T.RowePrice®
INVEST WITH CONFIDENCE

For or Against? The Year in Shareholder Resolutions—2022

With environmental and social proposals in the spotlight, case-by-case insights were key to our decision-making.

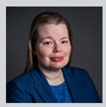
March 2023

EXECUTIVE SUMMARY

For the third year, we have published analysis of our voting results on shareholder resolutions of an environmental or social nature. After these resolutions earned unusually high support in 2021, we observed an increase in experimentation in 2022. We noted not only a large increase in the volume of proposals, an expansion of the types of topics brought to a vote, and growth in the population of proponents, but also an overall decrease in the quality of proposals.

Our approach to resolutions of this type continues to be examining them on a company-by-company basis as we decide how to vote. While trends in shareholder proposals change every year, our view is that accountability for environmental, social, and governance performance is best applied at the board level. We believe our 2022 voting record illustrates this principle clearly.

Donna Anderson
Head of Corporate Governance



Jocelyn Brown
Head of Governance, EMEA and APAC

Within the context of growing demands on the private sector to align businesses in ways that also address significant societal challenges, shareholder resolutions have become a frequently used mechanism to foster dialogue between investors and corporate leaders. Our approach to such resolutions continues to be guided by careful attention to the end result within our well-tested framework.

The Role of Proxy Voting in Stewardship

We see proxy voting as a crucial link in the chain of stewardship responsibilities that we execute on behalf of our clients. From our perspective, the vote represents both the privileges and the responsibilities that come with owning a company's equity instruments. We vote our clients' shares in a thoughtful, investment-centered way, considering both high-level principles of corporate governance and company-specific circumstances. We take an inclusive approach to these decisions, with involvement from our environmental, social, and governance (ESG) specialists and the investment professionals who follow the companies closely. Our overarching objective is to cast votes in support of the path most likely to foster long-term, sustainable economic performance for the company and its investors.

Our view is that the proxy vote is an asset belonging to the underlying clients of each T. Rowe Price Associates (TRPA) investment strategy. This means that our portfolio managers are ultimately responsible for making the voting decisions within the strategies they manage. To fulfill this responsibility, they receive recommendations and support from a range of internal and external resources, including:

- The T. Rowe Price Associates ESG Investment Committee
- Our global industry analysts
- Our specialists in corporate governance and responsible investment

- Insights generated from our proprietary Responsible Investing Indicator Model (RIIM)
- Our external proxy advisory firm, Institutional Shareholder Services (ISS)

Prudent Use of Our Influence

Our proxy voting program is one element of our overall relationship with corporate issuers. We use our voting power in a way that complements the other aspects of our relationship with these companies. For example, other contexts in which we might use our influence include:

- Regular, ongoing investment diligence
- Engagement with management on ESG issues
- Meetings with senior management, offering our candid feedback
- Meetings with members of the Board of Directors
- Decisions to increase or decrease the weight of an investment in a portfolio
- Decisions to initiate or eliminate an investment
- On occasion, issuing a public statement about a company—either to support the management team or to encourage it to change course in the long-term best interests of the company.

The case study in Table 1 illustrates a typical climate-focused set of engagements.

Climate Risk Safeguarding Shareholder Resolutions (TRPA)

(Table 1)

Australia and New Zealand Banking Group Limited (ANZ), National Australia Bank Limited (NAB), Commonwealth Bank of Australia (CBA), and Westpac Banking Corp. (WBC)	
Focus	Environmental
Company Description	These are the four major Australian banks.
Asset Class	Equity and Fixed Income
Country	Australia
Issue	MarketForces, a nongovernmental organization (NGO), filed shareholder resolutions at the four major Australian banks requesting that they immediately cease underwriting and lending to extractive clients due to new or expanded fossil fuel projects. Resolutions of this nature do not support an orderly transition to a low-carbon economy.
Analysis	Our view is that financial service providers have an important role to play in funding transitional technologies and projects, educating their extractives customers on where they are on the transition pathway, and expanding the opportunity set for their clients who need to transition. In order to do this effectively, we believe it is paramount that a bank financing a "high-emitting transitioner" has a robust and effective process to ensure that the borrower has a genuine, credible plan to achieve net zero. To tell banks and insurers to stop lending to extractive companies today, without the consideration of how the customer is transitioning, is inconsistent with our view that an orderly transition is possible. Finally, the resolution was impractical because even if the Australian financial services players decided not to finance fossil fuel projects anymore, foreign banks would step into the void and the projects themselves would proceed unchanged. This may also present challenges for the high-emitting transitioner if availability of financing becomes limited, or at least more expensive over the coming years. Members of our Responsible Investing, Governance, and Investment teams met with both MarketForces and the Australian banks to understand what the NGO is looking to achieve and also to understand how the banks are evaluating the credibility of clients' transition plans.
Vote Decision	Following the engagements, we were comfortable with how the banks are addressing financed emissions on their balance sheet and how they are evaluating the credibility of clients' transition plans. We voted against these shareholder resolutions during the recent annual general meetings and will continue to monitor the banks' climate approaches over time. Given the high visibility of these resolutions, we shared our voting intentions at the Commonwealth Bank of Australia in a public case study. The climate risk safeguarding resolution did not pass at any of the banks.

