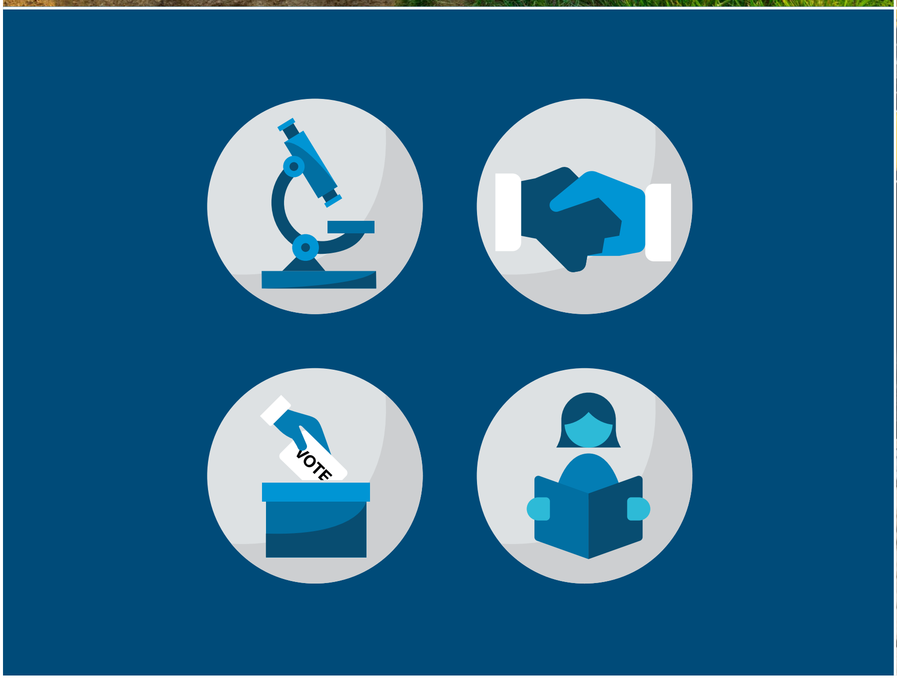
T. Rowe Price

INVEST WITH CONFIDENCE

T. Rowe Price

UK STEWARDSHIP CODE REPORT

2021



September 2022

Foreword

The past year has been another eventful one at T. Rowe Price as we continued to grow our ESG capabilities. We launched our first impact strategies and grew the number of investment staff dedicated to ESG analysis, as well as the technology team that supports them. Ahead of the creation of our new wholly-owned investment advisor, T. Rowe Price Investment Management (TRPIM), we built a parallel set of ESG capabilities, including a team of ESG specialists and a proprietary rating framework. Lastly, following a strategic review, we decided to consolidate responsibility for ESG under one management committee member and substantially increase our investment in operational infrastructure dedicated to supporting ESG. I'm excited to take on oversight of our ESG activities, including investing, operations, and corporate activities.

Delivering excellence in financial performance and client service remain our primary objectives. We believe that evaluating how ESG factors positively or negatively affect the performance of securities helps our investors make sounder decisions. In 2021, we fortified the year-end evaluation criteria for analysts and portfolio managers to include their effectiveness in using ESG to drive investment outcomes. The importance of considering these factors has been heightened by evolving legislative action to address issues such as climate change and other social issues – which have accelerated dramatically in the wake of the COVID pandemic and the COP26 conference.

An increasing number of our clients are asking for investment products that feature environmental and/or social characteristics. We manage USD 95 billion* in socially responsible and impact products that cater to these investors. While we intend to grow the number of funds with sustainable objectives, it is crucial they are based on substantive ESG criteria. The level of excitement and growth in ESG-oriented investment products in the asset management industry has been unprecedented, but we are concerned about a lack transparency and substance behind the ESG promises of some participants in the marketplace.

Several jurisdictions are addressing ESG product classifications to tackle this greenwashing problem. While regulators are demanding improved transparency on ESG metrics, asset managers must deliver products with ESG merit. Doing this is challenging, as environmental and social factors are complex and not binary – they are not easily broken down into a single rating or statistic. As a predominantly active manager, we believe we are well positioned. Our analysts and portfolio managers can thoughtfully and practically consider ESG data in the context of their investment decisions, and our ESG specialist teams build value-added ESG datasets to support them.

ESG-oriented products are vulnerable to greenwashing in part due to a lack of industry standards. We are vocal advocates of standard setting in the ESG space, for both policy-setting and industry-led initiatives, and detail our participation in relevant industry initiatives and public policy consultations during 2021 under Principle 4.

Eric Veiel
Head of Global Equity and CIO

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

2021 in Review

The year saw considerable progress as we further strengthened our ESG investment capabilities.

We expanded the team dedicated to ESG and impact investing, and appointed ESG investment specialists to support our global client-facing distribution teams. Another key development was our investment in automation support to meet changing regulatory expectations, notably those tied to the European Union (EU) Sustainable Finance Disclosure Regulation (SFDR).

We also identified additional third-party data sources to reflect emerging areas of focus. This investment not only helped us better meet client needs, but also facilitated the launch of new products that carry ESG objectives. In 2021, we launched our first Global Impact "Article 9" strategies, drawing on customer engagement through product development and launch. We also expanded our "Article 8" product offering within our Luxembourg domiciled fund range and applied similar EU SFDR criteria to our UK-domiciled fund ranges.

As we entered the second year of the COVID-19 pandemic, our discussions with companies explored how they were keeping employees safe, while Remuneration Committees walked a fine line between attracting and retaining talent in the midst of "the Great Resignation" – while being mindful of treating executives, employees and stakeholders (including shareholders) fairly. Other areas of focus were more systematic in nature. We continued to encourage companies to improve their ESG disclosures, and to set and disclose stretching emissions reductions targets. This was the first full year of "Say on Climate" votes, and investors faced ever-greater opportunities to express their views on this key topic with their investee companies. We also undertook more collaborative engagements, in a wider range of markets and on a more diverse range of themes than in 2020.

2021 was the year we stepped up our expectations for board gender diversity, including the introduction of a global voting guideline to signal our view that single gender boards are problematic, and by definition provide evidence of a lack of diversity. We also took a tougher stance on voting against the election or re-election of directors where there have been severe environmental and social controversies.

At the end of 2021 we enhanced our global integration of ESG across all business lines, with the Head of Global Equity and CIO and Management Committee member Eric Veiel taking on oversight of all aspects of ESG within T. Rowe Price. Looking ahead to 2022, a number of strategic developments are planned which will allow us to further build out our ESG platform. As co-chairs of the ESG Committee, we look forward to sharing these in next year's report.

Maria Elena Drew
Director of Research, Responsible Investing

Donna F Anderson
Head of Corporate Governance

Content

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.

Our purpose and values

'At T. Rowe Price, we have one business—investments—and one purpose—to help our clients create more secure financial futures.'

T. Rowe Price is an independent global company focused predominantly on active investment management. Our core aim is to be an admirable steward of client and shareholder capital. We have a fiduciary duty to help maximise long-term returns for our clients and shareholders and a desire to bring about positive change on their behalf.

Our core values have been integral to our activities since the firm was founded in 1937. They continue to guide us every day, helping us navigate market volatility and a rapidly changing regulatory landscape. They establish a culture that emphasises teamwork and integrity and, ultimately, help us create value for our clients and shareholders.

Our guiding principles

- **Put clients first**
  We take our role as a fiduciary seriously. As a matter of principle, we put our clients' interests first. To justify the trust each client places with us, we work to deeply understand their needs and find solutions to ensure those needs can be met. Our steadfast belief is that when the client succeeds, the firm succeeds.
- **Act with integrity and accountability**
  We strive to do the right thing. Our actions are consistent with our belief that trust and candour benefit all. We honour our commitments and hold ourselves and each other accountable for achieving desired results. Success is not just about the value we create for our clients, but how we provide it.
- **Cultivate intellectual curiosity and innovation**
  The dynamics of our business and the needs of our clients require a commitment to lifelong learning. We continuously look across our global platform for opportunities and connections, remain thoughtful and alert, and ask the questions that can unlock value for our clients. We spend time and resources to act on new and innovative ideas. We create forward-thinking solutions to address areas of opportunity and remain agile in implementation.
- **Embrace diversity and collaboration**
  We seek to leverage the wisdom of multiple perspectives from our firm's associates worldwide by fostering an inclusive and collaborative environment. Our diverse global associates bring insight, engage in open debate, and embrace the broad sharing of information that keeps our thinking fresh and independent. By offering and challenging our best ideas, we arrive at carefully considered, well-informed decisions for our clients.
- **Be disciplined and risk-aware**
  Being strategic, decisive, and disciplined—in approach, processes, and goals– enables us to provide effective and durable, long-term solutions. This intellectual rigour helps us to recognise and avoid short-term fads or inappropriate business practices. However, being disciplined does not mean that we don't take risks. Being risk aware means that we become thoughtful risk takers: we carefully assess risks and manage them to develop innovative and effective solutions.
- **Pursue excellence with passion**
  Consistent effort and superior results for all clients is our hallmark. We set exacting standards because that's what our clients expect. We seek to execute with operational excellence to meet and exceed our current goals.

Key company characteristics[1]

Foundations

- 1937 Founded
- 1986 Went public
- 7,529 Employees worldwide[2]
- 17 Offices in local markets

Independent and stable

- Focused solely on investment management and related services
- Financial stability through a strong balance sheet and no outstanding long-term debt.
- Publicly owned company

Assets in our care[3]

- USD 1.69 trillion assets under management (AUM)
- USD 95.4 billion Environmental, Social and Governance AUM

Global client base

- Clients and shareholders in 50 countries
- Includes many of the world's leading corporations, public retirement plans in the US, foundations, endowments, financial intermediaries, sovereign entities, global institutions, and private individuals

Stable investment and leadership teams[4]

- 806 investment professionals
- 390 research professionals
- 23 ESG investment professionals
- Average tenure
  - 15 years for portfolio managers
  - 17 years for our management committee

Culture central to our success

- Performance driven and collaborative
- Career-focused for all our associates
- Diverse and inclusive workforce supported by diversity, equity, and inclusion (DEI) policies
- Every employee has DEI personal goals in their objectives

Global investment platform

- Active manager of investments across equity, fixed income, and multi-asset solutions
- Continued investment in our global research resources
- Proprietary research, including on ESG
- Acquired Oak Hill Advisors, which is a manager of private credit strategies (alternatives), in December 2021.

[1] All data at 31 December 2021 unless otherwise noted
[2] Includes Oak Hill Associates
[3] Includes assets managed by T. Rowe Price Associates, Inc., and its investment advisory affiliates
[4] Excludes Oak Hill Associates

In 2021, our corporate approach to culture, communication, and sustainability was recognised with the following awards.

Barron's Top 100 Most Sustainable Companies of 2021

T. Rowe Price ranked 14 on Barron's Top 100 Most Sustainable Companies of 2021 list, up 22 spots from 2020, earning the second highest marks amongst financial services companies.

thestarawards.com

These awards recognize investment management companies for outstanding marketing, education, and communications to investors, advisors, and plan participants. T. Rowe Price received seven 2021 STAR Awards in the Large Asset Level, including the Overall Investor Communications Award for outstanding integrated investor marketing communications.

Best Places to Work in Money Management

For the third year in a row, T. Rowe Price was named one of the Best Places to Work in Money Management by Pensions & Investments. The firm's ongoing support of associates during the pandemic, its continued commitment to diversity, equity, and inclusion, and its ongoing community support were all contributing factors.

Business model and strategy

We are a global investment management firm with local insight derived from our investment professionals and distribution teams. We have offices located in 17 markets and clients and shareholders in 50 countries globally. T. Rowe Price, as of 31 December 2021 manages USD 1.69 trillion in assets, of which USD 95.4 billion is in ESG accounts/portfolios. Our global client base includes many of the world's leading corporations, public retirement plans in the US, foundations, endowments, financial intermediaries, sovereign entities, global institutions, and private individuals. We strive to be a partner, building long-term relationships through trust in our abilities and through keeping our clients informed.

Our multiyear strategic objectives include continued investment and growth to embed ESG and sustainability across our business, supported by a strong process-orientation and effective controls. We are always seeking to become a more adaptive and agile company, and to be a destination of choice for top talent with a diverse workforce and an inclusive culture.

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. 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).

A key tenet of our approach is our engagement with the companies in which we invest. While we engage with companies in a variety of different contexts, ESG engagement focuses on learning about, influencing or exchanging perspectives on the environmental practices, corporate governance or social issues affecting their business. 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).

Our ESG Journey over the last 15 years

2021

Impact Strategy
T. Rowe Price launches equity and fixed income impact strategies

United Nations Global Compact
T. Rowe Price becomes a signatory

RIIM T. Rowe Price Investment Management, Inc. (TRPIM)[3]
RIIM developed to support strategies managed by TRPIM

2020

RIIM[1] Municipal Bonds
RIIM Securitised Bonds
Rollout of proprietary ESG rating system for municipal bonds and securitised bonds

Socially Responsible Strategies
The firm launches its first socially responsible strategies in Europe

ESG Reporting
Implemented portfolio level ESG reporting

TCFD Sponsor
Commenced sponsorship of the Task Force on Climate-related Financial Disclosures

2019

RIIM Sovereigns
The firm rolls out proprietary ESG rating system for sovereigns

2018

RIIM Corporates
Proprietary ESG rating system for equity and credit rolled out

2017

Responsible Investing
Established in-house responsible investing research capabilities (environmental and social)

2014

Sustainalytics
Sustainalytics ESG ratings are embedded in company note templates

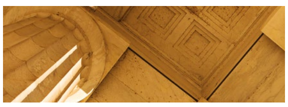
2013

"E" and "S" Research
Sustainalytics appointed as specialized ESG data and research provider

2012

CSR Report
First Corporate Social Responsibility Report issued

2010



PRI[2]
T. Rowe Price becomes signatory to the Principles for Responsible Investment

2008

Corporate Responsibility
Investment policy on corporate responsibility established

2007

Governance
Established in-house governance research capabilities

[1] RIIM = Responsible Investing Indicator Model.
[2] The PRI is an independent investor initiative supported by, but not part of, the United Nations.
[3] On March, 7, 2022, T. Rowe Price Associates, Inc. (TRPA), transitioned six of our well-established U.S. equity and fixed income investment strategies to a new, separate, SEC-registered U.S. investment adviser, T. Rowe Price Investment Management (TRPIM). The implementation and oversight of the RIIM Model for TRPA and TRPIM differs. The TRPIM RIIM covers equity and corporate bonds only.

Investment beliefs

While changes in the investment and economic environment are inevitable, the basic principles that guide our business remain constant—a focus on building long-term relationships through our enduring principles of integrity, intellectual rigour, and stability. Proprietary research is at the heart of our approach and extends to our ESG investment process.

The key components of our investment philosophy are as follows:

Long-term view

Doing what is in the best interest of our clients is so deeply rooted in our culture that it is innate to us. We take a long-term active investment management approach, using 360-degree perspectives—we invest for the client's long-term needs, not short-term targets. For more on how we work with our clients, see Principle 6.

Rigorous global research

Our scale and access help us collect information across asset classes, sectors, and regions. Working together within a disciplined framework, our investment professionals synthesise that information into powerful investment insights—helping our managers prudently manage risk and make better decisions for our clients' investments. This is our strategic investing approach.

We view ESG integration as foundational—it is a core investment capability, which we have embedded in our investment research platform across asset classes. ESG integration is applied to all our investment products, where applicable. 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. See Principle 7 for integration and Principle 5 for our policies and processes.

Collaborate to understand

Diverse thinking and healthy debate are deeply ingrained into the T. Rowe Price culture. We believe looking at investment opportunities from multiple perspectives is the most reliable way to reveal their true potential.

Prudent risk management

Combined with a thorough macro-understanding of markets and sectors, our 'bottom-up' approach to proprietary research forms the foundation for thousands of investment decisions enabling us to understand the true value and possible risks for our clients. We understand geopolitical, market, and economic factors and react to them opportunistically—even defensively—when necessary. We carefully manage risk and seek to maximise value over longer-term horizons.

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 manager's 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.

"Environmental, social and governance (ESG) factors can impact the sustainability and long-term success of businesses. Identifying, analysing, and integrating information about ESG risks and opportunities help enhance our ability to make better investment decisions and pursue better outcomes for our investors. We also believe that our clients should be able to invest in a way that aligns with their values on ESG issues."

Rob Sharps, CEO and president T. Rowe Price

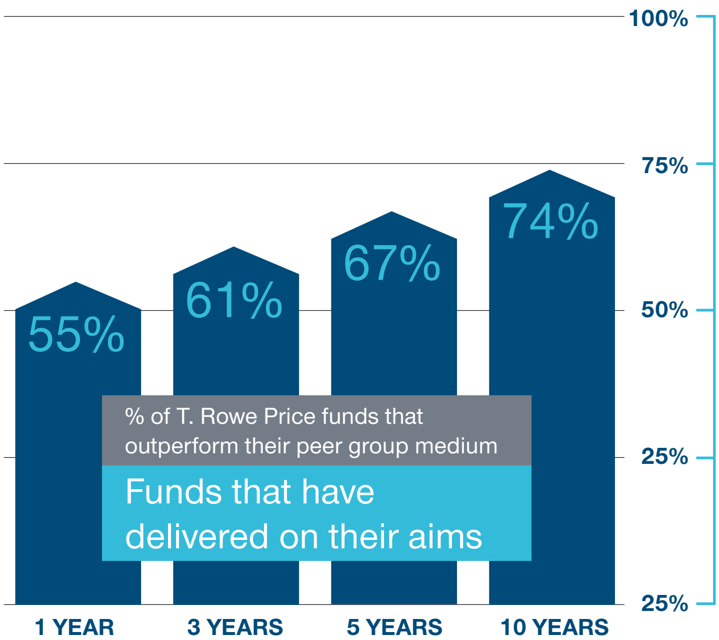
2021 SICAV Strategic Performance Highlights[1]

Strong investment performance, enabled by our investment beliefs, is key to our long-term success. The table below presents investment performance for specific asset classes and AUM weighted performance of our European Union (EU) cross-border T. Rowe Price Luxembourg Société d'investissement à capital variable (SICAV) funds' performance over one-, three-, five-, and 10-years ended December 31, 2021. **Past performance is not a reliable indicator of future performance.**

	1 YEAR	3 YEARS	5 YEARS	10 YEARS
% of SICAV funds that outperformed Morningstar Category Median[2,3]				
US Equity	43%	40%	54%	75%
International Equity	39%	72%	66%	74%
Fixed Income	72%	56%	58%	53%
Multi-Asset	57%	77%	84%	91%
All Funds	55%	61%	67%	74%

Consistently meeting expectations

Our investment strategies have on average delivered long-term outperformance over their Morningstar Category



Past performance is not a reliable indicator of future performance. As of December 31, 2021. For illustrative purposes only. Please note funds are not registered for sale in all jurisdictions.

General Fund Risks

Capital risk—The value of your investment will vary and is not guaranteed. It will be affected by changes in the exchange rate between the base currency of the fund and the currency in which you subscribed, if different. Counterparty risk (fixed income funds only)—An entity with which the fund transacts may not meet its obligations to the fund. Equity risk (equity funds only)—In general, equities involve higher risks than bonds or money market instruments. Environmental, social and governance and sustainability risk—May result in a material negative impact on the value of an investment and performance of the fund. Geographic concentration risk—To the extent that a fund invests a large portion of its assets in a particular geographic area, its performance will be more strongly affected by events within that area. Hedging risk—A fund's attempts to reduce or eliminate certain risks through hedging may not work as intended. Investment fund risk—Investing in funds involves certain risks an investor would not face if investing in markets directly. Management risk—The investment manager or its designees may at times find their obligations to a fund to be in conflict with their obligations to other investment portfolios they manage (although in such cases, all portfolios will be dealt with equitably). Operational risk—Operational failures could lead to disruptions of fund operations or financial losses.

T. Rowe Price Funds are offered on the basis of the prospectus, key investor information documents, articles of incorporation and the annual and semi-annual reports (together "Fund Documents"). Any decision to invest should be made on the basis of the Fund Documents which are available free of charge on request.

[1] The investment performance reflects that of T. Rowe Price SICAV funds AUM and not of Oak Hill Associates' products. Please note funds are not registered for sale in all jurisdictions.
[2] Source: © 2022 Morningstar, Inc. All rights reserved. The information contained herein: 1) is proprietary to Morningstar and/or its content providers; 2) may not be copied or distributed; and 3) is not warranted to be accurate, complete, or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information.
[3] Source: Morningstar. Primary share class only. The table and chart reflects the percentage of T. Rowe Price funds with 1 year, 3 year, 5 year, and 10 year track record that are outperforming the Morningstar category median.

Actions to enhance our ESG investment capabilities

We are committed to using our long heritage of deep fundamental research and position of responsibility to understand and identify positive change for our clients, employees (associates) and society. In 2021, this commitment has been demonstrated in a multitude of ways:

- **ESG Investment Research** – Ongoing investment in ESG data and research are integral to our investment research platform, enabling in-house ESG specialists to build out our proprietary research tools. This includes the Responsible Investing Indicator Model (RIIM), Impact Lens and ESG-labelled Bond Framework.
  - RIIM proactively searches large universes of ESG data and presents an easy-to-digest profile of a specific security or portfolio. It provides a systematic framework for measuring and comparing the ESG characteristics of individual securities and portfolios.
  - We have developed RIIM frameworks that cover equities as well as corporate, sovereign, municipal and securitised bonds. Over the past year, we have expanded the coverage of our RIIM corporates framework from approximately 14,000 to approximately 15,000 companies.
  - We have developed the Impact Lens, which supports our impact strategies. The tool helps us identify a security's alignment to impact activities and helps us conduct the Five Dimensions of Impact Analysis. The Impact Lens was developed in 2020 as we prepared for the launch of our first two impact strategies in 2021.
- **Client Research** – We regularly engage clients through our regional distribution teams on what is most important to them and use these insights to shape and focus our ESG efforts. Important local insights are invaluable given the distinct stages of their ESG journey (see Principle 6).
- **Regulatory European Union (EU) Alignment** – In our Luxembourg domiciled and cross-border product offerings, we have assembled multidisciplinary working groups to ensure adherence to EU regulatory frameworks, including the Sustainable Finance Disclosure Regulation (SFDR) and the Taxonomy Regulation. This guided product development and management of our ESG product range, including our EU SFDR Article 6, Article 8 'light green' and Article 9 'dark green' product classification and management of our socially responsible investing and Impact products and strategies.
  - **Socially responsible investing (SFDR Article 8):** As of year-end 2021, we had 22 funds classified as Article 8 under EU SFDR.
  - **Impact (SFDR Article 9):** We launched global impact equity and global impact credit strategies drawing on customer engagement and regulatory due diligence throughout product development and launch. Both strategies are available within our UK based fund range. The global impact equity strategy is available within our Luxembourg based fund range, and is classified as Article 9 under EU SFDR.
- **ESG Oversight** – We enhanced our ESG global oversight and integration across our businesses, with Eric Veiel responsible for senior single management oversight (see Principle 2).
- **Global associate training** – Conducted by in-house ESG subject matter experts and external suppliers such as Fitch Learning. We have registered over 400 associates globally onto the Fitch ESG Foundation Certificate with a 76% successful completion rate. The certification covered four modules including: ESG factors, ESG market and engagement, integrating ESG into investment analysis, and integrating ESG into portfolio management.
- **Investment Policies** – Ongoing development and enhancement of policies across our ESG business. These included the Investment Policy on Climate Change; ESG Policy; Human Rights Violators Policy; Controversial Weapons Exclusion List Policy – UK, Luxembourg and Canada; Responsible Exclusion List Policy – UK and Luxembourg, Engagement Policy; Principal Adverse Impacts (PAI) Policy. To view our latest policies visit www.troweprice.com/esg.
- **Client Reporting** – Expanded coverage of our ESG Quarterly fund reports to our US mutual funds, common trusts and Japanese ITMs. These reports feature information and data on engagement, proxy voting, and carbon footprints (see Principle 6).

People and 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 are the reasons our clients succeed – and our firm excels.

We attract and retain top candidates by developing key talent and succession plans; investing in diversity, equity, and inclusion (DEI) initiatives, creating opportunities for our associates to learn and grow and providing competitive benefits. Part of the success of our approach is demonstrated tenure data - as of 31 December 2021, the average tenure of our associates is eight years, rising to 15 years for our portfolio managers.

T. Rowe Price is continually developing its use of associate feedback to inform firm-wide decision-making. We conduct pulse surveys and focus groups to gather associate insights. We conducted two COVID response surveys in 2020 and one COVID response survey in 2021. We asked associates about varying topics, including (but not limited to) well-being, flexibility, leader support, and satisfaction with the firm's response plan. We also administered return to office (RTO) surveys to gauge associate readiness to return to the workplace and to obtain insight from those who returned during the voluntary RTO phase. We heard that associates were satisfied with the company's response and communications related to our pandemic response.

In a survey of T. Rowe Price's workforce in April 2021, 89% of employees were satisfied with how the company responded to their needs, while 82% felt that T. Rowe Price takes a genuine interest in associates' well-being.

In 2020 and 2021, we offered wellness days to ensure associates were taking time off during the pandemic. We also extended work from home across all regions to protect the welfare and health of our associates.

Leadership transition

After a successful 35-year career with T. Rowe Price, Bill Stromberg retired from the company on 31 December, 2021, after serving as Chief Executive Officer (CEO) and Chair of the firm's Management Committee since 2016. Bill continues on the Board as non-executive Chair.

Rob Sharps succeeded Bill Stromberg as President and CEO and is chair of the Management Committee. He also joined the Board of Directors. In his 24-year career with T. Rowe Price, Rob was formerly President, Head of Investments, Group Chief Investment Officer, and a member of the firm's Management Committee. Rob serves as a steward of our culture, and his appointment is the culmination of a thoughtful and planned leadership transition.

Diversity, Equity, and Inclusion – A strategic imperative

Expanding and strengthening our diverse workforce is a business imperative and enables us to provide the most effective service to our diverse, global client base. We have a multi-faceted approach to attracting, developing, advancing and retaining ethnic minorities and women. We are committed to continually enhancing programmes to engage our associates and strengthen the pipeline for diverse talent.

The finance industry is historically male dominated. Therefore, T. Rowe Price has committed to attracting, developing, and retaining female associates. We strive to ensure that associates of all genders, races, ethnicities, and backgrounds feel a sense of belonging. According to our 2021 associate surveys, 83% of our workforce feels a sense of belonging at T. Rowe Price.

The firm has a range of programmes and approaches to solve for the barriers and challenges women face within our industry, specific disciplines, and their career journey. The firm continues to identify new ways and approaches to effect change and increase gender and diversity balance.

Our sales, investments and technology groups have specific programmes to achieve a better gender balance and foster a gender inclusive environment. These include:

- Talent sourcing and development
- Improving inclusive leadership competencies
- Identifying new talent pools through a career break talent programme
- Sales executive coaching circles
- Engaging leaders regularly on DEI topics to raise awareness and competence with inclusive practices.
- Supporting caregivers through planned leave and specialized parental transition support

Women in Investments is a multi-year business unit-led initiative focused on pursuing a gender inclusive culture within Investments to attract, develop and retain female talent and increase female representation. The programme began in our EMEA region in 2020 and was implemented globally in 2022.

We also have a Women in Sales initiative. This focuses on leadership skills and mentorship to attract, develop, retain, and motivate female talent inside and outside of the financial services industry. The programme's success has seen it expand to other divisions across the firm, including our technology and investment business units.

Diversity, Equity & inclusion Global Population						
Global firm-wide Gender representation (Base total of 7,196)*	Female 44%	Male 55.9%	Did not disclose 0.1%	% of our global population that were women or ethnically diverse	Diverse	Non-diverse
				Board of Directors (14)	50%	50%
				Firm-wide (7,196)	57%	43%
				Senior leaders	40%	60%

* excludes Oak Hill Associates

All data as of 31 December 2021.

Note: "Did not disclose" is categorized as Non-Minority and Senior Leader is defined as people leaders and individual contributors with significant business or functional responsibility.

Associate-led DEI Initiatives

Our associate-led business resource groups (BRGs) — MOSAIC, PRIDE, WAVE and VALOR — offer employee engagement opportunities and strengthen a sense of belonging for ethnically and culturally diverse, LGBTQ+, and female associates as well as veterans.

MOSAIC @ T. Rowe Price	Our ethnicity business resource group, MOSAIC, was expanded to EMEA in late 2020. MOSAIC partnered with our Human Resources team on discussing issues of ethnic disparities through Diversity Dialogues offered to the EMEA workforce. These provided a safe space for our ethnically diverse minority associates to express their experiences as well as a safe environment for allies to ask questions and increase their awareness of ethnic diversity issues. MOSAIC also helped review our recruitment process and shape our partnerships with new external job boards.
PRIDE @ T. Rowe Price	PRIDE is our business resource group for LGBTQ+ associates and allies. Its mission is to create an environment where LGBTQ+ associates can bring their full selves to work each day. Our EMEA group marked Trans Awareness Week by hosting an inspirational speaker event where a high-profile Trans couple shared their experiences of being Trans in the UK and their perspectives on inclusion more broadly. We also showcased internal role models during Lesbian Visibility Day, celebrated the History of PRIDE globally with speakers from our EMEA and US PRIDE chapters and our executives Scott Keller, Dee Sawyer and Robert Higginbotham were recognised in LGBT Great's Top 100 Allies (the latter two for the second time).
wave @ T. Rowe Price	WAVE, our business resource group for women and allies, supports the firm by increasing the recruitment, development, advancement, and retention of women and cultivating a culture that fosters gender balance and inclusion. Our WAVE EMEA chapter hosted several events to enhance presence on screen in the "How to Own the Zoom" event and to increase awareness of accidental sexism and male allyship through an intersectional book club and a "meet the authors" event.
VALOR @ T. Rowe Price	VALOR's mission is to attract veterans and active reservists to the wide variety of roles available at T. Rowe Price and to make sure they and their families are supported. Our US-based VALOR BRG hosted a US Naval academy graduate in a speaker event to mark Veterans Day. The speaker was one of two female aviators in her 230-person unit and one of only 1.7% of women flying fighter jets in the Navy. VALOR also raised money for the Stop Soldier Suicide charity through a Ruck March.

In the US: Recognition for diversity, equity, and inclusion initiatives

FOR THE SIXTH CONSECUTIVE YEAR

Our diversity, equity, and inclusion initiatives have garnered recognition in the US. We were pleased to earn a perfect score from the Human Rights Campaign Foundation's Corporate Equality Index (CEI) for the sixth consecutive year in 2022 being named as one of the 'Best Place to Work for LGBTQ+ Equality.'

Top-rated CEI employers took steps to ensure greater equity for LGBTQ+ workers and their families in the form of comprehensive policies, benefits, and practices. The CEI rating criteria have three key pillars:

1. Non-discrimination policies across business entities
2. Equitable benefits for LGBTQ+ workers and their families
3. Supporting an inclusive culture and corporate social responsibility

T. Rowe Price Corporate Sustainability highlights in 2021

We continued our firm's sustainability journey throughout 2021 with a solid foundation in place after 10 years of sustainability reporting, first under the name of corporate social responsibility reporting. We continue to believe that both methodologies improve the consistency and comparability of disclosed ESG data. In recent years, we have aligned our reporting with the Task Force for Climate Related Disclosures (TCFD) and Sustainability Accounting Standards Board (SASB). We also became signatories to the United Nations Global Compact in the early part of 2021, further strengthening our alignment with international sustainability frameworks.

ESG disclosure frameworks and alignment with international frameworks

T. Rowe Price is a public supporter of the Task Force on Climate-Related Disclosures (TCFD) and is a member of the Sustainability Accounting Standards Board (SASB) Alliance. Furthermore, Maria Elena Drew, Director of Responsible Investing for T. Rowe Price Associates and Chris Whitehouse, 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 and supports its Sustainable Development Goals (SDGs). Our firmwide approach to sustainability has been increasingly informed by the SDGs, and we believe we are well positioned to drive progress in this space. Further details can be found at troweprice.com/sustainabilityreport.

Environmental Sustainability

Contributing to a low-carbon, low-waste 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.

We set a target to reduce greenhouse gas emissions by 13% by 2025, compared with a 2010 baseline. In 2021, we remained on track to meet this target and started calculating new environmental targets and related action plans.

Additionally, we remain on track to reduce the waste sent to landfills by 92% by 2025, compared with a 2010 baseline. We are committed to building on this momentum and will explore circular economy options to reduce our significant sources of operational and embodied waste.

In 2020, T. Rowe Price announced plans to relocate its Baltimore headquarters from the Inner Harbor to two newly constructed green buildings in Harbor Point in 2024. We also announced plans to relocate our London office in 2023. We are aiming for high environmental sustainability standards for both projects and are seeking design considerations that will have positive impacts on our associates' workplace experience.

T. Rowe Price Foundation and Community Snapshot

For more than three decades, the T. Rowe Price Foundation has sought to be a strong collaborator in communities where T. Rowe Price associates live and work. We believe partnership is the most effective way for our communities to realise positive change. Our strategy is led by community input, taking a trust-based approach, and comes to life through financial support, service, and collaboration.

The Foundation is committed to making an impact in Baltimore and communities around the globe. Since its inception in 1981 and through December 2021, the T. Rowe Price Foundation has provided USD 157 million in direct grants and matching gifts to support the communities where we live and work.

2021 Community Snapshot

Our approach to supporting community focuses on expanding opportunities for all.

We're in the business of helping people achieve their long-term financial goals and improve their quality of life. But we know that not everyone has the access to the tools needed to achieve their goals or improve their quality of life. This is why we invest in disinvested communities, work to remove barriers, and empower those who innovate and serve.

Opportunity For All

Learn. Grow. Uplift.

#TRowePriceInCommunity

14.9M
people reached through financial education programs[1]

$35.2M
USD total firm giving to communities[2]

All data is as of December 31, 2021, unless otherwise stated.

[1] Total reach of websites, online games, apps, exhibits, programs with Scholastic and Junior Achievement, and sponsored events since program inception in 2009.

[2] Includes direct grants, matching gifts, associate donations, Corporate Social Responsibility sponsorships, and community and business memberships.

$2M
USD grant supporting racial justice and equity efforts

$157.4M
USD total given by the T. Rowe Price Foundation since inception (1981)

Our Accomplishments

Data represent the 2021 calendar year or are as of December 31, 2021.

Spotlight on Quality Education

Recognizing the transformative power of education, particularly within underserved populations, we are actively working to address the United Nations' Sustainable Development goal of Quality Education.

We partner with numerous nonprofits and schools across the globe to provide educational opportunities, tutoring, mentoring, career-readiness training, scholarships, work experiences, enrichment programing, and financial education.

SUSTAINABLE DEVELOPMENT GOALS

4 QUALITY EDUCATION

Giving

- $8.7M USD in matching gifts[3]
- $16.2M USD total given by associates through the workplace[4]
- 285 grants given by the T. Rowe Price Foundation
- $14.2M USD total given by the T. Rowe Price Foundation
- $7.3M USD in direct grants

Serving

- 25,000+ hours volunteered by associates globally
- 365 associates serving on nonprofit boards
- 443 nonprofits with T. Rowe Price associates serving on their boards
- 5,821 participants from 636 unique organizations have attended the T. Rowe Price Foundation's capacity building events between 2016 - 2021

MONEY CONFIDENT Kids®[5]
Our signature community program

We saw a gap in the financial education of young kids and set out to improve their knowledge and behaviors. Our Money Confident Kids® program is focused on five key elements of basic money management: goal setting, decision-making, understanding money and inflation, asset allocation, and diversification. In 2021, the program reached 1.4 million parents, educators, and kids with tools, games, and resources informed by research.[6]

[3] Includes matching gifts from the T. Rowe Price Foundation for U.S. associates and matching gifts from T. Rowe Price International Ltd for international associates.

