy at the same time as this change was implemented in the ISS benchmark, given we had only implemented the single-gender boards guideline in that market a few months before the new ISS guideline came in. Meanwhile, we had been tracking the gender laggards in the portfolio reviews for our Australian equity strategy before deciding to implement the benchmark guideline.

Examples of the TRPA custom policy differing from the ISS benchmark

Global
Single-gender boards: Since late 2021, we have had a global single-gender boards voting policy in place. Our standard is higher than the benchmark: ISS still does not recommend investors vote against the election of directors at companies with no female board representation in many markets.

Climate: The ISS benchmark voting policy has a climate accountability guideline which recommends a vote against the board chair at companies that are significant greenhouse gas (GHG) emitters and who do not provide a detailed disclosure of climate-related risks and appropriate GHG emissions reduction targets. The policy has been implemented for the companies in the Climate Action 100+ Focus Group, but this is not useful for us as we are not members of Climate Action 100+. Instead, we operate our own climate transparency policy which is applied across all our holdings.

Our climate transparency gap policy differed from ISS benchmark (TRPA)

Anhui Conch Cement	
Focus	Environment
Company Description	Anhui Conch Cement is a large Chinese cement manufacturer.
Asset Class	Equity
Country	China
Issue	Our policy on climate transparency differed from the ISS benchmark.
Analysis	ISS noted that this company has been identified as one of the world's largest corporate greenhouse gas emitters. ISS assessed that the company does not meet the minimum criteria that relate to the disclosure of climate-related risks (Partial Alignment) and determined that the company had not set any midterm greenhouse gas emission reduction targets for its own operations and electricity consumption (Scopes 1 and 2[1]) nor any 2050 GHG emission reduction targets for its own operations and electricity consumption (Scopes 1 and 2). ISS therefore flagged the company for inadequate climate disclosure on an exceptional basis on item 1 at the 2023 annual general meeting (AGM). However, our Responsible Investing team noted that Anhui Conch passed our climate transparency gap test as the company reports its Scope 1 and 2 emissions and it has a short-term 2025 emission reduction target. Thus, we did not feel it appropriate to penalise the company and chose to override the vote recommendation and vote in support of management.
Vote Outcome	We voted FOR item 1, Approve Report of the Board of Directors, whilst ISS was recommending AGAINST.

Regional
Combined chair and CEO: ISS generally recommends a vote against the (re)election of combined chair/CEOs at widely held European companies. We take a more regionally focused view where this is a common feature of the market, as in France, and may support, absent other concerns.

Research packets delivered for each meeting on the proxy voting platform contain at least two pieces of research.

- The Benchmark Research—contains voting recommendations and supporting analysis in line with the relevant ISS regional policy
- The Custom Policy—contains only vote recommendations and a supporting rationale

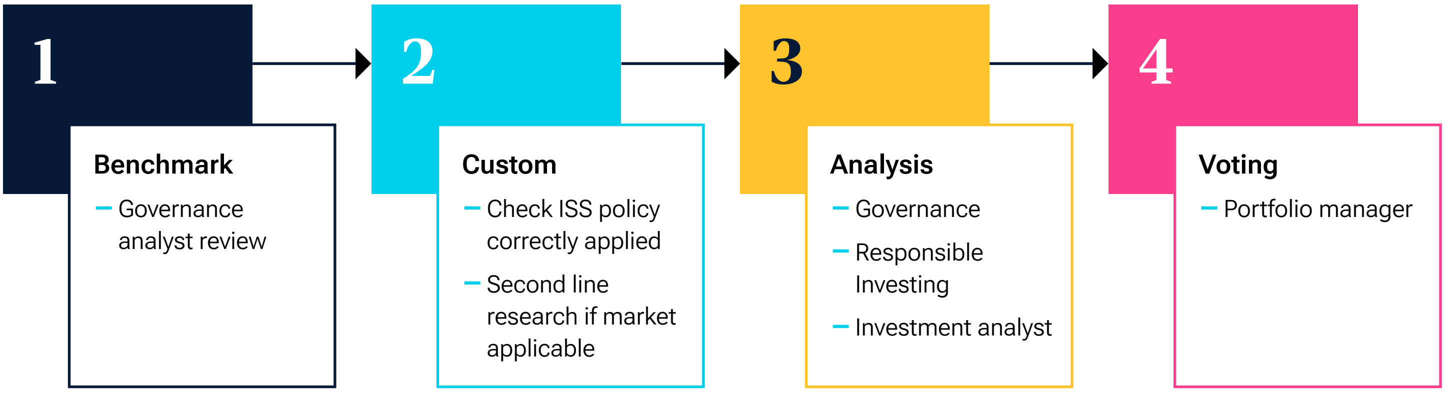
[1] Scope 1 (direct emissions from owned or controlled sources), Scope 2 (indirect emissions from the generation of purchased electricity, steam or cooling) Scope 3 (all other indirect emissions). The specific securities identified and described are for informational purposes only and do not represent a recommendation.

Four-step process for proxy decision-making

The four-step process in the chart overleaf illustrates how the research helps TRPA decide how to vote at portfolio companies. A governance analyst reviews the ISS benchmark first to understand the relevant facts and then checks that ISS has implemented our custom policy correctly. If this is a meeting where we currently have a second line of proxy research (IIAS for Indian companies, ZD Proxy for companies in China and ISS Climate Policy for the TRPA Net Zero voting policy), the other proxy research will also be reviewed.

We also drive our custom voting policy through proprietary data which reflects our house perspective, rather than that of ISS. The third step is for a governance analyst to undertake any further research, which could include reviewing company disclosures, the company track record and how we voted on similar items at the company in prior years. If there are material environmental or social topics at the company relevant to a particular resolution, such as a sustainability-related shareholder resolution, these will be discussed with the responsible investing analyst who covers this sector for the region.

A governance analyst will then discuss any issues of concern with the investment analyst. If necessary, a meeting with the company will be arranged—as discussed under Principle 9—before a vote recommendation is agreed upon and put to the portfolio manager. All portfolio managers retain the ability to direct the vote on the holdings in their strategies as they see fit because our view is the vote is an asset belonging not to our firm as a whole, but to the clients in each underlying investment strategy. As such, managers may choose not to align with the voting recommendations put forward by a governance analyst.



Although we aim for consensus where possible, there is no expectation that all portfolio managers will vote in the same way. The case study below describes an occasion where we saw split voting in 2023.

Collaboration with our portfolio managers on a split voting decision (TRPA)

Toyota Motor Corp

Focus	Environment, Governance
Company Description	Toyota Motor Corp is a large automaker.
Asset Class	Equity
Country	Japan
Issue	Toyota Motor Corp received a high-profile shareholder resolution at its 2023 shareholder meeting. This proposal (item 4) asked the company to 'conduct a comprehensive, annual review and issue a report (at reasonable cost, omitting proprietary information) describing if, and how, the company's climate-related lobbying activities (direct and through industry associations), including public statements, serve to reduce risks for the company from climate change and how they align with the goals of the Paris Agreement and the company's goal of carbon neutrality by 2050'.
Analysis	To formulate our vote decision, our Governance team met with the company twice ahead of the 2023 AGM: once in a collaborative industry group meeting and once in a one-on-one engagement involving only TRPA and Toyota management. We determined that the existing disclosure was too limited. The company noted that in the next iteration of its 'Toyota's Views on Climate Public Policies' report, due in December 2023, it would double the number of industry associations reviewed and that it would engage a third-party consulting firm to undertake a review of the report. We were of the view that these developments, if delivered by December 2023, would be a step forward. We also suggested other items of disclosure that we would like to see included. The company informed us that it thought the upcoming December 2023 report would provide the transparency the proponents of the shareholder resolution were looking for. Another consideration was whether we were comfortable that the substance of the direct and indirect lobbying was genuinely Paris-aligned in spirit.
Vote Outcome	The meeting informed our voting, and there was split voting amongst the holders on this climate lobbying shareholder resolution. Most holders supported item 4 as the current disclosure is not adequate on a material topic for the company. However, one holder abstained because even though the current disclosure is too limited, the next iteration of the report will contain improvements, so it is reasonable to give the company more time to address the issue. The shareholder resolution received only 15% support, so it did not pass. We plan to monitor for progress on improved disclosure and reengage with the company ahead of the 2024 shareholder meeting.

The overarching principle of TRPA's voting approach is that decisions are made considering the anticipated impact of the issue on the desirability of investing in the portfolio company. Proxies are voted solely in the interests of our clients, and a member of the Governance team reviews every vote. Whilst we find very few instances where our customised voting policies may have been applied incorrectly, reviewing every vote is an important part of our process because it allows us to develop a deep level of institutional knowledge on each individual company. How we would handle any quality issues with the service we receive from ISS is discussed under Principle 8.

Taking a different view from the ISS benchmark based on our engagement with the company

One topic on which we occasionally disagree with our proxy advisor is regarding the issue of remuneration, specifically around the use of special equity awards. Our perspective is that this is a nuanced area and a blanket response does not take into account exceptional circumstances in which a particular retention grant may be appropriate.

Voting to reflect an unusual situation with respect to compensation (TRPA)

Ingersoll Rand Inc.	
Focus	Governance
Company Description	The company is a manufacturer of flow control products such as compressors, pumps and vacuums.
Asset Class	Equity
Country	US
Issue	Our proxy advisor recommended AGAINST the executive officers' compensation, on the basis that the magnitude was considered to be outsized and the grant was awarded in addition to annual cycle equity. However, we felt that this particular situation was an exception.
Analysis	We do not often sign off on large, special retention grants for executives. However, this case was unique; the CEO was left with no unvested equity following restructuring transactions involving private equity firm KKR, a significant shareholder in Ingersoll Rand. The company made a strong case that its situation was unique and that the structure of the award was aligned with investor interests. A retention award was the solution. It can't be accessed for five years and is tied to reasonably stringent performance goals. Another factor we took into consideration is what KKR has done to foster an ownership culture throughout the company. As part of its initiative to deliver equity to the workers of the companies it acquires, KKR had already carved out US$500 million in shares for this pool. We therefore concluded that the circumstances were worthy of investors' support.
Vote Decision	Taking these factors into consideration and given the strong case made by the company, TRPA voted, along with 59% of investors, FOR the company's named executive officers' compensation package.

The specific securities identified and described are for informational purposes only and do not represent a recommendation.

Implementation of the TRPA Net Zero voting policy

As noted above, a separate set of proxy voting guidelines is administered for T. Rowe Price strategies subject to an explicit Net Zero Investment Framework. These portfolios require a separate voting policy because they have two explicit mandates: competitive financial returns as well as alignment with net zero goals. In order to meet these objectives, portfolios under net zero mandates may vote differently from other T. Rowe Price portfolios, particularly on director elections, say-on-climate resolutions and shareholder proposals.

Key guidelines include:

Director Election	From October 2023 we introduced a new guideline where we will vote against directors if we consider disclosure is too limited or the climate strategy is inadequate.
Shareholder Resolutions	Case-by-case basis: Net zero mandates are likely to support shareholder resolutions which request accelerated climate-related disclosures and practices.
Company-Specific Issues	The portfolio manager may make other voting decisions to override our standard voting guidelines, if aligned with the investment objective of the fund.
Say on Climate	Our approach to assessing the adequacy of a company's climate transition plan is a case-by-case analysis. We will pay particular attention to the level of disclosure including whether it is in line with Task Force on Climate-Related Financial Disclosures recommendations, the current greenhouse gas emission reduction targets and the credibility of the company's decarbonisation strategy. Our analysis may vary to some extent based on region and industry; similarly, the focus on Scope 1–2 versus Scope 3 emissions will vary by sector. We will also consider the company's governance arrangements and willingness to engage on the topic of climate.

In 2023 the TRPA Net Zero and Impact policies together supported around 70% of all shareholder resolutions on environmental and lobbying topics. Whilst these strategies, as of year-end, represent a small percentage of our assets under management, we believe it is important that the clients who select these strategies have a proxy voting track record that reflects the dual-mandate investment objectives of these portfolios.

Differentiated vote by our net zero strategies (TRPA)

ExxonMobil	
Focus	Environment, Social
Company Description	ExxonMobil is a leading integrated oil and gas company.
Asset Class	Equity
Country	US
Issue	ExxonMobil received 12 shareholder proposals at its 2023 AGM. A 13th was proposed but subsequently withdrawn.
Analysis	Proposal 8 called for a report on methane emission disclosure reliability. We believe methane reporting frameworks are optimal for investors with explicit net zero objectives. We voted FOR this item. Proposal 9 called for the adoption of a medium-term Scope 3 greenhouse gas reduction target. A vote FOR this was appropriate because an accelerated energy transition would be optimal for investors with explicit net zero objectives. Item number 14 proposed a report on the potential costs of environmental litigation. A vote with the proponent was appropriate because enhanced reporting on litigation scenarios would be optimal for investors with explicit net zero objectives. A vote with the proponent of item 16 (a report on the social impact from plant closure or energy transition) was also appropriate for the net zero strategy because enhanced reporting on community impact would be optimal for investors with explicit net zero objectives. Whilst our net zero strategies, as of year-end, represent a small percentage of our assets under management, we believe it is important that the clients who select these strategies have a proxy voting track record that reflects the dual-mandate investment objectives of these portfolios.
Vote Decision	We engaged with the company and concluded that a vote with management was appropriate on eight of the 12 items for the specialty net zero strategy whilst supporting the remaining four of the shareholder proposals (items 8, 9, 14 and 16.) (The mainstream strategies, which accounted for the vast majority of our shares, voted AGAINST all 12 shareholder proposals.) None of the shareholder resolutions passed: item 8 received 36.4% support from shareholders and item 9 received 10.5% support from shareholders. Item 14 received 9.1% support from shareholders and item 16 received 16.6% support from shareholders.

The specific securities identified and described are for informational purposes only and do not represent a recommendation.

Impact investments

A separate set of proxy voting guidelines is administered for the T. Rowe Price Impact strategies. These portfolios require a separate voting policy because they have two express mandates: competitive financial returns as well as positive social and environmental impact. In order to meet these objectives, the Impact portfolios may vote differently from other T. Rowe Price funds, particularly on director elections and shareholder resolutions. The focus on social equity may be reflected in certain remuneration votes.

For the T. Rowe Price Impact strategies, our proxy voting programme serves as one element of our overall relationship with corporate issuers. We use our voting power in a way that complements the other aspects of our relationship with these companies, including engagement, investment diligence and investment decision-making. A customised set of proxy voting guidelines helps us establish governance norms and follow a differentiated stewardship approach.

Key guidelines include:

Election of Directors	AGAINST the Board chair or certain committee members in the following cases: If ESG disclosure expectations are not met within a reasonable time period. We encourage companies to disclose in line with the Sustainability Accounting Standards Board and the Task Force on Climate-Related Financial Disclosures disclosure frameworks and will take this into account when making the voting decision. For inadequate oversight of ESG controversies, including insufficient preparedness for the low-carbon transition.
Shareholder Resolutions	Case by case: expects to support shareholder resolutions which request improved ESG disclosures and practices.
Company-Specific Issues	The portfolio manager may make other voting decisions, aligned with the investment objective of the strategy.
Alignment	These Impact equity-specific guidelines are in addition to the appropriate regional voting guidelines as set out in the T. Rowe Price Proxy Voting Guidelines. The portfolio manager may make other voting decisions, aligned with the investment objective of the strategy.

From the autumn of 2023, the Impact policies decided to adopt the climate-related guidelines in the net zero voting policy to clarify the implementation of the climate expectations in their voting policy. In practice, the voting by the net zero and Impact strategies between 1 July 2022 and 30 June 2023 was aligned, with both strategies supporting around 70% of all shareholder resolutions on environmental or lobbying topics.

Differentiated vote by our Impact strategies (TRPA)

UnitedHealth Group

Focus	Governance
Company Description	UnitedHealth Group is a large managed care and health insurance company.
Asset Class	Equity
Country	US
Issue	UnitedHealth Group received a shareholder-sponsored proposal at its 2023 AGM, calling for a report on congruency of political spending with company values and priorities.
Analysis	We engaged with the company in December 2022. At that time, we shared our view of best practices on impact and requested additional transparency from the company to help provide a more rounded picture of UnitedHealth's impact in future reporting. In May 2023, we reengaged with the company to discuss three shareholder proposals it had received, including one relating to political spending reporting. Specifically, the proposal requested a report comparing UnitedHealth's stated corporate values against those of the lobbying groups and elected officials it supports. Whilst our Impact strategies, as of year-end, represent a small percentage of our assets under management, we believe it is important that the clients who select these strategies have a proxy voting track record that reflects the dual-mandate investment objectives of these portfolios.
Vote Decision	Our mainstream strategies voted AGAINST this proposal on the grounds that the company had provided more clarity than previously around the framework it uses to identify and mitigate any incongruency in this area. However, a vote with the proponent was appropriate for the Impact strategies because increased transparency of lobbying activity across the board would be optimal for investors with explicit social impact objectives. The proposal received 28% support.

The specific securities identified and described are for informational purposes only and do not represent a recommendation.

Vote execution

As discussed above, our portfolio managers, analysts and corporate governance specialists may override our guidelines at any time if there is a sufficient supporting rationale. In the absence of any other instructions, all eligible shares are voted in accordance with our custom guidelines. Our vote is then executed by ISS on our behalf. Principle 8 contains more details on how we oversee the relationship with ISS.

Communicating our voting decisions to companies

Where T. Rowe Price is a significant investor in a company and we plan to vote against the Board's recommendation on one or more items, we generally disclose our voting intentions to the company in advance. The purpose of this dialogue (as discussed under Principle 9) is to determine whether there are additional considerations or context that the board believes we should consider. Circumstances under which we may not disclose our voting intentions in advance are:

1. When the company does not respond to our outreach or does not exhibit interest in this discussion.

2. When the company employs a third party such as a broker or proxy solicitor to collect feedback on our vote intentions. We do not disclose such information to third parties.

3. When the matter in question is of a routine nature, and our published proxy voting guidelines already state a clear position on the question.

The use of abstention

Generally, we do not use the option to abstain on voting items, except in a small minority of cases. These cases may be where we do not have sufficient information to vote either FOR or AGAINST an item or where an item has been withdrawn after the agenda has been issued. However, these are exceptional instances, as we believe we have an obligation to make a definitive voting decision, either FOR or AGAINST each item contained in the proxy, wherever possible.

In 2023, we abstained on 466 resolutions at company meetings across our three regions. This was an 11% increase on last year's figure, largely driven by a change to our voting policy in 2023 for Chinese companies that put forward a resolution relating to the Party Committee. However, abstentions represented a tiny fraction of the total 73,067 resolutions we voted globally, including management and shareholder resolutions. In 52% of these cases, the abstentions reflect technical voting requirements for companies with cumulative voting, primarily in Brazil. The remaining 48% of instances reflected intentional use of the abstention, primarily serving as a warning to companies with pay practices we considered problematic, but not of sufficient concern to merit opposition. It was also used occasionally to signal concern about inadequate disclosure. Because abstentions represent such a small amount of our overall voting activity, they are not represented in the graphics accompanying this Principle.

Using abstention with regards to a high-profile climate-related shareholder resolution (TRPA)

Woodside Energy Group

Focus	Environment
Company Description	Woodside Energy is a large oil and gas company.
Asset Class	Equity
Country	Australia
Issue	A group of shareholders working with a nongovernmental organisation proposed items 6(a) and 6(b). Item 6a was the enabling resolution and item 6b requested the company disclose information that demonstrates how its capital allocation to oil and gas assets will align with a scenario in which global energy emissions reach net zero by 2050, facilitating the efficient managing down of these assets.
Analysis	Item 6a was an enabling resolution which sought to amend the company's constitution. As the passage of this resolution required support from at least 75% of shareholders, it made it hard for investors to employ the mechanism of a shareholder resolution to truly hold a company to account. For item 6b to be enacted, item 6a had to first be approved by 75% of the shareholders; this level of support was unlikely. Our decisions with respect to proxy issues are made in light of the anticipated impact of the issue on the desirability of investing in the portfolio company. The only permitted exception is if the security is held within a portfolio with a dual mandate of positive environmental or social change alongside financial returns, but all the equity portfolios which held Woodside at the time of the 2023 AGM were strictly financially oriented. The resolution was analysed through the lens of T. Rowe Price's Investment Policy on Climate Change. The 2023 update contains the following expectations: 'We view best practice as adopting a science-based net zero target aligned to a 1.5°C pathway that covers Scope 1–2 and the most relevant Scope 3 emissions. If a company has these targets validated by the Science Based Targets initiative (SBTi), that gives us further confidence that the company is adequately addressing its material emissions and not relying on carbon offsets in the case of emissions that should be mitigated'. However, when applying this framework, we take the company-specific situation into account, e.g., SBTi has, to date, not provided guidance for the oil and gas sector. The analysis undertaken by the Responsible Investing and Governance teams along with our equity analyst identified that the core disclosure, the Climate Report 2022, was structured in line with the Task Force on Climate-Related Financial Disclosures framework and provided adequate detail. Yet questions remain about the strategy and the speed of progress. The company has not made any commitment to net zero by 2050 or sooner and has only stated that it targets to 'move towards an aspiration of net zero by 2050 or sooner'. Woodside has been a heavy user of offsets to progress its emissions goals, and we would like to see it start to make progress outside of offsets as the 30% reduction by 2030 would appear to require more fundamental progress.
Vote Decision	To signal our concern with the reliance on offsets and the lack of a net zero target, we decided to ABSTAIN on item 6b at the 2023 AGM, given the lack of alignment with our climate policy. We will continue to monitor progress ahead of the 2024 AGM. The shareholder resolution did not pass, as only 6.7% of shareholders voted for the enabling resolution, which would have allowed item 6b to be voted on by shareholders.

