



T. ROWE PRICE ENGAGEMENT POLICY

At T. Rowe Price, we believe it is our responsibility as an asset manager to safeguard our clients' interests through active ownership, monitoring, and mutual engagement with the issuers of the securities we hold in our clients' portfolios. Thanks to the trust our investment clients have placed in us, T. Rowe Price is a significant investor for many of the world's leading companies. This affords us, in most cases, access to company management teams and board members. We believe our responsibilities as diligent investors do not cease with the decision to purchase a security. We maintain regular dialogue with the managements of issuers represented across our portfolios. Where we find areas of concern, we make those concerns known to them.

DEFINING ENGAGEMENT

While we engage with companies in a variety of investment contexts, engagement within the scope of this policy is defined as interaction between T. Rowe Price and an issuer of corporate securities with the intent of learning about, influencing, or exchanging perspectives on the company's environmental practices, corporate governance, or social issues affecting the business.

Generally, we have three possible objectives when initiating engagement:

1. to obtain information from an issuer to assist us in making a voting decision;
2. to share our perspective with an issuer on a particular matter relating to corporate governance or sustainability; or
3. to accommodate an issuer's request to share information or perspective with us.

Note: This policy statement is focused on engagements where we enter into a dialogue with an issuer of corporate securities in which our clients have an investment. Corporate securities include equity instruments and high yield and investment-grade debt. This policy does not address our interactions with other issuers such as municipalities or sovereign entities because in these categories we take an ad hoc approach to engagement. The nature of engagement with noncorporate entities is such that each instance requires a unique 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. This type of engagement falls outside the scope of this policy.

ENGAGEMENT PHILOSOPHY

Engagement, proxy voting activities, and assessment of a broad range of investment considerations—including environmental, social, and governance (ESG) issues—are integrated into T. Rowe Price's investment processes. Based on our view that these issues are important investment considerations, our engagement program is driven by our investment professionals and usually focused on a matter material to the investment case. It 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. Our engagement approach is driven by investment issues such as:

- Who represents shareholders on a company's board? Is the board a strategic asset for the company?
- Which factors drive the executive compensation program 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 bondholders during the period before the instrument matures?

The central focus of our engagement program is at the company level. Generally, we do not identify broad themes and then engage with multiple companies on the same issue. We believe our company-specific approach results in the highest impact because it is aligned with our core investment approach: *active management rooted in fundamental investment analysis*.

A SPECTRUM OF ENGAGEMENT INTENSITY

Our engagement program primarily takes place through formal letters to Boards of Directors, private meetings in our offices, conference calls, and proxy voting. 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.

Light engagement

We hold hundreds of short, direct conversations with companies over the course of each year, focused on issues that may fall outside the scope of our analysts' normal ongoing due diligence meetings with companies. In the U.S., most of these engagements are conducted via conference call and do not involve board members. Outside the U.S., in-person meetings that include directors are more common. Typically, the parties involved are the company's general counsel and a subject matter expert, our industry analyst, and our governance or sustainability specialists. The purpose of these conversations is usually for us to gather information about a specific aspect of the company's environmental, social, or governance profile. We find these exchanges add to our overall mosaic of information about the issuer.

Heavy engagement

On occasion, a more intensive, in-depth exchange with a company management or board becomes necessary. The purpose of this type of engagement is to share our perspective about what we view as a significant impediment to our ability to meet our investment goals and to explore ways to work constructively with the issuer to address the concern. In our experience, such engagement is most effective when it is directly led by our fund managers and reflects their view that a serious concern is present but potentially may be ameliorated through cooperation between companies and their investors—either equity holders, fixed income investors, or both. These are the situations where we concentrate our investment of time and resources because we believe they have the highest probabilities of meaningful and successful outcomes for our clients.

PRIORITIZATION OF ENGAGEMENT

Given that T. Rowe Price offers predominantly actively managed portfolios, in most cases we have the option not to invest in a situation where we see an impediment to reaching our investment goals. As a result, we are very careful and selective in entering into a heavy engagement. Before embarking on any heavy engagement, we consider the following questions:

- Are we significant shareholders or bondholders?
- Do we expect to remain long-term investors in the security?
- To the extent that there are multiple portfolio managers within T. Rowe Price who own the security, do they all agree on the nature and extent of the problem?
- Do we have both a concrete understanding of the problem and a constructive solution to offer?
- Do we believe this engagement can lead to the change necessary in order to improve the investment's risk/return profile?

