

Vanguard[®]

Investment Stewardship

2022 Semiannual Report



Vanguard's Investment Stewardship team has a clear and compelling mandate—to advocate for good governance practices that safeguard and promote shareholder value over the long term.

2022 Semiannual Report

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John Galloway
Vanguard Investment Stewardship Officer

An unwavering focus on shareholder value

We are pleased to provide this report—which covers voting and engagement activities on behalf of Vanguard’s internally managed equity funds for the six months ended June 30, 2022—to provide insight into how we maintain our focus on long-term shareholder value within an evolving corporate governance landscape.¹

Our stewardship of Vanguard’s internally managed equity funds is grounded in our duty to our funds and fund investors and the nature of our funds. We do not seek to direct portfolio company strategy or operations, nor to achieve any objective other than long-term shareholder value creation. The assets Vanguard manages belong to the investors who have entrusted Vanguard to grow their assets over time. This is the one thing all Vanguard investors have in common. Our stewardship efforts therefore focus on governance matters that safeguard and promote long-term

value at the portfolio companies in which the funds invest. We appreciate that each portfolio company faces unique risks and opportunities, and we do not prescribe one-size-fits-all governance approaches. That said, we do look for companies and their boards to adopt corporate governance practices associated with shareholder value creation, including disclosure of material risks.

Constructive engagement with portfolio companies—on an array of governance matters and often done over multiple years—is a foundational element of our Investment Stewardship program. Engagements this year have taken place in the context of a difficult global macroeconomic environment, which has included rising inflation, supply chain disruptions, tight labor markets, conflict in Eastern Europe, and the ongoing effects of the COVID-19 pandemic. Directed by our stewardship [policies](#) and [principles](#),

¹ Vanguard’s Investment Stewardship team is responsible for engagement with portfolio companies and proxy voting at the direction of the boards of our internally managed global equity holdings, including Vanguard index funds. Investment stewardship activities, including proxy voting, for Vanguard’s externally managed active funds are conducted by those funds’ external advisors. See the final page for more context.

our discussions with portfolio companies have focused squarely on key governance topics such as board composition and effective disclosure of how boards and management teams are identifying and mitigating material risks to their businesses.

Throughout this report, we provide data on the proxy voting record of Vanguard's internally managed equity funds. Our evaluation of each proxy ballot item, including shareholder proposals, is done case by case and centers on our assessment of what is most likely to promote long-term value for fund shareholders.

While our approach to stewardship and proxy voting remains constant, the volume and nature of shareholder proposals the funds evaluate varies each year. In the U.S., we saw a significant increase in the volume of shareholder proposals during the 2022 proxy season and an evolution in the nature of certain proposals' requests for company action. Our assessment of these proposals was based on our

stewardship policies and principles. We determined that many shareholder proposals focused on social or environmental policy issues that lacked a clear link to material risks to shareholder value at the company in question. We further observed that a larger percentage of shareholder proposals this year were, in our view, overly prescriptive in dictating company strategy or operations. As specific case studies throughout this report describe, the Vanguard internally managed equity funds did not support these proposals.

Under current regulations, responsibility for proxy voting for stocks held by the Vanguard funds rests with each fund's board, which directs proxy voting by each fund with an unwavering focus on long-term shareholder value creation. But we know that some investors wish to express their views and preferences via proxy voting. To further empower our clients, Vanguard is exploring ways to expand proxy voting options to give investors a greater voice in the proxy voting process. We are committed

to listening to the needs of our clients as we pursue solutions in this space.

This semiannual report reflects our long-standing commitment to holding ourselves to the same high disclosure standards that we ask of portfolio companies. As always, you can access all Investment Stewardship content on Vanguard's corporate website.

Sincerely,

John Galloway
Vanguard Investment Stewardship Officer

August 19, 2022

Our four principles

Board composition and effectiveness

Good governance starts with a company's board of directors. Historically, hiring CEOs and setting compensation have been primary responsibilities for directors. But board members' roles are constantly evolving. The job of a director now requires new skills, expertise, and time commitments. Boards are being asked to be a key voice on strategy, to identify and govern material risks, and to have structures in place to consider emerging and event-driven risks.

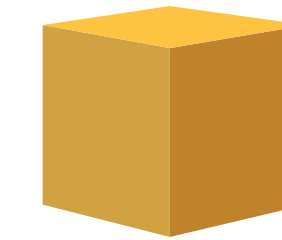
An effective board should be independent and reflect both diversity of skill, experience, and opinion and diversity of personal characteristics (such as gender, race, and ethnicity). Research shows that diverse boards can make better decisions.² A well-composed board can set in motion a virtuous circle that enables a company to innovate, seek out new customers, and enter new markets. If a company's board is capable, diverse, and experienced, good results are more likely to follow.

Oversight of strategy and risk

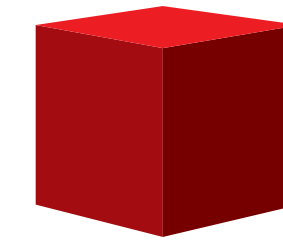
When we discuss strategy and risk with portfolio companies, we work to assess how well the board of directors understands the company's strategy and how effectively it is involved in identifying and governing material risks.

There should be a constant exchange of information between a company's board and management. After all, we expect directors to bring a wealth of experience and diverse perspectives to the boardroom, and to provide counsel to company leaders. Company management should be well-positioned to help board members understand a company's risks and opportunities. Board members shouldn't rely solely on management for assessments of their companies; they should educate themselves on competitive dynamics and seek outside opinions.

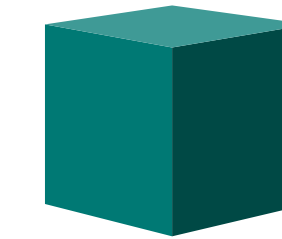
Ultimately, boards should work to prevent risks from becoming governance failures. Strong governance and oversight practices enable a board to steer a company through unpredictable crises such as the COVID-19 pandemic.



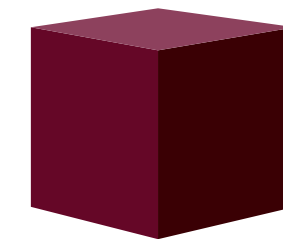
**Board
composition
and effectiveness**



**Oversight of
strategy
and risk**



**Executive
compensation**



**Shareholder
rights**

² Hewlett, Sylvia Ann, Melinda Marshall, and Laura Sherbin, December 2013. How Diversity Can Drive Innovation. *Harvard Business Review*.

Our four principles

Executive compensation

Sound, performance-linked compensation (remuneration) policies and practices that extend well beyond the next quarter or year are fundamental to sustainable, long-term value. Compensation expectations and norms vary by industry, sector, company size, and geographic location; therefore, we do not take a “one-size-fits-all” approach to executive compensation.

In our engagements on this topic, we seek to understand the business environment in which pay-related decisions are made and how a board structures pay to incentivize outperformance of the company’s peers over the long term. Companies should provide clear disclosure about their compensation practices and how they are linked to performance and to the company’s stated strategy. This disclosure gives shareholders confidence that the board is looking out for their best interests.

Shareholder rights

Shareholder rights empower shareholders to use their voice and their vote to ensure the accountability of a company’s board. Shareholders should be able to hold directors accountable through governance provisions such as annual elections that require securing a majority of votes. In instances where a board appears resistant to shareholder input, we support the right of an appropriate proportion of shareholders to call special meetings and to place director nominees on the company’s ballot.

We believe that companies should have in place governance structures that serve as a safety net to safeguard and support foundational rights for shareholders.

Our program

Vanguard's Investment Stewardship program is carried out by a dedicated global team of experienced governance professionals. The team is responsible for portfolio company engagements, along with the day-to-day operations of the funds' proxy voting process, for Vanguard's internally managed equity holdings.

The Investment Stewardship team employs a regionally focused model. All engagement, company research, analysis, and voting activities are overseen by senior leaders responsible for particular regions and markets. These leaders, and a dedicated team of analysts who are further aligned by sector, maintain responsibility for their coverage areas.

Team members collaborate every day, sharing ideas and making continuous improvements in policies and processes. This allows us to balance the need for global consistency with regional relevance by developing in-depth knowledge on pertinent issues across our funds' portfolios, growing our presence in local markets, and identifying industry, regional, and country-specific trends.

In addition to our voting and engagement teams, our policy and research team drives our global perspectives on key topics, and it partners with regional teams to shape voting, engagement, and advocacy strategies. Our data, operations, and controls group enables every aspect of our program's research, analysis, and execution.

Engagement: We meet with portfolio company executives and directors to learn about companies' corporate governance practices and share our long-term orientation and principled approach. We characterize our approach as deliberate, constructive, and results-oriented.

Voting: Our team votes proxies at public company shareholder meetings on behalf of each of our internally managed equity funds. Because of our advocacy and engagement efforts, by the time our funds' votes are cast, companies should be aware of the priorities and governance principles we deem most important to the creation of long-term shareholder value.

Advocacy: We are tireless advocates for the highest standards of corporate governance worldwide and the sustainable, long-term value of our shareholders' investments. We promote a long-term view in both corporate governance and investment practices through public forums and published materials.

At a glance

In the first half of 2022, we engaged with 801 companies representing \$2.2 trillion in equity assets under management. Our team of investment stewardship professionals conducted voting and engagement activities on behalf of Vanguard's internally managed equity funds. The statistics on this page provide insights into the results of those engagements.

801

companies engaged

1,033

engagements with directors
and other stakeholders

30

markets represented in
our engagements*

143,728

proposals voted on

11,414

companies where a
proposal was voted on

\$2.2T

equity assets under
management engaged



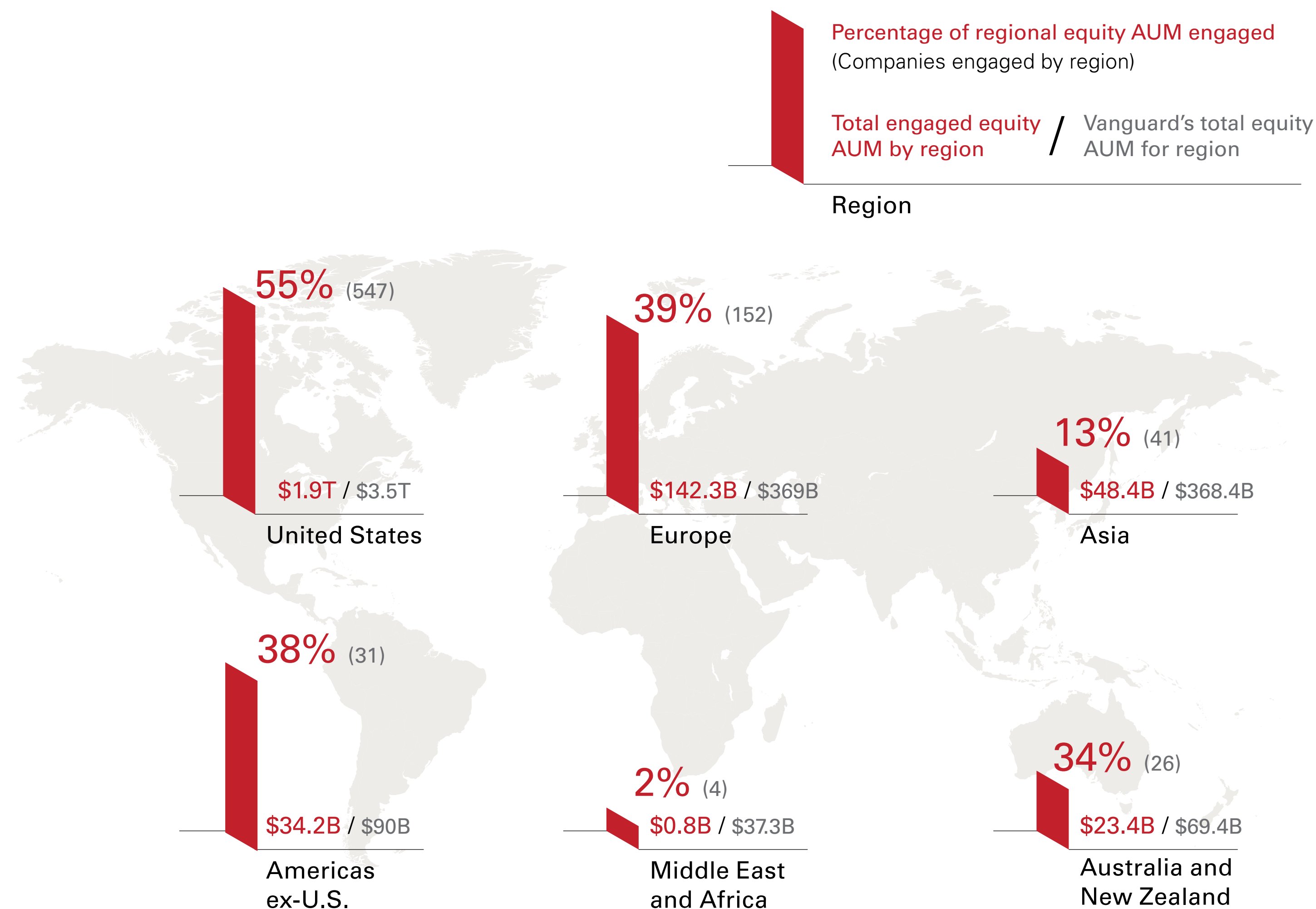
*Countries and territories of risk.

Regional roundup

Topics and trends that shaped the global governance landscape in the first half of 2022

Public company boards and leaders across all regions managed through challenging economic conditions, including rising inflation, supply chain disruptions, and a tight labor market. These issues were compounded by the lingering effects of the COVID-19 pandemic.

While board composition and executive compensation proposals accounted for much of our voting activity, we continued to see investor interest in environmental and human capital management topics. Vanguard's Investment Stewardship team engaged with company boards on these issues and analyzed shareholder proposals that focused on these topics. In these conversations, Vanguard sought to understand the role that boards play in overseeing these issues and providing appropriate disclosures to investors. Decisions on how to vote on proxy ballot items are firmly grounded in our mission to give our shareholders the best chance for investment success.



Notes: Data are for the trailing six-month period ended June 30, 2022. Numbers and percentages reflect rounding. There are seasonal variations as to when companies in different regions hold their annual shareholder meetings. A majority of companies in the Northern Hemisphere held shareholder meetings in the first half of the year.

Americas

Board composition continues to be a focal topic of our company engagements, as we believe that good governance starts with an effective board. In the Latin American market, we stayed focused on the adoption of governance best practices for board independence, risk oversight, and disclosure. In the United States and Canada, the board's diversity of skill sets and personal characteristics remained an important topic, as did director capacity; in many of our engagements, directors addressed the significant demands on their board in governing through the COVID-19 pandemic.

We saw compensation committees routinely use discretion to reward executives with one-time awards, often citing the need for a retention tool in a tight labor market. The Vanguard funds' evaluation continued to focus on the alignment of incentives with long-term shareholder returns.

