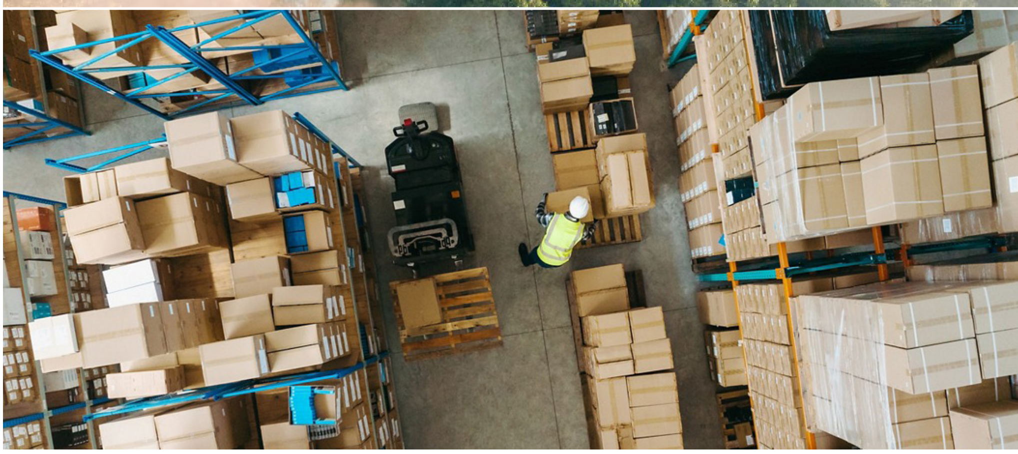
Proxy Voting Case Studies

A selection of T. Rowe Price Associates, Inc. (TRPA) proxy voting case studies



January 2024

Our approach to proxy voting

Proxy voting is a critical component of our approach to corporate governance. We offer our clients a high degree of transparency related to the votes we cast on their behalf.

T. Rowe Price recognizes and adheres to the principle that one of the privileges of owning stock in a company is the right to vote on issues submitted to shareholder vote. The registered investment companies which T. Rowe Price sponsors and serves as investment adviser as well as other investment advisory clients have delegated to T. Rowe Price certain proxy voting powers. As an investment adviser, T. Rowe Price has a fiduciary responsibility to such clients when exercising its voting authority with respect to securities held in their portfolios.

Learn about our proxy voting guidelines

View our proxy voting records

2023 proxy voting summary

Our approach to engagement

We maintain regular dialogue with the managements of issuers represented across our portfolios. Where we find areas of concern, we make those concerns known to them.

View our engagement policy

For copies of our policies and guidelines please visit our website:

troweprice.com/ESG

Not a proxy statement

These case studies are not a proxy statement nor a solicitation of proxies from the holders of the named company's common stock and represent T. Rowe Price Associates, Inc.'s (TRPA) and its investment advisory affiliates', excluding T. Rowe Price Investment Management, Inc., pre-voting intention and voting instruction. T. Rowe Price Investment Management, Inc. votes proxies independently from the other T. Rowe Price related investment advisers and has adopted its own proxy voting guidelines.

Proxy Voting Case Study

The following case study illustrates the decision-making process at T. Rowe Price Associates, Inc. (TRPA) around a particular shareholder meeting.

