

T. Rowe Price Proxy Voting Guidelines

2026 vs. 2025: what changed, and what it means for your ballot

T. Rowe Price Proxy Voting Guidelines

February 2025 edition compared with February 2026 edition

Americas / EMEA / Asia-Pacific regional guidelines, plus Impact, Net Zero and Say on Climate policies

T. Rowe Price relaxed its board diversity standard in the Americas, left Europe alone, and tightened Asia. Its climate voting rules survived almost intact.

Source: the two published guideline documents, read in full. Every quotation below is taken verbatim from them.
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The short version

T. Rowe Price did something none of the large index managers did: it changed its policy in one region and left it standing in the others. The 2026 guidelines relax the board diversity test for the Americas, keep every European threshold exactly where it was, and add two new requirements in Asia-Pacific.

That asymmetry is the story. T. Rowe Price runs three separate regional guideline sets in a single document, so it was able to respond to US political pressure without touching its standards elsewhere - and it did.

- Americas. The section is renamed from "Board diversity policy" to "Board composition policy," and the requirement that a board show "some diversity across gender, ethnic, or nationality lines" is replaced by a test of whether the board considered a list of factors. This is a real relaxation.
- EMEA. Every numerical expectation survives: UK and Ireland market standards by gender and ethnicity, 30% in Continental Europe, and the single-gender board rule elsewhere. The heading changed; the substance did not.
- Asia-Pacific. Australia's ASX 300 30% expectation survives, and a new Hong Kong expectation of 25% by gender is added. A new Japanese rule was added as well - vote against the top executives of listed subsidiaries whose boards are not majority independent.

On climate, T. Rowe Price went the other way from its peers in several respects. It kept TCFD - which BlackRock demoted to a footnote and State Street deleted entirely - and promoted ISSB alongside it. Its Net Zero Policy, which contains the hardest climate voting rules of any manager in this library, is carried over word for word. And it deleted the paragraph that had called Scope 3 shareholder proposals "inappropriate."

What it did drop on climate: the Science Based Targets initiative, which disappears from both the definition of best practice and the list of assessment criteria, and one sentence stating an expectation that companies align to a 1.5 degree pathway.

Direction of travel

Mixed, and unusually so. Weaker on board composition in the US; unchanged in Europe; stronger in Asia; broadly unchanged on climate with two named-initiative references removed. This is not the wholesale rules-to-principles conversion seen at State Street or Vanguard - it is a targeted edit to the parts of the policy that operate in the United States.

1. Board composition: one policy, three different outcomes

T. Rowe Price states its board composition policy three times - once in each regional guideline set - in near-identical words. In 2026 the shared opening paragraph was rewritten for all three, but the operative test underneath it was changed in only one.

The shared opening paragraph

Why board composition matters

2025:

"Our experience leads us to observe that boards lacking in diversity represent a sub-optimal composition and a potential risk to the company's competitiveness over time. We recognize diversity can be defined across a number of dimensions. However, if a board is to be considered meaningfully diverse, in our view some diversity across gender, ethnic, or nationality lines must be present."

2026:

"Our experience leads us to observe that boards, without a suitable mix of viewpoints to assess the challenges and opportunities the company faces, represent a potential risk to its competitiveness over time. We consider the nominees' potential contribution, including skills, experience, and demographic background, and how they may broaden the range of perspectives reflected in the boardroom discussion."

Two things changed and one did not. The floor is gone: there is no longer any statement that gender, ethnic or national diversity "must be present" for a board to qualify. But "demographic background" is still named as a factor T. Rowe Price considers - it did not scrub demographics from the document the way BlackRock and Vanguard did. The framing moved from a minimum standard to a contribution assessment.

Americas: the trigger was rewritten

When T. Rowe Price opposes the governance committee

2025:

"For companies in the Americas, we generally oppose the re-elections of Governance Committee members if we find no evidence of board diversity."

2026:

"For companies in the Americas, we generally oppose the re-elections of Governance Committee members if we find the board composition does not reflect consideration of these factors."