Revised U.S. Securities and Exchange Commission guidance in 2021 made it more difficult for companies to exclude certain shareholder proposals from their 2022 proxy ballots. This regulatory change contributed to a significant increase in shareholder proposal volume during the trailing six-month period ended June 30, 2022. We also

saw a rise in shareholder proposals that, in our assessment, focused on social and environmental policy issues and were either overly prescriptive or not clearly linked to driving long-term shareholder value creation.

We observed continued investor attention to diversity and social issues, as reflected in an increased volume of shareholder proposals in this category. Investors continue to seek disclosure on boardroom and workforce diversity levels, as well as the effectiveness of companies' diversity, equity, and inclusion (DEI) strategies. We also saw shareholder proposals requesting racial equity and civil rights audits, disclosure on the use of concealment clauses, and pay-gap reporting. Our case-by-case analysis focused on the assessment of the impact on long-term shareholder value at the specific company receiving the proposal. In the cases of requests for third-party racial equity audits, we found insufficient evidence that these proposals focused on financially material risks, would be effective without the board's support, would produce shareholder value, or would address a significant gap in a board's own oversight.

In the U.S., we saw certain shareholders remain focused on corporate political activity. Through shareholder proposals, they continued to seek more

disclosure of board oversight practices, lobbying expenditures, and trade association memberships. We look for companies to disclose their oversight policies where the risk is material. In many cases, we observed that companies receiving proposals already had appropriate disclosures in place or were making progress toward doing so.

Across the Americas, we also continued to see investors focus on environmental issues. We evaluate climate-related proposals case by case and look for boards to oversee climate-related risks, to determine mitigation measures, and to provide comprehensive disclosures where material risks are present. Many of the proposals that we evaluated asked companies to set and disclose greenhouse gas reduction targets, and we noted a trend toward more prescriptive requests in such proposals that dictated the pace of a company's climate transition strategy or asked a company to exit a business line. In many cases, companies receiving these proposals had already made progress in their disclosure, targets, and governance. We look for boards to have appropriate latitude to determine which risk mitigation strategies maximize long-term shareholder value.

Europe, the Middle East, and Africa

Boards in Europe, the Middle East, and Africa (EMEA) were particularly challenged in the first half of 2022, navigating the ongoing impacts of the COVID-19 pandemic, economic volatility, and the devastating impacts of Russia's invasion of Ukraine. Combined, these impacts contributed to inflationary pressure, leading to a cost-of-living crisis for consumers and pressures for businesses and governments. In Europe, managing energy supplies amid geopolitical uncertainty added further complexity to climate transition plans, which are coming under much greater scrutiny from investors. Finally, human capital management plans are being tested against higher expectations for managing diversity in boardrooms and employee populations and the need to attract and retain talent in the context of what has been called "the great resignation."

In the EMEA regions, our engagements in the first half of 2022 often focused on company responses to these rapidly evolving risks. We remain grounded in [our four global principles](#), seeking to understand how boards stay well-informed of such rapidly changing dynamics that affect strategy implementation and how they oversee relevant, material risks. In addition to reviewing acute economic and political risks such as those stemming from Russia's invasion of Ukraine, we continued

to advocate through engagement for enhanced oversight of long-term material risks such as climate change.

We also continue to advocate, through our engagement and votes, for independent and diverse boards, noting that further progress could be made in many boardrooms across the regions. In times of uncertainty and crisis, we believe that well-composed boards with independent judgment and diverse perspectives can offer the best guidance, support, and challenge to company management.

Key themes in 2022

Say on Climate

Following a breakthrough year in 2021 for [Say on Climate](#) proposals, which are management proposals related to a company's approach to climate strategy, more European companies submitted management Say on Climate proposals in 2022. The majority of these resolutions were put forward in sectors such as oil and gas, utilities, mining, construction, and financials, and they were seen at companies listed in the United Kingdom (Anglo American, Aviva, Barclays, BP, Centrica, Glencore, NatWest, Rio Tinto, Shell); France (Carrefour, EDF Group, Engie, TotalEnergies); Ireland (Kingspan Group); Italy (Atlantia); Norway (Equinor); Spain (Iberdrola, Ferrovial, Repsol); Switzerland (Holcim, UBS); and South Africa (Sasol).



The number of management Say on Climate proposals doubled in the first half of 2022 versus the same period in 2021, reflecting the traction that the concept gained in the market. After careful analysis, the Vanguard funds supported all the proposals submitted in the EMEA region. The proposals generally drew high levels of support from shareholders. We engaged with companies to better understand their approaches and encourage improvements in reporting over time, while still supporting disclosures that showed appropriate risk governance and progress in risk management. Vanguard published a [Policy Insight](#) outlining our perspectives on governance and disclosure that are useful when a company seeks to hold a Say on Climate vote.

The Vanguard funds did not support climate-related proposals submitted by shareholder groups at companies including Shell, BP, Equinor, and Total, as we considered the requests to be overly prescriptive given the actions and disclosures already implemented. The proposals drew lower levels of investors' support in 2022 than in 2021.

Board composition

We stayed focused on board composition in Europe, considering regional regulation and norms and aligning with [our updated views](#) of boards in the region for 2022. A recently approved European Union Directive on improving gender balance among nonexecutive directors of listed companies sets a target for EU companies to reach 40% of the underrepresented sex among nonexecutive directors and 33% among all directors. We therefore expect to see a continued focus on board gender diversity practices across all European markets over the coming years as member states transpose the requirements into national law.

France, Norway, and Italy have binding quotas in place related to board diversity.³ In the U.K., the proportion of women on FTSE 100 boards tripled in the last 12 years (from 12% in 2010 to 36% in 2022), and the FTSE Women Leaders Review published its first report setting out the state of women's representation on boards and making new recommendations to encourage British companies to build on their progress, including that:

- The voluntary target for FTSE 350 boards and for leadership teams is raised to a minimum of 40% women's representation by the end of 2025.

- FTSE 350 companies should have at least one woman in the chair or senior independent director role on the board and/or one woman in the chief executive officer or finance director role by the end of 2025.⁴

We contacted all the companies that are falling behind the market standard on gender diversity in the FTSE 350, and we frequently discussed board diversity-related topics with companies across Europe. Consistent with our proxy voting policy, we expressed our concern with a lack of progress addressing identified risks related to board composition. The Vanguard funds did not support the election of directors of 45 companies.

We observed increases in the level of ethnic diversity on U.K. boards this year, and [an update to the Parker review](#) published in March showed all companies in the FTSE 100 either meeting or committing to meet the voluntary requirement.⁵ FTSE 250 boards are expected to appoint at least one ethnic minority representative by 2024; this was a frequently discussed topic during our engagements with FTSE 250 companies.

We continue to monitor developments involving gender and ethnic diversity of companies in our portfolio and encourage companies to commit to boardroom and leadership diversity.

³ [Gender Diversity in UK Boardrooms Struggles to Keep Up With European Counterparts](#), Deloitte UK press release, February 1, 2022.

⁴ [FTSE Women Leaders Review: Achieving Gender Balance](#), February 2022.

⁵ [Improving the Ethnic Diversity of UK Boards: An Update Report From the Parker Review](#), March 16, 2022.

Russia's invasion of Ukraine

Russia's invasion of Ukraine has caused tragic loss of lives and a humanitarian crisis. The political, social, and economic ramifications are still unfolding. For companies exposed to Russia, either directly or through their value chain, we sought to better understand how they govern risk and how they were making decisions in this evolving environment. We identified several key risks—such as energy shortages, supply chain disruptions, sanction rules, and potential expropriations or write-offs—that we discussed with companies.

Through our engagement, we identified that companies with direct exposure to Russia could broadly be put into three categories:

- Companies with continuing operations in Russia and no plans to divest or restrict investment. These companies, such as producers of pharmaceuticals, sometimes presented compelling arguments for why they were continuing operations given the critical nature of their products and services.
- Companies that froze investment or pulled out of the market. While maintaining awareness of reputational impacts, companies in this category often worried about potential reprisals for local employees as well as the risk of claims for damages and contractual penalties that could damage shareholder value.

- Companies from regions where the conflict might play a less important role and where reputational risks in this context are less pronounced. During engagements with these companies, we reviewed how the board was assessing the reputational risk to the company in all markets in which it operates as well as the risk that global sanctions would affect its suppliers or customers.

Regional highlights

United Kingdom

Executive pay continued to take center stage at U.K. annual general meetings in 2022. In particular, there was a strong focus on the need to attract and retain talent. Companies operating and recruiting from a global talent pool noted the increasing difficulty of navigating U.K. expectations that are constrained by regulations, market norms, and wider stakeholder expectations versus the U.S. pay landscape, where overall higher pay is generally tolerated. Although, compared with 2021, there were fewer pandemic-related overall adjustments to pay, we did see some carryover pay-related issues, particularly in the consumer sector.

We reminded boards about the Vanguard funds' focus on aligning executives with the goal of delivering sustainable, long-term returns for investors. Our overall support for "Say on Pay" votes remained relatively consistent with the prior

year—unsurprising given the continued trend of pay outcomes that did not always reflect performance in a challenging environment. Sometimes this resulted from simple disconnects, such as failing to realize a financial recovery from the pandemic before paying bonuses or deciding to allow long-term incentives to vest based on discretion rather than on performance. In other cases, boards used discretion in a way that was clear and transparent and aligned to delivering long-term value. We saw an increasing number of companies incorporate ESG metrics into their remuneration plans, in particular environmental and social measures. During consultations, we reiterated [our view](#) that these metrics, if used, should be treated with the same rigor as financial metrics and should demonstrate a strong link to strategy. We challenged companies where we did not see distinct metrics or targets related to the ESG component, or where the link to their long-term strategy was unclear or undisclosed.

In many cases, succession planning was delayed because of the pandemic, as the focus shifted toward retention, stability, and recovery, with some boards favoring "in person" hiring rather than using a predominantly virtual process. As we emerge from the pandemic, we saw board refreshment plans being reactivated with renewed vigor.

Although diversity trends showed positive momentum, we continued to engage with companies where we saw room for further improvement and/or disclosure. Our engagements also saw some boards looking to expand their traditional pool of candidates so that a more diverse slate could be considered.

Continental Europe

Germany and Switzerland

In Germany, companies were required to gain shareholder approval for their remuneration reports for the first time as a result of the implementation of the EU Shareholder Rights Directive (SRD II). While we did not identify a significant number of clear pay–performance disconnects, we found some instances where disclosure was insufficient or where we had other significant concerns about structural features that did not align pay with long-term performance. In cases where we voted against the remuneration report, we will engage with selected companies in the second half of 2022 to provide feedback. We also commented on the consultation for the proposed updates to the German Corporate Governance Code that took effect June 27, 2022. The revised code incorporates legal changes and best-practice updates regarding board oversight of sustainability risk, among other topics.

In Switzerland, where gender quotas for boards are not yet mandatory, we found that a larger number of boards lagged their European peers in diversity practices and disclosure. We withheld support for director nominees in instances where we had concerns regarding the company's approach to, or disclosure of, board composition.

Italy

A distinctive feature of corporate governance in Italy is the so-called slate voting or list voting system for electing the board of directors every three years. We have seen an increasing number of outgoing boards take the initiative to present a list when the mandate comes up for renewal. In other instances, typically for controlled or non-widely held companies, slates are submitted by the strategic shareholders (e.g., founders, controlling holders, government-related entities, or shareholder pacts). In all cases, some seats are reserved for directors appointed by minority shareholders. The Vanguard funds have generally supported slates put forward by the outgoing board or by minority institutional investors, which we usually see as well-positioned to represent the interests of the Vanguard funds and ensure independent oversight.

Overall support by the Vanguard funds for remuneration proposals in Italy increased slightly compared with the previous year. The funds approved a majority of remuneration policies and reports, though we voted against more proposals in Italy than in most other European markets. Key concerns for withholding support were about the structures of incentives and awards, the clarity of disclosures, and the alignment between executive pay outcomes and company performance.

Nordic region

In Sweden, Finland, Denmark, and Norway, we noted that many companies continued to disclose limited information about their incentive plans and targets. We engaged with companies to encourage them to provide more disclosure.

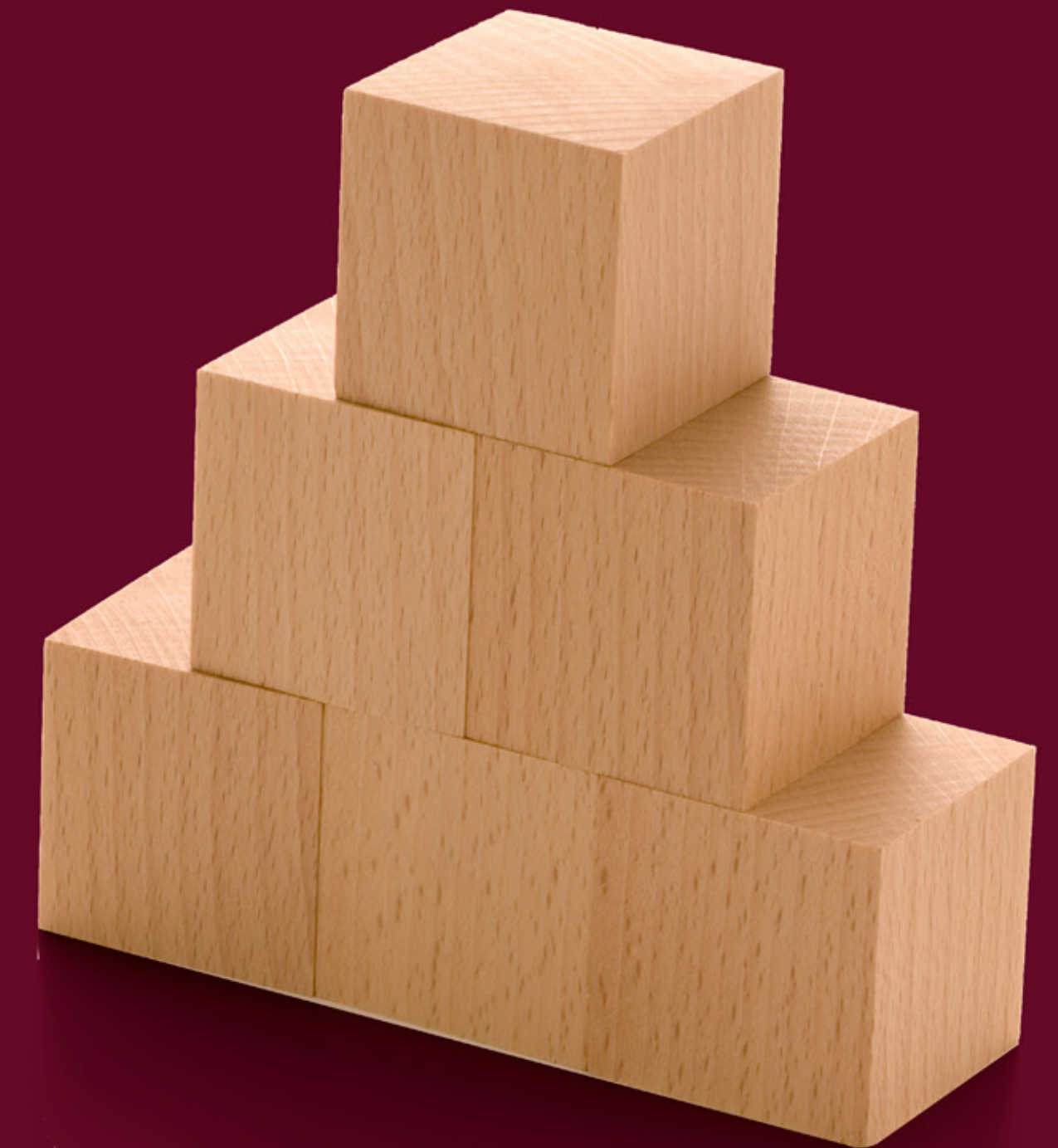
We also engaged with several Nordic companies proposing the election of directors in a single bundled slate rather than individually, as the latter process reduces shareholder rights. Some companies expressed a preference for electing boards as a team with an assessment of backgrounds and skills on an aggregate rather than individual basis. We will continue to monitor corporate governance trends in the Nordic region, to stay abreast of evolving market standards, and to advocate for shareholder rights and disclosure.

