



| LEA 02                                 | Disclosures: Mandatory   | Reason for Interaction  | Principle: PRI 1, 2, 3 |
|--|--|---|------------------------|
| Individual/ internal staff engagements | <p><input checked="" type="checkbox"/> To support investment decisionmaking in &amp; company's material ESG areas</p> <p><input checked="" type="checkbox"/> To encourage corporate transition or identify the need for additional or other capacity</p> <p><input type="checkbox"/> We do not engage via internal staff</p> | <p><input checked="" type="checkbox"/> To support investment decisionmaking in &amp; company's material ESG areas</p> <p><input checked="" type="checkbox"/> To encourage corporate transition or identify the need for additional or other capacity</p> <p><input type="checkbox"/> We do not engage via collaborative engagements</p> |                        |
| Collaborative engagements              | <p><input type="checkbox"/> To support investment decisionmaking in &amp; company's material ESG areas</p> <p><input type="checkbox"/> To encourage corporate transition or identify the need for additional or other capacity</p> <p><input type="checkbox"/> We do not engage via collaborative engagements</p>            |   |                        |
| Service provider engagements           | <p><input type="checkbox"/> To support investment decisionmaking in &amp; company's material ESG areas</p> <p><input type="checkbox"/> To encourage corporate transition or identify the need for additional or other capacity</p> <p><input type="checkbox"/> We do not engage via service providers</p>                    |   |                        |

# RI TRANSPARENCY REPORT

## 2014/15

Putnam Investments, LLC

## About this report

The PRI Reporting Framework is a key step in the journey towards building a common language and industry standard for reporting responsible investment (RI) activities. This RI Transparency Report is one of the key outputs of this Framework. Its primary objective is to enable signatory transparency on RI activities and facilitate dialogue between investors and their clients, beneficiaries and other stakeholders. A copy of this report will be publicly disclosed for all reporting signatories on the [PRI website](#), ensuring accountability of the PRI Initiative and its signatories.

This report is an export of the individual Signatory organisation's response to the PRI during the 2014-15 reporting cycle. It includes their responses to mandatory indicators, as well as responses to voluntary indicators the signatory has agreed to make public. The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information. As a result, the reports can be extensive. However, to help easily locate information, there is a **Principles index** which highlights where the information can be found and summarises the indicators that signatories complete and disclose.

## Understanding the Principles Index

The Principles Index summarises the response status for the individual indicators and modules and shows how these relate to the six [Principles for Responsible Investment](#). It can be used by stakeholders as an 'at-a-glance' summary of reported information and to identify particular themes or areas of interest.

Indicators can refer to one or more Principles. Some indicators are not specific to any Principle. These are highlighted in the 'General' column. When multiple Principles are covered across numerous indicators, in order to avoid repetition, only the main Principle covered is highlighted.

All indicators within a module are presented below. The status of indicators is shown with the following symbols:

| Symbol | Status  |
|--------|---|
| ✓      | The signatory has completed all mandatory parts of this indicator |
| ☑      | The signatory has completed some parts of this indicator          |
| 🔒      | This indicator was not relevant for this signatory                |
| -      | The signatory did not complete any part of this indicator         |
| Ⓜ      | The signatory has flagged this indicator for internal review      |

Within the table, indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.

# Principles Index

| Organisational Overview |   |        |                              | Principle |   |   |   |   |   | General |
|-------------------------|---|--------|------------------------------|-----------|---|---|---|---|---|---------|
| Indicator               | Short description                                   | Status | Disclosure                   | 1         | 2 | 3 | 4 | 5 | 6 |         |
| OO 01                   | Signatory category and services                     | ✓      | Public                       |           |   |   |   |   |   | ✓       |
| OO 02                   | Headquarters and operational countries              | ✓      | Public                       |           |   |   |   |   |   | ✓       |
| OO 03                   | Subsidiaries that are separate PRI signatories      | ✓      | Public                       |           |   |   |   |   |   | ✓       |
| OO 04                   | Reporting year and AUM                              | ✓      | Public                       |           |   |   |   |   |   | ✓       |
| OO 05                   | Breakdown of AUM by asset class                     | ✓      | Asset mix disclosed in OO 06 |           |   |   |   |   |   | ✓       |
| OO 06                   | How would you like to disclose your asset class mix | ✓      | Public                       |           |   |   |   |   |   | ✓       |
| OO 07                   | Segregated mandates or pooled funds                 | 🔒      | n/a                          |           |   |   |   |   |   | ✓       |
| OO 08                   | Breakdown of AUM by market                          | ✓      | Private                      |           |   |   |   |   |   | ✓       |
| OO 09                   | Additional information about organisation           | -      | n/a                          |           |   |   |   |   |   | ✓       |
| OO 10                   | RI activities for listed equities                   | ✓      | Public                       |           |   |   |   |   |   | ✓       |
| OO 11                   | RI activities in other asset classes                | ✓      | Public                       |           |   |   |   |   |   | ✓       |
| OO 12                   | Modules and sections required to complete           | ✓      | Public                       |           |   |   |   |   |   | ✓       |

| Overarching Approach |  |        |            | Principle |   |   |   |   |   | General |
|----------------------|--|--------|------------|-----------|---|---|---|---|---|---------|
| Indicator            | Short description  | Status | Disclosure | 1         | 2 | 3 | 4 | 5 | 6 |         |
| OA 01                | RI policy and other guidance documents                             | ✓      | Public     |           |   |   |   |   |   | ✓       |
| OA 02                | Publicly available policies / documents                            | ✓      | Public     |           |   |   |   |   |   | ✓       |
| OA 03                | Policy components and coverage                                     | ✓      | Public     | ✓         | ✓ |   |   |   |   |         |
| OA 04                | Conflicts of interest  | ✓      | Public     |           |   |   |   |   |   | ✓       |
| OA 05                | RI goals and objectives  | ✓      | Public     |           |   |   |   |   |   | ✓       |
| OA 06                | Main goals/objectives this year                                    | ✓      | Private    |           |   |   |   |   |   | ✓       |
| OA 07                | Governance, management structures and RI processes                 | ✓      | Private    |           |   |   |   |   |   | ✓       |
| OA 08                | RI roles and responsibilities                                      | ✓      | Public     |           |   |   |   |   |   | ✓       |
| OA 09                | RI in performance management, reward and/or personal development   | -      | n/a        |           |   |   |   |   |   | ✓       |
| OA 10                | Collaborative organisations / initiatives                          | ✓      | Public     |           |   |   | ✓ | ✓ |   |         |
| OA 11                | Promoting RI independently   | ✓      | Public     |           |   |   | ✓ |   |   |         |
| OA 12                | Dialogue with public policy makers or standard setters             | -      | n/a        |           |   |   | ✓ | ✓ | ✓ |         |
| OA 13                | ESG issues in strategic asset allocation                           | ✓      | Private    | ✓         |   |   |   |   |   |         |
| OA 14                | Allocation of assets to environmental and social themed areas      | -      | n/a        | ✓         |   |   |   |   |   |         |
| OA 15                | ESG issues for internally managed assets not reported in framework | -      | n/a        |           |   |   |   |   |   | ✓       |
| OA 16                | ESG issues for externally managed assets not reported in framework | 🔒      | n/a        |           |   |   |   |   |   | ✓       |
| OA 17                | RI/ESG in execution and/or advisory services                       | 🔒      | n/a        | ✓         | ✓ |   |   |   |   |         |
| OA 18                | Innovative features of approach to RI                              | -      | n/a        |           |   |   |   |   |   | ✓       |
| OA 19                | Internal and external review and assurance of responses            | -      | n/a        |           |   |   |   |   |   | ✓       |