Case study

Company **Naspers Ltd**	Symbol **NPN**	Meeting date **24 August 2023**
Reason for highlighting this case study	At the 2022 Annual General Meeting (AGM), the company introduced a non-standard remuneration structure which we supported as it aligned management's interests with those of shareholders. We were disappointed to see the company return to a more conventional pay framework at the 2023 AGM.	
Analysis	Naspers Ltd is a South African multinational with media, e-commerce and venture capital business; its international internet assets are held by Prosus NV, a Dutch multinational. One of the key investor debates on Naspers has been caused by its share price trading at a substantial discount to net asset value (NAV). In theory, discounts to NAV in holding companies, such as Naspers, exist to compensate holders for tax and liquidity costs if all the assets were monetised and the proceeds returned to shareholders. In reality, discounts to NAV are volatile and also driven by perception of management's capital allocation record, complexity in the corporate structure and stage in the market cycle. In the case of Prosus, its discount has likely not only reflected tax and liquidity costs, but also complexity around its corporate structure and concerns on capital allocation. At times, investors have had significant concerns that the management team was not taking sufficient steps to address the discount. Encouragingly, the board addressed shareholder concerns about the discount in the remuneration policy put forward at the 2022 AGMs of Prosus and Naspers. Unusually, the company did not grant a long-term incentive (LTI) and instead proposed a separate discount-linked short-term incentive (STI). We voted in support, following engagement, as we felt this novel structure would align executives' and shareholders' interests and had responded to a key concern of our portfolio managers. In the year that the discount-linked STI was present, the management team took several steps to improve capital allocation and, therefore, reduce the discount, including (1) the announcement of a buyback program funded by the gradual sale of its largest asset, Tencent, and (2) a more disciplined approach to M&A. We believed these actions aligned well with shareholders' interests and, at least in part, could be attributed to the influence of the discount-linked STI in management's remuneration. Therefore, we were disappointed to see ahead of the pre-AGM engagement in July 2023 that the company announced that the discount-linked STI was not renewed at the 2023 AGM, and the LTI, which contained long-running problematic elements, was being reintroduced. Our objective in meeting with the company was to communicate that we thought the discount-linked STI had been a success and to express our disappointment that it was not being renewed for another year. The chair of the Remuneration Committee shared our view that the discount-linked STI had incentivised management to behave in a way which aligns their interests with those of shareholders, noting that there had been a reduction in the holding company discount as a result of the share repurchase programme over the last year. However, he also added that given this had created significant value for shareholders, the Remuneration Committee felt the discount-linked STI had met its objectives. Although the discount-linked STI is being held in reserve (because of a clawback provision) and will only be released if the discount as per 31 March 2023 persists until 31 March 2024, which is a positive, the Remuneration Committee had ultimately decided that the discount-linked STI was not going to be renewed for FY24. Instead, the company has reverted to its standard remuneration approach which consists of fixed pay, bonus (STI), LTI Performance Share Units (PSUs), LTI Share Appreciation Rights (SARs) and LTI Share Options (SOs.) The company feels this structure incentivises management to make value-creating asset allocation decisions on the non-Tencent portfolio, while being sensitive to the share price and thus aligned with shareholders' interests. Our main concern is the lack of transparency into how the Share Appreciation Rights are valued. We have raised this with the company over several years, and while the company has improved its disclosure of the valuation process, ultimately we do not know the underlying valuations and so how the outturn is calculated. This is concerning, given the overall quantum of reward, which is significant in the EMEA context. The chair of the Remuneration Committee explained that the performance of the Share Appreciation Rights is determined by year-on-year changes to the per share valuation of the group's Global Ecommerce Portfolio. A valuation report is provided which includes the share scheme valuations. The report is reviewed by the Valuations Subcommittee of the Remuneration Committee, before their recommendations are sent to the Remuneration Committee. The lack of transparency in the valuations of the mature private assets is problematic as the bulk of the enterprise value is here. The chair of the Remuneration Committee said the discount-linked STI and could be reintroduced in a future year if needed, which we considered an encouraging statement. We also voted for item 10, which removed the cross-holding structure with Prosus.	
Vote decision	At the 2023 AGM of Naspers Ltd, T. Rowe Price Associates, Inc., on behalf of the T. Rowe Price funds and certain of its advisory clients, voted AGAINST the remuneration policy, as the reintroduction of the Share Appreciation Rights brings back the longstanding issues with opaqueness. We also voted AGAINST the remuneration report because we were disappointed to see the special discount-related short-term incentive not be renewed.	

Proxy Voting Case Study

The following case study illustrates the decision-making process at T. Rowe Price Associates, Inc. (TRPA) around a particular shareholder meeting.

