March 13, 2020

Jean-Marc Corredor
T. Rowe Price Group, Inc.
jean-marc.corredor@troweprice.com

Re: T. Rowe Price Group, Inc.
Incoming letter dated January 1, 2020

Dear Mr. Corredor:

This letter is in response to your correspondence dated January 1, 2020 concerning the shareholder proposal (the “Proposal”) submitted to T. Rowe Price Group, Inc. (“T. Rowe Price Group”) by Zevin Asset Management, LLC (the “Proponent”) for inclusion in T. Rowe Price Group’s proxy materials for its upcoming annual meeting of security holders. We also have received correspondence from the Proponent dated January 15, 2020. Copies of all of the correspondence on which this response is based will be made available on our website at http://www.sec.gov/divisions/corpfin/cf-noaction/14a-8.shtml.

Sincerely,

M. Hughes Bates
Special Counsel

Enclosure

cc: Pat Miguel Tomaino
Zevin Asset Management, LLC
pat@zevin.com
March 13, 2020

Response of the Office of Chief Counsel
Division of Corporation Finance

Re: T. Rowe Price Group, Inc.
  Incoming letter dated January 1, 2020

The Proposal requests that the board initiate a review and issue a report on the proxy voting policies and practices of its subsidiaries related to climate change, including an assessment of any incongruities between T. Rowe Price Group’s public statements and pledges regarding climate change (including ESG risk considerations associated with climate change), and the voting policies and practices of its subsidiaries.

We are unable to concur in your view that T. Rowe Price Group, the parent holding company, may exclude the Proposal under rule 14a-8(i)(7) as the Proposal transcends T. Rowe Price Group’s ordinary business operations. In our view, the Proposal is focused on possible differences between T. Rowe Price Group’s public statements and pledges regarding climate change and the voting policies and practices of its subsidiaries, including any subsidiaries which are investment advisers (“Price Advisers”) regarding climate change. Accordingly, we do not believe that T. Rowe Price Group may omit the Proposal from its proxy materials in reliance on rule 14a-8(i)(7).

In reaching this position, we recognize that the Price Advisers are subject to the Investment Advisers Act of 1940 and, accordingly, have a fiduciary duty to their clients and must vote their clients’ proxies in the clients’ best interest. As a result, and as you note in your letter, the Proposal, if adopted, cannot nor should not require T. Rowe Price Group to direct or request the Price Advisers to alter their voting policies or practices in any way that would interfere with the Price Advisers’ ability to fulfill their fiduciary duty to their clients.

Sincerely,

Dorrie Yale
Special Counsel
January 15, 2020

Via electronic mail: shareholderproposals@sec.gov

Office of Chief Counsel
Division of Corporation Finance
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549

Re: Shareholder Proposal to T. Rowe Price Group, Inc. by Zevin Asset Management, LLC, on behalf of Janet Axelrod 1997 Revocable Trust Management, LLC

Ladies and Gentlemen:

Our firm filed a proposal on behalf of Janet Axelrod 1997 Revocable Trust (the “Proponent”) at T. Rowe Price Group, Inc. (the “Company”). Jean-Marc Corredor filed a no action request on behalf of T. Rowe Price Group, Inc. (“The Company”) dated January 1, 2020 (“Company Letter”). I am writing to reply on behalf of the proponent. A copy of this reply is also being sent to Mr. Corredor.

**SUMMARY**

The Proposal submitted by the Proponent requests that the Company’s Board of Directors “initiate a review and issue a report on the proxy voting policies and practices of its subsidiaries related to climate change … including an assessment of any incongruities between the Company’s public statements and pledges regarding climate change (including ESG risk considerations associated with climate change), and the voting policies and practices of its subsidiaries.”

The Company argues that the proposal is excludable under Rule 14a-8(i)(7) either because the proposal addresses ordinary business or because it micromanages.

The Company Letter asserts that as a financial services holding company with all asset management and proxy voting functions undertaken by subsidiaries the Company “has no role” in establishing or determining its subsidiaries’ voting policies and practices, whether related to climate change or otherwise.\(^1\) The Company then characterizes its subsidiaries’ proxy voting policies as “core investment management services,” which are part of the business operations of the

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\(^1\) “The Proponent is not a Client of Price Advisers and the Proposal seeks information and explanations relating to the Price Advisers’ voting policies that do not pertain to the Company or the Proponent’s relationship as a shareholder of the Company.” Company Letter, page 6.
subsidiaries\(^2\), and reasons that the Proposal’s request to assess any inconsistencies between subsidiary proxy voting policy and the Company’s public statements concerns the ordinary business of how the Company manages the operations of its subsidiaries. Furthermore, the Company claims that the requested review of proxy voting micromanages the relationship between the Company and its subsidiaries.

The current Proposal and the Company’s arguments are nearly identical to those considered by the Staff in *Franklin Resources* (November 24, 2015). In that case, shareholders brought a shareholder proposal requesting that “the board issue a climate change report to shareholders assessing any incongruities between the proxy voting practices of the company and its subsidiaries within the last year, and any of the company’s policy positions regarding climate change.” The Staff rejected numerous exclusion claims by Franklin Resources, including ordinary business.

Here, as in *Franklin*, the Company’s subsidiaries have proxy voting guidelines in place concerning climate change and ESG, and the Proposal seeks an explanation and accountability to investors on climate change proxy voting, without attempting to dictate changes in those policies. At issue is whether the Company and its subsidiaries can be asked to be accountable and transparent with regard to the significant public policy issue of climate change as it is implicated by the company’s proxy voting practices.

**ANALYSIS**

I. The subject matter of the Proposal is the significant social policy issue of climate change and therefore the Proposal may not be excluded under Rule 14a-8(i)(7) as relating to ordinary business.

The Company argues that the Proposal deals with matters of ordinary business and is therefore excludable on the basis of Rule 14a-8(i)(7). It bases this claim on two core premises: (1) that the Proposal relates to “management’s ability to run the Company on a day-to-day basis”, and (2) that the Proposal “attempts to micro-manage the Company by probing too deeply into matters of a complex nature (proxy voting as part of the investment process)”. The Company properly notes that Staff Legal Bulletin 14E confirmed that the Staff, in evaluating whether a proposal is excludable under Rule 14a-8(i)(7), would consider whether the subject matter giving rise to the Proposal is a transcendent social policy issue. If so, the Proposal would not be excludable.

The Staff has long recognized that matters related to policies on climate change address a significant policy issue and, therefore, generally are not excludable under Rule 14a-8(i)(7).\(^3\)

\(^2\) "The Price Advisers’ proxy voting policies constitute an integral part of the investment management services that the Price Advisers provide to their Clients under their advisory contracts and are the basis on which Clients (including the Funds and their boards) contractually agree to delegate proxy voting authority to the Price Advisers.” Company Letter, pages 5-6.

\(^3\) For example, the Staff determined the following resolutions, which focused on climate change or GHGs, submitted to utility companies transcended ordinary business: Dominion Resources (February 27, 2014) (report on using biomass as a key renewable energy and climate mitigation strategy); Devon Energy Corp. (March 19, 2014) (report on the company’s goals and plans to address global concerns regarding the contribution of fossil fuel use to climate change, including analysis of long-and short-term financial and operational risks to the company); and, NRG Inc. (March 12, 2009) (report on how the company’s involvement with the Carbon Principles has impacted the environment). Further Staff
The fact that the Proposal focuses on the Company’s proxy voting practices as they affect its positions on climate does not render this issue excludable where shareholders seek additional disclosure and attention to this significant policy issue. The Staff has repeatedly come to the conclusion that proposals in the financial sector that relate to climate change are not excludable as ordinary business even though the proposals address aspects of those businesses that might otherwise be deemed ordinary business. Goldman Sachs Group, Inc. (February 7, 2011) (proposal requesting report disclosing the business risk related to developments in the political, legislative, regulatory and scientific landscape regarding climate change not excludable as ordinary business).  

