



**ESG
SPOTLIGHT**

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T. ROWE PRICE'S INVESTMENT PHILOSOPHY ON SHAREHOLDER ACTIVISM

EXECUTIVE SUMMARY

We are long-term investors. The core of the T. Rowe Price client-centered investment philosophy is to utilize proprietary research to guide active investment selection and diversification to reduce risk. For more than 80 years, our collaborative, disciplined approach has stood the test of time.

Proprietary, fundamental research is a critical foundation of our equity investment processes, and our ability to generate unique insights about companies is, in turn, dependent on our ability to cultivate constructive, private, two-way communication with the managements of these companies over time. Therefore, as we think about the effects shareholder activism may have on our investment process, we take a very long-term perspective because well-functioning capital markets and plentiful high-quality investment opportunities are essential to the future of our investment process, our clients, and our firm.

In order to truly assess a company's suitability as an investment in our clients' portfolios, we have to understand not only its financial outlook but also its unique culture, the strengths and weaknesses of its management team, its current and potential market opportunity, and its ability to adapt to change.

Under ideal conditions, this sort of dialogue with company management progresses over time and produces two important results: a rich source of insight for us as investors and a useful stream of feedback and market perspective for the company.

Conditions aren't always ideal, and on occasion a company in our portfolios faces a contentious campaign of some kind: shareholder activism or a hostile approach by another company.

OUR PHILOSOPHY

Our philosophy on shareholder activism is based on our own observations as experienced, fundamentally oriented investors. The core tenets of our philosophy are:

- We believe each activism campaign represents a unique set of conditions that have combined to create an inflection point for the company

involved. We have a responsibility as engaged, active investors to assess each situation on its own merits.

- We believe management teams of companies have better information about their businesses than outside parties do. Therefore, a certain amount of deference is owed to management's assessment of the company's opportunity set.

- Our disciplined, active approach to investment is rooted in our ability to identify, support, and invest in companies that create sustainable value over time. Neither companies nor activists have cornered the market on great ideas that could generate value. Therefore, we believe company managements and their boards should exhibit openness, curiosity, and intellectual honesty with regard to serious, well-supported ideas for value creation, even when such ideas originate outside the company.
- The time frame we apply for decision-making in activist campaigns is a multiyear view. Our objective is to determine which path is likely to foster sustainable, long-term performance by the company.

The purpose of this statement is to share our philosophy and policies on shareholder activism with our clients, portfolio companies, activist investors, and other market participants.

- In almost all cases, we do not believe it is T. Rowe Price's role to initiate activism campaigns. We have adopted internal policies prohibiting our investment personnel from attempting to initiate an activism campaign indirectly, such as by discussing or pitching ideas to activist investors or other outside parties.
- Our overall proxy voting track record is evidence of our commitment to make voting decisions based on company-specific analysis. Our individual portfolio managers maintain autonomy to vote as they see fit for their clients' portfolios.

We believe our duty to the investing clients we represent is to approach decision-making in activism campaigns with a long-term perspective, conscientious methods, diligent research, candid dialogue, and open minds.

ROLES AND RESPONSIBILITIES

In situations where we have a significant investment in a company that is the subject of an activism campaign, we believe it is our duty as engaged investors to participate in the process in the interest of reaching the outcome we conclude will produce the best result for our clients.

In some situations, we believe our engagement has helped facilitate compromise between the parties, which is usually a better outcome than a contested vote.

In activism campaigns where T. Rowe Price has a significant investment, our commitments to the involved parties are:

COMPLIANCE	Scrupulous adherence is required to all applicable regulations and our firm's internal policies regarding receipt of material nonpublic information, communications with other shareholders, confidentiality, and disclosure requirements.
RESEARCH	Diligent assessment of the dispute at the center of the activism campaign is a core responsibility. In almost all cases, execution of this duty requires that we meet with both sides of the campaign at least once.
TRANSPARENCY AND ACCESS	Once we have formed an opinion about an activist-related situation, we believe it is important to be transparent about our thought processes and conclusions. Generally speaking, both sides of a campaign can expect candid feedback from T. Rowe Price regarding the path we believe will lead to the best outcome. In the specific case of proxy contests, we will share our voting decision with both parties in the campaign in advance of the vote upon their request.

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INDEPENDENCE

The only criteria we use in determining the best course of action in activism campaigns are those related to the long-term interests of our advisory clients. We arrive at voting decisions in contested elections independently.

We do not retain outside parties to engage with companies for us. We do not allow the business interests of our firm (for example, client-facing associates) to take part in any discussion or decision-making related to activism campaigns. Although we are clients of ISS for proxy-related research, we do not follow the recommendations of proxy advisors on proxy contests.

Furthermore, at T. Rowe Price, the responsibility to make proxy voting decisions resides with the portfolio manager of each strategy. Therefore, decisions on activism campaigns—as well as all corporate governance issues—are made through an investment-centered lens.

To the extent that the managers of multiple strategies own the same security but disagree about the issues before them in a proxy contest, they vote individually. It is not uncommon for T. Rowe Price portfolios to cast different votes on proxy matters.

CLEAR COMMUNICATION

In situations where it is both appropriate and important for us to speak with other investors regarding an activism-related investment situation, we will do so.

Generally speaking, these engagements would include our industry analyst who follows the company, portfolio managers who own the investment in their clients' portfolios, our head of corporate governance, internal legal counsel, or a combination of these.

Under T. Rowe Price policies, such engagement with other investors regarding activism campaigns should only take place under specific conditions:

- when the activism campaign has been publicly disclosed, either through confirmed press reports or public filings;
- when the other investors acknowledge that we do not intend to form a group or act in concert with them;
- when T. Rowe Price is an existing, significant investor in the company; and
- when the subject of the discussion is a single, known activism campaign, not the potential actions the investor may initiate in the future.

We wish to be absolutely clear about this important principle: Other shareholders do not represent our views or speak on our behalf about the companies in which we invest. While we may engage with activists or other investors in the interest of hearing both sides of the dispute for due diligence reasons, we never ask, encourage, or allow other shareholders to speak for us.

DEFINITIONS

For purposes of this statement, we use a narrow definition of shareholder activism:

- publicly disclosed campaigns by significant, large investors declaring an intent to influence management or boards of directors on matters of strategy, capital allocation, management, and/or corporate governance;
- publicly disclosed, unsolicited offers from strategic buyers, private equity investors, or a consortium of these to acquire a company using a hostile approach; and
- proxy contests.

OUR MESSAGE TO COMPANIES:

If an activist or any other investor claims to represent T. Rowe Price's view on any investment or voting matter related to your company, please disregard this claim and contact us directly using the instructions below.

OUR MESSAGE TO ACTIVISTS AND OTHER INVESTORS:

If you claim to represent the views of T. Rowe Price in any activism campaign, it creates confusion in the marketplace and reduces our propensity to engage with your firm in the future.

CONTACT

For further information about this statement, or to initiate engagement with T. Rowe Price, reach us at Engagement@TRowePrice.com.

A full collection of our policies on voting and responsible investment issues is available here: [T. Rowe Price ESG Policy](#)