The Netherlands

We are closely following the substantial proposed revisions to the Dutch Corporate Governance Code published in February 2022, which is focused on long-term value creation, diversity and inclusion, and the role of shareholders. On remuneration, this was the third year that shareholders of Dutch-listed companies could cast an advisory vote on the remuneration report. We found large disparities in disclosure, with some companies providing thorough disclosure and others providing only minimal disclosure of performance criteria and plan structures, leading us to vote against a number of proposals, as we believe that thorough disclosure of pay-and-performance alignment is critical to all investors to make informed decisions on support for compensation plans.

Middle East and Africa (MEA)

Despite a shift over the last few years toward governance reforms and improved reporting in the MEA region, opportunities remain for better corporate governance practices at many companies, including enhanced disclosure of board composition and diversity. We frequently observed limited disclosure about directors up for election and existing board composition, auditor appointments and fees, and bylaw amendments. Vanguard has been proactively engaging with companies in the region, specifically in Saudi Arabia, Kuwait, and the United Arab Emirates, to better understand any barriers to disclosure and to encourage improvement.



Australia and New Zealand

The first half of 2022 brought increased media and business attention to climate change and other sustainability issues in the region in light of Australia's federal election, which saw climate change as a key topic; the global energy crisis; and extreme weather events. Australia experienced record floods inundating significant population centers, barely two years after bushfires along the east coast and south of the continent.

In the energy sector, Australia's historical heavy reliance on coal-fired electricity generation has been tested by announcements of early plant closures, unscheduled outages, and significant corporate activity involving the country's largest utilities, as cheaper, low-emission renewable energy resources come on line or are planned. At the same time, the nation's large export-oriented oil and gas producers have accelerated production for global markets hungry for fossil fuels in a challenging global geopolitical environment.

Balancing these complex elements of the energy transition and physical impacts of climate change is challenging companies across all sectors of the Australian economy, as well as the newly elected federal government.

One decisive measure already introduced by the new government has been an uplift to Australia's 2030 emission-reduction target, to 43% below 2005 levels—a 15-percentage-point increase over the previous government's commitment and one that is more in line with commitments made by comparable economies. New Zealand, meanwhile, joined the countries introducing mandatory climate risk disclosures, with legislation requiring Task Force on Climate-related Financial Disclosures (TCFD)-level reporting for listed companies and certain other entities. The new standard is due to be finalized by the end of 2022 following extensive consultation and to take effect in financial reports issued from 2023 onward.

Oversight of strategy and risk arising from climate change and the rapidly evolving energy transition featured as engagement themes for Vanguard in the first half of 2022, and we expect this to remain the case as the main ASX and NZX annual general meeting season approaches. Our engagement on this topic led us to decide not to support Say on Climate reports for leading oil and gas producers Santos and Woodside at their May annual meetings (see page 29 for more information on these votes).

We also continued to monitor a range of high-profile public inquiries into corporate conduct in Australia's listed gaming sector and into workplace culture and conduct in the resources sector. The underlying issues in these inquiries will remain a key focus of our engagement program.

Our Australia and New Zealand proxy voting policy has been updated to formalize our approach to voting at ASX 300 companies that do not meet market norms for board composition related to gender diversity (as discussed in our inaugural Australia and New Zealand policy last year), and to provide more detail on our policy on director capacity and commitment (also known as overboarding).



Asia

Several Asian countries recently introduced governance standards aimed at safeguarding minority shareholders and improving governance practices. We have seen a push for greater board independence and diversity across the region, a push that we welcomed and have advocated for through [our global principles](#). In general, we see governance improvements occurring at a different pace in countries in the region as we continue to expand our engagement outreach.

Our engagements in Japan over the first half of the year focused on encouraging good governance practices such as board independence and composition. In Japan, many people stay at one company for their entire career. As a result, a significant number of directors are affiliated with companies they serve as nonexecutive directors, which decreases overall board independence. In the first half of 2022, the Vanguard funds did not support the reelection of directors at over 100 Japanese companies because of concerns about board independence.

Board composition is another area where Japan is trailing the global trend—not just in gender diversity, but also in international representation. Many large Japanese companies have global footprints but are overseen by boards composed solely of Japanese directors. Although we appreciate that there are cultural norms and language barriers to contend with, we have seen some companies make progress, and we continue to promote the benefits of a well-

composed board that includes diversity of skill, experience, and personal characteristics.

Japan saw a large uptick in shareholder proposals in the first half of 2022. The Vanguard funds voted on a record 227 shareholder proposals across 48 companies in Japan, up from 136 proposals for the same period last year. A potential explanation for this increase is the change in investor base, with companies seeing a shift toward more international and institutional investors with different views and expectations. 2020 was the first time we saw a shareholder proposal filed in Japan calling for disclosure of climate risks, and this year was the first time this type of climate-related proposal was filed by foreign institutional investors. The landscape in Japan appears to be changing, with shareholder activism on the rise.

In South Korea, there were revised rules for corporate reporting aimed at enhancing the safeguarding of minority shareholders in case of corporate restructures and requiring disclosure of a CEO succession policy and related party transactions. Effective May 2022, companies must consult shareholders before deciding on a spin-off or merger and must disclose measures to safeguard shareholders from potential losses. These developments are positive, but we continue to see marketwide issues resurface involving directors' misconduct. During the first half of 2022, the Vanguard funds did not support the reelection of several directors because of concerns related to criminal convictions.



Independent oversight was on the radar of regulators in Malaysia and Singapore, where independent directors' tenure and board independence requirements were embedded into the listing rules. Board diversity was also a focus. The Malaysian stock exchange now requires companies to appoint at least one woman to their board. In Hong Kong, companies now must appoint at least one director of a different gender, as well as disclose diversity targets, and they have a three-year transition period in which to implement this.

Along with individual company engagement, we took part in "one-to-many" engagements and other advocacy activity in various Asian markets as we worked to share our perspectives on good governance practices with portfolio companies and other stakeholders. We remain involved in the Asian Corporate Governance Association and participate in its Japan Working Group, among other initiatives.

During the first half of 2022, we also took part in three events hosted by proxy solicitors—two in Taiwan and one in Japan—where we spoke

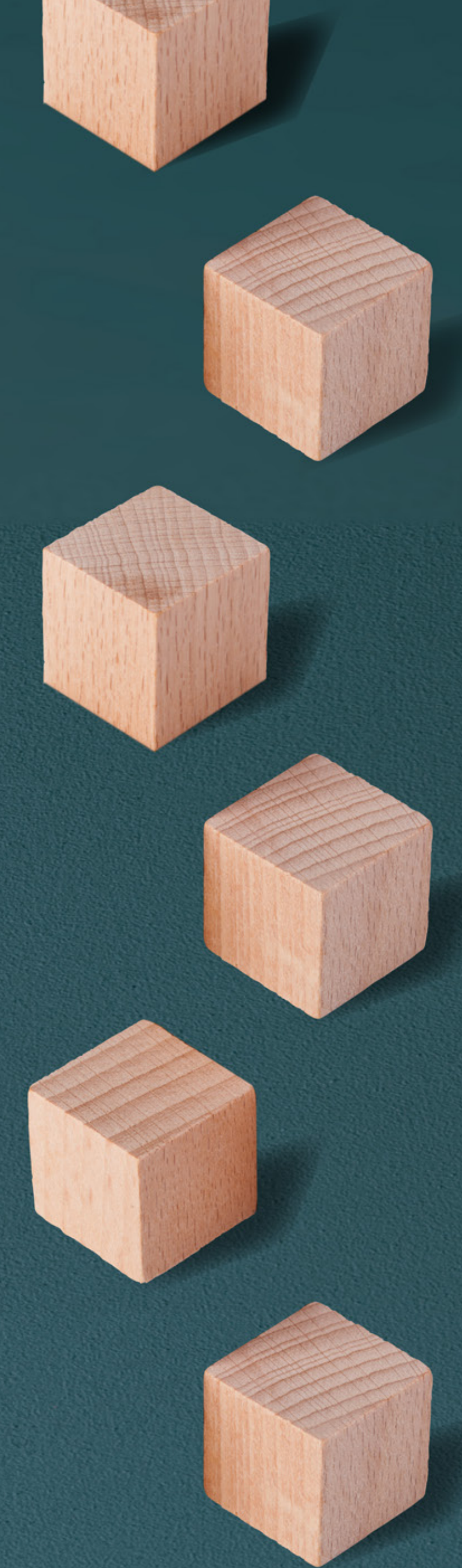
with company directors, investor relations, and management about Vanguard's Investment Stewardship program in order to broaden our engagement with issuers in the region. It has historically been difficult in Asian markets for investors to gain access to independent non-executive directors, so we used these events as an opportunity to explain why we want to engage with them and advocate for companies to provide access. We have seen some companies become more willing to allow independent nonexecutives to engage with shareholders, but that willingness is still limited. We will continue to push for this, as independent directors are key in representing shareholders' interests.

Case studies

The case studies on the pages that follow illustrate how Vanguard's Investment Stewardship program advocates for sound governance practices and policies in boardrooms around the world. We recognize the importance of providing this information to investors in the Vanguard funds, as well as to portfolio company directors and other stakeholders.

Constructive engagement—on a wide array of governance issues and often done over multiple years—is a foundational element of our stewardship program.

The case studies are organized around Vanguard's four principles of corporate governance: board composition and effectiveness, oversight of strategy and risk, executive compensation, and shareholder rights. Within these sections, the case studies focus on key governance topics that can drive long-term shareholder value creation for the Vanguard funds.



Board composition and effectiveness

Proxy contest for board renewal at Italy's Assicurazioni Generali

Assicurazioni Generali is one of the largest insurance companies in the world, with headquarters and a strong presence in Italy as well as operations elsewhere in Europe and globally. In the lead-up to its 2022 annual general meeting, at which the board and CEO mandates were to be renewed under the standard three-year cycle in the market, a proxy contest unfolded. Tensions in the boardroom had started to emerge, with Generali's second-largest shareholder voicing alternative views on the company's strategic direction and questioning the current CEO's suitability.

Ahead of the vote, members of Vanguard's Investment Stewardship team engaged with both leaders of Generali and with representatives of the dissident shareholder. We listened to each side's arguments and sought to better understand their perspectives.

The outgoing board, backed by the largest shareholder, was proposing a slate that included a new chair, a mix of new and tenured candidates, and reconfirmation of the current CEO to continue executing the strategy presented a few months

earlier to the market. The outgoing board was proposing management stability and strategic continuity while introducing elements of renewal in the boardroom. Generali leaders pointed to their track record in delivering on strategic objectives, discussed added expertise and areas of focus, and provided responses to some of the dissidents' critiques.

The dissident group argued that Generali had become less competitive and that the company had greater upside potential to unlock value, but that it needed a new vision, leadership team, and corporate governance reform to realize it. The group put forward a list of outside board candidates and an internal candidate to replace the current CEO. They expressed confidence in their projections that acceleration of certain projects, selected strategic shifts, and focused implementation would deliver higher returns sooner than the existing plan. They pointed to the profiles, qualifications, and backgrounds of the proposed candidates to oversee this change.

Reflecting on the insights from these engagements, we applied our framework for evaluating proxy contests to inform our vote decision. We considered

that certain elements of the dissident's argument had merit and were a reasonable challenge to the incumbent approach, but we were not persuaded that the group had made a sufficiently compelling case for major change considering Generali's overall performance, results, and governance structure.

We concluded that supporting the outgoing board's proposals was in the best interest of the Vanguard funds.⁶ We recognized that, as per Italian governance rules, the dissident would have an opportunity in any case to elect some directors to the board, contributing to management oversight and debate in the boardroom without introducing elements of risk and uncertainty potentially detrimental to shareholder value creation.

The outcome of the election, which saw the outgoing board slate receive majority support, was a board with more independence, more gender diversity, a lower average age, an appropriate mix of skills and expertise, high international experience, and an appropriate balance of institutional knowledge carried by tenured Generali directors plus board refreshment with new candidates.

⁶ Vanguard's Investment Stewardship team is responsible for engagement with portfolio companies and proxy voting at the direction of the boards of our internally managed global equity holdings, including Vanguard index funds. Investment stewardship activities, including proxy voting, for Vanguard's externally managed active funds are supported by those funds' external advisors. See the final page for more context.