[4] Includes donations made directly through the firm's giving platform and donations submitted for matching gifts.

[5] MONEY CONFIDENT KIDS is a trademark or registered trademark of T. Rowe Price Group, Inc. in the USA and other countries.

[6] For illustrative purposes only. The Money Confident Kids® program is available in selective countries only. It is not an offer of any product or service.

Closing Reflection

2021 began with optimism and expectations for a return to normality but ended up being a most unusual year. Broad-based enthusiasm gave way to concerns over the emergence of new variants of COVID-19, rising inflation, and less accommodative monetary policy. Despite these challenges, our focus on investment performance and outstanding client service remained our top priority.

We are confident our approach to stewardship, our culture, people, investment beliefs, and continued investment throughout the year puts us in good standing to serve the best interest of our clients. We are committed to building our clients' trust through our results and continue to adapt and grow our business to meet their needs.

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 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.

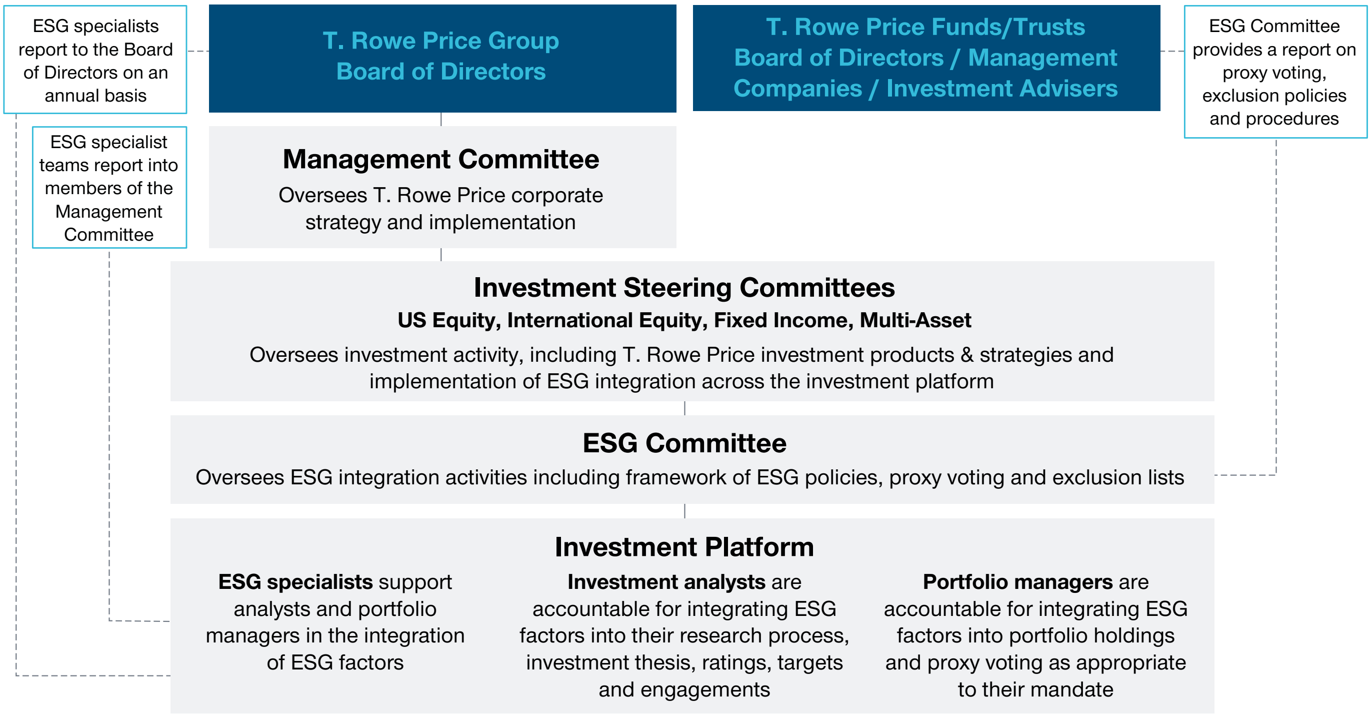
T. Rowe Price Group, Inc. Board committees

AUDIT COMMITTEE	EXECUTIVE COMPENSATION AND MANAGEMENT DEVELOPMENT COMMITTEE	NOMINATING AND CORPORATE GOVERNANCE COMMITTEE	EXECUTIVE COMMITTEE

Additional layers of oversight

MANAGEMENT COMMITTEE	APPLICABLE FUNDS' BOARD OF DIRECTORS/ T. ROWE PRICE FUNDS/TRUSTS BOARD OF DIRECTORS MANAGEMENT COMPANIES/ INVESTMENT ADVISERS
The T. Rowe Price Group, Inc., Board has also authorised a Management Committee that is made up of senior officers of the company. The Management Committee oversees T. Rowe Price corporate strategy and implementation.	The applicable T. Rowe Price Funds' Board of Directors approve the investment management agreements annually and receive periodic updates on our ESG initiatives.

T. Rowe Price Boards and Committees



Example of a regional board: the TRP UK Board

EMMA BEAL
Head of EMEA Legal

CARON CARTER
Head of Global Client Account Services, EMEA

HELEN FORD
Head of Investment Specialists Group

SCOTT KELLER
Head of Americas, APAC and EMEA Distribution

LOUISE MCDONALD
Head of EMEA Product Management

JOHN MCLAUGHLIN
Independent Director

HUGH MULLAN
Independent Director

The TRP UK Board, consists of five employee directors and two outside independent directors, oversees our UK OEIC funds. The individuals on the TRP UK Board are all UK-based, and thus have a good understanding of local client and regulatory expectations.

The ESG Committee oversees our stewardship policies and is responsible for ensuring they remain fit for purpose. To reflect the guidance provided by the Financial Reporting Council in “Effective Stewardship Reporting” (2021), we revised our signoff process for the 2021 disclosure - this is discussed in more detail under Principle 5. The board of T. Rowe Price Group, Inc oversees the operations of the corporate entity, and it has delegated ESG oversight to its Nominating and Corporate Governance Committee (NCGC) pursuant to the NCGC Charter.

The NCGC approved the filing of the document subject to the approval of the T. Rowe Price International Ltd (TRPIL) board; TRPIL is the firm’s primary subsidiary outside the US. TRPIL is located in the UK and all subsidiaries outside the U.S. are subsidiaries of TRPIL, which is charged with overseeing the investment operations of all T. Rowe Price Group’s subsidiaries outside the U.S. As in 2020, we consider the entire T. Rowe Price Group to be covered by this disclosure.

ESG accountability

Level of Seniority	Responsibility
T. Rowe Price Boards	The Boards receive an update on ESG investment activities on an annual basis to ensure that ESG goals are met. The Nominating and Corporate Governance Committee of the T. Rowe Price Group Board of Directors has oversight of ESG investment activity. All directors on this committee are independent non-executives. The funds' Boards, the boards of the management companies and investment advisers of T. Rowe Price funds receive updates on ESG investment activities, including proxy voting.
Executive Leadership	Our dedicated, in-house ESG specialists are located within the Investments division and report directly to senior management. From late 2021, the Director of Research, Responsible Investing, and the Head of Corporate Governance report to Eric Veiel, Head of Global Equity and CIO, who serves on our Management Committee. He is also a member of our chief investment officer group and was an individual signatory for this disclosure.
Management	The ESG Committee, made up primarily of senior leaders, has oversight of ESG integration. Our portfolio managers and analysts are expected to take ESG factors into account when making an investment decision, and, to that end, ESG integration is included in the appraisal process for our investment professionals. The ESG Taskforce, made up primarily of senior leaders in client-facing and product functions, ensures that our ESG activities meet our clients' needs.

ESG Committee – Investment Oversight

The ESG Committee's primary purpose is to assist the Investment Steering committees (US Equity, International Equity, Multi-Asset, and Fixed Income) and is made up of senior investment leaders, with additional representatives from Legal and Operations. The ESG Committee is co-chaired by the Head of Corporate Governance and the Director of Research, Responsible Investing. It typically meets twice per year but also meets on an ad hoc basis if necessary. The role of the ESG Committee is to oversee:

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

The committee submits an annual report to the applicable T. Rowe Price Funds' Board of Directors summarising voting results, policies, procedures, and other noteworthy items.

The ESG Committee also oversees the process for exclusion lists. This includes human rights violators, which is applied firmwide, and controversial weapons, which is applied to our UK open ended investment company (OEIC), European and international Société d'investissement à capital variable (SICAV) and Canadian Pooled Funds. They also oversee other exclusion lists such as those applied to our socially responsible and Impact fund ranges. A sub-committee, the Exclusion List Advisory Group, consisting of investment professionals and legal counsel, assists ESG specialist teams to assess ambiguous situations regarding exclusions.

In 2021, improving the asset class balance on the committee was a priority. Four new members were appointed to represent the Fixed Income Division and two new members joined to represent the Multi-Asset Division. For more details on the ESG Committee's activities in 2021 see principle 5.

Membership of the ESG Committee

Donna F. Anderson
Co-Chair, Head of Corporate Governance

Maria Elena Drew
Co-Chair, Director of Research, Responsible Investing

Austin Applegate
Portfolio Manager, Municipal Bonds

Kamran Baig
Director of Equity Research, EMEA and Latin America

Hari Balkrishna
Portfolio Manager, Global Impact Equity

Oliver Bell
Associate Head, International Equity

R. Scott Berg
Portfolio Manager, Global Growth Equity

Jocelyn Brown
Head of Governance, EMEA and APAC

Archibald Ciganer
Portfolio Manager, Japan Equity

Anna M. Dopkin
Strategic Project Manager

Amanda Falasco
Lead Manager, Proxy Services

Divya Gopal
Credit Analyst

Ryan Hedrick
Associate Portfolio Manager, U.S. Large-Cap Equity

Arif Husain
Head of International Fixed Income

Michael Lambe
Associate Director of Research

Matt Lawton
Portfolio Manager, Global Impact Credit

Yoram Lustig
Head of EMEA Multi-Asset Solutions

Ryan Nolan
Senior Legal Counsel, Legal

Ken Orchard
Portfolio Manager, Global Fixed Income

Sally Patterson
General Manager, International Equity

Thomas Poullaouec
Head of Multi-Asset Solutions, APAC

Preeta Ragavan
Equity Investment Analyst

John C.A. Sherman
Equity Investment Analyst

Justin Thomson
Head of International Equities and CIO

Mitchell Todd
Portfolio Manager, UK Equity

Eric Veiel
Head of Global Equity and CIO

Willem Visser
Fixed Income ESG Associate Portfolio Manager

Ernest Yeung
Portfolio Manager, Emerging Markets Discovery Equity

ESG Investment Resources

A team of 23 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.

Our ESG specialist teams are supported by an operations team focused on proxy voting execution and a technology team focused on ESG data integration. In 2021, we launched our first impact credit and impact equity strategies, with nine dedicated impact specialists joining our ESG specialist team.

See Principle 6 for details of how our approach to Impact was developed with client input.

Responsible Investing

MARIA ELENA DREW
Director of Research, Responsible Investing (London)

SUHA READ[2]
General Manager (London)

JOE BALDWIN
Associate Analyst (London)

DYLAN COTTER
Associate Analyst (Baltimore)

ASHLEY HOGAN
Associate Analyst (Baltimore)

NATALIE MCGOWEN
Associate Analyst (Baltimore)

IONA RICHARDSON
Analyst (Hong Kong)

DANIEL RYAN
Associate Analyst (London)

DUNCAN SCOTT
Associate Analyst (London)

KAOUTAR YAICHE
Analyst (Baltimore)

MICHAEL RAY[2]
Senior Business Analyst (Baltimore)

Governance Team

DONNA ANDERSON
Head of Corporate Governance (Baltimore)

JOCELYN BROWN
Head of Governance, EMEA and APAC (London)

RYAN CHIANG
Governance Analyst (Baltimore)

KARA MCCOY
Governance Analyst (Baltimore)

Proxy Voting[1]

AMANDA FALASCO
Lead Manager (Baltimore)

PROXY VOTING OPERATIONS TEAM

Regulatory Research

KATIE DEAL
Washington Analyst (Baltimore)

MICHAEL PINKERTON
Associate Analyst (Baltimore)

ESG Investment Specialists[3]

VERONIQUE CHAPPLOW
ESG Investment Specialist (London)

PENNY AVRAAM
ESG Portfolio Analyst (London)

T. Rowe Price Investment Management (TRPIM)[4]

CHRIS WHITEHOUSE
Head of ESG, TRPIM (Washington D.C.)

KEVIN KLASSEN
ESG Quantitative Analyst (Baltimore)

MOLLY SHUTT
Associate Analyst, Responsible Investing (Washington D.C.)

Global Equity Impact Strategy

HARI BALKRISHNA
Portfolio Manager (London)

CHRIS VOST
Investment Analyst (London)

LAURENCE TAYLOR
Portfolio Specialist (London)

FATNA CHELIHI
Portfolio Analyst (London)

Global Impact Credit Strategy

MATT LAWTON
Portfolio Manager (Baltimore)

WILLEM VISSER
Associate Portfolio Manager (London)

ELLEN O'DOHERTY
Impact Associate Analyst (London)

MICHAEL GANSKE
Portfolio Specialist (London)

BENJI BAXTER
Portfolio Analyst (London)

[1] Part of Investment Operations Group.

[2] Focused on operations and liaison with Distribution

[3] Support with client interaction and communication

[4] Important Information: Read the press statement for updated information on T. Rowe Price Associates, Inc.'s (TRPA) proposal to launch a new separate SEC-registered U.S. investment adviser, T. Rowe Price Investment Management, Inc. (TRPIM) on March 7, 2022.

ESG Taskforce – Global collaboration

A dedicated taskforce, with representation from across the organisation, helps drive our ESG communications activity, surface insights on ESG issues and inform our client reporting work. The demand for information from clients and associates about our ESG capabilities and products continues to grow in all regions. We believe a coordinated firmwide response is vital to ensure a consistent approach to supporting these demands.

In 2021, the ESG Taskforce continued to operate three workstreams:

ESG COMMUNICATIONS	Defines and drives our global ESG marketing, communication, and education efforts. It includes sub workstreams specializing in digital, educational, and internal communications.
ESG MARKET INTELLIGENCE	Identifies key market trends and client insights globally to assist the development of our ESG investing capabilities and communication. ESG representatives from sales teams reflect the views of our client base and local markets.
ESG CLIENT REPORTING	Advises and promotes guidance to relevant teams on the delivery of ESG reporting based on insights from the Communications and Market Intelligence workstreams.

Activities are carried out under the strategic direction of the ESG Taskforce Steering Committee and developed through collaboration across the three workstreams, with representation across our global business, including Distribution, Product, Investments, and Operations. The ESG Taskforce reports to senior management throughout the year to highlight any significant challenges or issues and to keep the group informed of key ESG-related developments.

The executive sponsor of the ESG Taskforce is currently the Head of Distribution for Americas, EMEA and APAC, and the two co-chairs are the Director of Research, Responsible Investing, and the Head of ESG Marketing and Communications.

ESG Taskforce Steering Committee

Scott Keller	Executive Sponsor of the ESG Taskforce; Head of Distribution for Americas, EMEA and APAC and member of the Management Committee
Maria Elena Drew	Co-chair of the ESG Taskforce, Director of Research, Responsible Investing
Zoe Godfrey	Co-chair of the ESG Taskforce and Lead Communications Workstream; Head of ESG Marketing and Communications
Suha Read	Lead Client Reporting Workstream; General Manager, Responsible Investing
Selina Pattyranie	Lead Market Intelligence Workstream; Associate Director, Client Services
Helen Ford	Head of Investment Specialist Group
Louise McDonald	Head of Product Development, EMEA
Jennifer Johnson	Group Manager, Product Communications and Education
Gaby Infante	Director, Corporate ESG
Chris Whitehouse	Head of ESG, T. Rowe Price Investment Management

Investing in ESG: people, systems, processes and research

Ongoing investment in our ESG resources, including staff and technology, is a priority. In 2021, key areas of augmentation included:

Growth of our dedicated in-house ESG investment teams

We added nine dedicated ESG specialist staff in 2021. This included:

- Six ESG research analysts
- Two ESG investment specialists providing investment expertise to support distribution teams with client engagements
- One business analyst to support the Responsible Investing team

Establishment of ESG investment specialist team

- Investment Specialist Group (ISG) portfolio specialists and portfolio analysts are typically aligned to specific strategies, capital markets or an asset class. To support the firm's commitment to ESG, two dedicated ESG specialist roles were created within ISG to support our work with clients globally. These roles work closely with our Responsible Investment and Corporate Governance teams.

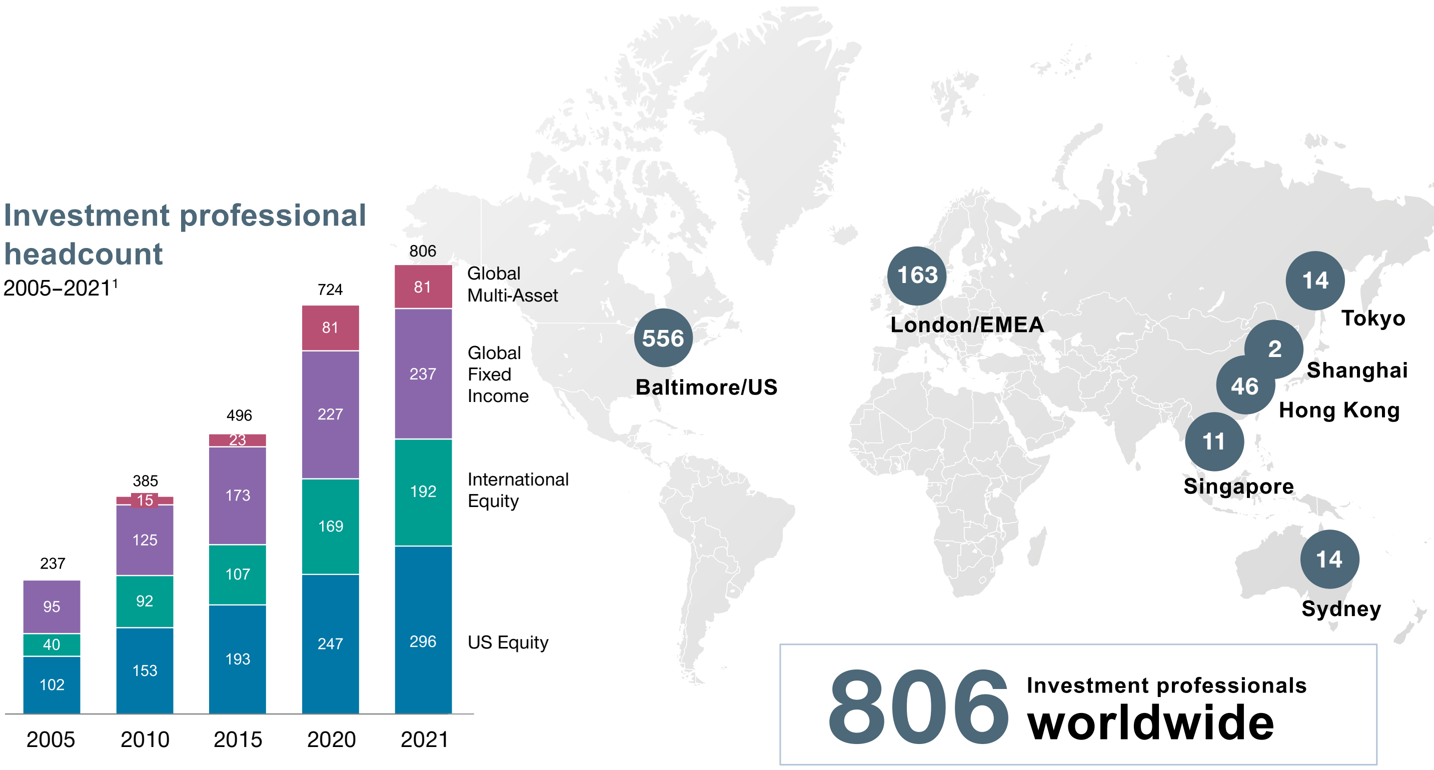
Continued investment in data and tools to aid our ESG integration

- We expanded our data coverage for sovereign issuers within our T. Rowe Price Responsible Investing Indicator Model (RIIM).
- We contracted with a new data provider, Net Purpose, to support our impact measurement framework
- To ensure our investment teams have local insight on developing ESG topics in the Asia Pacific region, we onboarded an ESG data vendor local to the Chinese market and engaged an Indian proxy research provider.

Investing in independent ESG research and client surveys

In 2021, we sponsored a dedicated third-party Global ESG Survey for the second year in a row. The survey was designed to understand the distinct needs of institutional asset owners, discretionary fund selectors and retail advisers in the Americas, EMEA and Asia Pacific - particularly as different client types and regions are at different stages of their ESG journey.

Investment in our global investment capabilities year on year



[1] Excludes Oak Hill Advisors

Use of external service providers

Our approach to ESG is tightly integrated into our investment process. We conduct our own fundamental research, using the processes outlined in Principle 7. Our proprietary ESG framework is populated by both quantitative ESG datasets as well as our own fundamental research. The use of quantitative ESG datasets is helpful to our process as it creates a baseline from which to measure an individual security's ESG performance and makes our process much more scalable, allowing us to compare a portfolio to its benchmark. We seek to work effectively by utilising data from third-party suppliers and augmenting that with qualitative analysis.

We take a best-of-breed approach to working with third-party data. Details of our vendor oversight are provided in Principle 8. The main use of external data is as follows:

- Our in-house Responsible Investing Indicator Model (RIIM) pulls initial data from Sustainalytics, company-reported data and databases developed internally at T. Rowe Price. In addition to the data inputs that feed directly into RIIM, we also utilise third-party research from other vendors.
- Our primary data provider for exclusion screening is MSCI.
- We use proxy voting research from external provider Institutional Shareholder Services (ISS) as an input to our own custom research policy (as detailed in Principle 12).

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.

Training and Development

We continue to work to enhance awareness and knowledge of ESG among our global associates. This is 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 our ESG capabilities.

In 2021, over 400 associates globally registered in Fitch ESG certificate programs	We ran more than 30 live sessions internally and externally with our ESG education partners	Associates from all three regions (Americas, EMEA and APAC) participated in multiple ESG education engagements

Key initiatives in 2021 included:

- **New analyst orientation** – Each new analyst is trained in responsible investing and corporate governance as part of an in-depth, multi-day orientation. This is held in Baltimore, USA, every September (virtually in 2020 and in a hybrid format in 2021).
- **Discussion forums** – In addition to new analyst training, we hold regular forums with investment professionals across the firm to explore the integration of ESG factors in the investment process.
- **ESG global and regional training** – Our Responsible Investing, ESG Specialists, product, legal and compliance teams provided regular training sessions spanning regional regulation, ESG product initiatives, the RIIM tool, impact investing, ESG ratings and climate, to name a few. In 2021, this included 21 Internal events, five recordings/podcasts and one e-learning session.
- **Global associate training** – Conducted by in-house ESG subject matter experts and external suppliers such as Fitch Learning. We have registered over 400 associates globally onto the Fitch ESG Foundation Certificate with a 76% successful completion rate. The certification covered four modules including: ESG factors, ESG market and engagement, integrating ESG into investment analysis, and integrating ESG into portfolio management.
- **Chartered Financial Analyst® (CFA®)**[1] – We support the development of our staff through relevant training and development opportunities such as completion of the Chartered Financial Analyst® (CFA®) qualification and CFA Institute Certificate in ESG Investing.
- **Corporate ESG strategy** – In 2021, our Corporate ESG team started working with our ESG education team to build tools and resources to keep associates across our global business informed and updated on our internal Corporate ESG strategy.

'The ESG educational programming offered in 2021 was thoughtfully crafted, timely and informative. Further, the pace with which it was offered affirmed the importance of this training and of these initiatives across the global enterprise. I look forward to an even more robust program in 2022 as we increase the breadth of our ESG investment offerings.'

Michael Davis, Head of Sales, Americas DCS

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

Performance management and incentivisation

We have a solid balance sheet with zero long-term debt. This stability helps us to maintain a long-term view and to continually reinvest in our business so that we can serve our clients.

We use performance management and reward programmes to incentivise our associates, including for the integration of stewardship procedures and ESG factors in investment decision-making.

ESG Investment Specialists: Our Responsible Investing and Corporate Governance 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.

The compensation of our portfolio managers is viewed over a long-time horizon. Several factors, including the absolute, relative, and risk-adjusted performance of the portfolios they manage over 1-,3-,5- and 10-year periods, are considered.

The more consistent a manager's performance over time, the higher the compensation opportunity. Fluctuation in assets under management is not a material factor.

Variable compensation for senior investment staff is delivered as a combination of a cash bonus and long-term equity incentive plan awards that vest over five years.

Portfolio managers and analysts are expected to take ESG factors into account when making an investment decision. This is monitored in all investment professionals' qualitative performance assessments. As part of the process, feedback is provided by the Director of Research, Responsible Investing, and the Head of Corporate Governance. This input is qualitative and is an assessment of the extent to which they are considering ESG factors in their process.

Client Facing Distribution Teams: Our client-facing distribution teams are increasingly embedding ESG knowledge and insights across our distribution channels, to better support clients and their needs. For example, our Global Consultant Relations team now includes an ESG representative, who also sits on the ESG Taskforce to keep client and consultant needs at the forefront of how we do business. These representatives also have ESG objectives built into their appraisal process.

Diversity, Equity, and Inclusion (DEI): Our goal is to increase our hiring, retention, and development of talent from groups that are underrepresented in asset management. Each year we establish annual corporate diversity, equity, and inclusion goals to continue improving our hiring, development, advancement and retention of diverse talent and our overall diverse representation. Furthermore, we strive to ensure that all associates are compensated fairly and equitably throughout their careers at the firm. To validate this, we engage with respected third-party consultants to conduct robust annual pay equity audits and commit to addressing any anomalies within that performance year.

Closing Reflection

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.

Our ESG Committee, largely comprised of senior investors, is responsible for overseeing the operation of our stewardship activities. We designed a multi-level review process for our 2021 stewardship report, which considered the perspectives of the ESG Committee, the T. Rowe Price International Limited Board (TRPIL), and the T. Rowe Price Group Nominating and Corporate Governance Committee.

While we believe the activities in this report demonstrate the effectiveness of our stewardship activities, opportunities for business improvement were identified in compiling this report. We will report how these have been addressed in our 2022 report.

We are committed to socially responsible investing and offering our clients investment opportunities that align with their values, as well as embedding sustainability into the way we run our business. We actively seek opportunities to make progress in both areas. In 2021, we allocated more resources (human and capital) to drive our ESG efforts forward and we will build on this investment in 2022.

Principle 3

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

Conflict of Interest Policy

Our 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.

The Conflicts of Interest Policy sets the minimum standards for managing conflicts of interest in compliance with the various global regulatory regimes under which the firm operates. It does not replace our obligation to observe any additional local regulatory requirements when identifying and managing conflicts of interest.

T. Rowe Price has additional policies and procedures to help guide us in circumstances where a conflict might arise in the course of business activities. These policies are outlined in the firm's disclosures, Code of Ethics and Conduct (Code), Proxy Voting Policies and Procedures and other internal policies.

Code of Ethics and Conduct

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

- **Associate guidance:** The Code provides guidance to aid associates with recognising and addressing conflicts in a manner consistent with the firm's expectations. The firm's Ethics Committee has the overall responsibility for developing, maintaining and administering the Code. 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:** While the duty to report certain conflicts is the responsibility of individual associates, the overall structure of the firm's compliance program, and those specific to its subsidiaries, place an emphasis on the responsibility of business units to identify and address conflicts of interest particular to their areas.
- **Conflict definition:** Business units aim to identify conflicts of interest that arise in the normal course of business, including, for example, those 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 also have accountability to identify conflicts and ensure they are appropriately managed. There is a robust assurance programme in support of the various groups and individuals identified. This includes the Internal Audit Group, Compliance teams, Legal Department, Risk Management teams and various quality and compliance resources embedded within the business units themselves.

Where a potential conflict is identified, T. Rowe Price will seek to organise its business activities in a manner which avoids such a conflict. 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

However, the avoidance of all conflicts is not always feasible in a commercial environment. Where conflicts cannot be avoided, we seek to mitigate the impacts through effective 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.

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.

Conflicts may arise because of a range of issues, including:

1. Ownership structure
2. Activities of individual associates
3. Differences in stewardship policies of T. Rowe Price and our clients
4. Differences in investment objectives of our strategies
5. Some merger and acquisition (M&A) scenarios where clients own the target and the acquirer
6. If client assets are invested in existing clients of the firm

1. 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 (which might be a risk 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 debt-free financial position, 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.

2. Potential conflicts with respect to individuals

With regard to our stewardship activities in 2021, there were no material breaches by individuals of our business unit policies and procedures designed to eliminate conflicts of interest.

Our Code of Ethics and Conduct 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, among other potential conflicts of interest areas.

In addition, portfolio managers or ESG 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 a public company board.

T. Rowe Price's Compliance department 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. Entries in the register generally include the nature of the conflict, the parties responsible for oversight, and any relevant policies, procedures and/or disclosures that may be applicable. The register and associated policies and procedures undergo periodic reviews, including discussions and involvement from relevant business units. The register helps to inform compliance assessments, internal testing plans and disclosure reviews.

3. 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 ESG Committee is responsible for monitoring and resolving potential conflicts between the interests of T. Rowe Price and those of its clients with respect to proxy voting. 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 Committee.

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, and we subject these votes to an extra level of scrutiny by ESG Committee members before the vote is cast.

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

4. Potential conflicts with respect to share classes or asset classes

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 while 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:

a. Involvement of the senior management of our firm and
b. Full internal transparency among 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.

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 meetings are open and fully visible on a calendar shared across our equity, fixed income, multi-asset and ESG teams. Credit and equity analysts 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.

5. Potential conflicts between holdings in a target and acquirer in M&A scenarios

In a scenario where our clients own both the target of an acquisition and its acquirer, 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 at Company A, assuming that shareholders of both entities are afforded a vote on the transaction.

6. 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.

Disclosure of conflicts of interest

We ensure that material conflicts of interest are disclosed to clients on SEC Form ADV Part 2A. 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.

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

1 ANALYSIS OF BUSINESS RELATIONSHIPS

Annual analysis by our Compliance division 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 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 NONSTANDARD VOTING

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 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.

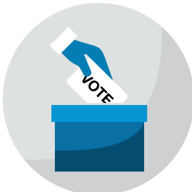
Approval from at least two members of the group must be received.

Proxy voting in 2021

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. Three potential conflicts of interest were identified for the 2021 reporting period. These are described, along with our mitigation measures, in detail below.

Case Studies

Addressing Conflict in Proxy Voting Activity



Voting in a top-tier trading counterparty

ISSUE

Voting on a company's omnibus equity plan

REVIEW

- Detailed review by a subset of our ESG Committee

OUTCOME

- Approval of the exception
- Voted with management

POTENTIAL CONFLICT

During the reporting period, we voted at the Annual General Meeting (AGM) of a global financial services firm that is also one of our firm's top-tier trading counterparties.

APPROACH

Our voting guidelines indicated a vote AGAINST the company's long-term incentive plan due to high potential dilution. We reviewed the plan and determined an exception to the voting guidelines was warranted because the issuer is in a professional services field that tends to have a high ratio of equity-to-cash compensation for its key talent. We have supported the plan in the past, and we remain comfortable with its terms. Because our standard voting policy was overridden and the company was on our predetermined list of potential conflicts of interest, the vote was subjected to an additional level of review by a subset of our ESG Committee. The members approved the exception, and a vote with management was lodged.

At the time of this vote, our proxy services vendor had recently completed some custom programming related to our voting processes. When we cast this vote as an override of our normal guidelines, it revealed a previously undiscovered systems limitation in the programming, such that steps five to seven within the eight-step process did not fire as expected. When we discovered the issue, we implemented a new voting protocol for situations similar to this complex vote. Once a year, the ESG Committee undertakes a line-by-line review of all vote overrides in the period, and this additional control also ensured that all conflicts were handled appropriately in the period.

Voting in a software company that is a significant vendor to the firm

ISSUE

A shareholder resolution at a major US software company

REVIEW

- Detailed review by a subset of our ESG Committee
- Identification of reasons that the shareholder resolution had unusual properties

OUTCOME

- Approval to override standard voting policy to vote with management on the resolution

POTENTIAL CONFLICT

We recently voted at the AGM of a US software company that is also a significant vendor to our firm.

APPROACH

The company had on its ballot a shareholder resolution seeking reporting on the alignment of its lobbying activities with its stated ESG priorities. T. Rowe Price has a general guideline to vote in favor of this category of lobbying-related resolution. However, in this case we determined an exception was warranted because the resolution was quite different from the proposals generally covered by our guideline. In this case, the proponent specifically targeted the topic of facial recognition technology and any lobbying the company conducts on that issue. Our view is the company already provides adequate disclosure on this topic.

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 Committee. The members approved the exception, and a vote AGAINST the resolution was lodged.

Voting in a telecommunications company that is a significant advisory client of the firm

ISSUE

The re-election of Board members at a major US telecommunications company

REVIEW

- Detailed review by a subset of our ESG Committee
- Execution of a vote override that T. Rowe Price has also regularly exercised in the past

OUTCOME

- Approval to override standard voting policy to vote to elect the directors

POTENTIAL CONFLICT

We recently voted at the AGM of a US telecommunications company that is also a significant investment advisory client of our firm. The company is controlled by a strategic partner and a large global investment fund.

APPROACH

The controlling entities occupy a percentage of Board seats that is proportionate to their economic interests. Under T. Rowe Price's regular guidelines, this Board composition is reasonable. However, we generally expect such companies to have fully independent Audit and Compensation Committees. The issue in this case is the strategic investor is represented on the Compensation Committee.

It is the view of our portfolio managers that this strategic partner has proven to be an effective steward of the asset and aligns its interests closely with those of the public investors. For this reason, they believe it is appropriate for the controlling shareholder to participate on the Compensation Committee. As we have in years past, we voted FOR the directors in question. 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 Committee. The members approved the exception, and a vote FOR the directors was entered.

Closing Reflection

Notwithstanding the systems issue identified this year, we believe that the processes for identifying and managing conflicts of interest operated effectively this year.

Principle 4

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

How we identify market-wide and systemic risks

Identifying and monitoring emerging issues is a key component of our risk management process. It includes the assessment of industry, market, political and other events to identify emerging issues or trends that may warrant a response.

T. Rowe Price has a comprehensive risk management program to ensure adequate controls and independent risk oversight throughout the organization. Our chief risk officer (CRO) manages the T. Rowe Price Enterprise Risk Group (ERG) and serves on the Risk and Operational Steering Committee (ROSC), which is made up of senior business leaders from across the firm. The CRO and ROSC set the firm's risk management strategy and oversee risk efforts on behalf of the T. Rowe Price Group, Inc., Board of Directors and our Management Committee.

The T. Rowe Price Board of Directors is accountable for risk and oversight of the risk management process. The Board recognises that risk is inherent in the business and the markets in which we operate. Effective risk management and internal controls are therefore central to the firm's business model.

Risk Management – Three Lines of Defense

Our enterprise risk management program is designed with three lines of defense 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.

Management Oversight of Business Risks

A key element of management oversight is ensuring that business risks are appropriately monitored and controlled. The Management Committee relies on a robust network of oversight committees to extend its span of control and target areas that present the greatest opportunity to leverage our knowledge and manage risk.