The primary focus of the Proposal on a core business practice, in this instance, proxy voting, does not make the Proposal excludable since the topical focus is a significant policy issue i.e., climate change. The newly issued Staff Legal Bulletin, SLB 14H (CH) makes the distinction clear between an underlying subject matter focus – in this instance, climate change -- and the core “nitty gritty” business practices that may well be touched upon in addressing that issue, in this instance, proxy voting practice:

“[T]he Commission has stated that proposals focusing on a significant policy issue are not excludable under the ordinary business exception “because the proposals would transcend the day-to-day business matters and raise policy issues so significant that it would be appropriate for a shareholder vote.” Thus, a proposal may transcend a company’s ordinary business operations even if the significant policy issue relates to the “nitty-gritty of its core business.” Therefore, proposals that focus on a significant policy issue transcend a company’s ordinary business operations and are not excludable under Rule 14a-8(i)(7).”

Most proposals on climate change seek an increase in disclosures to shareholders relating to climate risks, a strategy which the Commission has endorsed as a core investor strategy for climate. The Commission’s focus on climate as a significant policy issue meriting disclosure was amplified by its February 8, 2010 Climate Change release "Guidance to Public Companies Regarding the Commission’s Existing Disclosure Requirements as they Apply to Climate Change Matters" (Release Nos. 33-9106; 34-61469; FR-82), in which the SEC explained that climate change had become a topic of intense public discussion as well as significant national and international regulatory activity. The guidance cites numerous determinations finding climate change proposals submitted to non-utility companies as transcending ordinary business include: Exxon Mobil Corp. (March 23, 2007) (adopt quantitative goals for GHG reduction); Exxon Mobil Corp. (March 12, 2007) (adopt policy to increase percentage of renewables in generation portfolio); General Electric Co. (January 31, 2007) (create report on global warming).

4 The Staff precedents in Goldman Sachs (February 7, 2011 and March 1, 2011) reversed the prior staff position and found that proposals at a financial institution on climate change were not excludable as ordinary business, regardless of whether they related to an analysis of risk to the environment (March 1, 2011) or an analysis of climate related business risk to the firm (February 7, 2011). (The March 1, 2011 no action letter noted that the second of these proposals was duplicative with the first, and that the company was not obliged to publish both of those proposals on that year’s proxy.) Goldman Sachs (February 7, 2011) related to a proposal requesting the board of Goldman Sachs prepare a report disclosing the business risk related to developments in the political, legislative, regulatory and scientific landscape regarding climate change. Again, the Company argued unsuccessfully that the proposal was excludable under Rule 14a-8(i)(7).

5 http://www.sec.gov/interp/legal/cfslb14h.html
state and federal regulatory activities, including the California Global Warming Solutions Act, the Regional Greenhouse Gas Initiative, the Western Climate Initiative, the Clean Energy Jobs and American Power Act of 2009, and EPA’s greenhouse gas reporting program. The disclosure guidance was needed, according to the Commission, because “the regulatory, legislative and other developments described could have a significant effect on operating and financial decisions.”

**The Proposal has a narrow focus on climate change**

Here, the Proposal’s request that the Company “initiate a review and issue a report on the proxy voting policies and practices of its subsidiaries related to climate change ... including an assessment of any incongruities between the Company’s public statements and pledges regarding climate change (including ESG risk considerations associated with climate change), and the voting policies and practices of its subsidiaries”, demonstrates the Proposal’s narrow focus on the significant policy issue of climate change.

Although prior Staff decisions allowed exclusion of proposals seeking a broad review of proxy voting practices, the narrow focus of the present Proposal addresses climate change, a subject matter that is recognized by the Staff, the Company, and its shareholders as one of the most significant policy issues of our time. In addition, the Company has a clear nexus to this significant social policy issue by virtue of the commitments made in its own stated ESG policies and principles. Therefore the Proposal is not excludable under Rule 14a-8(i)(7).

**The nexus of the Proposal to the Company is demonstrated in the Company’s published statements and policies**

The Company acknowledges that climate change will have a profound impact on its business, creating significant risks and opportunities. As noted in its 2018 inaugural ESG Report:

> “**Confronting Climate Change** Climate change is a complex issue to address from an investment perspective. In some cases, its impact will be revealed through a gradual shift that may play out over many decades. In others, it will be a binary event. But **this global challenge will touch virtually our entire investment universe—equities and corporate, sovereign, and municipal bonds—and we believe the impact on financial markets is still only in its very early stages.** In almost every country, the policies put in place to manage for climate change lag national targets. Even then, those targets are further behind scientific recommendations.”

The Report explains how the Company’s Responsible Investor Indicator Model analyzes more than carbon impact:

> “**While carbon is the focus of public debate and data are widely available, we believe**

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limiting analysis to this factor is short-sighted. Many other climate change factors — such as water availability, local pollution, and waste management — are more likely to be catalysts for regulatory change that can impact company and industry performance.”

The Company's Environmental Policy adds, when it comes to reporting and transparency:

We carefully evaluate our environmental performance to improve our environmental management practices and decision-making through a commitment to:

- **Performance**: Measure and analyze our environmental performance through comprehensive annual self-assessments.
- **Transparency**: Publicly report our environmental performance through participation in the annual Carbon Disclosure Project and periodic Corporate Social Responsibility Reports.
- **Environmental, Social, and Governance (ESG)**: Effectively incorporate ESG risk considerations into our fundamental investment analysis and regularly evaluate, update, and publicly share our ESG Investment Policy.

**The Proposal does not ask to modify the proxy voting practices or policies of the Company’s subsidiaries**

The Company argues that the Proposal may be omitted from the Company’s 2020 proxy in reliance on Rule 14a-8(i)(7), because the Proposal deals with matters of ordinary business.

The Company’s argument is identical to that in Franklin Resources (November 24, 2015). In that case, shareholders brought a similar shareholder proposal requesting that “the board issue a climate change report to shareholders assessing any incongruities between the proxy voting practices of the company and its subsidiaries within the last year, and any of the company’s policy positions regarding climate change.” Franklin Resources, like the Company, is a financial services holding company with all asset management and proxy voting functions undertaken by its subsidiaries. Franklin made arguments nearly identical to those of the Company, including an argument for exclusion on the basis of Rule 14a-8(i)(7). The Staff was unable to concur with the company’s request for exclusion, noting that the proposal focused on the significant policy issue of climate change.

The Company argues that the current Proposal seeks to modify the practices and policies of the Company, basing this argument upon the language in the Proposal’s supporting statement describing the practices of peer companies PIMCO, Legg Mason, UBS and Invesco. According to the Company, contrasting these companies’ practices with those of the Company amounts to a comparison, and therefore an implicit attempt to push the Company to modify its subsidiaries’ practices to be more like its peers.
However, as in *Franklin*, the language of the Proposal in fact *does not seek modification* of proxy voting practices or policies. Though the Company attempts to mischaracterize the Proposal as a heavy-handed directive to the parent to modify its subsidiaries’ proxy voting guidelines, the Proposal is appropriately respectful of the limitations both of the shareholders in relation to the Company, and of the Parent company vis-a-vis its subsidiaries. The Proposal neither requests specific action by the Company that would be outside of its authority, nor action that interferes with the subsidiaries’ fiduciary duties. Instead, it simply *requests assessment of any incongruities* between proxy voting practices and policies and the Company’s own statements and commitments and disclosure of this assessment to shareholders. *As such, the present Proposal does not go as far as that in Franklin, which in addition to requesting assessment also requested the adoption of policy that could increase alignment and decrease incongruities, and still was not found excludable on the basis of ordinary business.*

**The Proposal does not micromanage the Company**

The Company further argues that the Proposal seeks to micro-manage the Company in that “the Company is being asked to explain each instance where the Price Advisers’ existing proxy voting policy for a Fund might deviate from the Company’s public statements and pledges”. This is, again, a misrepresentation of the request of the Proposal. The Proposal does not seek to micromanage the Company but, rather, raises issues in a manner that affords substantial discretion regarding how to assess and report any incongruities. While it appears to the Proponents that the voting practices of subsidiaries are inconsistent with Company statements about ESG and climate change, the Proposal leaves it to the Board to determine, through the requested review, whether any incongruities are truly present, and how to characterize, categorize, rationalize or group them.

