

2023 Proxy voting activity



From the Field
May 2024

Key Insights

- In 2023, there was a marked increase in activity within the U.S. by advocacy groups known to be critical of using environmental, social, and governance (ESG) considerations in corporate decision-making.
- In Japan we saw an increasing number of companies reach 30% female representation on their Boards.
- The 2023 annual general meeting (AGM) season in Europe saw considerable focus on the topic of virtual AGMs.



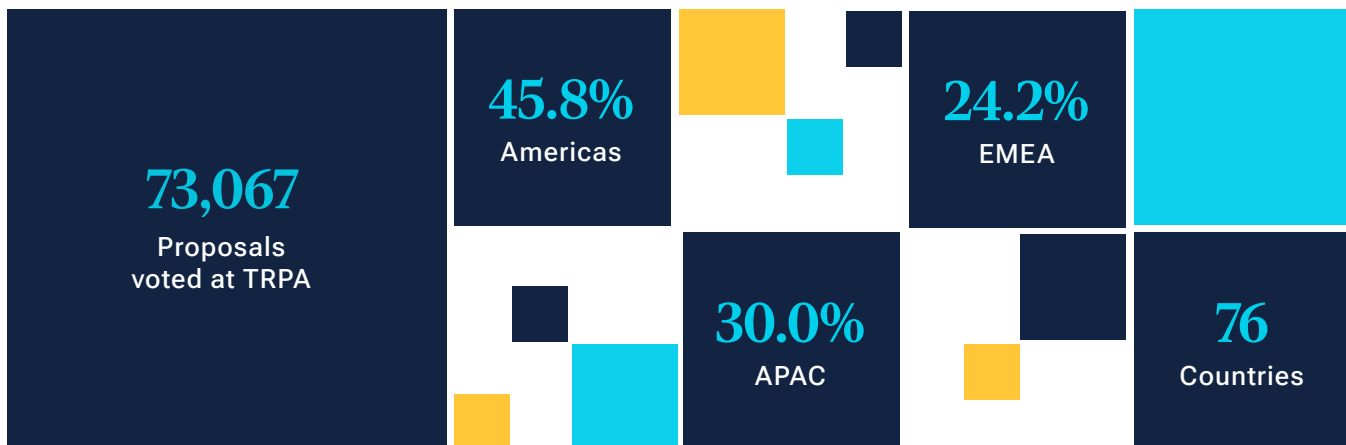
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Proxy voting is a crucial link in the chain of stewardship responsibilities that we execute on behalf of our clients. We vote our clients' shares in a thoughtful, investment-centered way, considering both high-level principles of corporate governance and

company-specific circumstances. Decisions are inclusive, involving our specialists in governance and responsible investment and the investment professionals who follow the companies closely.



For the year ended December 31, 2023.

This document summarizes the proxy voting guidelines and voting information of T. Rowe Price Associates, Inc. ("TRPA"), and certain of its investment advisory affiliates, excluding T. Rowe Price Investment Management, Inc. ("TRPIM"). TRPIM votes proxies independently from the other T. Rowe Price related investment advisers and has adopted its own proxy voting guidelines.

TRPA voted on 73,067 proposals in 2023. The data in the following tables highlight the top five most common voting issues in each category for TRPA in each region.

2023 Proxy Voting Activity at TRPA

Table 1

Americas 33,445 Management and Shareholder Proposals					
Management Proposals	# of Proposals	% Voted With Mgmt.	Shareholder Proposals	# of Proposals	% Voted With Mgmt.
Elect Directors (Uncontested)	22,819	86.0%	Social, Political, or Environmental Matters	404	95.5%
Management Compensation: Say on Pay and Equity Plans	4,081	82.1%	Elect Directors (Contested)	199	77.9%
Appoint Auditors/Approve Auditor Fees	3,304	99.5%	Related to Compensation Policies	76	96.1%
Routine Business and Operational Matters	1,059	75.3%	Adopt or Amend Shareholder Rights	66	74.2%
Capital Structure Items	933	75.6%	Other	30	83.3%
Other	447	94.2%	Related to Auditors Policies	27	100.0%
Total	32,643		Total	802	

Americas: Rising volume of shareholder proposals sees decline in overall quality

In 2023, there was a marked increase in activity within the U.S. by advocacy groups known to be critical of using ESG considerations in corporate decision-making. Previously, these ESG counter-resolutions were rare, but in 2023, we voted on dozens of these shareholder resolutions across companies within our portfolios.