As of December 31, 2022.
Source: T. Rowe Price.

The specific securities identified and described are for informational purposes only and do not represent recommendations.

In an environment where large institutional shareholders are often rated by third parties according to how frequently they vote against Board recommendations, we wish to be clear—it is not our objective to use our vote to create conflict with the companies our clients are invested in. Instead, our objective is to use our influence, through the various avenues listed, to increase the probability that the company will outperform its peers, helping enable our clients to achieve their investment goals.

A proxy vote is an important shareholder right, but its power is limited to the one day per year when a company convenes its annual meeting. Influence—earned over time and applied thoughtfully—is a tool we use every day.

Varying Degrees of Regulation and Qualification

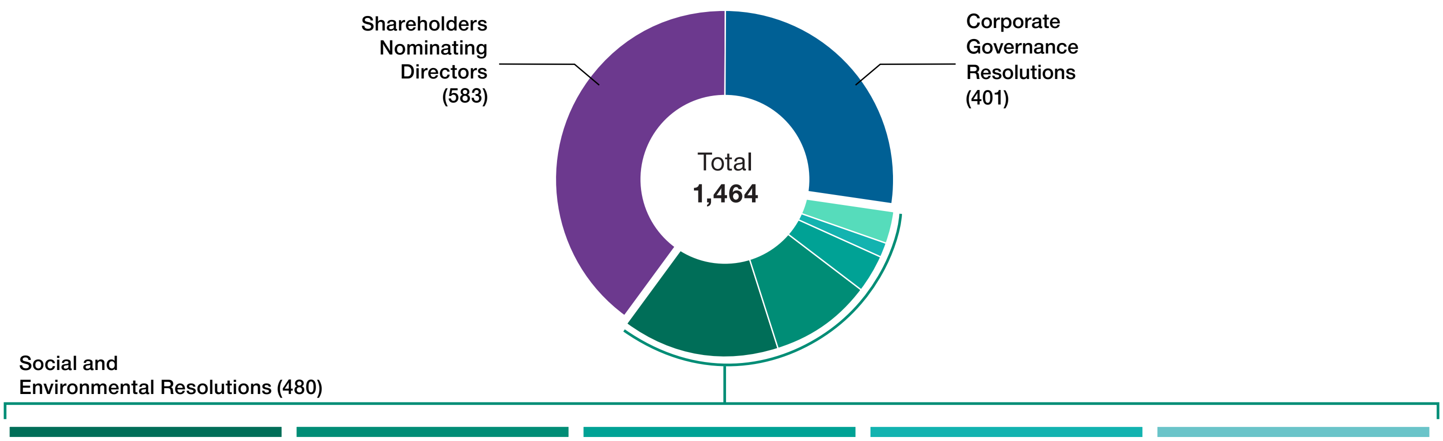
In some markets around the world, a company's shareholders are afforded the right to present items to be voted upon at the annual general meeting. However, these shareholder proposals are subject to varying degrees of regulation and qualification. In some markets, sponsors are required to have large, long-term holdings to be eligible to submit proposals, and as a result, shareholder resolutions are relatively infrequent and tend to be sponsored by institutional investors.

In other markets, particularly Japan, North America, and the Nordic region, filing requirements are minimal. As a result, it is common to see most resolutions in these regions submitted by individual investors and social advocacy organizations. In total, 70% of the resolutions that are the focus of this report were brought at U.S. companies.

