

Issued: November 2021 — Updated: March 2022

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# Engagement & Stewardship Report

## Philosophy

Our commitment to clients is the foundation of all we do. Our investment stewardship as an asset manager aims to provide long-term value through active ownership, monitoring, and engagement with the issuers of the securities we hold in our clients' portfolios. As active managers, we are committed to conducting thorough research and to incorporating fundamental insight into all of our activities and decisions, including corporate engagement. We believe that effective governance practices and appropriate transparency regarding material business issues, including relevant environmental, social, and governance (ESG) issues, benefit all investors.

## Putnam's approach to engagement

As detailed in our Engagement and Stewardship Policy, our engagement takes several forms, including activity that is part of our investment process, proxy voting, and collaboration with other organizations. All engagement activity is undertaken with the goal of benefiting our clients and shareholders through long-term financial performance.

## Engagement through our investment process

We believe that active managers have a particular role to play in engaging with company management teams, since our fundamental research process involves regular dialogue regarding corporate strategy and execution. As part of our investment process, engagement with companies and issuers spans a wide range of topics, including long-term strategy, capital allocation, and financially material ESG issues. This type of engagement is an integral part of our fundamental research process and reflects our belief that the value we aim to provide for clients is linked to thorough research and understanding of long-term business fundamentals.

## Proxy voting

Proxy voting is an essential cornerstone of strong governance and effective engagement. At Putnam, the proxy guidelines and voting process for our mutual funds is led and controlled by the independent Trustees of The Putnam Funds. For our institutional investment management clients, the same functions are managed by our internal Proxy Committee and Legal and Compliance Division. These functions are undertaken with the consistent goal of promoting strong corporate governance, while acting in the best interests of our shareholders and clients.

## Collaboration and partnership

Putnam Investments partners with a range of organizations to help advance the interests of investors and development of the financial marketplace, and to support economic growth. Similarly, we recognize the field of sustainable investing is actively growing and evolving, and each organization in this community has an opportunity to contribute to the field’s advancement. We are advocates for improved and relevant ESG disclosure as well as the development of thoughtful and effective taxonomies and assessment frameworks. Our sustainable investing partnerships include affiliations with several organizations that support comparable goals. Given this philosophy, our ESG integration and engagement is guided by our internally developed materiality maps, which are inspired and guided by the work of the Sustainable Accounting Standards Board (SASB), where Putnam representatives serve as members of the Investor Advisory Group.

## Putnam equity materiality map

	Consumer	Healthcare	Financials	Tech (hardware)	Comm and tech (software)	Industrials	Materials and energy	Utilities
<b>GOVERNANCE</b>	Board structure and composition	Usually relevant	Usually relevant	Usually relevant	Usually relevant	Usually relevant	Usually relevant	Usually relevant
	Management incentives, ownership, comp alignment	Usually relevant	Usually relevant	Usually relevant	Usually relevant	Usually relevant	Usually relevant	Usually relevant
	Systemic risk management and leadership	Usually relevant	Usually relevant	Usually relevant	Usually relevant	Usually relevant	Usually relevant	Usually relevant
	Corporate purpose, culture, and mission alignment	Usually relevant	Usually relevant	Usually relevant	Usually relevant	Usually relevant	Usually relevant	Usually relevant
	Diversity, equity, and inclusion	Usually relevant	Usually relevant	Usually relevant	Usually relevant	Usually relevant	Usually relevant	Usually relevant
	Employee well-being and development	Usually relevant	Usually relevant	Usually relevant	Usually relevant	Usually relevant	Usually relevant	Usually relevant
<b>SOCIAL</b>	Supplier, distribution, and marketing management	Usually relevant	Sometimes relevant	Usually relevant	Sometimes relevant	Often relevant	Usually relevant	Sometimes relevant
	Product impact and customer well-being	Usually relevant	Usually relevant	Often relevant	Often relevant	Often relevant	Usually relevant	Often relevant
	Pricing philosophy and access	Usually relevant	Usually relevant	Often relevant	Sometimes relevant	Often relevant	Sometimes relevant	Often relevant
	Privacy, data security, and data use	Often relevant	Usually relevant	Usually relevant	Often relevant	Usually relevant	Often relevant	Often relevant
<b>ENVIRONMENTAL</b>	Climate change risk	Often relevant	Sometimes relevant	Often relevant	Sometimes relevant	Usually relevant	Usually relevant	Usually relevant
	Climate change mitigation and adaptation	Often relevant	Often relevant	Usually relevant	Often relevant	Usually relevant	Usually relevant	Usually relevant
	GHG emissions	Often relevant	Sometimes relevant	Sometimes relevant	Often relevant	Usually relevant	Usually relevant	Usually relevant
	Energy intensity and renewable energy use	Often relevant	Sometimes relevant	Sometimes relevant	Often relevant	Usually relevant	Usually relevant	Usually relevant
	Water intensity and stress	Usually relevant	Sometimes relevant	Sometimes relevant	Often relevant	Sometimes relevant	Usually relevant	Often relevant
	Materials sourcing, intensity, and life-cycle management	Usually relevant	Often relevant	Sometimes relevant	Usually relevant	Sometimes relevant	Usually relevant	Often relevant
	Biodiversity and ecosystems impact	Often relevant	Sometimes relevant	Sometimes relevant	Sometimes relevant	Sometimes relevant	Often relevant	Usually relevant

Sources: Putnam as of 12/31/20. Inspired and guided by the materiality mapping of SASB.

