



# PROXY VOTING GUIDELINES

T. Rowe Price Associates, Inc. and its affiliated investment advisers (“T. Rowe Price”) recognize and adhere to the principle that one of the privileges of owning stock in a company is the right to vote on issues submitted to shareholder vote—such as election of directors and important matters affecting a company’s structure and operations. As an investment adviser with a fiduciary responsibility to its clients, T. Rowe Price analyzes the proxy statements of issuers whose stock is owned by the U.S.-registered investment companies which it sponsors and serves as investment adviser (“Price Funds”) as well as other managed funds and institutional and private counsel clients who have delegated such responsibility to T. Rowe Price.

## PROXY ADMINISTRATION

The T. Rowe Price Proxy Committee develops our firm’s positions on all major proxy voting issues, creates guidelines, and oversees the voting process. The Proxy Committee, comprised of portfolio managers, investment analysts, operations managers and internal legal counsel, analyzes proxy policies based on whether they would adversely affect shareholders’ interests and make a company less attractive to own. In establishing our proxy policies each year, the Proxy Committee relies upon our own fundamental research, independent research provided by an outside proxy advisor, and information presented by company managements and shareholder groups.

Once the Proxy Committee establishes its recommendations, they are distributed to the firm’s portfolio managers as voting guidelines. Ultimately, the portfolio managers decide how to vote on the proxy proposals of companies in their portfolios. Because portfolio managers may have differences of opinion on portfolio companies and their unique governance issues, the Price Funds may cast different votes at the same shareholder meeting. When portfolio managers cast votes that are counter to the Proxy Committee’s guidelines, they are required to document their reasons in writing to the Proxy Committee. Annually, the Proxy Committee reviews T. Rowe Price’s proxy voting process, policies, and voting records.

T. Rowe Price has retained Glass, Lewis & Co. (“Glass Lewis”), an expert in the proxy voting and corporate governance area, to provide fiduciary-level proxy advisory and voting services. These services include voting recommendations as well as vote execution and reporting for the handling of proxy voting responsibility. In order to reflect T. Rowe Price’s issue-by-issue voting guidelines as approved each year by the Proxy Committee, Glass Lewis maintains and implements a custom voting policy for the Price Funds and other client accounts.

## FIDUCIARY CONSIDERATIONS

T. Rowe Price’s decisions with respect to proxy issues are made in light of the anticipated impact of the issue on the desirability of investing in the portfolio company. Proxies are voted solely in the interests of the client, Price Fund shareholders or, where employee benefit plan assets are involved, in the interests of plan participants and beneficiaries. Practicalities and costs involved with international investing may make it impossible at times, and at other times disadvantageous, to vote proxies in every instance. For example, we might refrain from voting if we or our agents are required to appear in person at a shareholder meeting or if the exercise of voting rights results in the imposition of trading or other ownership restrictions.

## MONITORING AND RESOLVING CONFLICTS OF INTEREST

The Proxy Committee is also responsible for monitoring and resolving possible conflicts between the interests of T. Rowe Price and those of its clients with respect to proxy voting. We have adopted safeguards to ensure that our proxy voting is not influenced by interests other than those of our fund shareholders and clients. While membership on the Proxy Committee is diverse, it does not include individuals whose primary duties relate to client relationship management, marketing, or sales. Since our voting guidelines are predetermined by the Proxy Committee application of the T. Rowe Price guidelines to vote clients’ proxies should in most instances adequately address any possible conflicts of interest. However, for proxy votes inconsistent with T. Rowe Price guidelines, the Proxy Committee reviews all such proxy votes in order to determine whether the portfolio manager’s voting rationale appears reasonable. The Proxy Committee also assesses whether any business or other relationships between T. Rowe Price and a portfolio company could have influenced an inconsistent vote on that company’s proxy. Issues raising possible conflicts of interest are referred to designated members of the Proxy Committee for immediate resolution prior to the time T. Rowe Price casts its vote. With respect to personal conflicts of interest, T. Rowe Price’s Code of Ethics requires all employees to avoid placing themselves in a “compromising position” where their interests may conflict with those of our clients and restricts their ability to engage in certain outside business activities. Portfolio managers or Proxy Committee members with a personal conflict of interest regarding a particular proxy vote must recuse themselves and not participate in the voting decisions with respect to that proxy.