Outside the U.S., another significant development is affecting voting patterns, particularly in the Europe, Middle East, and Africa (EMEA) region and Australia. In these markets, there is a growing embrace of voluntary, management-sponsored climate resolutions, or so-called say on climate votes. The purpose of these votes is for the company to present the details of its medium- and long-term climate strategy and reporting to investors for their endorsement. In markets where the say on climate voting concept has not gained traction—notably Japan—the spotlight remains on a small number of high-profile environmental resolutions brought by shareholders. In markets where the say on climate concept is more prevalent, we observe a more nuanced dynamic where the management-supported resolution may compete with a proponent's request for additional disclosure. In this reporting period, there were 45 say on climate votes across all TRPA global equity-focused portfolios; we supported 97% of them.

Shareholder Resolutions Voted on in 2022

(Fig. 1) Digging deeper into E&S resolutions



Social
221 Resolutions
11% supported
85% opposed
4% did not vote*

Environmental
143 Resolutions
21% supported
68% opposed
11% did not vote*

Political Spending and Lobbying
50 Resolutions
32% supported
68% opposed

Anti-nuclear Power
20 Resolutions
100% opposed

Anti-ESG
46 Resolutions
98% opposed
2% did not vote*

Chart shows the number of shareholder resolutions we voted on in 2022 by proposal topic. For "Social and Environmental Resolutions," we classify the proposals into 5 distinct categories.

*There are two reasons we elect not to vote a certain resolution. The first is a technical requirement when voting in contested elections, where we vote on the proxy card of one side, but we enter "DO NOT VOTE" instructions on the other card. The second is due to share-blocking, a requirement in certain markets that impose liquidity constraints in order to exercise voting rights. We generally do not vote in these markets.

As of December 31, 2022.

Source: T. Rowe Price Associates.

In 2022, TRPA portfolio managers voted on 1,464 shareholder-sponsored resolutions across all markets. Of those, 583 were situations where shareholders were nominating directors to a company's Board or technical proposals related to such elections. Another 401 were resolutions asking companies to adopt a specific corporate governance practice. Here, we focus on the 480 remaining proposals that specifically addressed environmental and social (E&S) issues. We classify these proposals into five distinct categories, as illustrated in Figure 1.

Voting Framework: Principles-Based or Case by Case?

When it comes to proxy voting issues, there is some debate as to the best approach: Is it best to look at each issue individually and consider the company's circumstances or to apply a set of principles evenly across all companies? In our view, the answer is both.

There are many areas within proxy voting where a principles-based approach can be implemented effectively. For example, our proxy voting guidelines are designed to promote an appropriate level of Board independence, robust shareholder rights, and strong link between executives' compensation and company performance. However, there are other areas where a case-by-case approach is necessary in order to achieve full alignment between our guidelines and our voting outcomes. This is very much the case for shareholder resolutions.

The main reason why shareholder resolutions are hard to implement with a principles-based voting approach is because they are more nuanced than other proxy voting categories. For example, we employ an objective set of indicators to determine a director's independence. It is a straightforward decision to vote against existing directors and suggest that the company replaces them with independent Board members. In the case of many shareholder proposals, the message to the company is not only that it needs to make a change, but also to employ a prescriptive method to do so. We often find ourselves agreeing with a proponent that a company's E&S disclosure is inadequate. However, we do not always agree with the prescriptive remedy.

The activities of the anti-ESG movement in the U.S. added complexity to our decision-making framework in 2022. While we have built multiple avenues to seek feedback from our global clients, many of who place a high priority on ESG integration or impact investing, we are aware that we have just as many clients who express no views on such matters. Some even hold negative views about the potential effects an ESG orientation may have on their investment outcomes or regional economies. A top priority for 2023 will be to engage proactively with a wider set of client populations and other stakeholders to ensure we are receiving a balanced picture of our clients' priorities and perspectives with regard to the prioritization of ESG.

Dramatic Shifts in the Proxy Voting Landscape

A notable development in proxy voting for 2022 was the increase in the number of shareholder-sponsored resolutions. Last year in this report we examined the 323 environmental and social resolutions voted across T. Rowe Price portfolios. This year that figure increased by 49% to the 480 proposals we examine in this report. There are multiple reasons for this increase. We have observed a general increase globally in investor engagement on environmental and social concerns, and some of that increased focus results in resolutions submitted for a vote. The other primary reason was a decision by the U.S. Securities & Exchange Commission (SEC) to adapt its interpretation of what types of resolutions were eligible to be added to a company's proxy. The SEC allowed more proposals across a wider range of environmental and social topics to move forward. Our observation is that the increase in the volume of proposals resulted in a decrease in their overall quality. We observed more inaccuracies in proposals this year, more poorly targeted resolutions, and more proposals addressing non-core issues. In fact, the category with the largest increase in volume was anti-ESG resolutions, which request that companies unwind their investments in environmental and social improvements. Last year, TRPA voted only nine of these resolutions; this year it was 46.