| Direct - Listed Equity Incorporation |   |        |            | Principle |   |   |   |   |   | General |
|--------------------------------------|---|--------|------------|-----------|---|---|---|---|---|---------|
| Indicator                            | Short description   | Status | Disclosure | 1         | 2 | 3 | 4 | 5 | 6 |         |
| LEI 01                               | Breakdown by passive, quantitative, fundamental and other active strategies         | ✓      | Private    | ✓         |   |   |   |   |   |         |
| LEI 02                               | Description of ESG incorporation  | -      | n/a        | ✓         |   |   |   |   |   |         |
| LEI 03                               | Percentage of each incorporation strategy   | ✓      | Public     | ✓         |   |   |   |   |   |         |
| LEI 04                               | Type of ESG information used in investment decision                                 | -      | n/a        | ✓         |   |   |   |   |   |         |
| LEI 05                               | Information from engagement and/or voting used in investment decision-making        | -      | n/a        | ✓         |   |   |   |   |   |         |
| LEI 06                               | Types of screening applied  | ✓      | Public     | ✓         |   |   |   |   |   |         |
| LEI 07                               | Processes to ensure screening is based on robust analysis                           | ✓      | Public     | ✓         |   |   |   |   |   |         |
| LEI 08                               | Processes to ensure fund criteria are not breached                                  | ✓      | Private    | ✓         |   |   |   |   |   |         |
| LEI 09                               | Types of sustainability thematic funds/mandates                                     | 🔒      | n/a        | ✓         |   |   |   |   |   |         |
| LEI 10                               | Description of ESG integration  | 🔒      | n/a        | ✓         |   |   |   |   |   |         |
| LEI 11                               | Review ESG issues while researching companies/sectors                               | 🔒      | n/a        | ✓         |   |   |   |   |   |         |
| LEI 12                               | Processes to ensure integration is based on robust analysis                         | 🔒      | n/a        | ✓         |   |   |   |   |   |         |
| LEI 13                               | Aspects of analysis ESG information is integrated into                              | 🔒      | n/a        | ✓         |   |   |   |   |   |         |
| LEI 14                               | ESG issues in index construction  | 🔒      | n/a        | ✓         |   |   |   |   |   |         |
| LEI 15                               | How ESG incorporation has influenced portfolio composition                          | -      | n/a        | ✓         |   |   |   |   |   |         |
| LEI 16                               | Incorporation of ESG issues has improved financial/ESG performance and reduced risk | -      | n/a        | ✓         |   |   |   |   |   |         |
| LEI 17                               | Examples of ESG issues that affected your investment view / performance             | -      | n/a        | ✓         |   |   |   |   |   |         |
| LEI 18                               | Disclosure of approach to ESG incorporation   | ✓      | Public     |           | ✓ |   |   |   |   | ✓       |

| Direct - Listed Equity Active Ownership |  |        |            | Principle |   |   |   |   |   | General |
|---|--|--------|------------|-----------|---|---|---|---|---|---------|
| Indicator                               | Short description  | Status | Disclosure | 1         | 2 | 3 | 4 | 5 | 6 |         |
| LEA 01                                  | Description of approach to engagement  | 🔒      | n/a        |           | ✓ |   |   |   |   |         |
| LEA 02                                  | Reasoning for interaction on ESG issues                                      | 🔒      | n/a        | ✓         | ✓ | ✓ |   |   |   |         |
| LEA 03                                  | Process for identifying and prioritising engagement activities               | 🔒      | n/a        |           | ✓ |   |   |   |   |         |
| LEA 04                                  | Objectives for engagement activities   | 🔒      | n/a        |           | ✓ |   |   |   |   |         |
| LEA 05                                  | Process for identifying and prioritising engagement activities               | 🔒      | n/a        |           | ✓ |   |   |   |   |         |
| LEA 06                                  | Objectives for engagement activities   | 🔒      | n/a        |           | ✓ |   |   |   |   |         |
| LEA 07                                  | Role in engagement process   | 🔒      | n/a        |           | ✓ |   | ✓ |   |   |         |
| LEA 08                                  | Monitor / discuss service provider information                               | 🔒      | n/a        |           | ✓ |   |   |   | ✓ |         |
| LEA 09                                  | Share insights from engagements with internal/external managers              | 🔒      | n/a        | ✓         | ✓ |   |   |   |   |         |
| LEA 10                                  | Tracking number of engagements   | 🔒      | n/a        |           | ✓ |   |   |   |   |         |
| LEA 11                                  | Number of companies engaged with, intensity of engagement and effort         | 🔒      | n/a        |           | ✓ |   |   |   |   |         |
| LEA 12                                  | Engagements on E, S and/or G issues  | 🔒      | n/a        |           | ✓ |   |   |   |   |         |
| LEA 13                                  | Companies changing practices / behaviour following engagement                | 🔒      | n/a        |           | ✓ |   |   |   |   |         |
| LEA 14                                  | Examples of ESG engagements  | 🔒      | n/a        |           | ✓ |   |   |   |   |         |
| LEA 15                                  | Disclosure of approach to ESG engagements                                    | 🔒      | n/a        |           | ✓ |   |   |   | ✓ |         |
| LEA 16                                  | Description of approach to (proxy) voting                                    | ✓      | Public     |           | ✓ |   |   |   |   |         |
| LEA 17                                  | Typical approach to (proxy) voting decisions                                 | ✓      | Public     |           | ✓ |   |   |   |   |         |
| LEA 18                                  | Percentage of voting recommendations reviewed                                | ✓      | Public     |           | ✓ |   |   |   |   |         |
| LEA 19                                  | Confirmation of votes  | -      | n/a        |           | ✓ |   |   |   |   |         |
| LEA 20                                  | Securities lending programme   | ✓      | Private    |           | ✓ |   |   |   |   |         |
| LEA 21                                  | Informing companies of the rationale of abstaining/voting against management | ✓      | Public     |           | ✓ |   |   |   |   |         |
| LEA 22                                  | Percentage of (proxy) votes cast   | ✓      | Public     |           | ✓ |   |   |   |   |         |
| LEA 23                                  | Proportion of ballot items that were for/against/abstentions                 | ✓      | Private    |           | ✓ |   |   |   |   |         |
| LEA 24                                  | Shareholder resolutions  | ✓      | Private    |           | ✓ |   |   |   |   |         |
| LEA 25                                  | Examples of (proxy) voting activities  | -      | n/a        |           | ✓ |   |   |   |   |         |
| LEA 26                                  | Disclosing voting activities   | ✓      | Public     |           | ✓ |   |   |   | ✓ |         |

| Direct - Fixed Income |   |        |            | Principle |   |   |   |   |   | General |
|-----------------------|---|--------|------------|-----------|---|---|---|---|---|---------|
| Indicator             | Short description   | Status | Disclosure | 1         | 2 | 3 | 4 | 5 | 6 |         |
| FI 01                 | Breakdown by passive, quantitative, fundamental and other active strategies         | ✓      | Private    | ✓         |   |   |   |   |   |         |
| FI 02                 | Breakdown of investments by credit quality  | ✓      | Private    |           |   |   |   |   |   | ✓       |
| FI 03                 | Description of ESG incorporation  | ✓      | Private    | ✓         |   |   |   |   |   |         |
| FI 04                 | Percentage of each incorporation strategy   | ✓      | Public     | ✓         |   |   |   |   |   |         |
| FI 05                 | Type of ESG information used in investment decision                                 | -      | n/a        | ✓         |   |   |   |   |   |         |
| FI 06                 | Types of screening applied  | ✓      | Public     | ✓         |   |   |   |   |   |         |
| FI 07                 | Processes to ensure screening is based on robust analysis                           | ✓      | Public     | ✓         |   |   |   |   |   |         |
| FI 08                 | Processes to ensure fund criteria are not breached                                  | ✓      | Private    | ✓         |   |   |   |   |   |         |
| FI 09                 | Types of sustainability thematic funds/mandates                                     | 🔒      | n/a        | ✓         |   |   |   |   |   |         |
| FI 10                 | Description of ESG integration  | 🔒      | n/a        | ✓         |   |   |   |   |   |         |
| FI 11                 | Review of ESG issues while researching companies/sectors                            | 🔒      | n/a        | ✓         |   |   |   |   |   |         |
| FI 12                 | Processes to ensure integration is based on robust analysis                         | 🔒      | n/a        | ✓         |   |   |   |   |   |         |
| FI 13                 | Incorporation of ESG issues into analysis and decision making                       | ✓      | Public     | ✓         |   |   |   |   |   |         |
| FI 14                 | ESG issues in index construction  | 🔒      | n/a        | ✓         |   |   |   |   |   |         |
| FI 15                 | How ESG incorporation has influenced portfolio composition                          | -      | n/a        | ✓         |   |   |   |   |   |         |
| FI 16                 | Incorporation of ESG issues has improved financial/ESG performance and reduced risk | -      | n/a        | ✓         |   |   |   |   |   |         |
| FI 17                 | Examples of ESG issues that affected your investment view / performance             | -      | n/a        | ✓         |   |   |   |   |   |         |
| FI 18                 | Disclosure of approach to ESG incorporation   | ✓      | Public     |           | ✓ |   |   |   |   | ✓       |
| FI 19                 | Engagement with corporate issuers   | -      | n/a        |           | ✓ |   |   |   |   |         |
| FI 20                 | Engagement with government issuers  | -      | n/a        |           | ✓ |   |   |   |   |         |

