



November 26th, 2024

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 reflect the concerns of a number of investors and clients regarding T. Rowe Price Group's 2024 proxy voting record on shareholder proposals related to the oversight of environmental and social and governance (ESG) risks. Our members, many of whom are shareholders and clients of T. Rowe Price, are long-term investors who have raised these concerns before through conversations and correspondence.

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. BlackRocks research¹ indicates that the long-term implications of inaction on climate change could reduce global economic output by nearly 25 percent over the next two decades, making addressing climate change a material issue for fiduciaries. As a signatory of the Net Zero Asset Managers' Initiative, T. Rowe believes that "*climate change poses a significant risk to the global economy and the stability of financial markets*". Yet despite this clear understanding and commitment, T. Rowe's recently released [2024 Aggregate Proxy Voting Summary](#) indicates that the firm supported only 5% of environmental shareholder proposals. The firm's proxy voting record on shareholder resolution related to impacts on people was no better as T. Rowe supported 4% of social issues proposals. We believe this an abdication of fiduciary duty and is also bad business.

Furthermore, we believe T. Rowe's 2024 proxy voting record and rationale appears at times to contradict your statements on climate risk as well as being unfair generalizations. T. Rowe's [2024 Aggregate Proxy Voting Summary](#) states that several factors contributed to your decline in support for shareholder proposals:

"the overall quality of proposals in these categories remains poor. Many proposals contain inaccuracies, or they are poorly targeted. Many address issues not financially

¹<https://www.blackrock.com/us/individual/insights/blackrock-investment-institute/investing-in-climate-awareness>

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."

As we look at the hundreds of climate related and social resolutions, we believe there are many more resolutions that make a strong business case related to shareholder value and are not overly prescriptive. It seems like T. Rowe Price has instituted a new high bar for shareholder resolutions that is almost impossible to meet. We are concerned about what motivated this change and if pressure from conservative investors played any role in the shift. In addition, we note that many other investment firms guided by the same fiduciary standards as T. Rowe, have supported a much higher number of percentage of votes for environmental and social resolutions.

Furthermore, while we appreciate your case-by-case approach to assessing shareholder proposals, ICCR members and many of your clients are investors with diversified portfolios and ignoring systemic risks like climate and racial justice may benefit one of their companies but passes that cost on to the other companies in their portfolio. PRI and CAF's recent guidance on stewardship also states that: "Using influence to promote short-term performance or the performance of individual companies, industries, or markets, without regard to overall value, does not constitute stewardship"².

There is growing evidence that asset owners are becoming increasingly concerned about asset manager's proxy voting on ESG shareholder proposals³ and many are taking action⁴. And it seems these concerns are well placed. The [UK Asset Owner Stewardship Review](#), highlights a growing misalignment between asset owners and asset managers when it comes to exercising stewardship and proxy voting at major Oil and Gas companies. This misalignment is more pronounced (i) in recent years, (ii) on shareholder resolutions (vs management proposals) and (iii) at American companies (vs. European ones). There is also [worrying evidence that asset managers' corporate engagements are not moving the needle](#) with companies.⁵ This evidence

² <https://www.unpri.org/investment-tools/definitions-for-responsible-investment-approaches/11874.article#Stewardship>

³ <https://www.responsible-investor.com/iigcc-calls-on-asset-owners-to-conduct-annual-post-proxy-manager-review/#:~:text=The%20Institutional%20Investor%20Group%20on,owner%20expectations%20and%20manager%20policies>.

⁴ [NYC's Lander 'unsatisfied' with responses from CA100+ dropouts New York City comptroller sets out how he will step up scrutiny of manager. Non-US asset owners target managers over CA100+ departures UK and European clients want to know managers' alternative plans, express 'disappointment' over dropouts. Maine pension fund mulls pulling voting power from BlackRock over resolution misalignment,](#)

⁵ *"Engagement (by managers) also does not change subsequent corporate governance outcomes for portfolio firms. Companies do not reduce CEO compensation, increase female board representation, or become less likely to have dual class structures after being targeted for engagement by the largest asset*

contradicts T Rowe's stand that "[direct engagement and the use of the director election are more effective, in our experience, than support of shareholder resolutions](#)".

As clients and shareholders our members want to see T. Rowe Price Group Inc. as both a market and an ESG leader and would welcome efforts on behalf of the firm's leadership to reiterate their commitment to ESG and to commit to a critical review of their proxy voting guidelines and record. We welcome the opportunity to continue the dialogue with you on the issues raised.

Sincerely,

Josh Zinner, CEO [Interfaith Center on Corporate Responsibility](#)

Cathy Rowan, Director of Socially Responsible Investments, [Trinity Health](#)

Ethan Birchard, Executive Director, [Friends Fiduciary Corporation](#)

CC:

Donna Anderson, Vice President and Global Head of Corporate Governance

Jean-Marc Corredor, Vice President and Managing Legal Counsel

Tim Smith, Senior Policy Advisor, ICCR

managers... (infact, managers) become less likely to vote against management the year after they select a portfolio company for engagement [Big Three \(Dis\)Engagements](#)