In addition, we observed a marked increase in the level of prescriptive requests. Proponents have moved swiftly from disclosure-based requests (seeking additional reporting on ESG matters) to action-based requests (seeking specific commitments, capital investments, or structural changes from the targeted companies). At the same time, proponents exhibited a lower propensity to negotiate settlements with issuers before taking a proposal to a vote.

These dramatic shifts in the landscape reinforced our commitment to a company-by-company approach to voting on these proposals. It is more important than ever to understand the company's overall circumstances, disclosure levels, performance, and material ESG risks before determining votes on these proposals.

Understanding Our Voting Rationale

We classify E&S resolutions into five distinct categories

SOCIAL

Proposal

This category contains a wide range of proposals on issues ranging from specific operational practices at companies to broader societal issues such as diversity.

Approach

Our approach to socially oriented resolutions is similar to the environmental category. We assess them on a case-by-case basis, considering the materiality of the issue being raised, the company's existing level of disclosure, the degree to which the resolution is prescriptive, the views of our Responsible Investing team, the stated intentions of the proponents, and our engagement history with the company.

2022 Voting Rationale

We supported 11% of proposals and opposed 85%.

Our reasons for opposing resolutions in this category:

- 38% were because we found that the companies already provide robust disclosure on the matter in question, and we do not believe providing additional reporting would be a good use of resources. We use RIIM social scores as one element of this assessment, along with a review of the company's disclosure.
- 12% were because we found the resolutions to be too prescriptive. Examples of proposals in this category include those asking companies to stop selling certain products.
- 22% were because we disagreed in principle with the proponents' objectives. There are certain recurring resolutions in this category where TRPA has simply reached a different conclusion than the proponent on whether certain practices would benefit a company's long-term shareholders. Three prominent examples in this group in 2022 were resolutions seeking to have employees become members of corporate Boards, resolutions seeking to have Delaware-based companies reincorporate as public benefit corporations, and resolutions asking companies to subvert their own economic interests for the potential benefit of the market as a whole. We do not believe these requests are aligned with the interests of investors.
- 10% represented resolutions we believed were of poor quality. These proposals are too vague, contain inaccurate information, or are targeted at a company for which the issue is not material.
- 3% were because the company had already committed to publish the disclosure requested.

ENVIRONMENTAL

Proposal

These proposals request that companies either disclose certain environmental data or adopt specific environmental policies or practices.

Approach

As part of our normal ESG engagement program, we encourage companies to improve their environmental disclosures. The current lack of standardization in environmental reporting makes it more difficult for us to analyze companies' environmental exposure. This is why we advocate using two specific reporting frameworks: the Sustainable Accounting Standards Board (SASB) and the Task Force on Climate-Related Financial Disclosures (TCFD). While we support the aim of many environmental proposals to improve disclosure, we find that a significant number of them ask for nonstandardized or ancillary disclosures. In these cases, we often find it difficult to support the shareholder proposal but will use the opportunity to engage with the company on improving its environmental disclosure using the SASB and TCFD frameworks. In our case-by-case analysis of environmental proposals, the company's current level of disclosure is our most important consideration. We also take into account the materiality of the issue for the company; the disclosure framework being requested; our prior engagement with the company on environmental matters; the views of our Responsible Investing team; the identity of the proponents, if available, and their stated intentions; and the degree to which the proposal is prescriptive.

2022 Voting Rationale

We supported 21% of proposals and opposed 68%.

Our reasons for opposing resolutions in this category:

- 20% were because we found that the companies already provide robust disclosure on environmental matters, and we do not believe additional reporting is necessary. We use RIIM environmental scores as one element of this assessment, along with a review of the company's disclosure.
- 29% were because we found the resolutions to be too prescriptive. Examples of proposals in this category include those asking the company to close plants, cease some of their operations in the short term, or devote significant capital expenditure toward changing the company's primary businesses. We believe it is inappropriate for such decisions to be made via shareholder resolution; they are best left to the company's Board.
- 7% were because we disagreed in principle with the proponents' objectives.
- 7% were because the company had already made a commitment in line with that the proponent requested.
- 5% represented resolutions we believed were of poor quality. These proposals are too vague, contain inaccurate information, or are targeted at a company for which the issue is not material.

