

Engagement and Stewardship Policy

February 2024

Philosophy

Putnam’s 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.

We believe that effective governance practices and appropriate transparency regarding material business issues, including relevant environmental, social, and governance (ESG) issues, benefit all investors.

As active managers, we are committed to conducting thorough research and to incorporating fundamental insight into all of our activities and decisions, including issuer engagement.

Active ownership through the investment process

Putnam’s core objective is to create long-term value for our clients.

Rigorously evaluating the issuers in which we decide to invest is an integral part of our investment approach. Differences in security types, investment universes, and portfolio designs indicate that tailored implementation of ESG analysis across asset classes is appropriate, and even essential.

Putnam integrates ESG analysis into the research process with a materiality-focused approach, as relevant issues vary by sector, geography, asset class, and company context. We conduct research on companies in a variety of ways, including direct communication with management teams, attending industry and customer conferences, and incorporating relevant third-party and independent research.

Portfolio managers have the ultimate decision-making authority for the strategies they manage, and the degree to which environmental, social, and governance factors are integrated will vary by fund and strategy.

Our research is guided by internally developed “materiality maps,” which were inspired and guided by the materiality mapping of the Sustainability Accounting Standards Board (SASB)/IFRS/ISSB. We believe that this kind of integrated, long-term research with ESG analysis has the potential to mitigate risk and to augment returns, although there can be no guarantee of results. We also utilize ESG data from several third-party resources, including Sustainalytics and MSCI, as part of our broader research process.

In addition to the work of our core research teams, Putnam’s Sustainable Equity team adds insight on material sustainability issues, sustainability leadership, and forward-looking sustainable investment themes and solutions. Putnam’s corporate culture values and emphasizes collaboration, with frequent formal and informal dialogue, and sharing of research among the members of the investment team.

Engagement approach

Putnam's engagement with companies spans a wide range of topics, including corporate strategy, capital allocation, and relevant ESG issues. This engagement is an integral part of our fundamental investment process and reflects our belief that the value we provide for clients is linked to research and the understanding of long-term business fundamentals. Engagement areas and approaches are focused on material business issues and may differ by issue, asset class, portfolio, and context.

Four components of Putnam's engagement strategy

- 1. Issuer-specific engagement:** Investment professionals facilitate ongoing monitoring of and engagement with issuers of the securities we currently hold or may be evaluating for investment. Such engagements cover a wide range of financially material business issues. They may include routine reviews of material ESG matters and ad hoc reviews of any matters surfaced by an ESG-related event or controversy. Issuer engagement during the research process may lead to further engagement dialogue aimed at assessing progress in particular areas.
- 2. Thematically focused engagement:** We identify themes based on research, engagement, and industry trends and prioritize investment-relevant topics as areas of focus. As a complement to bottom-up issuer engagement, we initiate proactive engagement across sectors on these themes to gain an increased understanding of risks and opportunities associated with specific material ESG topics.
- 3. Proxy engagement:** Our proxy voting team, in partnership with relevant investment professionals, engages with corporate issuers on certain votes in advance of proxy votes and facilitates proxy voting.
- 4. Collaborative engagement:** We participate in industry organizations that support goals such as increased disclosure. We may participate in broader industry engagement efforts when our interests are aligned and the circumstances are better suited to broad engagement, as opposed to direct communication between Putnam and an issuer.

Methods of engagement

Our approach encompasses a variety of different tools including, but not limited to, written communications identifying focus areas for future dialogue, direct communication with issuers, and proxy voting where we have voting authority.

Prioritization

We may prioritize engagement based on the investment division's assessment of the materiality of a particular ESG issue, and we may focus on issuers where Putnam has ownership or issuers currently facing a particular controversy or other recent changes.

Escalation

We are active managers who proactively select securities for inclusion in our portfolios. In doing so, we have ongoing direct access to issuers. Typically, the majority of engagement occurs privately and directly with issuers, including, for example, with company management and/or boards of directors. We engage to understand progress and an issuer's plans to mitigate risk and maximize opportunities. We believe that 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 highest benefit to our clients.