■ Usually relevant ■ Often relevant ■ Sometimes relevant

## Putnam corporate credit materiality map

	Consumer	Healthcare	Financials	Technology	Communication	Industrials	Materials and energy
<b>GOVERNANCE</b>	Board structure and composition	Usually relevant	Usually relevant	Usually relevant	Usually relevant	Usually relevant	Usually relevant
	Management incentives, ownership, comp alignment	Usually relevant	Usually relevant	Usually relevant	Usually relevant	Usually relevant	Usually relevant
	Systemic risk management and leadership	Usually relevant	Usually relevant	Usually relevant	Usually relevant	Usually relevant	Usually relevant
	Covenant/bondholder rights	Usually relevant	Usually relevant	Usually relevant	Usually relevant	Usually relevant	Usually relevant
	Accounting and business ethics	Usually relevant	Usually relevant	Usually relevant	Usually relevant	Usually relevant	Usually relevant
<b>SOCIAL</b>	Employee diversity, development, and well-being	Usually relevant	Usually relevant	Usually relevant	Usually relevant	Usually relevant	Usually relevant
	Safety, labor rights, equity	Usually relevant	Usually relevant	Usually relevant	Usually relevant	Usually relevant	Usually relevant
	Supply chain, distribution, and marketing management	Usually relevant	Usually relevant	Sometimes relevant	Usually relevant	Sometimes relevant	Often relevant
	Product safety	Usually relevant	Usually relevant	Often relevant	Often relevant	Often relevant	Usually relevant
	Pricing philosophy and access	Usually relevant	Usually relevant	Often relevant	Sometimes relevant	Often relevant	Sometimes relevant
<b>ENVIRONMENTAL</b>	Privacy and data security	Often relevant	Usually relevant	Usually relevant	Usually relevant	Sometimes relevant	Sometimes relevant
	Climate change risk	Often relevant	Sometimes relevant	Often relevant	Sometimes relevant	Sometimes relevant	Usually relevant
	Climate change mitigation and adaptation	Often relevant	Often relevant	Often relevant	Often relevant	Often relevant	Usually relevant
	GHG emissions	Often relevant	Sometimes relevant	Sometimes relevant	Often relevant	Often relevant	Usually relevant
	Water intensity and stress	Usually relevant	Sometimes relevant	Sometimes relevant	Often relevant	Sometimes relevant	Usually relevant
	Energy intensity and renewable energy use	Often relevant	Sometimes relevant	Sometimes relevant	Often relevant	Usually relevant	Usually relevant
	Materials sourcing, intensity, and life-cycle management	Usually relevant	Often relevant	Sometimes relevant	Usually relevant	Sometimes relevant	Usually relevant
	Biodiversity and ecosystems impact	Often relevant	Sometimes relevant	Sometimes relevant	Sometimes relevant	Sometimes relevant	Often relevant

Sources: Putnam as of 12/31/20. Inspired and guided by the materiality mapping of SASB.

■ Usually relevant ■ Often relevant ■ Sometimes relevant

## Engagement through our investment process

### Investment relevance guides our focus

As active managers, we are committed to conducting thorough fundamental research when pursuing investment opportunities for our clients. We conduct our research on companies in a variety of ways, including direct communication with management teams, participation in industry and customer conferences, and incorporation of relevant third-party and independent data and research. We integrate ESG analysis into our research process with a materiality-focused approach,

as relevant issues vary by sector, geography, asset class, and company context.

Our belief in the power of context-specific analysis extends to the analytical approaches to ESG integration taken across our equity and fixed income teams. This focus can be seen in our equity and corporate credit materiality maps, which show that material ESG issues vary according to business type. Additionally, our research and engagement activities have a forward-looking focus, with a goal of anticipating change related to relevant business issues. We believe that this forward-looking and context-specific research focus can be a key contributor to long-term investment results.

Given differences in investment contexts and goals, individual portfolio managers, strategies, and funds within Putnam take varied approaches to ESG integration. However, what unites us as an investing team is a view that thoughtful ESG analysis can serve as a meaningful input in pursuit of strong returns and assessment of potential risk.

### Engagement and fundamental research

Our investment engagement is an integral component of our fundamental research process and helps us to assess risk and identify opportunities. The vast majority of this type of engagement is done privately and directly with company management and directors. We believe engaging directly and privately leads to the most effective and candid communication, is most additive to our research process and mosaic of information gathering, and offers the greatest potential benefit to our clients.

As active managers, we proactively decide to own the securities that are held in our portfolios. This means that as a firm, we hold a relatively small subset of securities within an investment universe. We therefore typically view our engagement with companies as a collaborative process. We are able to bring a long-term investment perspective and an understanding of specific business context to our discussions with corporate leadership teams, including C-suite executives, corporate sustainability leaders, and board members. We engage on issues that are material and financially relevant for the specific company and industry, and we do not view our engagement as a platform for advocacy beyond these issues.

Beyond these research-focused discussions, we also frequently participate in outreach focused on corporate materiality assessments, corporate ESG disclosures, or specific governance and proxy-related issues.

Because our engagement is ongoing and typically focused on long-term strategic issues, it can be difficult and perhaps presumptuous to draw a direct link to tangible short-term outcomes. When we do identify specific outcomes, they are often indicators of longer-term progress regarding financially material ESG issues. For example, several companies in our portfolios have published inaugural sustainability reports, increased communication and disclosure of relevant ESG metrics, or made significant progress in identifying and managing

material sustainability issues after work with multiple stakeholders, including our team.

### CEO letters

In addition to the ongoing research described above, we send annual, individually tailored letters to the CEOs of our top equity holdings. In 2021, we sent these letters to companies representing approximately 50% of equity assets we manage as well as to selected top corporate credit holdings. This outreach identifies material sustainability issues specific to each company, acknowledging efforts to date and encouraging future progress.