Board composition and effectiveness

Improved board composition at Acadia Healthcare

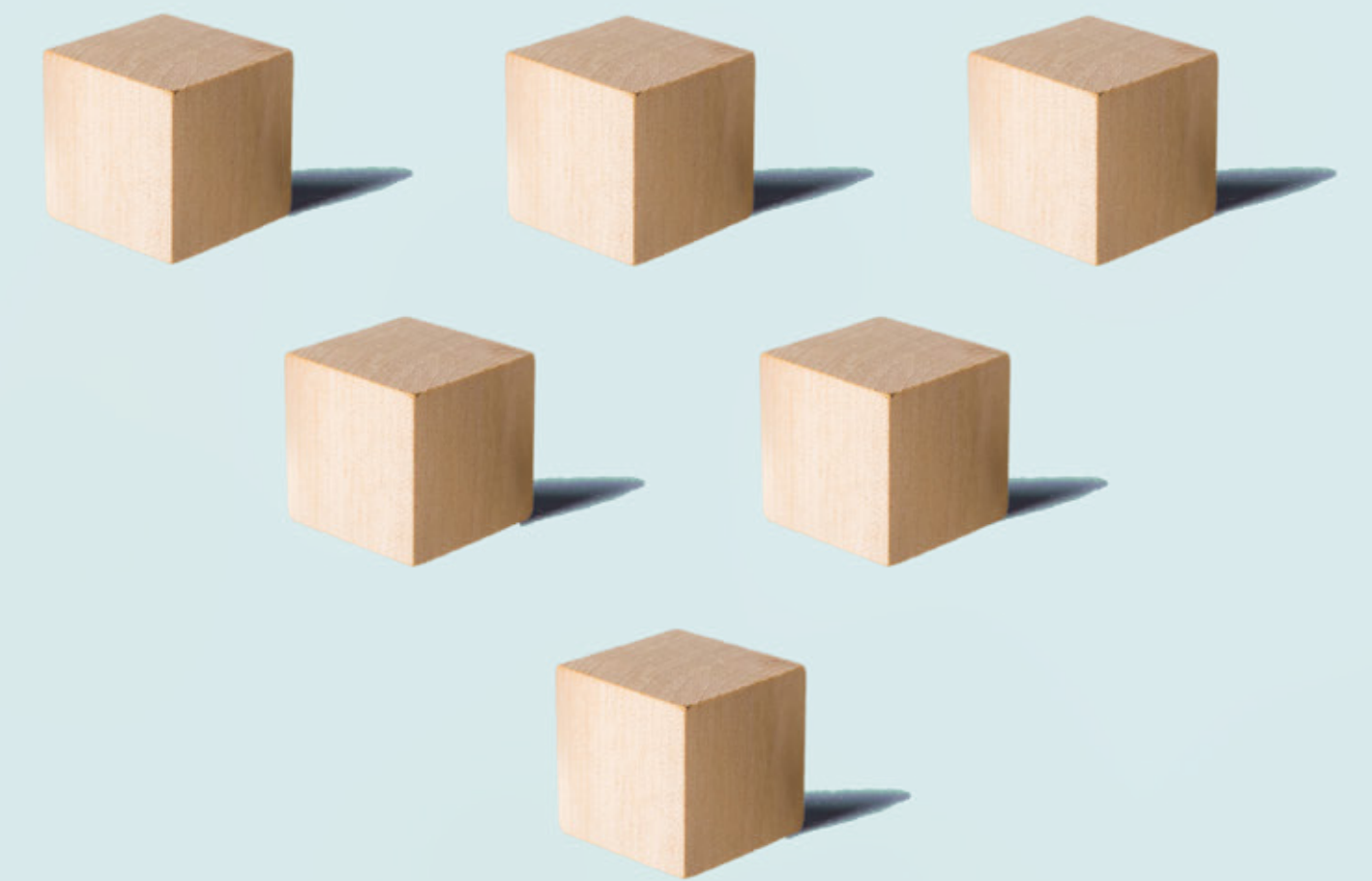
U.S.-based Acadia Healthcare provides behavioral health care services. While researching board composition, our Investment Stewardship team identified Acadia's board as lacking ethnic or minority representation.

The Vanguard funds look for boards that reflect a diversity of backgrounds, skills, and personal characteristics in the boardroom. We believe that having a range of perspectives meaningfully contributes to a board's ability to serve as effective, engaged, independent stewards of shareholders' interests. As a result, Vanguard has, for a number of years, encouraged companies to intentionally pursue board composition and refreshment with an eye toward achieving an appropriate mix of perspectives that best serve long-term shareholder interests. The Vanguard funds have also worked to engage with companies where we see indicators that board composition—including gender, racial, and ethnic diversity—falls behind market norms and expectations. In those cases, we considered withholding support for nominating committee chairs or other relevant directors to express our concerns about the lack of progress.

We do not advocate for, nor believe in, a one-size-fits-all approach to board diversity. We do not set quotas nor prescribe specific approaches absent regulatory requirements or other market norms. Instead, we look to understand the full nuances of each portfolio company's approach to board composition and its progress toward achieving its objectives. At the same time, we continue to advocate for changes that reflect our view that well-composed boards are in the best interests of long-term shareholders.

We engaged with Acadia Healthcare to better understand the company's approach to board composition. Through that engagement, Acadia's leaders were able to share a public filing stating their commitment to appointing a director from an underrepresented minority group no later than August 30, 2022. By the end of June 2022, Acadia had followed through on this commitment through its most recent addition to the board.

After assessing Acadia's public commitment to improve its board composition as part of our analysis for Acadia's annual general meeting, the Vanguard funds supported the election of the company's board nominees.



Board composition and effectiveness

A lack of responsiveness to shareholder concerns at Natera

At the 2021 annual meeting for Natera, a U.S.-based biotechnology company, the Vanguard funds did not support the reelection of the lead independent director, in part because he served on five public company boards, which raises concerns about a director's capacity to dedicate the requisite time and attention to effectively carry out their responsibilities at each company. That number of director commitments falls outside the Vanguard funds' director overboarding policy. A majority of shareholders also voted against the director's reelection.

Despite shareholders' 2021 opposition, Natera decided to continue the director's service. And that director's public board commitments actually increased in 2022. As a result, at this year's annual meeting, given our concerns about the oversight of director election and appointment, the Vanguard funds withheld support from the nominating committee chair as the person responsible for nomination best practices.

When a director stays on a company's board despite failing to win majority shareholder support at the prior year's meeting (a case known as a "zombie director"), the Vanguard funds may withhold support from the nominating committee chair. Although we recognize that Natera acknowledged the prior year's vote in its 2022 proxy statement, our research and analysis found that the statement did not fully address the underlying concerns that drove the lack of support for the director.

Effective corporate governance requires that boards and management serve in the best interests of the shareholders they represent. Investors' ability to elect company directors is critical to ensure this alignment of interests. The Vanguard funds will encourage a company to replace or remove a director who fails to draw more than 50% of shareholder votes. In the rare event that a director continues to serve despite an unfavorable vote outcome and board refreshment is not an option, we look for companies to be sufficiently responsive to shareholders by addressing the underlying issue(s) that drove the lack of support for that director.

Board composition and effectiveness

Engagements and votes at Ferrexpo on board composition, risk oversight

Over the past several years, Vanguard's Investment Stewardship team have regularly engaged with board directors and company leaders of Ferrexpo, a U.K.-listed, Swiss-based commodity trading and mining company with operations in Ukraine. Ferrexpo is one of the world's largest exporters of iron ore pellets.

Our recent discussions have covered the impact of Russia's invasion of Ukraine on the company, its operations, and its workforce. Previously, we have focused on corporate governance, board composition and independence, and risk oversight concerns. We have also engaged with the company on a range of governance topics such as charity funding and donations, the resignation of an auditor, and investigations into alleged wrongdoing by the former CEO and related governance issues.

We discussed the company's response to those issues, including board changes and improvements in internal policies, processes, and controls. We

raised concerns about board composition and independent oversight, and we encouraged improvements in governance to ensure strong oversight, as well as clarifications in public disclosures to provide more context and background to the market.

Our votes at the last three annual general meetings reflected some persistent concerns regarding governance, risk oversight, and disclosure, while recognizing gradual progress and responsiveness to shareholders' feedback.

At the 2020 meeting, the Vanguard funds voted against approving the remuneration report and reelecting the former CEO. We had previously questioned his presence on the board, the consultancy fees paid to him, and the reputational risks and scrutiny as a result of the ongoing investigations. Because issues persisted, we did not support the reelection of the board chair and of the senior independent director (SID), given our governance and risk oversight concerns.

At the 2021 meeting, the funds supported the election of a new board chair, after the company described a rigorous appointment process and justified the reasons for a non-independent chair. The funds did not support the reelections of the former CEO and the SID, given their continuing presence on the board. We encouraged Ferrexpo to address shareholder feedback about board composition and about the person best placed to effectively carry out the SID's oversight role.

At the 2022 meeting, the funds continued to withhold support for reelecting the former CEO. We encouraged the company to improve its disclosures. At the same time, we noted improvements in governance and risk oversight, including the appointment of another board member as the SID. The Vanguard funds supported reelecting all directors other than the former CEO.

Oversight of strategy and risk

Climate-related lending proposal put forth at Bank of Montreal

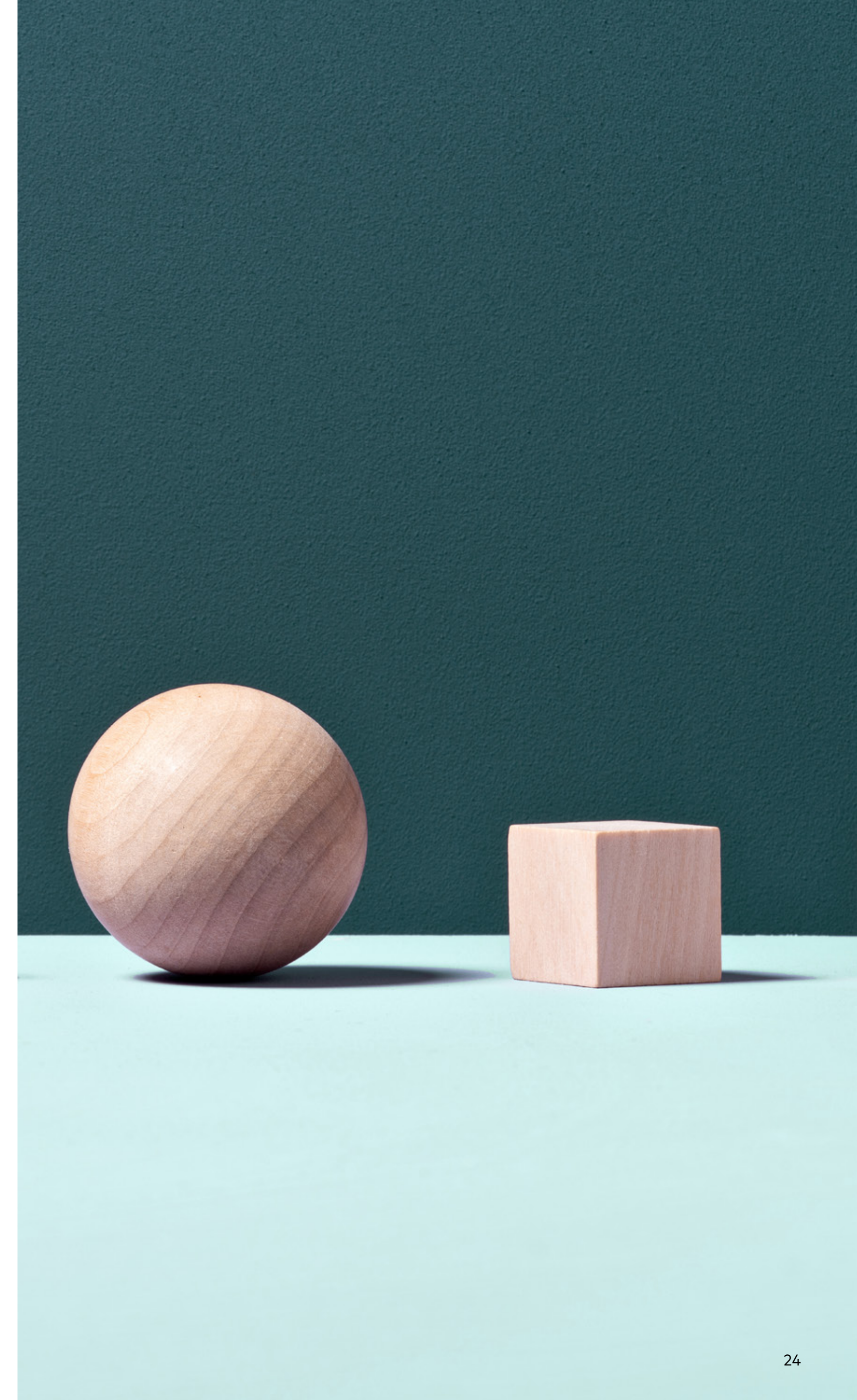
Bank of Montreal is a Canada-based diversified financial services company. We have engaged with company leaders multiple times in recent years and have discussed various topics, including shareholder proposals and oversight of environmental risk.

In our most recent engagement, we met with company management to discuss a shareholder proposal that asked the company to adopt a policy that would ensure that Bank of Montreal's financing activities would not contribute to new fossil supplies, consistent with the International Energy Agency's (IEA) Net Zero Emissions by 2050 scenario. We evaluated this proposal as we do all climate-related proposals—case by case with an eye toward understanding how boards oversee climate-related risks, enact mitigation measures, and provide comprehensive disclosure where material risks are present. We do not seek to dictate company strategy, and we have no objectives beyond safeguarding shareholder value.

During our engagement, Bank of Montreal executives mentioned the company's public commitment to decarbonization and other efforts the company had underway. As part of that commitment, it disclosed Scope 1 and 2 intensity targets for its business with that sector along with a Scope 3 absolute emissions reduction target. The company had not committed to the IEA's Net Zero by 2050 pathway.

The company also took the opportunity during our engagement to explain how its board of directors is educated about climate risk on an ongoing basis. This discussion complemented the company's TCFD report and other disclosures.

As mentioned, the Vanguard funds do not seek to dictate company strategy or operations, including strategy or operations related to climate matters. This proposal, if fully implemented, would have precluded Bank of Montreal from doing business with certain types of clients or under certain circumstances. The Vanguard funds did not support the proposal, which received just 7.5% support.



Oversight of strategy and risk

Say on Climate, risk oversight, and hedge fund activism in the U.K.

In recent months, we've observed a small increase in hedge fund activism targeting companies with significant exposure to climate risk. These campaigns generally aim to effect strategic change, typically through divestment or spin-offs to unlock value creation. In the U.K., examples of such campaigns occurred at the utilities firm SSE and the multinational commodities company Glencore.

In September 2021, Elliott Management, a U.S.-based activist fund, increased its ownership in SSE and began advocating for the company to spin off its renewables business. Elliott's rationale was that the proposed separation would unlock value for shareholders by attracting ESG-focused investors to the pure-play renewables firm. Elliott intensified its campaign in December 2021, publishing a letter to the SSE board chair in which it criticized the company's strategy and governance. The activist made several recommendations, including the appointment of two new independent directors with renewables experience. SSE's board rejected

Elliott's proposal because it did not consider it to be in the long-term interest of shareholders. Elliott has since ceased its campaign.

Vanguard has engaged with the SSE board chair twice in recent months to discuss multiple topics, including board composition and risk oversight. We were comfortable with the company's board succession process and its plans for board refreshment. With respect to climate risk mitigation, Vanguard supported an advisory proposal to approve SSE's net zero transition report at the 2022 annual meeting. We did, however, provide feedback to the chair on potential areas for improvement in the company's disclosures.