Understanding Our Voting Rationale (continued)

We classify E&S resolutions into five distinct categories

POLITICAL SPENDING AND LOBBYING	
Proposal	These proposals seek disclosure of a company's direct political contributions as well as indirect spending via trade associations.
Approach	We believe corporate participation in the political process, where allowed by law, is appropriate. However, recently, we have observed a widening disconnect between what companies publicly disclose about their approach to environmental and governance matters and what their trade organizations advocate on their behalf. To the extent that we find mismatches of this nature, or generally poor disclosure regarding the Board's oversight of political activity, we have supported shareholder resolutions asking for more transparency around political activity.
2022 Voting Rationale	**We supported 32% of proposals and opposed 68%.** Our reasons for opposing resolutions in this category: ■ 60% were because we found that the companies already provide robust disclosure on the matter in question, and we do not believe providing additional reporting would be a good use of resources. ■ 4% were because we found the resolutions to be too prescriptive. ■ 2% were because we disagreed in principle with the proponents' objectives. ■ 2% were because the company had already committed to publish the disclosure requested.

ANTI-NUCLEAR POWER	
Proposal	This category includes proposals brought forth every year at Japanese utility companies, asking them to reduce or eliminate reliance on nuclear power sources.
Approach	Ever since the 2011 earthquake and subsequent nuclear accident in Fukushima, Japan, individual investors in this region have mounted a persistent campaign to get Japanese utilities to generate power from sources other than nuclear plants. Publicly traded Japanese utilities receive multiple resolutions of this nature every year. TRPA does not support these resolutions as they are extremely prescriptive in nature in asking companies to change their operations. Our view is that such operational decisions are best left to the Board.
2022 Voting Rationale	**We opposed 100% of these proposals during the year because we disagreed with the objectives of the proponents.**

ANTI-ESG	
Proposal	The purpose of these resolutions is to roll back company initiatives on E&S concerns. The number of such resolutions increased significantly in 2022. Often the proposals are crafted in misleading ways, obscuring the proponents' true objectives. These proposals are so distinct from the overall category of shareholder resolutions that we believe they need to be analyzed and reported separately.
Approach	These resolutions are sponsored by proponents whose aim is to persuade companies to roll back environmental initiatives, curtail charitable giving, or de-emphasize diversity and inclusion. TRPA did not support any of these proposals during the year.
2022 Voting Rationale	**We opposed these proposals because we disagreed in principle with the proponents' objectives in every case.**

The Policy Formation Process at TRPA

Our approach to voting on E&S shareholder resolutions is one small part of our overall responsibilities related to proxy voting. This approach continuously evolves along with the overall corporate backdrop. It is informed by changes in regulation, improvements in corporate disclosure, campaigns by stakeholders, company-specific events, and our investment professionals' views on these matters. The TRPA ESG Investment Committee is made up of experienced investment professionals, including analysts and portfolio managers from our Equity, Fixed Income, and Multi-Asset Divisions as well as Investment Division leadership. In addition, the membership includes cross-functional expertise from internal legal counsel, business unit management, and investment operations. The committee is cochaired by our head of Corporate Governance and our director of Research for Responsible Investing.

The committee's first meeting of each year is to review proxy voting activity from the year before, to reassess the suitability of our voting guidelines, and to consider adding to or amending the guidelines.

Multiple Avenues of Accountability for ESG Performance

It is important to note that shareholder resolutions are not the only way that our views on environmental and social factors are expressed in the TRPA proxy voting program. For almost every company around the world, directors are reappointed as part of the regular business of the shareholder meeting. Before we vote to reelect them, we assess these directors' performance across multiple dimensions, including environmental and social.

In 2022 we adapted the TRPA voting guidelines in three ways that led to an increase in our level of opposition of directors due to ESG concerns. These policies were:

- **Climate Transparency Gap:** For companies deemed to be in high-emitting industries, we generally oppose board members if the companies fail to disclose sufficient greenhouse gas emissions data to enable investors to assess risk.
- **Board Diversity:** We apply a minimum standard for boards' gender diversity in every market globally, with higher standards applied in regions where there is governing regulation or a market standard.
- **Shareholder Rights:** We generally oppose board members at seasoned U.S. companies that continue to elect directors in staggered, three-year terms, as these structures reduce boards' accountability to investors.

In 2022, the outcome of these three policy adaptations was that TRPA opposed more than 1,000 additional directors when compared with our previous policy.

Voting Decision Elements

The following table details the specific considerations that we take into account when assessing E&S resolution.

Does the resolution address an environmental or social issue that is material for this company?