Case study

Company **Prosus NV**	Symbol **PRX**	Meeting date **23 August 2023**
Reason for highlighting this case study	At the 2022 AGM, the company introduced a non-standard remuneration structure which we supported as it aligned management's interests with those of shareholders. We were disappointed to see the company return to a more conventional pay framework at the 2023 AGM.	
Analysis	Prosus NV is a Dutch multinational that holds the international internet interests of Naspers Ltd, a South Africa multinational with media, e-commerce and venture capital business. One of the key investor debates on Prosus has been caused by its share price trading at a substantial discount to net asset value (NAV). In theory discounts to NAV in holding companies, such as Prosus, exist to compensate holders for tax and liquidity costs if all the assets were monetised and the proceeds returned to shareholders. In reality, discounts to NAV are volatile and also driven by perception of management's capital allocation record, complexity in the corporate structure and stage in the market cycle. In the case of Prosus, its discount has likely not only reflected tax and liquidity costs, but also complexity around its corporate structure and concerns on capital allocation. At times, investors have had significant concerns that the management team were not taking sufficient steps to address the discount. Encouragingly, the board addressed shareholder concerns about the discount in the remuneration policy put forward at the 2022 AGMs of Prosus and Naspers. Unusually, the company did not grant a long-term incentive (LTI) and instead proposed a separate discount-linked short-term incentive (STI). We voted in support, following engagement, as we felt this novel structure would align executives' and shareholders' interests and had responded to a key concern of our portfolio managers. In the year that the discount-linked STI was present, the management team took several steps to improve capital allocation and, therefore, reduce the discount, including (1) the announcement of a buyback program funded by the gradual sale of its largest asset, Tencent, and (2) a more disciplined approach to M&A. We believed these actions aligned well with shareholders' interests and, at least in part, could be attributed to the influence of the discount-linked STI in management's remuneration. Therefore, we were disappointed to see ahead of the pre-AGM engagement in July 2023 that the company announced that the discount-linked STI was not renewed at the 2023 AGM, and the LTI, which contained long-running problematic elements, was being reintroduced. Our objective in meeting the company was to communicate that we thought the discount-linked STI had been a success and to express our disappointment that it was not being renewed for another year. The chair of the Remuneration Committee shared our view that the discount-linked STI had incentivised management to behave in a way which aligns their interests with those of shareholders, noting that there had been a 16% reduction in the holding company discount from 54% to 38% as a result of the share repurchase programme over the last year. However, he also added that given this had created USD 16 billion of value for shareholders, the Remuneration Committee felt the discount-linked STI had met its objectives. Although the discount-linked STI is being held in reserve (because of a clawback provision) and will only be released if the 38% discount persists until 31 March 2024, which is a positive, the Remuneration Committee had ultimately decided that the discount-linked STI was not going to be renewed for FY24. Instead, the company has reverted to its standard remuneration approach which consists of fixed pay, bonus (STI), LTI Performance Share Units (PSUs), LTI Share Appreciation Rights (SARs) and LTI Share Options (SOs.) The company feels this structure incentivises management to make value-creating asset allocation decisions on the non-Tencent portfolio, while being sensitive to the share price and thus aligned with shareholders' interests. Our main concern is the lack of transparency into how the Share Appreciation Rights are valued. We have raised this with the company over several years, and while the company has improved its disclosure of the valuation process, ultimately we do not know the underlying valuations and so how the outturn is calculated. This is concerning, given the overall quantum of reward, which is significant in the EMEA context. The chair of the Remuneration Committee explained that the performance of the Share Appreciation Rights is determined by year-on-year changes to the per share valuation of the group's Global Ecommerce Portfolio. A valuation report is provided which includes the share scheme valuations. The report is reviewed by the Valuations Subcommittee of the Remuneration Committee, before their recommendations are sent to the Remuneration Committee. The lack of transparency in the valuations of the mature private assets is problematic as the bulk of the enterprise value is here. The chair of the Remuneration Committee said the discount-linked STI and could be reintroduced in a future year if needed, which we considered an encouraging statement. We also voted for item 10, which removed the cross-holding structure with Naspers. Our holders voted FOR all items with the exception of the remuneration report as we were disappointed to see the special discount-related short-term incentive not be renewed. While no LTI grant was made for FY23, the usual structure has been reintroduced for FY24, which brings back the longstanding issues with the opaqueness of the valuation methodology for the Share Appreciation Rights, given the quantum of the reward being unlocked. We made it clear when we saw the company that we felt the company had taken a step backwards with their FY24 pay arrangements.	
Vote decision	T. Rowe Price Associates Inc., on behalf of the T. Rowe Price funds and certain of its advisory clients, voted FOR all items at the 2023 AGM with the exception of item 2, where we voted AGAINST the resolution to approve the remuneration report.	

Proxy Voting Case Study

The following case study illustrates the decision-making process at T. Rowe Price Associates, Inc. (TRPA) around a particular shareholder meeting.