# Putnam Investments, LLC

## Reported Information

### Public version

### Organisational Overview

## PRI disclaimer

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## Basic Information

|       |           |                 |         |
|-------|-----------|-----------------|---------|
| OO 01 | Mandatory | Gateway/Peering | General |
|-------|-----------|-----------------|---------|

OO 01.1 Select the services you offer.

Fund management

% of assets under management (AUM) in ranges

<10%

10-50%

>50%

Fund of funds, manager of managers, sub-advised products

Other, specify

Execution and advisory services

|       |           |         |         |
|-------|-----------|---------|---------|
| OO 02 | Mandatory | Peering | General |
|-------|-----------|---------|---------|

OO 02.1 Select the location of your organisation's headquarters.

United States

OO 02.2 Indicate the number of countries in which you have offices (including your headquarters).

1

2-5

6-10

>10

OO 02.3 Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).

FTE

1800

|       |           |             |         |
|-------|-----------|-------------|---------|
| OO 03 | Mandatory | Descriptive | General |
|-------|-----------|-------------|---------|

OO 03.1 Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right.

Yes

OO 03.2 List your subsidiaries that are separate PRI signatories and indicate if you would like to report their RI activities in your organisation's consolidated report.

| Name of PRI signatory subsidiary<br>(Up to six subsidiaries may be reported) | RI implementation reported here<br>on a consolidated basis       |
|--|--|
| PanAgora   | <input type="radio"/> Yes<br><input checked="" type="radio"/> No |
|  | <input type="radio"/> Yes<br><input type="radio"/> No            |
|  | <input type="radio"/> Yes<br><input type="radio"/> No            |
|  | <input type="radio"/> Yes<br><input type="radio"/> No            |
|  | <input type="radio"/> Yes<br><input type="radio"/> No            |
|  | <input type="radio"/> Yes<br><input type="radio"/> No            |

No

|       |           |                 |         |
|-------|-----------|-----------------|---------|
| OO 04 | Mandatory | Gateway/Peering | General |
|-------|-----------|-----------------|---------|

**OO 04.1** Indicate the year end date for your reporting year.

31/12/2014

**OO 04.2** Indicate your total AUM at the end of your reporting year, excluding subsidiaries you have chosen not to report on, and advisory/execution only assets.

|               | trillions | billions | millions | thousands | hundreds |
|---------------|-----------|----------|----------|-----------|----------|
| Total AUM     |           | 157      | 592      | 360       | 045      |
| Currency      | USD       |          |          |           |          |
| Assets in USD |           | 157      | 592      | 360       | 045      |

**OO 04.3** Indicate the total AUM at the end of your reporting year for subsidiaries you have excluded from your report

|               | trillions | billions | millions | thousands | hundreds |
|---------------|-----------|----------|----------|-----------|----------|
| Total AUM     |           | 37       | 612      | 125       | 983      |
| Currency      | USD       |          |          |           |          |
| Assets in USD |           | 37       | 612      | 125       | 983      |

**OO 04.5** Indicate the level of detail you would like to provide about your asset class mix.

- Approximate percentage breakdown to the nearest 5% (e.g. 45%)
- Broad ranges breakdown (i.e. <10%; 10-50%; >50%)

**OO 04.6** Additional information. [Optional]

PanAgora assets are not included in total firm AUM above as they will file a separate UNPRI entry in due course.

**OO 06**

**Mandatory**

**Descriptive**

**General**

**OO 06.1**

To contextualise your responses to the public, indicate how you would like to disclose your asset class mix.

- Publish our asset class mix as broad ranges

|                           | Internally managed (%) | Externally managed (%) |
|---------------------------|------------------------|------------------------|
| Listed equity             | 10-50%                 | 0                      |
| Fixed income – corporate  | <10%                   | 0                      |
| Fixed income – government | 10-50%                 | 0                      |
| Fixed income – other      | 10-50%                 | 0                      |
| Private debt              | 0                      | 0                      |
| Private equity            | 0                      | 0                      |
| Property                  | 0                      | 0                      |
| Infrastructure            | 0                      | 0                      |
| Commodities               | 0                      | 0                      |
| Hedge funds               | 0                      | 0                      |

|                    |      |   |
|--------------------|------|---|
| Forestry           | 0    | 0 |
| Farmland           | 0    | 0 |
| Inclusive finance  | 0    | 0 |
| Cash               | <10% | 0 |
| Other (1), specify | <10% | 0 |
| Other (2), specify | 0    | 0 |

'Other (1)' specified

Global Asset Allocation Assets represent multi-asset portfolios that may include stocks, bonds and other alternative asset classes.

○ Publish our asset class mix as per attached file (the following image formats can be uploaded: .jpg, .jpeg, .png, .bmp and .gif)

**Gateway asset class implementation indicators**

|              |                  |                |                |
|--------------|------------------|----------------|----------------|
| <b>OO 10</b> | <b>Mandatory</b> | <b>Gateway</b> | <b>General</b> |
|--------------|------------------|----------------|----------------|

**OO 10.1** Select the responsible investment activities your organisation implemented, directly and/or indirectly, for listed equities in the reporting year.

- We incorporate ESG issues into investment decisions on our internally managed assets
- We engage with companies on ESG issues via our staff, collaborations or service providers
- We cast our (proxy) votes directly or via service providers
- None of the above

**OO 10.3** Additional information. [Optional]

At Putnam, rigorously monitoring the companies in which we decide to invest is an integral part of our investment approach. As active managers, we are committed to conducting bottom-up, fundamental research (in addition, where applicable, to rigorous quantitative analysis and macro-level research) when pursuing investment opportunities for our clients. Our teams of research analysts have worldwide reach and generate independent research on companies for our portfolio managers. In addition to meeting with the management of the many companies themselves, our analysts and portfolio managers conduct further research to determine the investment potential of companies. Corporate governance is one of the factors we consider when evaluating and monitoring companies for client portfolios.

Typically, if we believe a decision or proposal by company management will negatively affect the company's long-term investment potential, our portfolio managers will eliminate or reduce the position in their portfolios. While the specific approach taken may depend on the views of the particular Putnam portfolio manager or research analyst, we recognize environmental, social and governance issues as risk factors that may affect long term performance and valuation targets. While escalating issues with corporations is an infrequent occurrence, we typically do so via meetings or conversations between our investment professionals and company management.

In order to specifically accommodate institutional clients who may have their own ESG policies that apply to their investment portfolios, Putnam has the capability to engage with third party service providers who can provide

consulting services based on portfolio holdings (such as additional screening approaches where requested by a client).

|       |           |         |         |
|-------|-----------|---------|---------|
| OO 11 | Mandatory | Gateway | General |
|-------|-----------|---------|---------|

**OO 11.1** Indicate if in the reporting year you incorporated ESG issues into your investment decisions and/or your active ownership practices in the following internally managed asset classes.

