



# Shareholder Proposals in Focus

Where proxy voting is concerned, our overarching objective is to vote our clients' shares in a thoughtful, investment-centered way—in support of the path most likely to foster long-term, sustainable success for the company and its investors.

In 2020, the T. Rowe Price portfolios voted on 1,431 shareholder resolutions across all markets. Of those, 500 were situations where shareholders were nominating directors to a company's board. Another 585 were resolutions asking companies to adopt a specific corporate governance practice. 346 were social and environmental resolutions.

## Voting Framework: Principles-Based or Case by Case?

When it comes to proxy voting issues, there is some debate as to the best approach: is it best to look at each issue individually and consider the company's circumstances or to apply a set of principles evenly across all companies? In our view, the answer is both.

There are many areas within proxy voting where a principles-based approach can be implemented effectively. For example, our proxy voting guidelines are generally designed to promote an appropriate level of board independence, robust shareholder rights, and strong linkage over time between executives' compensation and company performance. However, there are other areas where a case-by-case approach is necessary in order to achieve full alignment between our guidelines and our voting outcomes.

One area where this is very much the case is shareholder resolutions. The main reason shareholder resolutions are hard to implement with a principles-based voting approach is because they are more nuanced than other proxy voting categories. For example, we employ an objective set of indicators to determine a director's independence. It is a straightforward decision to vote against existing directors and indicate to the company that they should be replaced with independent board members. Shareholder proposals can call for the company to make a change, but also to employ a prescriptive method to do so. We often find ourselves agreeing with a proponent that a company's environmental or social disclosure is inadequate. However, we do not always agree with the prescriptive remedy put forth.

It is important to note that our overall framework for integrating ESG factors into our investment process—which includes proxy voting—is research-centered. Its purpose is to produce investment insights for our internal teams of analysts and portfolio managers.

As a global asset manager serving clients with different perspectives, beliefs, time horizons, and investment goals, it is not our objective to build our investment strategies around a specific set of values. Instead, our objective is to use different lenses (environmental, social, ethical, and governance) to deepen our understanding of the investments held in our clients' portfolios.

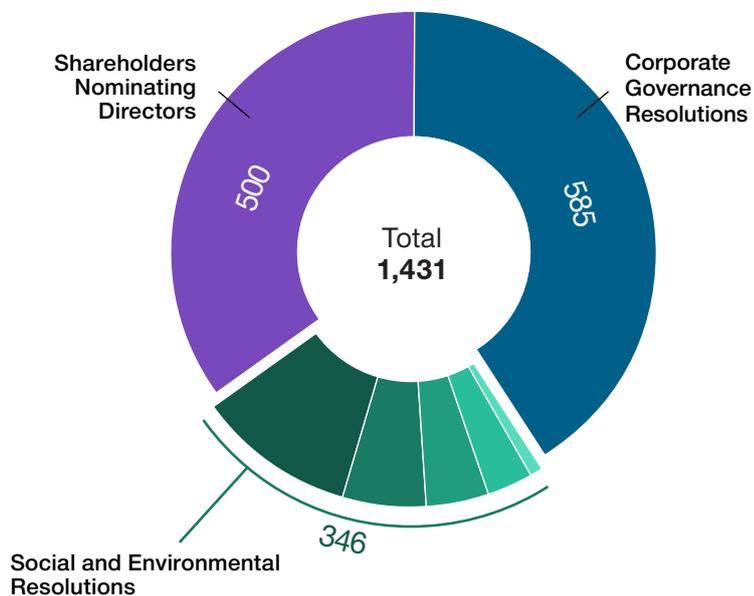
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## The Importance of an Investment Focused Framework

The quality, intent, and utility of shareholder resolutions on ESG matters are highly variable. Some well-targeted resolutions are extremely helpful in persuading companies to strengthen their management of certain risks, leading to improved outcomes for investors. Other resolutions are not helpful—we would even call them harmful—if the objectives of the proponent do not align with economically oriented long-term investors. This is why we believe the most responsible approach to voting such resolutions is to apply a thoughtful, investment-focused framework.



## Shareholder Resolutions Voted on in 2020



**Social**  
148 RESOLUTIONS

19% supported  
80% opposed  
1% elected  
not to vote  
due to share  
blocking\*



**Environmental**  
81 RESOLUTIONS

30% supported  
63% opposed  
1% abstained  
6% elected  
not to vote  
due to share  
blocking\*



**Political Spending  
and Lobbying**  
62 RESOLUTIONS

32% supported  
68% opposed



**Anti-nuclear  
Power**  
43 RESOLUTIONS

100% opposed



**Anti-ESG**  
12 RESOLUTIONS

100% opposed

Chart shows the number of shareholder resolutions we voted on in 2020 by proposal topic. For "Social and Environmental Resolutions" we classify the proposals into five distinct categories.

\*Share-blocking is a requirement in certain markets that impose liquidity constraints in order to exercise voting rights. We generally do not vote in these markets.

As of December 31, 2020.

Source: T. Rowe Price.

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