Case study

Company **Dollar General Corp.**	**Symbol** **DG (NYSE)**	**Meeting date** **31 May 2023**
Reason for highlighting this case study	This is an example of a socially themed sustainability resolution which we supported because it addressed issues having a material impact on the company's performance. We followed up our voting action by escalating the concerns through an on-the-record interview in the press.	
Analysis	TRPA is a shareholder of Dollar General Corp., a retailing company with a nationwide chain of discount stores. The company experienced significant upheaval in 2023, with an unplanned CEO succession, underperformance against peers and serious operational missteps that have resulted in increased rates of worker-safety violations and overall poor conditions for workers and customers in the stores. At a high level, the operational concerns at the company have centered around underinvestment in the stores, poor management of inventory and mismanagement of staffing levels. The combination of these factors has created an unsafe work environment across many of the chain's locations. Understaffed stores have experienced increased crime and unappealing shopping environments. We take a case-by-case approach to analysing shareholder resolutions of a social nature. Most of the time, we conclude that these proposals are not aligned with our interests because (1) they are brought forward by parties who are not actual shareholders of the corporation, (2) they are focused on niche concerns that we do not classify as financially material, (3) they ask for additional reporting on matters for which the company already provides comprehensive disclosure or (4) we disagree with the intentions of the proponent on principle. However, the proposal at Dollar General Corp.'s 2023 shareholder meeting was an exception. This resolution asked the company to commission a third-party report examining worker safety and well-being issues. The proposal was sponsored by an institutional investor and addressed a clearly material issue that has been poorly addressed by management in recent years. A period of underinvestment in the company's stores resulted in difficult working conditions across much of the base. Supply chain disruption contributed to the problem by making it difficult to predict when deliveries would reach each store location so that managers could be appropriately staffed on those days. The outcome was inventory continued to pile up to the degree that it became, in some stores, a safety hazard for workers. Increased spoilage was another outcome of inventory that piled up without enough staffing resources to unbox goods and move them to the appropriate location in the stores. The resulting pattern of safety incidents, investigations and fines applied by the Occupational Safety & Health Administration (OSHA) led to the company being categorised as a "severe violator" by the agency. It has also led to persistent negative coverage of the problems in the media. Given the material impact of these issues on the company's performance, we have spoken with Dollar General management on multiple occasions. The company has announced a programme to invest an incremental USD 100 million in the stores, primarily to increase labour hours per store. We discussed whether the company's remediation plan is adequate. We also took the unusual step in this case of participating in an on-the-record interview and commenting on our voting decision with Bloomberg BusinessWeek journalists who wrote a September 2023 cover story on working conditions at Dollar General.	
Vote decision	T. Rowe Price Associates, Inc., on behalf of the T. Rowe Price funds and certain of its advisory clients, voted FOR the Shareholder Proposal (Item 7: Worker Safety and Well-Being Audit) at the Dollar General shareholder meeting on 31 May. The resolution was supported by 68% of votes cast.	

Proxy Voting Case Study

The following case study illustrates the decision-making process at T. Rowe Price Associates, Inc. (TRPA) around a particular shareholder meeting.

Case study

Company **Seven & i Holdings Co. Ltd**	**Symbol** **3382; JP**	**Meeting date** **25 May 2023**
Reason for highlighting this case study	This vote illustrates our approach to a high-profile proxy contest at a company which has been the focus of sustained engagement in recent years.	
Analysis	Seven & i Holdings is Japan's largest retail conglomerate. It is currently the subject of a proxy contest with the activist investor, ValueAct. In line with our Shareholder Activism policy, we met with both the activist and the company before deciding how to vote. Under our policy, we are only able to engage directly with the specifics of an activist's proposals once its campaign is in the public domain; ValueAct had published an open letter to the Board in January 2022. The conglomerate's convenience store operations in Japan and the US are very promising, high-return businesses, but despite generating nearly all of the group's operating earnings, the stock has continually traded at a large discount due to the persistence of struggling, low-return businesses in Japan, in markets with few synergies with the core convenience franchise. With the expansion of the North American 7-11 business, the company has become increasingly international. Senior management remains very domestically oriented, and investors have questioned to what extent the company is run as a genuinely global enterprise. In addition, we believe Japanese accounting standards and problems with disclosure have led to the market's underestimation of the true level of earnings as well as key performance indicators such as return on equity. Since 2020, well before activists took positions in the stock, we were quietly offering ideas to management about how to reduce the conglomerate discount and to encourage capital deployment to expand the overseas footprint. Despite our dialogue, we remained concerned that domestic reform was too slow and that the limited measures taken were reactive rather than proactive. Thus, we regretfully voted against the re-election of President Isaka at the 2022 AGM. In early 2023 we wrote to the Board of Directors to encourage the further adoption of governance practices and reforms designed to enhance and preserve long-term shareholder value. In the letter we applauded management's recent efforts to spin off low-return operations such as the Sogo-Seibu department store chain, and praised the appointment of six new non-executive directors which established a majority-independent and diverse Board for the first time. However, we expressed our concern that reform measures were incomplete, and that the creation of a Strategy Committee, comprised entirely of independent directors to assess progress on medium-term plans, might be used by incumbent management to delay urgently needed changes and delegate important decision-making that most well-managed companies can harness without the need for a separate organizational structure. ValueAct continued to engage with the company, and in April 2023 issued an open letter calling for the removal of President Isaka, Vice-President Goto, and other long-serving directors, alleging they enabled management to avoid shareholder scrutiny. Troublingly, ValueAct alleged that shareholder meetings had been secretly recorded without the consent of participants. To refresh the Board, ValueAct said it would nominate four new Independent Outside Directors, who would serve alongside the six new Independent Outside Directors who joined the Board in 2022 and alongside four Inside Directors who manage major parts of the group. We went into the analysis inclined to support management, in recognition of the progress that has been made. However, after listening objectively to the arguments made by ValueAct, studying the qualifications and capabilities of the nominated Outside Directors, and concluding that management's efforts to defend the status quo were not compelling, we made the difficult decision to support all the activist's proposals, including voting for their Board nominees. On 19 May, our analyst met with senior members of Investor Relations at the company to detail the reasons why we had decided to support the shareholder proposals, and held a frank and constructive discussion. We noted four main reasons for our stance: 1) the company's reactive rather than proactive attitude, 2) the insufficiency of incumbent management's explanations and rebuttals, in particular its inability to quantify the dis-synergies that might hinder product development if lower-return parts of the group were deconsolidated, 3) their mischaracterization of the specifics of ValueAct's proposals and of their Board nominees, and 4) their evident unwillingness to offer sufficient alternative measures to reduce the conglomerate discount. We emphasized, above all, that regardless of the results of the AGM vote, T. Rowe Price would continue to engage with the company quietly and politely, but always firmly and in accordance with our fiduciary duty to clients.	
Vote decision	T. Rowe Price Associates, Inc. on behalf of the T. Rowe Price funds and certain of its advisory clients will be voting AGAINST items 2.1-2.5, and FOR all other items, including items 5.1-5.4, the ValueAct nominees.	