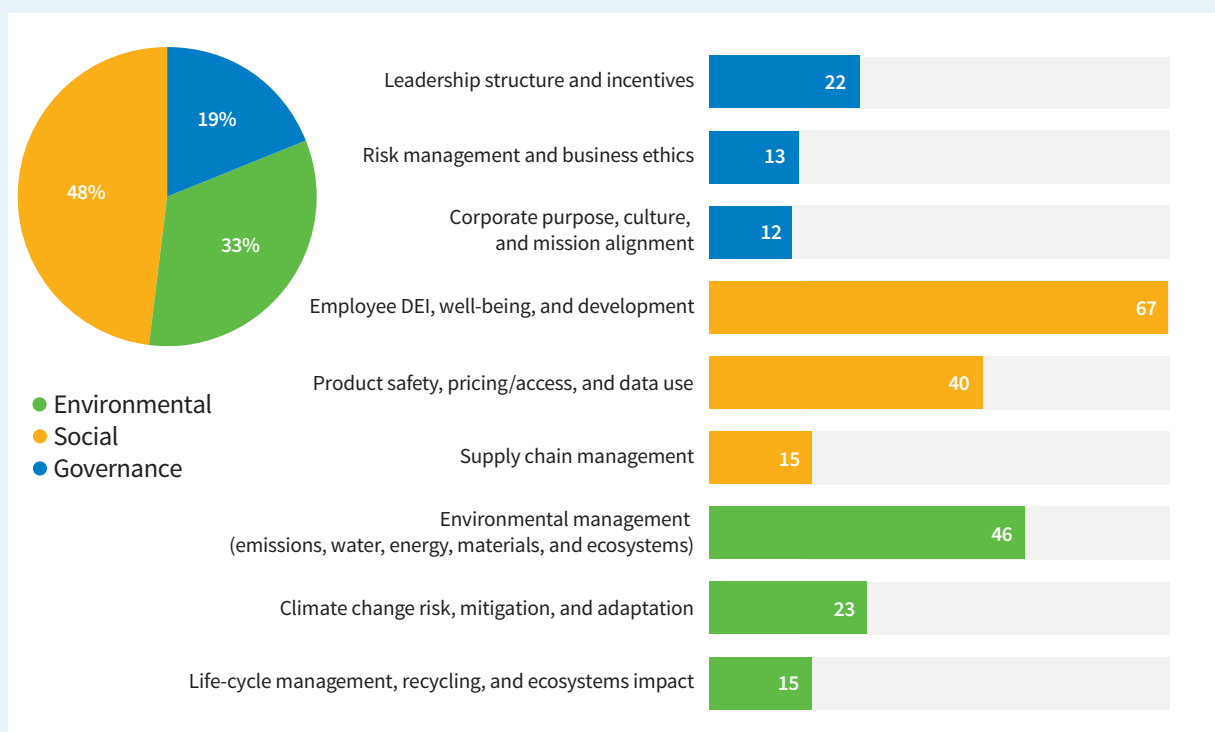
As with our research process, in composing these letters we reference our materiality maps to guide our focus toward the most investment-relevant issues. This correspondence presents an opportunity for us to document what we view as the most material ESG issues for each company, to note our interest in issues where progress or performance might not be fully visible to outside audiences, and to provide a grounding for ongoing research and dialogue on these topics.

Over 60% of our 2021 letters received direct responses from company management teams within the first weeks after receipt. Many offered opportunities to continue our ongoing communication and deepen our understanding of the issues noted through subsequent calls and meetings. The resulting discussions have further enhanced our research process, contributing to our understanding of essential, material long-term business issues.

## Engagement themes

As noted above, our CEO letters are informed by our materiality maps, focused on issues that we believe to be material and financially relevant on a company-specific basis. In 2021, the most frequent topics addressed in our CEO letters were advocacy for improved ESG disclosures; diversity, equity, and inclusion and employee well-being; management of environmental intensity and climate risk mitigation; and product safety and access. For the first topic, advocacy for improved ESG disclosures, all of our letters included advocacy for consideration of the investment-relevant SASB and TCFD (Task Force on Climate-Related Financial Disclosures) standards. The composition of top themes was relatively consistent with

## Issues addressed in CEO letters



Source: Putnam. Represents CEO letters sent in 2021.

**All letters in 2021 included advocacy for improved ESG disclosures, specifically focused on the investment-relevant frameworks of SASB and TCFD.**

Each letter referenced multiple issues. The total number of issues reported does not match the total number of letters or companies involved.

2020, though the focus on diversity, equity, and inclusion and employee well-being was further heightened in 2021 compared with 2020. The following examples below give some further context for how the topics noted in CEO letters are addressed on an ongoing basis through our research and communications with management teams, and demonstrate the potential for impact over time.

### Improved ESG disclosures

During 2021, all of our CEO letters included explicit advocacy for improved ESG disclosures. The simple and compelling rationale for this universal encouragement is that all forms of sustainability analysis rely on robust, accurate, timely, and relevant data as the foundation for effective strategy, engagement, progress, and decision-making. Though ESG-related corporate disclosures have been improving quickly in scope and quality, in many instances information is not yet easily accessible,

comparable, complete, or verifiable. Importantly, our primary focus is on disclosure of investment-relevant data, which is why Putnam's CEO letters specifically noted the SASB framework and the TCFD framework. Investors along with other stakeholders will benefit from progress in this area. As reported in "Putnam's 2020 Engagement and Stewardship Report" as well as in this 2021 report, our research and engagement focus in this area has contributed to improved disclosures (both more relevant and more complete) at a number of investee companies.

### Climate risk mitigation and environmental management

This category includes a wide range of climate and resource-related issues, such as management of greenhouse gas emissions; water, energy, and material use; climate change risk assessment; and climate risk mitigation and adaptation. Some subtopics in this area

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relate to analysis and reporting, while others relate to product design, manufacturing processes, or operational management.