- In our view, materiality is a key consideration because it is suboptimal to distract the company and its Board with resolutions on issues that are not financially material.
- To determine materiality, we use frameworks specifically designed for that purpose: the SASB and our proprietary RIIM.

TRPA Perspective
If an E&S issue to be brought before a shareholder meeting falls into a category deemed material by these frameworks, we are more likely to support it.

Who are the proponents of the resolution, and are our objectives aligned with theirs?

- It is not always possible to obtain the identity of the proponents of shareholder resolutions, but when it is disclosed, we believe it is an important consideration. Most shareholder resolutions are submitted out of a sincere desire to improve the company's practices for the benefit of shareholders and other stakeholders.
- In some cases, however, shareholder resolutions are used as a tactic to bring public pressure onto a company as part of a larger dispute unrelated to the company's long-term economic success. In other cases, shareholder resolutions are used with the aim of benefiting certain types of shareholders over others.

TRPA Perspective
If our objectives as long-term investors are compatible with the objectives of the proponents, we are more likely to support their proposals.

Is the E&S proposal asking for new disclosure, additional disclosure, or specific action?

- Most E&S proposals in our portfolios each year seek disclosure on a particular E&S topic. For example, the proposal may ask the company to report on its human rights policies or political spending activities. The company may or may not already provide some level of disclosure on the subject.
- Some proposals go beyond disclosure and ask the company to take a specific operational decision, adopt a specific policy, add a Board member or committee, close a business operation, or take similar explicit actions.
- Our view on these prescriptive proposals is that they usurp management's responsibility to make operational decisions and the Board's responsibility to guide and oversee such decisions. However, for companies in our clients' portfolios that are most acutely exposed to climate risk, the market is moving from disclosure-oriented proposals to those seeking specific action. For example, a growing number of proposals ask companies to set specific targets for reducing their greenhouse gas emissions.

TRPA Perspective

- If a resolution seeks additional disclosure, we closely examine the extent of the company's existing discussion on the topic. We support the resolutions in cases where we believe the additional disclosure would be useful in our investment process.
- If a resolution seeks disclosure on a material issue against which the company does not currently report, we are likely to support it.

Voting Decision Elements (continued)

The following table details the specific considerations that we take into account when assessing E&S resolutions.

Are shareholders the optimal stakeholders to address the core issue that is the subject of the resolution?

- Some resolutions ask companies to address social or environmental concerns that are already subject to regulation.
- Some resolutions ask investors to impose company-level, private-market solutions to problems that are clearly better addressed by other stakeholders, including regulators, legislation, the courts, or communities.

TRPA Perspective

- If a proposal asks an individual issuer to adopt a standard that is higher than the regulatory requirement and peers' practices, we will take potential competitive harm into consideration in our voting decision.
- If a proposal seeks to apply company-level solutions to a broad societal problem, and the company has little influence over the problem, we may deem the resolution to be poorly crafted or misdirected.

Are there any specific considerations given to climate-related resolutions?

- A subset of proposals in the environmental category are specifically around limiting a company's greenhouse gas emissions to meet the objectives of the Paris Climate Agreement.

TRPA Perspective

- Adequate disclosure is the first step to assessing a company's preparedness for the low-carbon transition. We support the TCFD, and we tend to support resolutions encouraging companies to disclose against this disclosure framework.
- Resolutions calling for a company to undertake specific actions, such as divesting from certain businesses, are likely to be deemed too prescriptive for us to support.
- If a resolution seeks specific action or targets, we assess the degree of alignment between the requested action and the interests of long-term investors.

The tools we use to reassess the suitability of our voting guidelines each year include (a) a review of the previous year's voting patterns, including an analysis of the cases where we decided to override our policies, and (b) an analysis of up-and-coming ESG issues, informed by our internal research and data from a variety of external sources, such as our proxy advisory service, our trade associations, and proponents of shareholder resolutions. The robust discussions held each year by this committee ensure that the TRPA Proxy Voting Guidelines remain fit for purpose, incorporating changes in the global ESG landscape as they happen.

Oversight of Proxy Voting and ESG at TRPA

Proxy voting is an investment function within T. Rowe Price. This is part of our service offering as investment advisers, and it is subject to the Boards of Directors oversight of the various T. Rowe Price investment advisers. The T. Rowe Price advisers have fiduciary responsibilities. It is the duty of the advisers to vote shares in portfolio companies solely in the interests of their clients, taking into account factors relevant to a long-term investor.