The present Proposal does not go as far as that in *Franklin*, where the proposal did ask the company to assess each instance of apparent inconsistency, and still was not considered to be micro-management. In that case, the Proposal said;

> “Resolved: Shareowners request that the Board of Directors issue a climate change report to shareholders by September 2016, at reasonable cost and omitting proprietary information. The report should assess any incongruities between the proxy voting practices of the company and its subsidiaries within the last year, and any of the company's policy positions regarding climate change. This assessment should list all instances of votes cast that appeared to be inconsistent with the company's climate change positions, and explanations of the incongruency.” (Emphasis added)

The present Proposal’s request for review of proxy voting, in contrast, reads;

> Resolved: Shareowners request that the Board of Directors initiate a review and issue a report on the proxy voting policies and practices of its subsidiaries related to climate
change, prepared at reasonable cost and omitting proprietary information, and including an assessment of any incongruities between the Company’s public statements and pledges regarding climate change (including ESG risk considerations associated with climate change), and the voting policies and practices of its subsidiaries.

There is no reference to the method of review, and no request, as there was in Franklin, for the Company to “list all instances of votes cast that appeared to be inconsistent”. Yet, the proposal in Franklin was not considered by the Staff to be micro-managing the company’s relationship with its subsidiaries.

We note that a report compliant with the proposal could simply say, for instance, that advisers grouped companies by sector into climate risk “baskets,” that all of the companies with only a few exceptions were found to be “low risk” on climate change on the relevant timeframe, and therefore subjected to a “no” vote on the proposals. This is one example of a possible approach far less burdensome than the Company’s protest that it will be required to “explain every vote.”

In the language of Staff Legal Bulletin 14 K, the present proposal does not seek “intricate detail or imposes a specific strategy, method, action, outcome or timeline for addressing an issue.” It does not supplant the judgment of management and the board. It does not prescribe” specific timeframes or methods for implementing complex policies.” It merely seeks disclosure and accountability on significant policy issues that the company has identified as important policy issues.

CONCLUSION

The Company has failed to provide any basis for exclusion of the shareholder proposal. We urge the Staff to instruct the Company that the Proposal does not qualify for no action relief. Thank you for your careful consideration of this important proposal.

Respectfully Submitted,

Pat Miguel Tomaino
Director of Socially Responsible Investing
Zevin Asset Management, LLC

cc: Jean-Marc Corredor
THE PROPOSAL

Whereas: T. Rowe Price Group is a respected leader in the financial services industry with several policies and practices addressing environmental, social and governance (ESG) topics.

TROW’s “ESG Policy” describes how “ESG risk considerations” are incorporated into investment decisions. That policy expresses TROW’s belief that ESG issues can influence investment risk and return, thus affirming that such issues must be addressed carefully by investors.

In its “Responsible Investment Guidelines,” TROW acknowledges the importance of climate change risk: “We believe that speaking with company managements and other stakeholders about climate change is a good way to gather valuable investment insights as to the management’s process for assessing long-term risks and helps reinforce the notion that climate-related risk assessment should remain a priority.”

TROW seems knowledgeable about the risks of climate change and the need for action by companies.

TROW’s subsidiaries, which vote proxies, are guided by clients’ economic interests and support certain governance reforms proposed by shareholders who believe that these issues affect shareholder value. We believe ESG issues such as climate change risk also have a profound impact on shareholder value.

TROW is a member of the Principles for Responsible Investment, a global network of investors and asset owners representing more than $89 trillion in assets. One of the Principles encourages investors to vote conscientiously on ESG issues.

Yet the 2019 publicly reported proxy voting records for TROW’s subsidiaries reveal consistent votes against the vast majority of climate-related shareholder proposals (with support for only 24 percent of such resolutions), such as requests for enhanced disclosure or adoption of greenhouse gas reduction goals, even when independent experts advance a strong business and economic case for support.

In contrast, funds managed by investment firms such as PIMCO, Legg Mason, UBS, and Invesco supported the majority of climate-related resolutions in 2019.

The voting practices of subsidiaries appear inconsistent with our Company’s statements about ESG and climate change. This contradiction poses reputational risk with both clients and investors. Moreover, proxy voting practices that do not properly take account of climate change seem to ignore significant company-specific and economy-wide risks associated with negative impacts of climate change.

Investors seek information on whether the practices of TROW and its subsidiaries are suited to address material ESG considerations in proxy voting. Thus, we request this review of proxy voting.

Resolved: Shareowners request that the Board of Directors initiate a review and issue a report on the proxy voting policies and practices of its subsidiaries related to climate change, prepared at reasonable cost and omitting proprietary information, and including an assessment of any incongruities between the Company’s public statements and pledges regarding climate change (including ESG risk considerations associated with climate change), and the voting policies and practices of its subsidiaries.
January 1, 2020

VIA E-MAIL (shareholderproposals@sec.gov)

Office of Chief Counsel
Division of Corporation Finance
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Re: T. Rowe Price Group, Inc.
Shareholder Proposal of Zevin Asset Management, LLC

Dear Ladies and Gentlemen:

T. Rowe Price Group, Inc., a Maryland corporation (the “Company”), hereby requests confirmation that the staff of the Division of Corporate Finance (the “Staff”) of the U.S. Securities and Exchange Commission (the “Commission”) will not recommend enforcement action to the Commission if, in reliance on Rule 14a-8(i)(7) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), the Company omits the enclosed shareholder proposal (the “Proposal”) and statements in support thereof received from Zevin Asset Management, LLC, on behalf of Janet Axelrod 1997 Revocable Trust (collectively, the “Proponents”), from the Company’s proxy materials (the “2020 Proxy Materials”) for its 2020 Annual Meeting of Shareholders (the “2020 Annual Meeting of Shareholders”), which the Company intends to file with the Commission more than 80 days after the date of this letter.

In accordance with Staff Legal Bulletin No. 14D (November 7, 2008) (“SLB 14D”), this submission is being delivered by email to shareholderproposals@sec.gov. Pursuant to Rule 14a-8(j), a copy of this submission is also being sent to the Proponents as notification of the Company’s intention to omit the Proposal from its 2020 Proxy Materials. Rule 14a-8(k) and SLB 14D provide that a shareholder proponent is required to send to the company a copy of any correspondence that the proponent elects to submit to the Commission or the Staff. Accordingly, we hereby inform the Proponents that, if any of them elect to submit additional correspondence to the Commission or the Staff relating to the Proposal, the Proponent(s) should concurrently furnish a copy of that correspondence to the undersigned.

I. THE PROPOSAL

On November 13, 2019, the Company received a letter from each of the Proponents submitting the Proposal for inclusion in the 2020 Proxy Materials.1 The Proposal, as submitted by the Proponents, reads as follows:

Whereas: T. Rowe Price Group is a respected leader in the financial services industry with several policies and practices addressing environmental, social and governance (ESG) topics.

TROW’s “ESG Policy” describes how “ESG risk considerations” are incorporated into investment decisions. That policy expresses TROW’s belief that ESG issues can influence

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1 Specifically, the Proposal from Zevin Asset Management, LLC, on behalf of Janet Axelrod 1997 Revocable Trust, was received by the Company on November 13, 2019.
investment risk and return, thus affirming that such issues must be addressed carefully by investors.

In its “Responsible Investment Guidelines,” TROW acknowledges the importance of climate change risk: “We believe that speaking with company managements and other stakeholders about climate change is a good way to gather valuable investment insights as to the management’s process for assessing long-term risks and helps reinforce the notion that climate-related risk assessment should remain a priority.”