The specific securities identified and described are for informational purposes only and do not represent a recommendation.

‘Say on climate’ votes, 2023 AGM season

Outside North America, investors are increasingly embracing voluntary, management-sponsored climate resolutions, or so-called say-on-climate votes. The purpose of these votes is for the company to present the details of its medium- and long-term climate strategy and reporting to investors for their endorsement. In 2023 there were 24 say-on-climate votes across all T. Rowe Price global equity-focused portfolios; we supported 92% of them.

In 2023, there were only two say-on-climate votes which we did not support. The first of these was Covivio. Having reviewed the say-on-climate resolution, our Responsible Investing team recommended an abstention. Whilst the company meets some of the expectations in our climate policy, the company is currently operating above the emissions trajectory needed to meet a 1.5°C scenario for Scope 1–2, and a ‘well-below 2°C’ scenario for Scope 3; there is also no formal net zero target in place. 94% of shareholders voted in support of this item.

One company where we voted against the management-supported say-on-climate resolution was Glencore Plc. Having engaged with the company, we were still unclear on certain aspects related to its approach to climate, particularly regarding the thermal coal business, which raised questions over whether the plan is 1.5°C aligned. Overall, there was 70% support for the say-on-climate resolution, whilst the shareholder resolution received 29% support.

Compliance with the UK Corporate Governance Code

The expectations of the UK Corporate Governance Code are reflected in our proxy voting guidelines. Deviations from the code would be treated in the same way that we treat any case of a company not following local good practice. If the reason for noncompliance is well explained and reasonable given the company’s unique circumstances, or if the noncompliance is seen as temporary, we may support the company management at the AGM. However, if we are concerned that the reasons for noncompliance will lead to a misalignment of company management and investor interests, then we would likely oppose management on certain voting items.

Voting against the remuneration report (TRPA)

National Express Group (now Mobico Group)

Focus	Governance
Company Description	National Express Group (now Mobico Group) is an operator of public transport services.
Asset Class	Equity
Country	UK
Issue	Clause 40 of the 2018 UK Corporate Governance Code sets out six considerations for the Remuneration Committee, one of which is proportionality: ‘the link between individual awards, the delivery of strategy and the long-term performance of the company should be clear. Outcomes should not reward poor performance’. At the company’s 2023 AGM, we had concerns in relation to the remuneration report. The CEO has been in post for three years and the company undertook a remuneration consultation on his package to which we were invited to provide our feedback. One proposal was to reset the bonus back from 150% of fixed salary to 200% now that the CEO has settled in to the role. Given the share price performance, we told the Remuneration Committee Chair that we thought this adjustment was premature.
Analysis	The uplift to the bonus does not reflect the feedback we gave during the remuneration consultation. In the off-season consultation, we indicated that we did not want to see the chief executive officer’s maximum potential bonus be reset back to 200%, given share price performance, yet this change was made for fiscal year 2023.
Vote Decision	Given our concerns about the CEO’s potential reward, we voted AGAINST the remuneration report at the 2023 AGM. 6% of shareholders voted AGAINST the remuneration report.

The specific securities identified and described are for informational purposes only and do not represent a recommendation.

Directed voting

Separate account clients, i.e., those who have opted for a segregated mandate, may choose from four options in relation to proxy voting:

1. To retain voting authority for themselves
2. To delegate voting authority to T. Rowe Price
3. To direct the vote in exceptional circumstances, but otherwise delegate the voting authority to T. Rowe Price
4. To direct the vote in certain markets, but otherwise delegate the voting authority to T. Rowe Price

The vast majority of our clients choose to delegate the voting authority to T. Rowe Price. We always welcome discussions with clients on how voting can reflect their investment beliefs and stewardship priorities. We continue to monitor evolving market practice around client-directed voting.

Vote reporting

We publish on our website a database of every vote from the prior period, searchable by issuer or by portfolio. It is now also possible to search by significant vote. The database contains voting rationales for key categories such as shareholder resolutions and votes contrary to the board's recommendations and/or contrary to the T. Rowe Price voting policy. The database is updated every six months, and separate search interfaces are provided for TRPA and TRPIM votes. The databases for **TRPA** and **TRPIM** are available here.

2023 proxy voting summary

T. Rowe Price Associates, Inc.

Proxy voting guidelines

Proxy voting case studies

Proxy voting records

T. Rowe Price Investment Management, Inc.

Proxy voting guidelines

Proxy voting records

T. Rowe Price Investment Management, Inc., makes independent proxy voting decisions, as described in its proxy voting guidelines, from T. Rowe Price Associates, Inc., and its investment advisory affiliates.

TRPA's 2023 proxy voting **summary** highlights important corporate governance trends from the prior 12 months and aggregates our proxy voting decisions into categories. This is the first year that the net zero[2] voting guidelines were implemented and reported.

On request, we also provide institutional clients with a customised record of their portfolios' voting activities. As our holdings in the mutual funds largely mirror those of all clients' accounts, we believe these reports sufficiently address the disclosure envisioned by this code.

Proportion of shares that were voted in the past year by TRPA

In 2023, only 2% of resolutions were not voted globally or were subject to a Do Not Vote (DNV) instruction. DNV instructions may be applied for a variety of reasons, but the most common is share blocking. We endeavour to vote in all proxies for which we are eligible unless there are significant operational considerations, such as we are currently experiencing in the Russian Federation. A persistent concern is markets where voting would require that we block our clients' shares from trading for a designated period (this is standard practice in Egypt and Morocco, for example). In most instances, we do not vote in share-blocking markets because we believe the potential risk of the temporary illiquidity exceeds the potential benefit of the proxy vote.

TRPA's 2023 proxy voting in action

In the following section we seek to show how TRPA's voting reflects regional norms by providing for each region (Americas, EMEA and Asia Pacific) the proxy voting guidelines and the voting statistics for that region. This includes the top five management and shareholder resolutions by type per region.

In 2023, 45.8% of all our voting activity took place at companies in the Americas, 30.0% in the Asia Pacific region, and 24.2% in EMEA.

The table shows our voting across all resolution types across our portfolio globally in the 2023 calendar year.

[2] A small but growing number of institutional clients have elected to apply various net zero or greenhouse gas reduction targets to their investment portfolios. "Net Zero" refers to achieving a balance between the greenhouse gases put into the atmosphere and those taken out.

TRPA—Global summary

Proponent	Category	# of Proposals	% With Mgmt.	% Against Mgmt.	% Declined to Vote[3]
Management	Add, Amend or Remove Takeover Defences	117	85.5%	13.7%	1.7%
Management	Appoint Auditors/Approve Auditor Fees	4,985	97.9%	0.9%	1.7%
Management	Capital Structure Items	7,219	91.1%	6.9%	2.3%
Management	Management Compensation: Say on Pay and Equity Plans	8,904	82.2%	16.3%	2.2%
Management	Elect Directors (Uncontested)	38,058	87.6%	11.5%	1.5%
Management	Mergers and Acquisitions	2,674	84.2%	15.3%	1.2%
Management	Routine Business and Operational Matters	9,077	86.2%	10.5%	3.8%
Management	Amend Shareholder Rights	97	95.9%	3.1%	1.0%
Management	Management-Sponsored Environmental Resolutions	24	91.7%	8.3%	0.0%
	Totals	**71,155**			
Shareholder	Proposals to Amend or Remove Takeover Defences	13	76.9%	23.1%	0.0%
Shareholder	Proposals Related to Auditors	189	98.4%	1.6%	0.0%
Shareholder	Proposals Related to Capital Structure	11	63.6%	36.4%	0.0%
Shareholder	Proposals Related to Compensation Policies	110	82.7%	17.3%	0.0%
Shareholder	Elect Directors (Contested)	808	85.4%	9.4%	6.3%
Shareholder	Proposals Related to Mergers and Acquisitions	4	100.0%	0.0%	0.0%
Shareholder	Proposals Related to Routine Business and Operational Matters	232	91.8%	6.9%	1.3%
Shareholder	Proposals to Adopt or Amend Shareholder Rights	66	74.2%	25.8%	0.0%
Shareholder	Proposals on Social, Political or Environmental Matters	479	93.5%	5.2%	1.7%
	Totals	**1,912**			
ALL	**Total Management Proposals**	**71,155**	**87.2%**	**10.9%**	**1.9%**
ALL	**Total Shareholder Proposals**	**1,912**	**88.3%**	**8.5%**	**3.2%**
ALL	**Total Management and Shareholder Proposals**	**73,067**	**87.2%**	**10.8%**	**2.0%**

[3] TRPA endeavours to vote every ballot we are eligible to cast. On rare occasions, we submit ballots with instructions not to vote, for technical reasons. Primarily, these are situations (1) where there is a contested election with multiple ballots and we can only vote on one, or (2) in countries where investors must give up their ability to trade their shares in order to vote.

Key voting guidelines: Americas

Auditor ratification	Generally FOR approval of auditors; however, AGAINST ratification of auditors and/or AGAINST members of the audit committee if: – An auditor has a financial interest in or association with the company and is therefore not independent; – There is reason to believe that the auditor has rendered an opinion that is neither accurate nor indicative of the company's financial position; – The auditor has issued an adverse opinion on the company's most recent financial statements; – A material weakness under applicable accounting rules rises to a level of serious concern, there are chronic internal control weaknesses or there is an absence of effective control mechanisms; – Pervasive evidence indicates that the committee entered into an inappropriate indemnification agreement with its auditor or – Non-audit fees are excessive in relation to audit-related fees without adequate explanation.
Auditor indemnification and limitation of liability	Generally AGAINST auditor indemnification and limitation of liability that limits shareholders' ability to pursue legitimate legal recourse against the audit firm.
Election of directors	Generally FOR slates with a majority of independent directors. – FOR slates with less than a majority of independent directors if the company has a shareholder (or group of shareholders) who controls the company by means of economic ownership, not supervoting control. AGAINST individual directors in the following cases: – Inside directors and affiliated outside directors who serve on the board's Audit, Compensation or Nominating committees. – Any director who missed more than 25% of scheduled board and committee meetings, absent extraordinary circumstances. – Any director who exhibits such a high number of board commitments overall that it causes concerns about the director's effectiveness at any one of the companies. A director's portfolio of private company board seats is a secondary consideration. Specifically, concerns about overboarding arise with: • Any director who serves on more than five public company boards or • Any director who is CEO of a publicly traded company and serves on more than one additional public board. – For US-listed companies that have been independent entities (whether by initial public offering (IPO) or spinoff) for more than 10 years yet still maintain classified boards, our guidelines are to oppose the key board members responsible for setting corporate governance standards. After a company has reached a certain level of maturity, our view is it is no longer appropriate to rely on staggered board elections as a defensive mechanism, as these insulate a company's directors from its shareholders.

Key voting guidelines: Americas (continued)

Election of directors (continued)	AGAINST members of the Nominating and Corporate Governance Committee and the lead independent director (or independent chair) in the following case: – For US-listed companies controlled by means of dual-class stock with superior voting rights, our guidelines are to oppose the key board members responsible for setting corporate governance standards. Over many years of investing in the US equities market, we have reached the conclusion that companies controlled by means of dual-class stock present more disadvantages to long-term investors than any potential advantages unless there is a strong, time-based sunset provision of a reasonable duration. We have become alarmed, in recent years, to see the number of such companies growing due to IPOs. In our view, supporting the reelections of the Nominating and Corporate Governance Committees at such companies sends the message that we are comfortable maintaining their dual-class structures indefinitely. In fact, this is not the case. If we conclude that the positive attributes of the investment, in total, outweigh the risks, we may make the decision to maintain an investment in the company despite the dual-class structure. However, we feel a responsibility to attempt to engage in dialogue with these companies about potential ways they could transition to a one-share, one-vote capital structure over time. Due to the nature of voting at controlled companies, our opposition to board members carries no possibility of changing the outcome. Nevertheless, we believe this voting guideline, accompanied by engagement, is the appropriate way to express our view that control by means of dual-class stock with superior voting rights does not serve the long-term interests of investors. AGAINST members of the Compensation Committee in the following cases: – Company re-prices underwater options for stock, cash or other consideration without prior shareholder approval; – Company has demonstrated poor compensation practices, taking into consideration performance results and other factors or – Compensation Committee members approve excessive executive compensation or severance arrangements. AGAINST the entire board, certain committee members or all directors in the following cases: – Directors failed to take appropriate action following a proposal that was approved by a majority of shareholders; – Directors adopted a poison pill without shareholder approval, unless the board has committed to put it to a vote within the next 12 months; – Directors exhibit persistent failure to represent shareholders' interests or fail in the oversight of material governance, environmental or social risks, in the opinion of T. Rowe Price or – One or more directors remain on the board after having received less than 50% of votes cast in the prior election. – In cases where T. Rowe Price has voted AGAINST director elections in multiple consecutive years due to one of the concerns listed above, we are likely to escalate the vote to additional directors or to the entire board if the underlying concern remains unaddressed.
Board diversity policy	Board diversity is an important issue for a growing number of investors, including T. Rowe Price. At a high level, the composition of the average company board does not yet reflect the diversity of the stakeholders these companies represent—their employees, customers, suppliers, communities or investors. Our experience leads us to observe that boards lacking in diversity represent a suboptimal composition and a potential risk to the company's competitiveness over time. We recognise that diversity can be defined across a number of dimensions. However, if a board is to be considered meaningfully diverse, in our view, some diversity across gender, ethnic or nationality lines must be present. For companies in the Americas, we generally oppose the reelections of Governance Committee members if we find no evidence of board diversity.

Key voting guidelines: Americas (continued)

Climate transparency policy	Our Election of Directors policy includes the possibility that T. Rowe Price may choose to oppose directors for failure in the oversight of material environmental risks. Here we provide additional details on the parameters of this policy. For companies in the Americas region operating businesses in industries with the highest carbon intensity, our expectation is these companies disclose, at a minimum, their total annual absolute Scope 1 and Scope 2 greenhouse gas emissions. Failure by companies in these industries to disclose this data leaves their investors unable to properly analyse their exposure to climate change risk. For this transparency gap, we will generally oppose the reelections of all non-executive incumbent directors. To implement this policy, we have identified those companies that are both highly exposed to the impact of climate change and have demonstrated insufficient preparedness for the energy transition. Our screening methodology uses a three-step process: 1. We use the European Union's Sustainable Finance Disclosure Regulation's list of high-impact climate sectors to define the scope of companies with high exposure. 2. We use our proprietary Responsible Investing Indicator Model to screen within these sectors for companies that may not be adequately managing their climate risks. As a minimum standard, if companies in these sectors are reporting their Scope 1 and 2 greenhouse gas emissions, they are deemed exempted from this policy. 3. Finally, we identify any mitigating or idiosyncratic circumstances that indicate it is not appropriate to apply the policy to a company at this time. For example, exceptions may be made for very small or very newly public companies.
Require independent board chair	Case by case, taking into consideration primarily the views of the portfolio manager as to whether the role of board chair should be a separate position. Secondary considerations include the role of the board's lead independent director and the board's overall composition.
Majority voting	Majority voting is a crucial accountability mechanism. We vote FOR proposals asking the board to initiate the process to provide that director nominees be elected by the affirmative majority of votes cast at an annual meeting of shareholders. Resolutions should specify a carve-out for a plurality vote standard when there are more nominees than board seats.
Proxy contests	Case by case, considering the long-term financial performance of the target company relative to its industry, management's track record, the qualifications of the shareholders' nominees and other factors. A detailed statement on this topic is available in our publication T. Rowe Price's Investment Philosophy on Shareholder Activism. For a copy of this publication, visit troweprice.com/esg.
Proxy access	T. Rowe Price believes significant, long-term investors should be able to nominate director candidates using the company's proxy, subject to reasonable limitations. Generally FOR shareholder proposals offering a balanced set of limitations and requirements for proxy access. We support proposals suggesting ownership of 3% of shares outstanding with a three-year holding period as the standard for access to the proxy. We do not believe there should be undue impediments to a proponent's ability to aggregate holdings with other shareholders in order to qualify for access to the proxy. Generally, we will vote AGAINST proposals (whether sponsored by shareholders or by management) putting forth requirements materially different from these thresholds. We will also vote AGAINST shareholder proposals to amend existing proxy access bylaws if the company has already adopted a bylaw that meets the general parameters described above.
Adopt or amend poison pill (management proposals)	Generally AGAINST. In Canada, a vote FOR will be considered if appropriate shareholder protections are in place.
Amend/rescind poison pill (shareholder proposals)	FOR, unless the shareholders have already approved the pill or the company commits to giving shareholders the right to approve it within 12 months.

Key voting guidelines: Americas (continued)

Annual vs. staggered board elections	AGAINST proposals to elect directors to staggered, multiyear terms. FOR proposals to repeal staggered boards and elect all directors annually. Our general perspective is companies with classified boards that have been independent public issuers for a period of more than 10 years should be undertaking a process to transition to full annual director elections.
Adopt cumulative voting	AGAINST.
Shareholder ability to call special meetings	FOR proposals allowing shareholders to call special meetings when either (a) the company does not already afford shareholders that right or (b) the threshold to call a special meeting is greater than 25%. AGAINST proposals to reduce the threshold of shareholders required if the company has in place a standard of no more than 25%. AGAINST proposals to restrict or prohibit shareholders' ability to call special meetings.
Shareholder ability to act by written consent	Generally AGAINST shareholder proposals requesting the right to shareholder action by written consent. Written consent is not a fair or effective means of enabling investor access.
Simple majority vs. supermajority provisions	AGAINST proposals to require a supermajority shareholder vote. Generally FOR proposals to adopt simple majority requirements for all items that require shareholder approval.
State or country of incorporation	Case by case on domestic, state-to-state reincorporations. AGAINST proposals to reincorporate offshore. FOR proposals that call for companies incorporated in offshore tax havens to reincorporate in the United States. AGAINST shareholder proposals to move incorporation from one state to another.
Dual-class equity	AGAINST proposals that authorise the issuance of shares that would create disproportionate voting rights. FOR proposals to implement a capital structure with one share, one vote. For additional context, see above our guidelines on director elections at companies controlled by means of dual-class stock.
Authorisation of additional common stock	Case by case.
Reverse stock split	Generally FOR proposals where there is a proportionate reduction in the number of authorised shares.
Preferred stock	Generally FOR proposals to create a class of preferred stock where the company specifies acceptable voting, dividend, conversion and other rights. AGAINST proposals to create a blank check preferred stock with unspecified voting, dividend, conversion and other rights.
Director compensation	Generally FOR proposals to award cash fees to non-executive directors, unless fees are excessive. Generally FOR director equity plans that are subject to reasonable stock ownership guidelines, have an appropriate vesting schedule, represent a prudent mix between cash and equity, provide adequate disclosure and do not include inappropriate benefits such as postretirement payments or executive perks.
Mergers, acquisitions and corporate restructurings	Case by case. The view of the portfolio manager is a primary consideration.
Adjourn meeting or other business	AGAINST, as the company should abide by the vote results as of the date of the meeting.

Key voting guidelines: Americas (continued)

Shareholder proposals related to political spending and lobbying	Case by case, if we believe the decision to engage in political or lobbying activities poses a unique risk for a particular company and it is unclear whether the board oversees and monitors such risk adequately, T. Rowe Price will generally support shareholder resolutions seeking additional disclosure. A company's level of disclosure on this issue relative to its peers is a consideration, as is the level of consistency between a company's public statements on ESG issues and the nature of its lobbying activity.
Shareholder proposals of a social or environmental nature	It is T. Rowe Price policy to analyse every shareholder proposal of a social or environmental nature on a case-by-case basis. See the section labelled Guidelines for Shareholder Proposals of an Environmental, Social or Political Nature.