As at 22 May 2023

Proxy Voting Case Study

The following case study illustrates the decision-making process at T. Rowe Price Associates, Inc. (TRPA) around a particular shareholder meeting.

Case study

Company **Shell plc**	**Symbol** **SHEL; LN**	**Meeting date** **23 May 2023**
Reason for highlighting this case study	This is a high profile meeting where the Chair is being targeted for a vote against his re-election by certain investors who are not convinced that Shell is managing the climate transition adequately. There are also two other high-profile resolutions up for a shareholder vote: a management-supported say-on-climate (item 25) and a climate-related shareholder resolution (item 26) filed by the non-governmental organization (NGO) "Follow This".	
Analysis	**Item 25 – management-backed say-on-climate progress report** The Company originally presented its climate transition plan for shareholder approval in 2021. At the 2023 Annual General Meeting (AGM) under item 25, it is asking for shareholder approval of progress in 2022 against the goals of this plan. Shell appears to be making reasonable progress against the targets laid out in its climate strategy: it has reduced its scope 1-2 emissions almost 30% since 2016 and its scope 1-3 net carbon intensity has also decreased compared to the baseline – although the pace of scope 3 emission reductions is slower than the pace of scope 1-2 reductions, this is in-line with what Shell forecast in its climate strategy in 2021[1]. We therefore supported Shell on its say-on-climate vote (item 25). The company is scheduled to present an updated climate strategy at its 2024 AGM. **Item 26 – shareholder proposal** As in recent years, shareholder consortium "Follow This" has presented a shareholder-requisitioned resolution under item 26. The "Follow This" shareholder resolution requests the company to align its greenhouse gas (GHG) emissions reduction targets with the goal of the Paris Climate Agreement: to limit global warming to well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature rise to 1.5°C. The strategy for how to achieve this target is entirely up to the Board; however, it is interpreted that the company would need to set an absolute 2030 GHG emissions reduction target which includes the use of its energy products (scope 3). The Board is not supportive of the shareholder resolution, pointing out that Shell has Paris-aligned targets to reduce emissions with the goal of becoming a net-zero emissions energy business by 2050. Shell has not published absolute Scope 3 reduction targets, but it has set short-, medium-, and long-term targets to reduce the net carbon intensity of the energy products it sells. We believe that our view on intensity-based versus absolute emission reduction targets differs from the proponents. For funds where the mandate is financial performance, an intensity-based scope 3 target can provide evidence for a credible decarbonisation strategy, provided the targets are suitably ambitious with a clear plan to achieve them. As shareholders, tracking year-on-year changes in its reported intensity metrics demonstrates how Shell is pivoting its portfolio towards lower carbon products. **Chairman election** Some UK pension funds have commented publicly that they do not intend to support the reappointment of the Chair because Shell has not moved quickly enough in redeveloping their business. Comments from Wael Sawan, the new Chief Executive, caused further unease by suggesting that the group might produce more oil for longer. Shell has laid out a detailed strategy to pivot its business towards lower carbon products as well as setting short-, medium-, and long-term targets to reduce its scope 1-3 emissions and delivering against these targets. While we recognize that Shell's interim scope 1-3 reduction targets fall short of a 1.5°C scenario, the company has set a 2050 net zero target. Therefore, we do not believe a vote against Chairman is warranted at the current time. **Conclusion** T. Rowe Price Associates will be voting FOR the say-on-climate (item 25) as the company has made reasonable progress on the 2021 strategy. There has been progress in terms of operational emission reduction, and the company has adhered to the commitments set out in the 2021 transition plan. T. Rowe Price Associates will be voting AGAINST the climate-related shareholder resolution (item 26) as the company is appropriately managing its climate risk given the short-, medium-, and long-term scope 3 intensity targets, the significant capex into low carbon businesses, and the scope 1-2 targets.	
Vote decision	T. Rowe Price Associates, on behalf of the T. Rowe Price funds and certain of its advisory clients, will be voting FOR the say-on-climate (item 25) and AGAINST the climate-related shareholder resolution (item 26). We will vote FOR the re-election of the Chair, Sir Andrew Mackenzie.	