TROW seems knowledgeable about the risks of climate change and the need for action by companies.

TROW’s subsidiaries, which vote proxies, are guided by clients’ economic interests and support certain governance reforms proposed by shareholders who believe that these issues affect shareholder value. We believe ESG issues such as climate change risk also have a profound impact on shareholder value.

TROW is a member of the Principles for Responsible Investment, a global network of investors and asset owners representing more than $89 trillion in assets. One of the Principles encourages investors to vote conscientiously on ESG issues.

Yet the 2019 publicly reported proxy voting records for TROW’s subsidiaries reveal consistent votes against the vast majority of climate-related shareholder proposals (with support for only 24 percent of such resolutions), such as requests for enhanced disclosure or adoption of greenhouse gas reduction goals, even when independent experts advance a strong business and economic case for support.

In contrast, funds managed by investment firms such as PIMCO, Legg Mason, UBS, and Invesco supported the majority of climate-related resolutions in 2019.

The voting practices of subsidiaries appear inconsistent with our Company’s statements about ESG and climate change. This contradiction poses reputational risk with both clients and investors. Moreover, proxy voting practices that do not properly take account of climate change seem to ignore significant company-specific and economy-wide risks associated with negative impacts of climate change.

Investors seek information on whether the practices of TROW and its subsidiaries are suited to address material ESG considerations in proxy voting. Thus, we request this review of proxy voting.

Resolved: Shareowners request that the Board of Directors initiate a review and issue a report on the proxy voting policies and practices of its subsidiaries related to climate change, prepared at reasonable cost and omitting proprietary information, and including an assessment of any incongruities between the Company’s public statements and pledges regarding climate change (including ESG risk considerations associated with climate change), and the voting policies and practices of its subsidiaries.

The letters submitting the Proposal and their related attachments are attached as Exhibit A.
II. BACKGROUND

A. The Company

The Company, whose common stock is listed on the NASDAQ Global Select Market under the ticker symbol TROW, is a financial services holding company that provides global investment management services through its subsidiaries (the “Price Advisers”) to individual and institutional investors.

The Company itself is not a registered investment adviser, but rather a corporate holding company. The public filings of the Company make this clear. For example, Item 1 of the Company’s 2018 Form 10-K clearly states that “T. Rowe Price Group, Inc. is a financial services holding company that provides global investment management services through its subsidiaries to investors worldwide.” (Emphasis added.) While the Company derives the vast majority of its consolidated net revenue and net income from investment advisory services provided by the Price Advisers, the Company does not manage assets, nor does it vote any proxies, and accordingly does not maintain any proxy voting policies at the Company level.

The asset management and proxy voting functions are all undertaken by the Price Advisers (primarily T. Rowe Price Associates, Inc. and T. Rowe Price International Ltd., which are registered with the Commission under the Investment Advisers Act of 1940, as amended (the “Advisers Act”)). The Price Advisers maintain their own proxy voting policies that are administered by the proxy group for the Price Advisers (the “Proxy Group”). As a result, while the Company’s corporate responsibility and environmental positions may help inform general policies regarding climate change matters, the Company, in which the Proponents hold an investment, does not have a role in establishing or determining, any “voting policies and practices related to climate change,” which the Price Advisers utilize to execute their fiduciary duties concerning the voting of proxies.

B. The Price Advisers

1. In General

The Price Advisers organize and serve as investment advisers to the T. Rowe Price family of mutual funds (the “Funds”) and other investment portfolios. Investment advisory services are provided by the Price Advisers to each Fund under individual investment management agreements. The boards of directors of the respective Funds must approve the investment management agreements annually. In addition, Fund shareholders must approve material changes to these investment management agreements. Investment management agreements for other clients are subject to specific terms as negotiated and agreed between the parties.

As global investment managers, the Price Advisers are responsible for managing Clients’ (as defined herein) assets in light of potential risks and opportunities in the market and in light of the
investment objectives, policies, and restrictions specified by the Clients. A fundamental part of an investment adviser’s role involves voting shares of companies in which its Clients invest (the “Portfolio Companies”). “Clients” refers to those investors or Funds to whom the Price Advisers provide investment management services.

2. Proxy Voting

a. Clients Have the Legal Right to Vote Securities

The legal right to vote securities of Portfolio Companies resides with the Clients as owners of those securities. Those Clients may, however, delegate proxy voting authority to the Price Advisers under their advisory contracts. See, e.g., Proxy Voting by Investment Advisers, Investment Advisers Act Release IA-2106 at n.10 (Mar. 10, 2003) (the “Adviser Proxy Voting Release”) (noting that Rule 206(4)-6 applies even when the advisory contract is silent, but the adviser’s voting authority is implied by an overall delegation of discretionary authority). In addition the Commission noted in Commission Guidance Regarding Proxy Voting Responsibilities of Investment Advisers Release IA-5325 at n.3 (Sep. 10, 2019) (the “Proxy Voting Responsibilities”) that while “a client and its investment adviser may agree that the client will delegate all of its proxy voting authority to its investment adviser, the client and the investment adviser may instead agree (in the manner described above) to other proxy voting arrangements in which the investment adviser would not assume all of the proxy voting authority, or in which the investment adviser would only assume the authority to vote on behalf of the client in limited circumstances or not at all.” Accordingly, it is the Clients’ right to vote the proxies for the securities owned by such Clients, and the Clients have chosen to delegate some or all of their proxy voting authority to the Price Advisers, based in part on the Price Advisers’ publicly disclosed proxy voting policies. Therefore any disclosure whereby the Company would publish proxy votes, would be a disclosure of the Clients’ voting record, as advised through Price Associates, not the voting record of the Company. For reference from July 1, 2018 through June 30, 2019, Price Advisers voted in approximately 6,444 shareholder meetings, which included approximately 110,222 ballots (individual agenda items voted).

b. The Price Advisers’ Proxy Voting Policies

The Price Advisers’ investment management operations are subject to the Advisers Act. Section 206 of the Advisers Act, as interpreted by the U.S. Supreme Court in SEC v. Capital Gains Research Bureau, Inc., 375 U.S. 180, 191 (1963) (“Capital Gains”), which imposes a fiduciary duty on investment advisers. Citing Capital Gains, in connection with the adoption of Rule 206(4)-6 under the Advisers Act relating to investment advisers’ proxy voting obligations to their clients, the Commission stated that “an adviser is a fiduciary that owes each of its clients duties of care and loyalty with respect to all services undertaken on the client’s behalf, including proxy voting.” See Proxy Voting Responsibilities.3

In connection with pension funds and retirement plans governed by the Employee Retirement Income Security Act (“ERISA”), the Price Advisers are also subject to the legal obligations imposed on

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3 In the Proxy Voting Responsibilities, the Commission further stated:

To satisfy its fiduciary duty in making any voting determination, the investment adviser must make the determination in the best interest of the client and must not place the investment adviser’s own interests ahead of the interests of the client.
fiduciaries under Title I of ERISA with respect to proxy voting to the extent voting discretion has been
assigned to the Price Advisers. In that regard, the Department of Labor has given the following guidance:

The fiduciary duties described at ERISA section 404(a)(1)(A) and(B), require that, in
voting proxies, the responsible fiduciary consider those factors that may affect the
value of the plan's investment and not subordinate the interests of the participants and
beneficiaries in their retirement income to unrelated objectives. Interpretive Bulletin
Relating to Exercise of Shareholder Rights and Written Statements of Investment
Policy, Including Proxy Voting Policies or Guidelines (Dec. 29, 2016), 29 C.F.R.
Section 2509.2016-01(1).