- Fixed income – corporate
- Fixed income – government
- Fixed Income – other
- Cash
- Other (1)
- None of the above

'Other (1)' [as defined in OO 05]

Global Asset Allocation Assets represent multi-asset portfolios that may include stocks, bonds and other alternative asset classes.

|       |           |         |         |
|-------|-----------|---------|---------|
| OO 12 | Mandatory | Gateway | General |
|-------|-----------|---------|---------|

**OO 12.1** The modules and sections that you will be required to complete are listed below.

*This list is based on the percentages provided in your AUM breakdown and your responses to the gateway indicators. You are only required to report on asset classes that represent 10% or more of your AUM. You may report voluntarily on any applicable modules or sections by selecting them from the list. Fixed Income and Infrastructure are voluntary.*

**Core modules**

- Organisational Overview
- Overarching Approach (including assets which do not have a separate module)

**RI implementation directly or via service providers**

Direct - Listed Equity incorporation

- Listed Equity incorporation

Direct - Listed Equity active ownership

- (Proxy) voting

- Fixed Income - Corporate
- Fixed Income - Government

**Closing module**

- Closing module

# Putnam Investments, LLC

## Reported Information

### Public version

### Overarching Approach

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## Responsible investment policy

|       |           |                       |         |
|-------|-----------|-----------------------|---------|
| OA 01 | Mandatory | Gateway/Core Assessed | General |
|-------|-----------|-----------------------|---------|

|         |   |
|---------|---|
| OA 01.1 | Indicate if you have a responsible investment policy. |
|---------|---|

- Yes
- No

|         |  |
|---------|--|
| OA 01.2 | Indicate if you have other guidance documents or more specific policies related to responsible investment. |
|---------|--|

- Yes
- No

|         |   |
|---------|---|
| OA 01.3 | Provide a brief description of the key elements of your responsible investment policy or, if you do not have a policy, of your overall approach to responsible investment. [Optional] |
|---------|---|

Putnam does not currently maintain a single policy document relating to PRI matters. However, we do maintain a robust policy and related procedures relating to proxy voting on behalf of client accounts, as well as various documentation that describes our approach to PRI matters overall. These documents include our publicly available response to the UK Stewardship Code, among others.

Putnam 's overall policy may be summarized as follows:

As a UN PRI signatory, Putnam recognizes the importance of ESG issues to the practice of investment management. ESG factors are important to certain investors and can have an impact on the valuation of investment securities. As a fiduciary on behalf of our asset management clients, Putnam generally looks at the entire investment universe to identify attractive securities, and does not currently use a screening process to exclude securities that fail ESG criteria from investment consideration. However, we consider ESG factors, among other factors relevant to company valuation and performance, where consistent with our overall fiduciary duty. Putnam will introduce specific ESG-driven restrictions in a client's portfolio only as directed by and agreed with a client. We stand willing to work with our clients in this regard.

A core element of our investment approach is exercising voting rights on behalf of our clients. Many of our clients have delegated to Putnam the authority to vote proxies for the shares we manage in their accounts. We believe that voting proxies can be an important tool for institutional investors to promote best practices in corporate governance. First and foremost, we seek to vote all proxies in accordance with the best interests of our clients as investors. We believe that strong corporate governance at the companies in which we invest - most notably oversight by an independent board of qualified directors - best serves our clients' interests.

|       |           |               |       |
|-------|-----------|---------------|-------|
| OA 02 | Mandatory | Core Assessed | PRI 6 |
|-------|-----------|---------------|-------|

|         |   |
|---------|---|
| OA 02.3 | Indicate if your other policies or guidance documents related to responsible investment are publicly available. |
|---------|---|

- Yes
  - Yes, all
  - Yes, some

|         |   |
|---------|---|
| OA 02.4 | List these other policies or guidance documents related to responsible investment that are publicly available and their URLs. |
|---------|---|



| Policy or document name   | URL   |
|---------------------------|---|
| Proxy Voting Statement    | <a href="http://adviserinfo.sec.gov">http://adviserinfo.sec.gov</a> |
| Stewardship Code Response | <a href="http://www.putnam.com/uk">http://www.putnam.com/uk</a>     |

No

**OA 02.5** Additional information. [Optional]

As discussed in 01.3, our relevant documents include our proxy voting policy and related procedures and our publicly available response to the UK Stewardship Code, among others. A detailed summary of our proxy approach is included in our client brochure, available at [adviserinfo.sec.gov](http://adviserinfo.sec.gov) by searching for any Putnam adviser entity (these entities are Putnam Investments Limited, The Putnam Advisory Company, LLC, and Putnam Investment Management, LLC). Our Stewardship Code response document is available at [www.putnam.com/uk](http://www.putnam.com/uk) under "Stewardship."

**OA 03** **Mandatory** **Core Assessed** **PRI 1,2**

**OA 03.1** Indicate the components/types and coverage of your responsible investment policy and guidance documents.

Select all that apply

| Policy components/types   | Coverage by AUM  |
|---|--|
| <input type="checkbox"/> Policy setting out your overall approach<br><input checked="" type="checkbox"/> (Proxy) voting policy<br><input type="checkbox"/> Engagement/active ownership policy<br><input type="checkbox"/> Specific guidelines on corporate governance<br><input type="checkbox"/> Specific guidelines on environmental issues<br><input type="checkbox"/> Specific guidelines on social issues<br><input type="checkbox"/> Asset class-specific guidelines<br><input type="checkbox"/> Screening/exclusion policy<br><input type="checkbox"/> Other, specify<br><input type="checkbox"/> Other, specify | <input checked="" type="radio"/> Applicable policies cover all AUM<br><input type="radio"/> Applicable policies cover a majority of AUM<br><input type="radio"/> Applicable policies cover a minority of AUM |

**OA 04** **Mandatory** **Core Assessed** **General**

**OA 04.1** Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.

Yes

OA 04.2

Describe your policy on managing potential conflicts of interest in the investment process.  
[Optional]

We outline Putnam's approach to conflicts of interest to all prospective institutional clients in our client brochures. Putnam maintains clear policies on matters of potential conflict that may arise in interacting with the companies in which we invest, including such areas as outside employment or directorships by Putnam personnel and the giving and acceptance of gifts and other items of value. More generally, potential conflicts may arise for any asset manager that manages multiple client accounts with differing objectives, and our client brochures provide information on our approach to monitoring and addressing these potential conflicts. In the voting area, for example, a potential conflict of interest may arise when voting proxies of an issuer that has a significant business relationship with Putnam. Putnam's policy is to base our votes solely on the investment merits of the proposal.

In order to manage conflicts of interest, Putnam's Proxy Committee, which sets general policy on our proxy voting, is composed solely of professionals in Putnam's Investment Division, while proxy administration is the responsibility of our Legal and Compliance Department. Neither the Investment Division nor the Legal and Compliance Department reports to Putnam's marketing businesses. In addition, there are limits on the ability of Putnam employees who are not investment professionals to contact portfolio managers who are voting proxies. Investment professionals must disclose any contact with third parties beyond their routine communication with proxy solicitation firms. In addition, the Putnam proxy manager, a member of the Putnam Legal and Compliance Department, reviews all known Putnam business relationships with companies that have voting items referred to any portfolio management team to consider any potential conflicts and, where appropriate, discusses relevant conflicts with a senior member of the Legal and Compliance Department. Putnam's proxy voting guidelines may only be overridden with the written recommendation of the Investment Division, approval of the Proxy Committee or its Chair, and concurrence of the Legal and Compliance Department.

No

## Objectives and strategies

OA 05

Mandatory

Gateway/Core Assessed

General

OA 05.1

Indicate if your organisation sets objectives for its responsible investment activities.

Yes

OA 05.2

Indicate how frequently your organisation sets or revises objectives for responsible investment.

- At least once per year  
 Less than once per year

OA 05.3

Indicate how frequently your organisation formally reviews performance against its objectives for responsible investment.

- Quarterly  
 Biannually  
 Annually  
 Every two years or less  
 It is not reviewed
- No

OA 05.4

Additional information. [Optional]

For the 2015 year, Putnam is working to add additional structure to its activities, primarily through the formation of a committee to consider responsible investing matters.