There was a marked increase this year in activity within the US by advocacy groups known to be critical of using ESG considerations in corporate decision-making. Previously, these ESG counter-resolutions were rare; in 2023, we voted on 77 of these shareholder resolutions across our portfolios, and we expect that to increase in 2024.

The other key trend related to shareholder resolutions more broadly. Over the past two years, issues such as racial justice, income inequality, worker safety and climate change had been on prominent display within the corporate sector due to a confluence of events, including the coronavirus pandemic. Shareholder resolutions addressing such issues received notably higher-than-average support in 2021 from certain investors and higher visibility when compared with previous years, although these support levels began to subside in 2022.

In this most recent proxy voting season, investor support for such resolutions was relatively low. There are multiple reasons for this outcome. It began when the US Securities and Exchange Commission decided to allow more proposals across a wider range of environmental and social topics to move forward. Since that time, the number of environmental and social resolutions voted on at companies within the S&P 1500 Index rose 74%, from 170 in the 2021 season to 296 this year. The traction that so many of these resolutions gained in 2021 seemed to not only attract a new set of proponents in the subsequent two years, but also inspired experienced proponents to expand their topics of advocacy. Our observation is that the increase in the volume of proposals resulted in a decrease in their overall quality. We observed more inaccuracies in proposals, more poorly targeted resolutions and more proposals addressing non-core issues. In addition, we observed a marked increase in the level of prescriptive requests. Proponents moved swiftly from disclosure-based requests seeking additional reporting on environmental, social and governance matters to action-based requests seeking specific commitments, capital investments or structural changes from the targeted companies. Our view on these prescriptive proposals is that they usurp management's responsibility to make operational decisions and the board's responsibility to guide and oversee such decisions.

TRPA

Americas | 33,445 Management and Shareholder Proposals

Management Proposals	# of Proposals	% With Mgmt.
Elect Directors (Uncontested)	22,819	86.0%
Management Compensation: Say on Pay and Equity Plans	4,081	82.1%
Appoint Auditors/Approve Auditor Fees	3,304	99.5%
Routine Business and Operational	1,059	75.3%
Capital Structure Items	933	75.6%
Other	447	94.2%
Total	**32,643**	

Shareholder Proposals	# of Proposals	% With Mgmt.
Social, Political or Environmental Matters	404	95.5%
Elect Directors (Contested)	199	77.9%
Adopt or Amend Shareholder Rights	66	74.2%
Related to Auditors	27	100.0%
Related to Compensation Policies	76	96.1%
Other	30	83.3%
Total	**802**	

Key voting guidelines: EMEA

Approve financial results, director reports, auditor reports	FOR, unless there are concerns about the accounts presented or the audit procedures used or if the company does not provide adequate information to make a decision.
Appointment of auditors and auditor fees	FOR the reelection of auditors and proposals authorising the board to fix auditor fees. AGAINST if there are serious concerns about the accounts presented or the audit procedures used, the auditors are being changed without explanation or non-audit-related fees are substantial or are routinely in excess of standard annual audit-related fees. AGAINST the appointment of external auditors if they have previously served the company in an executive capacity or can otherwise be considered affiliated with the company. A ‘cooling off’ exception will be considered after three years for retired partners of a company’s auditor. AGAINST, if the company has not disclosed the auditor’s fees.
Approve allocation of income	Generally FOR. In cases of payout ratios on either end of the extreme (less than 30% or greater than 100%), case by case.
Board diversity policy	Board diversity is an important issue for a growing number of investors, including T. Rowe Price. At a high level, the composition of the average company board does not yet reflect the diversity of the stakeholders these companies represent—their employees, customers, suppliers, communities or investors. Our experience leads us to observe that boards lacking in diversity represent a suboptimal composition and a potential risk to the company’s competitiveness over time. We recognise diversity can be defined across a number of dimensions. However, if a board is to be considered meaningfully diverse, in our view, some diversity across gender, ethnic or nationality lines must be present. For companies in EMEA we generally oppose the reelections of Governance Committee members if we find no evidence of board diversity. In markets where there is a well-established expectation for board diversity (regulatory, quasi-regulatory or listing standards), T. Rowe Price will generally apply the same expectation. (UK, Ireland) Over the course of 2023 and 2024, our voting in these markets will reflect rising expectations for board diversity (both by gender and by ethnicity) as well as diverse representation on the executive committee level. For smaller companies in these markets, our diversity policy is applied to single-gender boards. (Europe) In the Continental European markets, our minimum expectation for board diversity of companies on the main listing is they should be at least 30% diverse by gender. For smaller companies in these markets, our diversity policy is applied to single-gender boards. (EMEA) Elsewhere in EMEA, our diversity policy is applied to single-gender boards.

Key voting guidelines: EMEA (continued)

Climate transparency policy	Our Election of Directors policy includes the possibility that T. Rowe Price may choose to oppose directors for failure in the oversight of material environmental risks. Here we provide additional details on the parameters of this policy. For companies in the EMEA region operating businesses in industries with the highest carbon intensity, our expectation is these companies disclose, at a minimum, their total annual absolute Scope 1 and Scope 2 greenhouse gas emissions. Failure by companies in these industries to disclose this data leaves their investors unable to properly analyse their exposure to climate change risk. For this transparency gap, we will generally oppose the reelections of all non-executive incumbent directors. To implement this policy, we have identified those companies that are both highly exposed to the impact of climate change and have demonstrated insufficient preparedness for the energy transition. Our screening methodology uses a three-step process: 1. We use the European Union's Sustainable Finance Disclosure Regulation's list of high-impact climate sectors to define the scope of companies with high exposure. 2. We use our proprietary Responsible Investing Indicator Model to screen within these sectors for companies that may not be adequately managing their climate risks. As a minimum standard, if companies in these sectors are reporting their Scope 1 and 2 greenhouse gas emissions, they are deemed exempted from this policy. 3. Finally we identify any mitigating or idiosyncratic circumstances that indicate it is not appropriate to apply the policy to a company at this time. For example, exceptions may be made for very small or very newly public companies.
Discharge of board and management	Generally FOR. AGAINST if significant and compelling controversy exists surrounding the board's execution of its duties or if legal action is being taken against company directors.
Related party transactions	Case by case.
Election of directors	Generally FOR. AGAINST if: – Adequate disclosure has not been provided in a timely manner, – There are clear concerns over questionable finances or restatements, – There have been questionable transactions with conflicts of interest, – There are any records of abuses against minority shareholder interests or – The board fails to meet minimum corporate governance standards. Vote FOR individual nominees unless there are specific concerns about the individual, such as criminal wrongdoing, breach of fiduciary responsibilities or egregious failure to oversee material governance, environmental or social incidents. Vote AGAINST individual directors if absences (>25%) at board meetings have not been explained (in countries where this information is disclosed). Vote AGAINST shareholder nominees unless they demonstrate a clear ability to contribute positively to board deliberations. Vote AGAINST labour representatives if they sit on either the Audit or Compensation Committee, as they are not required to be on those committees. Vote AGAINST insiders and affiliated directors if the board does not meet local best-practice standards for overall independence. Vote AGAINST the entire board if, at a minimum, the names of the director nominees are not disclosed in advance of the meeting. (UK only) Vote AGAINST executives holding a combined CEO and chair role, absent a compelling explanation for why this non-standard structure is appropriate. In cases where a negative vote is warranted for the chair of any company, T. Rowe Price may enter an ABSTAIN to keep our response proportionate to the issue.

Key voting guidelines: EMEA (continued)

Renew partial takeover provision	FOR
Lower disclosure threshold for stock ownership	AGAINST
Issue shares (with or without preemptive rights)	General issuances: – Generally FOR issuance requests with preemptive rights to a maximum of 50% over currently issued capital. – Vote FOR issuance requests without preemptive rights to a maximum of 10% of currently issued capital, in most markets. – Exceptions are made for smaller-cap European companies, for which we would generally approve requests up to 100% with preemptive rights and 20% without rights. Specific issuances: – Vote case by case on all requests, with or without preemptive rights. – In the UK market we generally support resolutions in line with the Preemption Group Principles.
Share repurchase plans	Case by case. Generally FOR repurchase authorities up to 10% of issued share capital, unless there is clear evidence of past abuse of the authority or the plan contains no safeguards against selective buybacks.
Increase authorised capital	Vote AGAINST proposals to adopt unlimited capital authorisations. Vote FOR non-specific proposals to increase authorised capital up to 100% over the current authorisation unless the increase would leave the company with less than 30% of its new authorisation outstanding. Vote FOR specific proposals to increase authorised capital to any amount, unless: – The specific purpose of the increase (such as a share-based acquisition or merger) does not meet T. Rowe Price guidelines for the purpose being proposed. – The increase would leave the company with less than 30% of its new authorisation outstanding after adjusting for all proposed issuances.
Equity plans	Case by case, taking into account plan features such as the number of shares reserved for issuance, the growth characteristics of the company, any discounts applied to the exercise price, the plan's administration, performance and vesting criteria, the repricing policy, the breadth of distribution of options within the company and other features. Case-by-case consideration of stock grants outside of established plans, taking into account the total potential dilution of the grant when combined with existing plans.
Incentive plans (ESPPs and share option schemes)	Case by case, taking into account employee eligibility, dilution, offering period and offering price, discounts, participation limits and loan terms.
Approve remuneration policy/approve remuneration report	Assess each company's compensation practices on a case-by-case basis, taking into account how performance conditions for all elements of variable pay are clearly aligned with the company's strategic objectives, with vesting and holding periods that are in line with local good practice. Companies electing to include ESG metrics in their remuneration plans should demonstrate that such metrics are both material to the company's results and quantifiable. A comprehensive discussion of our global compensation principles is available in the TRPA Proxy Voting Guidelines.

Key voting guidelines: EMEA (continued)

Mergers and acquisitions	Case by case. Vote AGAINST if the companies do not provide sufficient information to make an informed voting decision.
Mandatory take-over bid waivers	Case by case.
Expansion of business activities	Generally FOR.
Shareholder proposals of a social or environmental nature	It is T. Rowe Price policy to analyse every shareholder proposal of a social or environmental nature on a case-by-case basis. See the section labelled Guidelines for Shareholder Proposals of an Environmental, Social or Political Nature.
Management proposal to approve climate plan (say on climate)	Vote case by case on management proposals requesting shareholders approve the company's climate transition action plan, taking into account the completeness and rigour of the plan. A detailed discussion of our framework for assessing say-on-climate votes is found in our Net Zero Voting Policy section later in this document.
Virtual shareholder meetings	In general, T. Rowe Price supports management discretion to host its annual or special meetings in a virtual format, assuming appropriate mechanisms are in place to enable shareholder participation. For companies that select practices outside of established regional norms, we may oppose the resolutions enabling the virtual shareholder meeting format.

The 2023 AGM season in Europe has seen considerable focus on the topic of virtual AGMs. The coronavirus pandemic disrupted physical attendance at shareholder meetings, and virtual AGMs became a necessary mechanism to maintain the dialogue between companies and their shareholders. Traditionally, investors have been wary of virtual AGMs, concerned that AGMs where investors are not physically in the room could be managed to inhibit investors holding the board to account. We discussed our cautiously supportive approach in Principle 9. Another key focus area for the 2023 AGM season in Europe was encouraging companies to improve their variable pay disclosure.

EMEA | 17,702 Management and Shareholder Proposals

Management Proposals	# of Proposals	% With Mgmt.
Elect Directors (Uncontested)	7,082	90.0%
Routine Business and Operational Matters	3,277	87.4%
Management Compensation: Say on Pay and Equity Plans	2,935	84.5%
Capital Structure Items	2,766	92.3%
Appoint Auditors/Approve Auditor Fees	904	91.4%
Other	508	90.7%
Total	**17,472**	

Shareholder Proposals	# of Proposals	% With Mgmt.
Elect Directors (Contested)	97	68.0%
Routine Business and Operational Matters	65	96.9%
Social, Political or Environmental Matters	37	78.4%
Related to Auditors	20	100.0%
Related to Compensation Policies	11	90.9%
Other	0	0.0%
Total	**230**	

Key voting guidelines: Asia Pacific

Approve financial results, director reports, auditor reports	FOR, unless there are concerns about the accounts presented or the audit procedures used or if the company does not provide adequate information to make a decision.
Appointment of auditors and auditor fees	FOR the reelection of auditors and proposals authorising the board to fix auditor fees. AGAINST if there are serious concerns about the accounts presented or the audit procedures used, the auditors are being changed without explanation or non-audit-related fees are substantial or are routinely in excess of standard annual audit-related fees. AGAINST the appointment of external auditors if they have previously served the company in an executive capacity or can otherwise be considered affiliated with the company. A 'cooling off' exception will be considered after three years for retired partners of a company's auditor. AGAINST, if the company has not disclosed the auditor's fees.
Approve allocation of income	Generally FOR. In cases of payout ratios on either end of the extreme (less than 30% or greater than 100%), case by case.
Appointment of internal statutory auditors	FOR, unless: – There are serious concerns about the statutory reports presented or the audit procedures, – Questions exist concerning any of the statutory auditors being appointed, or – The auditors have previously served the company in an executive capacity or can otherwise be considered affiliated with the company.
Related-party transactions	Case by case.
Election of directors	Generally FOR. Vote AGAINST if: Adequate disclosure has not been provided in a timely manner, – There are clear concerns over questionable finances or restatements, – There have been questionable transactions with conflicts of interest, – There are any records of abuses against minority shareholder interests or – The board fails to meet minimum corporate governance standards Vote FOR individual nominees unless there are specific concerns about the individual, such as criminal wrongdoing, breach of fiduciary responsibilities or egregious failure to oversee material governance, environmental or social incidents. Vote AGAINST individual directors if absences (>25%) at board meetings have not been explained (in countries where this information is disclosed). Vote AGAINST shareholder nominees unless they demonstrate a clear ability to contribute positively to board deliberations. Vote AGAINST insiders and affiliated directors if the board does not meet local best-practice standards for overall independence. Vote AGAINST the entire board if, at a minimum, the names of the director nominees are not disclosed in advance of the meeting.

Key voting guidelines: Asia Pacific (continued)

Election of directors (continued)	(Japan only) If cross-shareholdings are in place, directors of each company will not be considered independent under T. Rowe Price policy. In cases where a negative vote is warranted for the chair of any company, T. Rowe Price may enter an ABSTAIN to keep our response proportionate to the issue. (Japan) Vote AGAINST the top executive(s) if a company allocates a significant portion of its net assets to cross-shareholdings. (Japan) Vote AGAINST the top executive(s) if at least one-third of the board members are not outside directors.
Board diversity policy	Board diversity is an important issue for a growing number of investors, including T. Rowe Price. At a high level, the composition of the average company board does not yet reflect the diversity of the stakeholders these companies represent—their employees, customers, suppliers, communities or investors. Our experience leads us to observe that boards lacking in diversity represent a suboptimal composition and a potential risk to the company's competitiveness over time. We recognise diversity can be defined across a number of dimensions. However, if a board is to be considered meaningfully diverse, in our view, some diversity across gender, ethnic or nationality lines must be present. For companies in the Asia Pacific region, we generally oppose the reelections of Governance Committee members and/or senior executives, as appropriate, if we find no evidence of board diversity. In markets where there is a well-established expectation for board diversity (regulatory, quasi-regulatory or listing standards), T. Rowe Price will generally apply the same expectation. (Australia) Starting in 2023, our expectation of Australian issuers in the ASX 300 is to have at least 30% diversity by gender.
Climate transparency policy	Our Election of Directors policy includes the possibility that T. Rowe Price may choose to oppose directors for failure in the oversight of material environmental risks. Here we provide additional details on the parameters of this policy. For companies in the Asia Pacific region operating businesses in industries with the highest carbon intensity, our expectation is these companies disclose, at a minimum, their total annual absolute Scope 1 and Scope 2 greenhouse gas emissions. Failure by companies in these industries to disclose this data leaves their investors unable to properly analyse their exposure to climate change risk. For this transparency gap, we will generally oppose the reelections of all non-executive incumbent directors. To implement this policy, we have identified those companies that are both highly exposed to the impact of climate change and have demonstrated insufficient preparedness for the energy transition. Our screening methodology uses a three-step process: 1. We use the European Union's Sustainable Finance Disclosure Regulation's list of high-impact climate sectors to define the scope of companies with high exposure. 2. We use our proprietary Responsible Investing Indicator Model to screen within these sectors for companies that may not be adequately managing their climate risks. As a minimum standard, if companies in these sectors are reporting their Scope 1 and 2 greenhouse gas emissions, they are deemed exempted from this policy. 3. Finally, we identify any mitigating or idiosyncratic circumstances that indicate it is not appropriate to apply the policy to a company at this time. For example, exceptions may be made for very small or very newly public companies.
Renew partial takeover provision	FOR

Key voting guidelines: Asia Pacific (continued)

Lower disclosure threshold for stock ownership	AGAINST
Issue shares (with or without preemptive rights)	General issuances: – Generally FOR issuance requests with preemptive rights to a maximum of 50% over currently issued capital. – Vote FOR issuance requests without preemptive rights to a maximum of 10% of currently issued capital, in most markets. Specific issuances: – Vote case by case on all requests, with or without preemptive rights.
Share repurchase plan	Case by case. Generally FOR repurchase authorities up to 10% of issued share capital, unless there is clear evidence of past abuse of the authority or the plan contains no safeguards against selective buybacks.
Incentive plans (ESPPs and share option schemes)	Case by case, taking into account employee eligibility, dilution, offering period and offering price, discounts, participation limits and loan terms.
Increase authorised capital	Vote AGAINST proposals to adopt unlimited capital authorisations. Vote FOR non-specific proposals to increase authorised capital up to 100% over the current authorisation unless the increase would leave the company with less than 30% of its new authorisation outstanding. Vote FOR specific proposals to increase authorised capital to any amount, unless: – The specific purpose of the increase (such as a share-based acquisition or merger) does not meet T. Rowe Price guidelines for the purpose being proposed. – The increase would leave the company with less than 30% of its new authorisation outstanding after adjusting for all proposed issuances.
Equity plans	Case by case, taking into account plan features such as the number of shares reserved for issuance; the growth characteristics of the company; any discounts applied to the exercise price; the plan's administration, performance and vesting criteria; the repricing policy; the breadth of distribution of options within the company and other features. Case-by-case consideration of stock grants outside of established plans, taking into account the total potential dilution of the grant when combined with existing plans.
Ratify remuneration report (say on pay)	Assess each company's compensation practices on a case-by-case basis, taking into account company performance, terms of executive contracts, level of compensation, mix of compensation types, the quality of disclosure on compensation practices and the company's overall governance profile. A comprehensive discussion of our global compensation principles is available in the TRPA Proxy Voting Guidelines.
Mergers and acquisitions	Case by case. Vote AGAINST if the companies do not provide sufficient information to make an informed voting decision.
Poison pills	Generally AGAINST.
Expansion of business activities	Generally FOR.
Debt issuance requests	FOR proposals to issue convertible debt instruments unless they create excessive dilution under T. Rowe Price's equity issuance guidelines. FOR proposals to restructure debt, unless the terms of the restructuring would adversely affect shareholder rights. Vote non-convertible debt issuance requests on a case-by-case basis, with or without preemptive rights.
Pledging of assets for debt	Case by case.

Key voting guidelines: Asia Pacific (continued)

Share reissuance plans	Generally FOR, unless there is evidence of past abuse of this authority.
Increase borrowing power	Case by case.
Shareholder proposals	Case by case.
Shareholder proposals of a social or environmental nature	It is T. Rowe Price policy to analyse every shareholder proposal of a social or environmental nature on a case-by-case basis. See the section labelled Guidelines for Shareholder Proposals of an Environmental, Social or Political Nature.
Management proposal to approve climate plan (say on climate)	Vote case by case on management proposals requesting shareholders approve the company's climate transition action plan, taking into account the completeness and rigour of the plan. A detailed discussion of our framework for assessing say-on-climate votes is found in our Net Zero Voting Policy section later in this document.
Virtual shareholder meetings	In general, T. Rowe Price supports management discretion to host its annual or special meetings in a virtual format, assuming appropriate mechanisms are in place to enable shareholder participation. For companies that select practices outside of established regional norms, we may oppose the resolutions enabling the virtual shareholder meeting format.

