



2018 AGGREGATE PROXY VOTING SUMMARY

In this report, we summarize our proxy voting record for the 12-month period ended June 30, 2018 (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 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 each T. Rowe Price Fund’s votes on all proxy proposals voted during the period.

Election of Directors

At T. Rowe Price, we recognize 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 their fulfillment of that duty.

In the U.S., we generally support a company’s nominees for director when the board is composed of at least a majority of independent directors 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 re-election 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-rights policy that was approved by a majority of shareholders in the prior year;
- adopting takeover defenses or bylaw changes 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 interest and voting rights in a company through the use of dual-class stock with superior voting rights for insiders, without adopting a reasonable form of sunset mechanism;
- implementing a policy or practice that we believe is a breach of basic standards of good corporate governance; and
- failing to consistently attend scheduled board or committee meetings.

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 of 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. We also strongly favor proposals to restructure company boards so that all directors stand for election annually instead of being named to staggered, three-year terms.

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.

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 54% of contests, this year that figure dropped to 37%.

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, non-binding 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 U.S. companies and 14% of companies outside the U.S. 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 multi-year 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 of incentives. 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 80% of the time for companies based in the U.S., and about 78% of the time in all other markets.

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.

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.

Anti-Takeover Provisions

T. Rowe Price portfolio managers consistently vote to reduce or remove anti-takeover 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 anti-takeover 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. 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. A majority of the time, we find the combination of an independent board and a designated lead director provides adequate protection of shareholders' interests. In other situations, we conclude shareholders' interests would be better served by separating the roles. In the U.S. this year, T. Rowe Price voted in favor of shareholder proposals to appoint an independent board chair 48% 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 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.

Many shareholder proposals within this category prescribe a specific set of reporting guidelines 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 9% of shareholder proposals concerning environmental issues. In addition, we supported about 13% of socially-oriented proposals, in particular those advocating for non-discriminatory 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.

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 the voting items on our company proxies each year, 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 is the appropriate framework for T. Rowe Price, 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 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 U.S. stock funds. Ultimately, the chairperson of each Price Fund's Investment Advisory Committee is responsible for deciding and voting on the proxy proposals of companies in each fund.

SUMMARY OF MAJOR PROPOSAL ITEMS		
JULY 1, 2017–JUNE 30, 2018 (U.S. Stock Funds Only)		
PROPOSAL	% VOTED WITH MANAGEMENT	% VOTED AGAINST MANAGEMENT
I. Proposals Sponsored by Management		
Add/amend anti-takeover provisions	24%	76%
Reduce/repeal anti-takeover provisions	94%	6%
Appoint or ratify auditors	99%	1%
Capital structure provisions	91%	9%
Compensation issues		
i. Director/Auditor pay	93%	7%
ii. Employee stock purchase plans	97%	3%
iii. Executive plans	80%	20%
iv. Say on Pay	86%	14%
Elect directors (Uncontested)	92%	8%
Mergers & Acquisitions	96%	4%
Routine operational provisions	91%	9%
Amend/enhance shareholder rights	95%	5%
II. Proposals Sponsored by Shareholders		
Remove anti-takeover provisions	7%	93%
Amend compensation policies	65%	35%
Appoint an independent board chair	52%	48%
Amend/adopt shareholder rights	82%	18%
Environmental proposals	91%	9%
Social issues proposals	87%	13%
Political activity proposals	100%	0%
III. Contested Elections		
Elect Directors in Proxy Contest	37%	63%
IV. Totals		
Total Management Proposals	90%	10%
Total Shareholder Proposals	83%	17%
Total Proposals	90%	10%



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 Web site, 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 Web site, troweprice.com. To access it, click on "About" at the top of our home page, then "Policies", and then "Proxy Voting Policies." Each fund's most recent annual proxy voting record is available on our web site and through the SEC's web site.