[1] Scope 1 (direct emissions from owned or controlled sources). Scope 2 (indirect emissions from the generation of purchased electricity, steam, or cooling). Scope 3 (all other indirect emissions).

As at 23 May 2023

Proxy Voting Case Study

The following case study illustrates the decision-making process at T. Rowe Price Associates, Inc. (TRPA) around a particular shareholder meeting.

Case study

Company **Woodside Energy Group**	**Symbol** **WDS; AU**	**Meeting date** **28 April 2023**
Reason for highlighting this case study	This is an active holding which has received a high-profile climate-related shareholder resolution.	
Analysis	A group of shareholders representing approximately 0.002% of the Company's ordinary shares has proposed Items 6(a) and 6(b) under section 249N of the Corporations Act. Item 6a is the enabling resolution and item 6 requests the company disclose information that demonstrates how its capital allocation to oil and gas assets will align with a scenario in which global energy emissions reach net-zero by 2050, facilitating the efficient managing down of these assets. The proponent in this case is Market Forces, a nongovernmental organization (NGO). Following discussions with our investment team, we decided to vote against item 6A and to abstain on item 6B. Item 6A is an enabling resolution which seeks to amend the company's constitution. As the passage of this resolution requires support from at least 75 per cent of shareholders, it makes it hard for investors to employ the mechanism of a shareholder resolution to truly hold a company to account. For item 6B to be enacted, item 6A must first be approved by 75% of the shareholders; this level of support is unlikely. T. Rowe Price would support the introduction of a framework that permitted non-binding shareholder resolutions in the Australian market. Where these are permitted in other jurisdictions, shareholder resolutions can serve as an additional tool for institutional investors to advocate for enhanced company disclosure on governance and sustainability risks or more robust policies and procedures. However, this approach is not currently permissible in Australia. Item 6B requests the company disclose, in subsequent annual reporting, "information that demonstrates how the company's capital allocation to oil and gas assets will align with a scenario in which global energy emissions reach net zero by 2050, facilitating the efficient managing down of these assets." T. Rowe Price's decisions with respect to proxy issues are made in light of the anticipated impact of the issue on the desirability of investing in the portfolio company. The only permitted exception is if the security is held within a portfolio with a dual mandate of positive environmental or social change alongside financial returns, but all the equity portfolios which hold Woodside at the time of the 2023 Annual General Meeting (AGM) are strictly financially orientated. The resolution was analysed through the lens of T. Rowe Price's Investment Policy on Climate Change. The 2023 update contains the following expectations: "We view best practice as adopting a science-based net zero target aligned to a 1.5°C pathway that covers scope 1–2 and the most relevant scope 3 emissions1. If a company has these targets validated by the Science-Based Targets initiative (SBTi), that gives us further confidence that the company is adequately addressing its material emissions and not relying on carbon offsets in the case of emissions that should be mitigated." However, when applying this framework, we take the company-specific situation into account, e.g., SBTi has to date, not provided guidance for the oil and gas sector. The analysis undertaken by the Responsible Investing and Governance teams along with our equity analyst identified that the core disclosure, the Climate Report 2022, is structured in line with the Task Force on Climate-Related Financial Disclosures (TCFD) framework and provides adequate detail. The detailed disclosure requests, e.g., production guidance for the lifetime of the oil and gas assets, are not items we have requested from peer companies. Yet questions remain about the strategy and the speed of progress: – The company has not made any commitment to net zero by 2050 or sooner and has only stated that it targets to "move towards an aspiration of net zero by 2050 or sooner." – Nonetheless, Woodside has committed significant capital expenditure towards new energy investments and its scope 1-2 targets look reasonable. To date Woodside has been a heavy user of offsets to progress their emissions goals and we would like to see them start to make progress outside of offsets as the 30% reduction by 2030 would appear to require more fundamental progress. To signal our concern with the reliance on offsets and the lack of a net zero target, we decided to abstain on item 6b at the 2023 AGM, given the lack of alignment with our climate policy. We will continue to monitor progress ahead of the 2024 AGM.	
Vote decision	T. Rowe Price Associates, Inc., on behalf of the T. Rowe Price funds and certain of its advisory clients, will be voting FOR all items at the 28 April 2023 AGM with the exception of item 6A where we will be voting AGAINST and item 6B where we will be voting ABSTAIN.	