In the Asia Pacific region, our priority areas for Japan remain unchanged from 2022: board independence, diversity and cross-shareholdings. We were pleased to see an increasing number of companies reach 30% female representation on their board.

In China we revised our voting guideline on the approval of changes to the Articles of Association which relate to the Party Committee. The new guideline recognises the variation in practice between companies by setting a default recommendation of ABSTAIN.

In markets where the say-on-climate voting concept has not gained traction—notably Japan—the spotlight remains on a small number of high-profile environmental resolutions brought by shareholders. In other markets such as Australia, the say-on-climate concept is better accepted, although Australia did see a number of significant climate-related shareholder resolutions in 2023.

APAC | 21,920 Management and Shareholder Proposals

Management Proposals	# of Proposals	% With Mgmt.
Elect Directors (Uncontested)	8,157	90.0%
Routine Business and Operational Matters	4,741	87.8%
Capital Structure Items	3,520	94.3%
Management Compensation: Say on Pay and Equity Plans	1,888	78.9%
Mergers and Acquisitions	1,941	80.8%
Other	793	98.6%
Total	**21,040**	

Shareholder Proposals	# of Proposals	% With Mgmt.
Elect Directors (Contested)	512	91.6%
Related to Routine Business and Operational Matters	154	90.3%
Related to Auditors	142	97.9%
Social, Political or Environmental Matters	38	86.8%
Related to Compensation Policies	23	34.8%
Other	11	63.6%
Total	**880**	

Environmental and social shareholder resolutions

We approach shareholder resolutions by assessing the materiality of the issue raised by the proposal, as well as the general suitability of each resolution. Our analysis considers company-specific circumstances, including the current level of disclosure. We are unlikely to support resolutions which are excessively prescriptive or where we think the company is already taking action to address the stated concerns. There are also cases where we disagree in principle with what the proponent puts forward.

In our analysis of our voting patterns on shareholder resolutions, we use four categories.

Environmental	Environmental proposals request that companies either disclose certain environmental data or adopt specific environmental policies or practices.
Social	The social category contains a wide range of proposals on issues ranging from specific operational practices at companies to broader societal issues such as diversity.
Political Spending and Lobbying	Political spending and lobbying proposals, an increasing number of which are climate related, seek disclosure of a company's direct political contributions as well as indirect spending via trade associations.
ESG Counter-proposals	The purpose of ESG counter-proposals is to roll back company initiatives with social or environmental objectives.

Our support for shareholder resolutions in the environmental category dropped from 21% in calendar year 2022 to 8% this year. Our support for social resolutions fell from 11% to 2% and our support for political and lobbying proposals dropped from 32% to 4%. The reasons for the decline in support, related to the lower-quality nature of many resolutions, are detailed earlier in the Americas section. Also, the reduction in support for shareholder relations on social topics is in part because we are no longer reporting anti-nuclear proposals in Japan as a separate category.

These figures do not include one unique subcategory of shareholder resolutions, which we have identified as a separate line item in the graph. That category is ESG counter-proposals in the US. Such resolutions request that companies unwind their commitments to various ESG initiatives. In 2021, we voted on only nine such proposals across all T. Rowe Price portfolios. That figure rose to 46 in 2022 and 77 in 2023, representing almost 15% of the total volume of shareholder-sponsored resolutions overall. We do not support proposals of this nature because we disagree with the fundamental objective of the proponents. These resolutions represent the appropriation of the shareholder proposal process to address a narrow and non-economically based agenda.

Shareholder Resolutions – TRPA

Total Number of E&S Proposals Voted in 2023	Number	% of Total
ESG counter-proposals	77	14.6%
Environmental	181	34.3%
Political	52	9.9%
Social	217	41.2%
Total	**527**	**100.0%**

Items by Category	Number	Supported	Opposed	DNV Due to S/B	Total
ESG counter-proposals	77	0	77	0	77
Environmental	181	15	156	10	181
Political	52	2	50	0	52
Social	217	5	211	1	217
Totals	**527**	**22**	**494**	**11**	**527**

Percent by Category	Supported	Opposed	DNV Due to S/B	Total
ESG counter-proposals	0.0%	100.0%	0.0%	100.0%
Environmental	8.3%	86.2%	5.5%	100.0%
Political	3.8%	96.2%	0.0%	100.0%
Social	2.3%	97.2%	0.5%	100.0%
Totals	**4.2%**	**93.7%**	**2.1%**	**100.0%**

In total, T. Rowe Price portfolios voted on 1,921 shareholder-sponsored resolutions across all three regions in 2023. Of those, 1,031 related to investor nominations of directors or various technical proposals supporting such nominations. Another 363 were resolutions asking companies to adopt specific corporate governance practices. In the analysis above, we focus on the 527 remaining proposals addressing environmental, social and political topics. Of note, this total of 527 represents a 10% increase over last year's volume of environmental, social and political resolutions. Proposals of this type are highly concentrated by geography due to regulations in many markets that prohibit such activities. Of the resolutions in this analysis, 81.6 were brought in the Americas region, specifically the US and Canada. The APAC region represented 10.2% of the volume, and EMEA represented 8.2%.

Climate-related shareholder resolution case studies

In 2023, Japan saw three high-profile climate-related resolutions at Mizuho Financial Group, Mitsubishi UFJ Financial Group and Sumitomo Mitsui Financial Group. All three essentially called for the companies to amend articles to disclose their transition plan to align lending and investment portfolios with the goals of the Paris Agreement.

- Mizuho Financial Group has 2030 and 2050 net zero targets, adequate disclosure and a sufficiently developed climate strategy and we therefore voted AGAINST the proposal. 20% of shareholders voted for the resolution.
- A similar shareholder resolution was received at Mitsubishi UFJ Financial Group. Following engagement, the mainstream strategies voted AGAINST whilst the net zero strategies voted FOR this resolution. The company told us that it intended to publish a transition plan as per the request before the end of fiscal year 2023, so the mainstream strategies voted AGAINST, as we had been reassured by the dialogue regarding how the group is managing climate risk. We also provided commentary on emerging global best practice, and given there were some opportunities for improvement, our net zero strategies voted FOR the resolution, along with 17.5% of shareholders.
- We voted AGAINST the item at the Sumitomo Mitsui Financial Group as disclosure is adequate and the company has short-, medium- and long-term targets aligning to a net zero target for financed emissions by 2050. 21% of shareholders voted for the resolution.

The specific securities identified and described are for informational purposes only and do not represent a recommendation.

Climate-related shareholder resolutions (TRPA)

Engie	
Focus	Environmental
Company Description	Engie is a French utility company.
Asset Class	Equity
Country	France
Issue	Engie received a climate-related shareholder resolution from a group of 16 European institutional investors.
Analysis	The shareholder resolution was titled 'Resolution on modification of the articles of association on the company's climate strategy'. It sought to amend Articles 21 and 24 of the company's bylaws. Under Article 21, the proponents asked for a triennial strategy vote and an annual vote on the progress report of the company's climate strategy implementation, whilst under Article 24, they asked for either a 1.5°C-aligned climate strategy or a progress report of the climate strategy implementation over the past financial year. We engaged with the company to understand its perspective. The company told us that it has committed to: (1) annual reporting of progress; (2) a dedicated agenda item at each AGM to discuss the climate strategy, in line with the expectations of the French financial services regulator, the Autorité des marchés financiers (AMF) and (3) a strategy vote every three years, and more often if needed (e.g., if there was a significant change to the business scope). The company told us that, in line with feedback from other shareholders, it would be publishing an addendum to the Task Force on Climate-Related Financial Disclosures report 2023 which would clarify the points raised by the proponents. The additional reporting was published on 14 April 2023 to the Engie website and showed: (1) the company had set public objectives which cover 99% of its carbon footprint (Scopes 1, 2 and 3 emissions), (2) additional granularity on alignment with the 1.5°C trajectory which addressed our outstanding concerns and (3) the company had also committed to annual reporting.
Vote Decision	On balance, we felt that the company had effectively met what was requested by the proponents. We did not feel that requesting a bylaw change on top of the other commitments was necessary at this time, particularly given the regulatory expectations for say-on-climate votes in the French market are expected to be clarified by the AMF in the near future. We voted AGAINST the resolution, along with 75.6% of shareholders. However, we continue to keep the matter under review, and if the company does not meet the commitments it has made, we will reflect this in our voting against directors at a future AGM.

The specific securities identified and described are for informational purposes only and do not represent a recommendation.

Climate-related shareholder resolutions (TRPA)

Shell plc	
Focus	Environmental
Company Description	Shell plc is a global integrated energy company.
Asset Class	Equity
Country	UK
Issue	The Shell 2023 AGM was a high-profile meeting with a management-sponsored say-on-climate and a climate-related shareholder resolution filed by the nongovernmental organization.
Analysis	**Management-sponsored say-on-climate progress report: item 25** The company originally presented its climate transition plan for shareholder approval in 2021. At the 2023 AGM under item 25, it asked for shareholder approval of progress in 2022 against the goals of this plan. Shell appeared to be making reasonable progress against the targets laid out in its climate strategy: It had reduced its Scope 1–2 emissions almost 30% since 2016, and its Scope 1–3 net carbon intensity had also decreased compared with the baseline—although the pace of Scope 3 emission reductions was slower than the pace of Scope 1–2 reductions, this was in line with what Shell forecast in its climate strategy in 2021. We therefore supported Shell on its say-on-climate vote. **Shareholder proposal on climate: item 26** As in recent years, shareholder consortium Follow This presented a shareholder-requisitioned resolution under item 26. The Follow This shareholder resolution requested that the company align its greenhouse gas emissions reduction targets with the goal of the Paris Climate Agreement: to limit global warming to well below 2°C above preindustrial levels and to pursue efforts to limit the temperature rise to 1.5°C. The strategy for how to achieve this target was entirely up to the Board; however, it was interpreted that the company would need to set an absolute 2030 GHG emissions reduction target, which includes the use of its energy products (Scope 3). The Board was not supportive of the shareholder resolution, pointing out that Shell has Paris-aligned targets to reduce emissions with the goal of becoming a net zero emissions energy business by 2050. Shell has not published absolute Scope 3 reduction targets, but it has set short-, medium- and long-term targets to reduce the net carbon intensity of the energy products it sells. Our view on intensity-based versus absolute emission reduction targets differed from the proponents. For strategies where the goal is financial performance, an intensity-based Scope 3 target can provide evidence for a credible decarbonisation strategy, provided the targets are suitably ambitious with a clear plan to achieve them. Tracking year-on-year changes in its reported intensity metrics demonstrated how Shell was pivoting its portfolio towards lower-carbon products.
Vote Decision	We supported Shell on item 25, its say-on-climate vote. There was 80% support for this item. On item 26, we voted AGAINST this climate-related shareholder resolution as the company appeared to be appropriately managing its climate risk given the short-, medium- and long-term Scope 3 intensity targets, the significant capex into low-carbon businesses and the Scope 1–2 targets. 80% voted AGAINST this shareholder resolution.

The specific securities identified and described are for informational purposes only and do not represent a recommendation.

Shareholder resolution case study

Shareholder resolution on health and safety (TRPA)

Dollar General Corporation

Focus	Social
Company Description	Dollar General is a retailing company with a nationwide chain of discount stores.
Asset Class	Equity
Country	US
Issue	This is an example of a socially themed sustainability resolution which we supported because it addressed issues having a material impact on the company's performance. We followed up our voting action by escalating the concerns through an on-the-record interview in the press.
Analysis	The company experienced significant upheaval in 2023, with an unplanned CEO succession, underperformance against peers and serious operational missteps that have resulted in increased rates of worker safety violations and overall poor conditions for workers and customers in the stores. At a high level, the operational concerns at the company have centered on underinvestment in the stores, poor management of inventory and mismanagement of staffing levels. The combination of these factors has created an unsafe work environment across many of the chain's locations. Understaffed stores have experienced increased crime and unappealing shopping environments. We take a case-by-case approach to analysing shareholder resolutions of a social nature. Most of the time, we conclude these proposals are not aligned with our interests because (a) they are brought forward by parties who are not actual shareholders of the corporation; (b) they are focused on niche concerns that we do not classify as financially material; (c) they ask for additional reporting on matters for which the company already provides comprehensive disclosure or (d) we disagree with the intentions of the proponent on principle. However, the proposal at Dollar General's 2023 shareholder meeting was an exception. This resolution asked the company to commission a third-party report examining worker safety and well-being issues. The proposal was sponsored by an institutional investor and addressed a clearly material issue that has been poorly addressed by management in recent years. A period of underinvestment in the company's stores resulted in difficult working conditions across much of the base. Supply chain disruption contributed to the problem by making it difficult to predict when deliveries would reach each store location so that managers could be appropriately staffed on those days. The outcome was inventory continued to pile up to the degree that it became, in some stores, a safety hazard for workers. Increased spoilage was another outcome of inventory that piled up without enough staffing resources to unbox goods and move them to the appropriate location in the stores. The resulting pattern of safety incidents, investigations and fines applied by the Occupational Safety & Health Administration (OSHA) led to the company being categorised as a 'severe violator' by the agency. It has also led to persistent negative coverage of the problems in the media. Given the material impact of these issues on the company's performance, we have spoken with Dollar General management on multiple occasions. The company has announced a programme to invest an incremental US$100 million in the stores, primarily to increase labour hours per store. We discussed whether the company's remediation plan is adequate. We also took the unusual step in this case of participating in an on-the-record interview and commenting on our voting decision with Bloomberg BusinessWeek journalists who wrote a September 2023 cover story on working conditions at Dollar General.
Vote Decision	TRPA, on behalf of the T. Rowe Price funds and certain of its advisory clients voted FOR the shareholder proposal (item 7: Worker Safety and Well-Being Audit) at the Dollar General shareholder meeting on 31 May. The resolution was supported by 68% of votes cast.

The specific securities identified and described are for informational purposes only and do not represent a recommendation.

ESG counter-proposals

ESG counter-proposals continued to proliferate in 2023.

In the US market, the requirements for submitting a shareholder proposal for consideration by a company's investors are low, whilst the cultural divide on ESG matters is high. The combination of these factors resulted in a record number of shareholder proposals put to a vote in 2023 that we have characterised as ESG counter-proposals. In some cases, the resolutions are quite similar to those submitted by traditional proponents who favour the incorporation of ESG into investment decisions. In other cases, the resolutions are more transparently intended to persuade companies to unwind their investments in environmental or social initiatives. For the calendar year 2023, we identified 77 ESG counter-proposals across all T. Rowe Price portfolios.

Example of an ESG counter-proposal (TRPA)

Marriott International, Inc.	
Focus	Social
Company Description	Marriott International is a global hospitality company.
Asset Class	Equity
Country	US
Issue	The company received an ESG counter-proposal seeking a congruency report on its 'partnerships with globalist organisations'.
Analysis	The proponent, a prolific filer of ESG counter-proposals, identified the company's engagement with the World Economic Forum (WEF), the Business Roundtable and the Council on Foreign Relations as an area of concern because, in the filer's view, the mission of these organisations is 'antithetical' to the board's fiduciary duties under the laws of Delaware, where Marriott is incorporated. At the shareholder meeting, held virtually, the proponent expounded on his core area of concern, which in the proxy he summarised as: 'For example, WEF openly advocates for transhumanism, abolishing private property, eating bugs, social credit systems, 'The Great Reset,' and host of other blatantly Orwellian objectives'. Our perspective is the use of the shareholder meeting mechanism to initiate a debate on an individual's political perspective is not a constructive approach.
Vote Decision	TRPA portfolios voted AGAINST the resolution, along with 99% of Marriott's investors.

The specific securities identified and described are for informational purposes only and do not represent a recommendation.

Proxy voting at TRPIM

TRPIM voting statistics

The 2023 voting statistics for TRPIM are shown below.

TRPIM – SUMMARY

Proponent	Category	# of Proposals	% With Mgmt.	% Against or DNV[4]	Total
Management	Add, Amend or Remove Takeover Defences	21	95.2%	4.8%	100.0%
Management	Appoint Auditors/Approve Auditor Fees	575	96.2%	3.8%	100.0%
Management	Capital Structure Items	74	93.2%	6.8%	100.0%
Management	Management Compensation: Say on Pay and Equity Plans	689	90.1%	9.9%	100.0%
Management	Elect Directors (Uncontested)	3,962	90.8%	9.2%	100.0%
Management	Mergers and Acquisitions	14	100.0%	0.0%	100.0%
Management	Routine Business and Operational Matters	123	83.7%	16.3%	100.0%
Management	Amend Shareholder Rights	29	96.6%	3.4%	100.0%
Management	Management-Sponsored Environmental Resolutions	0	0.0%	0.0%	0.0%
	TOTAL	**5,487**			
Shareholder	Proposals to Amend or Remove Takeover Defences	3	33.3%	66.7%	100.0%
Shareholder	Proposals Related to Auditors	0	0.0%	0.0%	0.0%
Shareholder	Proposals Related to Capital Structure	0	0.0%	0.0%	0.0%
Shareholder	Proposals Related to Compensation Policies	18	100.0%	0.0%	100.0%
Shareholder	Elect Directors (Contested)	49	46.9%	53.1%	100.0%
Shareholder	Proposals Related to Mergers and Acquisitions	1	100.0%	0.0%	100.0%
Shareholder	Proposals Related to Routine Business and Operational Matters	6	83.3%	16.7%	100.0%
Shareholder	Proposals to Adopt or Amend Shareholder Rights	14	78.6%	21.4%	100.0%
Shareholder	Proposals on Social, Political or Environmental Matters	125	81.6%	18.4%	100.0%
	TOTAL	**216**			
ALL	**Total Management Proposals**	**5,487**	**91.2%**	**8.8%**	**100.0%**
ALL	**Total Shareholder Proposals**	**216**	**74.5%**	**25.5%**	**100.0%**
ALL	**Total Management and Shareholder Proposals**	**5,703**	**90.6%**	**9.4%**	**100.0%**

[4] TRPIM endeavours to vote every ballot we are eligible to cast. On rare occasions, we submit ballots with instructions not to vote, for technical reasons. Primarily, these are situations (1) where there is a contested election with multiple ballots and we can only vote on one or (2) in countries where investors must give up their ability to trade their shares in order to vote..

TRPIM: Proxy Voting Guidelines

Specific proxy voting guidelines have been adopted by the TRPIM ESG Investing Committee for all regularly occurring categories of management and shareholder proposals. Many guidelines indicate a 'case by case' analysis, reflecting that the facts and circumstances of each issue may vary. Our intent is to vote proxies, where possible to do so, in a manner consistent with our fiduciary obligations and responsibilities. TRPIM investment personnel do not coordinate with investment personnel of its affiliated investment advisers with respect to proxy voting decisions; TRPIM's proxy voting decisions are independent.

T. Rowe Price Investment Management, Inc., Proxy Voting Guidelines

Auditors	
Auditor ratification	Generally FOR approval of auditors; however, AGAINST ratification of auditors and/or AGAINST members of the audit committee if: – An auditor has a financial interest in or association with the company, and is therefore not independent; – There is reason to believe that the auditor has rendered an opinion that is neither accurate nor indicative of the company's financial position; – The auditor has issued an adverse opinion on the company's most recent financial statements; – A material weakness under applicable accounting rules rises to a level of serious concern, there are chronic internal control weaknesses or there is an absence of effective control mechanisms; – Pervasive evidence indicates that the committee entered into an inappropriate indemnification agreement with its auditor or – Non-audit fees are excessive in relation to audit-related fees without adequate explanation.
Auditor indemnification and limitation of liability	Generally AGAINST auditor indemnification and limitation of liability that limits shareholders' ability to pursue legitimate legal recourse against the audit firm.

Election of directors

Director independence

Generally FOR slates with a majority of independent directors.

FOR slates with less than a majority of independent directors if the company has a shareholder (or group of shareholders) who controls the company by means of economic ownership, not super-voting control.

AGAINST individual directors in the following cases:

- Inside directors and affiliated outside directors who serve on the board's Audit, Compensation or Nominating Committees;
- Any director who missed more than 25% of scheduled board and committee meetings, absent extraordinary circumstances;
- Any director who exhibits such a high number of board commitments overall that it causes concerns about the director's effectiveness at any one of the companies. A director's portfolio of private company board seats is a secondary consideration. Specifically, concerns about over-boarding arise with:
  - Any director who serves on more than five public company boards; or
  - Any director who is CEO of a publicly traded company and serves on more than one additional public board.