Climate risk mitigation and environmental management is a key focus because these issues present increasingly important risks and opportunities for businesses and investors. As extreme weather, resource availability issues, operational disruptions, and related social challenges increase, it is increasingly clear that companies that manage these issues effectively — and those that offer solutions — could benefit over time. Proactively analyzing and addressing climate change and focusing on mitigation and adaptation can help lower risk, improve operational resilience, and alleviate costs, all of which can contribute positively to long-term financial prospects. Improved efficiencies in resource intensity for water, energy, and materials can generate similar benefits.

During 2020 and 2021, we engaged with a leading ride-sharing company, where Putnam’s research had included discussions with corporate leadership regarding relevant environmental issues, social issues, and ESG disclosures since early 2019. This company has continued to increase both the breadth and depth of its environmental reporting and has improved its ESG reporting overall, incorporating a focus on materiality, environmental impact, economic impact, and safety. Additionally, the company has continued its advocacy work for more adoption of electric vehicles and continues to make progress in providing new healthcare and other benefits to drivers in certain areas.

We also continued our engagement with a large retail company on a wide range of social and environmental issues, including climate risk mitigation. This retail company’s sustainability strategy and reporting continues to improve and evolve, and the company has made new commitments that go “beyond net zero” to aim for regenerative or net positive environmental impact. These goals and actions extend the company’s environmental management efforts beyond its own operations to include priorities like protecting and restoring land and water resources.

During 2021, we also engaged with a large e-commerce company regarding its environmental management efforts, among other ESG issues. We discussed the company’s efforts to improve the environmental

sustainability of packaging solutions, increase electrification of its delivery fleet, optimize transportation and delivery routes to decrease emissions, and improve the ability for customers to choose more climate-friendly products and manufacturers. This company has increased both the substance and the reporting of its environmental efforts over the past several years, setting clear goals for emissions reduction and renewable energy use, among other goals. Many of these environmental efforts have direct and indirect links to customer satisfaction and to costs.

These examples illustrate potential benefits of engaging through continuing dialogue with a long-term investment horizon. This approach allows time for investors to analyze relevant environmental issues and for company leadership teams to pursue enhanced action and disclosure. As described earlier in this report, multiyear progress like the examples above is often representative of a broader range of activity that supports effective corporate sustainability strategy.

### **Diversity, equity, and inclusion and employee well-being**

As pandemic pressures on employees have compounded and support for action to advance racial justice in the United States has accelerated, corporate leaders have become more focused on diversity, equity, and inclusion (DEI) as well as employee well-being. Our research and engagement activity has similarly increased, with a goal of identifying corporate leadership in these areas that could contribute to long-term performance. Improvements in DEI along with a focus on worker well-being have potential to contribute to positive social outcomes and to create corporate-level benefits as well.

**[For more detailed analysis of this topic, please see Putnam’s research report, “Toward racial justice: Markers of corporate leadership in the United States,” June 2021.](#)**

Our team engaged in 2020 and 2021 with many companies on this set of topics, focused on advocating for improvement in corporate disclosures and on assessing corporate commitments along with potential impact. Some examples of engagement on this topic include conversations with a global apparel company about the importance of DEI to growing its team’s expertise, with particular relevance within its product development and marketing functions. We also analyzed the company’s expanded disclosures on employee diversity, especially

noting areas of potential improvement. Finally, we discussed the renewed focus this apparel company has put into worker well-being, with programs related to financial and health literacy offered to female factory workers. These programs have benefited participants and also increased productivity. Looking ahead, our research will continue to monitor progress toward the company's commitments and links to long-term business potential.

An important aspect of our engagement and analysis is that it includes both quantitative and qualitative work. For example, our fundamental research approach allowed us to be in dialogue with corporate leadership teams as the pandemic developed throughout 2020 and into 2021, monitoring developments regarding worker well-being along the way. During this extended period, we saw many companies transition from an emergency-planning mode into more of an adapted operational mode, which revealed hidden strengths and vulnerabilities in many organizations. Some data in this area is quantifiable, such as certain worker safety metrics, but data for a newly emerging set of challenges is rarely tidy. Some of our greatest engagement and insight this past year has come from personal discussions with corporate leadership teams regarding worker well-being. In these conversations, the strategic details varied from company to company, but the focus on supporting internal teams was nearly universal. It is our belief that this form of direct, ongoing, less-structured dialogue is a vital complement to more formal analysis, advocacy, and engagement activity, especially when circumstances are rapidly evolving.

In our ongoing research engagement with companies, we will look for improving disclosure on diversity, equity, and inclusion as well as worker well-being, and will track related goals and performance across a wide range of companies. The characteristics of corporate leadership that our research has identified in this area include development of a context-relevant strategy, a multidimensional approach, a focus on effective partnerships, and a long-term commitment.

### **Product safety and access**

Within this category of inquiry, we consider physical product safety, social and environmental product impacts, and access to products and services. Product safety is paramount to customer well-being and trust, which in turn are often linked to long-term revenue

growth and profitability. These issues are especially relevant for consumer, healthcare, technology, and financial services companies. Neglecting product safety can lead to customer harm as well as brand and reputational damage, which can have both direct and indirect financial implications.

Our work at Putnam includes several cases where we have engaged on product safety with medical technology companies. Since this type of business involves constant innovation and evolution of product design, it's especially important for investors to understand corporate management processes regarding product safety. When safety issues arise, we focus on understanding the circumstances that led to the lapse and the details of corrective action that is taken, with a goal of assessing whether the issue is specific or systemic in nature.

During 2020 and 2021, we engaged with a large medical technology company on certain product safety lapses and on the changes to oversight, design, and production that followed. This research was complemented by discussions with the company's peers and competitors to better understand how these organizations approach both innovation and product safety and access. Putnam's sustainable equity portfolios eventually sold holdings in one of these companies when the research concluded the outlook for customer-benefiting innovation was weaker than expected. The same portfolios continued to hold or add to positions in companies where this research added to our conviction about product safety processes and innovation prospects. Product safety remains a key focus of our ongoing research process in this area.