The old test was about outcome and was close to binary - a board with no diversity at all failed it. The new test is about process: did the board appear to consider skills, experience and demographic background when choosing nominees? A board that can point to a skills matrix and a nomination process will generally satisfy it. In practice this is a materially lower bar.

EMEA: nothing of substance moved

The EMEA section carries forward every market-specific expectation, unchanged:

- UK and Ireland: voting "reflects the prevailing market or listing standards for board diversity (both by gender and by ethnicity) as well as diverse representation on the executive committee level." For smaller companies, the diversity policy applies to single-gender boards.
- Continental Europe: a minimum expectation of 30% for main-listing companies. The 2025 wording was "at least 30% diverse by gender"; 2026 says "30% representation of the minority gender" - a clarification rather than a change, and arguably a more precise formulation.
- Rest of EMEA: the diversity policy is applied to single-gender boards.
- The general rule survives too: "In markets where there is a well-established expectation for board diversity (regulatory, quasi-regulatory, or listing standards), T. Rowe Price generally will apply the same expectation."

The EMEA voting trigger did change wording, from opposing governance committee re-elections "if we find no evidence of board diversity" to "if board composition is not satisfactory." But because the numerical market expectations directly above it are intact, "satisfactory" still has a concrete referent in Europe in a way it no longer does in the Americas.

Asia-Pacific: a new threshold was added

2026, new:

"(Hong Kong) Our expectation of Hong Kong issuers is to have at least 25% diversity by gender."

This did not exist in the 2025 policy. Australia's expectation - at least 30% by gender for ASX 300 issuers - carries over unchanged. So in the same revision in which T. Rowe Price removed its diversity floor for US and Canadian companies, it introduced a new numerical one for Hong Kong.

Why this matters

If you hold a global T. Rowe Price fund, its board-composition voting will now differ by geography more than it did. A US company with a homogeneous board faces a process test it can probably pass. A Continental European company below 30% faces the same hard threshold it faced last year. A Hong Kong company below 25% faces a threshold that did not exist last year. That divergence is deliberate - the three regional guideline sets sit side by side in one document, and only one of them was loosened.

2. A new rule in Japan

T. Rowe Price maintains four hard voting rules for Japanese companies, each triggering a vote against the top executives. In 2026 it added a fifth.

2026, new:

"(Japan) Vote against the top executive(s) of listed subsidiaries where the board is not majority independent."

The existing four are unchanged: vote against top executives where a company allocates a significant portion of net assets to cross-shareholdings; where fewer than one-third of board members are outside directors; and where return on equity has been below 5% for more than five years.

The new rule targets the parent-subsidary listing structure that remains common in Japan, where a listed company is majority owned by another listed company and minority shareholders depend on independent directors to protect them. It is a genuine tightening, and it is worth noting alongside State Street's decision in the same period to delete its own Japanese cross-shareholding voting rule.

3. Climate: mostly intact, with two named initiatives removed

T. Rowe Price's climate framework came through this revision in far better shape than its peers'. The changes are specific and limited.

What was removed: the Science Based Targets initiative

The definition of best practice

2025:

"We view best practice as adopting a science-based net zero aligned to a 1.5 degrees C pathway that covers scope 1-2 and the most relevant scope 3 emissions, ideally with targets validated by the Science Based Targets initiative (SBTi)."

2026:

"We view best practice as adopting a science-based net zero target aligned to a 1.5 degrees C pathway that covers scope 1-2 and the most relevant scope 3 emissions."

SBTi was also removed from the list of areas T. Rowe Price examines when assessing a company's net zero position. That list drops from six items to five; "Science Based Targets initiative (SBTi) validation" is the one that went. The remaining five - a net zero target by 2050 or earlier, medium-term GHG reduction targets, short-term GHG reduction targets, an assessment of the credibility of the pathway, and recent emissions trajectory - are unchanged, as is the statement that the analysis is "underpinned by the principles established by the Paris Aligned Investment Initiative Net Zero Framework."

Note what survived: the 1.5 degree pathway is still named as best practice, and the Paris Aligned Investment Initiative is still the underpinning framework. What went was reliance on a third-party validator.