## SPECIFIC CONFLICT OF INTEREST SITUATIONS

Voting of T. Rowe Price Group, Inc. common stock (sym: TROW) by certain T. Rowe Price Index Funds will be done in all instances in accordance with T. Rowe Price policy, and votes inconsistent with policy will not be permitted. In the event that there is no previously established guideline for a specific voting issue appearing on the T. Rowe Price Group proxy, the Price Funds will abstain on that voting item. In addition, T. Rowe Price has voting authority for proxies of the holdings of certain Price Funds that invest in other Price Funds. In cases where the underlying fund of an investing Price Fund, including a fund-of-funds, holds a proxy vote, T. Rowe Price will mirror vote the fund shares held by the upper-tier fund in the same proportion as the votes cast by the shareholders of the underlying funds (other than the T. Rowe Price Reserve Investment Funds).

## LIMITATIONS ON VOTING PROXIES OF BANKS

T. Rowe Price has obtained relief from the U.S. Federal Reserve Board (the "FRB Relief") which permits, subject to a number of conditions, T. Rowe Price to acquire in the aggregate on behalf of its clients, 10% or more of the total voting stock of a bank, bank holding company, savings and loan holding company or savings association (each a "Bank"), not to exceed a 15% aggregate beneficial ownership maximum in such Bank. One such condition affects the manner in which T. Rowe Price will vote its clients' shares of a Bank in excess of 10% of the Bank's total voting stock ("Excess Shares"). The FRB Relief requires that T. Rowe Price use its best efforts to vote the Excess Shares in the same proportion as all other shares voted, a practice generally referred to as "mirror voting," or in the event that such efforts to mirror vote are unsuccessful, Excess Shares will not be voted. With respect to a shareholder vote for a Bank of which T. Rowe Price has aggregate beneficial ownership of greater than 10% on behalf of its clients, T. Rowe Price will determine which of its clients' shares are Excess Shares on a pro rata basis across all of its clients' portfolios for which T. Rowe Price has the power to vote proxies.

## GLOBAL PORTFOLIO COMPANIES

T. Rowe Price applies a two-tier approach to determining and applying global proxy voting policies. The first tier establishes baseline policy guidelines for the most fundamental issues, which apply without regard to a company's domicile. The second tier takes into account various idiosyncrasies of different countries, making allowances for standard market practices, as long as they do not violate the fundamental goals of good corporate governance. The goal is to enhance shareholder value through effective use of the shareholder franchise, recognizing that applying policies developed for U.S. corporate governance is not appropriate for all markets.

## PROXY VOTE DISCLOSURE

The Price Funds make broad disclosure of their proxy votes on [troweprice.com](http://troweprice.com) and on the SEC's Internet site at [sec.gov](http://sec.gov). All funds, regardless of their fiscal years, must file with the SEC by August 31, their proxy voting records for the most recent 12-month period ended June 30.

## T. ROWE PRICE'S U.S. VOTING GUIDELINES

Following are selected key voting issues and the T. Rowe Price proxy voting guidelines for 2017. This document is updated annually.

- I. Auditors
- II. Boards of directors
- III. Proxy contests
- IV. Anti-takeover provisions
- V. Corporate governance provisions
- VI. Capital structure
- VII. Mergers and acquisitions
- VIII. Socially oriented shareholder proposals
- IX. Compensation

## ISSUE:

### AUDITOR RATIFICATION

#### T. ROWE PRICE GUIDELINE:

Generally **FOR** approval of auditors. However **AGAINST** ratification of auditors and/or **AGAINST** members of the audit committee if:

- An auditor has a financial interest in or association with the company, and is therefore not independent;
- There is reason to believe that the auditor has rendered an opinion that is neither accurate nor indicative of the company's financial position;

- The auditor has issued an adverse opinion on the company's most recent financial statements;
- A material weakness under Section 404 of the Sarbanes-Oxley Act rises to a level of serious concern, there are chronic internal control weaknesses, or there is an absence of effective control mechanisms;
- Pervasive evidence indicates that the committee entered into an inappropriate indemnification agreement with its auditor; or
- Non-audit fees are excessive in relation to audit-related fees without adequate explanation.

**ISSUE:**

**AUDITOR INDEMNIFICATION AND LIMITATION OF LIABILITY**

**T. ROWE PRICE GUIDELINE:**

Generally **AGAINST** auditor indemnification and limitation of liability that limits shareholders' ability to pursue legitimate legal recourse against the audit firm.