The issue of customer access — including availability and affordability of products and services — is also most commonly found within the technology, consumer, healthcare, and financial services sectors. Like product safety, access has important implications for customer well-being and social benefits. Within healthcare, for example, it's important for investors in pharmaceutical companies to understand product pricing strategies, which are directly connected to patient access as well as to corporate financial prospects. Other types of healthcare companies, like telemedicine providers, offer products that are inherently linked to increased access to care. Thoughtful approaches to pricing and access can expand market opportunities and can create long-



term financial benefits. Our research and engagement throughout the healthcare sector consistently focuses on these issues.

Additionally, our team has engaged over the past few years with several financial service companies that are working to improve access by creating products and services that enable more individuals and businesses to be part of the formal banking and credit system. During 2021, we have continued to research companies within the payments and financial technology ecosystem to better understand the breadth and quality of services available to unbanked and underbanked individuals. For example, we extended discussions from prior years with a financial services company that had renewed its commitment to increasing access to payment services for underbanked individuals, after achieving original goals in 2020. This research also included analysis of newer efforts to support small-business access to digital payments as well as the company's role in distributing government support to individuals during the pandemic.

Looking forward, Putnam's research and engagement in this area includes focus on potential customer benefits of new technologies that improve costs of remittances and cross-border money transfers. This kind of engagement and research improves our understanding of the links between product access, innovation, and long-term business prospects.

## Engagement through the proxy voting process

Proxy voting is an essential cornerstone of strong governance and effective engagement. At Putnam, the proxy policy and voting process for our mutual funds is led and controlled by the independent Trustees of The Putnam Funds, while the same functions for our institutional investment management clients are managed by our internal Proxy Committee and Legal and Compliance Division. These functions are undertaken with the consistent goal of promoting strong corporate governance, acting in the best interests of our shareholders and clients.

### The Putnam Funds

Putnam and the Trustees of The Putnam Funds are committed to managing the Funds in the best interests of shareholders. The Trustees have long been active in voting the Funds' proxies on behalf of Fund shareholders, in the belief that the proxy-voting process is a significant means of addressing crucial corporate governance issues and encouraging corporate actions that enhance shareholder value.

The Putnam Funds have had detailed proxy-voting guidelines in place for many years. Each year, the Board Policy and Nominating Committee of the Board of Trustees reviews the proxy-voting guidelines and considers whether any changes are appropriate, recommending any changes to the proxy-voting guidelines to the Trustees for approval. The Funds' proxy-voting guidelines emphasize the need for strong boards that are effectively independent of company management and that are held strictly accountable for the long-term performance and conduct of their companies. The guidelines make it clear that the Trustees will support boards that recognize these duties and meet the strict independence and governance standards by generally voting for proposals approved by these boards, as long as the proposals are consistent in all other respects with any more specific requirements of the guidelines. The Trustees will withhold support from boards that do not meet these standards, either in fact or in spirit.

The Trustees are mindful of emerging best practices in the areas of corporate governance, environmental stewardship and sustainability, and social responsibility. Recognizing that these matters may, in some instances, bear on investment performance, they may from time to time be considerations in the Funds' voting decisions.

The independent Trustees of The Putnam Funds, through the Trustees' Board Policy and Nominating Committee and with the assistance of the Director of Proxy Voting and Corporate Governance, a member of the Trustees' independent administrative staff, exercise control over the Funds' proxy voting. The Funds have retained Institutional Shareholder Services (ISS) to process the Funds' votes. Although the Funds may receive proxy-related research from ISS or other proxy-voting services, neither ISS nor any other service makes any decision on how to vote the Funds' proxies.

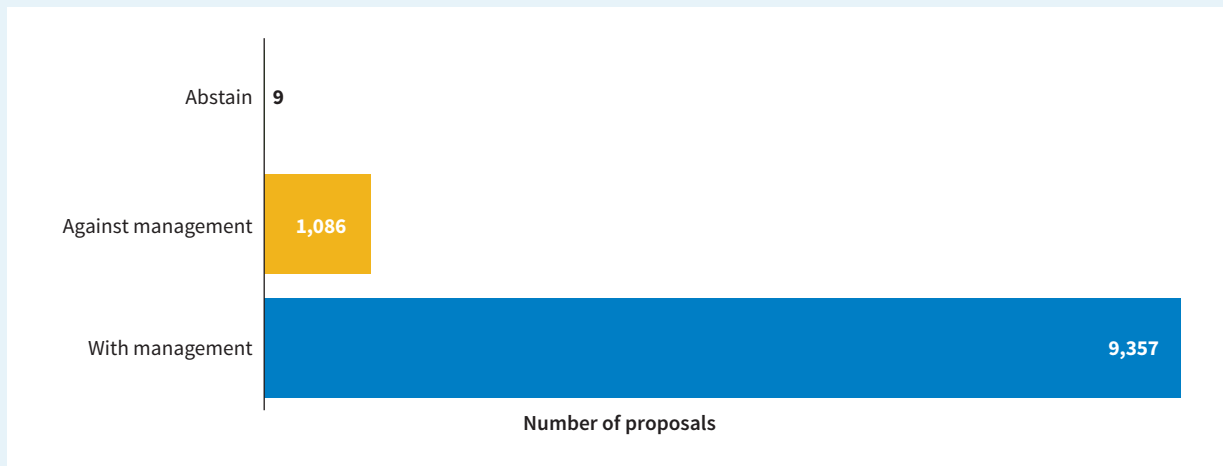


The following charts illustrate the global proxy-voting activity for The Putnam Funds for the period July 1, 2020–June 30, 2021.