Because our engagement is ongoing and typically focused on long-term strategic issues, it can be difficult 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 or other issues.

When engagement does not lead to constructive dialogue or progress, options may include further outreach, including to board members and/or senior management, appropriate collaboration with other investors or organizations, and consideration of proxy voting issues, like board composition, as well as the potential sale of the security or not buying a new bond issue.

Proxy voting

Putnam believes that proxy voting can be an important tool for investors to promote best practices in corporate governance and votes 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. In order to implement this objective, Putnam has adopted a set of procedures and guidelines. The guidelines and procedures cover substantially all accounts for which Putnam has proxy voting authority. Some clients may from time to time elect to vote their own proxies by retaining the right to vote all proxies in the investment management agreement rather than giving Putnam authority to do so, or may select a Putnam product with a tailored voting program, where available.

Putnam's Proxy Committee is composed of senior investment professionals and Putnam's Head of Sustainability Strategy. The Proxy Committee is responsible for setting general proxy voting policy. The Committee reviews the procedures and 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 ("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 Board of Trustees of the Putnam Funds have delegated to Putnam proxy voting responsibility for the Putnam mutual funds, closed-end funds, and ETFs. The Trustees of the Putnam Funds review and approve Putnam's Guidelines on at least an annual basis.

Putnam's proxy voting team implements the Guidelines established by the Proxy Committee, administers the firm's proxy voting, and instructs a proxy voting service (currently, Glass Lewis & Co., "Glass Lewis") to process proxy votes for client accounts. Although Glass Lewis may supply proxy-related research to Putnam and, in some cases, recommendations, Glass Lewis does not make any decisions on how to vote client proxies. The Putnam proxy voting team oversees the proxy administration work of Glass Lewis.

Collaboration

Putnam will typically engage in dialogue with portfolio companies directly but may consider collaborative engagement with other investors if doing so is likely to advance Putnam clients' best interests, is consistent with company policies, and is permitted under applicable laws and regulations.

Putnam reviews potential collaborations and affiliations based on potential client benefit, comparable goals, clear focus, investment relevance, and efficiency.

Conflicts of interest

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 or their immediate family members 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 we maintain a compliance program aimed at 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 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 and Putnam's Head of Sustainability Strategy. Neither the Investment Division nor the Legal and Compliance Division reports to Putnam's sales and client services 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 voting team 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, ensures that potential conflicts are documented and appropriately escalated.

Oversight

Putnam's engagement and stewardship program is overseen by the Head of Sustainability Strategy. The ESG Leadership Committee, which includes senior leaders from across the organization, reviews the Engagement and Stewardship Policy on an annual basis.

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ESG Integration: At Putnam, we define ESG integration as the systematic inclusion of financially material ESG issues (including sustainability risks) as additional inputs into investment analysis and investment decision-making, where possible and appropriate. By considering financially material ESG issues across asset classes, we believe that ESG integration can inform better long-term investment decision-making and may contribute to long-term financial returns. As ESG integration is an enhancement to achieving a financial goal, we believe it can be applied across a wide spectrum of strategies and portfolios. We believe that certain ESG issues are relevant and material to long-term business fundamentals and security values, and important to all investors. Because our goal is to focus research in areas that are most investment relevant, our approaches are guided by mapping financially material ESG issues. Our efforts were inspired by the work of the Sustainability Accounting Standards Board (SASB), which is now part of the International Sustainability Standards Board (ISSB). We have internally developed materiality maps to help structure our ESG-related research priorities, with a goal of adding investment-relevant insights. The relevance and materiality of other ESG issues in our process will differ from strategy to strategy, from sector to sector, and from portfolio manager to portfolio manager, and for some strategies, most notably those where we lack relevant ESG data, ESG considerations are not a material part of our process. Unless stated otherwise in a financial product's documentation, and included within its investment objective and investment policy, ESG integration does not change a product's investment objective or constrain Putnam's investable universe. ESG determinations may not be conclusive, and securities of companies/issuers may be purchased and retained, without limit, regardless of potential ESG impact. The impact of ESG Integration on performance is not specifically measurable as investment decisions are discretionary regardless of ESG considerations.

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