## Governance and human resources

OA 08

Mandatory

Gateway/Core Assessed

General

OA 08.1

Indicate the roles present in your organisation and for each, indicate whether they have oversight and/or implementation responsibilities for responsible investment.

### Roles present in your organisation

- Board members or trustees
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Chief Executive Officer (CEO), Chief Investment Officer (CIO), Investment Committee
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Other Chief-level staff or head of department, specify
- Portfolio managers
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Investment analysts
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Dedicated responsible investment staff
- External managers or service providers
- Other role, specify
  - Compliance Department**
    - Oversight/accountability for responsible investment
    - Implementation of responsible investment
    - No oversight/accountability or implementation responsibility for responsible investment
  - Other role, specify

OA 08.3

Additional information. [Optional]

The Investment division at Putnam, under the leadership and oversight of our Chief Investment Officer, is responsible for applying Putnam's approach to PRI matters in the context of investment decisions (as described in Section 01.3 of this module). The Compliance Department is involved in and oversees the proxy voting process (as described further in response LEA 16.1) as well as for the implementation and monitoring of screening in the form of exclusions directed by and agreed with our clients.

## Promoting responsible investment

OA 10

Mandatory

Core Assessed

PRI 4,5

OA 10.1

Select the collaborative organisation and/or initiatives of which your organisation is a member or in which it participated during the reporting year, and the role you played.

### Select all that apply

Principles for Responsible Investment

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced
- Asian Corporate Governance Association
- Association for Sustainable & Responsible Investment in Asia
- Australian Council of Superannuation Investors
- CDP Climate Change
- CDP Forests
- CDP Water
- CFA Institute Centre for Financial Market Integrity
- Council of Institutional Investors (CII)
- Eumedion
- Extractive Industries Transparency Initiative (EITI)
- Global Investors Governance Network (GIGN)
- Global Real Estate Sustainability Benchmark (GRESB)
- Institutional Investors Group on Climate Change (IIGCC)
- Interfaith Center on Corporate Responsibility (ICCR)
- International Corporate Governance Network (ICGN)
- Investor Group on Climate Change, Australia/New Zealand (IGCC)
- Investor Network on Climate Risk (INCR)/CERES
- Local Authority Pension Fund Forum
- Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify
- Shareholder Association for Research and Education (Share)
- United Nations Environmental Program Finance Initiative (UNEP FI)
- United Nations Global Compact
- Other collaborative organisation/initiative, specify
- Other collaborative organisation/initiative, specify
- Other collaborative organisation/initiative, specify
- Other collaborative organisation/initiative, specify

|       |           |               |       |
|-------|-----------|---------------|-------|
| OA 11 | Mandatory | Core Assessed | PRI 4 |
|-------|-----------|---------------|-------|

|         |  |
|---------|--|
| OA 11.1 | Indicate if your organisation promotes responsible investment, independently of collaborative initiatives. |
|---------|--|

- Yes
- No

Putnam Investments is dedicated to providing our clients with the investment capabilities they require to meet their objectives while protecting and preserving their values. While currently we do not independently advocate for responsible investment outside of collaborative initiatives, we regard our affiliation as a signatory with the UNPRI initiative as a long term cooperative partnership.

# Putnam Investments, LLC

## Reported Information

### Public version

### Direct - Listed Equity Incorporation

## PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

## ESG incorporation in actively managed listed equities

### Implementation processes

|        |           |                       |       |
|--------|-----------|-----------------------|-------|
| LEI 03 | Mandatory | Gateway/Core Assessed | PRI 1 |
|--------|-----------|-----------------------|-------|

|          |  |
|----------|--|
| LEI 03.1 | Indicate (1) which ESG incorporation strategy and/or combination of strategies you apply to your actively managed listed equities and (2) the breakdown of your actively managed listed equities by strategy or combination of strategies. |
|----------|--|

#### ESG incorporation strategy (select all that apply)

- Screening alone (i.e. not combined with any other strategies)

|  |   |
|--|---|
| Percentage of active listed equity to which the strategy is applied - you may (estimate +/- 10%) | <div style="background-color: #0072bc; height: 20px; width: 100%;"></div> % |
|  | 1.5   |

- Thematic alone (i.e. not combined with any other strategies)
- Integration alone (i.e. not combined with any other strategies)
- Screening + Integration strategies
- Thematic + integration strategies
- Screening + thematic strategies
- All three strategies combined
- No incorporation strategies applied

|   |   |
|---|---|
| Percentage of active listed equity to which no incorporation strategy is applied - you may (estimate +/- 10%) | <div style="background-color: #0072bc; height: 20px; width: 100%;"></div> % |
|   | 98.5  |

|  |  |
|--|--|
|  | Total actively managed listed equities |
|--|--|

100%

|          |   |
|----------|---|
| LEI 03.2 | Describe your primary reasons for choosing a particular ESG incorporation strategy. |
|----------|---|

Putnam currently engages in "exclusionary" screening in the form of client-directed, mutually agreed exclusions. Putnam will introduce specific ESG-driven restrictions in a client's portfolio only as directed by and agreed with a client. We stand willing to work with our clients in this regard.

Screening aside, we do not currently engage in a structured top-down incorporation approach specific to ESG issues. However we consider these factors, among others relevant to company valuation and performance, as consistent with our overall fiduciary duty.



## (A) Implementation: Screening

|        |           |             |       |
|--------|-----------|-------------|-------|
| LEI 06 | Mandatory | Descriptive | PRI 1 |
|--------|-----------|-------------|-------|

**LEI 06.1** Indicate and describe the type of screening you apply to your internally managed active listed equities.

### Type of screening

- Negative/exclusionary screening

### Screened by

- Product  
 Activity  
 Sector  
 Country/geographic region  
 Environmental and social practices and performance  
 Corporate governance

### Description

We currently manage assets where the checked categories above apply, although our infrastructure would allow screening in other areas.

- Positive/best-in-class screening  
 Norms-based screening

**LEI 06.2** Describe how the screening criteria are established, how often the criteria are reviewed and how you notify clients and/or beneficiaries when changes are made.

Our exclusionary screens are currently entirely client-driven and are based on client investment policy and specifications.

|        |           |               |       |
|--------|-----------|---------------|-------|
| LEI 07 | Mandatory | Core Assessed | PRI 1 |
|--------|-----------|---------------|-------|

**LEI 07.1**

Indicate which processes your organisation uses to ensure that screening is based on robust analysis.

- Comprehensive ESG research is undertaken or sourced to determine companies' activities and products.
- Companies are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- External research and data used to identify companies to be excluded/included is subject to internal audit by ESG/RI staff, the internal audit function or similar
- Company ESG information/ratings are updated regularly to ensure that portfolio holdings comply with fund policies
- A committee or body with representatives independent of the individuals who conduct company research reviews some or all screening decisions
- A periodic review of the quality of the research undertaken or provided is carried out
- Other, specify  
Exclusions are based on client-directed issuers or, in limited cases, approved external data sources (e.g. on the sector of a security).
- None of the above

## Communication

**LEI 18****Mandatory****Core Assessed****PRI 2,6****LEI 18.1**

Indicate if your organisation proactively discloses information on your approach to ESG incorporation in listed equity.

- We disclose it publicly
- We disclose it to clients and/or beneficiaries only
- We do not proactively disclose it to the public and/or clients/beneficiaries

**LEI 18.7**

Additional information. [Optional]

As noted above, all screening is currently at client request. We work directly with our clients on guidelines for each individual client separate account, which provides an opportunity for client input and requests for any specific screens, subject to our agreement with the request.