There are several governance and operational committees that escalate significant issues to the Risk and Operational Steering Committee or Management Committee, including:

The chief risk officer and ERG have accountability for proactively identifying, raising awareness of and monitoring our clients' investment risk and our corporate business and operational risks. Enterprise Risk Management's Business Line Risk Officers partner with assigned business units, providing guidance and support in identifying, assessing and monitoring all aspects of business risk. One set of risks identified through this review process are climate-related. The ERG added 24 new positions in 2021 to increase its capacity to support our expanding global business.

Fiduciary Risk Committees

- Valuation
- Counterparty Risk
- Liquidity Risk
- Securities Lending Oversight
- Investments Derivatives and Complex Products

Corporate Risk Committees

- Business Risk Governance (3 regional committees)
- Global Business Resilience
- Global Sourcing
- Investment Advisory Error

T. Rowe Price organizes risk under three primary types: **Strategic, Operational,** and **Financial.** Each risk type, and its risk categories, comprise the risk universe.

Strategic Risks

- Products and Services
- Governance and Oversight
- Environmental and Social Responsibility
- Investment Performance
- Strategy and Change Management

Operational Risks

- Talent and Culture
- Business Processes
- Privacy and Confidentiality
- Financial Crimes
- Legal and Compliance
- Third Party
- Technology
- Cyber

Financial Risks

- Operating Results
- Capital, Liquidity and Credit

Investment risk

Investment risk refers to exposure resulting from investment positions in a portfolio through all traded instruments, including:

- equity,
- fixed income,
- foreign exchange,
- listed options,
- listed futures, and
- over-the-counter derivatives.

Investment risk can be segregated into two distinct types:

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, vendor model-based liquidation schedules, etc., 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.

Counterparty risk—risk that a trading partner may default on contractual obligations to a T. Rowe Price fund or managed account. To ensure compliance with the mandated risk parameters established by the prospectus or client agreement, we monitor daily our exposure to contractual obligations through investment-related products. The Investment Risk Management group, as mandated by the Counterparty Risk Committee, is responsible for mitigating counterparty risk as appropriate based on the creditworthiness of the counterparty (creditworthiness is formally reviewed annually while certain market triggers are monitored daily).

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 T. Rowe Price fund. To comply with the objectives outlined in the investment management agreement or prospectus, we must maintain the appropriate level of investment risk within each portfolio. 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.

Formalised Approach to Environmental and Social Risks	Climate is considered a systemic risk for both our investments and our operations. Our corporate approach to identifying climate-related risks includes the consideration of extreme weather events, environmental impacts from and to our physical office locations as well as the impacts of our daily workforce commutes. The ERG recently formalized Environmental and Social as a distinct risk category for monitoring, although components of these risks have been assessed in prior years. External events, such as severe weather events or other natural disasters, receive ongoing attention, given their potential impact on executing business activities, facilities and related infrastructure and technologies.

Portfolio construction

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 ROSC. 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. Through regular meetings and ad hoc interactions with portfolio managers, investment steering committees and the heads of investment divisions, the Portfolio Risk team uses a consultative approach to help ensure robust portfolio construction and appropriate oversight of risk taking in active investment portfolios.

Assessment of market risk

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. Reporting is derived from vendor risk models/platforms and proprietary methodologies. The Portfolio Risk team covers core risk analysis, such as predicted tracking error/volatility and decompositions thereof, as well as tail risk analysis using scenario analysis, stress testing and value-at-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.

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 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 platform-wide research featuring its conclusions and offering a clear and actionable recommendation for investors to respond to the potential catalyst.

In Action – Four Stage Regulatory Risk Evaluation

US INFRASTRUCTURE INVESTMENT AND JOBS ACT (IIJA)

Catalyst Identification

The W&R team leveraged campaign-published policy platforms, publicly available commentary from the Biden administration and media coverage of the ongoing infrastructure investment debate in the United States to identify the possibility of a bipartisan infrastructure package (IIJA) developing and passing separately from other infrastructure provisions.

Fact Finding

The W&R team analyzed previously introduced bipartisan infrastructure legislation, public commentary and speeches from current and former congressional lawmakers and platform positions from the Biden administration to identify core areas of bipartisan agreement in infrastructure investment, including but not limited to: drinking and wastewater; surface transportation assets like roads, bridges, and highways; passenger and freight rail; public transportation; broadband internet; grid infrastructure and resiliency. Once industries and areas of investment were identified, the W&R team leveraged sell-side resources and expert network services to hold dozens of calls with former regulators, industrial engineers, contractors, former local government officials, former federal officials, lobbyists and industrial policy experts to assess the feasibility of the administration's goals and assign a timetable to prospective investments.

Thesis Testing

After developing initial conclusions, the W&R team held multiple internal meetings with sector analysts and portfolio managers to discuss takeaways, assess the perceived impact for companies under coverage and identify any gaps or ways the W&R thesis on the IIJA could prove inaccurate. The W&R team then worked to clarify and source its research findings, enhancing the thesis with the feedback provided by the investment team.

Recommendation

The W&R team wrote a comprehensive, sector-level overview of the likely provisions to pass in a bipartisan infrastructure plan, providing industry-level beneficiaries, potential risks in funding delays and a likely timetable for passage and funding distribution. This publication then allowed portfolio managers and analysts to engage in analysis of their own companies with the insight of potential upside or downside created from the passage of the IIJA.

Asset class investment considerations

Multi-Asset

Our Multi-Asset team uses analysis tailored to the unique objectives, risk/return profile, client 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 over- and underweight positions in assets by considering the Asset Allocation Committee's global tactical views and complementing them with a regional perspective. The process uses the firm's deep knowledge of financial markets combined with our perspective on what drives returns and risks among 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.

Fixed Income

Our Fixed Income Division has analysts dedicated to sovereign credit analysis. A significant part of their responsibilities include assessing political risk. Research conducted by this team consists of macroeconomic analysis and key quantitative variables for each country, such as gross domestic product growth, inflation, fiscal budgets, debt levels and the current account balance as well as qualitative factors such as political and institutional stability, government transparency and geopolitical threats in each country considered for investment.

One of the primary outputs of our research process is the establishment of a proprietary country rating, which helps to identify long-term relative value. On-site formal research visits are an integral part of this research process and frequently include meetings with key government officials and corporate management teams. Sovereign analysts visit policymakers from their respective countries several times a year, regularly making trips to the country under review. During these due diligence trips, analysts may meet with central bank officials, government leaders and representatives from large government-owned enterprises.

Emerging Markets Equity

Similar to our Fixed Income approach, our Emerging Markets Equity team employs a process that combines macroeconomic analysis with bottom-up company research. The team considers a range of country- and company-specific factors. To meet the strategy's high-quality sustainable growth criteria, an emerging market company must exhibit sound fundamentals and operate within micro- and macroeconomic frameworks that are conducive to its long-term growth. While we believe stock-level decision-making is the most important, an understanding of country factors is also crucial, particularly in the context of unintended risk. Our portfolio managers and analysts develop macroeconomic perspectives in collaboration with our emerging markets debt team.

In addition to the political environment, currency factors and monetary and fiscal policies, we also evaluate the repatriation of assets and the treatment of foreign shareholders. On a periodic basis, our portfolio managers rank each country based on microeconomic factors, as well as levels of foreign direct investment. Low rankings can and do influence our country exposure.

Collaboration Between Asset Classes

While we have described the activities of the individual teams, collaboration is key to our approach. In particular, our Equity and Sovereign risk teams work closely together to identify country, sovereign and FX risk in Emerging Markets.

Incorporation of market-wide ESG risks in RIIM

Our sovereign debt Responsible Investing Indicator Model (RIIM) considers social factors such as age dependency ratio, income inequality, female participation in the workforce, unemployment and literacy rates in a country's profile; it also considers World Bank governance indicators.

Additionally, sovereign RIIM tracks metrics related to an issuer's policy response to climate change. This analysis is used to assess sovereign debt issuances but more broadly informs our perspective on an individual country or region for analysts and portfolio managers in any asset class.

<table>
<tr>
<td>Ghana – RIIM downgrade to the voice and accountability indicator</td>
<td>We downgraded the voice and accountability indicator following an investor call with the Center for Democratic Development discussing the “Promotion of Proper Human Sexual Rights and Ghanaian Family Values 2021” bill. While same-sex relationships are already illegal in Ghana, this bill would introduce:
■ A penalty of up to five years imprisonment for engaging in same-sex relationships, undergoing gender-affirming surgery, identifying as a non-binary person or identifying as an ally
■ A penalty of up to 10 years for advocating for the rights of the LGBTQ+ community, even remotely, as well as funding such work
■ The bill also promotes gay conversion therapy with the establishment of special support systems to enable LGBTQ+ individuals to access physiological or psychological support
■ A “duty to report” members and allies of the LGBTQ community to the police upon all citizens of Ghana
The bill is still under discussion by politicians; however, the Constitutional, Legal and Parliamentary Affairs Committee of parliament temporarily suspended public hearings in relation to the bill.</td>
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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. Under Principle 10, we discuss further how we participate in collaborative company engagements and other investor initiatives.

<table>
<tr>
<td>Promoting the importance of board gender balance</td>
<td>Submission to the Hong Kong Stock Exchange
In June 2021, we submitted feedback to the Hong Kong Stock Exchange's consultation on the review of the Corporate Governance Code and the related listing rules. We emphasised that a single-gender board cannot be viewed as diverse and were pleased to see this reflected in the final recommendations.</td>
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Advocating to the US Securities and Exchange Commission for improvements in corporate sustainable financial disclosure

Submission to the US Securities and Exchange Commission

We wrote to the US Securities and Exchange Commission (SEC) in June 2021 responding to its request for input from market participants on whether current corporate ESG and climate disclosures adequately inform investors. Our letter made five sets of constructive recommendations to the SEC, encouraging it to:

- Adopt a principles-based framework to facilitate issuers' disclosure regarding climate-related risks and opportunities
- Adopt a discrete set of core metrics that all issuers must disclose
- Apply its disclosure framework to certain private companies
- Consider a temporary safe harbor for issuers reporting in good faith
- Leverage a third-party standard setter or an expert advisory group to assist in developing industry-specific reporting standards.

With these recommendations in mind, we believe that the SEC can and should pursue rule-making to improve the quality, consistency and comparability of climate and human capital data from US companies.

Supporting TCFD disclosure rules for funds and advisers, while cautioning about data gaps

Submission to the UK Financial Conduct Authority

In September, we filed a comment letter with the UK Financial Conduct Authority (FCA) responding to a consultation paper on climate-related disclosures by asset managers and other financial institutions.

Our letter expressed support for measures intended to prevent greenwashing and improve transparency around how asset managers integrate ESG considerations into investment decisions, and we generally supported the FCA's proposal. We also expressed some concern with the FCA's proposal to require portfolio-/product-level climate-related scenario analyses as part of the new disclosures. We explained that there is not yet enough objective and robust underlying data to allow us to perform the kind of scenario analysis at the portfolio-level that is envisioned by the FCA, as the companies in which we invest are just beginning to disclose greenhouse gas emissions data and conduct their own climate-related scenario analyses.

The FCA adopted these rules in December. We were pleased to see that the FCA recognized the comments around data gaps and built additional flexibility into the final rules to ensure disclosures would be meaningful and not misleading.

Advocating to the US Department of Labor on the fitness of proposed rules related to ESG factors

Submission to the US Department of Labor

We wrote to the US Department of Labor (DOL) in December 2021 regarding its request for input on its proposed amendments to rules adopted in 2020 on pension fiduciary considerations in selecting retirement plan investments (colloquially known as the DOL's "ESG rule") and proxy voting.

Our letter expressed support for the DOL's efforts to improve the 2020 rules, which we agreed inappropriately reflected scepticism about fiduciaries' use of ESG factors in decisions. This had the potential to dampen fiduciaries' willingness to accept investment vehicles that use ESG factors appropriately to evaluate risk and return characteristics. The DOL's 2021 proposal more appropriately recognizes that ESG factors relevant to risk and expected return should be part of a prudent fiduciary's consideration set.

We were concerned, however, that the 2021 proposal does not go far enough to allow for the consideration of participant preferences in defined contribution plan menu construction, and we urged the DOL to provide greater flexibility in that regard.

Advocating for the rights of foreign shareholders in the Brazilian market

Co-signing a letter from AMEC, the Association of Capital Markets Investors in Brazil

Together with other members of AMEC, in December 2021 we co-signed a letter to the president of the stock exchange and the chairman of the securities regulator CVM. The letter highlighted the increase in technical proxy voting difficulties experienced by foreign investors wishing to vote in the Brazilian market, and it offered specific suggestions for improvement.

Our role in relevant industry initiatives

We believe collaboration with other institutions on industrywide issues benefits our clients. We are active members of our local investor trade bodies, including the UK Investment Association and the European Fund and Asset Management Association. Where appropriate, senior members of our Responsible Investing and Governance teams will take leadership roles in investment industry initiatives.

Driving forward US corporate governance practices

Leadership of the Investor Stewardship Group

The Investor Stewardship Group (ISG) is an investor-led effort that includes more than 70 US and international institutional investors with combined assets in excess of USD 32 trillion in the U.S. equity markets. The group was formed as a sustained initiative to establish a framework for US stewardship and governance comprising a set of stewardship principles for institutional investors and corporate governance principles for US-listed companies. Donna Anderson, our Head of Corporate Governance was elected chair of the group in June 2021.

Closing Reflection

In our 2020 submission, we identified that there is an opportunity to make our voice heard more frequently through our participation in public advocacy. In response, the volume, geographic range and topics covered by our advocacy activities in 2021 has increased.

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

The committees or working groups within T. Rowe Price which review policies, practices, and communications related to ESG include:

Internal and External Control Groups (Such as Business Units, Legal, Compliance and Audit)

The ESG Committee

The ESG Taskforce

The review activities of each are detailed below.

Internal and External Control Groups

We operate according to industry-standard three lines of defence within our risk management approach, relying on controls within the business units and assurance activities by Legal and Compliance, and Internal Audit.

1

Business unit leaders

Responsible for overseeing our operations and managing risks specific to their business areas.

2

Enterprise Risk Group and Legal and Compliance

Support the business by providing advice, oversight, guidance and the tools/frameworks/policies for managing risk.

3

Internal Audit

Provide independent assurance that internal controls are operating effectively and that our risks are adequately mitigated.

Board-level ability to quickly address identified issues and continually assess and strengthen the overall risk management programme and relevant committees on a regular basis

Business unit controls

Each business unit has distinct controls and processes in place. As discussed above, oversight of our activities is provided by the ESG Committee. Additional working groups, formed with representatives of the ESG Committee and under its remit, are set up either for specific projects or on an ongoing basis. Three examples are as follows:

- **Exclusion List Advisory Group** This ongoing group oversees various exclusion lists applied to certain strategies.
- **Proxy Voting Subcommittee** This is a subcommittee of the ESG Committee which specifically reviews proxy operations, providing an extra level of operational oversight.
- **Impact Oversight Group** Newly formed in 2021, this group meets to resolve any contentious situations relating to companies to be included in the Impact Universe.

Fixed Income ESG Steering and Advisory Committee (FIESTA)

2021 CASE STUDY

In June 2021, we established the Fixed Income ESG Steering and Advisory Committee (FIESTA), reporting directly to the Fixed Income Steering Committee (FISC) and tasked with providing oversight of the division's ESG integration priorities while advising on future development and resourcing needs in this area. The Committee is Chaired by Associate Director of Research, Michael Lambe, and has investor representation across all Fixed Income business units, as well as Brand & Marketing, Product, ISG and Responsible Investing (RI).

The committee takes a holistic view of ESG integration across the Fixed Income business, with specific duties including, but not limited to:

- Ensuring a consistent flow of information regarding our ESG efforts across all Fixed Income Business Units.
- Coordination across FI Investment Teams to ensure consistent standards of research integration.
- Monitoring of proprietary portfolio ESG scores to ensure compliance with internally set minimum thresholds.
- An assessment of the appropriateness of "high ESG risk" holdings within portfolios.
- Oversight of ESG Education programmes across Fixed Income Investment staff.

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

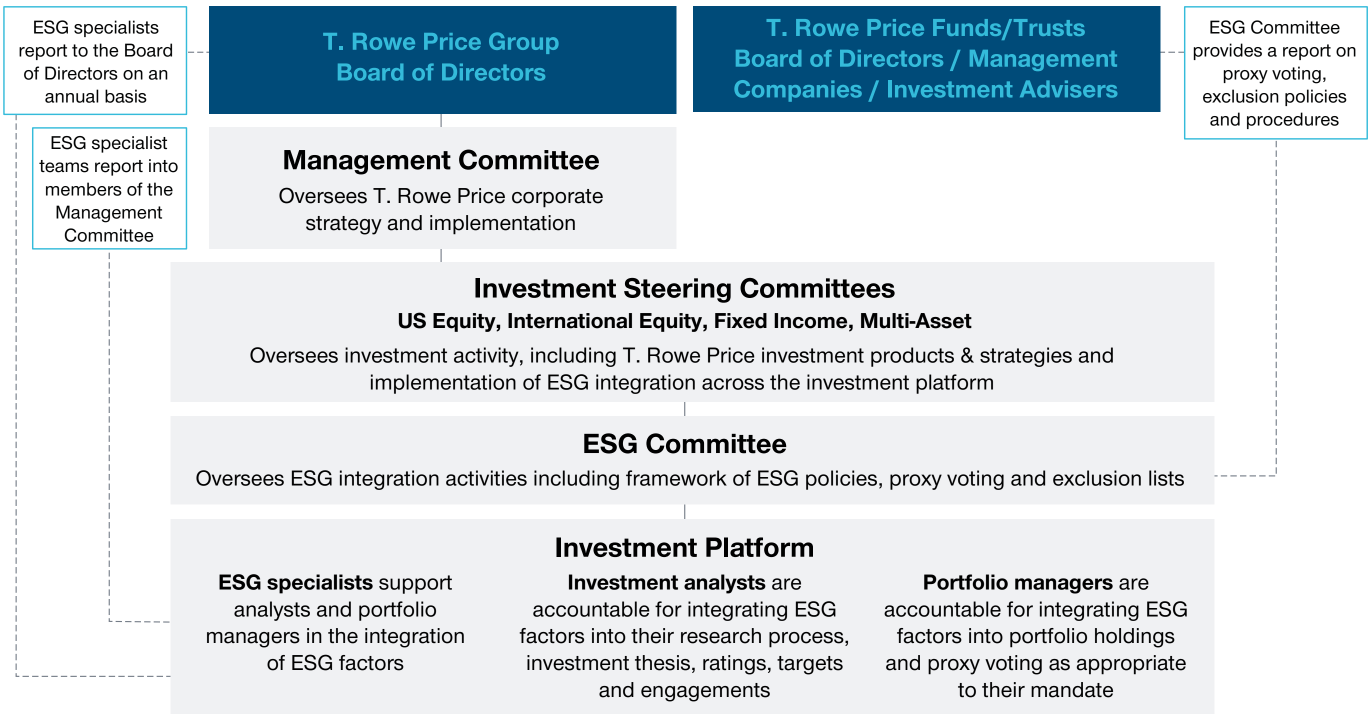
We contribute to a well-functioning financial system by implementing official exclusions which reflect our interpretation of legal requirements or market expectations in the region.

At T. Rowe Price, we implement limited sets of exclusions on our portfolios with an ESG integration mandate:

- 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.
- In our **UK, Luxembourg and Canadian-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 **Australian-registered portfolios,** we maintain an exclusion policy on issuers engaged in the manufacture of tobacco products.

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.

T. Rowe Price Boards and Committees



Enterprise Risk Group, Legal and Compliance

Legal and Compliance provide legal and regulatory advice to the business units on ESG related matters.

Operational Risk Assessment: Proxy Voting

2021 CASE STUDY

In the first quarter of 2021, Business Risk held several workshops with the Proxy Voting and Corporate Governance teams to perform a risk assessment. They concluded the overall risk profile of the proxy voting process had decreased since the assessment was last performed. This was a result of consolidation of the systems used and changes to the voting process, including additional controls.

Identification of Proxy Critical Votes

2021 CASE STUDY

Our Group Strategic Compliance function identified our Critical Votes Policy as a subject for review in 2021. The purpose was to determine whether the policy and the processes related to it ensure that critical votes are properly identified and executed.

Our Critical Vote Policy is a longstanding set of processes designed to provide extra scrutiny on certain votes deemed critical by our Corporate Governance team, and to widen the set of associates who review and oversee such votes. A vote may be deemed critical when a combination of factors is present:

- our clients own a large stake in the company;
- the matter to be voted is of exceedingly high importance;
- the vote of T. Rowe Price is likely to affect the outcome; and/or
- our firm has taken a public position on the matter to be voted.

T. Rowe Price did not identify any critical votes in 2021. Nevertheless, under its regular review schedule, Group Strategic Compliance conducted a review of the policy's implementation. Following the review, minor updates to the applicable policy were suggested and implemented, but the review concluded that the process was adequately designed.

Internal Audit

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

Proxy Voting

2021 CASE STUDY

In addition to the review of our Critical Vote Policy described above, our Group Strategic Compliance function conducted a full audit of our proxy voting processes and internal controls in 2021. The audit covered T. Rowe Price's proxy voting activities as performed by our Global Investment Operations and Corporate Governance teams. The review focused on whether our day-to-day practices of vote execution aligned with our written policies, procedures, and internal controls. The audit was not focused on the decision-making aspect of proxy voting, only the execution aspect. The audit covered securities held in our mutual funds, accounts, and trusts for the period from July 31, 2020 to August 1, 2021.

All controls tested as part of the review were deemed to be operating as expected, and no recommendations for improvements were offered.

External Audit vs. Internal Assurance

Our internal control framework is the primary approach to manage risks and provide assurance on our stewardship activities. This is principally because there is no widely accepted market standard for the assurance of stewardship processes. The assurance conducted by our Internal Audit team – in consultation with our Compliance and Risk teams – is a robust approach that capitalizes on the teams' knowledge of our business and our internal controls framework for the assessment. However, we continue to review what level of assurance is appropriate, and who it should be provided by, on a regular basis.

ESG Committee

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

As described under Principle 2, the work of the Responsible Investing and Governance teams is overseen by the ESG Committee. The majority of the ESG Committee are investors, with additional representatives drawn from the Legal and Operations teams.

In 2021, improving the asset class balance on the Committee was a priority. Four new members were appointed to represent the fixed income division and two new members joined to represent the multi-asset division.

The ESG Committee typically meets twice a year, in January and July. The specific outcomes of the 2021 meetings are detailed below.

2021 ESG Committee Decisions

January 2021 meeting	
1. Improved Vote Disclosure	Revise the frequency of our vote reporting from annual to semi-annual and disclose rationales for votes deemed particularly controversial or illuminating. As part of the discussion, the Committee reviewed the significant votes for 2020 at the T. Rowe Price house level.
2. Board Gender Diversity Policy	Extend the gender guideline within our board diversity policy to Japan.
3. ESG Controversies Voting Policy	Oppose the re-election all directors of companies on the T. Rowe Price conduct exclusion list. This list represents companies with serious, material, and unmitigated ESG incidents.
4. Impact	Approval of the Impact Oversight Group and the Impact Voting Policy.
5. Principal Adverse Impacts (PAI) Policy	The EU SFDR requires T. Rowe Price to identify and prioritise principal adverse sustainability impacts and indicators. In accordance with the SFDR, T. Rowe Price aggregates the PAI indicators relevant to our investments on an annual basis.
July 2021 meeting	
1. Human Rights Violators Policy	Expanded firm-level exclusion policy to address human rights violators more generally than just Sudan, under the former Sudan Exclusion Policy.
2. Investment Policy on Climate Change	Formalised the policy that covers our approach to considering climate change in our investment process.
3. ESG Policy	Update of our ESG Policy to incorporate statements already available in other documents, such as the Responsible Investing Guidelines and ESG Annual Report.
4. Exclusion Lists	Updates to the Responsible Funds Exclusion List Policy and the Impact Funds Exclusion List Policy to add sovereign securities to the conduct-based exclusion category.
5. Board Gender Diversity Policy	Extend the gender guideline within our board diversity policy to all markets globally.

ESG Taskforce

As discussed under Principle 2, the ESG Taskforce reports to the Investment Management Steering Committee (IMSC). The executive sponsor of the ESG Taskforce is Scott Keller, Head of Americas, APAC and EMEA Distribution, and the two co-chairs are the Director of Research, Responsible Investing, and the Head of ESG Marketing and Communications.

The purpose of the ESG Taskforce is to increase the level of ESG awareness and communication within the business to develop a more globally calibrated perspective on ESG practices, and to shape better communication of our activities with clients (and all other stakeholders). This Taskforce and its sub-workstreams is discussed in more detail under Principle 6.

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

A Stewardship Code Working Group was formed with primary representation from Investments and ESG Marketing, with additional support 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. An independent reviewer supported the Working Group during the document creation phase. He provided his assessment as to whether the document was in line with the Code as part of the sign-off process.

To reflect the guidance provided by the Financial Reporting Council in “Effective Stewardship Reporting” (2021), the signoff process was reviewed and discussed at the February 2022 meeting of the T. Rowe Price Group Nominating and Corporate Governance Committee. The board of T. Rowe Price Group, Inc oversees the operations of the corporate entity, and it has delegated ESG oversight to its Nominating and Corporate Governance Committee (NCGC) pursuant to the NCGC Charter. We believe the size of T. Rowe Price’s AUM qualifies us to be a very large organization, and only independent non-executives serve on the NCGC. In April 2022 the NCGC approved the filing of the document subject to review by the ESG Committee and the approval of the TRPIL board.

Two members of our Chief Investment Officer Group agreed to review and sign off the document. Eric Veiel and Justin Thomson are both CIOs and both serve on our T. Rowe Price Group Management Committee as well as our ESG Committee.

T. Rowe Price International Ltd (TRPIL) is the firm’s primary subsidiary outside the US. TRPIL is located in the UK and all subsidiaries outside the U.S. are subsidiaries of TRPIL, which is charged with overseeing the investment operations of all T. Rowe Price Group’s subsidiaries outside the U.S. As in 2020, we consider the entire T. Rowe Price Group to be covered by this disclosure.

Internal Audit agreed to assess certain aspects of the creation of the 2021 disclosure as part of an internal consultancy engagement, and concluded that the design of the enhanced multi-level sign-off process meets the expectations set out by the Financial Reporting Council for 2022. Internal Audit also reviewed the data sources and calculations used to track company engagements in Principle 9 and proxy voting statistics in Principle 12.

Closing Reflection

2021 saw the formation of two new oversight bodies – the Impact Oversight Working Group and the Fixed Income ESG Steering and Advisory Committee - to reflect the evolving needs of the business. We also strengthened our sign-off process to reflect the guidance from the Financial Reporting Council and the amended reporting lines for our ESG specialists.

Principle 6

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

'We put clients at the centre of everything we do.'

Building long-term relationships with our clients is a priority. We take time to understand our clients' needs, which vary depending on their geographical location and type. Our global client base includes many of the world's leading corporations, public retirement plans in the US, foundations, endowments, financial intermediaries, sovereign entities, and global institutions.

We continually invest in our business, increasing the numbers of client-facing associates and investment professionals across the globe, enhancing our technologies, introducing new product offerings, and, most importantly, providing our clients with strong investment management expertise and service.

Investing for the long term

Our institutional and retail clients (via intermediary distribution partners outside the US) have long-term financial goals, often through assets that are linked to pensions and/or long-term savings and investment portfolios. We work to meet their needs through an active approach and a long-term horizon. While variations exist depending on the mandate of each portfolio, many of our strategies have an investment time horizon over a full economic cycle, which we regard as three, five, or eight years. Our investment beliefs are described more fully under Principle 1.

Markets are dynamic, and we believe investing should be too. To achieve our clients' objectives, our active, strategic approach focuses on the fundamental drivers of companies' future success, including their environmental impact, social standards, and governance.

Assets we manage – global client base, asset classes and geographies

	Total AUM in our care[1]
2021	USD 1.69 trillion (14.9% increase)
2020	USD 1.47 trillion

We manage equity and fixed income securities and use these building blocks to provide multi-asset and bespoke solutions. We do not manage private equity, real estate, or infrastructure investments as separate asset classes.

[1] T. Rowe Price, as at 31 December 2021. Firmwide AUM includes assets managed by T. Rowe Price Associates, Inc. and its investment advisory affiliates.

AUM by Client Type (%)

- **53%** Financial intermediaries
- **15%** Private investors (US only)
- **9%** Retirement plan sponsors – full service record keeping (US only)
- **22%** Institutional investors

AUM by Client Geography (%)

- **93%** Americas
- **4%** EMEA
- **4%** APAC

Geographical asset allocation breakdown

AUM by Asset class (%)

- **51.2%** US Equity
- **9.3%** International Equity
- **8.2%** US Fixed Income
- **2.2%** International Fixed Income
- **29.1%** Multi-Asset

US Equity

- **92.3%** USA
- **2.4%** Canada
- **0.9%** United Kingdom
- **1.2%** Europe Ex-UK
- **0.8%** Japan
- **1.1%** Asia Ex Japan
- **1.2%** Africa/Middle East

- **51.2% TOTAL of AUM**

International Equity

- **59.7%** USA
- **3.2%** Canada
- **2.2%** United Kingdom
- **10.1%** Europe Ex-UK
- **7.7%** Japan
- **9.5%** Australia
- **6.8%** Asia Ex Japan
- **0.7%** Africa/Middle East

- **9.3% TOTAL of AUM**

US Fixed Income

- **98.7%** USA
- **0.1%** Canada
- **0.5%** Europe Ex-UK
- **0.7%** Japan

- **8.2% TOTAL of AUM**

International Fixed Income

- **58.7%** USA
- **0.8%** Canada
- **10.7%** United Kingdom
- **12.2%** Europe Ex-UK
- **8.8%** Japan
- **4.7%** Australia
- **3.8%** Asia Ex Japan
- **0.2%** Africa/Middle East
- **0.1%** Latin America

- **2.2% TOTAL of AUM**

Multi-Asset

- **98.7%** USA
- **0.1%** Canada
- **0.5%** Europe Ex-UK
- **0.7%** Japan

- **29.1% TOTAL of AUM**

Source: T. Rowe Price, as at 31 December 2021. Firmwide AUM includes assets managed by T. Rowe Price Associates, Inc. and its investment advisory affiliates. Numbers may not total due to rounding. These AUM breakdowns do not include Oak Hill Advisors, L.P., an alternative credit manager, which T. Rowe Price Group, Inc. acquired on December 29, 2021.

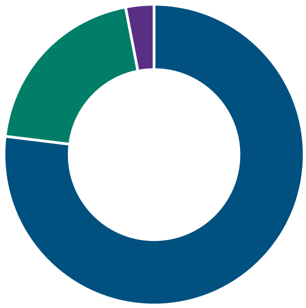
Firm-wide ESG assets we manage

ESG AUM accounted for 5.7% of our overall AUM at USD 95.4 billion as of 31 December, 2021. This is broken down as socially responsible AUM accounting for USD 95.3 billion and Impact AUM of USD 59.7 million.

AUM by Geography of Client (%)

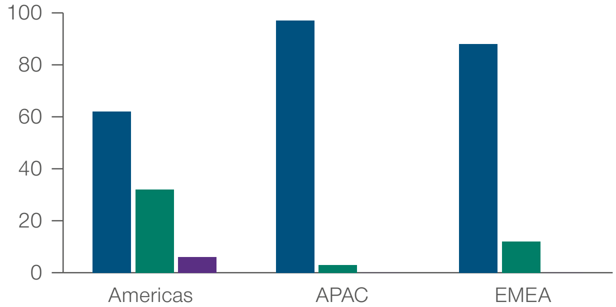
- **51%** Americas
- **25%** APAC
- **24%** EMEA

AUM by Asset Class (%)



- **77%** Equities
- **20%** Fixed Income
- **3%** Multi-Asset

AUM by Asset Class and Geographical region (%)



- Equities
- Fixed Income
- Multi-Asset

Source: T. Rowe Price, as at 31 December 2021. Firmwide AUM includes assets managed by T. Rowe Price Associates, Inc. and its investment advisory affiliates. These AUM breakdowns do not include Oak Hill Advisors, L.P., an alternative credit manager, which T. Rowe Price Group, Inc. acquired on December 29, 2021.

How we engage with clients and seek their views

We engage with our clients to better understand their evolving needs and challenges. A global network of regional, local language, client relationship managers serve as the primary liaisons between the business and the clients in market. The localised structure, with relationship managers in all our core markets, is designed to ensure alignment with distinct regulations, trends, and the needs of each client group.

We seek to ensure clients have access to our content and insights in the way and frequency that best suits their needs. Content is aligned to the client type, stage of their relationship with us, and the investments they have with us. For example, we provide:

- Topical and timely insights, including ESG thought leadership and global market outlooks. These draw on research and intel from across our investment platform and subject matter experts that span our product range and capabilities. Such insights are particularly important to clients during times of uncertainly.
- We participate in sponsored and in-house events across local, regional, and global markets. In 2020 and 2021 these were mainly via digital forums. With the easing of COVID restrictions, face to face events are increasingly being held.
- We provide regular and timely (monthly and/or, quarterly) detailed fund and separate account reporting such as factsheets, portfolio manager commentaries and ESG fund reports. These are shared via email as well as in person at client investment review or due diligence meetings.

In October 2021, T. Rowe Price was a gold sponsor of the Principles for Responsible Investment (PRI) Global Digital Conference, working to raise awareness of our stewardship and ESG approach and capabilities and perspectives.

Delegates to the event were able to pose questions directly to our Responsible Investing and Governance teams and our investment professionals during a webinar.

We will also be a sponsor at the 2022 PRI event, which will be held in Barcelona and be broadcast globally.

We share insights from our client engagements internally across our global distribution teams, ensuring visibility of client needs from all regions and investor types

Institutional clients	Regular two-way dialogue to understand their views on ESG issues and how our ESG capabilities could help them meet their investment goals. Clients' interest in and expectations around ESG and stewardship are gathered initially, followed by in-depth discussions and due diligence meetings. The often-personalised investment requirements of institutions, who invest through separate accounts and our global mutual fund range, tend to have a need for more 1:1 engagement with not only investments teams, but also legal, compliance and our product development teams to develop solutions to reflect their investment objectives and values.
Investment consultants	Regular engagement on ESG issues, including consultants' questionnaires on our ESG capabilities. We also liaise with consultants to ensure we are delivering the reporting their clients need to meet their regulatory requirements.
Intermediary clients	We work with a wide range of distribution partners such as banks and financial advisers to understand the ESG needs and expectations important to them and their end clients, with whom we typically have no direct relationship. Our relationships with intermediaries are incredibly important as they enable us to offer our 'wholesale' products from our global mutual fund range, to a large number of individuals and organisations. They provide insights and trends of end-investor needs, which help shape our offering.

Our relationship managers are accountable for the overall management of the client relationship, providing service and support themselves. They address client due diligence and information needs, through request for proposals (RFPs) and due diligence questionnaires (DDQs), helping them to better understand our business, products, and investment approach.

T. Rowe Price is committed to ensuring our associates remain competent in relation to their roles. Our relationship managers 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.

Client engagement and distribution is augmented with the investment expertise of our global Investment Specialist Group. This group is part of the investment team and comprises portfolio specialists and portfolio analysts. They provide clients with deep insights across all our equity, fixed income, and multi-asset strategies. In 2021, this team expanded to include a portfolio specialist and portfolio analyst dedicated to ESG activity.

Global Client Account teams (GCAS) work alongside our relationship managers, investment teams, marketing, and other front and back-office departments to provide client service, operational, and client account management support for clients. The type of investment the client is making determines if this support is from our core product material and documentation or if more bespoke service is required. For example, some of the services provided include pre-sales support such as pitch books, regulatory documents, and pre-on-boarding that requires factfinding with the client to ensure we fully understand their requirements. This can include a review of legal agreements, operational readiness in some cases, and on-going servicing through relevant compliance reporting for each client type.