[1] Scope 1 (direct emissions from owned or controlled sources). Scope 2 (indirect emissions from the generation of purchased electricity, steam, or cooling). Scope 3 (all other indirect emissions).

As at 26 April 2023

Proxy Voting Case Study

The following case study illustrates the decision-making process at T. Rowe Price Associates, Inc. (TRPA) around a particular shareholder meeting.

Case study

<table>
<tr><td>Company
ENGIE SA</td><td>**Symbol**
ENGI; FP</td><td>**Meeting date**
26 April 2023</td></tr>
<tr><td>Reason for highlighting this case study</td><td colspan="2">This is a significant active holding which has received a climate-related shareholder resolution from a group of European institutional investors.</td></tr>
<tr><td>Analysis</td><td colspan="2">Sixteen European institutional investors from France, the Netherlands and Belgium- including APG, Candriam, Degroof Petercam AM, Ecofi, l'ERAFP, La Banque Postale AM, La Financière de l'Échiquier, Mandarine Gestion, Mirova, Messieurs Hottinguer & Cie Gestion Privée, MN, OFI Invest AM et Sycomore AM-representing 1.5% of Engie's issued share capital and coordinated by the French SIF (Forum pour l'Investissement Responsable) have filed a shareholder resolution entitled "Resolution on modification of the articles of association on the company's climate strategy."

The shareholder resolution (item B) seeks to amend articles 21 and 24 of the company's bylaws.

– Under Article 21 the proponents are asking for a triennial strategy vote and an annual vote on the progress report of the company's climate strategy implementation

– Under Article 24 the proponents are asking for either a 1.5°C aligned climate strategy or a progress report of the climate strategy implementation over the past financial year.

The review by T. Rowe Price's Responsible Investing and Governance teams noted that the shareholder resolution is well-drafted and has credible proponents. Hence, we engaged with the company to understand their perspective. The company told us that it has committed to:

– Annual reporting of progress

– A dedicated agenda item at each Annual General Meeting (AGM) to discuss the climate strategy, in line with the expectations of the French financial services regulator, the Autorité des marchés financiers (AMF)

– A strategy vote every three years, and more often if needed e.g. if there was a significant change to the business scope.

The company did not want to change their bylaws given the current regulatory uncertainty on this topic but was willing to in practice meet the request of the proponents under Article 21.

On Article 24, we felt that there was the opportunity for improved disclosure. This was the main reason we had for potentially supporting the resolution, given the materiality of climate as a topic.

The company told us that in line with feedback from other shareholders they would be publishing an addendum to the Task Force on Climate-Related Financial Disclosures (TCFD) report 2023 which would clarify the points raised by the proponents. The additional reporting published on 14 April 2023 to the ENGIE website shows:

– The company has set public objectives which cover 99% of its carbon footprint (scopes 1, 2 and 3 emissions[1])

– The charts on page 3 of the addendum to the TCFD report 2023 provide additional granularity on alignment with the 1.5C trajectory which addressed our outstanding concerns.

– The company has also committed to annual reporting.