At Glencore, another activist has been calling for strategic change. Since November 2021, London-based hedge fund Bluebell Capital Partners has been urging Glencore to spin off its thermal coal business for both environmental and financial reasons. Bluebell asked other investors to vote against Glencore's Say on Climate proposal at the 2022 annual meeting to signal to the board that a change in strategy was desired. Vanguard

engaged separately with Glencore's leaders and the activist to explore this topic from a risk oversight perspective.

We shared our concerns regarding climate risk mitigation disclosure with Glencore leaders, including our perspective that they could provide more clarity on board-level oversight of climate-related risks, better disclosure on how the company plans to achieve its climate targets, and more clarity on the company's lobbying activities (which appear to contradict its stated commitments). At the same time, we recognized that Glencore has demonstrated progress in its climate risk reporting. As a result, the Vanguard funds supported the company's advisory Say on Climate proposal. We will continue our dialogue with Glencore and monitor its risk oversight procedures and disclosures as its climate transition plans evolve.

Oversight of strategy and risk

Proposal seeks liquidation of Arlington Asset Investment

Arlington Asset Investment is a U.S.-based real estate investment trust specializing in mortgage and residential assets. Ahead of Arlington's 2022 annual meeting, the Investment Stewardship team engaged with members of Arlington's executive leadership. During the engagement, we discussed a shareholder proposal that recommended that the board of directors liquidate the company and distribute the proceeds to shareholders.

The proponent's statement of support cited the stock's underperformance, a lack of confidence in the company's strategic direction, and concerns regarding the board's leadership as drivers for submitting the proposal.

In our engagement with Arlington leaders, we discussed the board's role in overseeing company strategy and discussed board composition issues including directors' level of relevant expertise and skills. We asked about the board's approach to benchmarking and monitoring strategic and financial outcomes. We also sought to understand how the board considered potential benefits and risks to shareholders from a partial or full company liquidation.

Through our research and discussion with Arlington's leadership, we concluded that the current board had demonstrated sufficient oversight of company strategy, that the company had appropriate disclosures on oversight and board composition, and that directors were taking a thoughtful and deliberate approach to composing a competent and engaged board. We also concluded that the board was well-positioned to identify and manage future risk on behalf of investors. Furthermore, we recognized that the proponent's recommendation of liquidation carried meaningful risk to shareholders—including the potential of selling assets at deep discounts—that could ultimately undermine investment outcomes.

The Vanguard funds don't prescribe a company's strategy or operations but look instead for a strong board to oversee and advise management in carrying out such responsibilities. In this case, we found the shareholder proponent's recommended actions to be overly prescriptive and unwarranted based on our analysis and engagement with the company; therefore, the Vanguard funds did not support the shareholder proposal.



Oversight of strategy and risk

At Jack in the Box, a proposal for a sustainable-packaging report

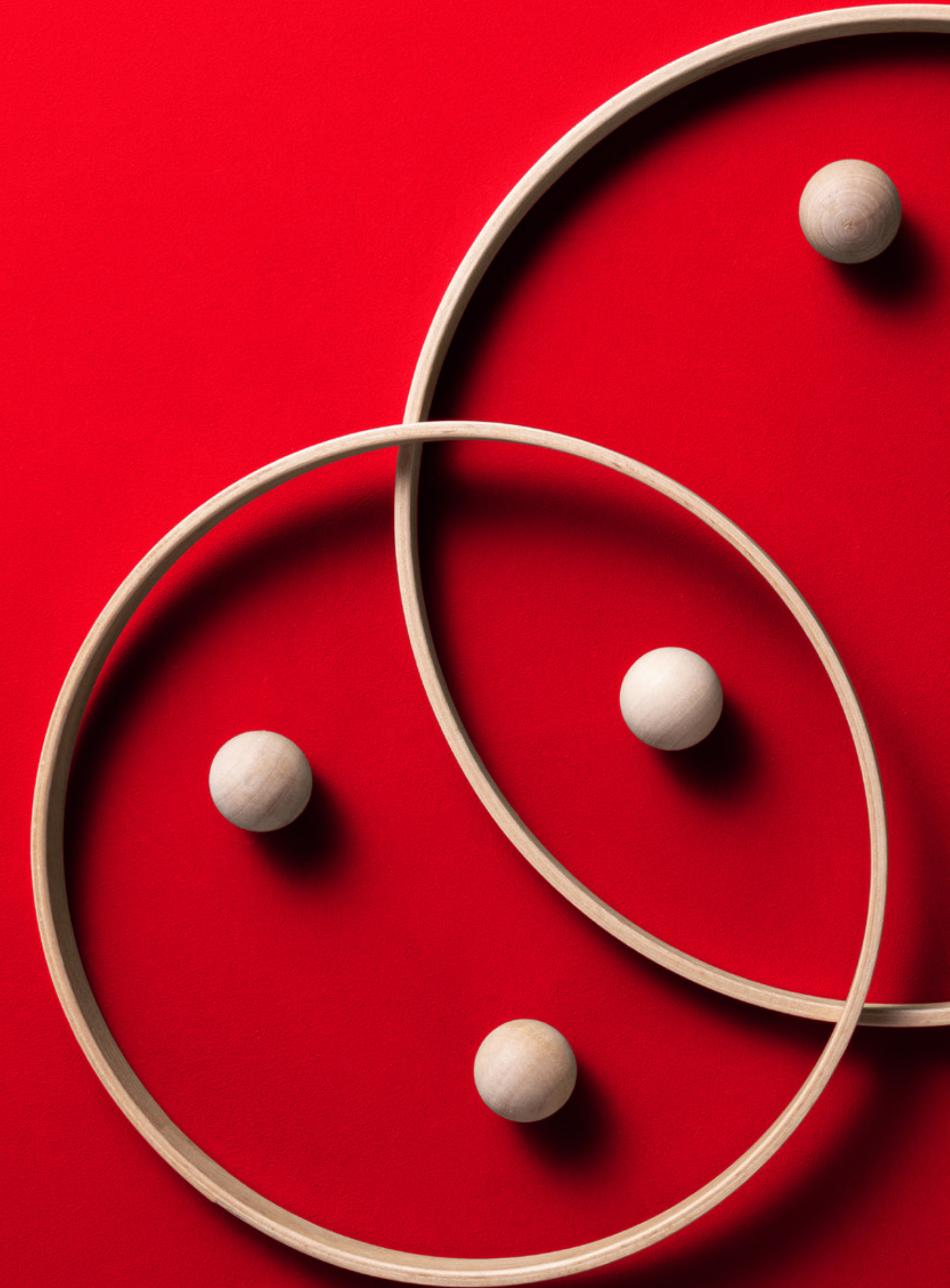
Jack in the Box is a U.S.-based quick-service restaurant chain that primarily serves the U.S. West Coast. At its 2022 annual meeting, the company received a shareholder proposal asking it to publish a report that discusses the benefits and feasibility of developing a sustainable-packaging policy.

Vanguard's Investment Stewardship team evaluates shareholder proposals case by case and seeks to understand whether a given proposal addresses a material issue relevant to the company, considering sector, geographic, and jurisdictional factors. The Value Reporting Foundation's Sustainability Accounting Standards Board (SASB) standards, which are widely accepted, state that food and packaging waste management is a material issue for the restaurant industry. In such circumstances, we look for disclosure to indicate that a company's board has oversight of the risk in question and provides transparency to the market on its approach to mitigating the risk.

Jack in the Box does not disclose a policy, activity, or goal related to sustainable packaging. We note that many of its competitors are publicly disclosing policies and enacting strategies for addressing sustainability concerns. In our assessment, the shareholder proposal addresses a material issue for the company and targets a gap in its disclosures. Importantly, we noted that the proposal asks "if and how" Jack in the Box might develop a sustainable-packaging policy, allowing company management the discretion to determine the appropriate strategy and execution of any policy.

Based on our research and findings, the Vanguard funds supported the shareholder proposal given the financial materiality of the risk and the company's lack of disclosures compared with peers.⁷ Ahead of the annual meeting, we sought to engage with the company to better understand the board's evaluation and oversight of the risk, but we did not receive a response. This shareholder proposal passed at the annual general meeting with 94.2% support.

⁷ Vanguard's Investment Stewardship team is responsible for engagement with portfolio companies and proxy voting at the direction of the boards of our internally managed global equity holdings, including Vanguard index funds. Investment stewardship activities, including proxy voting, for Vanguard's externally managed active funds are supported by those funds' external advisors. See the final page for more context.



Oversight of strategy and risk

Caterpillar receives proposal involving emissions targets

Caterpillar, a U.S.-based construction machinery company, received four shareholder proposals ahead of its 2022 annual meeting, including one that requested medium- and long-term greenhouse gas (GHG) targets aligned with the Paris Agreement's goal of maintaining the global temperature rise at 1.5 degrees Celsius and that sought disclosure of progress made toward achieving such goals.⁸

Caterpillar has set, and revised, its GHG emissions reduction targets several times since 2006. Its most recent targets, set in 2021, are to reduce Scope 1 and 2 emissions 30% by 2030, from a baseline year of 2018. Caterpillar says it does not currently have a Scope 3 emissions reduction target, explaining that factors affecting such emissions are largely outside the company's control. In its response to the shareholder proposal, the company indicated that its next sustainability report would clarify whether Caterpillar would set the specific targets requested by the proposal or provide a rationale for not doing so. The company also committed to including Scope 3 disclosures and using the TCFD framework in future sustainability reporting.

During two engagements leading up to the 2022 annual meeting, our team spoke with Caterpillar executives and an independent director about the company's GHG emissions targets and sought to understand its efforts to improve future disclosure. Notably, the board recommended voting in favor of this proposal, stating that such support would demonstrate its commitment to transparency in climate accountability.

The Vanguard funds supported the board's recommendation and voted for the proposal, which other shareholders also strongly endorsed, as it garnered over 95% support.

⁸ The Paris Agreement sets a goal of holding the increase in global average temperature to well below 2°C above preindustrial levels and pursuing efforts to limit the temperature increase to 1.5°C above preindustrial levels. It does not prescribe a single pathway to reach those goals. Rather, it is a binding international treaty that requires all countries to commit to, communicate, and maintain national-level greenhouse gas budgets to achieve the global temperature goal. The Vanguard funds do not dictate company strategy. As shareholders, the Vanguard funds seek to understand whether and how companies and their boards are planning for resiliency against the backdrop of this stated policymaker goal. We believe that boards are responsible for determining risk mitigation approaches to maximize shareholder value in their companies and planning for an uncertain future. Where there are legally binding or government-designated budgets for different industry sectors associated with the agreement, we believe companies should disclose how their targets and strategies are appropriate in the context of those factors.

Oversight of strategy and risk

Climate-related and other proposals at Santos Limited, Woodside Petroleum

At the annual meeting of Santos Limited, Australia's second-largest oil and gas producer, the Vanguard funds did not support a management Say on Climate proposal.

The funds also did not support three shareholder proposals that asked the company to:

- Disclose information about how it would facilitate the efficient managing down of oil and gas operations and assets.
- Cease all lobbying activities that contradict the conclusions of the International Energy Agency and the Intergovernmental Panel on Climate Change on 1.5 degree Celsius alignment, including advocacy relating to the development of new oil and gas fields.
- Disclose analysis of the useful life of all assets using various climate scenarios, and disclose audited provisions for decommissioning on an asset-by-asset basis.

In our ongoing discussions with the Santos board before the 2022 annual meeting, the board outlined the company's emissions targets, road map to net zero operational emissions by 2040, reliance on

carbon capture and storage, approach to Scope 3 greenhouse gas emissions, and carbon pricing and scenario analysis, as well as the evolution of executive remuneration to reflect the company's strategy.

We sought to better understand the company's approach to managing the energy transition and its reasons for not setting reduction targets on its Scope 3 emissions, which account for almost 90% of its total emissions and appear to represent a significant area of material risk exposure for the company.

While recognizing the challenges the company faces in setting targets that account for developing technologies, we had concerns whether the company's disclosed risk mitigation approach was adequate to underpin a request for shareholder support of the transition plan at this time. We determined it was not in the best interest of our funds' investors to approve a report that failed to comprehensively address the company's most significant area of material climate risk in a meaningful way. ([Read more](#) about votes at Santos' annual meeting.)

At Woodside Petroleum, the Vanguard funds supported a merger announced in September 2021 between the company and the petroleum assets of BHP Group Limited. However, the funds did not

support a slate of proposals similar to those that Santos received, including voting against Woodside management's Say on Climate proposal.

In reviewing Woodside's published climate transition plan and reflecting on our engagement, we noted that supporting evidence was insufficient to back the company's claims of alignment with the Paris Agreement goals. We considered Woodside's disclosure regarding its approach to Scope 3 emissions as inadequate and incomplete.

There has been no apparent substantial change in Woodside's approach to Scope 3 emissions since it committed to a Say on Climate vote last year. The lack of disclosed targets for addressing a material risk limits shareholders' ability to contextualize the details of the plan and to understand and price the risk appropriately. While recognizing Woodside's initiatives to address Scope 3 emissions and the challenges in setting targets that account for developing technologies, we questioned whether its disclosed risk mitigation approach was adequate to underpin a request for shareholder support for the climate report at this time. ([Read more](#) about how the Vanguard funds voted at the Woodside annual meeting.)

Oversight of strategy and risk

Social risk management is topic of discussion with Foxconn

Hon Hai Precision Industry (trading as Foxconn) is a Taiwanese multinational contract electronics manufacturer and one of the world's largest electronics producers.

For many years, the company has faced controversies over labor and human rights issues ranging from excessive overtime to worker suicides and allegations of forced labor. We engaged with the company in 2021, focusing on the board's risk oversight role, particularly on social issues, where it seemed that the company had made progress in how it monitors those risks. We engaged again in February 2022 to follow up on that progress.

The company was candid in discussing challenges stemming from its complex supply chains and from operating in regions with low labor standards and/or a lack of legal protection for workers. The adoption of Foxconn's Code of Conduct by downstream suppliers has been limited in certain areas, and the company has had to adapt its code to different cultural norms. But the company expressed confidence that it now has structures in place to promote best practices across its global operations and to address potential problems. It reiterated that Foxconn's chairman is spearheading the company's environmental, social, and governance

efforts and that the company is committed to communicating openly with investors about these issues, much more than in the past.

Foxconn identified areas that need improvement, including more robust disclosure of its policies on managing risks related to social issues in both the company's own operations and its supply chain. The company also explained that it intends to set targets for addressing social risks, similar to its recently set environmental targets that include the ambition to reach net zero emissions by 2050. Foxconn explained that it did not identify any forced labor issues on its sites. The company also shared an example of how it identified some workforce issues through its risk oversight processes and what it had done to remedy them.

We recognize the complexity of monitoring the treatment of over a million employees and a complex supply chain, so we appreciated learning about the evolution of Foxconn's corporate culture and its approach to discussing with investors the risks associated with working conditions. We welcomed the company's frank communication about the challenges it faces and the improvements it seeks to make, and we look forward to seeing how Foxconn demonstrates its ambitions through increased disclosure of social risks and by operationalizing its new policies and practices to manage those risks.



