Robert W. Sharps
CEO and President
T. Rowe Price Group Inc.
100 East Pratt St.
Baltimore, MD 21202

Dear Mr. Sharps,

We are writing on behalf of the Interfaith Center on Corporate Responsibility (ICCR), a coalition of over 300 global institutional investors that collectively represent more than $4 trillion in managed assets, to express our concern over T. Rowe Price's 2022 proxy voting record on shareholder proposals related to environmental, social and governance (ESG) risks. Our members, many of whom are T. Rowe Price shareholders and clients, are long-term investors who believe that a company's management of environmental and social risks, and commitment to strong governance, are essential to long-term value creation.

As you may know, there has been increasing scrutiny of the proxy voting records of asset managers on ESG-related shareholder proposals and on Board oversight of these issues. Research from Morningstar, Majority Action, ShareAction, Georgeson, and others reflects asset owners' heightened expectations of their asset managers to address these material risks in their proxy voting. While we are mindful of the recent pressures fund managers face from parties attempting to discredit ESG, the fiduciary case for integrating material ESG risk factors into investment decisions and proxy voting is clear and irrefutable.

While we applaud T. Rowe Price's commitment to integrating environmental, social and governance considerations into your investment process and to "proxy voting as a crucial link in the chain of stewardship responsibilities", we found the firm's proxy voting record largely lacking. According to ShareAction's recent ranking of the top 68 managers' voting record on 252 shareholder proposals on proxy in 2022, T. Rowe Price ranked 63rd in 68 asset managers assessed. The firm supported only 17% of overall proposals, and only 26% of environmental resolutions examined.

Furthermore, Majority Action's report on *Climate in the Boardroom: How Asset Manager Voting Shaped Corporate Climate Action in 2022,* indicates that T.Rowe Price Associates was among the five asset managers assessed to have the highest support for management-sponsored directors at climate-critical companies[1] in 2022. Given the outsize risks climate change poses to portfolios and to the economy more broadly, we find this record concerning.

T. Rowe Price's voting record on shareholder resolutions related to social policy issues, particularly those related to racial justice, was even worse than its record on environmental proposals. The firm supported only 11% of social policy-related proposals assessed by ShareAction in 2022 and among major asset managers (those with more than $1trillion in assets under management) was ranked in the four lowest supporters of racial equity audit proposals at S&P 500 companies[2]. Many of these racial equity audit

[1] 'Those large companies where fossil fuel production, consumption, and financing are central to their core business have outsized climate impact.'
[2] Majority Action's report on *Equity in the Boardroom, 2022*

proposals received strong support from other shareholders with some receiving majority votes and many others being withdrawn by their proponents due to successful agreements reached in dialogue.

Majority Action's report on *Equity in the Boardroom, 2022* found that T.Rowe Price Associates had the poorest record of asset managers assessed when it came to supporting shareholder proposals related to diversity, equity and inclusion (DEI) disclosures and those related to worker safety and worker rights at S&P 500 companies.

Morningstar's analysis of asset managers voting on key resolutions, i.e. those shareholder resolutions addressing environmental or social themes that were supported by 40% or more of a company's independent shareholders, indicates that "*T. Rowe Price's support for key shareholder resolutions been low at 32% overall in the last three proxy years*". This indicates a consistent divergence between shareholders' and the firm's understanding of material risk, or willingness to act on it.

Finally, we also wanted to note that ShareAction's report *Voting Matters 2022,* indicates that T. Rowe Price supported only 18% of shareholder proposals that directly relate to executive compensation or to the company's lobbying and political spending disclosure, policies and practices. This is noteworthy given the growing public attention to corporate misalignment between their public policies and their direct and indirect lobbying and political contributions.

In summary, as a coalition of long-term investors, including many shareholders and clients of T. Rowe Price, we want to underscore that we see the management of material ESG risks as critical to long-term value creation and the safeguarding of shareholder value. As a fiduciary managing the assets of millions of clients, we believe T. Rowe Price has an obligation to fully leverage its proxy voting powers to mitigate those ESG risks.

We look forward to your response, which we will gladly share with ICCR members. We will continue to monitor T. Rowe Price's proxy voting practices and, in the meantime, would welcome a discussion with management regarding the issues raised in this letter. My colleague Tim Smith, Senior Policy Advisor (tsmith@iccr.org) will be glad to coordinate a call.

Sincerely,

Josh Zinner, CEO

CC:

Donna Anderson, Vice President and Global Head of Corporate Governance

Tim Smith, Senior Policy Advisor, ICCR