The ESG Investment Committee reports annually to all the funds' (U.S. mutual funds, SICAVs, trusts, and OEICs) Boards of Directors. We provide a detailed overview of year-over-year changes in voting patterns, amendments to the voting guidelines, and a discussion of the management of potential conflicts of interest. We also provide a detailed analysis of our votes on E&S matters.

In addition to the funds' Boards, which exercise direct oversight over the T. Rowe Price advisers, T. Rowe Price Group, Inc. (Group), is a publicly traded corporation with a separate Board of Directors. The Group Board also has an interest in ESG matters in that it oversees the corporation's ESG strategy, environmental footprint, human capital management, risk management, and other related functions.

The ESG capability of the T. Rowe Price advisers is a strategic issue of interest to the Group Board. For this reason, our firm's senior ESG leaders provide annual updates to the Group Board. These presentations focus on our firm's investment in our ESG capabilities: technology resources, talent, tools, training, and products managed under ESG frameworks. Our proxy voting activity is generally not part of the discussion because oversight for such investment activities is the responsibility of the funds' Boards.

Review of Alignment Between Corporate and Investment Perspectives on Climate Risk

In response to a request by the T. Rowe Price Group, Inc., Board of Directors, in 2022 we updated our previous comparison of the firm's corporate-level policies, views, and statements on climate change against the proxy voting activities of the firm's investment advisers.

More detailed information on this review, including methodology and findings, is provided as an appendix to this document (Appendix: Climate Risk Alignment Review).

Conclusion

T. Rowe Price's investment advisers have dedicated significant resources toward building ESG expertise and insight. Consistent with our strategic investing approach, voting decisions on these matters are made using case-by-case analysis, taking into account the company's particular ESG risks, opportunities, and disclosure.

Our overall framework for integrating ESG factors into the TRPA investment process—which includes proxy voting—is research centered. Its purpose is to produce investment insights for our internal teams of analysts and portfolio managers. As a global asset manager serving as a fiduciary for clients with different perspectives, beliefs, time horizons, and investment goals, it is not our objective to build our investment strategies around a specific set of values. Instead, our objective is to apply different lenses (environmental, social, ethical, and governance) to deepen our understanding of the investments held in our clients' portfolios.

The quality, intent, and utility of shareholder resolutions on ESG matters are highly variable at this time. Some well-targeted resolutions are helpful in persuading companies to strengthen their management of certain risks, leading to improved outcomes for investors. Other resolutions are not helpful—we would even call them harmful—if the objectives of the proponent do not align with economically oriented, long-term investors. This is why we believe that the most responsible approach to voting such resolutions is to apply the thoughtful, investment-focused framework we have discussed in this report.

Appendix: Climate Risk Alignment Review

In response to a request by the T. Rowe Price Group, Inc., Board of Directors, in 2021 we conducted an initial analysis comparing the firm's corporate-level policies, views, and statements on climate change against the proxy voting activities of the firm's investment advisers. In 2022 we refreshed the analysis. For purposes of this report, we refer to "corporate" activities as those pertaining to T. Rowe Price Group, Inc., as overseen by its Board of Directors. We refer to "investment" activities as those pertaining to the various T. Rowe Price investment advisers established to advise and manage assets on behalf of our advisory clients—including all of our U.S. mutual fund and other commingled fund shareholders—and other investment advisory clients. Collectively, these companies are known as the Price Advisers, and they are overseen by and accountable to separate Boards of Directors.

We note that T. Rowe Price Group, Inc., and its Board of Directors are not responsible for overseeing the proxy voting activities of the investment subsidiaries of the company. Such activities are conducted at the direction of, and overseen by, the Price Advisers. The shareholders and stakeholders of these two entities are distinct, and they may have different interests. Nevertheless, we elected to take this opportunity to evaluate the question of whether incongruities exist between the investment advisers' proxy voting record and the policies of T. Rowe Price Group, Inc.

To conduct this analysis, we compared climate-related statements from the following documents:

T. Rowe Price Group, Inc.: Corporate Documents	Price Advisers: Investment Documents
▪ Proxy Statement 2022 ▪ Corporate Responsibility Webpage ▪ 2021 ESG Corporate Annual Report	▪ Investment Policy on Climate Change ▪ ESG Policy ▪ Engagement Policy ▪ TRPA and TRPIM Proxy Voting Guidelines* ▪ ESG Annual Report 2021 ▪ For or Against: The Year in Shareholder Resolutions 2021

*T. Rowe Price Investment Management, Inc. (TRPIM) makes independent proxy voting decisions, as described in their proxy voting guidelines, from T. Rowe Price Associates, Inc. (TRPA) and its investment advisory affiliates.