**ISSUE:**

**ELECTION OF DIRECTORS**

**T. ROWE PRICE GUIDELINE:**

In the U.S., generally **FOR** slates with a majority of independent directors. **FOR** slates with less than a majority of independent directors if the company has a shareholder (or group of shareholders) who controls the company by means of economic ownership, not supervoting control.

Outside the U.S., we expect companies to adhere to the minimum independence standard established by regional corporate governance codes.

**AGAINST** individual directors in the following cases:

- Inside directors and affiliated outside directors who serve on the board's Audit, Compensation or Nominating committees;
- Any director who missed more than 25 percent of scheduled board and committee meetings, absent extraordinary circumstances;
- Any director who sits on more than five public company boards; or
- Any director who is CEO of a publicly traded company and serves on more than two other public boards.

**AGAINST** members of the Nominating and Corporate Governance Committee and the Lead Independent Director (or Independent Chair) in the following case:

- For U.S. companies controlled by means of dual-class stock with superior voting rights, our guidelines are to oppose the key board members responsible for setting corporate governance standards. Over many years of investing in the U.S. equities market, we have reached the conclusion that companies controlled by means of dual-class stock present more disadvantages to long-term investors than any potential advantages. We have become alarmed, in recent years, to see the number of such companies growing rapidly due to IPOs. In our view, supporting the re-elections of the Nominating and Governance Committees at such companies sends the message that we are comfortable maintaining their dual-class structures indefinitely. In fact, this is not the case. If we conclude that the positive attributes of the investment, in total, outweigh the risks, we may make the decision to maintain an investment in the company despite the dual-class structure. However, we feel a responsibility to attempt to engage in dialogue with these companies about potential ways they could transition to a one-share, one-vote capital structure over time. Due to the nature of voting at controlled companies, our opposition to board members carries no possibility of changing the outcome. Nevertheless, we believe this voting guideline, accompanied by letters of explanation to each affected company, is the appropriate way to express our view that control by means of dual-class stock with superior voting rights does not serve the long-term interests of our clients.

**AGAINST** members of the Compensation Committee in the following cases:

- Company re-prices underwater options for stock, cash or other consideration without prior shareholder approval;
- Company has demonstrated poor compensation practices, taking into consideration performance results and other factors; or
- Compensation Committee members approve excessive executive compensation or severance arrangements.

**AGAINST** the entire board, certain committee members or all directors in the following cases:

- Directors failed to take appropriate action following a proposal that was approved by a majority of shareholders;
- Directors adopted a poison pill within the past three years without shareholder approval, unless the board has committed to put it to a vote within the next 12 months;

- Directors approved egregious corporate governance actions or exhibit persistent failure to represent shareholders' interests, in the opinion of T. Rowe Price; or
- A director (or directors) received less than 50 percent of votes cast in the prior year and did not subsequently resign.

**ISSUE:**

**REQUIRE INDEPENDENT BOARD CHAIR**

**T. ROWE PRICE GUIDELINE:**

**CASE-BY-CASE**, taking into consideration primarily the views of the portfolio manager as to whether the role of board chair should be a separate position. Secondary considerations include the role of the board's Lead Independent Director and the board's overall composition.

**ISSUE:**

**MAJORITY VOTING**

**T. ROWE PRICE GUIDELINE:**

**FOR** proposals asking the Board to initiate the process to provide that director nominees be elected by the affirmative majority of votes cast at an annual meeting of shareholders. Resolutions should specify a carve-out for a plurality vote standard when there are more nominees than board seats.

**ISSUE:**

**PROXY CONTESTS**

**T. ROWE PRICE GUIDELINE:**

**CASE-BY-CASE**, considering the long-term financial performance of the target company relative to its industry, management's track record, the qualifications of the shareholder's nominees, and other factors.

**ISSUE:**

**REIMBURSE PROXY SOLICITATION EXPENSES**

**T. ROWE PRICE GUIDELINE:**

**FOR**

**ISSUE:**

**PROXY ACCESS**

**T. ROWE PRICE GUIDELINE:**

T. Rowe Price believes significant, long-term investors should be able to nominate director candidates using the company's proxy, subject to reasonable limitations comparable to those contained in the SEC's 2010 proxy access rule. We believe the orderly process required under these provisions would ultimately prove to be a better corrective mechanism in the U.S. markets than our current state, where activist shareholders drive many of the changes on corporate boards, whether or not they share long-term investors' objectives.