# Putnam Investments, LLC

## Reported Information

### Public version

#### Direct - Listed Equity Active Ownership

## PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

## (Proxy) voting and shareholder resolutions

### Overview

| LEA 16 | Voluntary | Descriptive | PRI 2 |
|--------|-----------|-------------|-------|
|--------|-----------|-------------|-------|

|          |  |
|----------|--|
| LEA 16.1 | Provide a brief overview of your organisation's approach to (proxy) voting (including the filing and/or co-filing of shareholder resolutions if applicable). |
|----------|--|

#### Summary of Proxy Voting Guidelines and Procedures

Many of Putnam's investment management clients have delegated to Putnam the authority to vote proxies for shares held in the client accounts Putnam manages. Putnam believes that the voting of proxies can be an important tool for institutional investors to promote best practices in corporate governance, and votes all proxies in the best interests of its clients as investors. In Putnam's view, strong corporate governance policies, most notably oversight of management 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.

In order to implement these objectives, Putnam has adopted a set of procedures and guidelines which are summarized below. The guidelines and procedures cover all accounts for which Putnam has proxy voting authority. Putnam does not have voting authority for the Putnam Funds, U.S.-organized open-end and closed-end investment companies which maintain their own separate proxy procedures and guidelines. The Putnam Funds are not a signatory to UN PRI. Similarly, other clients may from time to time elect to vote their own proxies by retaining the right to vote in the investment management agreement rather than giving Putnam authority to do so.

#### Procedures

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 from time to time arise. The proxy guidelines and procedures are administered through a proxy-voting manager in Putnam's Legal and Compliance Department. Under the supervision of senior members of the Legal and Compliance Department, the Proxy Manager:

- coordinates the Proxy Committee's review of any new or unusual proxy issues,
- manages the process of referring issues to portfolio managers for voting instructions,
- oversees the work of any third party vendor hired to process proxy votes,
- coordinates responses to investment professionals' questions on proxy issues and proxy policies,
- maintains required records of proxy votes on behalf of the appropriate Putnam client accounts, and
- prepares and distributes reports required by Putnam clients.

Putnam has engaged a third party service, Glass Lewis & Co. ("Glass Lewis"), to process proxy votes for its 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.

#### Proxy Voting Guidelines

Putnam maintains written voting guidelines ("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. The Guidelines are summarized below.

Putnam will normally vote all proxies in accordance with the Guidelines except in limited circumstances, such as when client securities are on loan under a securities lending arrangement. However, if the portfolio managers of client accounts holding the relevant stock believe that following the Guidelines in a specific case would not be in clients' best interests, they may request that the Proxy Manager not follow the Guidelines in that case. The request must be in writing and include an explanation of the rationale for doing so. The Proxy Manager will review

the request with a senior member of the Legal and Compliance Department and with the Proxy Committee or its Chair prior to implementing it.

Some clients wish to have Putnam vote proxies under proxy guidelines which vary from the Guidelines or may wish to direct Putnam's vote in a particular solicitation. There may be legal limits on a client's ability to direct Putnam as to proxy voting and on Putnam's ability to follow such instructions. Putnam may accept instructions to vote proxies under client specific guidelines subject to review and acceptance by the portfolio management team involved and the Legal and Compliance Department.

### **Conflicts of Interest**

A potential conflict of interest may arise when voting proxies of an issuer which has a significant business relationship with Putnam. Putnam's policy is to vote proxies based solely on the investment merits of the proposal. In order to guard against conflicts, Putnam has adopted a number of procedures designed to ensure that the proxy voting process is insulated from these conflicts. For example, the Proxy Committee is composed solely of professionals in Putnam's Investment Division, while proxy administration is in the Legal and Compliance Department. Neither the Investment Division nor the Legal and Compliance Department reports to Putnam's marketing businesses. In addition, there are limits on the ability of Putnam employees who are not investment professionals to contact portfolio managers voting proxies. Investment professionals responding to referral requests must disclose any contacts with third parties other than normal contact with proxy solicitation firms. In addition, the Proxy Manager reviews all known Putnam business relationships with companies that have voting items referred to any portfolio management team to consider any potential conflicts and, where appropriate, discusses relevant conflicts with a senior member of the Legal and Compliance Department.

The Guidelines may only be overridden with the written recommendation of the Investment Division, approval of the Proxy Committee or its Chair, and concurrence of the Legal and Compliance Department.

### **Summary of Proxy Voting Guidelines**

The Guidelines summarize Putnam's positions on various issues of concern to investors and indicate how client portfolio securities will be voted on proposals dealing with a particular issue. The summary below does not address all topics covered by the Guidelines and is qualified by reference to the actual procedures and Guidelines, which are available to clients from Putnam on request.

The Guidelines focus on board governance issues. Normally, if a board meets current best practices such as the maintenance of a majority of independent directors and the independence of key committees such as audit, compensation and nomination, Putnam will support the board's proposals. Boards which do not meet these standards will have their proposals subjected to higher scrutiny. There are a number of exceptions to this approach. With respect to some major business transactions such as mergers, proposals will be reviewed on a case by case basis. In a number of areas, such as the introduction of anti-takeover devices, the Guidelines will normally provide for voting against the introduction of anti-takeover devices whether or not supported by an independent board. The central provisions of the Guidelines are set forth below:

#### **Board of Directors**

Proxies will normally be voted for the election of the company's nominees for directors and for board-approved proposals on other matters relating to the board of directors (provided that such nominees and other matters have been approved by an independent nominating committee), except that Putnam will withhold votes for the entire board of directors if

- The board does not have a majority of independent directors;
- The board does not have nominating, audit and compensation committees composed solely of independent directors; or
- The board has more than nineteen members or fewer than five members, absent special circumstances.

Putnam will withhold votes from incumbent nominees to the board if

- The board has not acted to implement a policy requested in a shareholder proposal that received the support of a majority of the shares of the votes actually cast on the matter at its previous two annual meetings, or
- The board adopted or renewed a shareholder rights plan (commonly referred to as a "poison pill") without shareholder approval during the current or prior calendar year.

If the board does not meet these standards Putnam may refer items that would normally be supported for case by case review. Putnam may withhold votes for directors under other circumstances such as when a director who is considered an independent director by the company receives compensation from the company other than for service as a director (such as investment banking, consulting, legal or financial advisory fees) or when a director attends less than 75% of board and committee meetings without valid reasons for the absences (that is, illness, personal emergency, etc.). In addition, Putnam will withhold votes

- for any nominee for director of a public company (Company A) who is employed as a senior executive of another public company (Company B) if a director of Company B serves as a senior executive of Company A (these arrangements are commonly referred to as "interlocking directorates"); and
- for any nominee who serves on more than five (5) unaffiliated public company boards (boards of affiliated registered investment companies are counted as one board).

Board independence depends not only on its members' individual relationships, but also the board's overall attitude toward management. Putnam believes that independent boards generally are committed to good corporate governance practices and, by providing objective independent judgment, enhance shareholder value. Putnam may withhold votes on a case by case basis from some or all directors that, through their lack of independence, have failed to observe good corporate governance practices or, through specific corporate action, have demonstrated a disregard for the interest of shareholders.

Putnam will normally vote on a case-by-case basis in contested elections of directors.

### **Executive Compensation**

Putnam will normally vote on a case by case basis on proposals relating to executive compensation. However, where the board of directors meets appropriate independence standards, Putnam will vote for stock option and restricted stock plans that will result in an average annual dilution of 1.67% or less (based on the disclosed term of the plan and including all equity-based plans). Putnam will vote against stock option and restricted stock plans that will result in an average annual dilution of greater than 1.67% (based on the disclosed term of the plan and including all equity plans). Putnam will vote against any stock option or restricted stock plan where the company's actual grants of stock options and restricted stock under all equity-based compensation plans during the prior three (3) fiscal years have resulted in an average annual dilution of greater than 1.67%. Putnam may review plans on a case by case basis where average annual dilution cannot be calculated. Whatever the composition of the board, Putnam will review proposals to reprice options on a case by case basis if specific criteria are met. Putnam will vote against stock option plans that permit replacing or repricing of underwater options, and will vote against stock option plans that permit issuance of options with an exercise price below the stock's current market price.