The EMEA GCAS team have members within the ESG taskforce and have been central to the development and distribution of our ESG fund reports.

Deepening ESG Market and Client Insights

Our ESG Market Intelligence workstream, formed in 2020 as part of our ESG Taskforce (see Principle 2), is a network of our institutional, consultant, intermediary, and direct (in the US) customer base relationship managers from EMEA, APAC, and Americas. Each region has its own sub-workstream that reports into this workstream to provide:

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 Taskforce Steering Committee.

Market research – Highlight key trends in the market to inform and initiate formal market research, including intelligence regarding ESG ratings.

Advisory – Provides the client perspective 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 regulatory developments such as Sustainable Finance Disclosure Regulation (SFDR), EU Taxonomy and Delegated Acts.

Representatives from ESG Marketing, Product Management, Research, and Legal and Compliance also attend the ESG Market Intelligence workstreams. They meet every four to six weeks and report up to the ESG Taskforce Steering Committee every six weeks, which in turn reports to senior management from investments and distribution) twice per year to discuss progress and updates relating to each region/subcategory.

The crucial role of this workstream is to bring 'the voice of the client' and their ESG needs, issues and opportunities into our business.

We use a variety of sources to better understand perceptions of SFDR and ESG:

- **Internal Feedback including Relationship Manager Surveys** – to capture regional perceived scale and timings of impact
- **Client Satisfaction Survey** – dedicated questions to surface regulatory concerns
- **Syndicated ESG Study** – a global view of investor attitudes and behaviors that specifically probes SFDR and related regimes
- **Brand Surveys** – to extract insights from third-party studies
- **Consultants** – active dialogue with several consultants across the region

In 2021, we carried out our second EU Sustainable Finance Disclosure Regulation (SFDR) survey via our regional EMEA ESG workstream. Relationship Managers actively discussed SFDR with clients to better understand their concerns, needs, and expectations of T. Rowe Price.

Bringing the regulation to life through surveys such as these helps inform, adjust, and tailor our approach and messaging. They give greater insights into the variety of views and different challenges facing our institutional, intermediary, and retail clients across the region.

Proprietary and third-party client research

In 2021 we conducted annual **Global Client Satisfaction** survey. It aims to build insights across several dimensions, including client tier, channel, and geography. The findings help us identify areas where we are doing well and those that require improvement. The scope of the survey includes:

- T. Rowe Price's overall positioning, investment capabilities, client service, operational capabilities, intellectual capital, client reporting, and ESG capabilities.
- APAC (Institutional), EMEA (Institutional and Intermediary) and Americas (Institutional, Retail Gatekeepers, and Retail Advisers) regions.
- Deeper dive data gathering in 15 countries, including UK, Italy, Switzerland, the Netherlands and Spain and France.

We also became syndicate members of a dedicated **Global ESG Survey** in 2021. It is designed to understand the distinct needs of institutional asset owners, discretionary fund selectors and retail advisers in the Americas, EMEA and Asia Pacific, particularly as different client types and regions are at different stages of their ESG journey. The findings enable us to adapt and develop our approach to address client needs, in areas that include regulation, ESG products and solutions, communications, education, and servicing.

The independent research and T. Rowe Price survey findings are presented to the ESG Taskforce, regional distribution teams and Global Distribution Executive management. Agreed areas of focus are incorporated into our strategic and tactical planning. In EMEA Distribution, for example, the research revealed areas of opportunity to more effectively disseminate T. Rowe Price's ESG insights and reporting.

We monitor the following quantitative metrics within our individual channels, where available:	■ Service levels ■ Service quality ■ Error rates percentage ■ Satisfaction and net promoter scores ■ Fraud/privacy incidents ■ Number of complaints filed
We also consider the following qualitative information:	■ Client feedback through our relationship management teams ■ Marketing Insights from across our communications platforms ■ Industry research ■ Market trends ■ Proprietary and third-party client surveys

EMEA client feedback in 2021

"Ensures I have the information I need when I need it. Attentive to my needs without being overbearing. Perfect balance between service and space."

Research & Selection, UK

"The quality is good once you get to know it. The first few times it is not intuitive."

Institutional, France

"T. Rowe Price offers excellent after-sales service and have very active marketing."

Financial Adviser, Italy

"Beyond funds we are invested in with T. Rowe Price, I know little about their other capabilities."

Portfolio Manager, UK

"My contact person knows how to provide me with important information but not burden me with superfluous marketing."

Portfolio Manager, Germany

"Publish more white papers with thoughts on the market."

Portfolio Manager, Germany

Takeaways from EMEA surveys and studies

Our servicing capabilities and investment performance underpin a strong level of overall satisfaction from across our EMEA, APAC and Americas clients.

- Clients value investment insights particularly at times of market stress
- We received positive feedback for our relationship managers, engagement initiatives during COVID 19, and our service levels.

Opportunities for continued development

- **Knowledge sharing:** Clients tell us they value the insights we provide but suggest they don't always know where to find it. We are seeking ways to improve the dissemination of marketing information and investment insights.
- **Hybrid working:** 2021 saw continued need for online engagement to conduct 1:1 meetings and events, with more flexible hybrid working becoming the norm in some countries. We continue to work in ways that are suitable to the relevant COVID guidelines for our clients and associates.
- **Interactive engagement:** There is demand among clients to strengthen knowledge sharing capabilities with more interactive engagement, content distribution, content recordings, and access to portfolio manager views
- **Product:** Continued expansion of our product offering, in particular ESG-related products.

Three key reoccurring themes from clients in 2021

Theme	Reoccurring talking points, often addressed in 1:1 meetings	Sample of T. Rowe Price topical ESG Insights, for professional clients
ESG regulation	■ Increasing need for clarity around regulations ■ Need for reassurance about product classifications particularly within EU-SFDR regime, particular considering market and press concerns about greenwashing in the industry ■ Growing ESG regulation in Asia	**What Makes an "Impact" Investment Manager?** Understanding the required foundation to build, manage, and measure an impact portfolio **Legislation Supporting Clean Energy Would Impact Key Sectors.** Modernizing the electric grid is key for scaling up renewable power
Climate	■ COP 26 conference agenda and outcomes ■ Transparency of investment management approaches ■ Our climate change policy, developed in 2021	**COP26 – Outcomes, Agreements and Investment Implications.** With the COP26 Conference in Glasgow now concluded, we look at the key outcomes **Banks Set to Play Critical Role in Climate Change Fight** **Taking the Temperature on Climate-Related Shareholder Proposals.** Complexity and variability of resolutions demand a measured approach to voting.
Challenging markets	■ Narrowing market opportunities for returns ■ The impact of SRI exclusion lists on investment performance	**Investing in a Pandemic: Lessons Learned and What's Next.** Disruption, speculation in markets, and themes to watch **Market Outlook** – Positioning for a New Economic Landscape. Recovery is on track, but inflation pressures create risks

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

Addressing client needs through ESG reporting

In 2021, we expanded the roll-out of fund-level ESG reports, which were developed and launched in 2020, across additional fund vehicles. These 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) and climate risk (fund carbon footprint).

The expanded ESG reports spanned across more of our Luxembourg Société d'investissement à Capital Variable (SICAV) range, and now also cover UK open-ended investment companies (OEICs), equity and credit US mutual funds, common trusts and Japanese ITMs.

Clients also receive information about key ESG themes, engagement, proxy voting, and investment approaches in our Annual ESG Report.

Stewardship and ESG reporting examples

ESG Annual Report	Firm level	ESG themes, engagement overview, proxy voting activity, and investment approaches	Annual
Proxy Voting Annual Report	Firm level	Global proxy voting data, voting trends, and analysis	Annual
ESG Reports	Fund level	Outline of fund ESG integration approach and engagement case studies featuring meeting details, objective, discussion points and outcome	Quarterly
Proxy Voting Summary	Fund level	Report containing all of the portfolio's proxy votes cast in the period	Annual*
Strategy Level Significant Votes	Fund level	Aligned to PLSA Vote Reporting Template in the UK	On Request
Carbon Footprint	Fund level	Detailed carbon profile of funds (a minimum of 75% of fund AUM must have data available)	Quarterly
Separate Account ESG Reporting	Fund level	Engagement and other ESG profile information	On Request
UK Stewardship Report	Firm level	A description of how we aspire to meet the expectations of the 2020 version of the UK Stewardship Code	Annual

* Moving to frequency of semi-annual reporting in 2022

Addressing client needs in product development

We conduct regular training for distribution teams on a range of topics that span product, pricing, and marketing topics and tactics (see Principle 2). This helps create a dialogue across our business to ensure that the products we develop and manage are aligned for clients' needs and that their features are well understood by the professionals who position them.

We launch new funds only after careful analysis of:

- Investor need
- Investment objectives and an enduring investment case
- Commercial viability
- Potential to align or develop capabilities to address client needs

When we are entirely satisfied with the suitability and viability of an investment strategy and its purpose, we commit to a fund launch.

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, significant work has been undertaken to evaluate existing products alignment to the evolving ESG regulations, SFDR, taxonomy and Delegated Acts.

Key areas of ESG product development in 2021 included:

- **Socially responsible investing strategies**
  In 2021, we expanded our range of socially responsible funds that seek to outperform their benchmarks while also excluding securities that do not align with specific values. This is achieved through the overlay of our proprietary Exclusion List, which features companies with exposure to controversial weapons, nuclear weapons, tobacco, coal, assault-style weapons for civilian use, adult entertainment and gambling, as well as companies that we place on the conduct-based component of the list. We also continued to expand the number of separate accounts we manage that apply ESG-oriented exclusions.
- **Impact investing strategies**
  In 2021, we launched Global Impact Equity and Global Impact Credit strategies. These launches supported the research and client feedback for positive impact strategies to be added to our product suite. The strategies are comprised of investments made with the intention to generate positive, measurable social and environmental impact alongside a financial return. We specifically aim to invest in companies that serve an unmet need of society and are additional to the outcomes created. To identify securities that are in a position to serve an unmet need of society, we have looked to the United Nations Sustainable Development Goals (SDGs). We believe the SDGs are a helpful framework for identifying the world's pressure points and understanding how companies are affecting non-financial stakeholders. As such, the SDGs underpin the three pillars which form the foundation of our impact investment process: 1.) Climate & Resource Impact; 2.) Social Equity and Quality of Life; and 3.) Sustainable Innovation and Productivity. Global Impact equity is available in various vehicles tailored to local demands.

"ESG considerations are top of mind for many of our clients as they seek to address distinct environmental or social pressure points within their portfolios, and to align to the changing regulatory environment. We continue to dedicate significant resources to help meet their needs – across our investment capabilities, product development, and communications. Our clients' ESG needs continue to evolve and I'm committed to ensuring we provide excellence in service delivery along each step of their journey."

Nataline Terry, **Head of UK and Ireland Distribution**

Multi-Asset product development addressing client ESG needs	In 2021, we partnered with a Scandinavian institution to design two bespoke pooled multi-asset funds to meet their investors' requirements—one for a global equity and the other for a global balanced mandate. We worked with the client to understand their ESG and broader investment needs, which were reflected in the final product design. This includes implementation of the client's proprietary exclusion screen in the management of the responsible global equity and global fixed income elements, while accounting for ESG considerations as part of the security selection. In addition, equity investments will be benchmarked to indices that exclude fossil fuel exposure. External investment managers selected to provide building blocks will also apply the client's exclusion screen.

Building an Impact Approach with Client Needs in Mind

In 2021, we launched our first ever impact-driven investment strategy. This followed several years of investment to build our own capability in Responsible Investment, as our client base has rapidly evolved its needs with respect to understanding ESG factors.

Global Impact Equity aligns investors with the UN's Sustainable Development Goals and features 3 distinct impact pillars and 8 impact sub pillars. In this way, the strategy helps to direct capital toward companies that provide solutions to environmental or societal challenges. We also engage with businesses to influence and contribute to positive impact over time - aligning shareholders, companies, and investors in the process.

It also followed the recognition that we wanted to contribute in a positive way to the challenges facing our planet and our society, challenges that require commitment and action in the present. Impact investing is the most direct way we can have an influence, via conscious action and skilled execution.

The Impact Investment and Responsible Investing teams collaborated in the development of our Impact framework. We spent several months drawing influence from external experts in Impact investing, to ensure we were embedding the right principles within our approach. The team studied best-in-class impact investing practices, developed by industry networks and organisations such as the Global Impact Investing Network (GIIN) and the Impact Management Project (IMP).

We held meetings throughout the product development process with select clients across our global client base. Their views, feedback both constructive and positive, helped shape the Impact Strategy and associated communications.

The collaboration between the Impact and Responsible Investing teams, with insights from clients and through regulatory framework were invaluable in hindsight as we identified the need to adapt our impact measurement approach to build in layers of measurement, as opposed to using single points of reference, as well as crystalise our role in corporate engagement and how we can be a contributor to the impact agenda.

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.

As discussed under Principles 9 and 10, in 2021 we increased both the number and the range of collaborative investor initiatives through which we undertook company engagements. For the first time this year T. Rowe Price led a collaborative engagement, and we also began undertaking thematic engagements. This was in-part in response to client enquiries. In Principle 12 we set out our approach to directed voting. We always welcome discussions with clients on how voting can reflect their investment beliefs and stewardship priorities.

Closing Reflection

In 2021 we launched our Impact equity and fixed income strategies, following client feedback that supported the addition of positive impact strategies to our product suite. We also expanded the rollout of fund-level ESG reports across additional fund vehicles. We have continued to strengthen and develop our feedback mechanisms during the reporting period, which stands us in good stead to anticipate and understand our clients' needs in 2022.

Principle 7

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

At T. Rowe Price, we incorporate environmental, social, and governance (ESG) considerations across our investment platform. We believe that ESG issues influence investment risk and return, and, therefore, we incorporate them into our fundamental investment analysis. Additionally, we recognize 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.

ESG integration is the incorporation of ESG factors into investment analysis for the purpose of maximizing investment performance. Fiduciary duty remains the top priority. We view ESG integration as foundational—it is a core investment capability, which we have embedded in our investment research platform across asset classes. ESG integration is applied to all our investment products, where applicable. Additionally, we have strategies that cater to clients who want to reflect their values or a sustainable objective in their investments.

ESG INTEGRATION

Incorporating environmental, social, and governance factors into investment analysis **for the purpose of maximizing investment performance**.

We have embedded ESG through our investment research platform. It is one of the many tools that support the **deep, fundamental research** performed by our investment professionals.

SOCIALLY RESPONSIBLE

Imposing values-based investment parameters on a portfolio regardless of their potential impact on performance. **Client elects to have values goals supersede financial goals.**

We have launched a fund range that imposes values-based parameters to our existing portfolios via the overlay of our proprietary exclusion list.

IMPACT

Investments made with the intention to generate positive environmental and social impact alongside a financial return.

We launched our first Impact strategies in 2021.

At T. Rowe Price, we are known for our deep fundamental investment research. Thomas Rowe Price, Jr. founded our company during the Great Depression with a belief that the long-term potential of companies could be determined by evaluating the risks and opportunities to their business. He committed to first-hand research, establishing one of the world's first dedicated research departments. Proprietary research is still at the heart of our approach, and this includes ESG integration.

Our philosophy is that ESG factors are a component of the investment decision—meaning that they are not the sole driver of an investment decision, nor are they considered separately from more traditional investment factors such as valuation, financials, industry trends, and macroeconomics.

ESG Factors—Part of the Investment Mosaic

Corporations are a part of the fabric of society—what impacts society impacts corporations. Identifying how a company or issuer is positioned to navigate specific ESG issues will often help inform their prospects for future success.

For illustrative purposes only.

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, non-financial stakeholders, or government officials.
- Proxy voting (for equities).

The primary responsibility for determining the impact of ESG factors on clients' investments lies with our analysts and portfolio managers, who are supported by our Responsible Investment and Corporate Governance teams. Our approach is driven by the following principles:

1. **Integration**—As ESG integration requires balancing ESG factors with other investment factors, the responsibility for integrating ESG factors lies with our analysts and portfolio managers.
2. **Collaboration**—In order to support our investment professionals' capacity to incorporate ESG factors into their decision-making, we have specialists in ESG and regulatory research within our investment research teams who work closely with our analysts and portfolio managers and provide ESG research.
3. **Materiality**—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.

Process

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 securitized 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, corporate bonds, and sovereign bonds, we have a three-step ESG integration process: (1) identification, (2) analysis, and (3) integration.

Under step 1 (identification), we leverage ESG datasets and feed those directly into our RIIM framework. This allows us to generate a quantitative RIIM profile for approximately 15,000 companies and approximately 200 sovereign issuers. This quantitative set of scores is an important starting point in our ESG evaluation process as it helps us quickly identify any outliers, both positive and negative. Additionally, it creates a baseline of understanding of our investment universe from which we delve deeper using fundamental analysis on a narrower universe of securities. The output of our quantitative analysis is also instrumental in informing our engagement program.

For municipal and securitized issuers, the ESG data universe is still developing. As we have not yet found ESG datasets that we believe are robust enough to directly integrate into the RIIM framework, we use a two-step ESG integration process: analysis and integration. Our credit analysts conduct ESG analysis on each security. To do this, they utilize 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.

How service providers have received clear and actionable criteria to support integration of stewardship and investment, including material ESG issues

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. However we consider their responsiveness to our questions and requests when deciding whether to allocate future business to the third-party. We 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 (RIIM) – this includes a range a data points covering environmental, social and governance topics. However, we do not use their overall ESG ratings as a signal in RIIM; we prefer to build our own signal which reflects the ESG factors we consider to be financially material. The specific data requested is set out in a contract schedule.
MSCI	We use research from MSCI to manage our socially responsible screens (exclusion list), 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 is set out in a contract schedule.
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. This custom voting policy will be discussed in more detail in Principle 12, but an example of such direction is where we asked them to start voting against all single-gender boards globally in 2021. This is not a voting policy ISS offer as standard to all its clients, but it reflected our views on the importance of diversity to investee companies. Our custom voting policy ensures ISS factor 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.

Another consideration for proxy research is whether the companies see the reports before the AGM. When we were looking for an Indian proxy advisor, one differentiator between the two companies under evaluation was the firm we appointed shared their reports with the companies it covered. We valued a provider who could offer this service as we felt it would result in higher quality research.

RIIM Frameworks Across Asset Classes

	1 IDENTIFICATION	2 ANALYSIS	3 INTEGRATION
Equities and Corporate Bonds	RIIM creates a Responsible Investing profile for approximately 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	RIIM creates an ESG profile for approximately 200 sovereign issuers, leveraging datasets created by non-governmental organizations and third parties as well as datasets created internally.		
Municipal Bonds	Our municipal bond analysts create an ESG rating for 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.		
Securitized Bonds	Our securitized bond analysts create an ESG rating for 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.		

Systemic considerations

While 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. In 2021, we produced our first stand-alone Investment Policy on Climate Change, as we believe that almost the entire investment universe will feel some impacts of climate change—through revenues, sourcing, or their cost structure—and those that can create economic value with a low or zero-carbon footprint will be better positioned than their peers in a world of rising environmental regulation.

Asset class considerations

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

	Environmental	Social	Governance
EQUITIES & CORPORATE BONDS	Adaptability of sourcing Biodiversity 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 labor 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 Mgmt. remuneration Share issuance policies Shareholder rights
SOVEREIGN BONDS	Agricultural capacity Air pollution/emissions Climate change impact Ecosystem quality Energy dependency Energy resources Risk of stranded assets Water resources	Crime and safety Education levels Employment levels Food security Human rights Income inequality Institutional quality Poverty Public health	Bond covenants Corruption Institutional strength Rule of law Institutional quality
SECURITISED BONDS	Exposure to green activities – e.g. renewables, electric vehicles, etc. Exposure to energy transition risk Exposure to physical climate change risk Green building certifications Energy efficiency	Exposure to affordable housing Income inequality Level of homeownership Population dynamics Contribution to wealth inequality	Bond covenants ESG disclosure Internal controls and loan modification standards Originator ESG standards & track record Sponsor performance and legal history Originator underwriting practices Regulatory standards Timelines and quality of financial reporting
MUNICIPAL BONDS	Exposure to green activities – e.g. renewables, electric vehicles, etc. Exposure to energy transition risk Exposure to physical climate change risk Issuer's management of environmental footprint	Accessibilty of health care Crime and safety Education levels Employment levels Exposure to social activities – e.g. hospitals, schools, transport, etc. Income inequality Population dynamics and trends Positive social contributions Poverty levels Quality of infrastructure	Bond covenants Quality of management Quality of governance & Board Quality of elected officials and key government staff Timelines and quality of financial disclosure

Assessment of environmental and social factors

While terminology in the asset management industry tends to group environmental, social, and governance factors into one ESG bucket, we believe the ‘E’ and ‘S’ factors need to be treated differently from the ‘G’ factors in the investment process. Corporate governance standards are well established around the world and more uniformly disclosed. This is not the case when it comes to disclosure of environmental and social data. 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 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.

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

Assessment of corporate governance factors

We focus on the governance factors that we consider to be most relevant given the issuer's sector, region, and asset class. However, 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. While 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 that are aligned with the company's strategy

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

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.

Examples of ESG integration

These ESG analytical frameworks support our analysts and portfolio managers in fully integrating material ESG factors into investment decision-making. Examples of integration in practice are set out below.

Making the case for inclusion within an Impact portfolio

Linde	**Asset class** **Equity**	**Country** **Germany**
Background	Linde is a key enabler of green hydrogen and carbon capture and storage (CCS) technologies. We believe that the company will play a key role in enabling the development of this zero-carbon fuel source given its leading position in hydrogen production and infrastructure.	
Analysis	Linde has already started building what will be the world's largest PEM (proton exchange membrane) electrolyser in Germany when it comes into operation in 2022. By producing and delivering hydrogen, among other industrial gases, Linde creates tremendous environmental and social impact. As an alternative to diesel, hydrogen-produced ultra-low sulfur diesel provides a much cleaner alternative for long-distance transport. Environmentally, Linde's hydrogen gases significantly reduce CO2 emissions, slowing down the rate of climate change, contributing to meeting the 1.5-degree goal.	
Outcome	Linde's revenue streams, best-in-class position in its field, and distinct impact profile qualifies it for our Equity Impact portfolio as part of the Climate Resource and Impact Pillar, even though it may seem a somewhat non-traditional Impact stock. We have high conviction that Linde will be a key player in the green hydrogen ecosystem within the next 10 years due to its long-standing experience in the space. We are monitoring the firm's carbon footprint and have recently engaged to understand its approach to the decarbonization of its operations. We were pleased to learn that Linde tracks ESG metrics each month and progress towards goals is measured. The company is thinking about how to provide even more transparency here.	

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

Due diligence on deforestation and human rights for an agricultural products company

Bunge Ltd	**Asset class** **Equity**	**Country** **US**
Background	Bunge is an American agribusiness company with international operations in soybean exports, food processing, grain trading, and fertilizer. Agriculture, forest, and other land use (AFOLU) accounts for about 13% of the world's carbon emissions, and 23% total GHG emissions. AFOLU activities are the dominant contributors to deforestation, which impedes the ability for the world's land sinks to absorb carbon from the atmosphere. Between 2007-16, natural terrestrial carbon sinks are estimated to have absorbed offset 28% of human generated emissions[1]. Evaluating a company's practices concerning sustainable agriculture isn't always straight-forward. Given the scale, complexity, and diversity of agricultural supply chains, we regularly see evidence of corporate management of the issues coupled with controversies. In 2021, we found Bunge in such a situation.	
Analysis	Our RIIM analysis indicated the company was on the green/orange borderline for both the environment and social pillars, while external ESG ratings providers took very different views on the company, with one giving Bunge top marks ("AAA" rating) and another giving the company its second-worst possible rating ("high risk"). For this subindustry, RIIM puts a high level of materiality (the ESG factors that matter most) on the company's supply chain management (both environmental and social) and raw materials procurement as well as society & community relations. RIIM flagged NGO reports alleging multiple incidents of deforestation and biodiversity loss throughout the company's supply chain, especially in sensitive regions of South America and Indonesia. However, our RIIM analysis also showed gradual improvement on preparedness indicators over recent years, indicating that the company had started to address deforestation issues in its supply chain. Bunge has set an ambitious target to have a deforestation-free supply chain by 2025, which includes legal deforestation. The company also has a palm oil dashboard which provides robust disclosure on its palm oil mills and any accusations of deforestation or biodiversity loss. Beyond disclosure, the company has demonstrated a commitment to cut ties with any supplier that fails to properly address breaches in policy compliance. On social supply chain management, the company had strong standards in place, but it scored poorly in this category in RIIM due to shortcomings in applicability to indirect suppliers and lack of audits. The score was further compounded by repeated reports of forced and child labour use among suppliers. Encouragingly, however, the company said it planned to conduct a human rights assessment to improve supply chain management and committed to supplier audits starting in 2021.	
Outcome	We were encouraged by the measures to eliminate deforestation and human rights abuses in its supply chain, and we continued to hold a significant shareholding in the company across several portfolios. Looking forward, we will monitor Bunge's progress in these areas and continue to engage with the company accordingly.	

1 Climate Change and Land, Intergovernmental Panel on Climate Change (IPCC), 2019.

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

Bunge Ltd RIIM Profile

● RIIM INDICATOR

– Not Material
● No/Few Flags
■ Medium Flags
▲ High Flags

Sustainable Agriculture Factors

○ **Environment**	● **Operations**	■ Supply chain (environment)
		■ Raw materials
		■ Energy and emissions
		● Land use
		● Water use
		● Waste
		● General operations
	■ **End Product**	■ Environmental product sustainability
		– Products and Services Environmental Incidents
○ **Social**	● **Human Capital**	● Supply chain (social)
		● Employee safety and treatment
		● Diversity, Equity & Inclusion (DEI)
	■ **Society**	■ Society and community relations
	■ **End Product**	■ Social product sustainability
		– Product impact on human health and society
		■ Product quality and customer incidents
○ **Governance**		● Business ethics
		● Bribery and corruption
		■ Lobbying and public policy
		■ Accounting and taxation
		● Board and management conduct
		▲ Remuneration
		■ ESG accountability

● Data and privacy incidents

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.

Corporate conduct leads to red RIIM rating

Penn National Gaming	**Asset class** **Equity**	**Country** **US**
Background	Penn National Gaming (Penn) is an American firm that owns, operates, or has ownership interests in gaming and racing facilities and video gaming terminal operations with a focus on slot machine entertainment.	
Analysis	Our US equity analyst asked the Responsible Investing team to evaluate the company as she was considering picking up coverage. The company was orange rated based on the quantitative data in the RIIM framework. After further fundamental analysis, we downgraded the rating to red and decided to add it to our conduct-based exclusion list (which is applied to our socially responsible fund range). Penn National Gaming's red rating was due to the social pillar, which assessed employee related incidents, a weak responsible gaming policy, and, most notably, its association with Barstool Sports. At the time of our analysis, Penn had acquired a 36% stake in Barstool Sports (a digital media platform.) We found that some of the content promulgated by Barstool Sports and its founder/chief of content was alarming. Barstool Sports had been criticized for its misogynistic, racist, and generally offensive content, which we felt could lead to serious reputational harm for the firm. Overall, we believed that the site promoted a culture of excessive drinking, offensive behavior condoned under the guise of comedy, and a general embrace of a 'boys will be boys' attitude. It is not the intent of our ESG research to give an opinion regarding first amendment rights or political correctness. We believed it was very important for our analysts and portfolio managers to be aware of the controversial content published by Barstool Sports given the serious society and community relations risks. Furthermore, the company would not be an appropriate investment for clients choosing to apply socially responsible restrictions.	
Outcome	Our equity analyst did not pick up coverage of Penn National Gaming. The security is not currently held in our active strategies.	

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

Evaluating the ESG credentials of a fast-food company

YUM! Brands, Inc. (YUM)	Asset class Equity	Country US
Background	YUM is the world's largest quick-service restaurant (QSR) operator in terms of number of units, with a global portfolio of brands that includes KFC, Pizza Hut, and Taco Bell. We evaluated the sustainability characteristics of its offering.	
Analysis	We found that YUM had strong supplier environmental programs. The company had been implicated in a few controversies – specifically related to deforestation in its soy supply chain. However, we noted that the company is taking the right steps to address the issue. We found YUM's environmentally sustainable product initiatives to be on the weaker side. However, our analysis indicated that it is not materially worse than peers and the firm is beginning to adopt policies to improve the sustainable profile of its food and beverages. For example, the company has removed 85% of artificial flavours and established targets related to antibiotic use. Additionally, Taco Bell has committed to make all consumer-facing packaging recyclable, compostable, or reusable by 2025. KFC has also committed to make all plastic-based, consumer-facing packaging recoverable or reusable by 2025. YUM has a comprehensive strategy to improve to the health profile of its products. The company is one of the few restaurants in the quick service restaurant (QSR) space to set up and report on menu-wide health goals – targets include: ■ By 2030, YUM has committed to having 50% of its menu align with the company's nutrition standards (a side item at 200 calories, a main item at 400 calories, and a combo/meal at 750 calories.) As of 2019, YUM was 84% of the way to achieving this goal. ■ By 2025, Taco Bell (which accounts for 36% of the company's revenue) is committed to reduce sodium across its menu by 25% by 2025. As of 2019, this number was 23% with a 2008 baseline.) ■ By 2022, Taco Bell plans to offer 50% of its medium fountain beverages at 100 calories and 20g of sugar or less by 2022. As of 2019, 40% of its medium beverages met this criterion.	
Outcome	We rated YUM green in RIIM. In some categories, the company is at the high end of the curve, particularly regarding its health & nutrition and sustainable agriculture programs. Yum is weaker on employee safety & treatment and environmental product sustainability; however, the number of employee related incidents faced by the company is in line with industry peers, and we believe that YUM is taking the right steps to improve the sustainable profile of its products.	

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

YUM! Brands, Inc. RIIM Profile

● RIIM INDICATOR

– Not Material ● No/Few Flags
■ Medium Flags ▲ High Flags

○ Environment	● Operations	■ Supply Chain Environment ● Raw Materials ● Energy and Emissions ● Land Use – Water Use ■ Waste ● General Operations
	■ End Product	▲ Environment Product Sustainability ● Products and Services Environmental Incidents
○ Social	● Human Capital	● Supply Chain Social ■ Employee Safety and Treatment ● Diversity, Equity & Inclusion (DEI)
	● Society	● Society and Community Relations
	● End Product	● Social Product Sustainability ● Product Impact on Human Health and Society ■ Product Quality and Customer Incidents
○ Governance		■ Business Ethics ● Bribery and Corruption ● Lobbying and Public Policy ■ Accounting and Taxation ● Board and Management Conduct ■ Remuneration ■ ESG Accountability
		● Data and privacy incidents

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Top down ESG assessment of the telecoms sector

Background	In an increasingly interconnected world, telecoms play a critical role in bridging digital divide, enabling smart cities, and protecting customer data. Whilst generally viewed as relatively low ESG risk, we see increasing opportunities for telecoms to differentiate themselves when it comes to sustainability. The rollout of 5G, fiber, and rural network coverage have close alignment with positive environmental and social outcomes – but are also driving up power consumption significantly, making greenhouse gas reduction strategies an increasingly material topic.
Analysis	**Energy and Emissions** Changing industry dynamics mean that the power demands of this industry are set to increase dramatically. The telecommunications industry has high energy demands and is responsible for roughly 1.4% global carbon emissions. In emerging and frontier markets, local power grid constraints mean that companies rely on highly polluting diesel generators. Deployment of newer technologies such as fiber and 5G is helping the sector to improve energy efficiency. These technologies use significantly less power per unit of traffic than legacy networks: research from Nokia and Telefonica claims that 5G is 90% more efficient 4G. Secondly, 5G is also set to be a key enabler of smart cities – thereby elevating the quality and performance of urban services whilst helping to optimize resource consumption. Both fiber and 5G are classified as green activities under the EU's taxonomy. Despite such impressive efficiencies, the overall energy demands of telecom companies to is set to rise dramatically. The aforementioned applications and rising internet use mean that the overall energy consumption of the sector could more than offset efficiency gains. Given these dynamics, our RIIM assessment considers how companies can decouple growth and energy consumption from carbon emissions. Specifically, we encourage companies to set clear, timebound carbon reduction targets and renewable energy commitments. A recent example is Vodacom's goal to be carbon neutral by 2025. **Responsible construction and waste management** Some telcos are differentiating themselves through environmentally sensitive construction or installation methods. For example, Converge has adopted "micro-trenching" techniques for fibre installation – a process that carries environmental benefits over traditional installation methods used by incumbents. Another common initiative is waste recycling and safe disposal across the value chain. **Product quality** Product quality and service outage events are the most common controversies within the telcos space. Services are often heavily regulated, with communications sometimes considered a basic right, which can manifest in service and coverage requirements. Quality management and network resilience, including sensitivity to climate change, are critical issues. Some companies face the interplay of physical climate risks – and are relied upon to mitigate impacts of natural disaster. For example, strengthening disaster countermeasures is a key facet of NTT's sustainability strategy. **Pricing & anti-competitive behavior** There has been a strong push for more transparent pricing and fairer data charges by the sector. In some markets, regulatory intervention has come in the form of pricing controls and anti-monopoly interventions. For example, a 2019 data services market enquiry found that MTN and Vodacom's duopoly had led to excessively high data charges than other markets.

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

Top down ESG assessment of the telecoms sector – continued

Analysis – continued	**Product impact on human health & society** Telecoms are viewed positively for this factor thanks to their central role in closing the digital divide with broader coverage areas and increased broadband availability. The COVID pandemic has shone a light on the internet's role in bridging inequality, with many essential services shifting to online business models (e.g., education, food delivery, and medical care). "Cyber-wellness" is another emerging topic that some telecommunications companies are starting to address by creating programs that support safe consumption of internet services or support digital literacy among elderly customers. There is also public concern that proximity to base stations and 5G deployment could have negative health implications for humans. The impact of cellular radiation on human health has long been the subject of academic debate, but so far links remain unproven according to the CDC. However, the International Agency for Research on Cancer (IARC) classified electromagnetic radiation from mobile phones as "possibly carcinogenic" to humans in 2011 meaning there wasn't enough evidence to rule out the connection. The IARC is undertaking a high priority updated assessment (expected in 2022). Negative findings could delay 5G rollout or raise corporate disclosure/ education requirements on the possible impact on public/employee health from radio emission exposure. Whilst we have not seen any major controversies as of today, some corporates do disclose lawsuits (mainly US) alleging adverse health consequences due to wireless phone usage. The majority of companies in our screen have implemented electromagnetic safety programs and say they adhere to relevant regional requirements on radiation limits. We would highlight Orange as having a more comprehensive oversight structure: at the group level Orange has a Radio Waves and Health Committee comprised of legal, medical, and technical experts. **Cyber security / data privacy** Telcos are entrusted with large amounts of customer data such as browsing history and location services meaning cyber security is one of the leading points of discussion in ESG engagements. In general, telcos have been relatively adept at disclosing strong management practices when it comes to this issue. However, in our universe of 78 telecommunications services companies, just 5 had no incidents in Sustainalytics. The cyber security measures of telcos are also a matter of national security, with a government's ability to deal with internal and external threats in large part determined by the security of telecommunications networks. Fears of national security threats, for instance, have led to many markets banning or phasing out use of Huawei networks. **Human capital** Human capital risks are driven by the diverse talent needs of the sector, from site engineers and technicians to customer service representatives. In some emerging and frontier markets, the short supply of skilled personnel is an obstacle to competitiveness and has led to governments pushing companies to develop skills training programs. In many cases, heavily unionized workforces can mean companies are more exposed to issues concerning labour relations or accusations of anti-union behavior. Most flags are driven by smaller labour incidents, although AT&T and T-mobile are exceptions and face more complex issues. As with other industries, we look for consistent reporting on performance metrics such as employee turnover and diversity and evidence of programs and training that support sustainable human capital cultures and engagement.
Outcome	ESG analysis can be highly differentiated from one sector to another – particularly when looking at environmental and social topics. Having clear frameworks applied at the sector, industry and sub-industry level is critical to addressing the ESG issues that will be material to the investment case.