COLLABORATIVE ENGAGEMENT

Occasionally, we participate with other investors in industry-level initiatives aimed at improving disclosure or business practices on a market-wide level. To facilitate such opportunities for collaborative engagement, T. Rowe Price has joined or led various initiatives to bring investors together for purposes of advocacy or engagement. See the list on the right for our current memberships.

MANAGING POTENTIAL CONFLICTS OF INTEREST

With regard to voting and engagement activities, T. Rowe Price has adopted safeguards to ensure that these activities are not influenced by interests other than those of our advisory clients.

- Individuals whose primary duties relate to client-relationship management, marketing, or sales are not permitted to participate in discussions related to engagement.
- With respect to personal conflicts of interest, T. Rowe Price's 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, and it restricts their ability to engage in certain outside business activities. Investment professionals with a personal conflict of interest regarding a particular issuer must recuse themselves and not participate in any decisions with respect to that engagement.
- All of our proactive, outbound engagements are initiated by T. Rowe Price investment professionals, including analysts, portfolio managers, or our specialists in responsible investment and corporate governance. Engagement plans are assessed and executed as described elsewhere in this policy, without regard to any business relationship between the issuer and T. Rowe Price.

ORGANIZATION	DESCRIPTION	T. ROWE PRICE STATUS
Asia Corporate Governance Association (ACGA)	Pan-Asian association for institutional investors	Member
Associação de Investidores no Mercado de Capitais (AMEC)	Association of minority investors in Brazil	Member
Council of Institutional Investors (CII)	U.S. association of institutional investors, corporate issuers, and asset managers	Associate Member
Investor CDP	Advocacy group for better disclosure of carbon emissions	Signatory
Investor Stewardship Group (ISG)	Investors advocating for core governance principles for U.S. market participants	Founding Member
Japan Stewardship Code	Public commitment to uphold stewardship principles	Signatory
Principles for Responsible Investment	Global initiative for responsible investment	Signatory
UK Investor Forum	Collaborative engagement association for investors in UK companies	Founding Member
UK Stewardship Code	Public commitment to uphold stewardship principles	Signatory

FREQUENTLY ASKED QUESTIONS

Q: Does T. Rowe Price publish the results of its engagements with companies?

A: Periodically, we publish high-level engagement statistics or case studies illustrating the facts and outcomes of select engagements without disclosing the names of the companies. Because our engagement priorities are so tightly connected to our investment views on a company, it's important that we conduct our company-level engagement activities privately in almost all cases.

Q: Under what circumstances does T. Rowe Price participate in engagement initiated by a company?

A: Generally, we are interested in engaging on ESG matters with any issuers in our clients' portfolios who wish to initiate such a dialogue. Due to capacity constraints, we are usually only able to speak with companies in which we hold a sizable stake in one or more actively managed, fundamentally oriented portfolios. We would define a stake as sizable when we are among the company's top 50 shareholders. We are not generally available to engage with companies where we do not hold a significant position in the security.

Q: How should issuers contact T. Rowe Price if they are interested in engagement?

A: Issuers may request meetings by emailing Engagement@TRowePrice.com. It is helpful if the company provides:

- a clear, specific request (*"We are requesting a conference call" is preferred over "We are checking in to see if you would like to provide any feedback"*);
- a general description of the topics the company's management would like to discuss;
- the desired time frame and nature of the meeting (conference call or in person); and
- contact details for the person in charge of arranging the meeting.

When requests are received through the Engagement@TRowePrice.com mailbox, an administrator will determine whether they should be directed to our Corporate Governance group, Responsible Investment group, or both. Then, a member of the appropriate group will respond to arrange the meeting.

Note: Issuers should not feel obligated to initiate engagement with T. Rowe Price if they do not find it useful or if there are no particular areas of concern at the present time. There is no expectation on our part that outreach should be conducted on a particular frequency, such as annually. Communication with the managements of the companies in our clients' portfolios is a core component of our process as active managers; additional engagement on ESG matters is not necessary in every case.