The other key trend related to shareholder resolutions more broadly. Over the past two years, issues such as racial justice, income inequality, worker safety, and climate change had been on prominent display within the corporate sector due to a confluence of events, including the coronavirus pandemic. Shareholder resolutions addressing such issues received notably higher-than-average support in 2021 from certain investors and higher visibility when compared with previous years, although these support levels began to subside in 2022.

In this most recent proxy voting season, investor support for such resolutions was relatively low. There are multiple reasons for this outcome. It began when the U.S. Securities and Exchange

Commission decided to allow more proposals across a wider range of environmental and social topics to move forward. Since that time, the number of environmental and social resolutions voted on at companies within the S&P 1500 Index rose 74%, from 170 in the 2021 season to 296 this year. The traction that so many of these resolutions gained in 2021 seemed to not only attract a new set of proponents in the subsequent two years, but also inspired experienced proponents to expand their topics of advocacy. 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, more poorly targeted resolutions, and more proposals addressing non-core issues. In addition, we observed a marked increase in the level of prescriptive requests. Proponents moved swiftly from disclosure-based requests seeking additional reporting on environmental, social, and governance matters 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 management's responsibility to make operational decisions and the Board's responsibility to guide and oversee such decisions.

2023 Proxy Voting Activity at TRPA (continued)

Table 2

APAC 21,920 Management and Shareholder Proposals					
Management Proposals	# of Proposals	% Voted With Mgmt.	Shareholder Proposals	# of Proposals	% Voted With Mgmt.
Elect Directors (Uncontested)	8,157	90.0%	Elect Directors (Contested)	512	91.6%
Routine Business and Operational Matters	4,741	87.8%	Related to Routine Business and Operational Matters	154	90.3%
Capital Structure Items	3,520	94.3%	Related to Auditors	142	97.9%
Management Compensation: Say on Pay and Equity Plans	1,888	78.9%	Social, Political, or Environmental Matters	38	86.8%
Mergers and Acquisitions	1,941	80.8%	Related to Compensation Policies	23	34.8%
Other	793	98.6%	Other	11	63.6%
Total	21,040		Total	880	

Say on climate voting limited across Asia

In the Asia Pacific region, our priority areas for Japan remained unchanged from 2022: Board independence, diversity, and cross-shareholdings. We were pleased to see an increasing number of companies reach 30% female representation on their Boards.

In China, we revised our voting guideline on the approval of changes to the Articles of Association that relate to the Chinese Communist Party Committee. The new guideline recognizes the variation in

practice between companies by setting a default recommendation to abstain.

In markets where the say-on-climate¹ voting concept has not gained traction—notably Japan—the spotlight remains on a small number of high-profile environmental resolutions brought by shareholders. In other markets such as Australia, the so-called say-on-climate concept is better accepted, although Australia did see a number of significant climate-related shareholder resolutions in 2023.

¹ Say-on-climate votes are voluntary, management-sponsored climate resolutions.



2023 Proxy Voting Activity at TRPA (continued)

Table 3

EMEA 17,702 Management and Shareholder Proposals					
Management Proposals	# of Proposals	% Voted With Mgmt.	Shareholder Proposals	# of Proposals	% Voted With Mgmt.
Elect Directors (Uncontested)	7,082	90.0%	Elect Directors (Contested)	97	68.0%
Routine Business and Operational Matters	3,277	87.4%	Related to Routine Business and Operational Matters	65	96.9%
Management Compensation: Say on Pay and Equity Plans	2,935	84.5%	Social, Political, or Environmental Matters	37	78.4%
Capital Structure Items	2,766	92.3%	Related to Auditors	20	100.0%
Appoint Auditors. Approve Auditor Fees	904	91.4%	Related to Compensation Policies	11	90.9%
Other	508	90.7%	Other	-	-
Total	17,472		Total	230	

EMEA: Post-pandemic virtual AGMs remain controversial

The 2023 AGM season in Europe saw considerable focus on the topic of virtual AGMs. The coronavirus (COVID-19) pandemic disrupted physical attendance at shareholder meetings, and virtual AGMs became a necessary mechanism to maintain the

dialogue between companies and their shareholders. Traditionally, investors have been wary of virtual AGMs—with concerns that the physical absence of investors in the room during an AGM could be managed to inhibit investors holding the Board to account. Another key focus area for the 2023 AGM season in Europe was encouraging companies to improve their variable pay disclosure.