Item 17(A) of Form ADV, Part 2A provides that where investment advisers have authority to vote
client securities, they are required to disclose the policies by which client securities will be voted.4 These
disclosures are required to be provided to the investment adviser’s clients when entering into an advisory
contract, and updated amendments must be provided to clients annually thereafter.5

Similarly, if registered investment companies have delegated proxy voting authority to their
investment advisers, they are required to describe those proxy voting policies. For example, an open-end
investment company is required to describe, in its Statement of Additional Information (“SAI”), “any
policies and procedures of the Fund’s investment adviser . . . that the Fund uses, or that are used on the
Fund’s behalf, to determine how to vote proxies relating to portfolio securities.” Form N-1A, Item 17(f).

In compliance with these requirements, the Price Advisers describe their proxy voting policies in
Part II of their Form ADVs. Similarly, the Price Advisers’ proxy voting policies for the Funds are
summarized in the SAI of each Fund’s registration statement and made available on the Company’s
website. Moreover, the boards of directors of the Funds, which are comprised of a majority of directors
who are not affiliated with the Price Advisers, annually review and approve the Price Advisers’ proxy
voting policies. Any material changes to those policies are also reported to the boards annually. These
legal disclosure and approval requirements evidence the Commission’s recognition of the role of proxy
voting in the contractual relationship between client and adviser, or, as here, Clients and the Price
Advisers.

c. Proxy Voting Is an Investment Management Service

Accordingly, the Price Advisers’ proxy voting policies constitute an integral part of the
investment management services that the Price Advisers provide to their Clients under their advisory
contracts and are the basis on which Clients (including the Funds and their boards) contractually agree to

4 Item 17(A) of Form ADV, Part 2A provides:

If you [i.e., the investment adviser] have, or will accept, authority to vote client securities, briefly describe
your voting policies and procedures, including those adopted pursuant to SEC rule 206(4)-6. Describe
whether (and, if so, how) your clients can direct your vote in a particular solicitation. Describe how you
address conflicts of interest between you and your clients with respect to voting their securities. Describe
how clients may obtain information from you about how you voted their securities. Explain to clients that
they may obtain a copy of your proxy voting policies and procedures upon request.

5 See Advisers Act Rule 204-3.
delegate proxy voting authority to the Price Advisers. Any Client may retain the authority to vote certain
types of proxies or may revoke a Price Adviser’s authority to vote proxies of Portfolio Companies and
vote its own proxies in accordance with any criteria it chooses. See Staff Legal Bulletin No. 20 (IM/CF).
In the absence of specific direction from their Clients, however, the Price Advisers and their Clients are
entitled to contractually rely on the Price Advisers to vote the proxies of Portfolio Companies solely in
accordance with the Price Advisers’ disclosed proxy voting policies.

3. The Proxy Voting Policies Are Not the Company’s

The proxy votes the Proposal references ultimately belong to the Price Advisers’ Clients, who
have contractually retained the Price Advisers to manage their assets, and who have delegated their proxy
voting authority to the Price Advisers, based in part on the Price Advisers’ publicly disclosed proxy
voting policies. Clients review and monitor the Price Advisers’ proxy voting activities and retain the
power to direct the Price Advisers in their exercise of voting authority. The Company is not a party to
those contracts, and these contracts may require Client consent in order to impose new terms or revised
voting policies. The Company, its shareholders and its board of directors (the “Board”) do not have any
power or authority regarding the terms of a Client’s delegation of proxy voting authority to the Price
Advisers. Rather, it is the Clients themselves who choose to delegate investment decision-making process
and discretionary proxy voting in connection with those investments to Price Advisers, and who monitor
and receive reports on the Price Advisers’ performance in this regard. The Proponent is not a Client of
Price Advisers and the Proposal seeks information and explanations relating to the Price Advisers’ voting
policies that do not pertain to the Company or the Proponent’s relationship as a shareholder of the
Company.

III. The Proposal May Be Omitted in Reliance on Rule 14a-8(i)(7), As It Deals With Matters
Relating to the Company’s Ordinary Business Operations

Rule 14a-8(i)(7) permits a company to exclude from its proxy materials a shareholder proposal
that “deals with a matter relating to the company’s ordinary business operations.” According to the
Commission’s release accompanying the 1998 amendments to Rule 14a-8, the term “ordinary business”
refers to matters that are not necessarily “ordinary” in the common meaning of the word, but instead the
term “is rooted in the corporate law concept [of] providing management with flexibility in directing
certain core matters involving the company’s business and operations.” Exchange Act Release No. 34-
40018 (May 21, 1998) (the “1998 Release”). The Commission explained that the underlying policy of the
ordinary business exclusion is “to confine the resolution of ordinary business problems to management
and the board of directors, since it is impracticable for shareholders to decide how to solve such problems
at an annual shareholder meeting.” The Commission also noted that the ordinary business exclusion rests
on two central considerations: first, that “certain tasks are so fundamental to management’s ability to run a
company on a day-to-day basis that they could not, as a practical matter, be subject to direct shareholder
oversight”; and second, the degree to which the proposal attempts to “micro-manage” a company by
“probing too deeply into matters of a complex nature upon which shareholders, as a group, would not be
in a position to make an informed judgment.” Moreover, under Rule 14a-8(i)(7), a proposal that seeks to
micro-manage a company’s business operations is excludable even if it touches on a significant policy
issue.

Framing a shareholder proposal in the form of a request for a report does not change the nature of
the proposal. The Commission has stated that a proposal requesting the dissemination of a report may be
excludable under Rule 14a-8(i)(7) if the subject matter of the report is within the ordinary business of the issuer. See Exchange Act Release No. 20091 (Aug. 16, 1983) (the “1983 Release”) ("[T]he staff will consider whether the subject matter of the special report or the committee involves a matter of ordinary business; where it does, the proposal will be excludable under Rule 14a-8(c)(7)"). and Johnson Controls, Inc. (avail. Oct. 26, 1999) ("[Where] the subject matter of the additional disclosure sought in a particular proposal involves a matter of ordinary business ... it may be excluded under [R]ule 14a-8(i)(7).”). See also Staff Legal Bulletin No. 14J (Oct. 23, 2018) (“SLB 14J”) and Ford Motor Co. (avail. Mar. 2, 2004) (concurring with the exclusion of a proposal requesting that the company publish a report about global warming/cooling).

A. The Proposal May Be Excluded Because It Seeks to Micro-Manage the Company

It is the Company’s view that the Proposal may be properly omitted in reliance on Rule 14a-8(i)(7) because the Staff has repeatedly recognized that a proposal that seeks to micro-manage the determinations of a company’s management regarding day-to-day decisions is excludable under Rule 14a-8(i)(7) as a component of “ordinary business.”

As noted above, the Commission stated in the 1998 Release that one of the considerations underlying the ordinary business exclusion in Rule 14a-8(i)(7) was “the degree to which the proposal seeks to ‘micro-manage’ the company by probing too deeply into matters of a complex nature upon which shareholders, as a group, would not be in a position to make an informed judgment.” The 1998 Release further states, “[t]his consideration may come into play in a number of circumstances, such as where the proposal involves intricate detail, or seeks to impose specific time-frames or methods for implementing complex policies.” The Staff has also consistently agreed that shareholder proposals attempting to micro-manage a company by probing too deeply into matters of a complex nature upon which shareholders, as a group, are not in a position to make an informed judgment are excludable under Rule 14a-8(i)(7). See Devon Energy Corporation (March 4, 2019) (permitting exclusion of proposal requiring annual reporting of greenhouse gas reduction goals established by the Paris Climate Agreement since the proposal would micro-manage the Company by seeking to impose specific methods for implementing complex policies in place of the ongoing judgments of management as overseen by its board of directors); Wells Fargo & Company (March 5, 2019) (same); Walgreens Boots Alliance, Inc. (Nov. 20, 2018) (permitting exclusion under Rule 14a-8(i)(7) on the basis of micro-management of a proposal requesting open market share repurchase programs or stock buybacks subsequently adopted by the board not becoming effective until approved by shareholders); JPMorgan Chase & Co. (Mar. 30, 2018) (permitting exclusion under Rule 14a-8(i)(7) on the basis of micro-management of a proposal requesting a report on the reputational, financial and climate risks associated with project and corporate lending, underwriting, advising and investing on tar sands projects); Marriott International, Inc. (Mar. 17, 2010, recon. denied Apr. 19, 2010) (permitting exclusion under Rule 14a-8(i)(7) on the basis of micro-management of a proposal requiring the installation of showerheads that deliver no more than 1.6 gallons per minute of flow, along with mechanical switches that would allow guests to control the level of water flow); and Duke Energy Corp. (Feb. 16, 2001) (permitting exclusion under Rule 14a-8(i)(7) on the basis of micro-management of a proposal recommending that the board of directors take steps “to reduce by 80% nitrogen oxide (NOx) emissions from the coal-fired plants operated by Duke Energy in North Carolina, with no loopholes for higher emissions, and limiting each boiler to .15 lbs of NOx per million btu’s of heat input by 2007”).