Evaluating ESG bonds

VGP NV	**Asset class** **Investment Grade Corporate Bond** **Country** **Belgium**
Background	ESG-labeled issuance totaled USD 1.08 trillion in 2021, a 94% increase on the 2020 total of USD 557 billion. An estimated USD 2.6 trillion in ESG-labeled debt is currently outstanding. We are encouraged that companies are undertaking the green and social projects eligible for ESG-labelled bond financing. However, we need more than a label to validate the environmental or social credentials of a bond. We have concerns about some of the issuance practices around ESG-labeled bonds. Specifically, we are concerned about bonds lacking "additionality" (i.e., issuing a green bond for operational expenditures on renewable energy procurement that was already taking place) and, more worryingly, sustainability-linked bond structures that allow an issuer to recall the bond before sustainability target dates or where the step-up for meeting the target is immaterial. To validate the credentials of an ESG bond, we leverage our RIIM analysis and fundamental research to evaluate the issuer as well as its ESG-labeled bond framework. We focus on the credibility of the use of proceeds and the quality of the post-issuance reporting. We also look for alignment with industry standards and whether the issuer has obtained external verification.
Analysis	VGP NV, a Belgian real estate developer, issued its inaugural 8-year EUR 500 million green bonds in 2021. To determine if we would participate, we evaluated the credentials of the company's green bonds using our proprietary ESG-labelled bond framework. VGP is green rated in RIIM, which contributed positively. The company aims to achieve carbon neutrality in scope 1 and 2 emissions by 2025 and targets 200 megawatts of green power generation capacity by 2025, up from 42.5 megawatts at the time of the bond issuance. The company's green bond framework is aligned with the International Capital Market Association (ICMA), and it has obtained a second party opinion from CICERO (who rated VGP Medium Green on a scale of Light Green, Medium Green and Dark Green). VGP have established a Sustainable Executive Green Finance Committee that is responsible for project selection. The framework is broad, with the use of proceeds expected to refinance/finance 6 green categories under the ICMA Green Principles. The CEO explained that most of the proceeds will be allocated to green buildings. These are defined as BREEAM "Very Good" - which is less credible than industry peers. VGP did not disclose the lookback period or allocation timeframe. Unallocated proceeds will be invested in line with traditional liquidity principles. The company has provisions in place to replace ineligible assets, but these are on a 'best effort' basis. VGP has committed to publish annual allocation and impact reporting until full allocation.
Outcome	VGP scored orange in our ESG-labelled bond framework. The red rating in the "use of proceeds" category was driven by the company's decision to target BREEAM standards of "Very Good" - we see this as below market standards - and due to weak disclosure. T. Rowe participated in the issuance due to valuation and sector exposure.

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VGP NV ESG Bond Framework

ESG BOND RATING ■ (Medium Flags)

– Not Applicable ● No/Few Flags
■ Medium Flags ▲ High Flags

○ **Issuer ESG Profile**	Issuer RIIM score Environmental and / or Social targets / commitments?
○ **Framework, Standards & Verfication**	Aligned framework with ICMA? Obtained Climate Bond Std or intent for EU Green Bond Std? SPO verification? Does SPO provide rating / shade on framework? Governance structure?
△ **Use of Proceeds**	Proceeds or sustainability performance targets credible? Commitment on unallocated proceeds? Refinancing allowed? Lookback period? Allocating proceeds within timeframe? Provisions in case proceeds ineligible/SPT fails? Measurement date for sustainability performance targets?
— **Post Issuance Reporting**	Sufficient info reported? Obtained audit report?

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Purchase of an asset due to positive ESG characteristics

Health & Happiness	Asset class: **Fixed Income** / Country: **China**
Background	Health & Happiness is a Chinese company with products focused on two main areas: 1. advanced baby & adult nutrition and care, and 2. premium quality vitamins and supplement.
Analysis	As the company name would suggest, Health & Happiness products support better human health and wellness. In addition to its current portfolio, the firm is pursuing disruptive innovation and technologies related to the field of wellness. Strong social performance at Health & Happiness extends to the company's human capital and supply chain. The firm reports comprehensively on these topics – showing a clear commitment to employee training, wellbeing, safety, and diversity. Moreover, diversity in both gender and international experience is high relative to other Chinese companies. Females represent 50% of management, which is very unusual for an Asian company. In relation to environmental performance, the firm has made continued progress to reduce emissions, waste and water consumption and increase renewable energy. The company conducted Risk and Scenario Analysis in line with Taskforce for Climate-related Financial Disclosures (TCFD).
Outcome	The company has an acute focus on embedding sustainability into every aspect of its operations, supplier dealings and community relations – and is therefore a deeply ESG integrated business with a green RIIM rating. The company's green rating in RIIM supported the decision to include the security in our EM Corporate Bond strategy.

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Health & Happiness RIIM Profile

● RIIM INDICATOR

– Not Material
● No/Few Flags
■ Medium Flags
▲ High Flags

○ Environment	● Operations	● Supply Chain Environment
		– Raw Materials
		● Energy and Emissions
		– Land Use
		● Water Use
		● Waste
		● General Operations
	■ End Product	– Environment Product Sustainability
		● Products and Services Environmental Incidents
○ Social	● Human Capital	● Supply Chain Social
		● Employee Safety and Treatment
		■ Diversity, Equity & Inclusion (DEI)
	● Society	● Society and Community Relations
	● End Product	● Social Product Sustainability
		● Product Impact on Human Health and Society
		● Product Quality and Customer Incidents
○ Governance		● Business Ethics
		● Bribery and Corruption
		● Lobbying and Public Policy
		■ Accounting and Taxation
		● Board and Management Conduct
		– Remuneration
		● ESG Accountability

● Data and privacy incidents

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Addressing heightened corporate governance risk in a private company

Rent-The-Runway (RENT)	**Asset class** **Listed Equity, previously a private company holding**	**Country** **U.S.**
Background	Collectively, T. Rowe Price portfolios have a sizable investment in preferred equity securities of privately held companies. Most commonly, these companies are within one to three years of a public offering, and T. Rowe Price becomes an investor in one of the company's later rounds of capital raising. A small, U.S.-based, technology-enabled consumer company, Rent-The-Runway (RENT), is an example of one of these investments. RENT completed its IPO in October of 2021.	
Analysis	Although RENT had been a private holding in T. Rowe Price portfolios for 18 months before the public offering, we were not engaged in discussions with the management team about its expected IPO terms. We were surprised when we reviewed a pre-IPO package of consents that the company asked us to sign, laying out the terms of the offering and certain changes to the charter, bylaws, and equity compensation plans. T. Rowe Price abides by the principle that the same corporate governance standards should be applied to private and public companies, and that we should not endorse practices in a private company that we would not vote for if the company were public. For this reason, our initial response to the company was to decline to consent to the changes. In subsequent engagement with the company and its external legal counsel, it became clear that the management team had not been fully apprised of public investors' reservations about certain governance provisions it had selected. Among other concerns, RENT had established a class of shares with 20:1 voting rights that would not expire for 12 years after the IPO. The company sought feedback from its board, outside counsel, and other investors. It then reduced the 12-year expiration to seven years. If they had not amended the terms, it would have affected our decisions around whether to participate in the IPO, and to what degree.	
Outcome	Although this fact pattern is relatively common among our private investments, the situation prompted us to improve our internal integration of governance and responsible investment analysis into an earlier part of the private investment process. In 2021, we established a dedicated Centralized Private Equity Team to serve as liaisons across the various specialists involved in private investments, such as Legal, Compliance, Trading, Governance, Valuation, Investments, Operations, Responsible Investment, and Risk. Through this coordinating function, we endeavor to avoid surprises and communicate our ESG expectations to private companies at an earlier stage in their development.	

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Emerging Markets Sovereign Bond

Indonesia	Asset class **Government Bond**	Country **Indonesia**
Background	Indonesia is the world's largest archipelagic state. Located in Southeast Asia, the country has a population of over 270 million. In 2020, Indonesia was categorised a 'lower-middle income' nation by the World Bank, following COVID related decreases in GNI per capita. The country is rich in natural resources including silver, coal and natural gas. In September 2021, Indonesia became the first country in Southeast Asia to issue an SDG bond in the global debt capital market.	
Analysis	Indonesia is orange rated in RIIM due to the environment analysis, where the government faces challenges related to decarbonization/energy transition as well as physical climate risks. Indonesia is green on the social pillar, but scores weaker on income/gender inequality and infrastructure spending. For the governance pillar, political stability is downgraded to orange given increased terrorism risk while corruption is upgraded due to reform progress. Indonesia is a good example of a country that has facilitated positive social outcomes through its post-1998 political reforms and growth-led policy, primarily through significant poverty reduction and improved education. Persistent income gaps and rising climate risks remain key challenges. Forward-looking ESG investment implications include: ■ Negative implications on terms of trade as coal demand diminishes through the global energy transition ■ Lowering domestic emissions by shifting energy subsides from fossil fuels into renewables ■ Adaption and mitigation of physical climate risks (a fiscal burden today, which will require broader multilateral support beyond private capital to meet goals) ■ Policy support to manage high income inequality Despite these risks, decades of social progress and governance reforms that have contributed to the current RIIM score should not be undervalued. While repairing GDP per capita lost during COVID is the near-term priority, government views environmental policy and reducing inequalities as longer-term priorities. The government remains focused to steering the economy into cleaner energy however has a difficult transition due it's inherited natural resource wealth and revenue needs from exports. Historic biodiversity issues remain a concern for the country's long-term adaptability.	
Outcome	We maintain an orange rating on Indonesian sovereign debt. We continue to monitor progress towards long term goals and additional disclosure and additionality reporting around the SDG debt issuance will allow us to better assess the direction of travel going forward.	

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

Indonesia RIIM Profile

RIIM INDICATOR

– Not Material ● No/Few Flags
■ Medium Flags ▲ High Flags

Pillar	Issue	Factors
Environment	■ **Energy and Emissions**	▲ Carbon intensity of Energy ■ Policy for Energy Transition ● Pollution
	■ **Freshwater**	■ Baseline Water Stress
	■ **Climate Risk**	● Population Density ▲ Sea Level Rise ▲ Extreme Weather
	■ **Biodiversity**	■ Ocean Health ● Fisheries ■ Biodiversity Protection ▲ Forest Cover ▲ Ecosystem Vitality (inc Deforestation)
	▲ **Use of Natural Capital**	■ Agriculture ■ Tourism Revenue ▲ Natural Resource Rents ▲ Resource Depletion ▲ Carbon Cost
Social	● **Demographics**	● Population Growth ● Labour Force
	● **Health**	● Population Health ● Health Infrastructure
	● **Safety**	● Safety
	● **Education and Employment**	● Unemployment ● Education ■ Employment Opportunities
	■ **Infrastructure**	▲ Development ● Services
	■ **Equality**	● Income Equality ● Poverty ■ Gender Equality
Governance		● Voice & Accountability ■ Political Stability ● Government Effectiveness ● Regulatory Quality ● Rule of Law ■ Control of Corruption

Closing Reflection

This year has seen considerable enhancement across our ESG integration capabilities as we prepared to meet the requirements of the EU Sustainable Finance Disclosure Regulation (SFDR). These initiatives have required more resources, more automation support, and more data.

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Principle 8

Signatories monitor and hold service providers to account.

Fundamental research is at the heart of our investment approach. 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.

Examples include:

- **Sustainalytics** – We use data from Sustainalytics and other providers to feed our proprietary Responsible Investing Indicator Model (RIIM).
- **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.
- **Additional Providers** – Several other service providers provide data which is an input to our ESG research across equity and fixed income.

In 2021 we onboarded three additional ESG data providers to better support our analysis in the Asia Pacific region and the launch of our Impact strategies.

- **Institutional Investor Advisory Services (IIAS)** – In 2021, we sourced proxy research from IIAS to provide a second opinion at selected Indian meetings.
- **Syntao** – In 2021, we sourced ESG data from a vendor local to the Chinese market to provide a more local view of ESG issues impacting Chinese companies.
- **Net Purpose** – In 2021, we contracted with Net Purpose to support our impact measurement activities.

Augmenting global best practice with local insight

We received feedback from one of our analysts covering Indian companies that they would value the provision of additional research from an Indian proxy research provider with detailed knowledge of local market expectations. This would supplement the global perspectives on good practice provided by ISS. Following a review of domestic providers, we contracted with Institutional Investor Advisory Services (IIAS) through the 2022 Indian peak AGM season.

We also recently onboarded an ESG data vendor local to the Chinese market. We believe this vendor provides us with a more local view of ESG issues impacting Chinese companies, that complements the international lens we receive from Sustainalytics. The local vendor applies AI (Asset Intelligence) screening tools to company disclosures and a range of alternative databases. This provides us with extra colour on ESG risks that are tailored to China. The data also enhances our access to fines or regulatory impingements imposed on companies in the country.

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

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 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 NGOs. 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.

How we monitor providers

We monitor third-party data and service providers closely. Standard service reviews are held regularly to discuss ongoing performance and any operational issues. 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.

Responding to an internal controls breach at a key provider

ISSUE

An ESG service provider inadvertently shared our proprietary information with another client.

ACTION

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

OUTCOME

We were reassured by the actions taken and retained the provider.

During 2021, one of our major ESG service providers experienced a breach in internal controls which, unfortunately, involved T. Rowe Price data. The provider manages our custom communications system for proxy voting decisions. The system sends out a daily email summary to portfolio managers to notify them of upcoming votes and collects and disseminates our internal notes and recommendations on those votes.

During the third quarter of 2021, the service provider notified us that, on 19 occasions, an analyst from a different firm was inadvertently copied on our internal notifications. The error was not visible on our end. As soon as they discovered the breach, the service provider sent us these emails for review, and we confirmed that they contained no client information of any kind. They did, however, contain proprietary internal notes and vote recommendations.

In the ensuing week, the service provider investigated and identified the original cause of the error and reported this back to us, along with the steps taken to remediate the issue. We logged the incident into T. Rowe Price's centralized tracking system for privacy breaches, and we shared the details with relevant internal parties. The service provider reported the incident to its Head of Information Security and Head of Application Management & Development. They also confirmed that the unintended recipient of our messages had deleted them.

We were satisfied that the incident had not caused any significant exposure of sensitive information and that the vendor had responded to the issue promptly and transparently.

Reevaluation of ESG data vendor after a change in research needs

ISSUE

Expansion of our Governance team triggered a review of data needs.

ACTION

Reassessment of requirements and scope of supplier capability.

OUTCOME

Significantly expanded our relationship with a supplier of governance data.

We have been a client of a vendor of governance data and proxy voting information for the past eight years. The service provider offers a unique and useful data set, but its applicability to our process was narrow.

In the fourth quarter of 2021, two events took place that triggered a review and an expansion in our use of this service provider. Those events were (a) the hiring of a new senior governance analyst on our team and (b) the service provider's merger with another company that publishes governance data, specifically information on activism situations.

Our new analyst had extensive previous experience with both entities and had used the full suite of their data sets, contrasting with our firm's relatively narrow use. When the two entities combined, the result was an increase in utility of their services, with data sets potentially combined and used in multiple useful ways. We subsequently renegotiated our contract and expanded our team's access to these combined services.

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, EMEA and Asia Pacific 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.

We actively participate in ISS's policy development process. In 2021, we participated in the ISS policy survey, including making a set of public comments in reaction to its proposed policies. We also participated in an ISS policy roundtable on dual-class structures, takeover defenses for newly public companies and virtual meetings. When ISS publishes its list of new guidelines each year, the T. Rowe Price ESG Committee assesses the list to determine whether we believe it is appropriate to add the new policies to our custom guidelines.

Oversight of proxy voting advisory services

T. Rowe Price's ESG Committee oversees the activities of our proxy research provider, ISS. The ESG Committee conducts various service provider oversight activities throughout the year and reviews ISS's performance and service levels. We request due diligence information from ISS annually and 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.

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 Committee and retained by the Global Proxy Services 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.

Finally, Proxy Operations polls the Governance team regularly for any policy errors. 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.

Closing Reflection

2021 saw T. Rowe Price procure ESG data from two specialist providers in China and India; in both cases the vendors provided local market insights which complemented the global perspective provided by our main suppliers or ESG ratings and proxy research. This is a direction we may well pursue further in 2022, reflecting the increased importance of ESG in the Asia-Pacific region. For example, we are currently evaluating whether to add a local proxy research provider for another key Asian market in 2022, to reflect similar requests for a local perspective from the analysts covering that market. We also commissioned impact measurement data from Net Purpose to support the launch of our first Impact strategies.

Principle 9

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

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. We do not employ any third-party organisations to engage on our behalf.

Our engagement approach

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

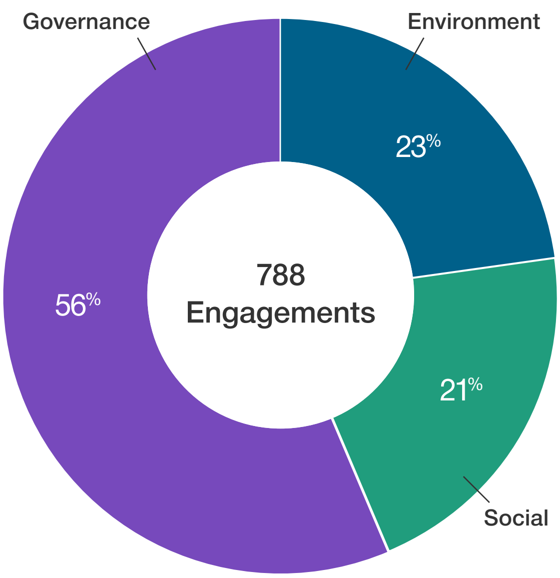
- To what extent is management meeting our performance expectations?
- Who represents shareholders on a company's board? Is the board a strategic asset for the company?
- Which factors drive the executive compensation programme, and therefore the incentives of management?
- How robust are shareholders' 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)?

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, with non-corporate 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.

2021 Engagement Activity

Through the course of 2021, we engaged with companies on 788 separate occasions on ESG topics. The list of companies with whom we engaged is included in the appendix. The engagements by topic are shown in the chart below.

Engagements by Category



Top 5 Engagement Topics by Category

ENVIRONMENT

1. Greenhouse gas emissions
2. Disclosure of environmental data
3. Product sustainability
4. Environmental management
5. Renewable energy

SOCIAL

1. Disclosure of social data
2. Employee safety and treatment
3. Diversity, equity, and inclusion
4. Lobbying activities related to social matters
5. Supply chain

GOVERNANCE

1. Executive compensation
2. Board composition
3. ESG accountability
4. Board diversity
5. Disclosure of governance data

How we engage with 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. 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. Around one-fifth of meetings are with members of the Board of Directors, or senior executives.

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.

How companies can engage with us

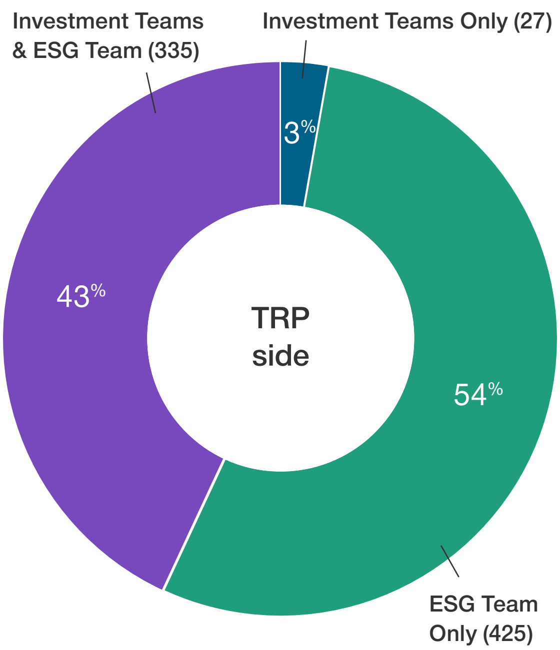
The central contact point for inbound engagement requests on ESG topics is through the shared inbox engagement@troweprice.com. This allows our globally-distributed team to see all incoming requests in a single location.

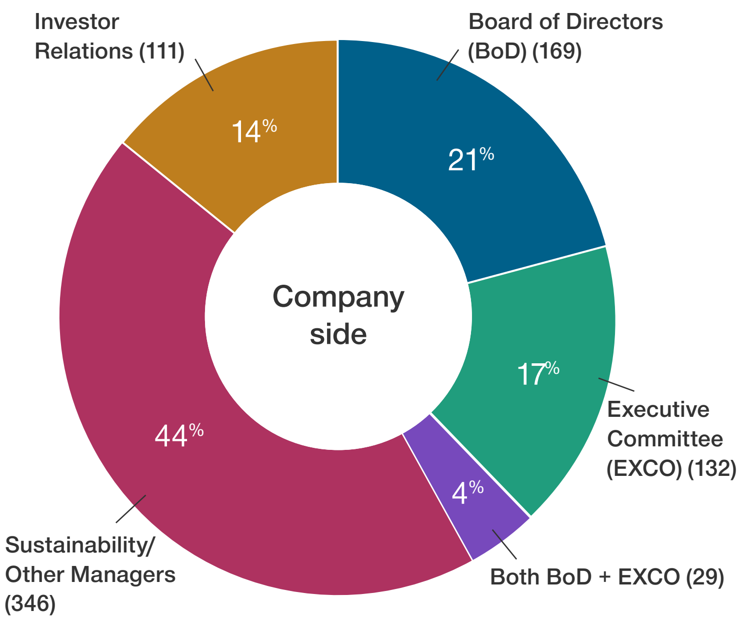
We encourage companies to visit our ESG home page where we publish our Proxy Voting Guidelines, ESG Investment Policy, Investment Policy on Climate Change, detailed voting results with rationales, Engagement Policy, white papers and other documentation on a single Web page accessible to the public.

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.

Engagement Participation in 2021

The charts below show who participated in ESG-related dialogues in 2021 both from within T. Rowe Price and from the company side.





How engagement differs for funds, asset classes or geographies

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

Our 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 (for example, Principle 10 contains a discussion of how this impacts our willingness to undertake collaborative engagements.)

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. We have 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 they cover or hold the company's securities or not. 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, but we will also request additional information from companies where our holding is extremely small or held in an index product, if we believe it is warranted by the existing disclosure and the nature of the 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 there is room for improvement, we may engage to encourage the company to strengthen these.
- Performance concerns, whether related to financial or non-financial metrics, could be a trigger 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. In 2021, we also began our first thematic engagement projects.

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 tell third parties (even those working on behalf of the company) how we plan to vote, as we consider this a confidential matter.

Pre-meeting engagement case studies

Samsung Electronics	
Focus	**Social, Governance**
Company Description	Samsung is one of the market leaders in the production of key components along the technology food chain, including LCD panels, memory and logical semiconductors. The company is also a world-leading seller of flat-screen TVs and the second largest mobile handset company.
Asset Class	Equity
Country	South Korea
Engagement Objective	Ahead of Samsung's 2021 AGM, we requested an update on progress from Samsung's new Compliance Oversight Committee. We wanted to discuss its response to corruption issues and sought to understand the company's response to the negative vote recommendation against the re-election of three non-executive directors.
Participants	**From Samsung Electronics:** Head of Investor Relations and Executive VP; IR Senior Professionals **From T. Rowe Price:** Head of Governance, EMEA and APAC; Responsible Investing Analyst
Engagement Outcome	Former Vice Chairman JY Lee was sentenced to five years in prison in August 2017 for bribery. While he was fighting to clear his name, he recused himself from the Board but did not step down. Our proxy research provider believes the non-executives directors should have forced him to step down. Following the engagement, we concluded it was unfair to vote against the directors, who joined in 2018, for events that took place before they were on the board. Also, we recognized that there were significant governance improvements in 2020, notably: ■ The election of the first independent chair in 2020. ■ The elevation of the chief compliance officer. ■ The creation of an independent compliance committee in January 2020 headed by Kim Ji-hyung, a former Supreme Court justice of Korea. ■ In May 2020 Vice Chairman Lee stated that he would not expect his children to take on leadership roles in the group. The company has appointed Boston Consulting Group to help Samsung develop a new governance structure which does not rely on succession. Disappointingly, our request to meet with the Compliance Oversight Committee after the 2021 AGM was denied. However, a few months later, Samsung provided us with an ESG update, which included an overview of the Compliance Oversight Committee's work since the AGM. The committee demonstrated that it had reviewed various labour-related issues and had met with a special taskforce overseeing the overlap of investments between different Samsung group companies. We will continue to monitor the work of the committee and will re-engage before the 2022 AGM.

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Amadeus IT Group SA

Focus	**Governance**
Company Description	Amadeus IT Group SA is a travel technology company, providing solutions to airlines, airports, hotels, railways, search engines, travel agencies and tour operators to run their operations and improve the travel experience worldwide.
Asset Class	Equity
Country	Spain
Engagement Objective	We engaged with Amadeus IT Group SA on its lack of consultation related to COVID-related pay adjustments.
Participants	**From Amadeus IT Group SA:** Investor Relations; Company Secretary; Director of People & Culture **From T. Rowe Price:** Head of Governance, EMEA and APAC; Portfolio Manager; Investment Analyst
Engagement Outcome	The year 2020 was unprecedented due to the spread of COVID-19. We recognized that some flexibility was warranted regarding pandemic-related pay adjustments. Nevertheless, our policy is to take a cautious approach to any adjustments to bonuses and long-term incentives that disproportionately benefit key groups, such as shareholders, executives or employees. With this in mind, we were concerned over a lack of consultation surrounding certain remuneration committee decisions at travel technology company Amadeus IT Group SA. This included an extra payment to the chairman and the use of the Dow Jones US Airline Index as a comparator to justify the Special Recognition Payment. Ahead of Amadeus IT Group SA's 2021 AGM, we met with its Investor Relations department, the company secretary and its Director of People and Culture. We suggested that investors would welcome an increased level of consultation in the future. We overrode the T. Rowe Price policy on pandemic-related pay adjustments by voting for the remuneration report, because the actual amount paid out was not egregious. However, we voted against the re-election of the chair of the Remuneration Committee because of concerns with the process that followed. We subsequently met with the chair and the non-executive director of Amadeus IT Group SA to explain our concerns.

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Engagement to promote best practice

Outside of 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

NVR INC **Asset Class:** Equity **Country:** US	In September, we requested a meeting with home construction company NVR to find out how it is managing sustainability risks, and to provide guidance on the company's reporting. This followed analysis carried out by our Responsible Investing team, which identified some missing data points in NVR's sustainability profile. We highlighted the text-heavy nature of NVR's responsible building policy, which could be hindering ratings providers' attempts to accurately capture company initiatives. We recommended that NVR use the Sustainability Accounting Standards Board (SASB) and Task Force on Climate-Related Financial Disclosures (TCFD) frameworks for reporting, and to make ESG data points available in an AI readable format. NVR subsequently followed our advice by producing a SASB ESG-aligned report.
BANCO SANTANDER CHILE **Asset Class:** Fixed Income **Country:** Chile	Ahead of Banco Santander Chile's initial ESG bond framework, our Fixed Income and Responsible Investing teams engaged with the company to provide feedback and share their view on best practice. The Latin American company outlined that it was likely to align its framework to Banco Santander's existing ESG bond template, which has a favourable rating in our own framework – though we highlighted areas that could be improved to align with best practice. For example, we recommended that the company clearly define its eligibility criteria and target population for green and/or social categories, with SME financing expected to be the focus area. Moreover, we explained that frameworks deemed 'gold standard' will also have restrictions on how unallocated proceeds can be invested.
MITSUI FUDOSAN **Asset Class:** Equity **Country:** Japan	Towards the end of 2021, Japanese property company Mitsui Fudosan asked us to hold an education session on why investors consider capital efficiency important, and which key performance indicators it should consider when responding to investors' expectations. Topics included the extent to which the company should buy back its own shares, and how to determine the optimal amount of capital. Since then, the company has announced a dividend hike and new share buybacks, suggesting that it has made a positive step towards improving capital efficiency.

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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 there is room for improvement, we will encourage the company to strengthen its approach.

Controversy-led engagement case studies

Rockwool	
Focus	**Environment, Social, Governance**
Company Description	Rockwool is a global manufacturer of mineral wool insulation products
Asset Class	Equity
Country	Denmark
Engagement Objective	We engaged with Rockwool to discuss the steps it was taking in response to an OECD complaint related to its facility in West Virginia.
Participants	**From Rockwool:** Investor Relations **From T. Rowe Price:** Head of Governance, EMEA & APAC; Responsible Investing Analyst; Investment Analyst.
Engagement Outcome	During a pre-AGM engagement meeting with Rockwool, we were given an update on its response to a complaint related to its facility in West Virginia, USA. The complaint claimed that Rockwool was in breach of the OECD Guidelines for Multinational Enterprises and had failed to carry out due diligence on the planning and construction of its West Virginia mineral wool plant. In June 2021, the Danish National Contact Point (NCP) for the OECD upheld the complaint but recognised that improvements had been made in Rockwool's stakeholder engagement processes since 2019. However, it found that Rockwool's due diligence processes were indeed lacking and were too narrow in scope. The Danish NCP gave Rockwool until June 2022 to report on what it has done in response to the complaint. Ahead of the AGM, the company told us it had reached out to the community in the West Virginia area and has created a new global community engagement manual and policy. It asserted that all operations will be within the legal requirements for environmental impact. We decided to vote against a shareholder proposal to assess environmental and community impacts from the siting of manufacturing facilities, because we believe disclosure is adequate. However, we supported a recommendation to disclose a report on political contributions, as we believed this would help shareholders assess the company's political contribution activities and the company's management of associated risks and benefits. Following the AGM, we met with Rockwool to further discuss the steps it was taking in response to the OECD complaint. The company appears to have made significant progress already. It has met face-to-face with the NCP, and Rockwool believes that the June 2022 deadline is very achievable for the changes it intends to make. The company intends to update its community engagement manual before the 12-month deadline and will also update its internal processes around due diligence to ensure that any material environmental, social and corporate risks are being managed appropriately. We were reassured to hear the steps that the company has taken and believe that these are sensible. However, the limited public disclosure so far on the steps that it has taken to address the complaint means that it may face a shareholder proposal on this issue. Overall, we continue to believe that the impact thesis for Rockwool is strong. Management does not plan to publish their response to the NCP report until the June 2022 deadline, but we would like to see them include a decent summary of their remediation actions in the notice of meeting for the April 2022 AGM.

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Teleperformance

Focus	Social
Company Description	Teleperformance provides digitally integrated business services globally.
Asset Class	Equity
Country	France
Engagement Objective	We met with the company to discuss several red flags related to the company's approach to human capital management, including pandemic-related health and safety concerns.
Participants	**From Teleperformance:** Deputy CEO and CFO; Legal representative; CRP representative; Investor Relations representative **From T. Rowe Price:** Head of Governance, EMEA & APAC; Investment Analyst
Engagement Outcome	We were concerned that Teleperformance was not paying enough attention in the medium term to how it treats its employees. The company was the subject of an investigation of a Global Compact (UNGC) breach related to staff treatment and had been reported to the OECD's French National Contact Point (NCP). The French NCP concluded that the actions taken by Teleperformance to protect its labor force throughout the pandemic broadly correspond to the expectations of corporate due diligence recommended by the OECD Guideline – meaning that the company has been cleared. Nevertheless, the NCP did outline several recommendations to Teleperformance that would further enhance its treatment of workers in some regions. T. Rowe Price portfolio managers, an investment analyst and a Responsible Investing analyst met with the company to discuss how it is implementing them. For example, in line with the recommendations, Teleperformance continues to implement a roadmap to strengthen employee representation in health and safety committees in India and the Philippines. In these two regions, the company is formally involving social partners in monitoring the pandemic management policy and the introduction of remote working. It is also strengthening due diligence towards subsidiaries in Albania, Colombia, India and the Philippines to ensure compliance with employment and industrial relation recommendations. Prior to the investigation, Teleperformance was already green rated under our RIIM framework. However, the OECD investigation had been flagged as a key risk–so we were reassured by the French NCP's verdict, and the company's rating remained unchanged.

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West China Cement Ltd

Focus	Social
Company Description	West China Cement LTD is a cement manufacturer and distributor
Asset Class	Equity
Country	China
Engagement Objective	Following a news report alleging forced labour allegations at a West China Cement plant in Mozambique, we asked to meet the company to discuss the accuracy of the report.
Participants	**From West China Cement LTD:** CEO; Company Secretary **From T. Rowe Price:** Fixed Income Portfolio Manager; Credit Analyst, Responsible Investing Analyst
Engagement Outcome	The company firmly denied claims made by the news service, and the company secretary followed up to confirm in writing that none of the claims made in the article were accurate. The company stated that working conditions, pay and practices in Mozambique are no different from its practices in China. West China Cement did note that employees occasionally work overtime, but added that this is paid overtime, and a typical working day is eight hours. We do not have evidence of any other incidents of forced labour, but we will continue to closely monitor the situation for any further allegations of employee mistreatment. Further credible allegations would likely lead to a downgrade in the company's RIIM rating–making it a candidate for our conduct-based exclusion list. As part of our engagement with the company, we also recommended that West China Cement adopt the TCFD and SASB reporting frameworks for structuring its ESG disclosure.

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. 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. Where companies have not responded positively in a reasonable time, escalation options will be considered.

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Thematic engagement case studies

ENGAGEMENT REGARDING THE ENERGY TRANSITION	In 2021, we held 207 engagements where greenhouse gas emissions were a topic for discussion. We continue to guide companies toward industry best practice disclosure standards – including advocating for disclosures aligned to the Sustainability Accounting Standards Board (SASB) and the Task Force on Climate-related Financial Disclosures (TCFD). These are globally recognized frameworks that emphasize financial materiality. We also continued to emphasize the importance of reporting scope 1–3 GHG emissions data.

CLASSIFIED BOARDS	For many years, we have maintained the view that it is appropriate for newly independent companies (whether by IPO or spinoff) in the US to maintain staggered board elections if they wish. When our proxy advisor adopted a policy in 2016 to recommend votes against board members of newly public companies simply for having a classified board, we did not adopt this into the T. Rowe Price guidelines. Nevertheless, over the past two years it has become evident that allowing companies to maintain classified boards indefinitely is frequently preventing T. Rowe Price fund managers from expressing the views they wish to with their votes. Most commonly, the problem arises when they wish to vote against a particular director, but that director is not on the ballot due to the company's three-year terms. In the summer of 2021, we identified 175 companies in our portfolios that have been independent for at least 10 years yet maintain classified boards and/or other significant takeover defences. We incorporated our concerns over this issue into our autumn engagements with issuers, and by year-end we had spoken to the majority of companies on the list. The purpose of the engagement was to advise these companies that we are likely to implement a voting policy on this matter in the near future. Indeed, at its February 2022 meeting, the ESG Committee adopted a policy to oppose non-executive board members of companies that have maintained staggered board elections for 10 years or more.