Putnam may vote against executive compensation proposals on a case by case basis where compensation is excessive by reasonable corporate standards, where a company fails to provide transparent disclosure of executive compensation, or where Putnam would otherwise be withholding votes for the entire board of directors. In voting on proposals relating to executive compensation, Putnam will consider whether the proposal has been approved by an independent compensation committee of the board. Additionally, Putnam will generally vote in favor of the annual presentation of advisory votes on executive compensation ("say on pay"). Putnam will generally vote for advisory votes on executive compensation, but will generally vote against an advisory vote if the company fails to effectively link executive compensation to company performance according to benchmarking performed by the independent proxy voting service provider.

### **Acquisitions, Mergers and Similar Transactions**

Putnam will normally evaluate business transactions such as acquisitions, mergers, reorganizations involving business combinations, liquidations and sale of all or substantially all of a company's assets, on a case by case basis. Putnam will vote on a case by case basis on proposals seeking to change a company's state of incorporation.

### **Anti-Takeover Provisions**

Putnam will normally vote against proposals to adopt anti-takeover measures such as supermajority voting provisions, issuance of blank check preferred stock (except for REITs, where measures will be voted on a case by case basis) and the creation of a separate class of stock with disparate voting rights. However, Putnam will vote on a case by case basis on proposals to ratify or approve shareholder rights plans (commonly referred to as "poison pills") and on proposals to adopt fair price provisions. Putnam will normally oppose classified boards except in special circumstances where having such a board would be in shareholders' best interests.

### **Shareholder Proposals**

As noted above, the focus of Putnam's proxy voting policies is to encourage and support good corporate governance practices rather than to dictate to boards on specific business management issues. Although many shareholder proposals are intended to foster such practices, others may be intended more to further a larger political or social aim rather than to directly serve shareholder interests. Accordingly, Putnam will normally vote in accordance with the recommendation of the company's board of directors on shareholder proposals unless the proposal reflects specific policies enumerated in the Guidelines. For example, Putnam will normally vote in favor of shareholder proposals to declassify a company's board, require shareholder approval of shareholder rights plans or require that the Chairman's position be filled by an independent director.

### Non-US Companies

Putnam recognizes that the laws governing non-US issuers will vary significantly from US law and from jurisdiction to jurisdiction. It may not be possible or even advisable to apply the Guidelines mechanically to non-US issuers. However, Putnam believes that shareholders of all companies are protected by the existence of a sound corporate governance and disclosure framework. Accordingly, Putnam will seek to vote proxies of non-US issuers in accordance with the Guidelines where applicable.

Many non-US jurisdictions impose significant burdens on voting proxies. For example, some jurisdictions require that shares must be frozen for specified periods of time to vote via proxy ("share blocking") or that shares must be reregistered out of the name of the local custodian or nominee into the name of the client for the meeting and then reregistered back. In addition, other practical administrative challenges, such as late receipt of ballots and other information, may impact Putnam's normal voting process.

Putnam's policy is to weigh the benefits to clients from voting in these jurisdictions against the detriments of doing so. For example, in a share blocking jurisdiction, it will normally not be in a client's interest to freeze shares simply to participate in a non-contested routine meeting. More specifically, Putnam will normally not vote shares in non-US jurisdictions imposing burdensome proxy voting requirements, except in significant votes (such as contested elections and major corporate transactions) where directed by portfolio managers. Putnam maintains additional policies for specific non-U.S. markets such as Japan, Korea, Hong Kong, the U.K., Canada and France.

In rare cases, Putnam's voting rights may also be directly limited by non-U.S. law. For example, some countries limit aggregate foreign ownership of companies in particular industries (such as aviation or energy) due to economic or security concerns. Where this limit is exceeded, shares held by foreign investors, including Putnam, may[ST1] not carry voting rights.

### More Information

Putnam will make its best efforts to vote all proxies except when impeded by circumstances that are reasonably beyond its control and responsibility. This may happen when the custodian makes an error or the client has not established robust custodial proxy voting services. Putnam also does not recall shares on loan to vote proxies.

Putnam may also determine to waive its voting rights or to enter into a voting agreement in connection with some specific equity investments, including privately placed securities. In these situations, the voting policy described above will not apply.

Clients who want more information about Putnam's proxy voting policies, including a copy of the Guidelines and related policies or a statement of how proxies were voted for the client's account, should contact their Putnam account executive or client service manager.

| Process  |   |             |       |
|----------|---|-------------|-------|
| LEA 17   | Mandatory   | Descriptive | PRI 2 |
| LEA 17.1 | Indicate how you typically make your (proxy) voting decisions and what this approach is based on. |             |       |

**Approach**

- We use our own research or voting team and make our own voting decisions without the use of service providers.
- We hire service provider(s) which make voting recommendations or provide research that we use to inform our voting decisions.
- We hire service provider(s) which make voting decisions on our behalf, except for some pre-defined scenarios for which we review and make voting decisions.

**Based primarily on**

- the service provider voting policy signed off by us
- our own voting policy
- our clients requests or policy
- other, explain
- We hire service provider(s) which make voting decisions on our behalf.

**LEA 17.2** Additional information.[Optional]

As noted above, Putnam has engaged a third party service, Glass Lewis & Co. ("Glass Lewis"), to process proxy votes for its 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. All proxies are voted under Putnam's policies.

|               |                  |                    |              |
|---------------|------------------|--------------------|--------------|
| <b>LEA 18</b> | <b>Mandatory</b> | <b>Descriptive</b> | <b>PRI 2</b> |
|---------------|------------------|--------------------|--------------|

**LEA 18.1** Of the voting recommendations that your service provider made in the reporting year, indicate what percentage your organisation reviewed, and the reasons for the review.

**Percentage of voting recommendations your organisation reviewed**

- >20%
- 5-20%
- 1-5%
- <1%

**Reasons for review**

- Specific ESG issues
- Votes where a significant level of ownership is held
- Votes against management or abstentions
- Conflicts of interest
- Corporate actions such as M&A, disposal, etc.
- Other, explain

Proposals that require case-by-case review under our voting guidelines are reviewed specifically; others are voted per our policy.



|          |                                   |
|----------|-----------------------------------|
| LEA 18.2 | Additional information [Optional] |
|----------|-----------------------------------|

Putnam's proxy voting service does not make voting decisions, and in this sense, all proposals are reviewed by Putnam. Our service provider applies our voting guidelines to all agenda items and determines the vote to be cast based on our policy. Some proposal types (under 1% of proposals in 2014) require Putnam case-by-case review because the guidelines do not specifically address a particular type of proposal, or they provide for an ad hoc review. Putnam has a robust process for auditing and monitoring the vote determinations applied by our service provider to ensure vote accuracy prior to vote submission.

|        |           |               |       |
|--------|-----------|---------------|-------|
| LEA 21 | Mandatory | Core Assessed | PRI 2 |
|--------|-----------|---------------|-------|

|          |   |
|----------|---|
| LEA 21.1 | Indicate if you ensure that companies are informed of the rationale when you and/or the service providers acting on your behalf abstain or vote against management recommendations. |
|----------|---|

- Yes, in most cases
- Sometimes, in the following cases:
  - votes in selected markets
  - votes on certain issues (all markets)
  - votes for significant shareholdings (all markets)
  - other, explain
 

Putnam may discuss voting decisions or general policies with portfolio companies when contacted by such companies.
- No
- Not applicable as we and/or our service providers do not abstain or vote against management recommendations

|                             |  |  |  |
|-----------------------------|--|--|--|
| <b>Outputs and outcomes</b> |  |  |  |
|-----------------------------|--|--|--|

|        |           |               |       |
|--------|-----------|---------------|-------|
| LEA 22 | Mandatory | Core Assessed | PRI 2 |
|--------|-----------|---------------|-------|

|          |   |
|----------|---|
| LEA 22.1 | For listed equities where you and/or your service provider has the mandate to issue (proxy) voting instructions, indicate the percentage of votes cast during the reporting year. |
|----------|---|

- We do track or collect this information

|  |                                |
|--|--------------------------------|
|  | Votes cast (to the nearest 1%) |
|--|--------------------------------|

|  |   |
|--|---|
|  | % |
|--|---|

99

|  |  |
|--|--|
|  | Specify the basis on which this percentage is calculated |
|--|--|

- of the total number of ballot items on which you could have issued instructions
- of the total number of company meetings at which you could have voted
- of the total value of your listed equity holdings on which you could have voted

|                 |  |
|-----------------|--|
| <b>LEA 22.2</b> | If there are specific reasons why you did not vote certain holdings, explain these, and if possible, indicate the percentage of holdings affected by these factors. [Optional] |
|-----------------|--|

Putnam may refrain from casting votes under certain circumstances, such as share blocking requirements, administrative impediments such as Power of Attorney or share re-registration requirements, as well as timing constraints such as ballots being received after the vote cutoff date.