SLB14J reminded companies that micro-management remains a potential basis to exclude a proposal under Rule 14a-8(i)(7). Specifically, the Staff explained that a proposal micro-manages a
company when it “involves intricate detail, or seeks to impose specific time-frames or methods for implementing complex policies.” The Staff indicated that the micro-management basis of exclusion “also applies to proposals that call for a study or report” and, therefore, a proposal that seeks an intricately detailed study or report may be excluded on micro-management grounds. Further, the Staff stated that it “would, consistent with Commission guidance, consider the underlying substance of the matters addressed by the study or report” to determine whether a proposal involves intricate detail, or seeks to impose specific time-frames or methods for implementing complex policies.”

The Company is a global financial services holding company that provides global investment management services through its subsidiaries to investors worldwide and the Company does not vote any proxies for its benefit or on its behalf. The asset management and proxy voting functions are all undertaken by the Price Advisers, which maintain their own proxy voting policies that are administered by the Proxy Group for the Price Advisers. As a result, while the Company’s corporate responsibility and environmental positions may help inform general policies regarding climate change matters, the Company, in which the Proponents hold an investment, does not have control over or play a role in establishing, any “voting policies and practices related to climate change.”

As described above, voting proxies solely in the best interest of Clients is unquestionably part of the core investment process and business operations of the Price Advisers. As the Commission stated in the Adviser Proxy Voting Release, an investment adviser’s fiduciary duty under the Advisers Act requires it to monitor corporate events and vote proxies consistent with the best interests of its clients. To that end, the Price Advisers’ existing proxy voting policy for their Clients, as summarized in each Price Adviser’s Form ADV, states that the Price Advisers vote proxies “solely in the best interests of the Clients.” With respect to environmental, social, and governance (“ESG”) issues, the Price Advisers’ voting policies state that they “will generally give management discretion with regard to social, environmental and corporate responsibility issues, unless the issue has substantial investment implications for the company’s business or operations which have not been adequately addressed by management. T. Rowe Price supports well-targeted shareholder proposals on environmental and other public policy issues that are particularly relevant to a company’s business.” The Fund SAI(s) includes comparable language. Thus, when voting proxies, including those related to ESG issues, such proposals are considered on their own merits, and the Price Advisers make proxy voting determinations on behalf of their Clients based on the effect of their vote on the value of Portfolio Company securities. An active investment manager like Price Advisers is required to make proxy voting decisions based on the investment merits of each Portfolio Company and Price Advisers’ assessment of the Portfolio Company’s economic value as an investment. Thus, these ESG proxy voting determinations are generally considered on a case-by-case basis, as an integral part of a complex investment decision-making process. This activity is core to the Price Advisers’ day-to-day management of their Clients’ assets and is subject to monitoring, modification and potential revocation by Price Advisers’ Clients in the normal course of business.

The Proposal requests that the Company issue a report on “the voting policies and practices of its subsidiaries related to climate change” including explaining the “incongruities between the Company’s public statements and pledges regarding climate change (including ESG risk considerations associated with climate change), and the voting policies and practices of its subsidiaries.” The Commission has long held that proposals requesting a report are evaluated by the Staff by considering the underlying subject matter of the proposal when applying Rule 14a-8(i)(7). See 1983 Release. In this regard, it is important to note that the Proposal is not limited to the publication of a report; rather, the Proposal seeks an explanation of the “incongruities between the Company’s public statements and pledges regarding climate
change (including ESG risk considerations associated with climate change), and the voting policies and practices of its subsidiaries.” The supporting statement clarifies that the report is intended to reconcile the “proxy voting records for TROW’s subsidiaries” vs. versus the Company’s public statements and pledges regarding climate change. In other words, the Company is being asked to explain each instance where the Price Advisers’ existing proxy voting policy for a Fund might deviate from the Company’s public statements and pledges. As described above, voting proxies is unquestionably part of the core investment process and business operations of the Price Advisers. For these reasons, the Proposal attempts to micro-manage the Company by probing too deeply into matters of a complex nature (proxy voting as part of the investment process) which are inherently matters for which management is in the best position to make an informed decision and therefore excludable under Rule 14a-8(i)(7).

B. The Proposal May Be Omitted Because It Relates to Ordinary Business Matters

It is the Company’s view that the Proposal may be properly omitted in reliance on Rule 14a-8(i)(7) because it relates to the Company’s ordinary business operations.

The Proposal requests that the Company prepare a report which would include “an assessment of any incongruities between the Company’s public statements and pledges regarding climate change (including ESG risk considerations associated with climate change), and the voting policies and practices of its subsidiaries.” We note further, however, that the Proposal is not limited to the publication of a report; rather, as demonstrated by the supporting statement, the Proposal seeks to modify the practices and policies of the Price Advisers and its Clients by contrasting their practices with those of “funds managed by investment firms such as PIMCO, Legg Mason, UBS, and Invesco…” noting that such firms “supported the majority of climate-related resolutions in 2019.” These practices and policies are fundamental to management’s ability to run the Company on a day-to-day basis; as such, the Proposal relates to the Company’s ordinary business operations.

A shareholder proposal requesting the preparation of a report is excludable when the underlying subject matter of the requested report involves ordinary business matters. In SLB 14E, the Staff stated:

On a going-forward basis, rather than focusing on whether a proposal and supporting statement relate to the company engaging in an evaluation of risk, we will instead focus on the subject matter to which the risk pertains or that gives rise to the risk. The fact that a proposal would require an evaluation of risk will not be dispositive of whether the proposal may be excluded under Rule 14a-8(i)(7). Instead, similar to the way in which we analyze proposals asking for the preparation of a report, the formation of a committee or the inclusion of disclosure in a Commission-prescribed document - where we look to the underlying subject matter of the report, committee or disclosure to determine whether the proposal relates to ordinary business - we will consider whether the underlying subject matter of the risk evaluation involves a matter of ordinary business to the company.

Consistent with this approach, the Staff has permitted the exclusion of a proposal requesting that a company’s board of directors conduct an independent oversight review of certain risks and publish an

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6 We assume that the reference to “proxy voting records” of the Company’s subsidiaries pertains to the voting records of the Funds, which are separate legal entities with their own board of directors. The Funds are Clients of the Price Advisers and not subsidiaries of TROW.
annual report to shareholders based on the independent review. See Sempra Energy (Jan. 12, 2012, recon. denied Jan. 23, 2012) (permitting exclusion under Rule 14a-8(i)(7) of a proposal asking the board “to conduct an independent oversight review” of the company’s management of risks posed by the company’s operations in certain countries, noting that the proposal related to the company’s ordinary business matters). See also, The Boeing Company (Feb. 8, 2012) (permitting exclusion of proposal requesting that the board annually prepare a report disclosing its assessment of the financial, reputational and commercial effects of changes to tax laws and policies that pose risk to shareholder value “as relating to Boeing’s ordinary business operations”); The Walt Disney Company (Dec. 12, 2011) (permitting exclusion of proposal requesting a report regarding the board’s compliance with the company’s code of business conduct and ethics for directors); and ACE Ltd. (Mar. 19, 2007) (permitting exclusion of proposal requesting a report regarding the company’s strategy and actions relating to climate change).

