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## Introduction

T. Rowe Price Japan, Inc. together with T. Rowe Price Group (“T. Rowe Price” as a separate entity or as a whole group according to respective descriptions or statements) agrees it is appropriate for institutional investors to fulfill certain governance and oversight responsibilities, with the aim of enhancing the transparency and effectiveness of the capital markets.

Therefore, T. Rowe Price has elected to comply with Stewardship Code in Japan adopted as the result of investigations under the Council of Experts Concerning the Japanese Version of the Stewardship Code and announced by the Financial Services Agency in February 2014. We welcome the opportunity to discuss in the following sections how our investment processes comply with each of the principles under the Code.

Therefore, T. Rowe Price has elected to comply with the Code, effective 31 August 2014 and most recently updated as of 30 November 2017. This statement of compliance is available at:

[www.troweprice.com/institutional](http://www.troweprice.com/institutional)

<p><b>Principle 1: Institutional investors should have a clear policy on how they fulfill their stewardship responsibilities, and publicly disclose it.</b></p>	<p>T. Rowe Price is an investment manager investing on behalf of clients' accounts around the world. We employ primarily long-term-oriented, actively managed investment strategies. As such, active monitoring of and engagement with our investee companies are fundamental components of our investment processes.</p> <p>This document serves as public disclosure of our commitment to uphold the principles of the Japan Stewardship Code.</p>
<p><b>Principle 2: Institutional investors should have a clear policy on how they manage conflicts of interest in fulfilling their stewardship responsibilities and publicly disclose it.</b></p>	<p>At T. Rowe Price, our overarching approach to dealing with potential conflicts of interest is to resolve them in the manner that solely takes into consideration the interests of our investment management relationship clients.</p> <p>With regard to stewardship activities, we believe the most likely source of any potential conflicts between the interests of our firm and the interests of our investment management relationship clients would arise in the context of proxy voting. Our publicly disclosed Proxy Voting Policies and Procedures offer details about how we manage such potential conflicts of interest.</p> <p>Specifically, the policies describe our effort to avoid potential conflicts of interest by limiting membership on our firm's Proxy Committee to individuals whose job responsibilities do not include client relationship management, marketing or sales. Additionally, we believe any votes that follow our firm's pre-determined, standard proxy voting guidelines would not tend to result in potential conflicts of interest.</p> <p>Proxy votes that are cast contrary to our pre-determined guidelines could result in a potential conflict if the investee company is also a significant business partner, trading counterparty, supplier or client of our firm. Therefore, we require that fund managers document their reasoning for any votes contrary to our voting policies, and we subject these votes to an extra level of scrutiny by a group of experienced Proxy Committee members before the vote is cast.</p> <p>Another area where our firm may encounter a potential conflict of interests is when our clients own different securities of the same issuer. For instance, we may have some</p>

strategies that 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 owners of these various 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. For example, when a portfolio manager who owns common stock in a company wishes to write a letter to the board advocating for a particular change in strategic direction or an improvement in corporate governance practices, our Compliance division checks to see whether our firm’s clients also own any debt instruments of the company. If they do, the Fixed Income portfolio manager is given an opportunity to review the letter and provide comments. The leaders of our Equity and Fixed Income divisions, together with our Legal & Compliance staff, would be called in to assess the ways that our recommendations to the company would affect the performance of its various securities if they were to be adopted.

Generally speaking, T. Rowe Price would refrain from sending any letter to a company if doing so would bring advantages to one class of securities owned by our clients at the expense of any other class.

Finally, conflicts of interest can also occur on an individual level. Our policy states that fund managers or Proxy Committee members with personal conflicts of interest regarding a particular vote must not participate in the voting decisions with respect to that company.

A full discussion of our handling of potential conflicts of interest in proxy voting and engagement is available on our web site at <http://corporate.troweprice.com>. Choose Site Map at the bottom, then Policies and ESG Investment Policy in What We Do, then **Proxy Voting Policies** OR view our **engagement policy**.

**Principle 3: Institutional investors should monitor investee companies so that they can appropriately fulfill their stewardship responsibilities with an orientation towards the sustainable growth of the companies.**

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.

Meetings and conference calls with company managements and on-site company visits are routine elements of our fundamentally oriented research process. Less frequently, but on a regular basis, we interact with board members of investee companies. Our global investment analysts record notes and insights from these meetings in our proprietary internal research platform. This platform also houses our proxy voting record-keeping and notes system. Together, this platform allows us to integrate our investment-related content with our current and historical proxy voting decisions.

Understanding and assessing the corporate governance of our investee companies is ingrained in our investment processes. We believe thorough assessment of a company’s quality of leadership, incentive structure, degree of shareowner focus, ownership structure, board experience and other governance considerations is required in order to develop a true understanding of any company. For this reason, we have dedicated substantial internal and external resources to facilitate our fund managers’ monitoring, corporate governance, engagement and proxy voting responsibilities. Specifically, we have retained external specialists to provide specialized research in environmental risks, social issues and corporate governance.

