

## Vote Bulletin – Samsung C&T

Meeting Type – Annual

Meeting Date – 15 March 2024

### Management Resolution

Item number	Item description	Management recommendation	SSGA vote
1.2.1	Approve Appropriation of Income (KRW 2,550 per Common Share and KRW 2,600 per Preferred Share)	FOR	AGAINST

### Shareholder Resolution

Item number	Item description	Management recommendation	SSGA vote
1.2.2	Approve Appropriation of Income (KRW 4,500 per Common Share and KRW 4,550 per Preferred Share) (Shareholder Proposal)	AGAINST	FOR

### Text of Proposal

1-2-1 (Board of Directors Proposal): Cash dividends of KRW 2,550 per common share, KRW 2,600 per preferred share  
 1-2-2 (Minority Shareholder Proposal, City of London and four others): Cash dividends of KRW 4,500 per common share, KRW 4,550 per preferred share

### Analysis

We engaged with Samsung C&T ahead of the 2024 Annual General Meeting (AGM) to discuss the board's view and decision-making process on shareholder return policy in light of the management and competing shareholder resolution.

The management proposed resolution resulted in a dividend payout of less than 30 percent of net income which is below the threshold we would generally support. Furthermore, the shareholder proposal does not appear to be overly restrictive in light of the company's current performance and financial position.

Therefore, we sought to understand how the board oversees strategic decisions and risk management related to deploying and allocating capital. There may be cases where a company seeks to retain excess cash for investments into existing business, expand or acquire new businesses to promote long-term value. In instances where a company's dividend payout has been consistently below 30 percent for a few years, we would look to companies to provide adequate explanation on the rationale.

Whilst the company has announced a forward-looking shareholder return policy which includes investments in future growth opportunities and stable distribution of shareholder dividend, there is less clarity on how the board oversees and determine the investments and shareholder return policy.

As such, we shared that investors would benefit from enhanced disclosure and clarity on the board's oversight of capital allocation decisions, how the board assesses potential investment opportunities, and return to shareholders in alignment with long-term value. We also stated that this should include the rationale on the dividend payout amount.

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**SSGA Policy**

We generally support dividend payouts that constitute 30 percent or more of net income. We may vote against a dividend payout if the dividend payout ratio has been consistently below 30 percent without adequate explanation.

Our criteria for assessing shareholder proposals are outlined in our [Global Proxy Voting and Engagement Policy](#). We will consider supporting a shareholder proposal if the adoption of the request would protect our clients' interests as minority shareholders and/or the request is focused on enhanced disclosure of the company's governance and/or risk oversight.

**SSGA Vote**

For these reasons, we voted AGAINST management's proposal and FOR the shareholder proposal on approving appropriation of income.

In light of the recent announcement of the '[Corporate Value-up Programme](#)' by the Financial Services Commission in South Korea, we are supportive of the ongoing reforms and encourage companies to continue to enhance disclosures in alignment with evolving market expectations.

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\*Pensions & Investments Research Center, as of 12/31/22.

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