T. Rowe Price

2024 Aggregate Proxy Voting Summary

From the Field
September 2024

Executive Summary

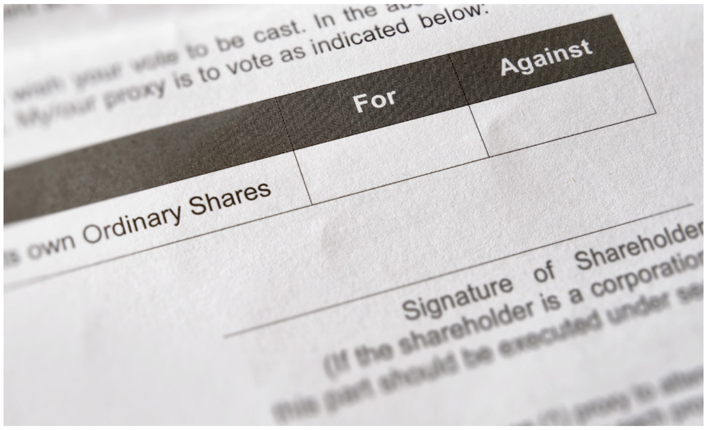
In this report, we summarize T. Rowe Price Associates, Inc.'s proxy voting record for the 12-month reporting period ended June 30, 2024.[1] Our goal is to highlight some of the important issues in corporate governance during the period and offer insights into how we approach voting decisions in these areas. This report is not an all-inclusive list of each proxy voted during the year but, instead, a summary of the year's most prominent themes.

Donna F. Anderson
Head of Corporate Governance

Jocelyn S. Brown
Head of Governance, EMEA and APAC

Thoughtful decisions leading to value creation

At T. Rowe Price Associates, Inc. (TRPA), proxy voting is an integral part of our investment process and a critical component of the stewardship activities we carry out on behalf of our clients. When considering our votes, 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. We analyze proxy voting issues using a company-specific approach 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 account for regional differences in practice and company-specific circumstances.



[1] This document summarizes proxy voting information of T. Rowe Price Associates, Inc. ("TRPA"), and certain of its investment advisory affiliates excluding T. Rowe Price Investment Management, Inc. ("TRPIM") and Oak Hill Advisors, L.P. ("OHA"). TRPIM and OHA vote proxies independently from the other T. Rowe Price related investment advisers and have adopted their own proxy voting guidelines. OHA is a T. Rowe Price company since December 31, 2021.

The following table is a broad summary of some of our proxy voting patterns and results for the reporting period covering July 1, 2023, through June 30, 2024, across our global equity-focused portfolios.

Summary of major proposal items

(Fig. 1)

Proposal	% Voted With Management	% Voted Against Management	% Declined to Vote[1]
Proposals Sponsored by Management			
Adopt, amend, or repeal takeover defenses	82	15	3
Appoint or ratify auditors	97	1	2
Capital structure provisions	92	6	2
Compensation issues			
i. Director/auditor pay	91	5	4
ii. Employee stock purchase plans	73	26	1
iii. Equity plans	66	34	–
iv. Say on pay	86	13	1
Elect directors	88	10	2
Mergers and acquisitions	86	13	1
Routine operational provisions	85	12	3
Amend/enhance shareholder rights	93	7	–
Approve environmental policies	81	19	–
Proposals Sponsored by Shareholders			
Remove takeover defenses	55	43	2
Amend compensation policies	88	9	3
Appoint an independent Board chair	81	19	–
Amend/adopt shareholder rights	64	34	2
Environmental proposals	95	5	–
Social issues proposals	94	4	2
Political activity proposals	80	14	6
Environmental and social counter proposals	97	–	3
Totals			
Total management proposals	87	11	2
Total shareholder proposals	89	7	4

[1] TRPA endeavors to vote every ballot we are eligible to cast. On rare occasions, we submit ballots with instructions to *not* vote for technical reasons. Primarily, these are situations where (a) there is a contested election with multiple ballots, and we can only vote on one, or (b) where investors in certain countries must give up their ability to trade their shares in order to vote. Figures rounded to the nearest whole number.

Themes from vote results

The categories above represent a subset of our total voting activity during the reporting period, but these are the most prevalent and significant voting issues. In the following section, we discuss some of these categories in detail.