Generally, **FOR** shareholder proposals offering a balanced set of limitations and requirements for proxy access. We support proposals suggesting ownership of three percent of shares outstanding with a three-year holding period as the standard for access to the proxy. We do not believe there should be undue impediments to a proponent's ability to aggregate holdings with other shareholders in order to qualify for access to the proxy. Generally, we will vote **AGAINST** proposals (whether sponsored by shareholders or by management) putting forth requirements materially different from these thresholds. We will also generally vote **AGAINST** shareholder proposals to amend existing proxy access bylaws if the company has already adopted a bylaw that meets the general parameters described above.

**ISSUE:**

**ADOPT OR AMEND POISON PILL (MANAGEMENT PROPOSALS)**

**T. ROWE PRICE GUIDELINE:**

Generally, **AGAINST**.

**ISSUE:**

**AMEND/RESCIND POISON PILL (SHAREHOLDER PROPOSALS)**

**T. ROWE PRICE GUIDELINE:**

**FOR**, unless the shareholders have already approved the pill, or the company commits to giving shareholders the right to approve it within 12 months.

**ISSUE:**

**ANNUAL VS. STAGGERED BOARD ELECTIONS**

**T. ROWE PRICE GUIDELINE:**

**AGAINST** proposals to elect directors to staggered, multi-year terms.

**FOR** proposals to repeal staggered boards and elect all directors annually.

**ISSUE:**

**ADOPT CUMULATIVE VOTING**

**T. ROWE PRICE GUIDELINE:**

**AGAINST**

**ISSUE:**

**SHAREHOLDER ABILITY TO CALL SPECIAL MEETINGS**

**T. ROWE PRICE GUIDELINE:**

**FOR** proposals allowing shareholders to call special meetings when either (a) the company does not already afford shareholders that right, or (b) the threshold to call a special meeting is greater than 25 percent. **AGAINST** proposals to reduce the threshold of shareholders required if the company has in place a standard of no more than 25 percent. **AGAINST** proposals to restrict or prohibit shareholders' ability to call special meetings.

**ISSUE:**

**SHAREHOLDER ABILITY TO ACT BY WRITTEN CONSENT**

**T. ROWE PRICE GUIDELINE:**

Generally, **AGAINST** proposals that would allow shareholder action by written consent unless the company does not offer shareholders the right to call special meetings.

**ISSUE:**

**SIMPLE MAJORITY VS. SUPERMAJORITY PROVISIONS**

**T. ROWE PRICE GUIDELINE:**

**AGAINST** proposals to require a supermajority shareholder vote. Generally **FOR** proposals to adopt simple majority requirements for all items that require shareholder approval.

**ISSUE:**

**STATE OR COUNTRY OF INCORPORATION**

**T. ROWE PRICE GUIDELINE:**

**CASE-BY-CASE** on domestic, state-to-state reincorporations. **AGAINST** proposals to reincorporate offshore. **FOR** proposals that call for companies incorporated in offshore tax havens to reincorporate in the United States. **AGAINST** shareholder proposals to move incorporation from one state to another.

**ISSUE:**

**DUAL-CLASS EQUITY**

**T. ROWE PRICE GUIDELINE:**

**AGAINST** proposals that authorize the issuance of shares that would create disproportionate voting rights. **FOR** proposals to implement a capital structure with one share, one vote.

**ISSUE:**

**AUTHORIZATION OF ADDITIONAL COMMON STOCK**

**T. ROWE PRICE GUIDELINE:**

CASE-BY-CASE

**ISSUE:**

**REVERSE STOCK SPLIT**

**T. ROWE PRICE GUIDELINE:**

Generally, **FOR** proposals where there is a proportionate reduction in the number of authorized shares.

**ISSUE:**

**PREFERRED STOCK**

**T. ROWE PRICE GUIDELINE:**

Generally, **FOR** proposals to create a class of preferred stock where the company specifies acceptable voting, dividend, conversion and other rights. **AGAINST** proposals to create a blank check preferred stock with unspecified voting, dividend, conversion and other rights.