AGAINST members of the Nominating and Corporate Governance Committee and the lead independent director (or independent chair) in the following cases:

- For US-listed companies where dual-class stock with superior voting rights are present to a material level, our guidelines are to oppose the key board members responsible for setting corporate governance standards. Over many years of investing in the US equities market, we have reached the conclusion that companies controlled by means of dual-class stock present more disadvantages to long-term investors than any potential advantages unless there is a strong, time-based sunset provision of a reasonable duration that we usually consider to be within seven years. We have become alarmed, in recent years, to see the number of such companies growing due to IPOs. In our view, supporting the reelections of the Nominating and Governance Committees at such companies sends the message that we are comfortable maintaining their dual-class structures indefinitely. In fact, this is not the case. If we conclude that the positive attributes of the investment, in total, outweigh the risks, we may make the decision to maintain an investment in the company despite the dual-class structure. However, we feel a responsibility to attempt to engage in dialogue with these companies about potential ways they could transition to a one-share, one-vote capital structure over time. Due to the nature of voting at controlled companies, our opposition to board members carries no possibility of changing the outcome. Nevertheless, we believe this voting guideline, accompanied by engagement, is the appropriate way to express our view that control by means of dual-class stock with superior voting rights does not serve the long-term interests of investors.
- For US-listed companies that maintain classified boards together with other antitakeover defences for prolonged periods of time as a public company, we seek that mechanisms be put in place to de-classify the board and our guidelines are to vote against members of the Nomination and Corporate Governance Committee and lead independent director or independent chairman where this commitment is not forthcoming.

AGAINST members of the Compensation Committee in the following cases:

- Company re-prices underwater options for stock, cash or other consideration without prior shareholder approval;
- Company has demonstrated poor compensation practices, taking into consideration performance results and other factors or
- Compensation Committee members approve excessive executive compensation or severance arrangements.

AGAINST the entire board, certain committee members or all directors in the following cases:

- Directors failed to take appropriate action following a proposal that was approved by a majority of shareholders;
- Directors adopted a poison pill without shareholder approval, unless the board has committed to put it to a vote within the next 12 months;
- Directors exhibit persistent failure to represent shareholders' interests or fail in the oversight of material governance, environmental, or social risks, in the opinion of TRPIM or
- One or more directors remain on the board after having received less than 50% of votes cast in the prior election.

Board diversity policy	Board diversity is an important issue for a growing number of investors, including TRPIM. At a high level, the composition of the average company board does not yet reflect the diversity of the stakeholders these companies represent—their employees, customers, suppliers, communities or investors. Our experience leads us to observe that boards lacking in diversity represent a suboptiman composition and a potential risk to the company's competitiveness over time. We recognise that diversity can be defined across a number of dimensions. However, if a board is to be considered meaningfully diverse, in our view some diversity across both gender and race should be present. For companies in the Americas, we currently generally oppose the reelections of Nominating and Governance Committee members if we find no evidence of current or recent board diversity on gender lines and, from 2023 onwards, plan on opposing Governance Committee members where there is no evidence of current or recent board diversity around race.
Board chair independence	Require independent board chair: case by case, taking into consideration primarily the views of the portfolio manager as to whether the role of board chair should be a separate position. Secondary considerations include the role of the board's lead independent director and the board's overall composition.
Majority voting	Majority voting is a crucial accountability mechanism. We vote FOR proposals asking the board to initiate the process to provide that director nominees be elected by the affirmative majority of votes cast at an annual meeting of shareholders. Resolutions should specify a carve-out for a plurality vote standard when there are more nominees than board seats.

Key guidelines

Proxy contests	Case by case, considering the long-term financial performance of the target company relative to its industry, management's track record, the qualifications of the shareholder's nominees and other factors.
Proxy access	TRPIM believes significant, long-term investors should be able to nominate director candidates using the company's proxy, subject to reasonable limitations. Generally FOR shareholder proposals offering a balanced set of limitations and requirements for proxy access. We support proposals suggesting ownership of 3% of shares outstanding with a three-year holding period as the standard for access to the proxy. We do not believe there should be undue impediments to a proponent's ability to aggregate holdings with other shareholders in order to qualify for access to the proxy. Generally, we will vote AGAINST proposals (whether sponsored by shareholders or by management) putting forth requirements materially different from these thresholds. We will also vote AGAINST shareholder proposals to amend existing proxy access bylaws if the company has already adopted a bylaw that meets the general parameters described above.
Adopt or amend poison pill (management proposals)	Generally AGAINST. In Canada, a vote FOR will be considered if appropriate shareholder protections are in place. Amend/rescind poison pill (shareholder proposals) FOR, unless the shareholders have already approved the pill or the company commits to giving shareholders the right to approve it within 12 months.
Annual vs. staggered board elections	AGAINST proposals to elect directors to staggered, multiyear terms. FOR proposals to repeal staggered boards and elect all directors annually. Our general perspective is that companies with classified boards that have been independent public issuers for a period of more than 10 years should be undertaking a process to transition to full annual director elections.
Adopt cumulative voting	AGAINST
Shareholder ability to call special meetings	FOR proposals allowing shareholders to call special meetings when either (a) the company does not already afford shareholders that right or (b) the threshold to call a special meeting is greater than 25%. AGAINST proposals to reduce the threshold of shareholders required if the company has in place a standard of no more than 25%. AGAINST proposals to restrict or prohibit shareholders' ability to call special meetings.

Key guidelines (continued)

Shareholder ability to act by written consent	Generally AGAINST shareholder proposals requesting the right to shareholder action by written consent. Written consent is not a fair or effective means of enabling investor access.
Simple majority vs. supermajority provisions	AGAINST proposals to require a supermajority shareholder vote. Generally FOR proposals to adopt simple majority requirements for all items that require shareholder approval.
State or country of incorporation	Case by case on domestic, state-to-state reincorporation. AGAINST proposals to reincorporate offshore. FOR proposals that call for companies incorporated in offshore tax havens to reincorporate in the United States. AGAINST shareholder proposals to move incorporation from one state to another.
Dual-class equity	AGAINST proposals that authorise the issuance of shares that would create disproportionate voting rights. FOR proposals to implement a capital structure with one share, one vote. For additional context, see above our guidelines on director elections at companies controlled by means of dual-class stock.
Authorization of additional common stock	Case by case
Reverse stock split	Generally FOR proposals where there is a proportionate reduction in the number of authorised shares.
Preferred stock	Generally FOR proposals to create a class of preferred stock where the company specifies acceptable voting, dividend, conversion and other rights. AGAINST proposals to create a blank check preferred stock with unspecified voting, dividend, conversion and other rights.
Director compensation	Generally FOR proposals to award cash fees to non-executive directors unless fees are excessive. Generally FOR director equity plans that are subject to reasonable stock ownership guidelines, have an appropriate vesting schedule, represent a prudent mix between cash and equity, provide adequate disclosure and do not include inappropriate benefits such as postretirement payments or executive perks.
Mergers, acquisitions and corporate restructurings	Case by case. The view of the portfolio manager is a primary consideration.
Adjourn meeting or other business	AGAINST, as the company should abide by the vote results as of the date of the meeting.
Management-sponsored 'say on climate' proposals	Case by case, considering the company's sector; the company's existing level of disclosure and target setting and the company's environmental pillar score on our Responsible Investing Indicator Model.
Shareholder proposals of a social or environmental nature	Shareholder proposals of a social or environmental nature: It is TRPIM policy to analyse every shareholder proposal of a social or environmental nature on a case-by-case basis.
Shareholder proposals related to political spending and lobbying	Case by case, if we believe the decision to engage in political or lobbying activities poses a unique risk for a particular company and it is unclear whether the board oversees and monitors such risk adequately, TRPIM will generally support shareholder resolutions seeking additional disclosure. A company's level of disclosure on this issue relative to its peers is a consideration, as is the level of consistency between a company's public statements on ESG issues and the nature of its lobbying activity.

Shareholder Resolutions – TRPIM

Total Number of E&S Proposals Voted in 2023	Number	% of Total
ESG counter-proposals	16	12.6%
Environmental	21	16.5%
Political	28	22%
Social	62	48.8%
Total	**127**	**100%**

Items by Category	Number	Supported	Opposed	DNV Due to S/B	Total
ESG counter-proposals	16	–	16	–	16
Environmental	21	4	17	–	21
Political	28	11	17	–	28
Social	62	8	54	–	62
Totals	**127**	**23**	**104**	**–**	**127**

Percent by Category	Supported	Opposed	DNV Due to S/B	Total
ESG counter-proposals	–	100%	–	100%
Environmental	19%	81%	–	100%
Political	39.3%	60.7%	–	100%
Social	12.9%	87.1%	–	100%
Totals	**18.1%**	**81.9%**	**–**	**100%**

TRPIM's proxy voting summary can be found here.

TRPIM voting case studies

Below are two case studies illustrating how TRPIM applies its voting policy in a number of situations.

Voting on executive compensation concerns

Using our vote on executive compensation (TRPIM)	
Black Knight Holdings	
Focus	Governance
Company Description	Black Knight (BKI), through its subsidiaries, provides data analytics and workflow automation solutions to the mortgage and real estate industries.
Asset Class	Equity
Country	US
Issue	We engaged with the company around executive compensation to establish the rationale for and process behind determining the quantum (US$40 million) of the discretionary bonus given to former CEO, now executive chair, Anthony Jabbour, related to the Intercontinental Exchange transaction.
Analysis	We asked BKI to give the rationale for the size of Jabbour's bonus, but the response did not provide sufficient justification. BKI's rationale was that the deal generates significant value for shareholders, Jabbour spearheaded the transaction and Jabbour's employment agreement made him eligible for a discretionary bonus if the company was sold during the term of his agreement. We asked the company to explain the process the Compensation Committee used to determine the appropriate quantum for a merger-related bonus. The CFO highlighted that the bonus was discussed at length by the Compensation Committee and that ultimately the committee thought it was the right amount in terms of value added. Management's response did not demonstrate that the board had a strong process in place for arriving at US$40 million as the size of the bonus.
Vote Decision	Given our view of the weak explanation and process, along with 67% of shareholders, we voted AGAINST say on pay to reflect the compensation concerns.

The specific securities identified and described are for informational purposes only and do not represent a recommendation.

Voting on performance and oversight issues

Using our vote on performance and oversight (TRPIM)

BJ's Restaurants	
Focus	Governance
Company Description	BJ's Restaurants owns and operates around 215 restaurants in 30 states specialising in pizza and handcrafted beer.
Asset Class	Equity
Country	US
Issue	This is a company that has evidenced weak profitability and has been too growth focused, at the expense of profitability, deploying capital at an inadequate return. We have been long-term shareholders and note that the stock is at the same price level achieved 13 years ago.
Analysis	Given our concerns, especially given the weak margin performance last year, we wanted to signal that we are dissatisfied with performance and oversight here. We are supportive of the chairman and CEO but consider that better oversight around capital allocation should have been offered by a number of legacy directors we identified. Given our lack of uniform confidence in the board, we withheld support for four directors (around a third of the board).
Vote Decision	After engaging and apprising the chairman of our thinking, we withheld support for four directors. They were still voted on to the board but with lower support (72% to 77% range) versus the other directors (95% to 97%).

The specific securities identified and described are for informational purposes only and do not represent a recommendation.

Proxy voting disclosure by TRPA and TRPIM

We publish proxy voting case studies to our public website on or around the time of the AGM to provide insight into how T. Rowe Price Associates, Inc., intends to vote at the meeting. Further details can be found in Principle 11 of this report.

Documentation and reporting

The documents below detail our policies and our 2023 activity in proxy voting, responsible investing, engagement and shareholder activism. They are publicly available in the ESG section of our website.

Proxy Voting Guidelines	A detailed set of guidelines reflecting what we believe to be best practice on various corporate governance issues. The key points of each regional guideline are detailed in this Principle 12.
Proxy Voting Summary	An annual analysis of our proxy voting trends, including a year-over-year comparison by category. The key points are detailed in this Principle 12.
Engagement Policy	Detailed guidance for companies seeking to engage with T. Rowe Price on ESG matters.
Our Philosophy on Shareholder Activism	A detailed description of our policies on interaction with other investors in an activism context and guidance for companies that are subjects of campaigns.
Voting Record	A searchable database of our proxy voting records for the most recent reporting period.
For or Against: The Year in Shareholder Resolutions	A detailed breakdown of our voting decisions for the previous year on resolutions across the environmental and social spectrum.

An example of a meeting record on our vote disclosure site is shown below. The company name and meeting details are shown as well as how we voted. It is also possible to filter to see only how a particular fund voted at the meeting rather than all funds.

< Back **Public Power Corp. SA**

Ticker	Meeting Date	Record Date	Security ID	Meeting Type	Industry Sector	Country
PPC	**31-Mar-2023**	**24-Mar-2023**	**X7023M103**	**Extraordinary Shareholders**	**Electric Utilities**	**Greece**

↑ Item #	Proposal	Mgmt Rec	Vote
	Extraordinary Meeting Agenda		
1	Elect Member of Audit Committee	For	For
2	Elect Members; Approve Type and Composition of the Audit Committee	For	For
3	Amend Company Articles 8 and 18b	For	For
4	Various Announcements	None	None

The vote rationale is provided for any votes opposite management or votes opposite the T. Rowe Price custom policy. We also aim to provide an explanation for our voting on any high-profile resolutions, like the example below at ABB Ltd. The voting rationale reflects the analysis undertaken by the Responsible Investing and Governance teams, including insights drawn from our engagement with the company.

< Back **ABB Ltd.** Significant Meeting

Ticker	Meeting Date	Record Date	Security ID	Meeting Type	Industry Sector	Country
ABBN	**23-Mar-2023**		**H0010V101**	**Annual**	**Electrical Equipment**	**Switzerland**

Item #	Proposal	Mgmt Rec	Vote
1	Accept Financial Statements and Statutory Reports	For	For
2	Approve Remuneration Report (Non-Binding)	For	For
3	Approve Discharge of Board and Senior Management *Voting Rationale:* *Support is not recommended for the discharge as in December 2022, ABB was charged for a third time for violations of the Foreign Corrupt Practices Act (FCPA), and ordered to pay $460 million to US authorities to settle criminal and civil charges.*	For	Against

The specific securities identified and described are for informational purposes only and do not represent a recommendation.

Significant votes

Our heads of Governance apply a 'potentially significant vote' tag to meetings in our proxy voting platform during the year. Every six months, tagged meetings are reviewed in preparation of the internal vote rationales for publication. Meetings may be tagged where the situation is particularly contentious or where the vote illustrates a key aspect of our voting approach. It is now possible to identify all significant meetings for the period using the 'Include Significant Meetings Only' option from the Significant Votes dropdown menu.

Proxy Voting Search

Search by

Reset Filters

Meeting Date Range: From 01-Jul-2022 to 30-Jun-2023

Fund: All Funds

Significant Votes: Include Significant Me...

Company Search: Name, Security ID, or Ticker

243 unique meetings were tagged in 2023 by TRPA using this process. 153 significant votes were tagged by TRPIM in 2023.

In 2023 we prioritised the following characteristics when identifying votes as significant votes for reporting purposes.

- Any vote that a member of the Governance team concludes is of high interest to the investing public in the market where the company is located.
- Contested board elections, to the extent we have a meaningful position in the company.
- Any vote for a company where we have an ongoing, active engagement of a contentious nature.
- Any vote that the Governance team determines is particularly illustrative of our general approach (or of a particular strategy's approach) to voting.
- Votes where one or more Impact funds voted differently from the mainstream portfolios.

Signatories should explain how they have monitored what shares and voting rights they have

T. Rowe Price has only a limited securities lending programme in place. However, we have a monthly review process in place to identify any potential situations and will recall or restrict securities from lending if necessary. Once a month, the heads of Governance review all stock currently out on loan as well as the names either restricted (i.e., their securities cannot be loaned out) or potentially subject to recall based on their knowledge of upcoming contentious meetings.

In between these reviews, when an analyst flags that an upcoming meeting is expected to be particularly high profile or contain a controversial voting matter, the security will be placed on the ‘Meetings to Watch’ watchlist. This ensures that the meeting is flagged in the daily voting emails so the meeting status and the time until the voting cutoff is clearly communicated. Any shares out on loan can be recalled between the monthly reviews, with the daily voting email serving as a prompt to identify any upcoming contentious meetings. In 2022, we enhanced this largely qualitative process by adding a quantitative element. We subscribed to ISS’s Share Recall service, which delivers a file containing all known upcoming record dates for our holdings, as well as various indicators of the potential significance of the meetings. An analyst on the Governance team reviews this file weekly and recommends companies to be considered for restriction from the lending programme.

The amount of the issued share capital which T. Rowe Price strategies/portfolios hold at any point in time is accessible through our internal reporting to all members of the Investment and ESG teams. The ballots to be voted are present in our voting platform.

The voting queue clearly identifies if a meeting is not in a votable state, and any operational issues will be referred to our Proxy Operations team for investigation. We gave ISS feedback in the 2023 annual due diligence review on how its share recall product could be improved, and we wait to see if any of our suggestions are incorporated.

Corporate actions

In addition to the investor rights and responsibilities discussed above, T. Rowe Price has contracted a group dedicated to corporate actions, including rights issuances. These responsibilities are performed by BNY Mellon in its capacity as our middle-office service provider, in close cooperation with our investment teams. Corporate action information received daily from custodian banks and market data providers is verified by two or more authorised sources before being acted on. Once the event is verified, the fund accounting and portfolio accounting systems are queried for holders and respective positions.

Corporate action notifications are prepared daily and reviewed prior to distribution to T. Rowe Price investment personnel and BNY Mellon accounting staff. T. Rowe Price portfolio managers or other designated T. Rowe Price investment personnel authorise their voluntary corporate action decisions and submit them to BNY Mellon. Custodian confirmations or other communications that verify the receipt of the instructions are reviewed to ensure the elections are received in a timely fashion and will be acted on accordingly.

Closing reflection

The most notable change in our active ownership outcomes this year was the continued decline in our support for shareholder-sponsored resolutions. There are multiple reasons why we find few proposals we conclude are aligned with our clients’ interests, particularly in North America. We outline those reasons in this section; at a high level they include the misuse of the shareholder proposal process by non-economic actors, proponents’ focus on non-core issues and rapid improvement in disclosure by corporate issuers.

APPENDIX A

T. Rowe Price Associates (TRPA)

Appendix A-SRD II Disclosure

The 2023 Stewardship Report seeks to demonstrate how our investment approach aligns with the 2020 UK Stewardship Code. The 2020 code was the implementation in the UK of the section of the revised EU Shareholders' Rights Directive (2017/828) which describes how asset managers should publicly disclose information about the implementation of their engagement policy and how they have exercised their voting rights.

Article 3g requires that institutional investors and asset managers shall develop and publicly disclose an engagement policy that describes how they integrate shareholder engagement in their investment strategy. The policy shall describe how they monitor investee companies on relevant matters, including strategy, financial and nonfinancial performance and risk, capital structure, social and environmental impact and corporate governance; conduct dialogues with investee companies; exercise voting rights and other rights attached to shares; cooperate with other shareholders; communicate with relevant stakeholders of the investee companies and manage actual and potential conflicts of interests in relation to their engagement.

Institutional investors and asset managers shall, on an annual basis, publicly disclose how their engagement policy has been implemented, including a general description of voting behaviour, an explanation of the most significant votes and the use of the services of proxy advisers. They shall publicly disclose how they have cast votes in the general meetings of companies in which they hold shares. Such disclosure may exclude votes that are insignificant due to the subject matter of the vote or the size of the holding in the company.

Mapping between the Article 3g requirements and the 2023 Stewardship Report

Topic	Relevant Principle in the Stewardship Report
Engagement	Principle 9 – engagement Principle 10 – collaborative engagement Principle 11 – escalation
Voting, including significant votes	Principle 12 – voting
Use of proxy advisers	Principle 7 – expectations given to vendors Principle 8 – oversight of vendors Principle 12 – use within process

APPENDIX B

T. Rowe Price Associates (TRPA)

Appendix B-
Japanese Stewardship Disclosure

Participation in Principles for Responsible Institutional Investors (Japan's Stewardship Code)

Published April 2024

We endorse the Principles of Responsible Institutional Investors, which is also known as Japan's Stewardship Code

T. Rowe Price is a global investment management firm with local insight derived from our investment professionals and distribution teams. Our clients rely on our active investment management approach across a broad range of equity, fixed income and multi-asset investment capabilities. We apply an active, high-conviction and forward-looking approach across our investments, with a focus on long-term performance—offering a diversified range of strategies and vehicles to meet client needs in different regions.