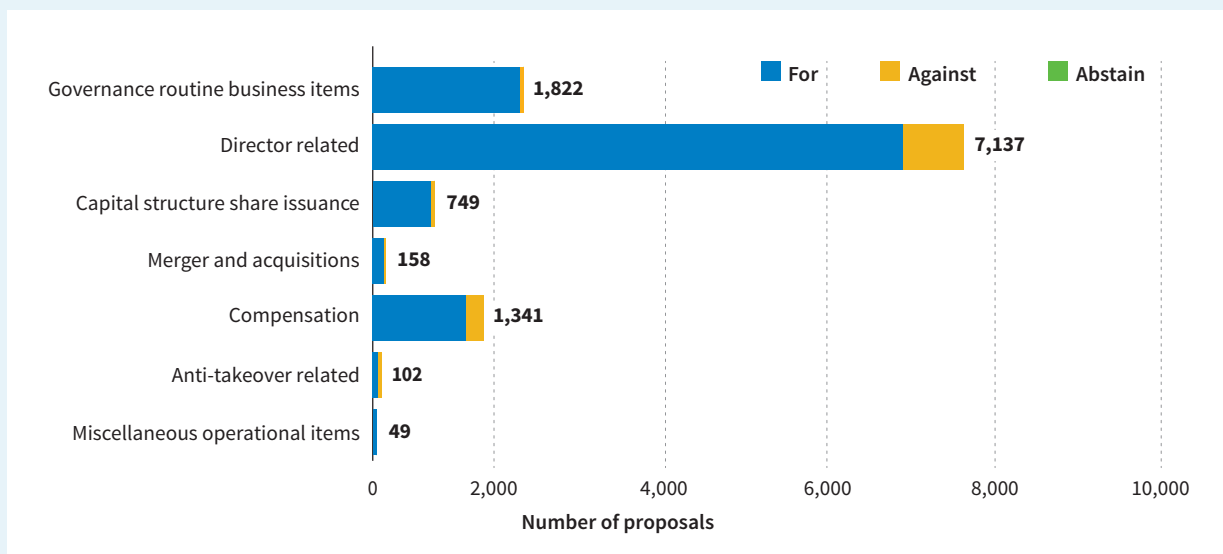
**Management proposals**

The Funds voted with management on 10,254 proposals, and against management on 1,104 proposals. The Funds also abstained from voting on 1 proposal.

Mutual fund management proposals



Mutual fund management proposals by category

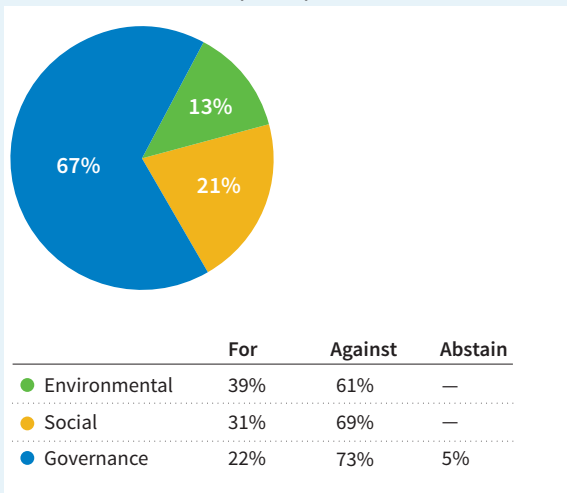


Source: Putnam. Represents global proxy-voting activity for The Putnam Funds for the period July 1, 2020–June 30, 2021.

### Shareholder proposals

In some markets around the world, shareholders of a company are given the right to present issues to be voted on at the annual general meeting. Shareholder proposals are nonbinding votes that are often opposed by management. During the period July 1, 2020–June 30, 2021, there were 438 shareholder proposals relating to companies within the Funds’ portfolios seeking a vote on ESG matters: 56 (13%) addressed environmental issues, 90 (21%) addressed social issues, and 292 (67%) addressed governance issues. In evaluating shareholder proposals relating to environmental and social initiatives, the Funds take into account the relevance of the proposal to the company’s business and the practicality of implementing the proposal, including the impact on the company’s business activities, operations, and stakeholders. Shareholder proposals related to environmental and social issues are often overly broad and difficult to implement. Shareholder proposals related to governance issues often relate to such matters as separating the CEO and board chair roles, the right to act by written consent, and company-specific article amendments.

### Mutual fund shareholder proposals



Source: Putnam. Represents global proxy-voting activity for The Putnam Funds for the period July 1, 2020–June 30, 2021.

### Putnam’s institutional investment management clients

Putnam believes the voting of proxies can be an important tool for institutional investors to promote best practices in corporate governance. Putnam’s voting policies are rooted in our views that: (1) strong, independent corporate governance is important to long-term company financial performance and (2) long-term investors’ active engagement with company management, including through the proxy-voting process, strengthens issuer accountability and overall market discipline, potentially reducing risk and improving returns over time. Putnam votes all proxies in the best interests of its clients as investors. In Putnam’s view, strong corporate governance policies, most notably oversight by an independent board of qualified directors, best serve investors’ interests. Putnam will vote proxies and maintain records of voting of shares for which Putnam has proxy-voting authority in accordance with its fiduciary obligations and applicable law.

Putnam has adopted a set of procedures and guidelines that cover all accounts for which Putnam has proxy-voting authority. Some clients, such as the Putnam mutual funds, elect to vote their own proxies.

Putnam has a Proxy Committee composed of senior investment professionals. The Proxy Committee is responsible for setting general policy as to proxy voting. The Committee reviews procedures and the guidelines annually, approves any amendments considered to be advisable, and considers special proxy issues as they may arise from time to time.

Putnam maintains written voting guidelines setting forth voting positions determined by the Proxy Committee on those issues believed most likely to arise day to day. The guidelines may call for votes normally to be cast in favor of or opposed to a matter or may deem the matter an item to be referred to investment professionals on a case-by-case basis.