**ISSUE:**

**CORPORATE REORGANIZATION AND DEBT RESTRUCTURING**

**T. ROWE PRICE GUIDELINE:**

CASE-BY-CASE

**ISSUE:**

**DIRECTOR COMPENSATION**

**T. ROWE PRICE GUIDELINE:**

Generally **FOR** proposals to award cash fees to non-executive directors, unless fees are excessive. Generally **FOR** director equity plans that are subject to reasonable stock ownership guidelines, have an appropriate vesting schedule, represent a prudent mix between cash and equity, provide adequate disclosure and do not include inappropriate benefits such as post-retirement payments or executive perks.

**ISSUE:**

**MERGERS, ACQUISITIONS AND CORPORATE RESTRUCTURINGS**

**T. ROWE PRICE GUIDELINE:**

CASE-BY-CASE

**ISSUE:**

**ADJOURN MEETING OR OTHER BUSINESS**

**T. ROWE PRICE GUIDELINE:**

**FOR**, where T. Rowe Price is supportive of the underlying merger proposal and the adjournment proposal is narrow in scope. **AGAINST** vague or open-ended proposals, or any containing a mention of "other business."

**ISSUE:**

**SHAREHOLDER PROPOSALS OF A SOCIAL OR ENVIRONMENTAL NATURE**

**T. ROWE PRICE GUIDELINE:**

It is T. Rowe Price policy to analyze every shareholder proposal of a social or environmental nature on a **CASE-BY-CASE** basis. To do this, we utilize research reports from our external proxy advisor, company filings and sustainability reports, research from other investors and non-governmental organizations, and our internal industry research analysts. Generally speaking, we support well targeted proposals addressing concerns that are particularly relevant for a company's business that have not yet been adequately addressed by management.

## **ISSUE:**

### **SHAREHOLDER PROPOSALS RELATED TO POLITICAL SPENDING AND LOBBYING**

#### **T. ROWE PRICE GUIDELINE:**

Generally, **AGAINST**, unless we believe the decision to engage in political activities poses a unique risk for a particular company and it is unclear whether the board oversees and monitors such risk adequately. A company's level of disclosure on this issue relative to its peers is a secondary consideration.

## **ISSUE:**

### **EXECUTIVE COMPENSATION GUIDELINES**

#### **T. ROWE PRICE GUIDELINE:**

##### Introduction

Votes on compensation matters take a number of different forms in markets around the world, including:

- votes to approve new equity plans;
- votes to approve adding new shares to an existing equity plan;
- votes to approve specific grants of shares to executives;
- advisory votes on executives' compensation ("Say on Pay");
- binding votes on executives' compensation or pay plans; and
- shareholder resolutions addressing certain aspects of executive compensation.

Generally, our approach to all of these categories is to assess how reasonable the resolution is in light of the company's strategy, relative performance, absolute performance, industry, size and location. Our objective is to identify and support compensation resolutions that are both aligned with the long-term interests of shareholders and thoroughly explained in the company's public disclosures.

Following are more detailed explanations of our voting guidelines in the three main areas of executive compensation: [Equity Plans](#), [Say on Pay](#) and [Shareholder Proposals](#).

#### **EXECUTIVE COMPENSATION ISSUES—EQUITY PLANS**

We believe long-term equity plans, used appropriately, provide strong alignment of interests between executives and investors. These plans can be effective in linking executives' pay to the company's performance as well as attracting and retaining management talent. We evaluate requests to approve or renew equity plans on a case-by-case basis, taking into account the overall cost of the plan (absolute and relative to peers); the company's past performance; the company's size, industry and growth rate; vesting provisions; and the key qualitative features of the plan. We oppose plans that are excessively costly, as well as those with problematic features such as evergreen or repricing provisions. We may also oppose equity plans at any company where we deem the overall compensation practices to be problematic.

We generally oppose efforts to reprice options in the event of a decline in value of the underlying stock unless such requests appropriately balance shareholder and employee interests and are subject to shareholder approval.

We generally support renewal of plans for purposes of Section 162(m) unless evergreen provisions are present.

#### **EXECUTIVE COMPENSATION ISSUES—SAY ON PAY**

Shareholder votes to approve executive compensation—generally votes of an advisory nature—are becoming increasingly common in markets around the world. It is challenging to apply a rules-based framework to compensation votes because every pay program is a unique reflection of the company's performance, industry, size, geographic mix and competitive landscape. Additionally, factors such as executives' individual performance, achievement of goals, experience, tenure, skills and leadership should be taken into account in evaluating the overall compensation context. For these reasons, T. Rowe Price takes a case-by-case approach to "Say on Pay" votes.