On balance, we felt that the company has effectively met what was requested by the proponents. We did not feel that requesting a bylaw change on top of the other commitments was necessary at this time, particularly given the regulatory expectations for say-on-climate votes in the French market are expected to be clarified by the AMF in the near future. However, we continue to keep the matter under review and if the company does not meet the commitments it has made, we will reflect this in our voting against directors at a future AGM.</td></tr>
<tr><td>Vote decision</td><td colspan="2">T. Rowe Price Associates, Inc., on behalf of the T. Rowe Price funds and certain of its advisory clients, will be voting FOR all items at the 26 April 2023 AGM with the exception of item B where we will be voting AGAINST.</td></tr>
</table>

[1] Scope 1 (direct emissions from owned or controlled sources). Scope 2 (indirect emissions from the generation of purchased electricity, steam, or cooling). Scope 3 (all other indirect emissions).

As at 24 April 2023

Proxy Voting Case Study

The following case study illustrates the decision-making process at T. Rowe Price Associates, Inc. (TRPA) around a particular shareholder meeting.

Case study

Company **Fujitec Co., Ltd**	**Symbol** **6406; JP**	**Meeting date** **24 February 2023**
Reason for highlighting this case study	Fujitec Co., Ltd (Fujitec) was the subject of a "Vote No" campaign in 2022 against its President following the alleged misuse of corporate assets. The accusations were made by the activist, Oasis Management Company Ltd. ("Oasis"), who is also the largest shareholder. We had engaged with Fujitec on corporate governance topics in 2020 and 2021 and had thought genuine progress had been made. Hence, we are particularly concerned by the issues which have since emerged, and by the company's response.	
Analysis	At the June 2020 Annual General Meeting (AGM) of Fujitec, we voted against the re-election of the CEO to encourage the Board to undertake a review of strategy and performance with more urgency than they were exhibiting. We also supported two shareholder resolutions related to capital management filed by activist investors Oasis Management. Given the company's low revenue growth and suboptimal capital structure, there was a large valuation gap versus peers. We engaged with Fujitec on three corporate governance topics: the need for an external strategic review to improve operational efficiency, the need to improve capital allocation, and the need to lift governance standards across the business. We expressed our views directly to senior management through our investment team via a series of calls, then sent a letter to the Board of Directors. We were encouraged enough by progress we observed during the year that we voted in support of management on all resolutions at the 2021 AGM. However in 2022, evidence of misuse of corporate assets emerged. These included accusations of several inappropriate related-party transactions taking place between Fujitec and its President. We engaged with Fujitec senior management and board members twice in June 2022 to express our concerns over Oasis' accusations. We impressed upon management that a full review by a third-party committee was warranted. We also requested a call with Fujitec's independent directors. During our second engagement, we held a call with the independent lead director – who explained why the transactions highlighted by Oasis were not problematic from the board's perspective. Based on our dialogue with the company, we voted against the President's re-election along with significant numbers of other outside shareholders. Subsequently, Fujitec amended the proxy, and although the President did not stand for re-election at the 2022 AGM, he was appointed to an unelected Chairman role. This has entrenched his power and is inappropriate given the severity of the allegations. Frustrated with the company's response, Oasis, which holds over 16% of the issued share capital, has convened an extraordinary general meeting (EGM) in February 2023 to remove the incumbent Outside Directors and replace them with candidates it sees as more likely to stand up for the interests of shareholders. Prior to this meeting, in line with our usual process for contested elections, we met separately with management and with Oasis. We also attended a webinar where the nominees who had been nominated by Oasis presented to investors. The six nominees had relevant skills; two had expertise in legal and governance matters and two were experienced investors. Fujitec specialises in the development, manufacturing and installation of elevators, escalators, and other transportation systems, so we were pleased to see that two had track records of business leadership in the international elevator industry. The candidates proposed by Oasis also provided demographic diversity in terms of age, gender, ethnicity, nationality and regions in which they were based or had gained professional experience. The nominees had been identified through external searches and consider themselves independent of Oasis and independent of Fujitec; on the webinar they emphasised that they would treat Oasis equivalent to any other shareholder if they are elected. At the February EGM, Oasis is seeking to remove all the current independent outside directors (items 2.1-2.6) and replace them with six new independent directors (items 3.1-3.6,) given the decision of the existing outside directors not to hold Chairman Takakazu Uchiyama to account. Fujitec is proposing two new independent directors (items 1.1-1.2) but following our unsatisfactory engagements with the company over the last nine months, we are not convinced that these two candidates will be able to drive meaningful change. Items 4-7 on the agenda are to authorise the pay for the board directors, including any newly appointed outside directors. The proposed arrangements appear aligned with investor interests.	
Vote decision	T. Rowe Price Associates, Inc. on behalf of the T. Rowe Price funds and certain of its advisory clients, voted AGAINST items 1.1-1.2 (the new company-proposed outside directors) and FOR all other items at the 24 February 2023 EGM.	

As at 20 February 2023

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