In addition to these external resources, we have six specialists in our Investment division who specialize in ESG research and proxy voting. Collectively, these resources enable and assist our firm’s portfolio managers and global industry analysts in the

	<p>fulfillment of their stewardship responsibilities.</p> <p>Understanding and assessing the performance, strategy, growth opportunities and risks of the companies in our clients' portfolios is the central driver of our investment-research process. As of the end of the most recent calendar year, T. Rowe Price had a team of 162 equity research professionals<sup>1</sup> deployed across our investment offices around the world: Tokyo, London, Sydney, Hong Kong, Singapore, New York, San Francisco and Baltimore. The primary responsibilities of these analysts are monitoring of our current investee companies and assessing potential future equity investments.</p> <p><sup>1</sup>Includes 13 sector portfolio managers, 95 research analysts, 45 associate analysts, 6 quantitative analysts and 3 specialty analysts as of 30 September 2017.</p>
<p><b>Principle 4: Institutional investors should seek to arrive at an understanding in common with investee companies and work to solve problems through constructive engagement with investee companies.</b></p>	<p>Generally speaking, we endeavor to select for our clients' actively managed portfolios high quality companies that consistently meet our expectations over the long term. With these companies, active monitoring and dialogue serve as a means of staying up-to-date with the company's strategy and assessing management's execution of that strategy.</p> <p>Occasionally, however, 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. Such conclusions may lead our fund managers to consider selling or reducing the position. In other instances, though, we may decide that an effort to engage the company in dialogue is a better alternative.</p> <p>At T. Rowe Price, decisions to initiate or escalate engagement are led by our fund managers. With the assistance of our global investment analysts, our corporate governance specialist and our internal legal team, such escalation usually takes the form of arranging a meeting with management to discuss our concerns or writing formal letters to the company's board detailing our observations and advocating our recommended solutions. Generally speaking, we would not tend to air our grievances in the public arena by publishing statements, submitting shareholder resolutions or attempting to convene any EGMs. However, we would not categorically rule out taking any of these actions in the future.</p> <p>A decision to engage constructively with an investee company is a function of multiple factors. Our highest-priority engagements are those where (a) we own a substantial amount of the company's shares in an actively managed strategy and we intend to remain long-term owners; (b) we have general agreement among our portfolio managers about the nature of the concern and its potential solutions; and (c) we believe there is a reasonable probability that the company's leadership will enter into constructive dialogue with us.</p> <p>On certain limited occasions, T. Rowe Price may agree to receive material, non-public information regarding investee companies; the receipt of any such information must be conducted in compliance with the T. Rowe Price Group, Inc. Statement of Policy on Material, Inside (Non-Public) Information. Please contact the Stewardship Code contacts noted below for further information.</p> <p>Finally, there may be occasions when we engage with companies collaboratively with other institutional investors if we believe such engagement is appropriate and constructive. In 2016, we became members of the Asia Corporate Governance Association (ACGA), which provides opportunities for collaborative engagement.</p>