Basic policy on responsible investment

At T. Rowe Price, we incorporate environmental, social and governance considerations across our investment platforms. We believe that ESG issues influence investment risk and return, and therefore, we incorporate them into our fundamental investment analysis. Additionally, we recognise that many of our clients' goals are not purely financial. As such, we offer select investment products that seek to invest in ways that align with our clients' values or have the potential to drive positive environmental or social impact.

Our ESG Policy is available on our company website. It describes how we aim to enhance corporate value and to help our clients create more secure financial futures. Examples of how we integrate ESG into the investment process can be found in Principle 7 of our 2023 Stewardship Report.

Action policy on Principles for Responsible Institutional Investors

Principle 1

Institutional investors should have a clear policy on how they fulfil their stewardship responsibilities and publicly disclose it.

We have a single, global approach to stewardship which is set out in our 2023 Stewardship Report. ESG analysis is one of many building blocks that make up our global investment research platform. We have built specialist teams and technology to evaluate and integrate ESG factors across a range of asset classes.

Our proprietary research tools, including the Responsible Investing Indicator Model (RIIM), Impact Lens and ESG-labelled Bond Framework, provide insights that third-party data alone cannot. They are designed specifically to help portfolio managers and analysts consider ESG factors as part of their investment process (see Principle 7 of our 2023 Stewardship Report).

A key tenet of our approach is our engagement with the companies in which we invest. Whilst 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. We convey our expectations to companies and, in most cases, encourage them to make changes which we believe to be in the best interest of their business and our clients (see Principle 9 of our 2023 Stewardship Report).

We publicly disclose our policies on our websites: English and Japanese.

Principle 2

Institutional investors should have a clear policy on how they manage conflicts of interest in fulfiling their stewardship responsibilities and publicly disclose it.

Our global Conflicts of Interest Policy is contained within our Code of Ethics and Conduct, which is available on our public website here. We established our Conflicts of Interest Policy to ensure that all appropriate steps are taken to prevent or manage conflicts of interest which could be detrimental to the interests of clients. Where conflicts cannot be avoided, we seek to mitigate them through organisational and administrative controls and, where necessary, disclosure to clients. Our Conflicts of Interest Management Policy, which is applied under the Japanese regulatory requirements, can be found on our **website (Japanese)**.

Our overarching approach to dealing with potential conflicts of interest related to stewardship is to resolve them by taking the path which best serves our clients' interests. Principle 3 of our 2023 Stewardship Report sets out how conflicts may arise because of a range of issues, for example, mergers and acquisitions scenarios where clients own the target and the acquirer, and how these would be managed.

Principle 3 then discusses how technological and process controls support the relevant T. Rowe Price ESG Investing Committees in monitoring and resolving potential conflicts between the interests of T. Rowe Price and those of its clients with respect to proxy voting. A description of the composition and role of the TRPA and T. Rowe Price Investment Management, Inc. (TRPIM) ESG Investing Committees can be found in Principle 2 of our 2023 Stewardship Report.

Our governance structure is designed to protect the interests of shareholders in T. Rowe Price Group and our clients by establishing separate Boards of Directors for the firm and for our investment funds or trusts. The interests of our corporate shareholders are distinct from those of investment clients, so we have board structures to protect the interests of both groups. The group structure is complex and there are several regional subsidiaries, each of which has its own board.

The firm's Boards of Directors strive for excellence for all our clients, ensuring that our policies, practices and actions reflect the highest levels of ethics and integrity.

Principle 2 of our 2023 Stewardship Report sets out our governance structure and how it has evolved in 2023. The TRPA and TRPIM ESG Investing Committees oversee our stewardship policies and are responsible for ensuring they remain fit for purpose. The T. Rowe Price Group Nominating and Corporate Governance Committee, which is composed entirely of independent directors of the Board of Directors of T. Rowe Price Group (Board), is responsible for approving the Stewardship Report before it is signed off by our head of Global Investments, who also serves on the Management Committee. The Board as a whole is composed of a majority of independent directors.

Principle 3

Institutional investors should monitor investee companies so that they can appropriately fulfil their stewardship responsibilities with an orientation towards the sustainable growth of the companies.

Our approach to monitoring is discussed in Principles 7 and 9 of our 2023 Stewardship Report. The frequency of our monitoring activity is a function of the asset class of the investment, its reporting cycle, the size of our investment and the degree to which we have concerns about performance. Due to our long-term time horizon and fundamentally driven approach to investing, monitoring of the management, performance, strategy and governance of our investee companies is a natural extension of our investment process. Our dedicated, in-house research analysts consider tangible investment factors such as financial information, valuation and macroeconomics in tandem with intangible investment factors related to the environment, social factors and corporate governance.

Our approach is the same whether our investment is held in an equity or fixed income strategy. The equity or credit analyst generally speaks with the management of the company or other issuer following the public release of any significant news, financial results or strategic developments. In between such events, our analysts are responsible for monitoring the public filings of the company as well as information from a variety of sources: broker-sponsored research, investment conferences, industry publications and analyst days. Our RIIM analysis also supports our regular portfolio monitoring reviews, as it will capture new data released and/or exposure to new controversies.

Principle 4

Institutional investors should seek to arrive at an understanding in common with investee companies and work to solve problems through constructive engagement with investee companies.

Our approach to engagement is discussed in Principle 9 of our 2023 Stewardship Report. Our engagement programme is conducted by our portfolio managers with the support of our industry-focused analysts and our in-house specialists in corporate governance and sustainability in order to leverage their expertise on specific companies, industries or issues of an environmental, social or governance nature. Principle 9 contains case studies of our engagement with Japanese companies.

Our company engagement programme primarily takes place through formal letters to Boards of Directors, private meetings in our offices, conference calls and proxy voting. In general, we apply the same approach to engaging with companies whether the holding is in an equity or fixed income portfolio and across all geographies. However, our equity Impact strategies take a particularly hands-on approach to joining their voting and engagement activities as part of their commitment to additionality, driven from discussions at the weekly Impact Research Meeting.

Please also refer to our Engagement Policy **here** for more details and our approach to escalation under Principle 11 of our 2023 Stewardship Report.

Where we believe this benefits our clients and is allowable under the applicable regulatory framework, we increasingly use collaborative engagement as a means of escalating a concern we have identified in an individual dialogue (see Principle 11). Collaborative engagement involves working with other investors to engage an issuer in a group dialogue on specific topics or to achieve a specific change. Principle 10 of our 2023 Stewardship Report provides more detail. The list of initiatives T. Rowe Price participates in can also be found under Principle 10 of our 2023 Stewardship Report.

Our global policy strictly prohibits our associates from conducting insider trading and is contained in Code of Ethics and Personal Transactions Policy and is available on our public **website**. Companies wanting to engage in a market sounding with T. Rowe Price should contact our Compliance team via our Market Soundings shared inbox, **Market_Soundings@troweprice.com**.

Principle 5

Institutional investors should have a clear policy on voting and disclosure of voting activity. The policy on voting should not be composed only of a mechanical checklist; it should be designed to contribute to the sustainable growth of investee companies.

Our approach to voting is set out in Principle 12 of our 2023 Stewardship Report. Our voting process considers both high-level principles of corporate governance and the circumstances specific to each entity. It includes significant involvement by investment analysts and portfolio managers. Our overarching objective is to cast votes in a thoughtful, investment-centred way, to foster long-term success for the entity and its investors.

T. Rowe Price maintains a custom set of voting guidelines, administered with the assistance of ISS. The custom policy is underpinned by the good practice expectations from local corporate governance codes and other market norms. T. Rowe Price's portfolio managers are ultimately responsible for the voting decisions within the strategies they manage. Principle 12 of our 2023 Stewardship Report provides more detail on how we use the proxy adviser, and Principle 8 provides how we monitor service providers.

We publish on our website a database of every vote from the prior period, searchable by issuer or by portfolio. The database contains voting rationales for key categories such as shareholder resolutions and votes contrary to the board's recommendations. The database is updated every six months. We publish a post-annual general meeting season report for our clients each year, highlighting important corporate governance trends from the prior 12 months and aggregating our proxy voting decisions into categories. Both our voting guidelines and the voting results can be found on our **website**.

Principle 6

Institutional investors in principle should report periodically on how they fulfil their stewardship responsibilities, including their voting responsibilities, to their clients and beneficiaries.

The Stewardship Report is published annually to demonstrate alignment with the UK Stewardship Code. The examples can also provide colour as to how we are meeting the expectations of related principles, such as the Japanese Stewardship Code. Clients also receive information about key ESG themes, engagement, proxy voting and investment approaches in our Annual ESG Report.

We also provide fund-level ESG reports, which help clients across the globe understand how our portfolios integrate ESG into their investments. The reports focus on stewardship (engagement activity relating to the fund), proxy voting and climate risk (fund carbon footprint). Our approach to client reporting is set out in Principle 6 of our 2023 Stewardship Report.

In addition, we publish required disclosure under Japanese Stewardship Code in English and Japanese on our **website (English and Japanese)**, for professional investors only.

Principle 7

To contribute positively to the sustainable growth of investee companies, institutional investors should develop skills and resources needed to appropriately engage with the companies and to make proper judgments in fulfling their stewardship activities based on in-depth knowledge of the investee companies and their business environment and consideration of sustainability consistent with their investment management strategies.

Our dedicated ESG resources are set out in Principle 2 of our 2023 Stewardship Report. A team of 41 investment professionals are dedicated to ESG research. They are organised across three specialist teams: Responsible Investing, Governance and Regulatory Research. Each helps our analysts and portfolio managers identify, analyse and integrate the ESG factors most likely to have a material impact on an investment's performance. In addition, we have an ESG Enablement team of 11 professionals. Our ESG specialist teams are supported by an Operations team focused on proxy voting execution and a Technology team focused on ESG data integration.

Our company's culture is based on collaboration and diversity, enabling us to identify opportunities others might overlook. We attract and retain top candidates by developing key talent and succession plans; investing in diversity, equity and inclusion initiatives and creating opportunities for our associates to learn and grow and providing competitive benefits. Part of the success of our approach is demonstrated via tenure data—the average tenure of our portfolio managers is 18 years, as discussed in Principle 1 of our 2023 Stewardship Report.

Although proprietary research is the main driver of our investment decision-making, we supplement our ESG research capabilities with data and services from several external providers. This is described under Principle 8 of our 2023 Stewardship Report.

How we conduct review our policies to ensure they enable effective stewardship is described under Principle 5 of our 2023 Stewardship Report. The work of the Responsible Investing and Governance teams is overseen by the relevant adviser's ESG Investing Committee. The majority of each ESG Investing Committee are investors, with additional representatives drawn from the Legal and Operations teams. The TRPA ESG Investing Committee typically meets twice a year, in winter and summer. The self-assessment and stewardship activities, including proxy voting and engagement which are required under Japanese Stewardship Code, are published annually on our **website (Japanese)**, for professional investors only.

As the company is not a service provider for institutional investors, Principle 8 does not apply to us.

APPENDIX C

T. Rowe Price Associates (TRPA)

Appendix C– Index of case studies

APPENDIX D

T. Rowe Price Associates (TRPA)

Appendix D-
2023 corporate engagement activity

TRPA Engagements – Numbers by Category

By Market Capitalization	No. of Engagements
Private Companies	23
< US$2 billion	64
US$2 - US$10 billion	184
US$10 - $50 billion	288
US$50 billion+	221

By Region	No. of Engagements
Americas	426
EMEA	283
Asia Pacific	157
By Market Sector	**No. of Engagements**
Financials	149
Industrials	118
Health Care	104
Consumer Discretionary	98
IT	73
Consumer Staples	61
Materials	49
Comm. Services	37
Securitised	36
SSA	35
Real Estate	33
Energy	30
Utilities	28
Municipal	15
By Asset Category	**No. of Engagements**
Corporate	780
Securitised	36
SSA	35
Municipal	15

2023 TRPA corporate engagements

Environmental (E), Social (S) and Governance (G) classifications of all company engagements.

Issuer	Quarter	E	S	G
A O Smith Corp	1Q23	●		
ABB Ltd	1Q23		●	●
AbbVie Inc	2Q23		●	●
	4Q23		●	
	4Q23	●	●	●
Abcam PLC	2Q23			●
	2Q23			●
	2Q23			●
	2Q23			●
	2Q23			●
Abertis Infraestructuras SA	4Q23	●		
ACADIA Pharmaceuticals Inc	2Q23			●
Acadia Realty Trust	4Q23	●	●	●
Accenture PLC	3Q23		●	
ACEN Corp	2Q23	●		
Adaptive Biotechnologies Corp	1Q23			●
Adobe Inc	3Q23	●		
Advanced Drainage Systems Inc	1Q23	●		
	3Q23	●		
	3Q23	●		
Adyen NV	1Q23			●
Affirm Holdings Inc	3Q23	●		●
Agilent Technologies Inc	1Q23			●
Agios Pharmaceuticals Inc	2Q23			●
AIB Group PLC	1Q23	●	●	
Airbus SE	1Q23	●	●	●
	4Q23	●		●
Al Rajhi Bank	1Q23	●		●
Alamos Gold Inc	4Q23	●		
Alcon Inc	4Q23	●		●
Alibaba Group Holding Ltd	3Q23			●
Allstate Corp	3Q23			●
Alphabet Inc	2Q23		●	●
ALS Ltd	3Q23			●
Alstom SA	1Q23	●	●	
Altice Financing SA	3Q23	●	●	
Aluflexpack AG	1Q23			●
Amadeus IT Group SA	2Q23			●
	4Q23			●
Amaggi Luxembourg International Sarl	3Q23	●		
Amazon.com Inc	1Q23	●	●	
	2Q23			●
	3Q23	●	●	
	4Q23	●	●	

Issuer	Quarter	E	S	G
Ambarella Inc	1Q23	●		
Ambev SA	1Q23	●		
Amcor PLC	3Q23	●	●	●
Ameren Corp	1Q23	●		●
American Express Co	2Q23			●
	3Q23	●	●	
	4Q23			●
American International Group Inc	2Q23			●
	4Q23			●
Amgen Inc	4Q23		●	●
Amplifon SpA	2Q23			●
Analog Devices Inc	3Q23	●		
ANTA Sports Products Ltd	2Q23	●	●	
Antofagasta PLC	4Q23			●
Apartment Investment and Management Co	3Q23	●		
APM Human Services International ltd	4Q23	●	●	
Apollo Global Management Inc	3Q23			●
Apple Inc	1Q23			●
	3Q23		●	●
Applied Materials Inc	4Q23	●		●
Arabian Internet & Communications Services Co	2Q23			●
ArcelorMittal SA	4Q23		●	
	4Q23	●	●	
Arch Capital Group Ltd	2Q23	●		●
Argenx SE	3Q23		●	●
Arista Networks Inc	2Q23			●
Ariston Holding NV	2Q23			●
Armstrong World Industries Inc	4Q23	●	●	●
Arrow Global Group Ltd	2Q23	●	●	
Asahi Kasei Corp	4Q23	●	●	●
Ascendis Pharma A/S	4Q23	●		●
Ashtead Group PLC	4Q23	●		
	4Q23			●
Asia Commercial Bank JSC	4Q23		●	
ASML Holding NV	1Q23			●
	4Q23	●		
ASOS PLC	1Q23			●
Assa Abloy AB	2Q23			●
Assurant Inc	4Q23		●	●
AstraZeneca PLC	3Q23	●	●	●
	4Q23			●
athenahealth Inc	3Q23	●		●
Attijariwafa Bank	3Q23	●	●	●

Issuer	Quarter	E	S	G
Auction Technology Group PLC	4Q23			●
Auto1 Group SE	2Q23			●
Autodesk Inc	3Q23	●		
Autoliv Inc	2Q23	●	●	
Automatic Data Processing Inc	3Q23	●	●	●
AutoZone Inc	3Q23	●		●
Avery Dennison Corp	4Q23	●	●	●
Axis Bank Ltd	1Q23	●		
Badger Meter Inc	3Q23	●	●	
Baker Hughes Co	4Q23	●		
Baltic Classifieds Group PLC	3Q23			●
Banca Mediolanum SpA	2Q23			●
Banca Transilvania SA	3Q23	●		●
Banco de Sabadell SA	4Q23	●	●	
Banco Santander Chile	2Q23	●	●	
Bangkok Bank PCL	2Q23	●		
	4Q23	●	●	
Bank Negara Indonesia Persero Tbk PT	4Q23	●	●	
Bank of America Corp	2Q23	●	●	●
	4Q23	●		●
Barclays PLC	1Q23		●	●
	2Q23		●	●
	2Q23	●		
	2Q23	●		
Barry Callebaut AG	4Q23			●
Bath & Body Works Inc	4Q23	●		●
BAWAG Group AG	1Q23			●
	3Q23		●	●
	4Q23			●
	4Q23	●	●	
Bayer AG	1Q23			●
Bayerische Motoren Werke AG	1Q23	●	●	
BDO Unibank Inc	3Q23	●	●	
Becton Dickinson & Co	3Q23	●	●	●
BeiGene Ltd	2Q23	●	●	●
Best Buy Co Inc	4Q23	●	●	●
BFF Bank SpA	2Q23			●
	3Q23			●
	3Q23			●
	4Q23			●
BHP Group Ltd	1Q23	●		
	2Q23	●	●	●
	2Q23	●		
	3Q23	●	●	●
	4Q23	●	●	●
	4Q23	●	●	
BILL Holdings Inc	3Q23			●

Issuer	Quarter	E	S	G
Biogen Inc	2Q23			●
	4Q23			●
Bio-Techne Corp	4Q23			●
BNP Paribas SA	2Q23			●
	2Q23	●		
Booking Holdings Inc	2Q23			●
Boston Properties Inc	3Q23	●		
BP PLC	2Q23	●		●
Brenntag SE	2Q23			●
BRF SA	4Q23		●	
Britvic PLC	3Q23	●	●	
Broadcom Inc	1Q23			●
	3Q23			●
Budweiser Brewing Co APAC Ltd	4Q23	●	●	
Bunzl PLC	4Q23			●
Burlington Stores Inc	1Q23	●	●	●
Cairn Homes PLC	3Q23			●
CaixaBank SA	4Q23	●		
Camden Property Trust	3Q23	●		
Canacol Energy Ltd	3Q23	●		●
Canadian National Railway Co	4Q23	●		
Capital One Financial Corp	1Q23		●	
Capitec Bank Holdings Ltd	1Q23	●	●	●
Capricorn Metals Ltd	4Q23			●
CAR Group Ltd	4Q23	●		●
Cardinal Health Inc	3Q23	●	●	●
Carel Industries SpA	2Q23			●
Carlsberg AS	2Q23	●	●	
Carlyle Group Inc	2Q23			●
Carrier Global Corp	1Q23	●		
Cboe Global Markets Inc	4Q23	●		●
Cellnex Telecom SA	2Q23			●
Cenovus Energy Inc	4Q23	●		
CenterPoint Energy Inc	4Q23	●		
Ceridian HCM Holding Inc	2Q23			●
	4Q23			●
CF Industries Holdings Inc	1Q23	●		
Challenger Ltd	3Q23	●		●
Chevron Corp	4Q23	●	●	
China Mengniu Dairy Co Ltd	4Q23	●		
China National Building Material Co Ltd	3Q23	●		●
China Resources Beer Holdings Co Ltd	1Q23	●		
Chipotle Mexican Grill Inc	1Q23	●	●	●
	2Q23		●	●
	4Q23	●	●	●
Chubb Ltd	4Q23	●		●
Chubu Electric Power Co Inc	2Q23	●		

Issuer	Quarter	E	S	G
Cia de Minas Buenaventura SAA	2Q23	●	●	
CIE Automotive SA	2Q23			●
Cisco Systems Inc	2Q23	●	●	
	4Q23			●
Citigroup Inc	2Q23		●	●
	4Q23	●	●	●
CJ CheilJedang Corp	4Q23	●		
CK Hutchison Holdings Ltd	3Q23			●
CME Group Inc	4Q23			●
Coca-Cola Femsa SAB de CV	1Q23	●		
Commonwealth Bank of Australia	3Q23	●		●
Conagra Brands Inc	4Q23		●	
ConocoPhillips	4Q23	●	●	●
Constellation Brands Inc	1Q23	●	●	
	1Q23			●
Constellation Energy Corp	4Q23	●	●	●
Core & Main Inc	1Q23	●		
Coterra Energy Inc	2Q23			●
Coupang Inc	2Q23		●	
Coursera Inc	1Q23	●	●	
Covestro AG	4Q23			●
Credit Agricole SA	2Q23	●	●	
	4Q23	●		
Credit Suisse Group AG	1Q23			●
CRISPR Therapeutics AG	2Q23			●
Crowdstrike Holdings Inc	1Q23			●
CSX Corp	2Q23			●
Cummins Inc	4Q23	●		
	4Q23			●
CVS Health Corp	1Q23	●	●	●
	4Q23	●	●	
Daimler Truck Holding AG	1Q23			●
Dana Inc	3Q23	●		
Danaher Corp	2Q23			●
	4Q23	●	●	●
Darling Ingredients Inc	4Q23			●
	4Q23	●		
Dave & Buster's Entertainment Inc	4Q23	●	●	
Davide Campari-Milano NV	1Q23			●
Davies & Metcalfe	4Q23			●
Deliveroo PLC	2Q23		●	
Delivery Hero SE	1Q23		●	●
Derwent London PLC	2Q23			●
Diageo PLC	4Q23			●
Diamondback Energy Inc	4Q23	●	●	●
Direct Line Insurance Group PLC	1Q23			●
Dixon Technologies India Ltd	4Q23	●	●	