Outside the U.S., we generally assess a company's disclosure about its executive compensation program in relation to contemporary norms and standards in its home market. Further analysis is focused on the degree of alignment between the company's long-term performance and the payouts generated under its compensation program. We use research reports from our outside proxy-services specialist, Glass Lewis, as an important input into our analysis.

Within the U.S., T. Rowe Price votes more "Say on Pay" resolutions than in any other market due to the frequency of these votes and our number of holdings. Therefore, we have adopted a screening approach to identify companies with persistent gaps in their

pay/performance alignment and companies using compensation practices or structures that may be problematic. The screen looks at compensation through four different perspectives:

**a. Pay/Performance Alignment**

We look at correlation between executive pay and company performance over periods of three, four and five years. Performance is defined in terms of total shareholder return and financial measures appropriate for the company's primary industry. We use data from two outside research providers, Glass Lewis and Equilar, to assess the long-term linkage between pay and performance.

**b. Pay Practices**

We consider the presence of compensation practices that may be outdated or may, in our experience, impede the alignment of executives' and shareholders' interests. Examples of such practices include supplemental executive retirement plans, excessive golden parachutes, unreasonable perquisites, tax gross-up provisions, single triggers in the change-of-control plan, automatic benchmarking in the top half of the company's peer group and the use of special, one-time equity grants for retention or similar purposes.

**c. External Perspectives**

The recommendations of our outside proxy advisor, Glass Lewis, and the results from the prior year's advisory compensation vote (if any) form the third lens through which we assess pay programs. These external data points are indicators of the overall market's assessment of the company's approach to compensation.

**d. Absolute Level of Pay**

The fourth element of our screen is a look at the absolute level of reported executive pay. We assess this figure relative to other companies whose stocks are held in our clients' portfolios, companies we would deem loosely similar in size, industry and growth profile. The purpose of this analysis is to identify outliers, which we define as companies paying their executives in the top decile of their respective sectors. In our view, it may be appropriate for the board's Compensation Committee to decide to pay at the top end of the peer set if the company also delivers persistently strong relative performance. Additionally, there may be unique, one-off circumstances causing a company to appear at the top end of the peer group in a single year, such as when there has been a succession in the executive suite. However, when we find companies consistently delivering industry-leading compensation without also delivering consistent industry-leading results, our screen triggers further analysis.

The screen is just the first stage of the process. If a company's compensation profile registers high negative scores in one or more of the four areas described above, it leads to a qualitative review. In this review, we assess the circumstances that led to the high score, review the company's proxy filing for the rationale behind the compensation decisions in that period, and consult the T. Rowe Price equity analyst who follows the company. Often, we engage with the company to request additional context and perspective. After this second-stage review, we put forth a recommendation to the Portfolio Managers who own shares of the company in their clients' portfolios: either to support or oppose the resolution.

With regard to the question of how frequently U.S. companies should offer shareholders a "Say on Pay" vote, we generally prefer an annual cycle.

## **EXECUTIVE COMPENSATION ISSUES—SHAREHOLDER PROPOSALS**

Shareholder resolutions on compensation matters are relatively uncommon. The T. Rowe Price voting guidelines generally oppose shareholder resolutions of a prescriptive nature, which aim to change a particular element of a company's compensation program. Examples of such resolutions include proposals asking that executives be subject to mandatory holding periods on their equity awards and proposals asking for specific financial metrics or sustainability goals to be added to the pay program. Generally, we believe such questions are highly dependent on the company's specific circumstances and therefore should be left to the discretion of the board's Compensation Committee.

Some resolutions are aimed at compensation practices that we have found to be persistently problematic across a range of companies, so we are more likely to support resolutions of this nature. One example is a proposal to update certain provisions of a company's golden parachute plan. Since we frequently find outdated provisions in such plans, and we believe they can reduce the alignment of interests between executives and shareholders, we often find these types of resolutions constructive.

## **CONCLUSION**

Well structured incentive programs can be key contributors to executive management decisions that serve to enhance value creation over time. The corollary is also true: incentive programs with inappropriate performance objectives or other design weaknesses tend to impede the alignment of management's incentives with investors' interests. In our view, it is our responsibility as engaged investors to understand the compensation programs of the companies we've invested in and to provide feedback to those companies—through our proxy votes and through direct engagement—where we find cause for concern.