

2019 AGGREGATE PROXY VOTING SUMMARY  
(US Mutual Funds)

Environmental, Social, and Governance

# ESG

**In this report, we summarize our proxy voting record for the 12-month period ended June 30, 2019 (the “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. In conjunction with this report, we have filed with the U.S. Securities and Exchange Commission (SEC) and posted on [troweprice.com](http://troweprice.com) each T. Rowe Price Fund’s votes on all proxy proposals voted during the period.

## 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 our fiduciary responsibility to our clients. When considering votes on our company proxies, 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.

Furthermore, we believe an investment-centered, company-specific approach to analyzing corporate governance issues based on our investment process is the appropriate framework for T. Rowe Price. Therefore, we do not shift responsibility for our voting decisions to outside parties, and our voting guidelines allow ample flexibility to take company-specific circumstances into account.



Following is a broad summary of some of our proxy voting patterns and results for the Reporting Period across our global equity-focused mutual funds. Ultimately, the portfolio managers of each Price Fund are responsible for voting the proxy proposals of companies in their portfolios.

<b>SUMMARY OF MAJOR PROPOSAL ITEMS</b> July 1, 2018—June 30, 2019, Mutual Funds Only		
<b>PROPOSAL</b>	<b>% VOTED WITH MANAGEMENT</b>	<b>% VOTED AGAINST MANAGEMENT</b>
<b>I. Proposals Sponsored by Management</b>		
Add/amend antitakeover provisions	47%	53%
Reduce/repeal antitakeover provisions	96%	4%
Appoint or ratify auditors	99%	1%
Capital structure provisions	91%	9%
Compensation issues		
i. Director/auditor pay	92%	8%
ii. Employee stock purchase plans	94%	6%
iii. Executive plans	77%	23%
iv. Say on pay	86%	14%
Elect directors (uncontested)	91%	9%
Mergers and acquisitions	94%	6%
Routine operational provisions	90%	10%
Amend/enhance shareholder rights	90%	10%
<b>II. Proposals Sponsored by Shareholders</b>		
Remove antitakeover provisions	30%	70%
Amend compensation policies	86%	14%
Appoint an independent Board chair	47%	53%
Amend/adopt shareholder rights	73%	27%
Environmental proposals	87%	13%
Social issues proposals	91%	9%
Political activity proposals	95%	5%
<b>III. Contested Elections</b>		
Elect directors in proxy contest	56%	44%
<b>IV. Totals</b>		
Total management proposals	91%	9%
Total shareholder proposals	76%	24%
<b>Total Proposals</b>	<b>90%</b>	<b>10%</b>

## Election of Directors

At T. Rowe Price, we recognize that it is the responsibility of the Board of Directors 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 directors are the designated representatives of shareholders' interests. Therefore, our voting reflects our assessment of how effectively they fulfill that duty.

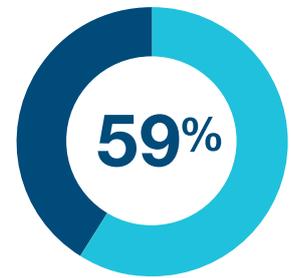
In our global portfolios, we take a market-by-market approach to assessing Board composition and independence, recognizing that regional corporate governance codes around the world apply different expectations. In the U.S., we generally support a company's nominees for director when at least a majority of the Board's directors are independent and when those directors' performance in the prior year has not given us cause for concern. Where there is cause for concern, we vote against the reelection of an individual director, 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:

- 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 majority vote in the prior year;
- adopting takeover defenses or bylaw changes that we believe may 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 interest 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;
- maintaining an insufficient level of diversity at the Board level; 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 59% of our total number of voting decisions this year. Almost all these elections are uncontested, meaning 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 majority voting has the potential to substantially improve the U.S. system for electing corporate directors, increasing their accountability to shareholders. 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.

Generally, we also support the notion that companies should offer shareholders certain safeguards, such as proxy access and the right to call special meetings. In the past two years, however, we have seen a sharp rise in the number of shareholder-led initiatives to ease the standards by which such safeguards can be used. For companies that have already adopted acceptable standards of proxy access and special meetings, we do not support shareholders' efforts to revise these. This is the reason our overall support for proposals in the Shareholder Rights category has fallen.



**Elections of company directors represented 59% of our total voting activity this year.**

## 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. Often, the presence of activist shareholders does not result in a voting event, as the company and the activist negotiate some form of mutually agreeable outcome. In some cases, however, negotiations stall and investors end up with 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. Whereas last year, we supported incumbent management candidates in 37% of contests, this year that figure rose to 56%.