Issuer	Quarter	E	S	G
DocuSign Inc	4Q23			●
Dollar General Corp	2Q23		●	●
	4Q23		●	●
Dominion Energy Inc	2Q23			●
Douglas Emmett Inc	2Q23			●
Dover Corp	4Q23	●	●	●
Downer EDI Ltd	1Q23			●
	4Q23			●
DSM-Firmenich AG	4Q23	●	●	
DTE Energy Co	2Q23			●
eBay Inc	1Q23	●		
	3Q23	●		
EDP – Energias de Portugal SA	1Q23	●	●	
Elanco Animal Health Inc	4Q23	●		
	4Q23			●
Electric Power Development Co Ltd	2Q23	●		
Elevance Health Inc	4Q23		●	●
Eli Lilly & Co	2Q23			●
	2Q23	●	●	
	4Q23		●	●
Emirates NBD Bank PJSC	2Q23	●	●	
	3Q23	●		
Endava PLC	1Q23			●
	2Q23			●
Enel Chile SA	3Q23	●		
Enel SpA	1Q23	●		●
	2Q23			●
	2Q23			●
	2Q23			●
Engie SA	2Q23	●		●
Entegris Inc	4Q23	●	●	
Entergy Corp	1Q23	●	●	●
EOG Resources Inc	3Q23	●		
EQT AB	2Q23	●		
EQT Corp	4Q23	●		
Equifax Inc	2Q23		●	●
	4Q23			●
Equinix Inc	1Q23	●		
	2Q23			●
Equitable Holdings Inc	2Q23			●
	4Q23	●		●
Equity Residential	1Q23	●	●	
ERO Copper Corp	1Q23	●		●
EssilorLuxottica SA	1Q23		●	●
	2Q23		●	●
Estee Lauder Cos Inc	4Q23	●	●	
Eversource Energy	4Q23	●		

Issuer	Quarter	E	S	G
Evotec SE	1Q23	●	●	●
	2Q23			●
Exelixis Inc	4Q23	●	●	●
Expedia Group Inc	2Q23			●
Experian PLC	4Q23			●
Exxon Mobil Corp	1Q23	●		●
	2Q23	●		●
	4Q23	●		●
Ferguson PLC	1Q23	●	●	
FibroGen Inc	2Q23			●
Filtration Group Corp	4Q23	●		
First Abu Dhabi Bank PJSC	1Q23	●		
	2Q23	●		
	2Q23	●		
FirstRand Ltd	3Q23			●
	3Q23	●		
	4Q23			●
Fiserv Inc	4Q23		●	●
Fisher & Paykel Healthcare Corp Ltd	4Q23			●
flatexDEGIRO AG	2Q23			●
FleetCor Technologies Inc	2Q23			●
	4Q23			●
Floor & Decor Holdings Inc	4Q23	●	●	●
FMC Corp	1Q23	●		●
Fortinet Inc	1Q23	●	●	●
Forvia SE	1Q23			●
Foshan Haitian Flavouring & Food Co Ltd	1Q23	●	●	●
Freeport-McMoRan Inc	4Q23	●	●	●
Fresenius SE & Co KGaA	4Q23			●
FSN E-Commerce Ventures Ltd	3Q23			●
Fujitec Co Ltd	1Q23			●
	1Q23			●
	1Q23			●
Funding Circle Holdings PLC	4Q23			●
Games Workshop Group PLC	3Q23	●	●	
GE HealthCare Technologies Inc	1Q23	●	●	
	4Q23	●		●
GEA Group AG	1Q23			●
	1Q23	●		
General Electric Co	2Q23	●		●
	4Q23	●		●
General Mills Inc	2Q23	●	●	
Genus PLC	4Q23	●		●
Georgia Capital PLC	3Q23			●
	3Q23			●
Glencore PLC	2Q23	●		●
GoDaddy Inc	4Q23		●	

Issuer	Quarter	E	S	G
Godrej Consumer Products Ltd	3Q23	●	●	
Golden Goose SpA	4Q23	●		
Goldman Sachs Group Inc	2Q23	●	●	●
Great Portland Estates PLC	1Q23			●
	1Q23			●
Greggs PLC	3Q23	●	●	
GS Caltex Corp	4Q23	●		●
GSK PLC	3Q23	●	●	
	4Q23			●
H & M Hennes & Mauritz AB	2Q23		●	
H World Group Ltd	1Q23	●		●
H&R Block Inc	1Q23	●	●	
	1Q23		●	
	1Q23		●	
	3Q23	●	●	
Haleon PLC	3Q23	●	●	
Halliburton Co	4Q23	●		●
Hang Lung Properties Ltd	2Q23	●		
Hartford Financial Services Group Inc	4Q23	●		●
HCA Healthcare Inc	1Q23	●	●	●
HDFC Bank Ltd	4Q23	●		
	4Q23	●	●	
Heathrow Funding Ltd	4Q23	●		
Helios Towers PLC	2Q23			●
Hexagon AB	4Q23	●		
Holcim AG	1Q23			●
Hologic Inc	4Q23	●		●
Hon Hai Precision Industry Co Ltd	4Q23		●	
	4Q23		●	
Honeywell International Inc	2Q23			●
	4Q23	●		●
Hongfa Technology Co Ltd	1Q23	●		
Host Hotels & Resorts Inc	3Q23	●		
Howmet Aerospace Inc	2Q23			●
	4Q23	●		●
HSBC Holdings PLC	2Q23			●
	2Q23			●
Hubbell Inc	1Q23	●	●	●
	2Q23	●	●	
HubSpot Inc	4Q23			●
Humana Inc	3Q23	●		●
Hyundai Motor Co	1Q23			●
	2Q23		●	●
Iberdrola SA	1Q23		●	●
	2Q23	●		
Illinois Tool Works Inc	2Q23			●

Issuer	Quarter	E	S	G
Illumina Inc	2Q23			●
	4Q23			●
Imperial Brands PLC	3Q23			●
Indofood CBP Sukses Makmur Tbk PT	1Q23	●	●	
	2Q23		●	
Info Edge India Ltd	1Q23			●
Informa PLC	1Q23			●
	1Q23			●
	4Q23			●
ING Groep NV	1Q23	●		
	4Q23			●
Ingersoll Rand Inc	2Q23			●
Insurance Australia Group Ltd	3Q23	●		●
Interchile SA	3Q23	●		
InterContinental Hotels Group PLC	1Q23			●
	2Q23			●
	2Q23	●		
	4Q23			●
International Container Terminal Services Inc	3Q23	●	●	
International Paper Co	1Q23		●	●
Intesa Sanpaolo SpA	1Q23	●		
Intuit Inc	4Q23	●		●
Ionis Pharmaceuticals Inc	2Q23			●
Ipoteka-Bank ATIB	3Q23	●	●	
IQE PLC	3Q23			●
	4Q23			●
Itau Unibanco Holding SA	3Q23	●		
IVERIC bio Inc	1Q23			●
Jackson Financial Inc	4Q23	●		●
Jaguar Land Rover Automotive PLC	3Q23	●	●	
Jiumaojiu International Holdings Ltd	4Q23	●	●	
Johnson & Johnson	2Q23		●	●
	3Q23		●	●
	4Q23		●	●
Jollibee Foods Corp	1Q23	●	●	
JPMorgan Chase & Co	2Q23		●	●
	4Q23	●		●
Julius Baer Group Ltd	4Q23			●
Karuna Therapeutics Inc	4Q23			●
Kemper Corp	1Q23			●
	2Q23			●
Kenvue Inc	4Q23	●	●	●
Keros Therapeutics Inc	4Q23			●
Keyence Corp	3Q23	●		
Keywords Studios PLC	2Q23			●
	4Q23			●
Kimberly-Clark Corp	4Q23	●		●

Issuer	Quarter	E	S	G
Kinder Morgan Inc	3Q23	●		●
KION Group AG	2Q23			●
	4Q23			●
KLA Corp	3Q23	●		
Klabin SA	4Q23	●		
Kohl's Corp	4Q23			●
Koninklijke Philips NV	2Q23		●	●
	4Q23			●
Korea Gas Corp	1Q23	●		
Kraft Heinz Co	1Q23		●	
	2Q23	●	●	●
	3Q23	●	●	●
KT Corp	1Q23		●	●
	1Q23			●
	1Q23			●
	2Q23			●
	2Q23			●
	3Q23			●
Kumba Iron Ore Ltd	2Q23			●
Kyoritsu Maintenance Co Ltd	3Q23	●	●	
Lam Research Corp	3Q23	●		●
Larsen & Toubro Ltd	1Q23			●
Lasertec Corp	3Q23	●	●	
Lattice Semiconductor Corp	4Q23	●	●	●
Legal & General Group PLC	3Q23			●
Lenovo Group Ltd	1Q23	●	●	
Leonardo SpA	2Q23			●
	2Q23			●
Li Ning Co Ltd	2Q23	●	●	
Linde PLC	2Q23	●		
Lloyds Banking Group PLC	1Q23	●		
	4Q23			●
Localiza Rent a Car SA	1Q23			●
London Stock Exchange Group PLC	4Q23			●
Lotte Chemical Corp	1Q23			●
Lululemon Athletica Inc	2Q23			●
Macquarie Group Ltd	3Q23			●
Magnolia Oil & Gas Corp	1Q23	●		
Majid Al Futtaim Holding LLC	2Q23	●	●	●
Marsh & McLennan Cos Inc	2Q23			●
	4Q23			●
Marvell Technology Inc	1Q23			●
Match Group Inc	1Q23		●	
	4Q23			●
Mattel Inc	4Q23	●		●
McDonald's Corp	1Q23	●	●	●

Issuer	Quarter	E	S	G
McKesson Corp	3Q23			●
	4Q23		●	●
Mediobanca Banca di Credito Finanziario SpA	4Q23	●		●
	4Q23			●
Medline Borrower LP	3Q23	●	●	
Meituan	4Q23	●	●	
Melrose Industries PLC	2Q23			●
Mercedes-Benz Group AG	1Q23	●	●	
Merck & Co Inc	2Q23		●	●
	4Q23	●	●	●
Meta Platforms Inc	2Q23		●	●
	4Q23		●	
Microchip Technology Inc	3Q23		●	●
Micron Technology Inc	3Q23	●		●
Microsoft Corp	4Q23	●	●	
Middleby Corp	1Q23	●		
Millicom International Cellular SA	1Q23			●
Minerva SA/Brazil	4Q23	●	●	
Minsur SA	2Q23	●		
Mitsubishi Corp	2Q23	●		
	2Q23	●		
Mitsubishi Electric Corp	1Q23		●	●
	1Q23	●		
	2Q23			●
Mitsubishi UFJ Financial Group Inc	2Q23	●		●
	2Q23	●		●
	2Q23	●		
	3Q23			●
Mitsui Fudosan Co Ltd	1Q23			●
Mobico Group PLC	1Q23			●
Moderna Inc	3Q23	●	●	
	4Q23			●
Mondelez International Inc	2Q23		●	●
	4Q23	●	●	
MongoDB Inc	4Q23	●	●	●
Monolithic Power Systems Inc	4Q23	●		
Montana Aerospace AG	2Q23			●
Morgan Stanley	3Q23	●		
Morphic Holding Inc	2Q23			●
Mr Price Group Ltd	4Q23	●	●	
Mueller Water Products Inc	3Q23	●		
Muenchener Rueckversicherungs-Gesellschaft AG in Muenchen	3Q23	●		
National Australia Bank Ltd	4Q23	●		●
National Bank of Kuwait SAKP	1Q23	●	●	
Natura & Co Holding SA	1Q23	●		
NatWest Group PLC	4Q23	●	●	

Issuer	Quarter	E	S	G
Nedbank Group Ltd	2Q23	●		●
Network International Holdings PLC	1Q23			●
Newmed Energy LP	1Q23	●	●	●
	4Q23	●		
News Corp	1Q23			●
	4Q23			●
Nexa Resources SA	2Q23	●		
Nexity SA	1Q23	●		●
	2Q23			●
Next PLC	3Q23			●
NIKE Inc	3Q23		●	●
NIO Inc	2Q23	●		
Nippon Sanso Holdings Corp	4Q23	●		●
Nitori Holdings Co Ltd	3Q23	●		●
NN Group NV	1Q23	●	●	
Nongfu Spring Co Ltd	3Q23	●		
Norfolk Southern Corp	2Q23			●
	3Q23	●	●	●
Northrop Grumman Corp	1Q23	●	●	●
	2Q23		●	●
Norva24 Group AB	2Q23			●
Norwegian Cruise Line Holdings Ltd	2Q23	●		
Nova Ljubljanska Banka dd	3Q23	●		●
	4Q23			●
Novartis AG	4Q23	●	●	●
Novo Nordisk A/S	3Q23	●	●	
NTPC Ltd	2Q23	●	●	●
Nutrien Ltd	4Q23	●		
NVIDIA Corp	4Q23	●		
NXP Semiconductors NV	1Q23	●		
	4Q23		●	●
Ocado Group PLC	2Q23			●
	4Q23			●
Omnicom Group Inc	4Q23		●	●
OMV AG	4Q23	●		
On Holding AG	2Q23			●
One 97 Communications Ltd	3Q23			●
oOh!media Ltd	4Q23	●	●	
Ooredoo QPSC	2Q23	●	●	●
Option Care Health Inc	4Q23		●	●
O'Reilly Automotive Inc	1Q23	●	●	●
ORIX Corp	4Q23			●
OTP Bank Nyrt	3Q23	●		
OUTsurance Group Ltd	4Q23			●
Owens Corning	3Q23	●		
PACCAR Inc	2Q23		●	●
Page Industries Ltd	4Q23	●	●	

Issuer	Quarter	E	S	G
Palomar Holdings Inc	4Q23	●	●	●
Paycom Software Inc	2Q23			●
	4Q23			●
Pearson PLC	2Q23			●
PepsiCo Inc	2Q23		●	
Persimmon PLC	1Q23	●		●
	1Q23		●	●
PetSmart LLC	1Q23	●	●	
PEXA Group Ltd	4Q23			●
Pfizer Inc	2Q23		●	●
	3Q23		●	
PG&E Corp	1Q23	●		
Philippine Seven Corp	4Q23	●	●	●
PNC Financial Services Group Inc	4Q23			●
Poly Property Services Co Ltd	4Q23	●	●	
PolyPeptide Group AG	1Q23			●
Popular Inc	1Q23	●	●	●
PRADA SpA	2Q23	●	●	
Predictive Discovery Ltd	4Q23			●
Primerica Inc	4Q23			●
Privia Health Group Inc	4Q23			●
Procter & Gamble Co	4Q23		●	●
Prologis Inc	2Q23			●
Prosus NV	3Q23			●
Prysmian SpA	1Q23			●
Puma SE	2Q23			●
	4Q23			●
QUALCOMM Inc	4Q23	●	●	
Quest Diagnostics Inc	4Q23	●		●
Range Resources Corp	4Q23	●		
Rayonier Inc	1Q23	●		●
RBC Bearings Inc	3Q23			●
Realty Income Corp	3Q23	●		●
Recruit Holdings Co Ltd	3Q23	●	●	●
Redwood Materials Inc	1Q23			●
Remy Cointreau SA	4Q23	●		●
Renishaw PLC	4Q23			●
Rentokil Initial PLC	2Q23			●
	2Q23	●		
	4Q23			●
Rio Tinto PLC	1Q23			●
	3Q23			●
	4Q23			●
Rockwell Automation Inc	1Q23			●
	3Q23	●		●
ROCKWOOL A/S	4Q23	●	●	
RPM International Inc	4Q23			●

Issuer	Quarter	E	S	G
S&P Global Inc	3Q23			●
Sage Group PLC	2Q23		●	
Sage Therapeutics Inc	4Q23			●
Salesforce Inc	1Q23			●
	2Q23			●
Sampo Oyj	2Q23			●
Samsung Biologics Co Ltd	4Q23		●	●
Samsung Electronics Co Ltd	1Q23			●
	3Q23	●	●	●
	4Q23			●
Sanofi SA	2Q23			●
Sarepta Therapeutics Inc	4Q23			●
Sartorius AG	3Q23			●
SBA Communications Corp	4Q23	●		●
Schlumberger NV	4Q23	●		
Schneider Electric SE	2Q23	●		●
Schoeller-Bleckmann Oilfield Equipment AG	4Q23			●
Schrodinger Inc/United States	4Q23	●	●	
Sempra	4Q23	●		●
ServiceNow Inc	2Q23			●
	4Q23			●
Seven & i Holdings Co Ltd	1Q23			●
	2Q23			●
Shell PLC	2Q23	●		●
SHIFT Inc	4Q23			●
Shimadzu Corp	4Q23	●	●	●
Shoals Technologies Group Inc	3Q23			●
Shoprite Holdings Ltd	4Q23	●	●	
Siemens AG	4Q23	●		●
Siemens Healthineers AG	1Q23	●	●	●
	1Q23	●	●	
Simon Property Group Inc	2Q23			●
	4Q23			●
SiteOne Landscape Supply Inc	4Q23	●		
SK Hynix Inc	4Q23	●	●	
Skandinaviska Enskilda Banken AB	1Q23	●		
SL Green Realty Corp	4Q23			●
SM Investments Corp	1Q23	●	●	
	1Q23	●		
SMC Corp	3Q23	●		●
Smith & Nephew PLC	2Q23			●
	3Q23			●
	4Q23			●
Smurfit Kappa Group PLC	2Q23	●	●	
Sociedad de Transmision Austral SA	4Q23	●		
Sony Group Corp	2Q23	●	●	

Issuer	Quarter	E	S	G
South32 Ltd	4Q23	●	●	●
	4Q23	●	●	●
Southern Co	2Q23			●
	4Q23	●		
Spirit AeroSystems Holdings Inc	2Q23			●
Spotify Technology SA	3Q23		●	
Srisawad Corp PCL	3Q23	●	●	
St James's Place PLC	4Q23			●
Stanley Black & Decker Inc	3Q23	●	●	●
Starbucks Corp	1Q23	●	●	
State Street Corp	2Q23		●	●
	4Q23	●		●
Steel Dynamics Inc	4Q23	●	●	●
Sumber Alfaria Trijaya Tbk PT	1Q23	●		
Sumitomo Corp	4Q23	●		
Sumitomo Densetsu Co Ltd	1Q23			●
Sumitomo Mitsui Trust Holdings Inc	1Q23	●		●
Suncor Energy Inc	4Q23	●		
Synopsys Inc	3Q23	●		
Sysco Corp	2Q23	●		●
TC Energy Corp	4Q23	●		
TE Connectivity Ltd	3Q23	●		
TechnipFMC PLC	1Q23	●		●
Telefonaktiebolaget LM Ericsson	1Q23			●
	4Q23		●	●
Telefonica Deutschland Holding AG	1Q23	●		
Telefonica SA	2Q23	●	●	
Teleperformance SE	1Q23	●		●
Tesla Inc	2Q23			●
Texas Instruments Inc	1Q23	●		
	3Q23	●	●	●
Texas Roadhouse Inc	2Q23	●		●
Thales SA	1Q23			●
Thermo Fisher Scientific Inc	2Q23		●	
	4Q23		●	●
Tingyi Cayman Islands Holding Corp	1Q23	●	●	
Tokyo Electron Ltd	1Q23	●	●	
TOMRA Systems ASA	4Q23	●		
Toro Co	1Q23			●
TotalEnergies SE	2Q23	●		
Toyota Industries Corp	4Q23		●	●
Toyota Motor Corp	2Q23			●
	2Q23	●		
	3Q23	●	●	●
Tradeweb Markets Inc	4Q23	●		
Trainline PLC	1Q23			●
Transaction Capital Ltd	1Q23	●	●	●