<p><b>Principle 5: Institutional investors should have a clear policy on voting and disclosure of voting activity. The policy on voting should not be comprised only of a mechanical checklist: it should be designed to contribute to sustainable growth of investee companies.</b></p>	<p>Across all markets, we endeavor to vote all proxies for which we are eligible to vote unless voting in a particular situation would require that we restrict our clients' shares from trading for a designated period of time or other onerous conditions are applied.</p> <p>T. Rowe Price as a whole group discloses the voting policies, procedures and decisions demonstrating how we implemented our proxy responsibilities for U.S.-regulated mutual fund portfolios on an annual basis. The disclosures are updated on or before 31 August of each year, covering the date range of 1 July of the prior year to 30 June of the current year. In addition, we publish a report for our clients each year highlighting important corporate governance trends from the prior period and aggregating our proxy voting decisions into categories. Upon their request, we also make available to our institutional clients a customized record of their portfolios' voting activities. We believe these disclosures sufficiently address the voting disclosure envisioned by this Code.</p> <p>Our publicly disclosed reports include the name of the corporate issuer, the date of the meeting, a description of each agenda item, the recommendation of the company's board on each agenda item, and the vote cast by the T. Rowe Price portfolio on each agenda item.</p> <p>The following documents are updated periodically and disclosed on our public web site. Go to <a href="http://corporate.troweprice.com">http://corporate.troweprice.com</a>. Choose <b>Investment Philosophy</b>, then <b>Conducting Business Responsibly</b>.</p> <ul style="list-style-type: none"> <li>- T. Rowe Price Proxy Voting Policies</li> <li>- T. Rowe Price ESG Investment Policy</li> <li>- T. Rowe Price ESG Integration Guidelines</li> <li>- T. Rowe Price Engagement Policy</li> <li>- T. Rowe Price Proxy Voting Summary</li> <li>- A searchable database of our proxy voting records</li> <li>- The Corporate Governance principles and the proxy statement of T. Rowe Price Group, Inc.</li> </ul> <p>The documents above also provide a detailed discussion of T. Rowe Price's use of proxy advisers. We are clients of one such adviser at this time: Institutional Shareholder Services (ISS). The services it provides range from voting execution and record keeping to research and recommendations. T. Rowe Price maintains a custom set of voting guidelines, which is administered with the assistance of ISS. Our fund managers, analysts and ESG specialists actively monitor the votes pending in our portfolios, and may decide to override our guidelines at any time with sufficient rationale. In absence of any other instructions, all eligible shares are voted in accordance with our custom guidelines.</p> <p>T. Rowe Price views proxy voting as an important feature of our ongoing responsibilities as engaged shareowners. It also can provide a unique opportunity to open a dialogue with management or boards of the companies in our portfolios. Therefore, we do not delegate voting decisions to our outside adviser.</p> <p>Finally, we recognize the potential impact on proxy voting of securities lending programs. T. Rowe Price has only a limited lending program in place at this time, so there are exceedingly few occasions when it becomes necessary to consider recalling shares for purposes of voting. However, we have a monthly review process in place to identify such potential situations and alert the portfolio manager of the circumstances. The decision whether to recall securities is left to the portfolio manager.</p>
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<p><b>Principle 6: Institutional investors in principle should report periodically on how they fulfill their stewardship responsibilities, including their voting responsibilities, to their clients and beneficiaries.</b></p>	<p>As stated under Principle 5, we publish an annual report summarizing our proxy voting decisions and our views on important corporate governance topics. This report is available via the T. Rowe Price Group corporate website. In addition, we are able to provide detailed voting summaries and other reports for our investment management relationship clients, arranged and delivered on a schedule determined by each client subject to its request.</p> <p>In addition to the reporting schedule, we produce information on a periodic basis about proxy voting, portfolio company engagement, stewardship and ESG issues. Such information is customized for our institutional clients and delivered directly to them. In addition, we publish periodic thematic reports on these topics on our public web site.</p>
<p><b>Principle 7: To contribute positively to the sustainable growth of investee companies, institutional investors should have in-depth knowledge of the investee companies and their business environment and skills and resources needed to appropriately engage with the companies and make proper judgments in fulfilling their stewardship activities.</b></p>	<p>We agree with the premise underlying the Japan Stewardship Code: that well-functioning markets depend on companies and institutional investors behaving in a responsible, constructive and well informed manner. In line with this view, T. Rowe Price has invested in extensive resources, enabling us to fulfill our duties with regard to stewardship.</p> <p>We have a large team of experienced investment analysts working from our investment centers around the world, but connected through a central research platform. These investment centers include an office in Tokyo, where our investment professionals have extensive educational credentials, professional investment experience, and a deep understanding of the business environment and culture in Japan based on their firsthand experience.</p> <p>In addition to investment expertise, T. Rowe Price brings to bear a rich set of internal and external resources within the fields of law, compliance, regulation, corporate governance, proxy voting, responsible investment, quantitative analysis and portfolio management, all of which contribute to our ability to execute our stewardship responsibilities effectively.</p> <p>In the interest of maintaining high standards in our stewardship program, we conduct a self-assessment at least annually. The components of this assessment include:</p> <ul style="list-style-type: none"> <li>– Reviewing the prior year’s proxy-voting decisions and presenting our findings to the T. Rowe Price Proxy Voting Committee;</li> <li>– Reviewing and updating our public disclosures, including this statement of compliance with the Japan Stewardship Code;</li> <li>– Determining whether our proxy voting policies are still relevant, given corporate governance developments in each market where we invest;</li> <li>– Evaluating the amount of resources we have dedicated to ESG research and stewardship to determine whether they are still sufficient for our needs;</li> <li>– Reviewing the quality and timeliness of the research we receive from external providers; and</li> <li>– Presenting the T. Rowe Price Proxy Committee with a copy of every letter we sent to the boards of corporate issuers in the prior year.</li> </ul> <p>In 2017, this self-assessment resulted in two significant changes to our stewardship program. First, we decided to increase the amount of resources we dedicate to</p>

	<p>stewardship by establishing a dedicated Responsible Investment team alongside our existing Corporate Governance team. Second, we determined that our external disclosures on stewardship matters required updates and expansion, and we completed these changes.</p> <p>Based on all the considerations enumerated above, T. Rowe Price agrees to comply with each principle under the Japan Stewardship Code.</p>
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### For Further Information

Institutional investors or investee companies wishing to discuss T. Rowe Price's activities under the Japan Stewardship Code may contact any of the following:

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