The underlying subject matter of the report requested by the Proposal is proxy voting which, as explained above, falls squarely within the Company’s ordinary business operations.

C. The Proposal Does Not Focus on a Significant Policy Issue

It is the Company’s view that the Proposal may be properly omitted in reliance on Rule 14a-8(i)(7) because it does not focus on a significant policy issue. We note that a proposal, in some circumstances, may not be excluded under Rule 14a-8(i)(7) if it is determined to focus on a significant policy issue. The fact that a proposal may touch upon a significant policy issue, however, does not always preclude exclusion under Rule 14a-8(i)(7). Instead, the question is whether the proposal focuses primarily on a matter of broad public policy versus matters related to the company’s ordinary business operations.

The Staff has consistently permitted exclusion of shareholder proposals where the proposal focused on ordinary business matters, even though it also related to a potential significant policy issue. For example, in McKesson Corp. (June 1, 2017), the Staff permitted the company’s exclusion of a shareholder proposal that requested a report on the company’s processes to “safeguard against failure” in its distribution system for restricted medicines despite the fact that the proponent argued that the proposal touched upon a significant policy issue (the impermissible use of medicines to carry out execution by lethal injection). In granting relief under Rule 14a-8(i)(7), the Staff concurred with the company that the proposal related to the sale or distribution of the company’s products. Similarly, in Exxon Mobil Corp. (Mar. 6, 2012), the Staff permitted exclusion of a proposal requesting that the company prepare a report “discussing possible short and long term risks to the company’s finances and operations posed by the environmental, social and economic challenges associated with the oil sands.” In concurring with the company’s view that the proposal could be excluded pursuant to Rule 14a-8(i)(7), the Staff noted that the proposal “addresse[d] the ‘economic challenges’ associated with the oil sands and [did] not . . . focus on a significant policy issue.” See also Hewlett-Packard Co. (Jan. 23, 2015) (concurring with the exclusion of a proposal requesting that the board provide a report on the company’s sales of products and services to the military, police, and intelligence agencies of foreign countries, with the Staff noting that the proposal related to ordinary business and “does not focus on a significant policy issue”); Dominion Resources, Inc. (Feb. 14, 2014) (permitting the exclusion of a proposal relating to use of alternative energy because the proposal related, in part, to ordinary business operations (the company’s choice of technologies for use in its operations)); and Capital One Financial Corp. (Feb. 3, 2005) (permitting exclusion under Rule 14a-8(i)(7) when a proposal asked a company to disclose information about the ordinary business matter of how it managed its workforce, even though the proposal also involved the significant policy issue of outsourcing).
The Staff stated in SLB 14C that “[i]n determining whether the focus of these proposals is a significant social policy issue, we consider both the proposal and the supporting statement as a whole.” Accordingly, the fact that the Proposal addresses a policy issue that may be significant will not prevent the Proposal from being excludable under Rule 14a-8(i)(7) if the resolved clause and “Whereas” clauses make clear that the Proposal relates, at least in part, to the Company’s ordinary business. Consistent with the Staff’s statement in SLB 14C, in General Electric Co. (St. Joseph Health System) (Jan. 10, 2005), the Staff considered a proposal raising a general corporate governance matter by requesting that the company’s compensation committee “include social responsibility and environmental (as well as financial) criteria” in setting executive compensation, where the proposal was preceded by a number of recitals addressing executive compensation but the supporting statement read, “we believe that it is especially appropriate for our company to adopt social responsibility and environmental criteria for executive compensation” followed by several paragraphs regarding an alleged link between teen smoking and the depiction of smoking in movies. The company argued that the supporting statement evidenced the proponents’ intent to “obtain[] a forum for the [p]roponents to set forth their concerns about an alleged risk between teen smoking and the depiction of smoking in movies,” a matter involving the company’s ordinary business operations. The Staff permitted exclusion of the proposal under Rule 14a-8(i)(7), noting that “although the proposal mentions executive compensation, the thrust and focus of the proposal is on the ordinary business matter of the nature, presentation and content of programming and film production.” See also Johnson & Johnson (Feb. 10, 2014) (permitting exclusion under Rule 14a-8(i)(7) of a proposal with a resolution concerning the general political activities of the company where the preamble paragraphs to the proposal demonstrated that the thrust and focus of the proposal was on specific company political expenditures, which are ordinary business matters); The Walt Disney Co. (Dec. 15, 2004) (permitting exclusion under Rule 14a-8(i)(7) of a proposal identical to the proposal in General Electric Co. (Jan. 10, 2005), where the company argued that the proponents were attempting to “us[e] the form of an executive compensation proposal to sneak in its otherwise excludable opinion regarding a matter of ordinary business (on-screen smoking in the [c]ompany’s movies”).

In this instance, even if the Proposal were to touch on the significant policy issue of climate change, the Proposal’s request focuses on the Company’s ordinary business matters. In this regard, it is important to note that the Proposal is not limited to the publication of a report; rather, the Proposal seeks an explanation of the “incongruities between the Company’s public statements and pledges regarding climate change (including ESG risk considerations associated with climate change), and the voting policies and practices of its subsidiaries.” The supporting statement clarifies that the report is intended to reconcile the “proxy voting records for TROW’s subsidiaries” versus the Company’s public statements and pledges concerning ESG matters. In other words, the Company is being asked to explain each instance where the Price Advisers’ existing proxy voting policy for a Fund might deviate from the Company’s public statements and pledges. We note further that the Proposal seeks to modify the practices and policies of the Company, Price Advisers and their Clients by contrasting their practices with those of “funds managed by investment firms such as PIMCO, Legg Mason, UBS, and Invesco ….” Fairly read, the Proposal is not confined to matters relating to climate change and focuses primarily on matters related to the Company’s ordinary business operations.

D. Any Policy Issue Raised by the Proposal Does Not Transcend the Company’s Ordinary Business Operations
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On November 1, 2017, the Staff published Staff Legal Bulletin 14I (“SLB 14I”), which announced an updated Staff policy regarding the application of Rule 14a-8(i)(7). The Staff stated in SLB 14I that the applicability of the significant policy exception “depends, in part, on the connection between the significant policy issue and the company’s business operations.” The Staff noted further that a well-informed board, exercising its fiduciary duties in overseeing management and the strategic direction of the company, “is well situated to analyze, determine and explain whether a particular issue is sufficiently significant because the matter transcends ordinary business and would be appropriate for a shareholder vote.” Where the board concludes that the policy issue underlying a proposal is not sufficiently significant to the company’s business operations, the Staff said that the company’s letter notifying the Staff of the company’s intention to exclude the proposal should set forth the board’s analysis of “the particular policy issue raised and its significance” and describe the “processes employed by the board to ensure that its conclusions are well-informed and well-reasoned.”

The Proponents have previously submitted proposals to the Company calling for reports by the Board on proxy voting relating to climate change matters, including as recently as for the 2018 proxy statement. That proposal ultimately was withdrawn by the Proponents after dialogue between the Company and the Proponents and the submission by the Company of a no-action letter request.

The Nominating and Governance Committee of the Board (the “Committee”) and the full Board have regularly been updated on and kept abreast of the Price Advisers proxy voting practices, including in the area of shareholder proposals regarding ESG issues. In order to make an informed decision about whether the Proposal raises a significant policy issue that transcends the Company’s ordinary business, the Committee and the Board, at various times, have considered information prepared by management that included:

- The Price Advisers’ approach to voting ESG issues, including confirmation that (i) ESG issues are fundamentally investment issues and that the votes on ESG matters should be determined within the context of the overall investment view of the relevant company, and (ii) the key question is always would the Price Advisers, as investors, find the proposed action useful and beneficial to the company.
- A snapshot of ESG proposals for recent proxy seasons. The snapshot included, among other information, the number of proposals submitted, the number withdrawn, the number ultimately submitted to shareholders, the average support, and the number that actually passed.
- The Price Advisers’ voting history with respect to ESG proposals and a comparison of the Price Advisers’ voting history on ESG proposals with the market.