2021 Engaging for impact case study

NextEra Energy

Focus	Environmental
Company Description	NextEra is a leader in renewable energy generation in the United States and is the largest investor in renewables globally. NextEra Energy is a utility holding company consisting of Florida Power & Light and NextEra Energy Resources.
Asset Class	Equity and Fixed Income
Country	US
Engagement Objective	We engaged with NextEra to discuss how it can improve shortcomings in its ESG disclosure, notably the omission of data on its scope 2 and 3 GHG emissions. We also engaged with the company on its the deployment of solar and its provision of electric vehicle infrastructure.
Participants	**From NextEra Energy:** Investor Relations Team **From T. Rowe Price:** Global Impact Equity Portfolio Manager; Global Impact Equity Analyst; Global Impact Credit Portfolio Manager; Responsible Investing Analyst, Analyst
Engagement Outcome	At NextEra Energy's 2021 AGM, both the company CEO/chair and the lead director were subject to a 'Vote No' campaign by an environmental activist group, based on the company's preparedness for the low-carbon transition. However, we decided to support the re-election of all directors. The rationale for this is that NextEra is one of the largest owners, operators and developers of renewable power capacity globally, and its power mix is c.50% less carbon intense than the US average. We gained confidence that NextEra is improving its GHG emissions, as well as certain categories of scope 3 emissions. The company does not expect scope 3 emissions to be significant but is committed to carrying out the appropriate due diligence to confirm this. NextEra's switch to natural gas has helped drive a lot of the company's emissions reductions over the past two decades, and the company considers it a transition fuel. Its next step is a large-scale solar deployment in Florida. In addition to its power generation fleet, the company is also playing an active role in deploying electric vehicle charging infrastructure in Florida and is working to encourage further electric vehicle adoption in the state. The engagement reinforced our positive view of NextEra's ESG-related efforts, and we were pleased to learn that the company reported in line with the Carbon Disclosure Project in 2021 and recognises that leaving out data on scopes 2 and 3 GHG emissions is a notable omission. While improving disclosure is positive, we shared our view that setting more ambitious long-term commitments around emissions reduction, including a net zero target, would be well received by investors.

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How we engage with non-corporate issuers

Our investment analysts will engage directly with any relevant non-corporate entity as part of their ongoing monitoring. Recently, we have chosen to enhance our approach by joining an investor initiative specialising in sovereign engagement (see Principle 10). However, we also engage directly, as in the example below.

SDG Bond framework roadshow in Indonesia

Focus	**Environmental, Social, Governance**
Non-corporate Entity	The Republic of Indonesia
Engagement Objective	To discuss the newly launched Sustainable Development Goals (SDG) securities framework with the Republic of Indonesia.
Participants	**From The Ministry of Finance, Indonesia:** Vice Minister of Finance; Head of Fiscal Policy Office; Director General of Budget Financing and Risk Management; Head of Central Macroeconomic Policy, Fiscal Policy Office; Director of Center for Climate Finance and Multilateral Policy; Director of Government Debt Securities, Budget Financing and Risk Management; Director of Budget Financing Strategy and Portfolio, Budget Financing and Risk Management. **From The Ministry of National Development Planning of Indonesia (BAPPENAS):** Expert Staff on Social Affairs and Poverty Reduction. **From T. Rowe Price:** Associate Analyst Responsible Investing
Engagement Outcome	Indonesia first issued a green bond in 2018 through its green bond framework but they are now adapting to broader goals and has published a new SDG bond framework. Scepticism remains around thematic debt structures across the market, primarily due to it facilitating lower borrowing costs. However, Indonesia's intentions on proceeds use are transparent and the framework ticks all the boxes that are becoming commonplace when issuing in this market. The roadshow provided an opportunity to discuss ESG issues from both the buy-side investor and sovereign issuer sides, particularly around the additional disclosure and additionality reporting required by investors when investing in thematic debt. We highlighted our need to disclose additionality beyond risk/return to clients, as well as the need to focus on additional impact created by thematic labelled debt. The engagement affirmed our RIIM rating of orange on environmental issues, given current financing needs, though Indonesia has signaled greater levels of disclosure which will enable us to better assess direction. The government remains focused on steering the economy towards cleaner energy, but the transition will not be straightforward, due to the country's inherited natural resource wealth and revenue needs from exports. Furthermore, historic biodiversity issues remain a concern for the country's long-term adaptability.

Engagement objectives

In 2021 we identified the opportunity to more systematically track ESG-related expectations set with our investee companies, or next steps we had identified within ongoing engagements. We reconfigured the regular bi-weekly meeting for the Responsible Investing and Governance teams into a Stewardship team meeting, which will allow us to review the engagement targets set and progress made on a regular basis in 2022.

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How we monitor our investments

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 macro-economics in tandem with intangible investment factors related to the environment, social factors and corporate governance.

Whether our investment is held in an equity or fixed income strategy, our approach is the same. 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.

Integrating engagement within portfolio monitoring

Our regional portfolio manager in Japan chairs a quarterly ESG portfolio review – with participation from the investment analysts. The review covers the 60-80 holdings in the portfolio manager's fund, the Responsible Investment and Governance Teams and client-facing personnel to ensure all functions understand where the ESG risks and opportunities sit in his portfolio, and what mitigating actions can be undertaken as necessary. The aim of the discussion is to identify priorities for ESG engagement, which are subsequently taken forward by the analysts.

Closing Reflection

Our reasons for engaging were largely the same in 2020 and 2021, as was our engagement process. Although meaningful change is a multi-year process, our company dialogue is intended to lead to outcomes which we believe to be in the interests of our clients. However, we recognise the opportunity exists for us to set targets more consistently for our action-oriented engagements in 2022 and to report on progress in our 2022 UK Stewardship Code disclosure.

Principle 10

Signatories, where necessary, participate in collaborative engagement to influence issuers

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. 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 unilaterally with success?

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.

In 2021, we joined the International Corporate Governance Network and the UK Chapter of the 30% Club Investor Group to increase access to governance policy expertise in the international markets and strengthen our work on diversity, equity, and inclusion. We began supporting the Sustainability Accounting Standards Board (SASB) Alliance for improved ESG disclosure. We also initiated alignment with the Access to Medicine Index to aid us holding pharmaceutical companies to account for equitable access to healthcare. To develop our knowledge of emerging market practice, we joined the Global Impact Investing Network to support the launch of our new Impact Strategies.

T. Rowe Price Memberships

Organization	Status	Joined
Council of Institutional Investors (CII)	Associate Member	1989
Principles for Responsible Investment (PRI)	Signatory	2010
UK Stewardship Code	Signatory	2010
Japan Stewardship Code	Signatory	2014
Associacão Investidores no Mercado de Capitais (AMEC)	Member	2015
Asia Corporate Governance Association (ACGA)	Member	2016
UK Investor Forum	Founding Member	2016
International Capital Markets Association	Member	2017
Investor Stewardship Group (ISG)	Founding Member	2017
Japan Stewardship Initiative	Founding Member	2019
Investment Association Climate Change Working Group	Member	2020
Institutional Investors Group on Climate Change (IIGCC)	Member	2020
Emerging Markets Investors Alliance	Member	2020
Task Force on Climate-related Financial Disclosures (TCFD)	Supporter	2020
Responsible Investment Association Australasia (RIAA)	Member	2020
FAIRR	Member	2020
Access to Medicine Index	Signatory	2021
TCFD Consortium (Japan)	Member	2021
Global Impact Investing Network (GIIN)	Member	2021
Sustainability Accounting Standards Board (SASB) Alliance	Member	2021
UN Global Compact	Signatory	2021
International Corporate Governance Network (ICGN)	Member	2021
IMEA (Investment Management Education Alliance) ESG Committee	Member	2021
30% Club Investor Group – UK Chapter	Member	2021

We discuss our policy advocacy under Principle 4. Most letters were individual consultation responses, although we did sign one group letter from AMEC, the Association of Capital Markets Investors in Brazil.

Collective engagement with companies may be used sparingly in some jurisdictions, typically due to legal uncertainties around the practice or a lack of suitable forums with secretariat support. We continue to actively evaluate where additional local escalation options would be useful.

Collaboration Highlights

In 2020 our collaborative efforts with companies were focused through two primary channels. The first was the UK Investor Forum and the second the Japan Working Group of the Asian Corporate Governance Association (ACGA). We participated in four collaborative dialogues globally with these two organisations.

In 2021, we increased the quantity and scope of collaborative investor initiatives with which we engaged with companies. For the first time, T. Rowe Price led a collaborative engagement and began undertaking thematic engagements. We participated in 29 collaborative engagements globally with the Asian Corporate Governance Association, the Emerging Markets Investors Alliance (EMIA), FAIRR and the UK Investor Forum.

We continue to participate in collaborative engagements run by the UK Investor Forum. These are typically selected for escalation, as illustrated by the Informa PLC case study under Principle 11. Our descriptions of collaborative engagements respect the confidentiality expectations of the individual initiatives.

Case Studies

Collaboration in Practice

Leading a dialogue with a large Japanese company

COLLABORATION PARTNER

Asian Corporate Governance Association

ENGAGEMENT TOPIC

Board composition, capital management and sustainability

T. Rowe Price is a member of the Japan Working Group of the Asian Corporate Governance Association, which is arranging a series of group meetings with Japanese companies on governance and sustainability topics. Our Head of Governance, EMEA & APAC, and an investment analyst are leading dialogue with a large industrial company, in parallel to our regular investor meetings. The first meeting for the group focussed on understanding the company's rationale for its existing practices.

Outcome

This is expected to be a multiyear dialogue, where we can share what international investors see as emerging good practice.

Mowi ASA

COLLABORATION PARTNER

FAIRR

ENGAGEMENT TOPIC

The purpose of this call was to understand the company's views on the engagement requests related to sustainable fish feeds.

The engagement had three key asks:

- Publicly disclose the root cause of increased use of fish meal and fish oil (FMFO) between 2019 and 2020, including a breakdown of use cases.
- Provide greater methodological detail around parameter setting for the risk assessment and to delve into other risk assessment recommendations relating to continued FMFO usage.
- Disclose a novel feed target and publish research insights on novel feed ingredients, particularly around insect meal.

During a recent materiality assessment, Mowi saw feed as material to both the company itself and its stakeholders. Mowi has set several sustainability targets on feed to reach its goal of sustainable and efficient feed. These include 100% of feed raw materials being traceable and certified, along with a lower carbon footprint.

Outcome

Following the engagement, the company set and publicly disclosed a target of 10%–15% inclusion of novel feed ingredients by 2030. Mowi is currently the only company in its sector with such a target.

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Collaborative Thematic Engagements to Promote Improved Food Sustainability

In 2021, Agriculture, forest, and other land use (AFOLU) featured prominently across our stewardship activities. One was conducted through the FAIRR (Farm Animal Investment Risk and Return) initiative, a global network of investors which actively engages with the world's largest food retailers and manufacturers about ESG risks within the global food sector, particularly those associated with intensive livestock production. Another was conducted through the Emerging Markets Investors Alliance (EMIA), a not-for-profit organization that enables institutional emerging market investors to support good governance, promote sustainable development, and improve investment performance in the governments and companies in which they invest.

Protein Diversification

ENGAGEMENT TYPE

Collaborative (conducted through FAIRR)

COMPANIES ENGAGED

Conagra, Costco, Walmart, Wm. Morrison, Carrefour, Casino, Kerry Group, Sainsbury, Ahold Delhaize, Nestle, Tesco, Unilever, Woolworths, Kraft Foods, Kraft Heinz, Coles

Background

Protein diversification involves the transformation of portfolio composition by shifting away from an over-reliance on resource-intensive animal proteins towards lower-impact protein ingredients and products. These include plant-based, cell-cultured, fungal-based, and whole-plant alternatives to meat, dairy, seafood, and other animal proteins.

Objective

We signed letters that were sent to many of the world's major food retailers – urging them to grow their share of sustainable / plant-based proteins and build out their strategy on this.

Outcome

We have been pleased to see many of these companies set board-level, public commitments around portfolio transformation. All 25 companies within FAIRR's scope of engagement now recognize protein diversification as a material issue for their business, compared to none 5 years ago.

Supply Chain Monitoring in the Amazon

ENGAGEMENT TYPE

Collaborative (conducted through EMIA)

COMPANIES ENGAGED

JBS, Marfrig, Minerva

Background

Ruminant livestock (cattle, sheep, and goats) account for roughly half of agriculture's GHG emissions and use about two-thirds of global agricultural land[1]. Deforestation has caused almost half of Brazil's carbon emissions in the last 30 years[2], with the loss of more than 780 thousand square kilometers of forest and 2,000 species. Pasture expansion for cattle production is has been linked to 80% of clearing[3].

Objective

1. Engage protein producers about material ESG issues;
2. Provide protein producers with a forum to communicate their policy intentions and actions and receive feedback; and
3. Highlight hurdles to the implementation of best practices (e.g., government data transparency), and discuss the role investors can play in changing government policy.

Outcome

The engagement informed our investment research and reinforced our view that supply chain monitoring is a material factor in our investment analysis for meat packing companies.

1. Creating a Sustainable Food Future, World Resources Institute (July 2019)
2. Cattle ranchers and deforestation in the Brazilian Amazon: Production, location, and policies, Skidmore, Moffette, et al, (2021) – citing de Castro Solar et al., 2015; INPE, 2020; SEEG, 2018
3. Cattle ranchers and deforestation in the Brazilian Amazon: Production, location, and policies, Skidmore, Moffette, et al, (2021) – citing Global Forest Atlas, 2016

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ESG-Labelled Bond Issuance

COLLABORATION PARTNER

Emerging Markets Investors Alliance (EMIA)

ENGAGEMENT TOPIC

The meeting facilitated by EMIA provided an opportunity for asset managers to discuss the current structure of the market for ESG-labelled sovereign bonds with the Chilean and Mexican Ministries of Finance.

Sovereign thematic debt issuance from Chile has reduced borrowing costs and offered potential outperformance to holders when compared with more traditional structures. Investors need a high degree of transparency around the use of proceeds from these instruments. Having clarified our expectations around disclosure, new reports have been devised, including creation of annual reporting documents, an allocation report, an impact report and an eligibility report. These are to be published in both English and Spanish to facilitate international market participation.

Mexico was the first country to issue a sovereign bond linked to the UN's Sustainable Development Goals. Identifying the key performance indicators such as GNI per capita was intended to provide an ex-ante proof statement on the use of proceeds. The government is utilizing the issue to increase engagement with the private sector.

Outcome

The dialogue clarified emerging good practice and provided an opportunity to set out our disclosure expectations to sovereign issuers.

Closing Reflection

2021 saw a step change in the number of collaborative engagements undertaken, the range of themes addressed and our willingness to lead such dialogues. We recognise that there are further opportunities to participate in and lead more collaborative engagements, and we expect to continue our activities in this area in 2022.

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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. **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. **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, the ultimate escalation is to sell the stock. However, this decision is not made lightly. While 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 among 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 while 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 longterm 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 among 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.

Engaging on the equitable treatment of minority shareholders

ASSET CLASS

Equity

COUNTRY

South Africa

ENGAGEMENT TOPIC

Ensuring that the shareholders of Naspers Ltd and of Prosus NV are both treated fairly within a complex group corporate structure.

OUTCOME

The engagement is ongoing, but the escalation plan included voting against all incumbent board directors at the 2021 AGM.

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. It was spun out of Naspers and listed on the Amsterdam stock exchange in 2019. Unusually, both Naspers and Prosus have the same directors serving on both boards.

Certain T. Rowe Price portfolio managers hold either Naspers Ltd or Prosus NV, or both, depending on their strategy. There has been considerable frustration in recent years caused by the share price of both Prosus and Naspers trading at a substantial discount to its net asset value, which the company sought to address with a corporate transaction in July 2021. The plan was that Prosus would issue new shares in exchange for existing Naspers shares through a tender offer to increase the Prosus free float. A special share class was created to ensure that Naspers would continue to control 72% of Prosus' voting rights.

Ahead of the meeting, we wrote to the lead independent director of Naspers and Prosus seeking clarity on how potential conflicts of interest between Prosus and Naspers shareholders are identified and addressed, given there are two listed companies with a crossholding structure, overseen by the same management and board. The written answers received from the lead independent director were discussed with the investment analyst and the portfolio managers.

We raised the matter of conflict management with the lead independent director, who sought to reassure us that the internal governance and approval processes were conducted in strict compliance with applicable laws and regulations. However, our portfolio managers remained uncomfortable, and the majority of T. Rowe Price strategies voted against the July transaction. Nearly 10% of shareholders voted against, but as Naspers holds over 70% of the voting rights at Prosus the transaction passed.

At the August 2021 AGM, to signal their growing unease, all T. Rowe Price portfolio managers with a holding in Naspers voted against all incumbent directors and against most of the non-executives' fees at the 2021 AGM. We then wrote to the company before the AGM explaining how we had voted and why.

How we engage

Our approach to engagement may vary according to the type of issue, such as financial concerns or ESG controversies.

Financial underperformance

If there is a period of financial underperformance, the investment analyst would seek to understand the broader context from the company's public reporting. Typically, the escalation path would be for a meeting with the company executive leadership, usually the CEO or CFO, which would be hosted by the investment analyst with all the current and prospective T. Rowe Price holders of the stock in attendance.

ESG controversy*

If there has been a severe ESG controversy, the relevant member of the Responsible Investing or Governance team would prepare a set of questions to ask the company in conjunction with the analyst. Here, the escalation path could be an initial meeting with the company investor relations team, with the relevant governance and sustainability specialists also in attendance. Depending on what we heard, we might ask for another meeting with a Board member.

Key questions in the handling of any serious ESG controversy are:

- What did the Board know?
- When did it become aware?
- What are they doing to remediate the issue?

It is important that companies communicate clearly and openly to all stakeholders during a crisis, including shareholders. 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.

* Please also refer to Principles 7 and 9.

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Engaging with Informa plc on its remuneration practices

ASSET CLASS

Equity

COUNTRY

UK

COLLABORATION PARTNER

UK Investor Forum

ENGAGEMENT TOPIC

Remuneration

OUTCOME

Refreshment of the chairmanship of the Remuneration Committee after increasing levels of shareholder dissent on pay

In recent years, Informa plc has been the subject of significant investor dissent on pay. Initially, we were supportive of their remuneration practices. Even though they were not fully in line with UK best market practice, we wanted to see the management team settled and focused on rebuilding the business post-COVID. The engagement (see timeline below) was conducted by the investment analyst and the Head of Governance, EMEA and APAC. Although the relevant dialogue was held directly with the company, we also joined the UK Investor Forum collaborative engagement to amplify our concerns about how remuneration consultations were being undertaken.

Pay Issue at Shareholder Meeting	Outcome
June 2020 – The AGM saw the company bring its triennial remuneration policy back before shareholders early but fail to address some key areas of noncompliance with the UK Corporate Governance Code. The pension arrangement for incumbent executive directors was high and not aligned with the broader workforce. Also, there was no post-cessation shareholding requirement.	**35%** of shareholders voted against the remuneration policy in June 2020.
Autumn 2020 – The company consulted on a new share plan which replaced performance shares and the deferred portion of the bonus with restricted shares. We supported the new remuneration policy and plan. It was broadly in line with UK practice for a restricted share plan and addressed the areas of noncompliance with the UK Corporate Governance Code.	**41%** of shareholders voted against the pay approach (remuneration policy and plan) presented in December 2020.
June 2021 – At the AGM, we voted against the remuneration report as the company had used significant COVID-related discretion to the long-term incentive plan outturn without consultation. We were disappointed to be surprised in this way given we had consulted extensively with the company in autumn 2020 prior to the Equity Revitalisation Plan being placed before shareholders at a special meeting in December 2020.	**62%** of shareholders voted against the remuneration report. As an escalation strategy to show our concern, we and **47%** of shareholders voted against the reelection of the chair of the Remuneration Committee at the 2021 AGM.

Public pay rows had become a distraction from the core investment opportunity. When we saw the chair after the 2021 AGM, we advocated for a new chair of the Remuneration Committee to reset relations with shareholders. We were pleased when the appointment was subsequently made on 1 January 2022.

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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 corporate 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 management accompanied by T. Rowe Price portfolio managers and/or the 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 channel 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.

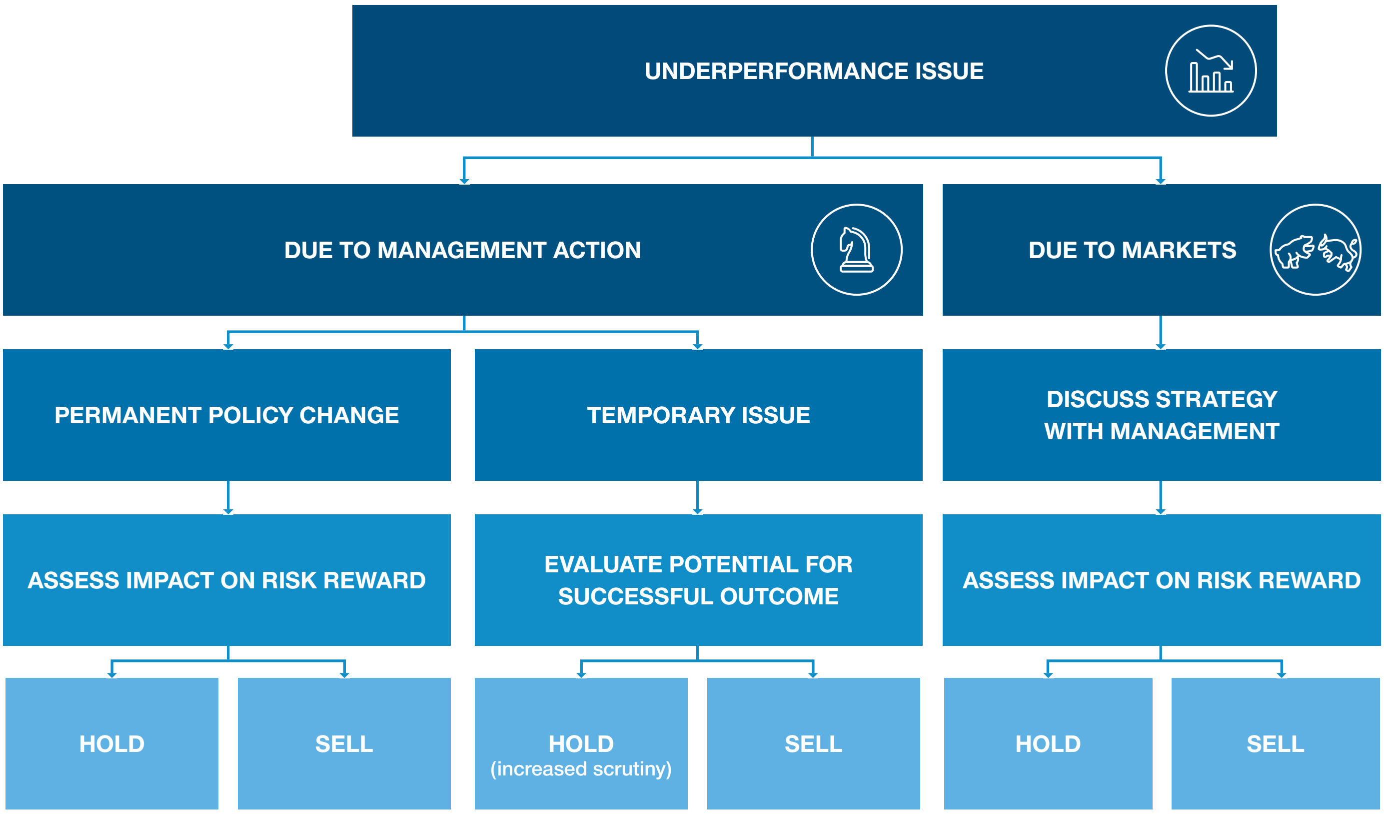
The nature of the underperformance is something that also determines next steps. If it is due to management's action, we work with them to understand if this is a permanent policy change, or a temporary issue that they are taking steps to rectify.

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 successfully 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 management's perspective on strategic next steps. If we deem those steps to be potentially damaging to bond holders (such a looking for transformative debt-funded merger and acquisition) we will ultimately look to sell the investment where that risk is not adequately priced.

Evaluation of Underperformance and Decision Options



Credit Suisse Groupe AG

ASSET CLASS

Fixed Income

COUNTRY

Switzerland

ENGAGEMENT TOPIC

Credit Suisse was forced to suspend a USD 10 billion range of Greensill-linked funds in March 2021, which led to the collapse of the specialist finance company.

OUTCOME

The credit analyst covering Credit Suisse had been monitoring ongoing developments related to the company's relationship with Greensill and eventually downgraded the rating when the negative press coverage raised too many red flags.

The trigger for the downgrade was reports that, in 2020, top Credit Suisse executives overruled the bank's own risk managers to approve a USD 160 million loan to Greensill Capital, USD 140 million of which is still outstanding. The suggestion that risk management was overruled in such a way raised red flags in terms of the group's risk management capabilities, and the governance around senior management's ability to override them.

Escalation is not a one-way process

Escalation is not a linear process. As practices improve in one area, concerns in other areas may rise in prominence. This is demonstrated by our recent engagement (illustrated below) on pay with AGCO, a US-headquartered manufacturer and distributor of agricultural equipment.

AGCO Corporation

ASSET CLASS

Equity

COUNTRY

South Africa

ENGAGEMENT TOPIC

Pay and board effectiveness.

OUTCOME

In 2019, AGCO saw two-thirds of its shareholders, including T. Rowe Price, vote against the advisory say-on-pay resolution due to a USD 8 million one-time equity retention award with no performance conditions granted to the CEO.

Following one of the worst say-on-pay failures of 2019, the company engaged with shareholders and its Compensation Committee committed not to award future non-plan bonuses to its chief executive officers.

We were sufficiently encouraged to vote for all items at the 2020 AGM, but concerns remained about other governance topics. After extended engagement with the company, we voted against two long-serving directors at the 2021 AGM to reflect our reservations about board effectiveness and refreshment.

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Escalating 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. In 2021, we communicated publicly on two occasions, as illustrated below.

SEACOR Holdings

Asset Class

Equity

Country

US

Engagement Topic

Valuation of take private bid.

Outcome

We wrote to the Board of Directors of US-listed SEACOR Holdings in January 2021 to notify them that T. Rowe Price had serious concerns about the proposed tender offer by American Industrial Partners to take the company private. When the letter was sent, T. Rowe Price clients owned around 14.6% of the shares outstanding.

In the letter, which we made publicly available via a 14D filing with the US SEC, we explained that we were opposed to the sale because we did not believe the USD 41.50 bid fairly reflected pre-pandemic, steady-state conditions for SEACOR. However, other shareholders disagreed, and in April 2021 American Industrial Partners completed its acquisition of SEACOR.

Exxon Mobil Corporation

Asset Class

Equity

Country

US

Engagement Topic

A proxy contest, framed around climate.

Outcome

This proxy contest was the first at a United States oil and gas major in which the case for change presented by activist Engine No. 1 was explicitly constructed around the energy transition. Recent announcements, including an emission reduction target, suggested that the company may be making progress on environmental issues. However, when we engaged with them prior to the AGM, we were frustrated that the company remained unwilling to set long-term emission targets, despite its public support for the Paris Agreement.

While holding only 0.02% of shares outstanding, the activist nominated four directors to the 12-person board. Having spoken with both dissidents and management, we voted for three of the four dissident nominees as well as for most of the shareholder proposals. Given the significant public interest in this meeting in the 2021 AGM season, we communicated via the press how we had voted just before the AGM.

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. To date, we have not submitted a shareholder resolution but would do so if we thought it was in the interests of our clients.

Closing Reflection

The examples selected for 2021 illustrate our case-by-case approach to escalation. The proxy contest at Exxon demonstrates that activists are deploying an ever-broader toolkit. However, this growing range of potential interventions largely remains open to shareholders only. As bondholders, we can meet with management and have our say, but in most cases, we have no further official means of escalation other than selling our positions. For this reason, our policy of opening all company meetings to both the equity and fixed investment teams (as discussed in Principle 9) is how we work to amplify our voice.

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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 using training they have been given in these aspects upon initiation of a new investment ▪ Monitors for changes and highlight any concerns about these issues in their research reports, which are distributed internally ▪ Considers governance practices holistically for at least once a year in the run-up to the AGM, in conjunction with the governance team ▪ Expresses our views on company performance at the AGM ▪ Uses the opportunity in the off-season ahead of the next AGM to understand how the company is considering the feedback from shareholders on their performance ▪ Tries to influence what is presented for approval at the next AGM
FIXED INCOME	The investment team typically: ▪ Understands the governance practices, incentives and board quality of corporate issuers ▪ Assesses ESG factors using training they have been given in these aspects 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.

Voting against a consent solicitation

Company KazMunaiGas (Kazakh state-owned entity)

Asset Class Government Bond

Country Kazakhstan

In 2021, we voted against a request to approve multiple changes which we felt were not in bondholders' interests. The company was seeking a limitation on dividends and asset sales and a weakening of a change-of-control clause. While we voted against the request, the consent ultimately was approved. This was disappointing, but the issue was not severe enough to drive us to sell.

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 T. Rowe Price ESG Committee
- Our global industry analysts
- Our specialists in corporate governance and responsible investing
- Our external proxy advisory firm, Institutional Shareholder Services (ISS)

How our voting policy uses the default recommendations of proxy advisors

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. As many of these expectations are widely held, our annual voting outcomes are typically about 90% aligned with both the board's recommendations and ISS benchmark recommendations, largely because routine approvals comprise the great majority of voting activity in any given year. However, there are certain issues where we conclude the benchmark policies do not reflect a high enough standard and others where we find the benchmark policy goes beyond reasonable expectations. These differences are reflected in the custom policy.

Examples of the T. Rowe Price custom policy differing from the ISS benchmark

Global

Virtual Annual General Meetings (AGMs): We believe that company abuse of the AGM can take place whether the meeting takes place physically, virtually, or in a hybrid format. We are generally open to a company wanting to run their AGMs virtually, unless there is evidence of prior behaviour against minority shareholders' interests.

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.

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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

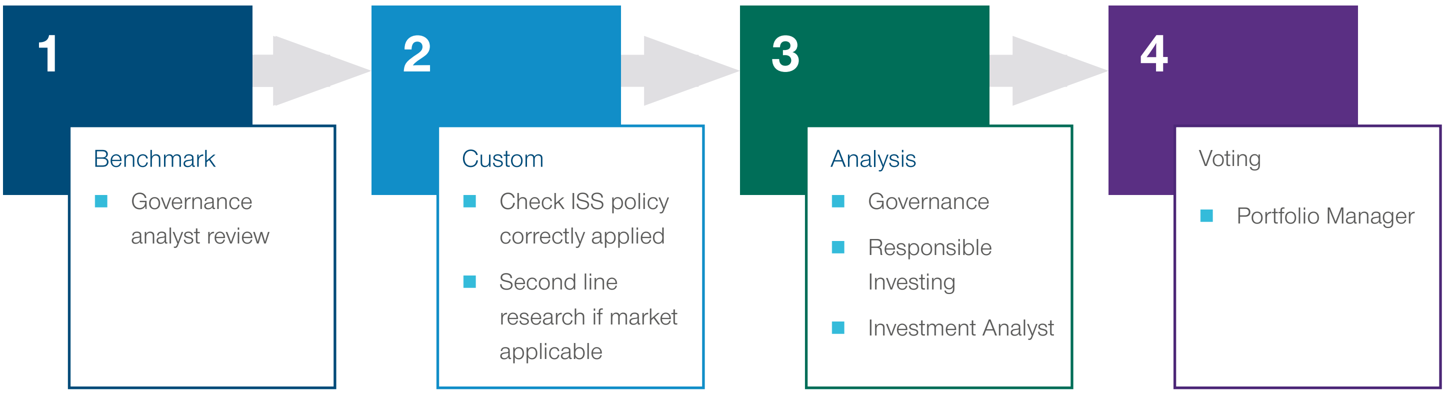
The four-step process in the chart below illustrates how the research helps us decide how to vote. The Governance analyst reviews the ISS benchmark first to understand the relevant facts, and then checks that the ISS Custom policy has been implemented correctly. If this is a meeting where we currently have a second line of proxy research (currently only in India, but may expand), 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 the 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.

The 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 and put to the portfolio manager. As all portfolio managers retain the ability to direct the vote on the holdings in their strategy as they see fit, they may choose to disregard the voting recommendations put forward by the governance analyst. Although we aim for consensus where possible, there is no expectation that all portfolio managers will vote in the same way.

The overarching principle of T. Rowe Price's voting policy 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.

Four Step Process for Proxy Decision Making



Taking a different view from the ISS benchmark based on our engagement with the company

At its 2020 AGM, Cardinal Health, Inc. received support from only 42.2% of shareholders for its Say on Pay. The concern was tied to the Compensation Committee's decision not to take into account the enormous effect that ongoing, multi-district litigation was having on the value of the company as the committee assessed the performaance of the management team. T. Rowe Price elected not to vote against the Say on Pay at that time because the parameters of the potential settlement were still unknown at the time. We concluded it was not fair to expect the board to penalize management for the impairment before the scale of it was known. However, we began engaging with members of the board at that time to understand their general philosophy on exclusion of certain factors in the process of determining management compensation. We expressed concern about the rigor of their analysis, their repeated reliance on exclusions, and the decoupling over time between the CEO's remuneration and the company's performance relative to peers.

In the 2021 proxy, the company improved its disclosure around how the Compensation Committee factors the potential opioid settlement into its decisions on pay. The parameters of the potential settlement had also become more clear over that year. Our proxy advisor, ISS, recommended a vote FOR the Say on Pay in 2021, expressing a view that the board had adequately addressed investor concerns from the prior year. T. Rowe Price disagreed and voted AGAINST that voting item as well as AGAINST directors' re-elections. Our direct engagements with the board had not alleviated our concerns about its commitment to a strong pay-performance connection.

Implementation of the Japanese single-gender boards voting policy

In Principle 9, we described how our regional portfolio manager in Japan chairs a quarterly portfolio review and integrates corporate governance considerations into his investment process. A topic he has championed with his investee companies is the importance of gender diversity on boards in Japan, as he believes that drawing from the broadest possible pool of talent will lead to better decisions. He serves on the ESG Committee which led to a new policy of voting against single gender boards at Japanese-listed companies in 2021, at a time when this approach was not reflected in the ISS benchmark.

Voting policy development

Our starting point for voting is always the T. Rowe Price customised set of proxy voting guidelines. The guidelines are tailored to include regional/country norms, but, for all our equity strategies except Impact, the process for voting was the same on a global basis in 2021. As discussed under Principle 9, the equity Impact strategies take a particularly hands-on approach to joining up their voting and engagement activities as part of their commitment to additionality, driven from discussions at the weekly Impact Research Meeting.

Development of the Impact proxy voting guidelines

In early 2021, a separate set of proxy voting guidelines was designed specifically for the T. Rowe Price Impact strategies. Our Impact strategies seek to invest in companies' that undertake business activities that address the world's major social and environmental challenges, creating positive impact as a result. These portfolios require a separate voting policy because they have two express mandates: competitive financial returns as well as positive social and environmental impact. The guidelines state that the portfolio manager may make other voting decisions, aligned with the investment objective of the strategy.

The guidelines allow for votes against the Board chair or certain committee members if ESG disclosure expectations are not met within a reasonable time, and for inadequate oversight of ESG controversies, including insufficient preparedness for the low-carbon transition. The expectation is that companies selected by these strategies will be ESG leaders, but we also recognise the multi-year effort required to disclose in line with the Sustainability Accounting Standards Board (SASB) and the Task Force on Climate-Related Financial Disclosures (TCFD) disclosure frameworks, and so no votes against directors were instructed by the Impact strategies in 2021.

The other area of focus is shareholder resolutions which request improved ESG disclosures and practices. Because of the timing of the strategies' inception, we were not able to vote at the majority of the AGMs in the peak US season. This was a one-time issue, and we expect to see more differentiated voting here in 2022, although the absolute number of shareholder resolutions is always low.

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 program 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 customized set of proxy voting guidelines helps us establish governance norms and follow an 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 (SASB) and the Task Force on Climate-Related Financial Disclosures (TCFD) 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.

Implementation of the Impact proxy voting guidelines

Asset Class Equity

Country UK

For the vast majority of resolutions, Impact voted the same way as the other strategies. In part this was because the strategy was not launched until after the record dates for US companies for most of the spring 2021 AGM season had already passed.