Issuer	Quarter	E	S	G
TransDigm Group Inc	1Q23			●
	3Q23			●
Travelers Cos Inc	1Q23	●	●	●
Treasury Wine Estates Ltd	4Q23			●
Turkiye Garanti Bankasi AS	3Q23	●	●	
Turkiye Is Bankasi AS	2Q23	●		
	4Q23	●		
Ubisoft Entertainment SA	3Q23			●
	4Q23			●
UniCredit SpA	1Q23			●
Unilever PLC	1Q23			●
	2Q23			●
	3Q23	●	●	
	3Q23			●
	4Q23			●
	4Q23	●		
United Group BV	4Q23	●	●	●
United Overseas Bank Ltd	2Q23	●	●	
United Rentals Inc	1Q23	●		
	1Q23	●		
UnitedHealth Group Inc	2Q23		●	●
	4Q23		●	
Universal Music Group NV	2Q23			●
Universal Robina Corp	1Q23	●		
US Bancorp	4Q23	●	●	
Valero Energy Corp	3Q23	●		●
Valmet Oyj	1Q23			●
Van Lanschot Kempen NV	4Q23			●
Veeva Systems Inc	2Q23		●	
Ventas Inc	2Q23			●
	4Q23		●	●
Verallia SA	1Q23			●
	2Q23			●
Verisk Analytics Inc	4Q23	●		
Vertex Pharmaceuticals Inc	4Q23	●	●	
VF Corp	4Q23	●	●	
Viatris Inc	3Q23			●
Victrex PLC	1Q23			●
Vietnam Technological & Commercial Joint Stock Bank	2Q23			●
Visa Inc	4Q23			●
Vnet Group Inc	2Q23	●		●
Vodafone Group PLC	3Q23			●
Volkswagen AG	4Q23		●	●
Vonovia SE	4Q23	●	●	

Issuer	Quarter	E	S	G
Vornado Realty Trust	1Q23	●		
	2Q23			●
	3Q23			●
Vulcan Materials Co	1Q23	●	●	●
Wal-Mart de Mexico SAB de CV	3Q23	●	●	
	4Q23	●	●	
Walmart Inc	1Q23		●	●
Walt Disney Co	4Q23			●
Waste Connections Inc	2Q23	●		
Wells Fargo & Co	2Q23	●	●	●
	4Q23	●	●	
Wendel SE	1Q23	●		●
	2Q23			●
Wendy's Co	4Q23		●	
Western Digital Corp	2Q23			●
	4Q23			●
Westinghouse Air Brake Technologies Corp	4Q23	●		●
Westrock Co	3Q23	●		
WHA Corp PCL	4Q23	●	●	
Williams Cos Inc	1Q23	●	●	
Wizz Air Holdings Plc	3Q23	●	●	●

Issuer	Quarter	E	S	G
Woolworths Holdings Ltd/South Africa	4Q23	●	●	
Worley Ltd	1Q23	●		
	4Q23			●
WPP PLC	4Q23			●
Wuxi Biologics Cayman Inc	2Q23			●
Wynn Resorts Ltd	2Q23			●
Xcel Energy Inc	1Q23	●	●	●
Xero Ltd	3Q23			●
Yangzijiang Shipbuilding Holdings Ltd	4Q23	●		
YouGov PLC	3Q23			●
Yum China Holdings Inc	2Q23	●	●	
	4Q23			●
Yunda Holding Co Ltd	1Q23	●	●	●
Zai Lab Ltd	4Q23			●
Zalando SE	1Q23			●
Zentalis Pharmaceuticals Inc	2Q23			●
Zimmer Biomet Holdings Inc	2Q23			●
	4Q23	●	●	●
Zomato Ltd	4Q23		●	
Zurich Insurance Group AG	1Q23			●
	4Q23	●		●

SSA[1], securitized, and municipal engagements

Issuer	Quarter	E	S	G
Agence Francaise de Developpement EPIC	2Q23	●	●	
Alaska Housing Finance Corporation	3Q23		●	
Ally Auto Receivables Trust	1Q23	●		
Angel Oak Mortgage Trust	1Q23		●	
Arch Mortgage Insurance Co	1Q23	●		
	2Q23		●	
Asian Infrastructure Investment Bank	3Q23	●		
Avis Budget Rental Car Funding AESOP LLC	1Q23	●		
Baden-Wurttemberg (German Sovereign)	1Q23	●	●	
Blackstone Holdings Finance Co LLC	1Q23	●	●	
	1Q23	●	●	
Brazil	1Q23	●		
	3Q23	●	●	
CarMax Auto Owner Trust	1Q23	●		
Carvana Auto Receivables Trust	1Q23	●	●	
CIFC Asset Management LLC	1Q23	●	●	
City of Detroit	1Q23		●	
City of Los Angeles Department of Airports	1Q23	●		
CNH Equipment Trust	1Q23	●	●	

Issuer	Quarter	E	S	G
County of Fairfax, VA	3Q23	●		
CSCDA Community Improvement Authority	3Q23		●	●
Dallas Fort Worth International Airport	2Q23	●		
	4Q23	●	●	
Dell Equipment Finance Trust	1Q23	●	●	
Dubai Aerospace Enterprise DAE Ltd	1Q23	●		
European Bank for Reconstruction & Development	2Q23		●	●
European Investment Bank	2Q23	●		
European Union	2Q23	●		
Exeter Automobile Receivables Trust	1Q23	●		●
Export-Import Bank of India	3Q23	●		
Federal Home Loan Mortgage Corp	1Q23	●	●	
Federal National Mortgage Association	1Q23	●	●	
	1Q23		●	
	4Q23	●	●	
FirstKey Mortgage LLC	1Q23		●	
Ford Credit Auto Lease Trust	1Q23	●		
France	2Q23	●		
French Community of Belgium	2Q23	●		
General Motors Financial Co Inc	1Q23	●	●	

[1] SSA: Sovereign, supranatural and agency.

Issuer	Quarter	E	S	G
Germany	2Q23	●		
Goodleap LLC	1Q23	●		
Government of Hong Kong	1Q23	●		
Great Lakes Water Authority	4Q23	●		
Hyundai Auto Receivables Trust	1Q23	●		
International Bank for Reconstruction & Development	2Q23	●	●	
	2Q23	●	●	
International Finance Corp	1Q23	●	●	
	2Q23	●	●	
	4Q23	●	●	
Israel	1Q23	●		
	1Q23	●		
Italy	2Q23	●		
Japan	4Q23	●		
Japan Bank for International Corporation	2Q23	●	●	
JEA Electric System Revenue	2Q23	●	●	
JP Morgan Mortgage Trust	1Q23	●	●	
Kingdom of Belgium	1Q23	●		
Kingdom of Saudi Arabia	1Q23	●		
	3Q23	●		
Kubota Credit Owner Trust	1Q23	●	●	
Lower Colorado River Authority	2Q23	●		
Metropolitan Transportation Authority	3Q23	●		
Missouri Joint Municipal Electric Utility Commission	2Q23	●		

Issuer	Quarter	E	S	G
Mosaic Solar Lens LLC	1Q23	●	●	
Navient Private Education Refi Loan Trust	1Q23		●	
Netherlands	2Q23	●		
New York Power Authority	2Q23	●	●	
OneMain Financial Inc	1Q23		●	
Prudential Financial Inc	1Q23	●	●	
Republic of South Africa	3Q23	●		
Republic of the Philippines	1Q23	●		
	1Q23	●		
	1Q23	●		
Republic of Turkey	2Q23	●	●	
Rocket Mortgage LLC	1Q23	●		
Santander Drive Auto Receivables Trust	1Q23	●		
Sierra Timeshare Receivables Funding LLC	1Q23	●		
South Carolina Public Service Authority	2Q23	●	●	
Synchrony Card Funding LLC	1Q23		●	
T-Mobile US Trust	1Q23		●	
Toyota Auto Receivables Owner Trust	1Q23	●		
United Arab Emirates	1Q23	●		
United Kingdom	2Q23	●	●	
	4Q23	●		
Verizon Owner Trust	1Q23	●	●	
Washington State Convention Center Public Facilities District	4Q23	●		

The specific securities identified and described are for informational purposes only and do not represent securities purchased, sold or recommended by T. Rowe Price. No assumption should be made that the securities identified were or will be profitable.

APPENDIX E

T. Rowe Price Investment Management (TRPIM)

Appendix E–
2023 corporate engagement activity

TRPIM Engagements – Numbers by Category

Given the composition of investment strategies managed by TRPIM throughout 2023, all engagements were conducted with corporate issuers located in the Americas. Engagement statistics by region and asset class are not applicable to the strategies managed by TRPIM.

By Market Capitalization	No. of Engagements
Private Companies	7
< US$2 billion	35
US$2 - US$10 billion	89
US$10 - $50 billion	63
US$50 billion+	20

By Market Sector	No. of Engagements
Industrials	35
Financials	34
Consumer Discretionary	24
Health Care	33
Energy	15
IT	20
Consumer Staples	11
Utilities	14
Materials	16
Real Estate	4
Comm. Services	8

2023 TRPIM corporate engagements

Environmental (E), Social (S) and Governance (G) classifications of all company engagements.

Company name	Quarter	E	S	G
Acadia Healthcare Co Inc	1Q23		●	●
Acadia Healthcare Co Inc	2Q23			●
Agilent Technologies Inc	4Q23			●
Air Lease Corp	1Q23	●	●	
Air Lease Corp	2Q23			●
Alcon Inc	1Q23	●	●	●
Alcon Inc	4Q23		●	●
Allegiant Travel Co	3Q23	●	●	●
AMC Networks Inc	2Q23			●
American Airlines Group Inc	1Q23	●	●	●
Apple Inc	3Q23	●	●	●
Applied Materials Inc	3Q23	●	●	●
Ardagh Metal Packaging SA	3Q23	●	●	
Assurant Inc	4Q23	●	●	●
Attindas Hygiene Partners Inc	3Q23	●		●
Avery Dennison Corp	4Q23	●		●
Axis Capital Holdings Ltd	4Q23	●		●
Becton Dickinson & Co	3Q23	●	●	●
Bentley Systems Inc	3Q23	●	●	●
Black Knight Inc	3Q23			●
Blueprint Medicines Corp	1Q23	●		●
Blueprint Medicines Corp	2Q23			●
Boston Beer Co Inc/The	2Q23			●
Boston Beer Co Inc/The	4Q23	●	●	●
Braze Inc	2Q23	●	●	●
Bruker Corp	4Q23			●
Burlington Stores Inc	1Q23	●	●	●
BWX Technologies Inc	1Q23	●	●	●
Cadence Bank	4Q23	●	●	●
Caesars Entertainment Inc	2Q23		●	●
California Resources Corp	3Q23	●		●
California Water Service Group	2Q23	●		●
Capitol Federal Financial Inc	3Q23	●	●	●
Carnival Corp	1Q23	●	●	●
Carpenter Technology Corp	1Q23	●		●
Casey's General Stores Inc	3Q23	●		●
Cava Group Inc	2Q23			●
Cboe Global Markets Inc	4Q23	●	●	●
Chesapeake Energy Corp	4Q23	●		●
Clearway Energy Inc	1Q23			●
Cognex Corp	1Q23	●	●	●
Community Health Systems Inc	3Q23	●	●	●
Consolidated Communications Holdings Inc	3Q23	●	●	●

Company name	Quarter	E	S	G
Constellium SE	2Q23	●	●	●
Coterra Energy Inc	2Q23			●
Credo Technology Group Holding Ltd	2Q23	●	●	●
Darling Ingredients Inc	3Q23	●	●	
Devon Energy Corp	3Q23	●		●
Diamondback Energy Inc	4Q23	●		
Dollar General Corp	2Q23		●	●
Dollar General Corp	4Q23	●	●	●
Dollar Tree Inc	2Q23		●	●
Dollar Tree Inc	4Q23	●	●	●
DTE Energy Co	2Q23	●	●	●
DTE Energy Co	4Q23	●	●	●
Elanco Animal Health Inc	4Q23			●
Element Solutions Inc	1Q23	●	●	●
Embecta Corp	3Q23	●	●	●
Equifax Inc	2Q23			●
Equifax Inc	4Q23	●	●	●
Equitrans Midstream Corp	1Q23	●	●	
ERO Copper Corp	2Q23	●		
ESCO Technologies Inc	1Q23		●	●
Essential Utilities Inc	4Q23	●	●	
Exelon Corp	4Q23	●	●	●
Figs Inc	2Q23			●
Five Below Inc	1Q23	●	●	●
Five9 Inc	2Q23			●
FleetCor Technologies Inc	2Q23			●
FleetCor Technologies Inc	4Q23	●	●	●
Ford Motor Co	2Q23	●	●	●
Fortinet Inc	1Q23	●	●	
Fortive Corp	2Q23			●
Fortive Corp	4Q23	●	●	●
GE HealthCare Technologies Inc	2Q23	●		●
General Electric Co	2Q23	●		●
General Electric Co	3Q23	●		
General Electric Co	4Q23	●		●
Glacier Bancorp Inc	1Q23	●	●	●
Green Dot Corp	2Q23			●
Green Dot Corp	2Q23	●	●	●
Gulfport Energy Corp	2Q23		●	●
Harvest Midstream Co	1Q23	●	●	●
Haynes International Inc	4Q23	●		
HB Fuller Co	1Q23	●		●
Helios Technologies Inc	1Q23			●

Company name	Quarter	E	S	G
Helios Technologies Inc	2Q23			●
Hibbett Inc	1Q23	●	●	●
Hilton Worldwide Holdings Inc	1Q23	●	●	●
Icosavax Inc	4Q23			●
Ingersoll Rand Inc	2Q23	●		
Installed Building Products Inc	2Q23	●	●	
Intercontinental Exchange Inc	1Q23	●	●	●
Intercontinental Exchange Inc	4Q23	●	●	●
Ionis Pharmaceuticals Inc	1Q23	●	●	●
Jaguar Land Rover Automotive PLC	1Q23	●	●	●
John Bean Technologies Corp	4Q23	●	●	●
Karuna Therapeutics Inc	4Q23			●
Kenvue Inc	4Q23	●	●	●
Keysight Technologies Inc	3Q23	●		●
Kohl's Corp	4Q23	●	●	●
Lattice Semiconductor Corp	4Q23	●		●
LGI Homes Inc	4Q23	●	●	●
Life Time Group Holdings Inc	1Q23	●		●
Live Oak Bancshares Inc	1Q23	●	●	●
Live Oak Bancshares Inc	2Q23			●
Lululemon Athletica Inc	2Q23	●	●	●
MACOM Technology Solutions Holdings Inc	2Q23			●
MacroGenics Inc	2Q23	●	●	●
Magnolia Oil & Gas Corp	1Q23	●		
Magnolia Oil & Gas Corp	4Q23	●	●	
Manhattan Associates Inc	2Q23	●	●	●
Marsh & McLennan Cos Inc	2Q23	●		●
Marsh & McLennan Cos Inc	4Q23	●	●	●
Martin Marietta Materials Inc	2Q23	●		●
Martin Marietta Materials Inc	4Q23	●	●	●
Marvell Technology Inc	1Q23			●
Mastercard Inc	2Q23		●	●
Matador Resources Co	1Q23	●	●	●
Match Group Inc	2Q23			●
Match Group Inc	4Q23			●
Matson Inc	4Q23	●		●
Meritage Homes Corp	3Q23	●		●
MGE Energy Inc	3Q23	●	●	●
ModivCare Inc	2Q23			●
MongoDB Inc	2Q23	●	●	●
National Bank Holdings Corp	1Q23	●	●	●
Neogen Corp	2Q23			●
NeoGenomics Inc	1Q23	●	●	●
NexTier Oilfield Solutions Inc	2Q23	●		●
Northwestern Energy Group Inc	3Q23	●	●	
NRG Energy Inc	3Q23	●	●	●

Company name	Quarter	E	S	G
NXP Semiconductors NV	4Q23	●	●	●
ONE Gas Inc	3Q23	●	●	●
Opendoor Technologies Inc	2Q23			●
Option Care Health Inc	1Q23	●		●
Orion SA	2Q23			●
Orion SA	4Q23	●		●
Osaic Holdings Inc	2Q23		●	●
OTC Markets Group Inc	2Q23			●
Outfront Media Inc	3Q23	●	●	●
Outset Medical Inc	1Q23	●	●	●
P10 Inc	1Q23	●	●	●
Pacific Biosciences of California Inc	1Q23			●
Pacific Premier Bancorp Inc	3Q23	●	●	●
Paycom Software Inc	2Q23			●
Paycom Software Inc	4Q23			●
PennyMac Financial Services Inc	2Q23			●
PennyMac Financial Services Inc	3Q23	●	●	●
Petco Health & Wellness Co Inc	3Q23	●	●	●
Pinnacle Financial Partners Inc	2Q23		●	●
Pinnacle Financial Partners Inc	4Q23	●	●	●
PNM Resources Inc	3Q23	●		●
Privia Health Group Inc	1Q23	●	●	●
Provident Bancorp Inc	2Q23			●
Provident Bancorp Inc	4Q23	●	●	●
Public Service Enterprise Group Inc	1Q23	●	●	●
Quaker Chemical Corp	1Q23			●
QuidelOrtho Corp	1Q23	●	●	●
Ranger Energy Services Inc	2Q23	●	●	●
Raymond James Financial Inc	1Q23	●	●	●
RBC Bearings Inc	3Q23			●
Revvity Inc	4Q23	●	●	●
RPM International Inc	1Q23	●		●
Rush Enterprises Inc	2Q23	●		●
Salesforce Inc	1Q23	●	●	●
Salesforce Inc	3Q23	●	●	●
SBA Communications Corp	4Q23	●		●
Sealed Air Corp	4Q23	●		
Select Medical Holdings Corp	1Q23			●
Shoals Technologies Group Inc	3Q23	●	●	●
Sinclair Inc	1Q23	●	●	●
SiteOne Landscape Supply Inc	4Q23	●		●
Skyline Champion Corp	1Q23			●
SM Energy Co	4Q23	●	●	●
Sotera Health Co	2Q23	●	●	●
Sotera Health Co	4Q23	●	●	●
SouthState Corp	2Q23	●	●	●
SouthState Corp	2Q23	●	●	

Company name	Quarter	E	S	G
Southwest Airlines Co	3Q23	●	●	●
Spotify Technology SA	3Q23		●	●
SPX Technologies Inc	1Q23	●		●
SS&C Technologies Holdings Inc	2Q23	●	●	●
Starbucks Corp	1Q23		●	●
Starbucks Corp	3Q23		●	●
Stericycle Inc	4Q23	●	●	●
Strategic Education Inc	3Q23	●	●	●
Synopsys Inc	3Q23	●	●	●
TechnipFMC PLC	1Q23	●		●
TEGNA Inc	4Q23	●	●	●
Teleflex Inc	1Q23			●
Texas Capital Bancshares Inc	4Q23	●	●	●
Textron Inc	3Q23	●	●	
TransDigm Group Inc	1Q23		●	●
TreeHouse Foods Inc	4Q23	●	●	●
Tricon Residential Inc	2Q23			●
United Rentals Inc	3Q23	●		
Upfield BV	1Q23	●	●	●
Upwork Inc	2Q23			●
US Physical Therapy Inc	1Q23	●	●	●
Vimeo Inc	2Q23			●
Virtus Investment Partners Inc	1Q23	●	●	●
Vishay Intertechnology Inc	4Q23			●
Vizio Holding Corp	1Q23	●	●	●
Vulcan Materials Co	1Q23	●	●	●
Waste Connections Inc	1Q23	●	●	●
Waste Connections Inc	4Q23	●	●	
White Mountains Insurance Group Ltd	4Q23	●	●	●
Xcel Energy Inc	1Q23	●	●	●
Xcel Energy Inc	4Q23	●	●	●
Yum! Brands Inc	2Q23	●		●
Yum! Brands Inc	3Q23	●	●	●
Zentalis Pharmaceuticals Inc	2Q23			●
Zurn Elkay Water Solutions Corp	4Q23	●		●

The specific securities identified and described are for informational purposes only and do not represent securities purchased, sold or recommended by T. Rowe Price. No assumption should be made that the securities identified were or will be profitable.

INVEST WITH CONFIDENCE™

For more information on T. Rowe Price and our investment capabilities, please visit our website: **troweprice.com**.

Important Information

This material is provided for informational purposes only and is not intended to be investment advice or a recommendation to take any particular investment action.

CCON0175673
202404-3501822
LE71188