Based on the foregoing, the Committee and the Board concluded that the Proposal does not transcend the Company’s ordinary business or its day-to-day operations and authorized management to submit this request to the Staff. Accordingly, the Committee and Board do not believe that the Proposal is an appropriate matter for a vote by shareholders at the 2020 Annual Meeting of Shareholders.

CONCLUSION

For the reasons discussed above, the Company believes that it may omit the Proposal from its 2020 Proxy Materials in reliance on Rule 14a-8(i)(7). We respectfully request that the Staff concur with
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the Company's view and confirm that it will not recommend enforcement action to the Commission if the Company excludes the Proposal from its 2020 Proxy Materials.

If you have any questions or need additional information, please feel free to contact me at (410) 577-5037.

Sincerely,

Jean-Marc Corredor  
Vice President, Senior Legal Counsel

cc:  Pat Miguel Tomaino, Zevin Asset Management, LLC (pat@zevin.com)  
David Oestreicher, T. Rowe Price Group, Inc. (David_Oestreicher@troweprice.com)  
Pamela Conover, T. Rowe Price Group, Inc. (Pamela_Conover@troweprice.com)  
Robert W. Smith, Jr., DLA Piper (jay.smith@dlapiper.com)  
Sanjay Shirodkar, DLA Piper (sanjay.shirodkar@dlapiper.com)
November 13, 2019

Via e-mail and UPS

David Oestreicher
Chief Legal Counsel and Corporate Secretary
T. Rowe Price Group, Inc.
100 East Pratt Street
Mail Code BA-1360
Baltimore, MD 21202

RE: Shareholder proposal for 2020 Annual Meeting

Dear Mr. Oestreicher,

I write to file the attached proposal to be included in the proxy statement of T. Rowe Price Group, Inc. ("T. Rowe Price" or the "Company") for its 2020 annual meeting of stockholders.

As you know, Zevin Asset Management is a socially responsible investment manager which integrates financial and environmental, social, and governance (ESG) research in making investment decisions on behalf of our clients.

We were grateful for the recent opportunity to meet with you and your colleagues regarding proxy voting, and we have had ample opportunity to review this matter. We are filing the attached shareholder proposal asking for a review of proxy voting because we remain concerned about whether the proxy voting practices of the Company and its subsidiaries are suited to properly address material ESG considerations such as climate change.

We are filing this shareholder resolution on behalf of our client Janet Axelrod 1997 Revocable Trust (the Proponent), which has continuously held, for at least one year of the date hereof, 1,500 shares of the Company’s stock, which would meet the requirements of Rule 14a-8 under the Securities Exchange Act of 1934, as amended. Verification of this ownership from our client’s custodian is enclosed. That documentation shows that Janet Axelrod 1997 Revocable Trust (the Proponent) is beneficial owner of the above mentioned T. Rowe Price shares.

Zevin Asset Management, LLC has complete discretion over the Proponent’s shareholding account at UBS Financial Services, which means that we have complete discretion to buy or sell investments as well as submit shareholder proposals at the direction of our client (the Proponent) to companies in the Proponent’s portfolio. In consultation with our client (the Proponent), we confirm that the Proponent intends to continue to hold the requisite number of shares through the date of the Company’s 2020 annual meeting of stockholders.
Zevin Asset Management, LLC is the primary filer for this resolution. We will send a representative to the stockholders' meeting to move the shareholder proposal as required by the SEC rules. We may be joined by one or more co-filers.

Please direct any communications to me at (617) 742-6666 or pat@zevin.com. We request copies of any documentation related to this proposal. I am grateful for your time, and I look forward to your response and constructive dialogue on this matter.

Sincerely,

Pat Miguel Tomaino
Director of Socially Responsible Investing
Zevin Asset Management, LLC
Whereas: T. Rowe Price Group is a respected leader in the financial services industry with several policies and practices addressing environmental, social and governance (ESG) topics.

TROW's “ESG Policy” describes how “ESG risk considerations” are incorporated into investment decisions. That policy expresses TROW's belief that ESG issues can influence investment risk and return, thus affirming that such issues must be addressed carefully by investors.

In its "Responsible Investment Guidelines," TROW acknowledges the importance of climate change risk: "We believe that speaking with company managements and other stakeholders about climate change is a good way to gather valuable investment insights as to the management's process for assessing long-term risks and helps reinforce the notion that climate-related risk assessment should remain a priority."

TROW seems knowledgeable about the risks of climate change and the need for action by companies.

TROW's subsidiaries, which vote proxies, are guided by clients' economic interests and support certain governance reforms proposed by shareholders who believe that these issues affect shareholder value. We believe ESG issues such as climate change risk also have a profound impact on shareholder value.

TROW is a member of the Principles for Responsible Investment, a global network of investors and asset owners representing more than $89 trillion in assets. One of the Principles encourages investors to vote conscientiously on ESG issues.

Yet the 2019 publicly reported proxy voting records for TROW's subsidiaries reveal consistent votes against the vast majority of climate-related shareholder proposals (with support for only 24 percent of such resolutions), such as requests for enhanced disclosure or adoption of greenhouse gas reduction goals, even when independent experts advance a strong business and economic case for support.

In contrast, funds managed by investment firms such as PIMCO, Legg Mason, UBS, and Invesco supported the majority of climate-related resolutions in 2019.

The voting practices of subsidiaries appear inconsistent with our Company's statements about ESG and climate change. This contradiction poses reputational risk with both clients and investors. Moreover, proxy voting practices that do not properly take account of climate change seem to ignore significant company-specific and economy-wide risks associated with negative impacts of climate change.

Investors seek information on whether the practices of TROW and its subsidiaries are suited to address material ESG considerations in proxy voting. Thus, we request this review of proxy voting.

Resolved: Shareowners request that the Board of Directors initiate a review and issue a report on the proxy voting policies and practices of its subsidiaries related to climate change, prepared at reasonable cost and omitting proprietary information, and including an assessment of any incongruities between the Company's public statements and pledges regarding climate change (including ESG risk considerations associated with climate change), and the voting policies and practices of its subsidiaries.
November 13, 2019

To Whom It May Concern:

Please find attached UBS Financial Services custodial proof of ownership statement of T. Rowe Price Group Inc (TROW) from Janet Axelrod 1997 Revocable Trust. Zevin Asset Management, LLC is the investment advisor to Janet Axelrod 1997 Revocable Trust and filed a shareholder resolution regarding proxy voting on behalf of Janet Axelrod 1997 Revocable Trust.

This letter serves as confirmation that Janet Axelrod 1997 Revocable Trust is the beneficial owner of the above referenced stock.

Sincerely,

Pat Miguel Tomaino
Director of Socially Responsible Investing
Zevin Asset Management, LLC
November 13, 2019

To Whom It May Concern:

This is to confirm that DTC participant (number 0221) UBS Financial Services Inc is the custodian for 1,500 shares of common stock of T. Rowe Price Group Inc (TROW) owned by Janet Axelrod 1997 Revocable Trust.

We confirm that the above account has beneficial ownership of at least $2,000 in market value of the voting securities of TROW. Such beneficial ownership existed on November 13, 2019 and for one or more years prior to that date in accordance with Rule 14a-8(a)(1) of the Securities Exchange Act of 1934, as amended.

The shares are held at Depository Trust Company under the Nominee name of UBS Financial Services.

This letter serves as confirmation that Janet Axelrod 1997 Revocable Trust is the beneficial owner of the above referenced stock.

Zevin Asset Management, LLC is the investment advisor to Janet Axelrod 1997 Revocable Trust and will file a shareholder resolution on behalf of Janet Axelrod 1997 Revocable Trust.

Sincerely,

Kelley A. Bowker
The Kolton Wood Group
UBS Financial Services, Inc.