Oversight of strategy and risk

System failures spark concerns about oversight at Mizuho Financial Group

Ahead of the 2022 annual meeting of Mizuho Financial Group, Vanguard engaged with three independent nonexecutive directors at the Japanese financial services company to discuss its response to recurrent system failures at Mizuho Bank, the company's subsidiary banking unit, that had drawn significant media attention and concern from shareholders and customers.

Over 18 months, there were 11 incidents in which system failures disrupted Mizuho Bank ATMs or affected online accounts. In one incident, nearly 80% of its ATMs were disrupted and customers could not carry out transactions. Retail customers were not the only group affected; in one incident, corporate customers' foreign currency remittances worth about \$411 million were delayed, resulting in the Japanese Financial Services Agency issuing a business improvement order to prevent systems failures from recurring. The president of Mizuho Financial Group resigned at the end of 2021, taking responsibility for the failures. An improvement committee was also established.

Our engagement with company leaders focused on the effectiveness of the company's remedial actions and the board's risk oversight of information technology and systems failures. The directors provided a candid overview of the steps taken to address the system failures, the remedial actions that had been implemented, and how the board oversees the risks at both the group level and Mizuho Bank. The board established a special committee, composed of external independent advisors, to identify the cause of the system failures, and a board committee to respond to the ongoing failures and monitor remedial actions. Furthermore, information technology expertise has been added at both the board and executive levels in the subsidiary companies, and succession plans are in place to add experience in operational risk scenarios to the board of Mizuho Financial Group.

Grievance mechanisms and whistleblowing systems also form an important part of preventing failures, but the board members we spoke with acknowledged that having such systems in place is not enough. Organizational culture is just as important, and this shift needs to come from the

top down. The company shared with us a number of initiatives in this area being spearheaded by the board and the newly appointed CEO.

Given the changes made to the company's risk oversight and the board's transparency on the remedial actions taken thus far, the Vanguard funds supported the reelection of the board chair and the heads of the audit and nomination committees. However, the funds did not support the reelection of a director who heads the risk management group, because of our concerns about repeated large-scale system failures and the lack of sufficient risk oversight. Approximately 32% of shareholders did not support this director's reelection. A number of other directors also drew significant dissent at the annual meeting. We will engage with the company to follow up on the remedial actions it is taking to address the issues, as well as discuss the voting outcomes at the annual meeting.

Oversight of strategy and risk

Following fraud, Sekisui House undertakes governance reforms

Vanguard has regularly engaged with Sekisui House, a Japanese home builder, since its involvement in a fraudulent 2017 land sale exposed poor corporate governance and risk oversight practices at the real estate development company.

Sekisui House failed to acquire deeds to in-demand land in Tokyo's Gotanda district after falling victim to a land fraud and paid about \$58 million for falsified documents. The fraud was uncovered after payment had been made to the seller. The registry office rejected the deed-change application (to transfer the property title to the company), as the title and identification documents from the alleged seller were falsified. The incident exposed failures of governance, including the failure to validate the seller's identity and the disregarding of a series of warnings from external parties who had highlighted concerns about the sale's validity.

In 2020, the company disclosed an investigative report into the incident and identified a number of governance reforms that were needed. We engaged with company leaders to understand how they were adjusting the company's risk management processes in response. At the 2020 annual meeting,

because of risk oversight concerns, the Vanguard funds did not support reelecting the chairman because he had been chief operating officer at the time of the incident.

Ahead of the 2022 annual meeting, we engaged again with Sekisui House leaders to follow up on the company's progress on reforms. The company had identified corporate culture as a contributing factor to the fraud. In the past, company leaders had been inflexible, and bad news was rarely conveyed to management. Each branch of the company had separate governance personnel, and information did not travel up to senior management and the board. To mitigate this risk, a branch management rotation initiative has been implemented, and governance personnel are now part of the administration division of the company's head office.

We were pleased that the company has also improved its corporate governance practices by increasing board independence and board diversity, as well as adopting annual director reelections, making directors more accountable to shareholders. We were encouraged that a process had been put in place to evaluate board effectiveness, and we will continue engaging with Sekisui House to advocate for ongoing improvement in corporate governance.

Oversight of strategy and risk

At Sibanye-Stillwater, concerns over health, safety, and labor disputes

Vanguard engaged with Sibanye-Stillwater, a South African metals mining company, ahead of its 2022 annual meeting amid ongoing issues with health and safety at the company and labor disputes that were interrupting production. We had questions regarding how the company was managing human rights-related risks.

Worker health and safety is a key risk in the mining sector. Production presents potential occupational hazards and is inherently risky for those who work in the field. Given the potential impacts on their workforces, it is vital that mining companies have robust health and safety management systems, appropriate monitoring of health and safety metrics, and a corporate culture that supports a strong focus on health and safety.

Sibanye-Stillwater has struggled with health and safety management issues for several years. Fatalities are a key measure of health and safety risk management. In 2021, Sibanye-Stillwater had 20 fatalities, compared with nine in 2020. Given the disturbing rise in fatalities in 2021, we had serious concerns about the efficacy of Sibanye-Stillwater's current health and safety management practices and its monitoring of health and safety.

Moreover, in early 2022, Sibanye-Stillwater had labor disputes over wage increases with key unions representing employees in the company's South African gold mining operations. In March, workers at its three South African gold mines walked out, operations halted, and the company suspended guidance on output for those operations.

Against this backdrop, the company had paid out about \$18 million in compensation to the CEO for 2021, a payout driven largely by the vesting of the long-term share incentive plan and the company's strong financial performance in recent years. The company drew some criticism in the media for this large payout in light of the ongoing wage disputes with employees and the increased fatalities.

We engaged with the remuneration committee chair and stakeholder engagement executives to better understand how the company was addressing the health and safety concerns and labor disputes at the board level, as well as the remuneration committee's assessment of the CEO's payout. The company highlighted that it had undertaken a comprehensive review to better understand why fatalities had risen. Sibanye-Stillwater said it was closely looking at the impact of COVID-19 on the rise in fatalities from both an operational and a psychological perspective. In the fourth quarter of 2021, management stopped all

operations for five days to carry out audits, and it further suspended operations at certain sites in December because of safety concerns.

The company also explained the various safety-related metrics tracked at the board level. Although Sibanye-Stillwater had been tracking well on reportable incidents and lost-time incidents, fatalities were outsized events—and so the company was committed to changing executives' short-term incentive plan metrics to focus on fatalities. As a result of the poor health and safety performance in 2021, the company explained, the remuneration committee cut both the short- and long-term incentive pay outcomes by 20%. We also queried whether that committee had considered the ongoing labor disputes in determining the pay outcomes.

Following our engagement, the Vanguard funds opted to support the remuneration report, as the pay outcomes seemed to align with financial performance and the company had reduced them given the health and safety issues.

We agreed to have a more in-depth discussion with the company later this year on how it is progressing on addressing health and safety concerns. Regarding the labor disputes, we note that in June 2022, Sibanye-Stillwater reached a three-year wage agreement for its South African gold mining operations, which ended the strike action.

Oversight of strategy and risk

Allegations of forced labor at Sime Darby Plantation are discussed

Ahead of its 2022 annual meeting, we engaged with leaders at Sime Darby Plantation Berhad (Sime Darby Plantation), a Malaysian integrated plantation company and one of the world's largest palm oil producers. Our discussion focused on the company's response to allegations of forced labor.

In April 2020, a nongovernment organization raised the allegations to U.S. Customs and Border Protection (CBP). In December 2020, the agency issued a Withhold Release Order against Sime Darby Plantation, leading the U.S. to detain palm oil and products containing palm oil produced by the company. In January 2022, CBP issued a Notice of Finding that there was enough information to support that the company and its subsidiaries were using forced labor on its Malaysia plantations; this allowed CBP to seize products from the company at U.S. ports.

In February 2022, Sime Darby Plantation said in a statement that the issue was its management's and board's top priority. It said it was working to address lapses in governance and outlined various initiatives to remediate the issues. The company subsequently submitted a report to CBP outlining how it complied with U.S. import regulations and international labor standards.

Our meeting with Sime Darby Plantation's chief financial officer and the head of sustainability focused on the progress of remedial action, measures that the company has taken to improve its labor practices, and the board's oversight of labor rights risk. The board's Sustainability Committee has been tasked with overseeing the efforts to remediate the labor issues and strengthening the overall governance mechanisms for human rights. As part of the immediate response to CBP's actions, the company audited its operating units in Malaysia to ensure that it identified all potential issues that could have triggered the allegations of forced labor.

The company said this was difficult because it lacked details of the specific allegations, and also because of the size of its operations as well as COVID-19 restrictions that were in place. Sime Darby Plantation said the key allegations—including restriction of workers' movement, debt bondage, and withholding of wages—had been addressed. The company explained that it has a policy to prevent foreign workers from having to pay fees to recruiters, but that it had learned that this may have unknowingly affected some workers. Sime Darby Plantation had paid back nearly all current foreign workers and is in the process of identifying and reimbursing former workers, dating back to 2018, who may also have been affected.

We asked how the ban and allegations were affecting the company's business prospects and how it was evaluating the financial materiality of the issues, in particular the CBP action. The company said that it considered these short-term issues and that, thus far, its direct customers were not necessarily moving to competitors. It acknowledged, though, that the CBP action would become more financially material if it dragged on. The company expressed its determination to work with CBP to address concerns.

Following our meeting, we considered whether the Vanguard funds should withhold support for the reelection of board directors given the seriousness of the issues and the company's seemingly slow response to the allegations. We ultimately decided to support all board candidates at the annual meeting, as we felt that the company was taking appropriate action to remediate the issues. We committed to speak with Sime Darby Plantation again this year to monitor progress and explore its management of material environmental risks, such as deforestation.

Navigating the complexities of corporate scandals in South Korea

Corporate scandals involving board directors and related corporate governance issues are unfortunately common in South Korea. They have included misappropriation of company funds, influence-peddling, and bribing of government officials.

In recent years, the government and regulators have tried to crack down on corporate misconduct. Investigations into allegations of wrongdoing by directors and subsequent court hearings often go on for many years. Directors, however, tend to serve on company boards for the duration of those proceedings and, depending on the sanction, can even remain on those boards after being convicted. South Korean companies often wait for all legal avenues to be exhausted before they either remove or take action to remove a director. This is because, in a number of cases, convictions have been overturned and directors acquitted.

When voting on the election of directors who face allegations of wrongdoing or have been indicted or convicted on misconduct charges, the Vanguard funds consider:

- Did the wrongdoing or misconduct materially affect the company?
- Was it an isolated incident, or is the issue systemic?
- Did the board take action, and has the wrongdoing been remediated?

- Has the company reviewed and identified improvements to internal controls?
- Does the board have appropriate director succession plans?
- What is the rationale for appointing a director who has faced allegations of wrongdoing or been convicted, and what is the benefit to shareholders and the company?

Involvement in legal proceedings may distract directors from fulfilling their duties and responsibilities to shareholders and the company. Therefore, we seek to understand how the board—and, in particular, the nomination committee or the committee responsible for director appointments—considered the above factors.

Company disclosure about these issues and, more generally, about board composition and effectiveness is often limited in South Korea. We encourage companies to ensure that they are providing adequate decision-useful information to shareholders in these circumstances, especially given that the allegations and legal process can be complex.

One example of our voting against directors for reappointing board members implicated in misconduct was at Hyosung Group, a South Korean industrial conglomerate.

At the annual meeting of Hyosung Corporation, the conglomerate's holding company, the Vanguard funds did not support reelecting the CEO and Hyosung Group chair. The CEO/chair had been indicted and convicted in recent years on different types of embezzlement charges. We also did not support reelecting either the COO, who was fined for violating the Korean Foreign Exchange Transactions Act, or an independent director for a lack of action to remove those other directors.

At the annual meeting of Hyosung TNC Corporation, a subsidiary of Hyosung Corporation, the funds did not support a director given his multiple indictments, nor did we support the nomination committee chair for proposing that the director join the board.

At the annual meeting of Hyosung Advanced Materials Corporation, another subsidiary of Hyosung Corporation, the funds voted against a newly appointed director, as his misconduct at the affiliated companies raised concerns about his suitability as a board member.

We have explained our concerns and the rationale for our votes but have so far received no response. Although this is not unusual for a controlled family company in South Korea, we will continue to try to contact the company and will consider any lack of responsiveness in our voting at next year's annual meeting.

Our approach to assessing DEI proposals and issues

Throughout the 2022 proxy season, the Vanguard funds have seen an increase in shareholder proposals on company ballots related to the impact of company policies on racial equity and civil rights.

Many of these proposals request a formal third-party audit followed by a public report on the findings and proposed remedies. Proposals for racial equity audits typically refer to a company's potentially discriminatory or otherwise disproportionate impacts involving a person's race, and civil rights audits typically reference both race and other protected characteristics. Most of these requested audits would broaden the focus beyond equity in the workplace and examine a company's impacts on a broader range of stakeholders, such as potential consumers and the communities in which the company operates.

Vanguard's Investment Stewardship team evaluates all shareholder proposals case by case and analyzes whether they address a material risk to shareholder returns, are appropriately crafted to avoid dictating company strategy or operations, and ultimately are in the best long-term interests of shareholders.

We start by viewing each proposal through the lens of financial materiality to the company. In our assessment, many diversity, equity, and inclusion (DEI) issues—especially those related to board composition and a company's workforce—may

be financially material. Human capital is a critical asset at most companies, and in recent years, many companies have self-identified the materiality of common DEI risks (for example, the failure to retain and promote employees from underrepresented groups at equal rates). Unaddressed workplace inequities could lead to regulatory, litigation, reputational, consumer loyalty, or brand risk, and to strategic—talent attraction and retention—risks. Similarly, the risks of discriminatory impacts from business operations could represent material reputational, regulatory, strategic, or financial risks. That said, we believe it is important to apply an industry- and company-specific lens to understand how these potential risks present at each company in question.

In addition to the materiality of the risk, we assess each proposal's reasonableness and whether the requested action addresses a gap in a company's current practices or stated intentions. We seek to understand how a company's board assesses risks in terms of shareholder value, distinguishing between general societal concerns about DEI and the financial materiality of DEI risks to the company in question. Market expectations for disclosure on DEI-related matters continue to evolve, but they are immature and unsettled compared with traditional financial metrics. In addition, not all forms of disclosure and auditing can be weighed equally; increased burdens on companies, such as

the hiring of a third-party auditor, can incur added costs. Without proven standards and benefits, boards may reasonably propose alternatives. Some boards have shared their practices, such as the use of other consultants or standards that demonstrate expertise in a specific area, prioritizing where they believe the company should focus next. Market regulations and norms, feedback from independent directors, peer comparisons, and industry standards all help to inform our view of reasonable disclosure expectations of companies.