One expectation sentence deleted

2025, deleted:

"When analyzing the net zero or other GHG reduction targets set by our investee companies, it is our expectation that companies will try to align with a 1.5 degrees C pathway."

This was the sentence that turned the 1.5 degree reference from a description of best practice into an expectation of companies. It is gone. The best-practice sentence remains, so the number survives - the obligation attached to it does not.

Frameworks: TCFD kept, ISSB promoted

What disclosure T. Rowe Price looks for

2025:

"We will pay particular attention to the level of disclosure, including whether it is in line with Task Force on Climate-related Financial Disclosures (TCFD) recommendations"

2026:

"We will pay particular attention to the level of disclosure, including whether it is in line with standardized disclosures such as Task Force on Climate-related Financial Disclosures (TCFD) and International Sustainability Standards Board (ISSB) recommendations"

The same promotion happens in the environmental proposals section. In 2025 T. Rowe Price advocated SASB and TCFD and said it was "supporting the International Sustainability Standards Board (ISSB) framework as it develops." In 2026 all three are listed as frameworks it advocates, with the developmental caveat removed. This is the opposite of what BlackRock did, where TCFD was demoted to a historical footnote and ISSB became the sole reference.

One further wording change: the say-on-climate assessment is described in 2025 as evaluating "the adequacy of a company's climate transition plan" and in 2026 simply as assessing "a company's climate transition plan." And the sector-variation sentence changed from "scope 1-2 versus scope 3" to "scope 1-2 versus scope 1-3."

The Net Zero Policy: completely unchanged

T. Rowe Price runs a separate voting policy for strategies with an explicit net zero mandate. It is reproduced word for word in the 2026 document, including its two hard rules:

2026, unchanged from 2025:

"Generally, AGAINST the re-election of non-executive directors for: all companies lacking scope 1-2 disclosure; high emitters lacking material scope 3 disclosure... Generally, AGAINST the re-election of non-executive directors for: high emitters lacking an adequate climate strategy."

Also unchanged: that net zero mandates "are likely to support shareholder resolutions which request accelerated climate-related disclosures and practices." These apply only to the net-zero-mandated strategies, not to T. Rowe Price's funds generally - but they are, as of this edition, the most specific climate voting rules in this library, and they survived a year in which State Street deleted its equivalents outright.

4. Shareholder proposals: the hostile language went

This is the change most likely to surprise. In the same year that its peers narrowed their support for shareholder proposals, T. Rowe Price deleted the strongest statement of opposition in its own policy.

Scope 3 proposals

How T. Rowe Price describes Scope 3 target proposals

2025:

"In most cases, we conclude that such resolutions are inappropriate. In essence, these resolutions are asking the board to direct the company to forego revenues or increase capital spending in the near term to pursue an objective that may not be within the company's control or may result in significant economic harm to investors. Such resolutions also fail to reflect the complexity of the investments that will be required as part of an energy transition..."

2026:

"In most cases, such resolutions fail to reflect the complexity of the investments that will be required as part of an energy transition, the time scale of the transition, and the role that certain companies will play in enabling their customers to prepare for the transition."

Two sentences were cut: the flat judgement that such resolutions are "inappropriate," and the characterisation of them as asking companies to "forego revenues" and risk "significant economic harm to investors." The conclusion survives - T. Rowe Price still believes the board is better placed than shareholders to judge the feasibility of Scope 3 targets, and still calls such proposals "a sub-optimal way to address this complex question." But it softened from "we conclude" to "we believe," and the language of economic damage is gone.

This does not mean T. Rowe Price will start supporting Scope 3 proposals. The operative position is unchanged. What changed is the register.

Materiality: SASB dropped as a yardstick

How T. Rowe Price determines whether an E&S issue is material

2025:

"To determine materiality, we use frameworks specifically designed for that purpose: the Sustainability Accounting Standards Board (SASB) disclosure framework and our proprietary scoring system, the Responsible Investing Indicator Model (RIIM)."

