

T. Rowe Price Voting Policies Explains Formation of Guidelines, Proxy Access Position and 2014 Votes

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T. Rowe Price's [proxy voting policies](#) explains that its Proxy Committee develops the firm's positions on major proxy voting issues. The Proxy Committee comprises portfolio managers, investment analysts, operations managers and internal legal counsel, and relies upon its own research, independent research provided by ISS and Glass Lewis, and information presented by companies' management and shareholder groups, in establishing policies.

Recommendations set by the Proxy Committee are distributed to the firm's portfolio managers as voting guidelines. For T. Rowe Price, the portfolio managers decide ultimately how to vote on the proxy proposals of the companies in their portfolios. When portfolio managers cast votes that are counter to the Proxy Committee's guidelines, they are required to document their reasons in writing to the Proxy Committee.

As to proxy access shareholder proposals, T. Rowe Price will generally support those that use the ownership thresholds from the SEC's 2010 proxy access rules (3% ownership for 3 years), because "the orderly process required under these provisions would ultimately prove to be a better corrective mechanism in the U.S. markets than our current state, where activist shareholders drive many of the changes on corporate boards, whether or not they share long-term investors' objectives." In addition, there should not be "significant impediments" to a proponent's ability to aggregate holdings in order to qualify for the ownership threshold, and they will vote against shareholder or management proposals that have materially different thresholds.

Companies can find T. Rowe Price's voting record for their own [2014 annual meeting here](#). The firm also provides an aggregate summary, which shows that in 2014 T. Rowe Price voted for 94% of director elections, against say-on-pay 7% of the time, in favor of independent chair shareholder proposals 33% of the time (the firm's policy is case by case), and social proposals about 30% of the time, usually for proposals seeking non-discriminatory employment policies or strengthening diversity, as T. Rowe Price is generally against proposals seeking political reporting.

According to Donna Anderson, head of global corporate governance at T. Rowe Price, companies should know that they can reach out for engagement even during the height of the proxy season, as we head into those busy months.

If you have any questions regarding the matters covered in this publication, please reach out to any of the lawyers listed below or your usual Davis Polk contact.

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