To date, boards have embraced racial equity audits and civil rights audits at certain companies following highly publicized incidents of alleged discriminatory behavior (for example, Starbucks and Airbnb), and more recently as a response to receipt of a shareholder proposal. Research on such audits' effectiveness and their link to shareholder value remains limited, especially in cases where the board is advocating for an alternative approach. Given the highly prescriptive nature of these proposals, and a lack of finding unmanaged material risks at the companies that have received these proposals to date, the Vanguard funds have not supported any call for a racial equity audit. We will continue to monitor the evolution of research and practice in this area and our case-by-case evaluation to determine whether support for such audits at particular companies may be in the best long-term interest of shareholders.

Oversight of strategy and risk

Proposal at Intel asks for third-party racial equity audit

Intel, the U.S.-based designer and manufacturer of computer components, received a shareholder proposal at its 2022 annual meeting asking that the board of directors commission a third-party audit analyzing whether and how the company's policies or norms reinforce racism in its corporate culture. The proposal's proponent cited the societal impact of racial injustice broadly, as well as the gap in the representation of Black and Hispanic individuals in Intel's workforce and leadership positions.

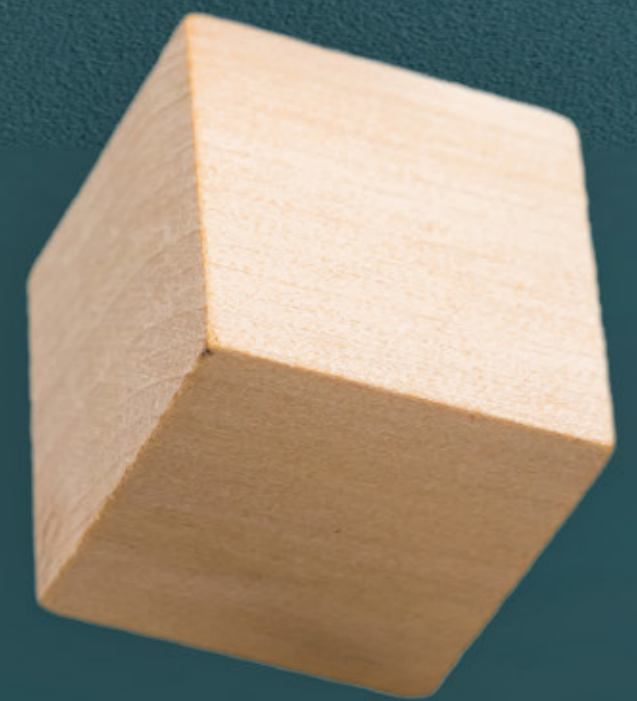
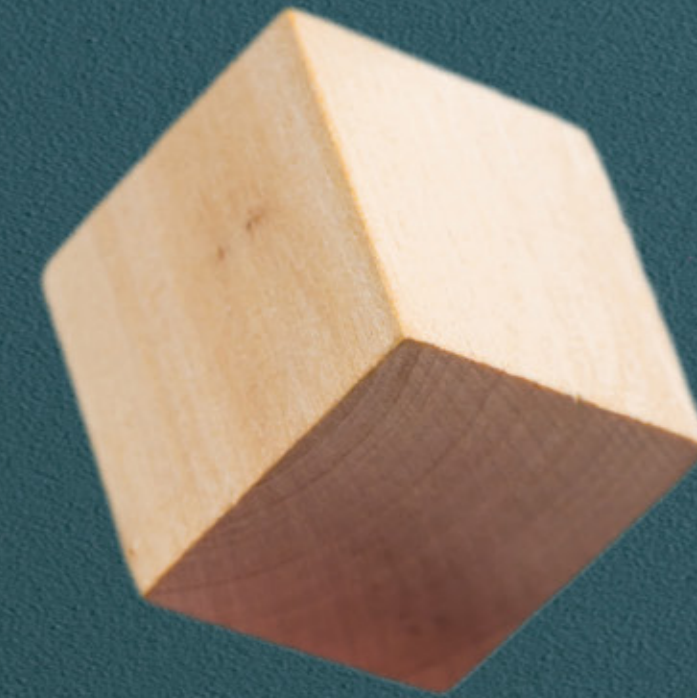
We assessed the proposal to be potentially material to shareholders, based on the understanding that human capital risks at Intel, including diversity considerations, could become material, as employers in the semiconductor industry face competition and challenges in recruiting talented employees. In addition, DEI-related financial risks materialized at Intel in a 2019 settlement with the U.S. Department of Labor. At this time, however, there was limited evidence to suggest there were significant ongoing incidents at the company.

Before our engagement with Intel, we reviewed all publicly available disclosures. Our discussion included Intel's chairman and several company leaders aligned to people management and compensation. Intel leaders provided an update on corporate initiatives aimed at addressing DEI

concerns, the company's progress on advancing women and minorities, and its goals to incorporate more underrepresented individuals in leadership positions.

Our assessment found that Intel's disclosures—including its U.S. Equal Employment Opportunity Commission EEO-1 compliance survey data, workforce diversity data over time, gender pay equity data, and the strategy and goals in the company's 2030 DEI initiative—were on par with or exceeded those of its peers and our expectations for a U.S. company of Intel's size. In addition, through our engagement, we viewed the board as demonstrating oversight of the company's human capital-related risks, including diversity, and determined that the board had taken appropriate corrective action in response to the 2019 settlement with the Department of Labor.

The Vanguard funds look for company boards to provide oversight of material human capital risks and to decide the best method for prioritizing oversight and reporting. Given our observation of the Intel board's level of oversight of the pertinent risks, as well as the level of transparency in the company's disclosures, we concluded that support for a third-party audit was not warranted at this time. The Vanguard funds did not support the shareholder proposal.



Oversight of strategy and risk

At Cigna, proposal seeks annual report on the gender pay gap

At the annual meeting for Cigna Corporation, the U.S.-based health care and insurance company, the Vanguard funds did not support a proposal requesting the annual publication of a report assessing the gender pay gap at the company.

In evaluating pay gap proposals, Vanguard first examines what a company currently discloses on human capital management (HCM) issues, including whether it provides disclosure of its workforce composition and the existence of adjusted pay gaps. Pay gaps adjusted for such factors as location, experience, education levels, and specific job types can reveal whether inequities exist in pay for like-to-like roles. Such a finding could be material to a company's value, as it would present litigation, reputational, and strategic risks.

The proposal requested that Cigna report on mean and median gender and racial pay gaps. Compared with adjusted pay gaps, median pay gap is the subject of greater debate regarding its utility, and U.S. companies report on it less frequently, except where country-specific regulations require it for a portion of the workforce.

In reviewing a company's median pay gap statistics, for example, investors, employees, and others may be led to believe that pay inequities exist in like-to-like roles at a company when they do not. We recognize that a focus on unadjusted median pay gaps could create incentives with unintended consequences, further exacerbating pay-equity challenges. In our view, a company that discloses (such as through EEO-1 disclosure) its representation of underrepresented groups in leadership roles and various role types—along with goals and metrics for how the company recruits, retains, and promotes a diverse workforce—can avoid these risks while giving investors a fuller picture of how the company manages HCM practices and policies over time.

We engaged with Cigna executives ahead of the annual meeting. Our engagement focused on understanding the company's approach to HCM and on the board of directors' oversight of pay practices. Through our engagement and the board's written response, we were able to understand the company's existing policies, practices, and disclosures on the topic.

Cigna has received a pay gap shareholder proposal for the past four years. Over that time, it has made efforts to address the underlying concern, including publicly committing to pay equity and conducting an annual review of pay practices with outside counsel. The company discloses the adjusted pay gaps determined through the reviews, as well as salary ranges for positions. In addition to pay gap-related disclosure, the company discloses its EEO-1 data and initiatives to increase and support diverse talent. Given Cigna's existing practices, policies, and disclosures, the Vanguard funds did not support the proposal.

Executive compensation

Continued engagement with Nabors' compensation committee

We've engaged over the last several years with Nabors Industries limited, a U.S.-based drilling equipment and services company, regarding its executive compensation program. Nabors' advisory vote on executive compensation—a Say on Pay vote—has failed to receive support from the majority of shareholders over consecutive years. We have shared best practices with company leaders about the structure of its compensation plan and pay-related disclosures. Ahead of Nabors' most recent annual meeting, our Investment Stewardship team engaged with members of the company's board and management team.

The compensation committee chair provided insight into the changes made, including lowering the plan's overall pay level and providing greater transparency into how the committee selected a peer group for benchmarking purposes. The pay level has been a significant concern voiced in our previous engagements and by other shareholders.

Although we noted that Nabors' new peer evaluation resulted in a more comparable group, we remain concerned that several of the selected peer companies are significantly larger by market capitalization; compared with the market practice

of using similar-sized companies, this can lead to benchmarking pay to outsized levels. In addition, Nabors' overall compensation package remains above the median pay level of its new peer set. In our assessment, despite a reduction in total compensation, pay and performance were misaligned based on the company's continued underperformance. We acknowledged the compensation committee's efforts and encouraged the chair to continue analyzing and refining the peer group to achieve greater alignment.

Our Investment Stewardship team provided additional feedback on structural components of the executive compensation plan. We expressed concern that the long-term incentive plan's performance criteria were measured over just one-year periods. Lengthier performance periods of at least three years better align executive compensation with the interests of long-term shareholders. We also examined the rigor of the performance goals established by the committee and noted how some targets were set below the prior year's actual performance. The Vanguard funds advocate for companies to establish rigorous criteria that incentivize outperformance year-over-year.

Through our multiyear engagements with Nabors, we have seen improvement in the company's responsiveness to shareholder feedback. The compensation committee has taken actions regarding such feedback, including efforts to initiate change in the compensation plan and improved disclosure of the decision-making rationale behind revisions to the compensation program. Although we acknowledge that progress by supporting the election of directors serving on the compensation committee, the Vanguard funds did not support the Say on Pay proposal again this year. The proposal received only 32% support from shareholders at the annual meeting.

Executive compensation

Say on Pay proposal is weighed at the Travelers Companies

Ahead of its 2022 annual meeting, the Travelers Companies, Inc., a U.S.-based personal and commercial property and casualty insurance provider, sought to address concerns from shareholders about its advisory vote on executive compensation by filing additional public disclosures. Vanguard engaged with management team members and the compensation committee chair to better understand the company's perspective.

The company's supplemental filing provided additional explanation of the link between the company's performance and the compensation outcomes for the prior year. Among other matters, Travelers detailed strong financial results for shareholders and the stability of both the objectives and the structure of the compensation program over time. Vanguard believes that a strong compensation plan structure coupled with robust disclosure can give shareholders valuable insight into a company's compensation philosophy as well as the rationales behind compensation-related decisions.

During our engagement, company leaders emphasized Travelers' strong performance and the importance of incorporating a degree of qualitative discretion in determining awards. For example, the company's increased profits in 2020 were driven by factors outside of its executives' control—fewer people were driving, leading to fewer insurance claims, thus profits rose. In this case, discretion allowed the compensation committee to avoid rewarding executives for results outside of their control.

Given Travelers' performance relative to its peer group, the company's long-term focus, and its openness to shareholder feedback and continued dialogue, the Vanguard funds supported management's Say on Pay proposal. The proposal drew 71.5% support from shareholders. We will continue to monitor Travelers' executive compensation program for pay-for-performance alignment.



Executive compensation

Executive remuneration plans at founder-led Zalando and HelloFresh

At the 2022 annual meetings of Zalando and HelloFresh, the Vanguard funds did not support proposals to approve the firms' remuneration reports.

Both Zalando, an online fashion retailer, and HelloFresh, which sells and delivers meal kits for home preparation, are independent, founder-led e-commerce retail companies headquartered in Germany. Each received investment in its early stages of development from the Berlin-based startup studio Rocket Internet.

In recent years, we have had concerns about the executive remuneration plans at Zalando and HelloFresh. But we have also seen a divergence in the approaches the companies have taken to address those concerns.

At Zalando in 2021, the Vanguard funds did not support a proposal to approve the remuneration policy. The resolution passed but drew substantial shareholder dissent. The company's unconventional compensation structure allows management

board members to choose their own pay mix. Although Vanguard is not prescriptive regarding the specifics of pay-plan structures, Zalando's plan raised concerns because of the lack of performance conditions attached to some variable components and the opportunity for the board to use discretion. Overall, we found it difficult to understand how the policy would ensure pay-for-performance alignment. In January 2022, we engaged with and conveyed our feedback to the supervisory board chair, who acknowledged the nonstandard nature of the plan but spoke more of its merits and did not indicate that changes would be forthcoming.

At the 2022 annual meeting, we voted against the remuneration report as a reflection of our continued concerns—namely, the lack of clear alignment to financial performance targets and the lack of responsiveness to ongoing shareholder concerns.

Similarly at HelloFresh, the Vanguard funds in 2021 did not support a proposal to approve the remuneration policy. In this case, the resolution was rejected, with over 50% of shareholders choosing not to support it. As with Zalando, we subsequently

engaged with the supervisory board chair at HelloFresh. During that call, the chair demonstrated a significant shift in approach compared with prior years. With the new remuneration policy to be presented to shareholders at the 2022 annual meeting, the board was planning wholesale reforms.

The company communicated a robust process by which it had weighed shareholder feedback and assessed the available options. We were encouraged by the board's responsiveness and its strategy to align executive pay plans with long-term shareholder interests. Therefore, although the Vanguard funds did not support the remuneration report at the 2022 annual meeting because of several issues including excessive use of discretion, we did support the new policy for ongoing remuneration.

Vanguard understands that each company is unique. But as public companies mature, we look for executives and boards to understand and respect the appropriate market and regulatory standards.

Executive compensation

At Informa, concerns raised about alignment of pay with performance

At the 2022 annual meeting of Informa Plc, a U.K.-based business intelligence, events, and academic knowledge company, the Vanguard funds for the second consecutive year did not support an advisory vote on the remuneration report.