However, two cases where the Impact strategies voted differently from the other portfolio managers in 2021 were related to excessive pay, because of the Impact strategy's focus on social equity within its investment process:

- At the AstraZeneca plc 2021 AGM, the company came back only one year into a triennial remuneration policy to seek shareholder approval for a new performance share plan which would increase the CEO's equity grant from 550% to 650% of base salary. Impact voted against enabling the remuneration policy and the share plan, both of which saw dissent from c. 40% of shareholders.
- At the Ashtead Group plc 2021 AGM, Impact voted against the remuneration policy and the new long term incentive plan (LTIP). 39.3% of shareholders voted against the remuneration policy, and 10.3% abstained, meaning only 50.4% of shareholders voted for the policy. This is a very narrow margin of safety for a binding remuneration policy. The Impact portfolio manager felt that it would have been better if the CFO salary uplift and LTIP grant increase had been phased in over several years, and that the one-time award was out of line with local good practice.

The voting guidelines are updated annually by the ESG Committee (see Principle 5) and disclosed on our website.

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.

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 of Director'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 (for example, a director's poor attendance record).

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

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 were 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 2021 we abstained on 49 resolutions at 19 company meetings in nine markets. Abstentions represented a tiny fraction of the total 61,118 resolutions we voted globally, including management and shareholder resolutions.

In just over half of these cases, the option to abstain was used as a warning to companies with problematic pay practices. It was also used to signal concern about inadequate disclosure and in another case where a resolution was withdrawn right before the meeting, leaving no time to reissue the meeting materials.

FirstRand Ltd, Abstention on the remuneration report, 2021 AGM

Asset Class Equity **Country** South Africa

At the 2020 AGM, we voted with the majority of shareholders (59%) against the remuneration report. This was because it featured problematic retention awards designed to compensate executives for long-term incentive plan (LTIP) awards that had lapsed due to the impact of the pandemic. We subsequently engaged twice with the company in 2021 to understand how they planned to respond to shareholder concerns.

The company proposed several changes to address shareholders' concerns about pay at the 2021 AGM, which we supported. However, due to the 2017 and 2018 LTIP awards failing to vest, in recognition of retirees' 'historical contribution to the success of the business', the committee decided to award them ex gratia payments of approximately 50% of the 2017 and 2018 LTI awarded value. Johan Burger, a member of the Remuneration Committee, received a payment of ZAR 6,454,000 (c. USD 615,000). In the wake of the concerns arising from the 2020 AGM, it was inconceivable that the company did not consider this contentious, and that investors weren't consulted.

Engagement Outcome

We abstained on the remuneration report, in recognition of shareholder concerns on pay at the 2020 AGM and our discomfort at their failure to consult with us on yet another contentious, pandemic-related pay decision.

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 like any case of a company not following local good practice. If the reason for non-compliance is well explained and reasonable given the company's unique circumstances, or if the non-compliance is seen as temporary, we would be likely to support the company management at the AGM. However, if we are concerned that the reasons for non-compliance will lead to a misalignment of company management and investor interests, then we would likely oppose management on certain voting items.

Intertek Group Plc, Remuneration policy, 2021 AGM

Asset Class Equity **Country** UK

The remuneration policy proposed at the 2020 AGM received about 42% dissent due to several areas of non-compliance with the UK Corporate Governance Code's recommendations on pay. In the remuneration policy presented to shareholders at the 2021 AGM, the Remuneration Committee had addressed the issues with the executive shareholding requirements and the post-employment shareholding policy. However, pension contributions for incumbent executive directors remained at 30% of salary – which is much higher than the UK market norms – and would not be aligned to the UK workforce's levels until June 2025.

We did not support the remuneration policy as we felt the company was too slow to act. The expectation around aligned pension contributions was introduced in the 2018 UK Corporate Governance Code and the UK Investment Association has called upon companies to achieve alignment no later than the end of 2022. 31% of shareholders also voted against the remuneration policy. We will consider the company's explanation for how it has responded to shareholder concerns when deciding how to vote at the 2022 AGM.

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 three 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

We always welcome discussions with clients on how voting can reflect their investment beliefs and stewardship priorities.

'Say-on-climate' votes, 2021 AGM season

The 2021 season saw a marked increase in 'say-on-climate' votes, where a company asks its shareholders to approve its climate strategy or transition plan via a non-binding vote. In some instances, the company has already agreed to undertake the say-on-climate exercise, so the vote takes the form of a management sponsored proposal, with a board recommendation of 'for'. In other instances, the company has not agreed to implement say-on-climate, so the vote takes the form of a shareholder resolution.

At T. Rowe Price, we believe that management-supported say on climate resolutions, as a means of structuring the dialogue between companies and their shareholders, must not detract from the responsibility of the members of each company's board to assess, set, and oversee implementation of the company's climate transition plan. Votes on the election of board members remain the ultimate mechanism for shareholders to express concerns over a company's management of climate risk.

Say-on-climate proposals have tended to find greater support in Europe than in North America, and one of our large US pension fund clients instructed us to abstain on all say-on-climate proposals to reflect their unease with the concept, while otherwise continuing to delegate the voting authority to T. Rowe Price.

Vote reporting

We publish on our web site 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 report for our clients each autumn, highlighting important corporate governance trends from the prior 12 months and aggregating our proxy voting decisions into categories. A copy of the 2021 Proxy Voting Summary can be found in the Appendix.

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.

In 2021, 53.9% of all our voting activity took place at companies in the Americas, 19.2% in the Asia Pacific region, and 26.9% at companies in EMEA. The table below shows our voting across all resolution types across our portfolio globally in the 2021 calendar year. On average, we vote in support of around 91% of management resolutions; this level of support has been consistent in recent years.

Proportion of shares that were voted in the past year

In 2021, only 0.4% 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. An exception is in 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.

2021 proxy voting in action

In the following section we seek to show how our voting reflects regional norms by providing for each region (Americas, EMEA, 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.

61,118	19.2%	26.9%	53.9%	0.4%	49
Proposals Voted	APAC	EMEA	Americas	Not Voted	Abstentions

GLOBAL SUMMARY

Proponent	Category	# Of proposals	% With management	% Against management	% DNV	Total
Management	Add, amend or remove takeover defenses	146	67.1%	29.5%	3.4%	100.0%
Management	Appoint auditors/approve auditor fees	4,546	98.9%	0.9%	0.3%	100.0%
Management	Capital structure items	4,870	92.0%	7.9%	0.1%	100.0%
Management	Management compensation: say on pay and equity plans	7,907	85.1%	14.5%	0.5%	100.0%
Management	Elect directors (uncontested)	34,550	91.2%	8.8%	0.0%	100.0%
Management	Mergers & acquisitions	1,147	92.2%	7.2%	0.6%	100.0%
Management	Routine business and operational matters	6,540	90.4%	8.9%	0.7%	100.0%
Management	Amend shareholder rights	117	85.5%	11.1%	3.4%	100.0%
Management	Elect directors (contested)	379	60.2%	20.1%	19.8%	100.0%
Management	Management-sponsored environmental resolutions	31	90.3%	9.7%	0.0%	100.0%
Management	**Totals**	**60,233**				
Shareholder	Proposals to amend or remove takeover defenses	21	14.3%	85.7%	0.0%	100.0%
Shareholder	Proposals related to auditors	86	100.0%	0.0%	0.0%	100.0%
Shareholder	Proposals related to capital structure	7	100.0%	0.0%	0.0%	100.0%
Shareholder	Proposals related to compensation policies	49	81.6%	18.4%	0.0%	100.0%
Shareholder	Proposals related to director policies	133	72.9%	18.0%	9.0%	100.0%
Shareholder	Proposals related to mergers & acquisitions	1	100.0%	0.0%	0.0%	100.0%
Shareholder	Proposals related to routine business & operational matters	141	87.2%	11.3%	1.4%	100.0%
Shareholder	Proposals to adopt or amend shareholder rights	170	82.4%	17.1%	0.6%	100.0%
Shareholder	Proposals on social, political, or environmental matters	277	72.9%	22.0%	5.1%	100.0%
	Totals	**885**				
All	Total management proposals	60,233	90.7%	9.0%	0.3%	100.0%
All	Total shareholder proposals	885	79.0%	17.7%	3.3%	100.0%
All	Total management and shareholder proposals	61,118	90.5%	9.1%	0.4%	100.0%

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 percent 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.

AGAINST members of the Nominating and Corporate Governance Committee and the Lead Independent Director (or Independent Chair) in the following case:

- For U.S.-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 U.S. 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 re-elections 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.

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 percent of votes cast in the prior election.

Key Voting Guidelines: Americas continued

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 sub-optimal composition and a potential risk to the company's competitiveness over time. We recognize 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 re-elections of Governance Committee members if we find no evidence of board diversity.
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 shareholder's 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 www.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 three percent 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, multi-year 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 percent. AGAINST proposals to reduce the threshold of shareholders required if the company has in place a standard of no more than 25 percent. 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.

Key Voting Guidelines: Americas continued

Dual-class equity	AGAINST proposals that authorize 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 authorized 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 post- retirement 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.
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	Shareholder proposals of a social or environmental nature – It is T. Rowe Price policy to analyze every shareholder proposal of a social or environmental nature on a CASE-BY-CASE basis.

The Americas region contains the U.S., the market with the most extreme executive pay packages. To evaluate US pay plans in a consistent manner, our US custom policy includes our own pay model. The US also sees multiple proxy contests each year, and a significant number of shareholder resolutions.

Americas | **32,944** Management and Shareholder Proposals

Management Proposals	# of Proposals	% With Mgmt.
Elect Directors (Uncontested)	22,402	89.9%
Management Compensation: Say on Pay and Equity Plans	4,008	84.3%
Appoint Auditors/Approve Auditor Fees	3,399	99.2%
Routine Business and Operational Matters	1,076	70.5%
Capital Structure Items	740	75.7%
Other	763	70.1%
Total	**32,388**	

Shareholder Proposals	# of Proposals	% With Mgmt.
Social, Political, or Environmental Matters	185	68.1%
Adopt or Amend Shareholder Rights	169	82.2%
Related to Director Policies	103	68.0%
Related to Compensation Policies	28	82.1%
Related to Routine Business and Operational Matters	26	88.5%
Other	45	60.0%
Total	**556**	

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 authorizing 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 sub-optimal composition and a potential risk to the company's competitiveness over time. We recognize 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 re-elections of Governance Committee members if we find no evidence of board diversity.
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 labor 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 pre-emptive rights and 20% without rights. Specific Issuances: ■ Vote CASE-BY-CASE on all requests, with or without preemptive rights.
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 authorized capital	Vote AGAINST proposals to adopt unlimited capital authorizations. Vote FOR non-specific proposals to increase authorized capital up to 100% over the current authorization unless the increase would leave the company with less than 30% of its new authorization outstanding. Vote FOR specific proposals to increase authorized capital to any amount, unless: ■ The specific purpose of the increase (such as a share-based acquisition or merger) does not meet TRP guidelines for the purpose being proposed. ■ The increase would leave the company with less than 30% of its new authorization 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.
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. See below for a more comprehensive discussion on remuneration.
Mergers and acquisitions	CASE-BY-CASE Vote AGAINST if the companies do not provide sufficient information to make an informed voting decision.
Mandatory takeover bid waivers	CASE-BY-CASE
Expansion of business activities	Generally, FOR.
Shareholder proposals of a social or environmental nature	Shareholder proposals of a social or environmental nature – It is T. Rowe Price policy to analyze every shareholder proposal of a social or environmental nature on a CASE-BY-CASE basis.

Europe has just implemented its first say-on-pay vote in many markets, following the revisions to the EU Shareholders' Rights Directive. Disclosure of variable pay metrics remains weak in many markets. There is a culture of pay restraint in markets such as the Netherlands, which is considered when discussing how to apply the voting guidelines.

EMEA | 16,427 Management and Shareholder Proposals

Management Proposals	# of Proposals	% With Mgmt.
Elect Directors (Uncontested)	5,770	93.9%
Routine Business and Operational Matters	3,883	96.1%
Management Compensation: Say on Pay and Equity Plans	2,746	86.7%
Capital Structure Items	2,656	96.4%
Appoint Auditors/Approve Auditor Fees	832	97.7%
Other	390	94.6%
Total	**16,277**	

Shareholder Proposals	# of Proposals	% With Mgmt.
Related to Routine Business and Operational Matters	59	88.1%
Related to Auditors	34	100.0%
Social, Political, or Environmental Matters	30	63.3%
Related to Director Policies	23	100.0%
Related to Compensation Policies	4	100.0%
Other	-	N/A
Total	**150**	

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 authorizing 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

Key Voting Guidelines: Asia-Pacific continued

Election of Directors (continued)	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. (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.
Board diversity policy	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 sub-optimal composition and a potential risk to the company's competitiveness over time. We recognize 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 re-elections of Governance Committee members and/or senior executives, as appropriate, if we find no evidence of board diversity.
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. Specific Issuances: ▪ Vote CASE-BY-CASE on all requests, with or without preemptive rights.
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 authorized capital	Vote AGAINST proposals to adopt unlimited capital authorizations. Vote FOR non-specific proposals to increase authorized capital up to 100% over the current authorization unless the increase would leave the company with less than 30% of its new authorization outstanding. Vote FOR specific proposals to increase authorized capital to any amount, unless: ▪ The specific purpose of the increase (such as a share-based acquisition or merger) does not meet TRP guidelines for the purpose being proposed. ▪ The increase would leave the company with less than 30% of its new authorization 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.

Key Voting Guidelines: Asia-Pacific continued

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.
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. See below for a more comprehensive discussion on remuneration.
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 TRP'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
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	Shareholder proposals of a social or environmental nature – It is T. Rowe Price policy to analyze every shareholder proposal of a social or environmental nature on a CASE-BY-CASE basis.

In the Asia Pacific region, board independence and diversity were two key areas of focus in 2021. Sustainability-related shareholder resolutions remain rare in most markets, except for Australia and a handful in Japan.

APAC | **11,747** Management and Shareholder Proposals

Management Proposals	# of Proposals	% With Mgmt.
Elect Directors (Uncontested)	6,378	93.0%
Routine Business and Operational Matters	1,581	89.8%
Capital Structure Items	1,474	92.3%
Management Compensation: Say on Pay and Equity Plans	1,153	84.0%
Mergers & Acquisitions	482	88.4%
Other	500	98.0%
Total	**11,568**	

Shareholder Proposals	# of Proposals	% With Mgmt.
Social, Political, or Environmental Matters	62	91.9%
Related to Routine Business and Operational Matters	56	85.7%
Related to Auditors	29	100.0%
Related to Compensation Policies	17	76.5%
Capital Structure Items	7	100.0%
Other	8	62.5%
Total	**179**	

Two global areas of focus over the year were board gender diversity and holding directors to account for poor oversight of an ESG controversy.

Board gender diversity

Expanded global expectations for board gender diversity	Our global proxy voting guidelines have considered board diversity for a number of years. We recommend voting against the relevant director in certain markets if female representation is inadequate. In 2021, we made the following enhancements: ■ In the United Kingdom, we augmented our diversity policy to reflect developments in local market expectations. ■ In Japan, we introduced a policy against single gender boards from the start of the year. In both markets, screening ahead of the AGM season identified the boards likely to receive a vote against the senior director. This provided our investment analysts with the opportunity contact the companies to make them aware of the change to our voting policy. In 2021, T. Rowe Price voted against 280 resolutions at over 130 companies in the Americas, EMEA, and Asia Pacific regions due to inadequate board gender balance. Since late 2021, T. Rowe Price opposes the election of senior board leaders in all markets globally if all current board members are of a single gender and there are no disclosed, imminent plans to improve the gender balance.

Ocado Group plc, Re-election of Andrew Harrison, 2021 AGM	**Asset Class** Equity **Country** UK At the time of the 2021 AGM season, Ocado had the lowest level of female board representation of any FTSE 100 company. At 17%, it was well below the Hampton-Alexander target of one-third female directors. Normally, this would trigger a vote against the Chair, who had only joined the Board as chair-elect in January 2021 and was due to become Chair following the AGM. To signal our concern, we voted against the re-election of Andrew Harrison, the senior independent director.

DISCO Corp., Re-election of Kazuma Sekiya, 2021 AGM	**Asset Class** Equity **Country** Japan We hold just under 2% of this Japanese company, which produces process equipment and consumables for semiconductor manufacturing. As the board continues to have no female representation, we voted against the re-election of President Kazuma Sekiya at the 2021 AGM.

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

Board oversight of ESG controversies

Holding directors to account for poor oversight of ESG controversies	In 2021, we took a tougher stance on voting against the election or re-election of directors where there have been severe environmental and social controversies. A new global custom policy was implemented to oppose the election or re-election of all directors of companies on the T. Rowe Price conduct exclusion list (i.e. companies with serious, material, and unmitigated environmental and social controversies) at the AGM for the company where the controversy occurred.

Rio Tinto Limited, Elect Simon Thompson, 2021 AGM	**Asset Class** Equity **Country** Australia One of the most significant environmental and social controversies of 2020 occurred at Rio Tinto. In May 2020, Rio Tinto destroyed a 46,000-year-old aboriginal site at the Juukan Gorge in Western Australia. The resulting outrage led to the departure of the CEO and two senior executives. The Board received intense criticism about the culture allowed to develop under the former CEO and the payoffs negotiated with the departing executives. Although the chair had committed to step down by the 2022 AGM, we voted against his reappointment at the 2021 AGM given he bears ultimate responsibility for the events.

McDonald's Corporation, Election of two directors, 2021 AGM	**Asset Class** Equity **Country** US At the 2021 AGM we voted against the re-election of two long-serving directors, Enrique Hernandez, Jr., and Richard Lenny, as information was disclosed in 2020 that the 2019 investigation into policy breaches by the company's previous CEO was insufficiently rigorous. The former CEO departed in 2019, following a consensual relationship with a colleague. Details about the investigation came to light due to litigation between the parties. These details revealed the board did not follow a sufficiently robust process in its initial investigation in areas such as length of the review and retaining of independent counsel to conduct the review. Before the AGM, we met with company management as well as with an investment group leading a "Vote No" campaign against the two directors. We were persuaded that a vote against both key board leaders was an appropriate response to the investigation's failures.

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Shareholder resolutions

We approach shareholder resolutions by assessing the materiality of the proposal. 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 may also be cases where we disagree in principle with what the resolution is proposing.

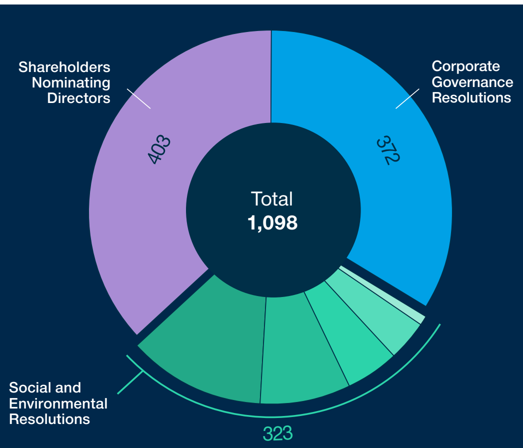
The 2021 Aggregate Proxy Voting Summary describes our voting for different categories of shareholder resolution for the 12-month period ended 30 June 2021. Our report, 'For or Against? The Year in Shareholder Resolutions', for Professional Clients only, notes that the T. Rowe Price portfolios voted on 1,098 shareholder resolutions across all markets in 2021. Of those, 403 were situations where shareholders were nominating directors to a company's board. Another 372 were resolutions asking companies to adopt a specific corporate governance practice. Here, we focus on the 323 remaining proposals that specifically addressed environmental and social (E&S) issues.

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. **Environmental** proposals request that companies either disclose certain environmental data or adopt specific environmental policies or practices. We assess both environmental and social resolutions on a case by case basis, considering the materiality of the issue being raised, the company's existing level of disclosure, the degree to which the resolution is prescriptive, the stated intentions of the proponents, and our engagement history with the company.

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. Recently, we have observed a widening disconnect between what companies publicly disclose about their approach to environmental and governance matters and what their trade organizations advocate on their behalf. To the extent that we find mismatches of this nature, or generally poor disclosure regarding the board's oversight of political activity, we have supported an increasing number of shareholder resolutions asking for more transparency around political activity.

The anti-nuclear power category includes the large number of proposals brought forth every year at Japanese utility companies, asking them to reduce or eliminate reliance on nuclear power sources.

The purpose of **anti-ESG** resolutions is to roll back company initiatives on E&S concerns. We opposed 100% of both types of proposals because we disagree in principle with the proponents' objectives.



	Social	Environmental	Political Spending and Lobbying	Anti-nuclear Power	Anti-ESG
Resolutions	**134**	**89**	**54**	**37**	**9**
Supported	20%	34%	32%	–	–
Opposed	79%	50%	68%	100%	100%
Abstained	–	7%	–	–	–
Elected not to vote due to share blocking*	1%	9%	–	–	–

Environmental Case study: AGL Energy, Approve Paris goals and targets, 2021 AGM	**Asset Class** Equity **Country** Australia We voted in support of a resolution asking for disclosure of short, medium, and long-term targets and how capital expenditure and remuneration will be Paris-aligned in the demerger documents for Accel Energy and AGL Australia. We felt the information would be useful for shareholders and reasonable for a major Australian utility to produce.
Social Case study: Union Pacific Corporation, 2021 AGM	**Asset Class** Equity **Country** US At its 2021 AGM, the company had two diversity-related shareholder proposals on the ballot. One sought disclosure of the company's EEO-1 report, a set of workforce composition data that is required to be reported to the US Equal Employment Opportunity Commission. The other was a more general request seeking annual reporting on the company's diversity and inclusion (D&I) efforts. Following our normal practice, the proposals were assessed in collaboration between our Governance and Responsible Investing teams. We determined that the company had already been publishing D&I information for some time and the reporting was reasonably comprehensive and useful. It describes Union Pacific's commitments and programmes around D&I adequately. While the narrative the company had published was helpful, the reports were light on data and proof points demonstrating the success (or failure) of the programmes described. As such, we voted FOR the resolution seeking EEO-1 data, but AGAINST the less precise resolution seeking reporting that the company already provides. Both resolutions passed with majority support by shareholders.
Environmental Case study: Mitsubishi UFJ Financial Group Inc., Amend articles to disclose plan outlining company's business strategy to align investments with goals of Paris Agreement, 2021 AGM	**Asset Class** Equity **Country** Japan MUFG was targeted by the same non-governmental organisation that had filed another climate-related resolution at Mizuho Financial Group in 2020. We supported the resolution at Mizuho, but not the one at MUFG. Prior to AGM, MUFG published a Carbon Neutrality Declaration committing to net zero emissions in its finance portfolio by 2050 and its own operations by 2030. To facilitate the goal, MUFG became the first Japanese bank to join the Net-Zero Banking Alliance. On balance, we felt it was reasonable to give the company a little more time to set and disclose the 2030 target, so we voted against the resolution.
Political spending and lobbying case study: Exxon Mobil Corp., 2021 AGM	**Asset Class** Equity **Country** US As discussed under Principle 11, this proxy contest was the first at a United States oil and gas major in which the case for change was largely constructed around the energy transition. This was a significant vote in many respects. In addition to the contested director seats, the company faced a total of seven shareholder resolutions: two on governance issues, one regarding climate change, one anti-ESG proposal, and three regarding various aspects of the company's political and lobbying activities. Such activities are a known risk for the company, having been subjects of press and public scrutiny as well as shareholder lawsuits. The resolutions sought disclosure in three areas: Political Contributions, Lobbying Payments and Policy, and Corporate Climate Lobbying Aligned with the Paris Agreement. Our assessment was that the three requests addressed different areas of reporting but were each relevant and significant for the company. Furthermore, our research indicated the company had not provided adequate transparency in any of the three areas. We supported all three resolutions. At the AGM, the first proposal for a Report on Political Contributions did not pass, but the other two were successful.

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

Documentation and reporting

The documents below detail our policies and our 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.
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.
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.

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 Sumitomo Corp.

Ticker	Meeting Date	Record Date	Security ID	Meeting Type	Industry Sector	Country
8053	18-Jun-2021	31-Mar-2021	J77282119	Annual	Trading Companies & Distributors	Japan

↑ Item #	Proposal	Mgmt Rec	Vote
1	Approve Allocation of Income, with a Final Dividend of JPY 35	For	For

The vote rationale is provided for any votes against management or votes against the T. Rowe Price Custom Policy. We also aim to provide an explanation for our voting on any high-profile shareholder resolutions, like the example below at Sumitomo Corp. The voting rationale reflects the analysis undertaken by the Responsible Investing and Governance teams, including insights drawn from our engagement with the company.

5	Amend Articles to Disclose Plan Outlining Company's Business Strategy to Align Investments with Goals of Paris Agreement *Voting Rationale:* *The company already has a net zero by 2050 target (covering scopes 1-3), and strengthened its commitments related to thermal coal in the policy released in early May. It is reasonable to give the company some flexibility around when it will exit existing commitments.*	Against	Against

Significant votes

Our approach to significant votes evolved over 2021. Our Heads of Governance apply a 'potentially significant votes' 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 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		Fund	Significant Votes	Company Search
From 01-Jul-2020	to 31-Dec-2021	All Funds	Include Significant Me...	Name, Security ID, or Ticker

All Meetings
Include Significant Meetings Only
Exclude Significant Meetings

Update

Around 200 meetings were tagged in 2021 using this process.

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

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, if an analyst flags that an upcoming meeting is expected to be particularly high profile, contain a controversial voting matter, or closely fought, 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 cut-off is clearly communicated. Any shares out on loan can be recalled at this point, without waiting for the next monthly review.

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.

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 authorized 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 authorize 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 were received in a timely fashion and will be acted on accordingly.

Closing Reflection

Based on the programmes described above, we believe T. Rowe Price complies fully with our duty under Principle 12 to actively exercise our rights and responsibilities, regardless of asset class. As communicated in our '*Taking the Temperature*' white paper, for professional clients only, in 2022, T. Rowe Price plans to step up its current voting against directors who fail in the oversight of material environmental, social, or governance risks. Companies in sectors highly exposed to the impact of climate change that have failed to demonstrate sufficient preparedness for a low carbon transition will be in scope for a vote against the Board chair, or other relevant committee member.

Appendix

2021 Aggregate Proxy Voting Summary

2021 AGGREGATE PROXY VOTING SUMMARY

In this report, we summarize our proxy voting record for the 12-month period ended June 30, 2021 (Reporting Period). Our goal is to highlight some of the critical issues in corporate governance during the Reporting Period and offer insights into how we approach voting decisions in these important areas. This report is not an all-inclusive list of each proxy voted during the Reporting Period, but, rather, it is a summary of the year's most important themes.

OUR OBJECTIVE

Thoughtful Decisions Leading to Value Creation

At T. Rowe Price, proxy voting is an integral part of our investment process and a critical component of the stewardship activities we carry out on behalf of our clients. When considering our votes, we support actions we believe will enhance the value of the companies in which we invest, and we oppose actions or policies that we see as contrary to shareholders' interests.

We analyze proxy voting issues using a company-specific approach based on our investment process. Therefore, we do not shift responsibility for our voting decisions to outside parties, and our voting guidelines allow ample flexibility to account for company-specific circumstances. Ultimately, the portfolio managers are responsible for voting the proxy proposals of companies in their portfolios.

The following table is a broad summary of some of our proxy voting patterns and results for the reporting period covering July 1, 2020, through June 30, 2021, across our global equity-focused portfolios.

SUMMARY OF MAJOR PROPOSAL ITEMS
July 1, 2020—June 30, 2021

PROPOSAL	% VOTED WITH MANAGEMENT	% VOTED AGAINST MANAGEMENT
I. Proposals Sponsored by Management		
Add/amend antitakeover provisions	47%	53%
Reduce/repeal antitakeover provisions	97%	3%
Appoint or ratify auditors	99%	1%
Capital structure provisions	92%	8%
Compensation issues		
i. Director/auditor pay	94%	6%
ii. Employee stock purchase plans	92%	8%
iii. Executive plans	71%	29%
iv. Say on pay	88%	12%
Elect directors (uncontested)	91%	9%
Mergers and acquisitions	93%	7%
Routine operational provisions	93%	7%
Amend/enhance shareholder rights	91%	9%
Approve environmental policies	86%	14%
II. Proposals Sponsored by Shareholders		
Remove antitakeover provisions	19%	81%
Amend compensation policies	88%	12%
Appoint an independent Board chair	54%	46%
Amend/adopt shareholder rights	81%	19%
Environmental proposals	72%	28%
Social issues proposals	81%	19%
Political activity proposals	78%	22%
Anti-ESG proposals	100%	0%
Anti-nuclear proposals (Japan)	100%	0%
III. Contested Elections		
Elect directors in proxy contest	47%	53%
IV. Totals		
Total management proposals	91%	9%
Total shareholder proposals	86%	14%

Themes From Vote Results

The categories above represent a subset of our total voting activity during the Reporting Period, but these are the most prevalent and significant voting issues. In the section below, we discuss some of these categories in detail.

This voting period was an unusually contentious one across several major markets around the world. Whereas in 2020 shareholders exhibited forbearance and patience as companies were in the midst of adapting their operational and capital decisions in the early days of the pandemic, in 2021 such forbearance had run out. The three main categories where we observed this pattern were in executive compensation, activism, and proposals of a social or environmental nature.

Executive Compensation

Annual advisory votes on executive compensation—the nonbinding resolutions known as "say on pay"—are a common practice globally. As a result, executive compensation decisions remain a central point of focus for the dialogue that routinely takes place between companies and their shareholders. In our view, corporate disclosure in the annual proxy filings improves every year as Board members endeavor to explain not only what they paid their executive teams, but why. In the past year, T. Rowe Price voted against the "say on pay" vote at 12% of companies.

Generally speaking, our portfolio managers are most likely to express concerns about a compensation program when they have observed a persistent gap between the performance of the business and executive compensation over a multiyear period. Other common reasons for our opposition to these resolutions are situations where (a) the Board uses special retention grants without sufficient justification, and (b) the use of equity for compensation is high, but executives' ownership of the stock remains low.

Due to the pandemic and the related economic disruption in many parts of the world, many companies fell short of the predetermined objectives set out in 2018 and 2019, leading Boards to decide whether to allow the awards to be forfeited or to amend them to account for the highly unusual circumstances. Generally, T. Rowe Price found that Boards used restraint with these amendments, making it clear that the changes will be temporary. In assessing these votes for 2021, we looked at not only the nature of such amendments to executive pay plans but also the overall experience of their relevant stakeholders. For example, we believe companies that reduced their workforces significantly or received government assistance due to the pandemic should be particularly conservative regarding efforts to amend pay plans to benefit their executives.

Shareholder Activism

Investment strategies involving shareholder activism have had a notable impact in a number of markets over the past few years, especially in the U.S., Europe, and Japan. In 2020, activism campaigns were notably quieter as a result of the pandemic. However, activist activity bounced back quickly this year, with two especially prominent contests at Toshiba Corp. (Japan) and ExxonMobil (U.S.).

Often, the presence of activist shareholders does not result in a voting event, as the company and activists negotiate some form of mutually agreeable outcome. In some cases, however, negotiations stall and investors face a contested Board election—a choice between incumbent company directors and the activist's nominees. T. Rowe Price assesses each of these situations carefully in an effort to determine which set of directors is best suited to lead the company over the long term. Our voting record on contested elections reflects our case-by-case approach. This year, we supported incumbent management candidates in 47% of contests.

Social, Environmental, and Political Proposals

This year has been described as a "breakout" year for resolutions addressing environmental, social, and political issues. Issues such as racial justice, income inequality, worker safety, and climate change have been on prominent display within the corporate sector due to a confluence of events, including the pandemic. By extension, resolutions addressing such issues have received greater average support and higher visibility this year.

In this report, we break down these votes into five subcategories due to some unique patterns within the broader group of environmental, social, and political proposals. The subcategories we extract for separate disclosure are:

- **Political/lobbying proposals.** Corporate participation in the political process, where allowed by law, is appropriate. However, we have recently observed a widening disconnect between what companies publicly disclose about their approach to environmental and governance matters and what their trade organizations advocate on their behalf. To the extent that we find mismatches of this nature, or generally poor disclosure about the Board's oversight of political activity, we support shareholder resolutions asking for more transparency on political spending and lobbying activities. In this Reporting Period, we supported 22% of these proposals.

- **Environmental proposals.** As part of our normal environmental, social, and governance (ESG) engagement program, we encourage companies to improve their environmental disclosure. The current lack of standardization on environmental reporting makes it more difficult for us to analyze companies' environmental performance, and, as such, we specifically advocate the Sustainability Accounting Standards Board (SASB) and Task Force on Climate-Related Financial Disclosures (TCFD) reporting frameworks. While we support the aim of many environmental proposals to improve disclosure, we find that a significant number of them ask for nonstandardized or ancillary disclosures. In these cases, we often find it difficult to support the shareholder proposal but will use the opportunity to engage with the company on improving its environmental reporting and to advocate use of the SASB and TCFD reporting frameworks.

In our case-by-case analysis of environmental proposals, the company's current level of disclosure is our most important consideration, followed by factors such as the materiality of the specific environmental issue for the company in question; the disclosure framework being requested by the proponent; our prior engagement with the company on environmental matters; the views of our Responsible Investment team; the identity of the proponents, if available, and their stated intentions; and the level of prescriptiveness embedded in the proposal. In this Reporting Period, T. Rowe Price supported 28% of environmental resolutions, up from 17% the year before.

- **Social proposals.** This category contains a wide range of proposals on issues ranging from specific operational practices at companies to broader societal issues such as diversity. As investors intensify our focus on racial inequality in the corporate world, we are seeing a large increase in the number of resolutions dealing with human capital management, diversity, and inclusive practices. Our approach to socially oriented resolutions is similar to the environmental category. We assess them on a case-by-case basis, taking into account the materiality of the issue being raised; the company's existing level of disclosure; the degree of prescriptiveness in the resolution; the views of our Responsible Investment team; the identity of the proponents, if available, and their stated intentions; and our engagement history with the company on the topic. In this Reporting Period, T. Rowe Price supported 25% of the proposals in this category, up from 17% last year. The types of proposals we support most often are around human capital management. Note: In this category, a growing number of corporate Boards recommend in favor of the proposal, recognizing the importance of improving their reporting on social issues. As a result, a vote in support of the shareholder proposal may also be a vote in line with the Board's recommendation.

- **Anti-ESG proposals.** Although small in number, there is a set of resolutions each year sponsored by proponents whose aim is to persuade companies to roll back environmental initiatives, curtail charitable giving, or de-emphasize diversity and inclusion. The objectives of these proposals are so distinct from the overall category of shareholder resolutions that we believe they need to be analyzed and reported separately. Anti-ESG proposals represented 2% of the broader category during this Reporting Period. T. Rowe Price did not support any of these.

- **Anti-nuclear proposals.** Ever since the 2011 earthquake and subsequent nuclear accident in Fukushima, Japan, individual investors in this region have mounted a persistent campaign to get Japanese utilities to generate power from sources other than nuclear plants. Publicly traded Japanese utilities receive multiple resolutions of this nature every year. In total, these proposals represent 11% of the overall social, environmental, and political category. T. Rowe Price does not support any of these resolutions as they are extremely prescriptive in nature, asking companies to change their operations. Our view is that operational decisions are best left to the Board.

Election of Directors

At T. Rowe Price, we recognize that it is the Board of Directors' responsibility to develop and guide corporate strategy and oversee management's implementation of that strategy. We generally do not support shareholder-led initiatives that we believe may infringe upon the Board's authority. However, one of the fundamental principles underlying our proxy voting guidelines is accountability. We believe that directors are the designated representatives of shareholders' interests. Therefore, our voting reflects our assessment of how effectively they fulfill that duty.