Shareholder proposals in focus

In 2023, portfolios managed by T. Rowe Price Associates voted on 1,921 shareholder resolutions across all markets. Of those, 1,031 were situations where shareholders were nominating directors to a company's Board. Another 363 were resolutions asking companies to adopt specific corporate governance practices, and 527 were social and environmental resolutions.

We approach shareholder resolutions by assessing the materiality of the issue raised by the proposal, as well as the general suitability of each resolution. Our analysis considers company-specific circumstances, including the current level of disclosure. We are unlikely to support resolutions that are excessively prescriptive

or where we think the company is already taking action to address the stated concerns. There are also cases where we disagree in principle with what the proponent puts forward.

Our support for shareholder resolutions in the environmental category dropped from 21% in 2022 to 8% in 2023. During the same time period, our support for social resolutions fell from 11% to 2%, while our support for political and lobbying proposals dropped from 32% to 4%. The reasons for the decline in support related to the lower-quality nature of many resolutions are detailed earlier in the Americas section.

Proposals of this type are highly concentrated by geography due to regulations in many markets that prohibit such activities. Of the resolutions in this analysis, 81.6% were brought in the Americas region, specifically the U.S. and Canada. The APAC region represented 10.2% of the volume, and EMEA represented 8.2%.

ESG counterproposals proliferate

ESG counterproposals continued to proliferate in 2023. In the U.S. market, the requirements for submitting a shareholder proposal for consideration by a company’s investors are low,

while the cultural divide on ESG matters is high. The combination of these factors resulted in a record number of shareholder proposals put to a vote in 2023 that we have characterized as ESG counterproposals. In 2021, we voted on only nine such proposals across all T. Rowe Price portfolios. That figure rose to 46 in 2022 and 77 in 2023, representing almost 15%² of the total volume of shareholder-sponsored resolutions overall. We do not support proposals of this nature because we disagree with the fundamental objective of the proponents. These resolutions represent the appropriation of the shareholder proposal process to address a narrow and non-economically-based agenda.

² This represents the volume of just the E&S shareholder-sponsored resolutions (i.e., 77/527=15%), and not the total universe of shareholder-sponsored resolutions, which was 1,921.

Shareholder resolutions voted on in 2023

(Fig. 1) Digging deeper into environmental and social resolutions

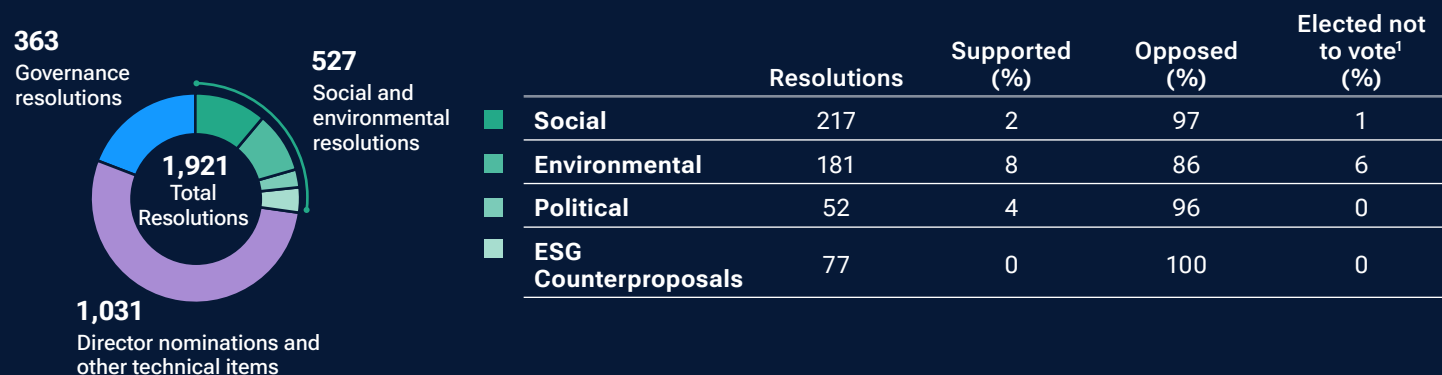


Chart shows the number of shareholder resolutions we voted on in 2023 by proposal topic. For “Social and environmental resolutions,” we classify the proposals into 4 distinct categories.

¹In some cases, we elected not to vote due to proxy contests or share blocking. Share blocking is a requirement in certain markets that impose liquidity constraints in order to exercise voting rights. We generally do not vote in these markets. 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.

For the year ended December, 31, 2023.

Source: T. Rowe Price Associates.

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