- We do not track or collect this information

## Communication

|               |                  |                      |                |
|---------------|------------------|----------------------|----------------|
| <b>LEA 26</b> | <b>Mandatory</b> | <b>Core Assessed</b> | <b>PRI 2,6</b> |
|---------------|------------------|----------------------|----------------|

|                 |  |
|-----------------|--|
| <b>LEA 26.1</b> | Indicate if your organisation proactively discloses information on your voting activities. |
|-----------------|--|

- We disclose it publicly
- We disclose it to clients/beneficiaries only

|                 |   |
|-----------------|---|
| <b>LEA 26.5</b> | Indicate the voting information your organisation proactively discloses to clients/beneficiaries. |
|-----------------|---|

|  |  |
|--|--|
|  | Indicate how much of your voting record you disclose |
|--|--|

- All voting decisions
- Some voting decisions
- Only abstentions and opposing vote decisions
- Summary of votes only

|  |  |
|--|--|
|  | Indicate what level of explanation you provide |
|--|--|

- Explain all voting decisions
- Explain some voting decisions
- Only explain abstentions and votes against management
- No explanations provided

|                 |  |
|-----------------|--|
| <b>LEA 26.6</b> | Indicate how frequently you typically report voting information. |
|-----------------|--|

- Continuously (primarily before meetings)
- Continuously (soon after votes are cast)
- Quarterly or more frequently
- Between quarterly and annually
- Less frequently than annually
- Other, specify
- We do not proactively disclose our voting activities to the public and/or to clients/beneficiaries

Our proxy voting approach is described in public documents as discussed in our response to OA 02.5. Putnam will report voting history to our clients as per client request (including, as requested, explanations of votes against management).

# Putnam Investments, LLC

## Reported Information

### Public version

### Direct - Fixed Income

## PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

## ESG incorporation in actively managed fixed income

### Fixed Income - Corporate

#### Implementation processes

|       |           |                       |       |
|-------|-----------|-----------------------|-------|
| FI 04 | Mandatory | Gateway/Core Assessed | PRI 1 |
|-------|-----------|-----------------------|-------|

FI 04.1

Indicate (1) which ESG incorporation strategy and/or combination of strategies you apply to your actively managed corporate fixed income investments; and, (2) the breakdown of your actively managed corporate fixed income investments by incorporation strategy or combination of strategies.

#### ESG incorporation strategy (select all that apply)

Screening alone (i.e. not combined with any other strategies)

|   |      |
|---|------|
| Percentage of active corporate fixed income to which the strategy is applied (estimate +/- 10%) | %    |
|   | 10.5 |

- Thematic alone (i.e. not combined with any other strategies)
- Integration alone (i.e. not combined with any other strategies)
- Screening + Integration strategies
- Thematic + integration strategies
- Screening + thematic strategies
- All three strategies combined
- No incorporation strategies applied

|   |      |
|---|------|
| Percentage of active corporate fixed income to which the strategy is applied (estimate +/- 10%) | %    |
|   | 89.5 |

Total actively managed fixed income - corporate

100%

FI 04.2

Describe your primary reasons for choosing a particular incorporation strategy.

Our ESG screening for corporate credit accounts is the result of client preferences. The percentage given above represents client accounts with pure corporate bond portfolios. Multi-strategy & multi-asset portfolios are not included in the above calculation.

## (A) Implementation: Screening

|       |           |             |       |
|-------|-----------|-------------|-------|
| FI 06 | Mandatory | Descriptive | PRI 1 |
|-------|-----------|-------------|-------|

**FI 06.1** Indicate and describe the type of screening you apply to your internally managed active corporate fixed income investments.

### Type of screening

- Negative/exclusionary screening

### Screened by

- Product
- Activity
- Sector
- Country/geographic region
- Environmental and social practices and performance
- Corporate governance

### Description

Examples of our exclusionary screens include the specific exclusion of holdings related to tobacco and cluster munitions.

Screening aside, we do not currently engage in a structured top-down incorporation approach specific to ESG issues. However we consider these factors, among others relevant to company valuation and performance, as consistent with our overall fiduciary duty.

- Positive/best-in-class screening
- Norms-based screening

**FI 06.2** Describe how the screening criteria are established, how often the criteria are reviewed and how you notify clients and/or beneficiaries when changes are made.

Our exclusionary screens are currently client-driven and are based on client investment policy and specifications.

|       |           |               |       |
|-------|-----------|---------------|-------|
| FI 07 | Mandatory | Core Assessed | PRI 1 |
|-------|-----------|---------------|-------|

**FI 07.1**

Indicate which processes your organisation uses to ensure that screening in corporate fixed income is based on robust analysis.

- Comprehensive research is undertaken or sourced to determine issuers' ESG performance
- Issuers are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- External research and data used to identify issuers to be excluded/included is subject to internal audit by ESG/RI staff, the internal audit function or similar
- Information on ESG issues and/or ratings is updated regularly to ensure that portfolio holdings comply with fund policies
- A committee or body with representatives independent of the individuals who conduct ESG research reviews some or all screening decisions
- A periodic review of the quality of the research undertaken or provided is carried out
- Other, specify  
Exclusions are based on client-directed issuers or, in limited cases, approved external data sources (e.g. on the sector of a security).
- None of the above

## Fixed income - Government

**FI 13**

**Mandatory**

**Core Assessed**

**PRI 1**

**FI 13.1**

Indicate if you incorporate ESG issues in investment analysis and decision making for your government fixed income investments.

- Yes

**FI 13.2**

Indicate for what percentage of your government fixed income investments you incorporate ESG issues in investment analysis and decision making.

- <10%
- 10-50%
- 51-90%
- >90%

**FI 13.3**

Indicate if in active strategies, E, S and G issues are reviewed while researching government issuers.

| ESG issues           | Coverage/extent of review on these issues   |
|----------------------|---|
| Environmental        | <input type="radio"/> We systematically review the potential significance of environmental issues and investigate them accordingly<br><input checked="" type="radio"/> We occasionally review the potential significance of environmental issues and investigate them accordingly<br><input type="radio"/> We do not review environmental issues                      |
| Social               | <input type="radio"/> We systematically review the potential significance of social issues and investigate them accordingly<br><input checked="" type="radio"/> We occasionally review the potential significance of social issues and investigate them accordingly<br><input type="radio"/> We do not review social issues   |
| Corporate Governance | <input type="radio"/> We systematically review the potential significance of corporate governance issues and investigate them accordingly<br><input checked="" type="radio"/> We occasionally review the potential significance of corporate governance issues and investigate them accordingly<br><input type="radio"/> We do not review corporate governance issues |

**FI 13.4**

Describe your approach to incorporating ESG issues in government fixed income investments. [Optional]

We incorporate client-directed exclusionary screens in the management of certain government fixed income accounts. The percentage given above represents client accounts that are solely government fixed income portfolios and estimates do not include multi-sector accounts.

Screening aside, we do not currently engage in a structured top-down incorporation approach specific to ESG issues. However we consider all the above factors within individual contexts as relevant to company valuation and performance as consistent with our overall fiduciary duty.

No

## Communication

**FI 18**

**Mandatory**

**Core Assessed**

**PRI 2,6**

**FI 18.1**

Indicate if your organisation proactively discloses information on your approach to ESG incorporation in all fixed income investments.

- We disclose it publicly
- We disclose it to clients/beneficiaries only
- We do not proactively disclose it to the public and/or clients/beneficiaries