In our global portfolios, we take a market-by-market approach to assessing a Board's composition, including its diversity and independence, recognizing that regional corporate governance codes around the world apply different expectations. Where there is cause for concern, we vote against the reelection of individual directors, the members of a key Board committee, or, in some cases, the entire Board. Examples of situations where we believe shareholders are best served by voting to remove directors include:

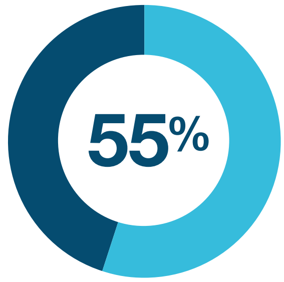
- maintaining an insufficient level of diversity at the Board level;
- failing to remove a fellow director who received less than a majority of shareholder support in the prior year;
- neglecting to adopt a shareholder-proposed policy that was approved by a majority vote in the prior year;
- adopting takeover defenses or bylaw changes that we believe put shareholders' interests at risk;
- maintaining significant outside business or family connections to the company while serving in key leadership positions on the Board;
- promoting the decoupling of economic interests and voting rights in a company through the use of dual-class stock with superior voting rights for insiders, without adopting a reasonable sunset mechanism;
- failing to consistently attend scheduled Board or committee meetings; and
- implementing a policy or practice that we believe is a breach of basic standards of good corporate governance.

Elections of directors are by far the most common voting item on company proxies worldwide, representing 55% of our total number of voting decisions this year. Almost all of these elections are uncontested, meaning that there is only one nominee for each available Board seat. This year, we supported 91% of the director candidates nominated by the Boards of the companies in T. Rowe Price portfolios globally.

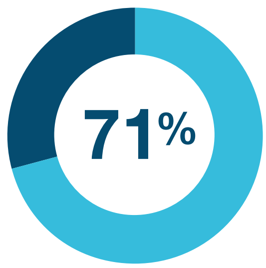
As in past years, T. Rowe Price voted consistently in favor of proposals to strengthen certain shareholder rights. One example is majority voting for the election of directors. We believe directors should relinquish their Board seats if they are opposed by a majority of their shareholders, even in the case of uncontested elections.

Broad-Based Equity Compensation Plans

T. Rowe Price believes that a company's incentive programs for executives, employees, and directors should be aligned with the long-term interests of shareholders. Under the right conditions, we believe that equity-based compensation plans can be an effective way to create that alignment. Ideally, we look for plans that provide incentives consistent with the company's stated strategic objectives. This year, we supported the adoption or amendment of such compensation plans approximately 71% of the time. For the 29% of compensation plans we did not support, our vote was usually driven by the presence of a practice that we felt undermined the link between executive pay and the company's performance, such as:



Elections of company directors represented 55% of our total voting activity this year.



We supported the adoption or amendment of 71% of equity compensation plans.

- compensation plans that, in our view, provide disproportionate awards to a few senior executives;
- plans that have the potential to excessively dilute existing shareholders' stakes;
- plans with auto-renewing "evergreen" provisions; or
- equity plans that give Boards the ability to reprice out-of-the-money stock options without shareholder approval.

Mergers and Acquisitions

T. Rowe Price portfolio managers generally vote in favor of mergers and acquisitions after carefully considering whether our clients' portfolios would receive adequate compensation in exchange for their shares. In considering any merger or acquisition, we assess the value of our holdings in a long-term context and vote against transactions that, in our view, underestimate the true underlying value of our investment.

Takeover Defenses

T. Rowe Price portfolio managers consistently vote to reduce or remove antitakeover devices in our portfolio companies. We oppose the introduction of shareholder rights plans (so-called poison pills) because they can prevent an enterprise from realizing its full market value and create a conflict of interest between directors and the shareholders they represent. We routinely vote against directors who adopt poison pill defenses without subjecting them to shareholder approval.

A positive development in the U.S. over the past several years has been a trend of companies dismantling their long-standing antitakeover provisions at the urging of their shareholders. When such provisions (for example, a supermajority vote requirement) are embedded in the company's charter, a shareholder vote is required in order to remove them. T. Rowe Price enthusiastically supports management efforts to remove takeover defenses.

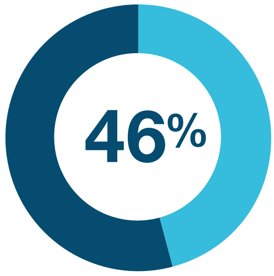
Separate Board Chair and CEO

In many markets, the most common Board leadership structure has separate roles for the chair and the company's chief executive officer. Under the U.S. proxy rules, companies are required to discuss their leadership structure and the reasons that a particular arrangement (i.e., an independent Board chair, a separate but non-independent chair, or a combined chair/CEO role) is the most appropriate one for the company. We consider the need for independent Board leadership on a company-by-company basis. In many cases, we find that a designated lead director role provides adequate protection of shareholders' interests. In other situations, we conclude that shareholders' interests would be better served under an independent chair. This Reporting Period, T. Rowe Price voted in favor of shareholder proposals to appoint an independent Board chair 46% of the time.

Conclusion

Company-specific voting records are made available on our website each year on or around August 31, reflecting a Reporting Period of July 1 of the preceding year to June 30 of the current year. This report serves as a complement to these detailed voting records, rolling them up into key themes. In addition to this report, we provide an overview of our voting activity each year in our ESG Annual Report.

For more information, visit troweprice.com/esg.



We voted in favor of shareholder proposals to appoint an independent Board chair 46% of the time.

Our proxy voting policies and procedures are available on our website and can be found at, troweprice.com.

Index of Case Studies

Entity	Principle
AGCO Corporation	11
AGL Energy	12
Amadeus IT Group	9
Ashtead Group	12
AstraZeneca	12
Banco Santander Chile	9
Bunge	7
Cardinal Health	12
Credit Suisse Group	11
DISCO Corp	12
Exxon Mobil Corporation	11, 12
FirstRand	12
Health & Happiness	7
Informa	11
Intertek Group	12
KazMunaiGas	12
Linde	7
McDonalds	12
Mitsubishi UFJ Financial Group	12
Mitsui Fudosan	9

Entity	Principle
Naspers	11
NextEra Energy	9
NVR	9
Ocado Group	12
Penn National Gaming	7
Prosus	11
Rent-The-Runway	7
Republic of Chile (Chile)	10
Republic of Ghana (Ghana)	4
Republic of Indonesia (Indonesia)	7, 9
Rio Tinto Limited	12
Rockwool	9
Samsung	9
SEACOR Holdings	11
Teleperformance	9
Union Pacific Corporation	12
United Mexican States (Mexico)	10
VGP	7
West China Cement	9
Yum! Brands	7

2021 ESG-Related Engagements

Engagement Data

ENGAGEMENT DATA

2021 ESG-Related Engagements

In the table below are ESG classifications of all company engagements conducted in 2021. The company engagements featured in case studies earlier in this document focus on the key points of the dialogue but other topics may also have been discussed which are reflected in the table.

Company Name	Quarter	Environmental	Social	Governance
3M Co	4	●		●
Abcam PLC	1			●
	2			●
ABN AMRO Bank NV	1		●	●
ACADIA Pharmaceuticals Inc	1		●	●
Accenture PLC	3	●	●	●
Adani Ports & Special Economic Zone Ltd	3	●	●	
Adaro Energy Tbk PT	1	●	●	●
Aflac Inc	1	●	●	●
Afterpay Ltd	4			●
AGCO Corp	2			●
	4	●		●
Agile Group Holdings Ltd	4	●	●	●
Air Liquide SA	4			●
AJ Bell PLC	1		●	
Alaska Air Group Inc	1	●	●	●
Albemarle Corp	4	●	●	●
Alcon Inc	2			●
	4			●
Alexandria Real Estate Equities Inc	1		●	●
Alibaba Group Holding Ltd	1	●	●	●
Alicorp SAA	2	●	●	
Alkermes PLC	2			●
Allbirds Inc	3			●
Alnylam Pharmaceuticals Inc	2			●
Alphabet Inc	2			●
ALS Ltd	2	●		●
Amadeus IT Group SA	2			●
Amazon.com Inc	2			●
	4	●	●	●
Ambev SA	4		●	
Ambu A/S	4			●
Ambuja Cements Ltd	3	●		
Amcor PLC	2	●		●
Ameren Corp	1	●	●	●
	4	●		
American Campus Communities Inc	4	●		●
American International Group Inc	2			●
	3	●	●	●
American Water Works Co Inc	4	●	●	
Amgen Inc	4	●	●	●
Amorepacific Corp	1			●
Amphenol Corp	2			●
	2	●	●	●
Analog Devices Inc	4	●		●
Anaplan Inc	1		●	●
Anglo American PLC	2	●		
	3	●	●	
Antofagasta PLC	3			●
APA Corp	4	●	●	●
Apartment Income REIT Corp	1			●
Apple Inc	4		●	

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

Company Name	Quarter	Environmental	Social	Governance
Applied Materials Inc	1			●
	4	●		●
Aptiv PLC	2			●
	4	●	●	●
Argenx SE	1			●
Aristocrat Leisure Ltd	4			●
Armstrong World Industries Inc	4	●		
Array Technologies Inc	2			●
Aruhi Corp	2	●	●	●
Asahi Co Ltd	1	●	●	
Asahi Kasei Corp	4	●		●
Ascendis Pharma A/S	2			●
Ascential PLC	1			●
Ashtead Group PLC	1			●
	2			●
ASML Holding NV	2	●	●	
ASOS PLC	1	●	●	●
	2			●
	3			●
	4			●
	4			●
Assurant Inc	4	●	●	●
Astellas Pharma Inc	1	●	●	
Astral Ltd	3			●
AstraZeneca PLC	4			●
Asurion LLC	3		●	●
AT&T Inc	4		●	●
Atlantic Capital Bancshares Inc	2			●
Atrion Corp	2			●
Auction Technology Group PLC	4			●
Australia & New Zealand Banking Group Ltd	2	●		
AvalonBay Communities Inc	1		●	●
Avantium N.V.	1	●		
Avery Dennison Corp	4	●	●	●
Aviva PLC	4			●
Axis Capital Holdings Ltd	2			●
	4			●
AZZ Inc	4	●		●
Banco Santander Chile	3			●
Bangkok Bank PCL	1		●	
Bank Leumi Le-Israel BM	1	●	●	
Bank of America Corp	2	●	●	●
	4	●		●
Bank Rakyat Indonesia Persero Tbk PT	1		●	●
BankUnited Inc	1		●	●
Barclays PLC	1	●		
Barrick Gold Corp	4	●	●	●
Barry Callebaut AG	2	●	●	
	3			●
Bayer AG	1			●
Becton Dickinson and Co	3	●	●	●
Bharat Forge Ltd	2		●	
	3			●
BHP Group Ltd	2			●
	4			●
Bill.com Holdings Inc	4	●	●	●
Biogen Inc	3			●
Black Knight Inc	2			●
	4			●
Bluebird Bio Inc	2			●
	2			●
BNP Paribas SA	2			●
Boeing Co/The	2			●
boohoo Group PLC	1			●

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Company Name	Quarter	Environmental	Social	Governance
	2		●	●
Booking Holdings Inc	4	●	●	●
Booz Allen Hamilton Holding Corp	2	●	●	
Boston Beer Co Inc/The	4	●	●	●
BP PLC	1	●		●
Braskem SA	3	●	●	●
Bridgepoint Group PLC	4			●
Brighthouse Financial Inc	4	●	●	●
Brink's Co/The	2			●
	2			●
	3		●	●
British American Tobacco PLC	2	●	●	
Britvic PLC	3	●	●	
	3			●
Brixmor Property Group Inc	4	●		●
Broadcom Inc	1	●	●	●
Brookfield Renewable Partners LP	3	●		
Budweiser Brewing Co APAC Ltd	2	●	●	
Bunge Ltd	1	●		●
Bunka Shutter Co Ltd	2			●
Burberry Group PLC	2			●
	3			●
Cadence Design Systems Inc	2			●
	4	●	●	●
Cairn Homes PLC	1			●
Camden Property Trust	3	●	●	
Capitec Bank Holdings Ltd	2			●
Cardinal Health Inc	1		●	●
	3		●	●
	4			●
CareDx Inc	2			●
Carnival Corp	4	●	●	●
Carrefour SA	1	●	●	
Casey's General Stores Inc	3	●	●	●
Casino Guichard Perrachon SA	1	●	●	
Caterpillar Inc	2			●
	4	●		●
Cboe Global Markets Inc	4			●
CCR SA	1	●	●	●
Cedar Realty Trust Inc	1		●	●
Centene Corp	2		●	●
	4	●	●	●
	4			●
CenterPoint Energy Inc	4	●		●
Ceridian HCM Holding Inc	3			●
Challenger Ltd	2	●	●	●
Chevron Corp	2			●
	4	●		●
China Mengniu Dairy Co Ltd	4	●	●	
China Resources Gas Group Ltd	1	●	●	●
Chipotle Mexican Grill Inc	2			●
	4	●	●	●
Chubb Ltd	2			●
	4	●	●	●
Churchill Downs Inc	2			●
Cia de Minas Buenaventura SAA	4	●	●	
Cie de Saint-Gobain	2	●	●	
Cie Financiere Richemont SA	1	●		●
Cigna Corp	4			●
Cinemark Holdings Inc	1		●	●
CIRCOR International Inc	4			●
Citizens Financial Group Inc	3			●
Clarivate PLC	1			●
Close Brothers Group PLC	2			●

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Company Name	Quarter	Environmental	Social	Governance
	2			●
Coles Group Ltd	1	●	●	
Colfax Corp	2			●
Colgate-Palmolive Co	3			●
Colgate-Palmolive India Ltd	4			●
Compass Group PLC	3			●
Conagra Brands Inc	1	●	●	
ConocoPhillips	2			●
	4	●	●	●
Constellium SE	1			●
	2			●
Corning Inc	4	●	●	●
Costco Wholesale Corp	1	●	●	
Country Garden Holdings Co Ltd	3	●	●	●
Coupa Software Inc	1	●	●	●
	4		●	●
Coupang Inc	2		●	
	2		●	●
Covestro AG	4			●
Credicorp Ltd	2		●	●
CreditAccess Grameen Ltd	3			●
CRISPR Therapeutics AG	2			●
CrossFirst Bankshares Inc	2			●
Crown Castle International Corp	4	●	●	●
CSL Ltd	3			●
CSX Corp	4	●		●
Cummins Inc	2			●
CVS Health Corp	2			●
	4		●	●
Daiichi Sankyo Co Ltd	1		●	
Danaher Corp	1	●	●	●
Danone SA	1	●		
Dar Al Arkan Real Estate Development Co	1	●	●	●
Darling Ingredients Inc	4	●	●	●
Dassault Aviation SA	2			●
DBS Group Holdings Ltd	3	●	●	
DCC PLC	3	●		●
Deere & Co	2	●	●	
Deliveroo PLC	2		●	●
	2		●	●
Delivery Hero SE	2			●
	3		●	●
Delta Air Lines Inc	2			●
	4	●	●	●
DENTSPLY SIRONA Inc	2	●	●	●
Derwent London PLC	2			●
Devon Energy Corp	4	●	●	●
Diageo PLC	2	●	●	
Dlocal Ltd/Uruguay	3		●	●
DocuSign Inc	1		●	●
Dollar General Corp	2	●	●	
	4	●	●	●
Dollar Tree Inc	1	●		●
Dominion Energy Inc	2			●
	4	●	●	
Domino's Pizza Inc	1			●
Downer EDI Ltd	4		●	●
Dr. Martens Plc	3			●
DraftKings Inc	1	●	●	●
DTE Energy Co	2			●
East African Breweries Ltd	2	●	●	
Ecopetrol SA	3	●		
Ecovyst Inc	3	●	●	●
Edenred	1			●

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Company Name	Quarter	Environmental	Social	Governance
Elanco Animal Health Inc	4	●	●	●
Element Solutions Inc	1	●	●	●
Enanta Pharmaceuticals Inc	1			●
Energy Transfer Operating LP	2	●		
Entergy Corp	1	●	●	●
	4	●	●	●
Equifax Inc	4	●	●	
Equitable Holdings Inc	4			●
Equity Residential	4	●	●	●
Essent Group Ltd	4			●
EssilorLuxottica SA	4		●	
Estee Lauder Cos Inc/The	2	●	●	
Etsy Inc	1	●	●	●
Eurofins Scientific SE	2			●
Evotec SE	2			●
Evraz PLC	3	●		
Exact Sciences Corp	2			●
Exelixis Inc	4		●	●
Exelon Corp	4	●	●	●
Exxon Mobil Corp	1	●		●
	2	●		●
Fidelity National Information Services Inc	3	●	●	●
Fifth Third Bancorp	3		●	●
First Abu Dhabi Bank PJSC	1	●		
FirstEnergy Corp	1	●	●	●
FirstRand Ltd	2			●
	2			●
	3	●		
	4			●
Five Below Inc	2			●
	4	●	●	●
FleetCor Technologies Inc	1		●	●
Fortinet Inc	2			●
	4	●	●	●
Fortive Corp	4	●	●	●
Freeport-McMoRan Inc	4	●	●	●
Fresenius SE & Co KGaA	4			●
Freshpet Inc	3			●
Frontier Developments PLC	1			●
	1		●	●
Funding Circle Holdings PLC	1			●
	1			●
Galapagos NV	2			●
Galaxy Entertainment Group Ltd	2	●	●	●
Galp Energia SGPS SA	1	●		●
Gazprom PJSC	3	●		
GEA Group AG	1		●	●
General Electric Co	2			●
	4	●		●
General Motors Co	2			●
Genuit Group PLC	1			●
GlaxoSmithKline PLC	1			●
	4			●
	4		●	●
Glencore PLC	2	●	●	●
Global Blood Therapeutics Inc	1		●	●
	2			●
	4		●	●
Globo Comunicacao e Participacoes SA	3	●	●	●
GLP Pte Ltd	2	●	●	●
Godrej Consumer Products Ltd	3			●
Goldman Sachs Group Inc/The	2			●
Goodman Group	4			●
Great Portland Estates PLC	1	●		

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Company Name	Quarter	Environmental	Social	Governance
Groupe Bruxelles Lambert SA	2			●
	4			●
Gruenenthal Pharma GmbH & Co KG	3		●	●
Grupo SBF SA	4	●	●	
Guangzhou R&F Properties Co Ltd	4	●	●	
Guardant Health Inc	1			●
	2			●
	4			●
Haier Smart Home Co Ltd	1		●	
Halliburton Co	2			●
	4	●	●	●
Halma PLC	3			●
Hamamatsu Photonics KK	4			●
Hanger Inc	4	●	●	●
Hannon Armstrong Sustainable Infrastructure Capital Inc	4	●	●	●
Hartford Financial Services Group Inc/The	4	●	●	●
HCA Healthcare Inc	1		●	●
HDFC Bank Ltd	3		●	
HeidelbergCement AG	2	●		
Helios Towers PLC	1			●
Heritage Financial Corp/WA	4	●	●	●
Hess Corp	4	●	●	●
Hillenbrand Inc	1	●		●
Hilton Worldwide Holdings Inc	2			●
	4	●	●	●
Hitachi Ltd	1		●	
Hologic Inc	4		●	●
Home BancShares Inc/AR	2			●
HomeServe PLC	2			●
Hon Hai Precision Industry Co Ltd	4	●	●	●
Honeywell International Inc	3	●	●	
Hoshino Resorts REIT Inc	3	●	●	
Hoshizaki Corp	4	●	●	●
Host Hotels & Resorts Inc	4	●	●	●
Howmet Aerospace Inc	2			●
	4	●	●	●
HSBC Holdings PLC	1	●		●
Huazhu Group Ltd	4	●		
Hubbell Inc	4	●	●	●
HubSpot Inc	4		●	●
Humana Inc	3	●	●	●
Huntington Bancshares Inc/OH	4	●	●	●
Hyundai Motor Co	1	●	●	●
IAC/InterActiveCorp	1	●	●	
	2			●
Iberdrola SA	2	●		●
	3		●	●
ICICI Bank Ltd	3	●	●	●
	3	●	●	●
IDP Education Ltd	1			●
Illinois Tool Works Inc	1	●	●	●
Imperial Brands PLC	1			●
	2			●
Incyte Corp	2			●
	4	●	●	●
Indorama Ventures PCL	1	●		●
Informa PLC	1			●
	2			●
	4			●
Infosys Ltd	3	●	●	
ING Groep NV	4	●	●	
Integrated Diagnostics Holdings PLC	2			●
Intelbras SA Industria de Telecomunicacao Eletronica Brasileira	2		●	
Interchile SA	4	●	●	●

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Company Name	Quarter	Environmental	Social	Governance
Intercontinental Exchange Inc	4			●
International Container Terminal Services Inc	4	●	●	●
Investec Ltd	3	●		●
Investec PLC	1			●
	3	●		●
IRSA Propiedades Comerciales SA	2	●	●	
J Sainsbury PLC	1	●	●	
Japan Tobacco Inc	4		●	●
Jardine Matheson Holdings Ltd	1	●	●	●
JBG SMITH Properties	2			●
JBS SA	1	●		
JD Sports Fashion PLC	1	●	●	
	1			●
	1			●
JFE Holdings Inc	1	●	●	●
Jiangsu Hengrui Medicine Co Ltd	2	●	●	●
Johnson & Johnson	2			●
	4			●
Johnson Matthey PLC	2			●
JPMorgan Chase & Co	2			●
	2	●		
	4	●		●
Julius Baer Group Ltd	4			●
Kerry Group PLC	1	●	●	
Keysight Technologies Inc	3	●	●	●
Keywords Studios PLC	1			●
Kilroy Realty Corp	1	●		●
Kimco Realty Corp	4	●		●
Kingfisher PLC	2			●
	4			●
Kodiak Sciences Inc	4			●
Kohl's Corp	1			●
	4		●	●
Koninklijke Ahold Delhaize NV	1	●	●	
Koninklijke Philips NV	2			●
Korn Ferry	3			●
	4	●	●	●
Kosmos Energy Ltd	2	●		
	4	●		
Kraft Foods Group Inc	1	●	●	
Kraft Heinz Co/The	1		●	●
	4	●	●	●
Kerry Group PLC	1	●	●	
Land & Houses PCL	4		●	●
Larsen & Toubro Ltd	3			●
	3	●	●	
Lazard Ltd	2			●
LCI Industries	2			●
Legacy LifePoint Health LLC	3	●	●	●
LG Household & Health Care Ltd	1			●
Linde PLC	3			●
	3	●		●
	4	●		●
Live Oak Bancshares Inc	2			●
LL Flooring Holdings Inc	3	●	●	●
Lloyds Banking Group PLC	1			●
	4		●	●
Loews Corp	4		●	●
Lonza Group AG	4	●	●	●
Macquarie Group Ltd	3			●
	3	●		
Marel HF	1	●	●	●
Marfrig Global Foods SA	1	●		

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Company Name	Quarter	Environmental	Social	Governance
MarketAxess Holdings Inc	3	●	●	●
Marsh & McLennan Cos Inc	4	●	●	●
Mastercard Inc	1	●	●	●
	3			●
Matador Resources Co	4	●		●
Match Group Inc	1	●	●	
Matson Inc	4	●		●
Mattel Inc	4			●
McDonald's Corp	2			●
	4	●	●	●
McKesson Corp	3	●	●	●
Medley Inc	3	●	●	●
Melrose Industries PLC	4	●		●
Merck & Co Inc	2			●
	4	●	●	●
Metalloinvest Finance DAC	3	●		
MGM Resorts International	2			●
	4		●	●
Microsoft Corp	4			●
Minerva SA/Brazil	1	●		
Mirati Therapeutics Inc	4	●	●	●
Mitsubishi Corp	1	●		●
Mitsubishi Electric Corp	4		●	
Mitsubishi UFJ Financial Group Inc	2	●		●
	4	●		●
Mitsui Fudosan Co Ltd	4	●		●
	4			●
MKS Instruments Inc	1		●	●
Moderna Inc	1	●	●	●
Molten Ventures PLC	1	●	●	
	3			●
Mondelez International Inc	4	●	●	●
Moncler SpA	2			●
MongoDB Inc	1			●
	2			●
	4		●	
Monro Inc	4			●
Morgan Stanley	3	●	●	●
MorphoSys AG	1			●
	4			●
Moscow Exchange MICEX-RTS PJSC	1		●	●
Motorola Solutions Inc	4		●	
Mowi ASA	2	●	●	
MSCI Inc	4	●	●	●
	4	●		
Mueller Water Products Inc	4	●	●	●
Munich RE	4			●
Myers Industries Inc	1	●	●	●
NARI Technology Co Ltd	2	●	●	
Nasdaq Inc	1		●	●
	1	●	●	
Naspers Ltd	1			●
	3			●
National Australia Bank Ltd	2		●	●
National CineMedia Inc	2			●
National Express Group PLC	3			●
National Fuel Gas Co	4	●		●
National Grid PLC	2			●
National Instruments Corp	4			●
NAVER Corp	4	●	●	
Nestle SA	1	●	●	
Netflix Inc	4	●	●	●
Network International Holdings PLC	2			●
	4	●	●	●

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Company Name	Quarter	Environmental	Social	Governance
Neurocrine Biosciences Inc	2			●
New World Development Co Ltd	1	●	●	●
Nextdoor.com Inc	4			●
NextEra Energy Inc	2	●		●
	4		●	●
NexTier Oilfield Solutions Inc	2			●
Nielsen Holdings PLC	1		●	●
NIKE Inc	1			●
	3		●	●
Ninety One PLC	1			●
	3	●		●
Nippon Paint Holdings Co Ltd	4	●	●	●
Nippon Telegraph & Telephone Corp	1	●	●	●
NiSource Inc	3	●	●	●
NN Group NV	1	●	●	
Nordstrom Inc	1	●	●	●
Norfolk Southern Corp	2			●
	4	●	●	●
Northern Star Resources Ltd	3			●
Northrop Grumman Corp	4	●	●	●
Novartis AG	2			●
Novocure Ltd	4		●	●
Novolipetsk Steel PJSC	3	●		
NVIDIA Corp	4	●	●	
NVR Inc	3	●	●	
NXP Semiconductors NV	1		●	●
	1	●		●
	4	●	●	●
Oak Street Health Inc	2			●
Ocado Group PLC	2			●
	3	●	●	
	4			●
Okta Inc	4	●	●	●
Ontex Group NV	1			●
	1			●
Oportun Financial Corp	1		●	
O'Reilly Automotive Inc	1	●	●	●
Ortho Clinical Diagnostics Holdings PLC	4	●	●	●
Otsuka Holdings Co Ltd	1		●	
Oxford Nanopore Technologies PLC	4	●	●	●
PACCAR Inc	2			●
Pacific Premier Bancorp Inc	4		●	●
Park Hotels & Resorts Inc	2			●
Paycom Software Inc	2			●
	4	●	●	●
PayPal Holdings Inc	4	●	●	●
Pennant Group Inc/The	2			●
PepsiCo Inc	2			●
PerkinElmer Inc	4	●		●
Persol Holdings Co Ltd	2			●
Petco Health & Wellness Co Inc	4	●		●
Petroleo Brasileiro SA	3	●	●	
Petroleos Mexicanos	4	●		
Pfizer Inc	2			●
	4		●	●
Playtech Plc	3			●
PNM Resources Inc	2			●
Polycab India Ltd	3			●
Portland General Electric Co	4	●		●
POSCO	1			●
PPG Industries Inc	2			●
	3	●	●	●
Prologis Inc	1			●
	1	●	●	●

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Company Name	Quarter	Environmental	Social	Governance
	2			●
	4	●		
ProSight Global Inc	1			●
Prosus NV	3			●
Prothena Corp PLC	4	●	●	●
Prysmian SpA	1			●
PTC Inc	1			●
PTT Exploration & Production PCL	2	●	●	●
PTT Global Chemical PCL	4	●	●	
Public Service Enterprise Group Inc	1	●	●	●
QUALCOMM Inc	3			●
Ralph Lauren Corp	4	●	●	●
RBC Bearings Inc	3			●
RealReal Inc/The	1	●	●	●
Reata Pharmaceuticals Inc	2			●
Recruit Holdings Co Ltd	1		●	
	4		●	●
Red Robin Gourmet Burgers Inc	4	●	●	●
Regeneron Pharmaceuticals Inc	2			●
	4		●	●
Rentokil Initial PLC	1			●
	2			●
	4			●
Repsol SA	4	●		
REX American Resources Corp	2			●
RH	3			●
Rio Tinto Ltd	1	●	●	●
	1	●	●	●
Rivian Automotive Inc	2	●	●	
RLX Technology Inc	1		●	●
Rockwell Automation Inc	4	●	●	
ROCKWOOL International A/S	1	●		●
	1	●	●	●
	4	●	●	●
Ronshine China Holdings Ltd	4	●	●	●
Roper Technologies Inc	3	●	●	
Rosneft Oil Co PJSC	4	●		
Rotork PLC	2			●
RWS Holdings PLC	1			●
	4		●	●
Sage Therapeutics Inc	1			●
Samsung Electronics Co Ltd	1		●	●
Sanofi	2			●
	4			●
Sarepta Therapeutics Inc	1			●
Sasol Ltd	1	●	●	●
Saudi Arabian Oil Co	2	●	●	
Saudi National Bank/The	4	●	●	●
SBA Communications Corp	4	●	●	
Sberbank of Russia PJSC	3	●	●	
Scentre Group	1			●
Schneider Electric SE	2	●	●	
Seagen Inc	4			●
SEB SA	1			●
	3			●
Select Medical Holdings Corp	2			●
Sempra Energy	2			●
Semtech Corp	4	●	●	●
Sensirion Holding AG	2			●
ServiceNow Inc	3			●
	4	●	●	●
Seven & i Holdings Co Ltd	1	●	●	●
Severstal PAO	3	●		
Shimadzu Corp	4	●	●	●

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Company Name	Quarter	Environmental	Social	Governance
Shinhan Financial Group Co Ltd	3	●	●	●
Shockwave Medical Inc	2			●
Shop Apotheke Europe NV	4	●	●	●
Shopify Inc	4	●		●
Shoprite Holdings Ltd	4			●
Siemens AG	4		●	●
Siemens Healthineers AG	1			●
Signature Bank/New York NY	4	●	●	●
SITC International Holdings Co Ltd	1			●
SiteOne Landscape Supply Inc	4	●	●	●
Skyworks Solutions Inc	2			●
	4	●	●	●
SL Green Realty Corp	1		●	●
	4			●
Smith & Nephew PLC	1			●
Smiths Group PLC	3			●
Snap Inc	1	●	●	
South32 Ltd	2	●		
	3	●		●
Southern Co/The	2	●		
	4	●		●
Splunk Inc	1		●	●
	2			●
Sprouts Farmers Market Inc	1	●	●	●
SPX Corp	1	●	●	●
SS&C Technologies Holdings Inc	1			●
SSP Group Plc	4			●
Starbucks Corp	1			●
	3			●
	4		●	●
State Bank of India	1	●		
State Street Corp	4	●	●	●
Steadfast Group Ltd	4			●
Steel Dynamics Inc	4	●	●	
Stericycle Inc	4	●	●	●
StoneCo Ltd	3		●	
Stora Enso Oyj	3	●		
Strategic Education Inc	2			●
	2			●
Sumitomo Corp	2	●		●
Summit Materials Inc	2			●
	4	●	●	●
Swedbank AB	2	●	●	●
Swire Properties Ltd	2	●	●	●
Sysco Corp	3	●	●	●
Taiheiyo Cement Corp	3	●		●
Taiwan Semiconductor Manufacturing Co Ltd	4	●		
Takeda Pharmaceutical Co Ltd	1			●
	2			●
Telefonaktiebolaget LM Ericsson	2	●	●	
Telefonica Deutschland Holding AG	3	●	●	
Teleperformance	1		●	●
	2		●	●
	3		●	
Tencent Holdings Ltd	4		●	
Tesco PLC	1	●	●	
Tetra Tech Inc	4	●	●	●
Texas Capital Bancshares Inc	4		●	●
Texas Instruments Inc	3	●	●	●
Texas Roadhouse Inc	2			●
Textron Inc	2			●
	2			●
	4	●	●	●

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Company Name	Quarter	Environmental	Social	Governance
Thai Oil PCL	4	●		
Thales SA	1			●
THG PLC	1	●		●
	4			●
Times China Holdings Ltd	4	●	●	●
TJX Cos Inc/The	3	●	●	●
TMK PJSC	3	●		
TMX Group Ltd	3	●		
Torrent Pharmaceuticals Ltd	1	●	●	●
	3			●
TotalEnergies SE	2			●
Toyota Motor Corp	3			●
Tractor Supply Co	4	●	●	●
Trainline PLC	1			●
	1			●
Transaction Capital Ltd	1			●
	2		●	●
TransUnion	4		●	●
Transurban Group	4			●
Treasury Wine Estates Ltd	2			●
TreeHouse Foods Inc	1		●	●
Trex Co Inc	4	●		
TRG Pakistan	4		●	
Trimble Inc	4	●		
Truist Financial Corp	1		●	●
Turkiye Sise ve Cam Fabrikalari AS	1	●	●	●
Turning Point Therapeutics Inc	4			●
Twilio Inc	2			●
Tyman PLC	1			●
UBS AG	4	●		●
UBS Group AG	1		●	●
Ukrainian Railway	3			●
	4	●	●	
Ultragenyx Pharmaceutical Inc	1	●	●	●
Unilever PLC	1	●	●	
	2	●		
	4			●
United Parcel Service Inc	1		●	●
United Rentals Inc	4	●	●	●
United Therapeutics Corp	3			●
Upwork Inc	1		●	●
	3	●	●	●
Van Lanschot Kempen NV	1			●
Verisk Analytics Inc	4	●		●
Vertex Pharmaceuticals Inc	2			●
Victorian Plumbing Group PLC	4			●
Virtus Investment Partners Inc	1	●	●	●
Visa Inc	3		●	●
Vnet Group Inc	4	●	●	
Vodafone Group PLC	1	●		●
Volcan Cia Minera SAA	1	●	●	●
Volkswagen AG	2	●	●	●
Vonovia SE	1	●	●	
VGP NV		●	●	
Vulcan Materials Co	1	●	●	●
Wal-Mart de Mexico SAB de CV	1	●	●	●
Walmart Inc	1	●	●	●
Walt Disney Co/The	1		●	●
	4	●	●	●
Warby Parker Inc	2			●
Waste Connections Inc	2	●		
Weir Group PLC/The	1			●
	4			●

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Company Name	Quarter	Environmental	Social	Governance
Wells Fargo & Co	1	●	●	●
	2			●
	4	●	●	●
Wesfarmers Ltd	4		●	
West China Cement Ltd	4	●	●	●
Westlake Corp	4	●	●	●
Westpac Banking Corp	4			●
WEX Inc	2			●
Weyerhaeuser Co	4	●		
Whitbread PLC	2			●
	4			●
Williams Cos Inc/The	1	●	●	●
Wilmar International Ltd	3	●	●	
Winmark Corp	2	●	●	
Wizz Air Holdings Plc	3			●
Woolworths Group Ltd	1	●	●	
	2	●	●	
Worley Ltd	4			●
WPP PLC	2			●
Wynn Resorts Ltd	2			●
X5 Retail Group NV	2			●
Xero Ltd	3			●
Xylem Inc/NY	1		●	●
Yoma Strategic Holdings Ltd	1		●	
Yum China Holdings Inc	1		●	●
	4	●	●	●
Yum! Brands Inc	3			●
Zalando SE	1			●
	1	●		
Zebra Technologies Corp	3		●	●
Zomato Ltd	3			●
Zurich Insurance Group AG	1	●		
	4	●	●	
	4	●		●
Zynga Inc	2			●

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