Step 1: High-Level Perspective

Documents from both entities address climate change directly. Our corporate disclosures state "T. Rowe Price's leadership is aware of the risks and opportunities climate change poses to its business." They add: "As investors, we have always believed long-term thinking and sustainability go hand in hand." Similarly, the Price Advisers' disclosures state: "How our investments are positioned to navigate climate change is a key concern for our analysts and portfolio managers. We believe it is part of our fiduciary duty to understand how our investee companies are assessing their exposure to climate change and are building environmental sustainability into their long-term strategic planning."

For both entities, climate change features as a prominent topic in our ESG-related disclosures.

Step 2: Disclosure

Documents from both entities mention disclosure of greenhouse gas emissions and plans to reduce them as key early steps that corporations can take to allow investors to begin to assess and mitigate risks around climate change. Both entities specifically highlight the Task Force on Climate-Related Financial Disclosures (TCFD) as their preferred framework for approaching such disclosure. They also both mention the Sustainability Accounting Standards Board (SASB) as their preferred disclosure framework for sustainability issues more generally.

On the corporate side, T. Rowe Price Group, Inc., is a public supporter of the TCFD framework and incorporated recommendations from the TCFD into its 2021 Sustainability Report. Among the data disclosed is a breakdown of the corporation's total greenhouse gas emissions.

On the Price Advisers side, the TRPA Proxy Voting Guidelines specifically mention the funds' tendency to support shareholder resolutions seeking TCFD reporting. Also, the ESG Annual Report and other documents mention that our engagement efforts with portfolio companies often center on advocacy for better environmental disclosure, including recommending adoption of the TCFD framework.

Both entities espouse the value of using common frameworks for environmental reporting, specifically TCFD and SASB.

Step 3: Proxy Voting

Consistent with its duties to vote shares in portfolio companies solely in the best interests of our clients, the Price Advisers have established an ESG Investment Committee for each of its separate advisers, which serve an independent function to oversee the voting process and to establish and maintain custom voting guidelines. The guidelines mention climate change as a voting issue in several places. However, there is no specific guideline set out for any shareholder resolutions of an E&S nature. This is due to the Price Advisers' belief, as fundamentally oriented investors, that these issues must be viewed through a company-specific lens.

Our perspective is that issuers have very different exposure to climate-related risks, depending on their geographic locations, their business models, regulation, leadership, and the long-term nature of the energy transition. Issuers also provide very different levels of disclosure on these issues, ranging from full TCFD-aligned reporting provided by certain larger companies in more climate-sensitive industries to smaller companies that have not even started to measure their emissions yet. Therefore, the Price Advisers' voting guidelines lay out an approach to analyze such proposals on a case-by-case basis.

A review of the documents on the corporate side confirms that there are no disclosures that mention proxy voting specifically. This is appropriate, considering that the corporate entity and its Board of Directors are not responsible for voting or overseeing the proxy voting activity of the Price Advisers.

Summary of Findings

After reviewing the documents listed, we conclude the following:

(i) that both entities' general, high-level perspectives on the investment risks associated with climate change are aligned,

(ii) that both entities' strong support for the TCFD and SASB reporting frameworks is further evidence of alignment, and

(iii) that there is no misalignment between the two entities' disclosures on proxy voting.

Furthermore, we conclude the Price Advisers' proxy voting records for 2020, 2021, and 2022 were consistent with their Proxy Voting Guidelines and strongly demonstrate a case-by-case analysis of each climate-oriented proposal voted by Price Advisers' portfolios.

T. Rowe Price understands and embraces our various stakeholders' interests in climate change as an important investment consideration. This applies to stakeholders of the corporation, such as T. Rowe Price Group, Inc., shareholders; our communities; and our associates. It also applies to stakeholders of the Price Advisers, such as our investment clients.

We are committed to providing consistent reporting and candid assessments of our activities on both the corporate and investing sides of our business. This is the third year we have published this For or Against report providing detailed reporting around the Price Advisers' proxy voting on E&S resolutions. We will continue to publish this analysis annually in addition to our detailed, company-level vote disclosures, which are reported twice a year.

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RISKS:

The risks of international investing are heightened for investments in emerging market and frontier market countries. Emerging and frontier market countries tend to have economic structures that are less diverse and mature, and political systems that are less stable, than those of developed market countries. There is no assurance that any investment objective will be met.

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