Putnam’s Legal and Compliance Division administers the firm’s proxy voting through a proxy manager who, in turn, instructs a proxy-voting service, which is currently Glass Lewis & Co. (Glass Lewis), to process proxy votes for our client accounts. Although Glass Lewis may supply proxy-related research to Putnam, Glass Lewis does not make any decisions on how to vote client proxies. The Putnam proxy manager, with supervision from senior members of Putnam’s Legal and Compliance Division, oversees the proxy administration work of Glass Lewis.

The following charts illustrate the global proxy-voting activity for Putnam’s institutional investment management accounts for the period July 1, 2020–June 30, 2021.

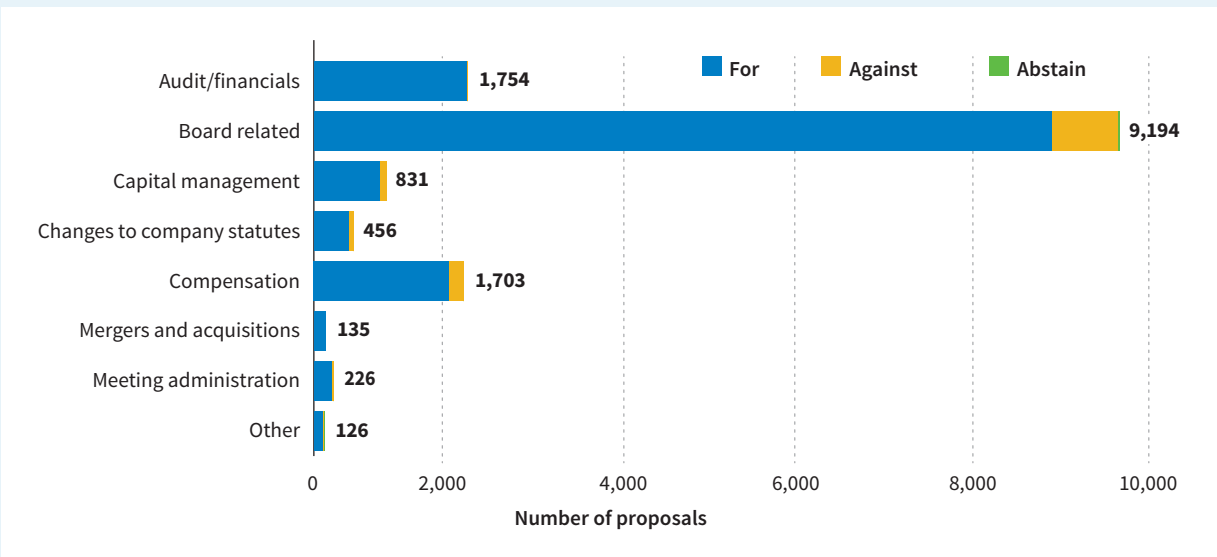
**Management proposals**

For our institutional accounts, we voted with management on 13,548 proposals and against management on 1,248 proposals; additionally, we abstained on 46 proposals.

### Institutional account management proposals



### Institutional account management proposals by category



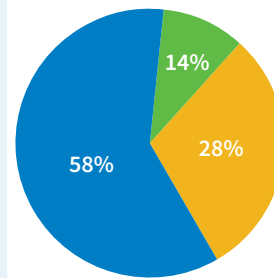
Source: Putnam. Represents global proxy-voting activity for Putnam’s institutional investment management accounts for the period July 1, 2020–June 30, 2021.

### Shareholder proposals

In some markets around the world, shareholders of a company are given the right to present issues to be voted on at the annual general meeting.

During the period July 1, 2020–June 30, 2021, there were 391 shareholder proposals relating to companies within our institutional client portfolio holdings seeking a vote on ESG matters: 55 (14%) addressed environmental issues, 106 (28%) addressed social issues, and 230 (58%) addressed governance issues.

### Institutional account shareholder proposals



	For	Against	Abstain
● Environmental	20%	78%	2%
● Social	14%	86%	—
● Governance	45%	54%	1%

Source: Putnam. Represents global proxy-voting activity for Putnam’s institutional investment management accounts for the period July 1, 2020–June 30, 2021.

## Engagement through partnership and collaboration

Our participation in collaborative engagements is informed by assessment of client benefit, investment relevance, potential impact, clarity of focus, and resource efficiency. We categorize our engagements by those that specifically relate to sustainable investing and ESG integration and those that relate to Putnam’s broader business, industry, and civic involvement.



## Sustainable investing and ESG-related partnerships and affiliations

We recognize that the field of sustainable investing is actively growing and evolving, and each organization in this community has an opportunity to contribute to the field's advancement. We are advocates for improved and relevant ESG disclosure as well as the development of thoughtful and effective taxonomies and assessment frameworks. Our partnerships include affiliations with several organizations that support similar goals:

Boston Association of Institutional Investors  
 CDP (formerly Carbon Disclosure Project)  
 Santa Fe Institute  
 Sustainable Accounting Standards Board (SASB)/  
 Value Reporting Foundation  
 SASB Investor Advisory Group (IAG)  
 United Nations Principles for Responsible Investing  
 (UN PRI)  
 UN PRI Global Policy Reference Group

## Putnam Investments' key industry/civic affiliations

Putnam Investments partners with a range of organizations to help advance the interests of investors and development of the financial marketplace, and to support economic growth. The firm aims to support critical areas of importance for clients and the broader community. Our key partnerships include:

### **Regional and local business development and economic growth**

Associated Industries of Massachusetts (AIM)  
 Boston College – Chief Executives' Club  
 Greater Boston Chamber of Commerce  
 MassChallenge Fintech  
 Mass High Tech Council  
 Massachusetts Competitive Partnership  
 The New England Council