Proposals sponsored by shareholders

While shareholder resolutions can be an effective means of supporting change under certain circumstances, in most cases, we find that there are more targeted ways for investors to express reservations over a Board's oversight of strategic, financial, human capital, environmental, or other issues related to the company's performance. Specifically, direct engagement and the use of the director election are more effective, in our experience, than support of shareholder resolutions.

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>
> – Donna F. Anderson
> Head of Corporate Governance

In this most recent proxy voting season, overall investor support for resolutions on environmental, social, and political topics continued to fall even as the number of such proposals grew slightly. For the 2024 proxy year, the 402 proposals in this category received an average support level of 16%. This compares with 360 proposals of this kind in 2023 and their average support of 19%.[2]

Our observation is that the overall quality of proposals in these categories remains poor. Many proposals contain inaccuracies, or they are poorly targeted. Many address issues not financially material for the company. In addition, we've observed a marked increase in the level of prescriptive requests as proponents moved swiftly from disclosure-based requests to action-based requests seeking specific commitments, capital investments, or structural changes from the targeted companies. Our view on these prescriptive proposals is that they usurp both management's responsibility to make operational decisions as well as the Board's responsibility to guide and oversee such decisions.

Our overarching framework for determining how to vote on these proposals uses an economically centered, returns-focused lens. We do not believe it is consistent with our investment management duties to support proposals that, intentionally or not, are designed to impose burdensome requirements on the corporation that have no clear path to long-term value creation.

2024 voting outcomes

Global voting themes

Outside the U.S., another significant development is impacting voting patterns, particularly in Europe and Australia. In these markets, there is the option of a voluntary, management-sponsored climate resolution, known as a say-on-climate vote. The purpose of this vote 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, 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-sponsored resolution may compete with a proponent's request for additional action.

In this reporting period, there were 26 say-on-climate votes across all TRPA global equity-focused portfolios. As the table shows, we supported 81% of these and voted against 19%. One example where we voted against management's proposal is detailed in the case study below.

In Japan, notable developments include a growing use of shareholder resolutions targeting environmental disclosure and actions, progress on female Board representation, and a high level of investor activism on capital management topics.

[2] morningstar.com/sustainable-investing/2024-proxy-season-three-charts

Woodside Energy Group Ltd. **March 24, 2024**

This case study highlights our escalating concerns about the climate approach of Woodside Energy Group Ltd. (Woodside) between the company's 2023 and 2024 annual general meetings (AGM).

Management's Climate Transition Action Plan

Woodside is Australia's largest oil and gas producer. At the 2022 AGM, the company sought shareholder approval for a management-supported say-on-climate resolution, which ultimately passed with only 51% support. When we engaged with the company ahead of the 2024 AGM, we were surprised to hear that the company felt the high level of dissent was largely due to inadequate disclosure of the plan, as opposed to investors questioning the substance of the climate approach.

The company has also received multiple climate-related shareholder resolutions in recent years. At the 2023 AGM, we abstained on a climate-related shareholder resolution.

Although we recognized that Woodside's climate-related disclosure has improved, we had three fundamental concerns with what was presented at the 2024 AGM.

- The outlined climate plan was heavily reliant on using carbon offsets, and there were some question marks around the quality and integrity of the offsets being retired.
- Woodside's strategy did not meaningfully address Scope 3 emissions,[1] which accounted for over 90% of Woodside's total greenhouse gas (GHG) footprint.
- Although Woodside had targets to reduce its Scope 1 & 2 GHG emissions[1] over the short and medium term and aims to achieve net zero operational emissions by 2050, it was hard to say with confidence that these targets are aligned with the goal of the 2015 Paris Agreement—i.e., of limiting the global temperature increase to well below 2°C above pre-industrial levels.

Given these concerns, we voted AGAINST Management's Climate Transition Action Plan.

[1] Scope 1 (direct emissions from owned or controlled sources), Scope 2 (indirect emissions from the generation of purchased electricity, steam, or cooling), Scope 3 (all other indirect emissions).

A steady decline in support for environmental and social proposals

We supported the recommendations of corporate Boards on environmentally oriented shareholder proposals in 95% of cases this year. That compares with 86% last year. We sided with Board recommendations 94% of the time on socially focused resolutions this year, the same rate as last year. We agreed with Boards 80% of the time on resolutions addressing corporate lobbying and political spending, compared with 92% in 2023.

These figures do not include a unique subcategory of shareholder resolutions: environmental, social, and governance (ESG) counter proposals. In our analysis, we separate this category because it represents the appropriation of the shareholder resolution process to address a narrow and non-economically based agenda. We do not support any proposals of this nature.