For a full discussion of our perspective on shareholder activism, refer to: [Investment Philosophy on Shareholder Activism](#).

## Executive Compensation

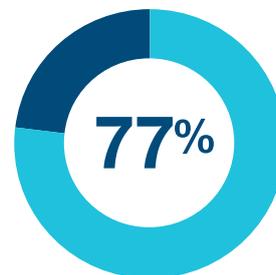
Annual advisory votes on executive compensation, nonbinding resolutions known as “say on pay,” are a common practice globally. As a result, executive compensation decisions remain a central point of focus for the dialogue that routinely takes place between companies and their shareholders. In our view, 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 14% 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 the compensation of its executives over a multiyear period. However, the annual shareholder meeting is not our only opportunity to provide feedback to the companies in our clients’ portfolios. We are also engaged in constructive dialogue with Board members and management teams of a number of companies at any point in time, and compensation practices feature prominently in these conversations.

## 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 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 77% of the time.

We oppose compensation plans that, in our view, provide disproportionate awards to a few senior executives or have the potential to excessively dilute existing shareholders’ stakes. Also, we oppose any plans with auto-renewing “evergreen” provisions or plans that give Boards the ability to reprice out-of-the-money stock options without shareholder approval. These practices undermine the link between executive pay and performance.



**We supported the adoption or amendment of 77% of compensation plans.**

## 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.

## Antitakeover Provisions

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 have the potential to impede an enterprise from realizing its full market value and because they can 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.

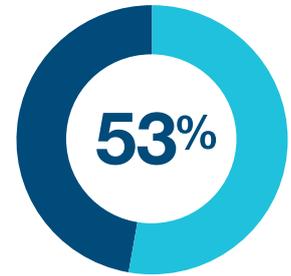
A positive development in the U.S. over the past several years is the trend of companies dismantling their long-standing antitakeover provisions at the urging of their shareholders. When such provisions (for example, a supermajority vote requirement) are embedded in the company's charter, a shareholder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

## Separate Chairman and CEO

In many markets, the most common Board leadership structure has separate roles for the Board chair and the company's chief executive officer (CEO). 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 the combination of an independent Board chair and a designated lead director provides adequate protection of shareholders' interests. In other situations, we conclude that shareholders' interests would be better served by separating the roles. This year, T. Rowe Price voted in favor of shareholder proposals to appoint an independent Board chair 53% of the time.

## Social and Environmental Proposals

T. Rowe Price evaluates all social and environmental shareholder proposals on a case-by-case basis, and we support those resolutions addressing potentially material investment risks that have not, in our opinion, been adequately addressed by management. Our general observation is that companies have significantly improved their disclosure on environmental and social issues, including the potential risks and opportunities such issues may pose to the business over the long term.



**T. Rowe Price voted in favor of shareholder proposals to appoint an independent Board chair 53% of the time.**

Many shareholder proposals within this category prescribe a specific set of reporting guidelines that companies should adopt instead of targeted reports addressing specific, relevant issues. At this time, we do not support the principle that companies should adhere to one disclosure framework over another. We also believe it is often unnecessary for a company to produce a broad-based sustainability report covering all manner of environmental, human capital, social, and labor issues when their investors' most significant exposure lies in only one of these areas. Instead, we believe companies should tailor their reporting toward the most significant drivers or risk factors in their businesses. As overall environmental disclosures have improved, our support for shareholder proposals in this area tends to be relatively low.

This year, we supported 13% of shareholder proposals concerning environmental issues. In addition, we supported 9% of socially oriented proposals, particularly those advocating for nondiscriminatory employment policies or strengthening the diversity of the company's Board. We do not generally support shareholder proposals relating to a company's political activities, but we may do so in instances where we believe such activities pose significant risks for shareholders.

For more information about our funds' proxy voting policies and procedures, you may call us at 1-800-225-5132 or visit the SEC's website, [sec.gov](http://sec.gov), to request a fund's Statement of Additional Information (SAI). The description of our proxy voting policies and procedures is also available on our website, [troweprice.com](http://troweprice.com). To access it, click on the "About T. Rowe Price" column, then the "What We Do" tab at the top of the page, then "Policies". The annual proxy voting summary report as well as each fund's most recent annual proxy voting record is available on our website and through the SEC's website.

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