### **U.S. public policy**

American Council for Capital Formation (ACCF)  
 American Enterprise Institute

### **Industry relations and shareholder advocacy**

Boston Asset Management Association Inc.  
 Insured Retirement Institute (IRI)  
 Center for Capital Markets Competitiveness  
 Council of Institutional Investors  
 Investment Company Institute – (ICI)  
 National Investment Company Service Association  
 (NICSA)  
 Securities Industry and Financial Markets Association  
 (SIFMA)

### **Charitable/volunteering partnerships**

American Red Cross  
 BLK Capital  
 Invest in Girls  
 The Partnership Inc.  
 The Posse Foundation  
 Simmons Leadership Conference  
 The Toigo Foundation  
 United Way

## 2021 Overview of Putnam letters to corporate CEOs

*Material sustainability issues where we engaged with a goal of increasing our understanding as long-term, active, fundamental investors.*

	GOVERNANCE			SOCIAL			ENVIRONMENTAL			DISCLOSURE	IMPACT
	Leadership structure and incentives	Risk management and business ethics	Corporate purpose, culture, and mission alignment	Employee DEI, well-being, and development	Supply chain management	Product safety, pricing/access, and data use	Climate change risk, mitigation, adaptation	Environmental management (emissions, water, energy, materials, ecosystems)	Lifecycle management, recycling, ecosystems impact	Advocacy for improved disclosure	Impact assessment of products
<b>TOTALS &gt;</b>	22	13	12	67	15	40	23	46	15	113	42
<b>TICKER</b>											
ADBE				•		•				•	
AES		•					•	•		•	
GOOGL				•		•	•			•	
AMZN				•	•			•	•	•	
AEE		•				•	•			•	
AMT				•		•		•		•	
AMGN				•		•		•		•	
AAPL				•	•	•		•	•	•	•
AMAT				•						•	•
ASML					•			•	•	•	
AZN.L						•		•		•	•
AVY								•		•	•
AXAF.PA										•	•
AZEK				•				•	•	•	
BLL			•							•	
BAC	•			•		•				•	
BAX						•				•	
BIO	•									•	
BLK		•	•							•	•
BXP	•		•	•			•	•		•	
CHTR	•			•		•				•	
CHGG						•				•	•
CMG				•	•	•			•	•	
C	•	•								•	
COO						•				•	
CREE					•			•		•	•
CRWD				•		•				•	•
CVS				•		•		•		•	
DHR		•		•			•			•	
DXCM						•				•	•
DOCU				•						•	•
DT				•		•				•	
ECL				•				•		•	
EW				•		•				•	
LLY				•				•		•	
ETSY				•						•	•
EURA.PA				•			•			•	
EVBG						•				•	•
FIS			•	•			•			•	•
FRC				•		•				•	
FTV.5.CV.PFD								•		•	•
FCX	•				•			•		•	
GFL	•							•		•	
GDDY			•	•						•	
HASI				•			•	•	•	•	
HAS	•		•			•				•	
HQY			•			•				•	
HEIN.AS						•		•	•	•	•
MLHR								•		•	•
HLT				•						•	
HOLX	•									•	•
HD				•			•	•		•	
HON					•			•		•	•
IDXX				•		•				•	
NGVT	•						•	•		•	
PODD						•				•	•
JNJ		•		•		•				•	
JCI				•			•	•		•	•
JPM		•		•			•			•	

## 2021 Overview of Putnam letters to corporate CEOs

**Material sustainability issues where we engaged with a goal of increasing our understanding as long-term, active, fundamental investors**

	GOVERNANCE			SOCIAL			ENVIRONMENTAL			DISCLOSURE	IMPACT
	Leadership structure and incentives	Risk management and business ethics	Corporate purpose, culture, and mission alignment	Employee DEI, well-being, and development	Supply chain management	Product safety, pricing/access, and data use	Climate change risk, mitigation, adaptation	Environmental management (emissions, water, energy, materials, ecosystems)	Lifecycle management, recycling, ecosystems impact	Advocacy for improved disclosure	Impact assessment of products
<b>TOTALS &gt;</b>	22	13	12	67	15	40	23	46	15	113	42
<b>TICKER</b>											
DSMN.AS				•			•	•	•	•	•
LSF			•	•	•					•	
LEVI			•	•				•		•	
LBTYK	•		•	•						•	
LSPD.TO				•		•				•	
LIN			•	•			•			•	
LULU				•	•			•	•	•	
LUV	•			•	•			•		•	
LYFT				•		•		•		•	•
MA	•	•				•				•	•
MKC					•		•		•	•	
MLAB										•	•
MSCI		•				•				•	
MSFT				•		•	•	•		•	
NVRO	•			•		•				•	
NEE							•	•		•	
NOC				•				•		•	
NOMD		•			•			•		•	
NZYM.B.CO	•			•						•	•
NRG		•					•	•		•	•
NXPI		•						•		•	•
ORSTED.CO									•	•	•
OTIS							•	•		•	
PYPL				•						•	•
PINS				•						•	
PRU.L							•			•	•
QCOM								•		•	•
REGN						•				•	
RMD						•				•	•
RNG				•						•	•
ROP				•						•	•
CRM				•		•	•			•	•
SGEN				•		•				•	•
SWK							•		•	•	
SFIX				•					•	•	
RUN		•					•			•	•
TGT	•			•						•	
TDOC				•		•				•	
TSLA				•	•					•	
TXN	•							•		•	
TMO	•			•						•	
TMUS				•				•		•	
TREX	•			•					•	•	
TRMB				•						•	•
ULVR.L					•			•	•	•	•
UNP				•				•		•	•
URI				•				•		•	•
MTN				•						•	
VRRM	•			•				•		•	
VRTX	•			•		•		•		•	
V						•				•	•
WMT				•	•			•		•	
WW				•		•				•	
ZTS	•		•	•				•		•	

This detail was added to the report in March 2022, after its initial publication.

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ESG008 329698 3/22