T. Rowe Price Associates publishes a detailed analysis of our votes on environmental and social shareholder proposals in the first quarter of each year. This paper, *"For or Against: The Year in Shareholder Resolutions,"* can be found on our website at troweprice.com/esg.

Election of directors

We recognize that it is the Board of Directors' responsibility 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. Directors are the designated representatives of shareholders' interests. Therefore, our voting reflects our assessment of how effectively they fulfill that duty.

Examples of how we apply this principle in our proxy voting decisions include:

- **U.S. market**—We generally oppose the reelection of non-executive directors at companies that have been publicly traded issuers for more than 10 years yet still maintain protective mechanisms more appropriate for early-stage companies. Such mechanisms insulate directors from accountability.

- **Global**—We generally oppose the reelection of directors at companies where we have identified serious, material environmental or social risks but where the Board still does not provide sufficient evidence that it is addressing the issue. Companies in sectors with significant exposure to climate risk, for example, should be disclosing their annual direct greenhouse gas emissions totals, at a minimum.

- **Global**—We have identified a set of companies with serious, ongoing, and unmitigated ESG controversies beyond climate risk. Such controversies include incidents of fraud, large-scale industrial accidents, findings of widespread harassment or discrimination, and other incidents raising concerns about systemic mismanagement of key risks at the company. We oppose the reelection of directors at companies in these categories.

- **Global**—We oppose the reelection of individual directors who have exhibited egregious failures to represent investors' interests in specific situations.

- **Regional**—We maintain regionally determined expectations of Board diversity across the markets where we hold investments. Generally, we oppose the reelection of key Board members in cases where the Board still comprises members of a single gender and where the Board's overall diversity does not meet its widely adopted local market standard.

- **Global**—Other 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 a majority vote in the prior year, adopting takeover defenses or bylaw changes that 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 interests and voting rights in a company through the use of dual-class stock without adopting a reasonable sunset mechanism, failing to consistently attend scheduled Board or committee meetings, and implementing a policy or practice that we believe is a breach of basic standards of good corporate governance.

The election of directors is the single largest category of our voting activity each year, representing 48% of our total voting decisions this period. In the 2024 proxy year, we supported 88% of director elections globally, the same rate as last year.

Our expectation is that TRPA will continue to prioritize Board accountability as the best mechanism to provide feedback to corporate issuers on a variety of issues, including environmental and social concerns. Select shareholder resolutions serve as a secondary mechanism, to the extent that they are well crafted, and they address factors that are economically material to investors.

Executive compensation

Annual advisory votes on executive compensation—the 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 on executive compensation in the annual proxy filings improves every year as Board members endeavor to explain not only what they paid their executive teams, but also why.

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In the past year, we voted against the compensation vote at 13% of companies. Generally speaking, we are most likely to express concerns about a compensation program when we have observed a persistent gap between the performance of the business and executive compensation over a multiyear period. Other common reasons for our opposition to these resolutions are situations where (1) the Board uses special retention grants without sufficient justification, (2) the use of equity for compensation is high but executives' ownership of the stock remains low, or (3) the year-over-year increase in pay for executives is not justified by company performance.

Broad-based equity compensation plans

We believe 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 66% of the time.

For the compensation plans we did not support, our vote was usually driven by the presence of a practice that we felt undermined the link between executive pay and the company's performance, such as:

- compensation plans that, in our view, provide disproportionate awards to a few senior executives
- plans that have the potential to excessively dilute existing shareholders' stakes
- plans with auto-renewing "evergreen" provisions
- equity plans that give Boards the ability to reprice or exchange awards without shareholder approval

Mergers and acquisitions

We generally vote in favor of mergers and acquisitions after carefully considering whether our clients 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. In this reporting period, TRPA opposed 13% of voting items related to mergers and acquisitions.

Conclusion

Company-specific voting records are made available on our website each year on or around August 31, reflecting a reporting period of July 1 of the preceding year to June 30 of the current year. This report serves as a complement to these detailed voting records, highlighting the key themes that emerge from our voting decisions. In addition to this report, we provide an overview of our voting activity each year in our ESG Investing Annual Report.

For more information, please visit our website at troweprice.com/esg.

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T. Rowe Price identifies and actively invests in opportunities to help people thrive in an evolving world, bringing our dynamic perspective and meaningful partnership to clients so they can feel more confident.

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