Q: Who should attend an engagement meeting from the issuer side? Who participates from the T. Rowe Price side?

A: For routine engagement, it is generally best to have the appropriate members of management (general counsel, chief human resources officer, investor relations team, corporate secretary, head of sustainability) on the call, speaking with the T. Rowe Price specialist in governance or sustainability, or both, as appropriate. The agenda for the meeting should dictate the list of participants.

On occasion, T. Rowe Price may seek to initiate a higher-level discussion with a company when we believe there is an issue of governance or sustainability that has not been sufficiently addressed by management and may impede our ability to achieve our investment objectives. These discussions generally begin at the management level, but afterward we may request a meeting with one or more members of the Board of Directors. For these meetings, the optimal set of participants includes members of company management, directors, our corporate governance/sustainability specialist, our industry analyst, and the portfolio managers who hold the security in their clients' portfolios.

Q: What types of materials and preparation are useful in an engagement context?

A: It is not necessary to send materials in advance of a call, but we find summary presentations to be particularly useful as we build and maintain a history of the dialogue between each issuer and T. Rowe Price. Useful summary presentations generally contain:

- a. an overview of the company's performance highlights for the past year;
- b. a high-level description of the management incentive plan;
- c. a table describing the board members and their particular skills and experience;
- d. a description of any environmental or social key performance indicators the company considers material; and
- e. a list of key company contacts.

Issuers may also wish to review the T. Rowe Price Proxy Voting and Responsible Investment guidelines in advance of a call. The guidelines are located here: troweprice.com/esgpolicy.

From our side of the table, we endeavor to prepare for each engagement call by reviewing the company's most recent proxy filing, voting results from the most recent shareholder meeting, recent internal analyst reports, the corporate sustainability report, and company news. In our experience, engagement meetings are more productive when each participant has the proper context ahead of time.

Q: Can engagement meetings be arranged by proxy solicitors or other third-party advisors?

A: Third parties may email Engagement@TRowePrice.com to schedule meetings on behalf of their clients. Please keep the following guidance in mind:

- Proxy solicitors should request our permission before joining the call as a participant.
- All participants on an engagement call should introduce themselves at the beginning of the call. It is unacceptable to listen in on the call without announcing your presence.
- Proxy solicitors should not use the email address above for purposes other than arranging meetings.
- Proxy solicitors should not contact T. Rowe Price investment analysts or portfolio managers directly under any circumstances.

RANGE OF ENGAGEMENT ACTIVITIES

TYPE OF ISSUE	DESCRIPTION	ESTIMATED FREQUENCY	CHARACTERISTICS OF ENGAGEMENT DISCUSSION
Light Engagement	Brief informational exchanges with issuers regarding matters of a short-term nature.	250–300/year	<ul style="list-style-type: none">■ Discuss upcoming proxy vote.■ Evaluate proposed changes to executive compensation plan.■ Share our perspective on a specific governance issue.■ Request additional disclosure on an environmental indicator.
Heavy Engagement	Multiple exchanges with a single issuer over a matter of serious concern. Typically, these engagements remain open for an extended period of one to two years.	10–15/year	<ul style="list-style-type: none">■ Write letters to a board expressing concern over a serious governance issue.■ Make presentations to the Board of Directors of a company.■ Take a public stance on an important issue such as shareholder rights, unfair treatment of investors, or conflicted transactions.
Proxy Contests	An issuer or dissident shareholder initiates a formal solicitation period, and there are more candidates for election than available board seats.	20–30/year	<ul style="list-style-type: none">■ To the extent T. Rowe Price has a significant investment in the company, we endeavor to meet with both parties in the contest.■ Portfolio manager of each strategy is the final decision maker for the shares held in his or her investment strategy.
Collaborative Engagement	If other institutional investors share our concern about an ESG issue, we may elect to work on solutions together as a way to strengthen our message.	2–3/year	<ul style="list-style-type: none">■ Generally conducted through established organizations where T. Rowe Price is a member, such as UK Investor Forum, Asia Corporate Governance Association, or Council of Institutional Investors.

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