2026:

"To determine materiality, we use our proprietary framework, the Responsible Investing Indicator Model (RIIM), which is specifically designed for that purpose."

SASB is no longer used to judge whether a proposal addresses a material issue; T. Rowe Price now relies on its own model alone. SASB still appears once in the document, as one of three reporting frameworks the firm advocates companies use. The practical effect is that the materiality judgement moves fully in-house and becomes less externally checkable.

Everything else in this section is unchanged

The case-by-case commitment, the voting decision elements table, the five described voting outcomes, the scepticism about proponents ("Less than half of resolutions are submitted out of a sincere desire to improve the company's practices for the benefit of investors"), the view that prescriptive proposals "usurp management's responsibility," the competitive-harm consideration where a proposal asks for a standard above regulation and peers, and the political spending and lobbying approach all carry over. So does the statement that T. Rowe Price generally supports "well targeted proposals addressing concerns that are particularly relevant for a company's business but have not yet been adequately addressed by management."

5. What did not change

The great majority of this document is identical between editions. The regional guideline tables - which is where most of T. Rowe Price's actual voting instructions live - are largely untouched.

- Auditor ratification: the six named grounds for voting against auditors or audit committee members are unchanged, including adverse opinions, material weaknesses rising to serious concern, chronic internal control weaknesses, inappropriate indemnification agreements, and excessive non-audit fees without adequate explanation.
- Director elections: the independence tests, the rule on inside and affiliated directors serving on key committees, and the trigger where a director remains on the board after receiving less than 50% of votes cast in the prior election.
- The climate transparency policy, which allows T. Rowe Price to oppose directors "for failure in the oversight of material environmental risks," is carried over in all three regions.
- The Japanese rules on cross-shareholdings, one-third outside directors, and sub-5% ROE over five years.
- The Impact voting policy and the executive compensation guidelines.
- The Responsible Investing Indicator Model remains in use throughout - it is referenced the same number of times in both editions.
- Governance of proxy voting: the TRPA ESG Investing Committee retains its name and role, portfolio managers retain the final voting decision, and the requirement that managers voting against guidelines document their reasons in writing survives.

That last point is worth dwelling on. T. Rowe Price is an active manager, and its guidelines are explicitly advisory to portfolio managers rather than binding. The document says plainly that "the T. Rowe Price Funds may cast different votes at the same shareholder meeting." This makes its written policy a weaker predictor of actual votes than an index manager's - in both directions.

It is also worth noting that T. Rowe Price kept the name "ESG Investing Committee" in 2026. State Street renamed its equivalent body from the "ESG Committee" to the "Global Fiduciary and Conduct Committee" in March 2025.

The bottom line

T. Rowe Price made a narrow, deliberate set of edits rather than a wholesale rewrite - and the narrowness is itself the finding.

The board diversity standard was relaxed in the Americas and only in the Americas. An outcome test became a process test for US and Canadian companies, while European thresholds were left in place and a new Asian one was added. Any firm running a single global policy has to move everything at once; T. Rowe Price's regional structure let it move one piece.

On climate the changes are smaller than the headlines elsewhere would suggest. The Science Based Targets initiative was dropped as a validator and one sentence expecting 1.5 degree alignment was removed. Against that, ISSB was promoted to a fully endorsed framework alongside TCFD and SASB, and the separate Net Zero Policy - with its hard rules against re-electing non-executive directors at companies lacking Scope 1-2 disclosure - survived completely intact.

And in the one place where T. Rowe Price had written something genuinely combative about shareholder proposals, it toned itself down rather than up. Calling Scope 3 resolutions "inappropriate" and warning of "significant economic harm to investors" was strong language for a proxy voting policy; both sentences are gone, while the underlying position is unchanged.

Reading this against the index managers

BlackRock, Vanguard and State Street each removed the machinery connecting a governance failure to a specific vote. T. Rowe Price mostly kept its machinery and adjusted one setting. If you are comparing managers on how much of their stated policy remains testable, T. Rowe Price's 2026 document is among the more specific in this library - and the gap between it and the large index managers widened this year rather than narrowing.