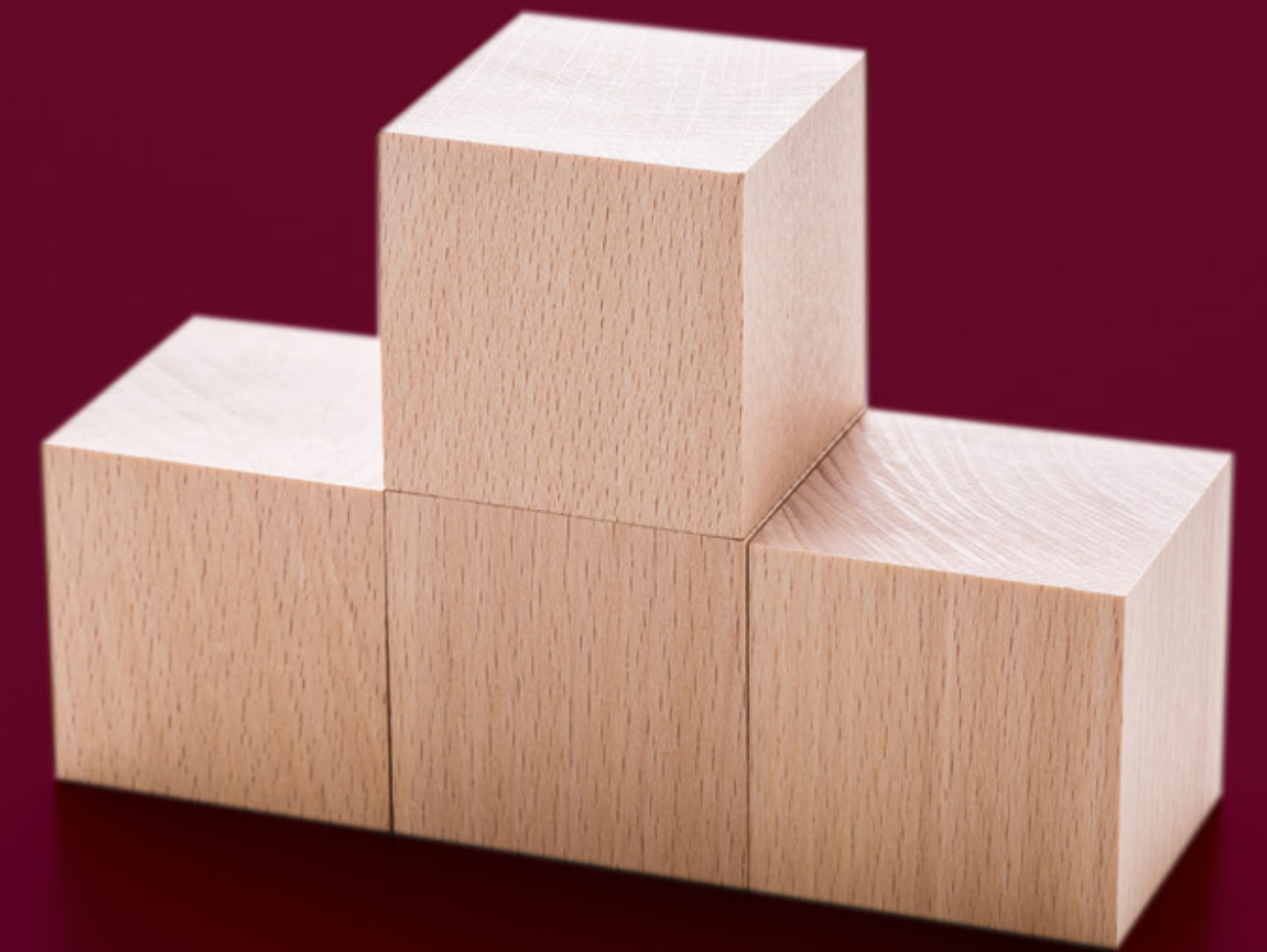
In 2021, Vanguard engaged with Informa company leaders, and the funds ultimately voted against the remuneration report. As a result of COVID-19-related uncertainty within the business, the company had replaced the long-term incentive plan with a restricted share plan to provide flexibility in its pay structure. The company, though, also introduced new metrics to its annual bonus that rewarded management for an effective response to the pandemic. It also retroactively adjusted the performance conditions of the long-term incentive plan. Those adjustments led to a payout that, in our assessment, did not demonstrate strong pay-for-performance alignment. In 2021, only 38% of shareholders supported the remuneration report, reflecting notable concern about the pay plan adjustments.

Despite significant shareholder dissent, Informa in 2022 further adjusted the long-term incentive plan. Vanguard engaged with company leaders on this

matter, and we again found that the rationale for the decision to change the plan was insufficient given Informa's performance. The company also failed to respond to shareholder dissent from the previous year.

In this year's discussion with the newly appointed remuneration committee chair, we saw positive changes in Informa's proposed remuneration policy, which would replace the restricted share plan with a performance-based long-term incentive plan in which at least 75% of the annual bonus would be linked to financial metrics. Given this, we felt comfortable supporting the reelection of long-standing remuneration committee members. The committee's former chair did not stand for reelection at the 2022 annual meeting.

Shareholder votes reflected this dynamic: About 71% of shareholders voted against the backward-looking remuneration report, and about 93% voted in favor of the new remuneration policy. We remain steadfast that "at-risk" pay should remain at risk and that companies should provide robust disclosure so that shareholders and stakeholders can understand how any proposed changes incentivize executives and align their compensation with company performance and long-term shareholder value creation.



Executive compensation

Shareholder proposal on severance is a focus at Alaska Air Group

Vanguard engaged with leaders, including independent directors, of U.S.-based airline company Alaska Air Group, Inc., to discuss a shareholder proposal involving severance. The proposal requested that the board seek shareholder approval of any senior manager's new or renewed severance or termination agreement whose estimated value exceeded 2.99 times the sum of the manager's base salary plus short-term target bonus.

Performance-linked executive compensation policies and practices are fundamental drivers of sustainable long-term value creation. We analyze a company's executive compensation plan—including components such as severance agreements—case by case. We look at a company's current policies and practices and whether, in our assessment of market norms, a severance agreement is excessive or unreasonable.

The Vanguard funds generally support severance agreements that limit cash severance to no more than 2.99 times base salary plus bonus and that require a double trigger event in the case of a change in control for both cash and equity payouts. We look for a company that enters into a new or

renewed severance arrangement that provides cash severance in excess of 2.99 times base salary plus bonus to bring the proposal to an advisory shareholder vote for ratification at the next practicable shareholder meeting. We believe that allowing for ratification after the fact provides the necessary flexibility to a board and compensation committee to negotiate a compensation package, while giving shareholders a meaningful voice if cash severance exceeds generally accepted levels.

Ahead of Alaska Air Group's annual general meeting, the company filed an 8-K form disclosing a new internal policy that it will obtain shareholder ratification for severance agreements if the cash severance exceeds 2.99 times the sum of the executive's base salary plus bonus over the prior three years. Given that update to the company's policy, the Vanguard funds did not support the shareholder proposal, as we viewed it as unnecessary.



Executive compensation

Bonuses, furlough support are topics of discussion with WH Smith

At the 2022 annual meeting for WH Smith Plc, a travel retail company, the Vanguard funds did not support an advisory vote on the remuneration report for 2021.

WH Smith is a global travel retailer for news, books, and convenience goods. With a retail footprint weighted toward airports and other travel hubs, it was severely hurt by the COVID-19 pandemic when travel was restricted or severely curtailed in many jurisdictions, including the U.K. Through 2021, with a large portion of its workforce affected by lockdowns and outlet closures, the company received furlough support and rates relief from the U.K. government.

The company reported a net loss for 2020 and 2021, with no dividends paid for either year and no executive bonuses paid in 2020. For 2021, the board set new short-term targets, and although it applied discretion to reduce the resulting bonuses by 22%, the outcome did not reflect alignment with the shareholder experience.

At the 2021 annual meeting, about 30% of shareholders voted against the 2020 remuneration report. Since then, the board has been navigating its response to shareholder concerns about pay. The board believed the dissent had been driven primarily by a proposed 4.55% salary increase for the CEO, an increase it ultimately decided to defer to 2022. Although Vanguard supported the 2020 remuneration report in light of the overall alignment between pay and performance outcomes, we found that bonus payments for 2021 were not well-aligned with shareholders' results.

Vanguard engaged with WH Smith's remuneration committee chair to understand the board's perspective. The company did not repay furlough support it received, unlike other public U.K. companies that did so before paying bonuses. The chair reiterated that the board had decreased bonuses to reflect the stakeholder experience.

The Vanguard funds voted against the remuneration report, finding that the rationale for the decision to pay short-term incentives was insufficient given the company's overall financial

performance. We provided feedback that we believe incentives should be clearly linked to financial results and long-term performance outcomes. Ultimately, 54% of shareholders supported the remuneration report at the annual meeting, one of the lowest levels of support for a remuneration report in the U.K. in 2022.

Shareholder rights

Engagement seeks understanding of Kikkoman's takeover defense plan

In May 2022, Vanguard engaged with executives of Kikkoman Corporation, a Japanese food producer, to discuss shareholder rights and, in particular, the company's takeover defense plan (commonly known as a "poison pill"). The plan requires any person or group that acquires 20% or more of the company's shares to disclose their intent and comply with specific rules. If a bidder does not comply, then the company may issue more shares to all other shareholders, which aims to dilute the bidder's shareholding. Kikkoman has had a takeover defense plan since 2006, and its next three-year plan was up for shareholder approval at the June 2022 annual meeting.

When a company has a takeover defense plan, Vanguard seeks to understand why it has put such a plan in place, including what risks the company is trying to mitigate and how the plan benefits long-term shareholder value. There is a risk that having a takeover defense plan deters potential bidders from making takeover offers that may be beneficial to long-term shareholder value. We want to understand how the board has considered this risk.

One key condition we look for when companies have a takeover defense plan is the composition of the special committee that evaluates transactions and bids. We prefer this committee to be composed of independent directors. Independent oversight in these scenarios helps to ensure that any action taken by the board and company is in shareholders' best interests. Japanese boards often have generally lower levels of independent nonexecutive directors than companies in the U.S. or Europe, so ensuring an adequate representation of individuals independent of company management is important to provide checks and balances to decision-making.

We discussed our concern that Kikkoman's special committee included a director who could be considered nonindependent. That director, Takeo Inokuchi, was previously CEO and chair—and now is honorary advisor—of Mitsui Sumitomo Insurance Co., Limited, the non-life-insurance subsidiary of MS&AD Insurance Group Holdings. MS&AD is a Kikkoman shareholder, and Kikkoman holds shares in MS&AD—a practice known as "cross-shareholding" in Japan. Kikkoman also holds non-life insurance with MS&AD and thus has a business relationship with the company. During

our engagement, we sought to understand how Kikkoman has evaluated Inokuchi's independence. Kikkoman explained that it views the business transaction as nonmaterial and the cross-shareholdings as small. Therefore, in its assessment, these factors had no impact on Inokuchi's independence.

We evaluated Kikkoman's disclosure, as well as the insights provided in our engagement. Ultimately, we felt that Inokuchi had significant ties to—and a position with—a business that had various connections with Kikkoman, and therefore we did not consider Kikkoman's special committee to be composed fully of independent directors.

As a result, at the June 2022 annual meeting, the Vanguard funds did not support renewal of the takeover defense plan. Although the plan passed, 45% of shareholders voted against it, up from 28% dissent in 2019. We will continue to monitor Kikkoman's takeover defense plans for enhanced shareholder value.

Shareholder rights

Plurality voting standard comes up in Alkermes' director elections

A company's board of directors serves as the key link between investors and company management and strategy. Investors' ability to elect directors ensures that appropriate individuals are overseeing the business on their behalf. Vanguard's Investment Stewardship team believes it is best practice for companies to adopt a majority voting standard for uncontested director elections. So when the number of nominees up for election matches the number of seats available, a nominee must receive more votes in favor of their nomination than against it to win election to the board.

In contrast, under a plurality voting standard, the nominees who receive the most votes in their favor are elected to the board. In uncontested elections—as are most elections, in which only enough candidates are nominated to fill the open seats—the plurality standard ensures that all nominees will be elected, even if they receive just a single vote in their favor.

Although we typically advocate for companies to adopt a majority voting standard for uncontested situations, our approach differs in a contested director election, one that has more nominees than there are open board seats available. In such an election, some candidates might receive “the most” votes but still fail to gain election under a majority standard, leaving open seats on the board. Those open seats would be filled by the board, likely with mostly incumbent directors and potentially blocking dissident nominees whom shareholders otherwise supported. To avoid this prospect, we believe that directors should be elected by a plurality of votes in contested elections, ensuring that those nominees who win the most support are elected to the board, regardless of whether they were nominated by the board or by a dissident shareholder.

We encountered this situation at a 2022 special meeting for the Irish-incorporated, U.S.-listed biopharmaceutical company Alkermes Plc.

Ahead of the company's annual meeting, a dissident investor shared their plan to nominate two directors to the board. Thus anticipating a contested 2022

meeting, Alkermes sought shareholder approval to amend its articles of association to let the company keep its majority standard for uncontested elections and allow a plurality voting standard for contested elections.

Given a nuance in Irish law, directors nominated for election are presented to shareholders sequentially. Considering this with Alkermes' then-current majority voting structure, the directors who receive a majority vote would be elected until the fixed number of board seats had been filled. This process could potentially limit shareholder rights, as director nominees who draw a higher number of shareholder votes than other nominees might not be elected.

To avoid this scenario, the Vanguard funds supported Alkermes' proposed amendments to its articles of association to ensure that the director nominees who receive the highest number of votes cast—regardless of the nominating party (company or dissident)—are elected to the board in a contested election. This aligns with our core philosophy on investor rights, as this accounts for the most shareholder voices.

Shareholder rights

At Netflix, management puts forth shareholder rights proposals

At the annual meeting for U.S.-based entertainment company Netflix, Inc., the Vanguard funds supported three management proposals: one declassifying the board of directors, one eliminating supermajority voting provisions, and the third adopting the right to call a special meeting. Each of these management proposals followed shareholder proposals presented at previous Netflix annual meetings on these topics.

Netflix's proposal to declassify the board of directors followed consecutive shareholder proposals from 2015 through 2017 calling for the board's declassification. We had engaged in prior years with the Netflix team to share our view that a declassified board structure supports director accountability. In our engagement this year with Netflix's lead independent director and members of management, the Netflix team conveyed that this proposal—along with the management proposals eliminating supermajority voting provisions and adopting the right to call a special meeting—was being put forward, in part, in response to shareholders' feedback.

The Vanguard funds will generally vote for proposals to eliminate supermajority vote requirements. 2022 was the seventh straight year that Netflix received

a shareholder proposal for a simple majority vote. The funds supported prior proposals on this topic from 2015 through 2021. Management's proposal would eliminate the supermajority vote requirement and replace it with the ability to approve or reject matters presented for a vote based on a simple majority of outstanding shares. The funds supported the management proposal and did not support this year's shareholder proposal requesting that the supermajority vote requirement be replaced with the ability to approve or reject matters based on a majority of votes cast.

If a company does not have a right to call a special meeting, the Vanguard funds will generally vote for management proposals to establish that right. In 2018, Netflix received shareholder proposals requesting bylaw amendments providing the right to call special meetings and the right to act by written consent. The Vanguard funds supported these in the interest of increasing shareholder rights. At Netflix's 2022 annual meeting, the proposal declassifying the board drew 74% support, the proposal eliminating supermajority vote provisions drew 74% support, and the proposal establishing the right to call a special meeting drew 74% support.

Shareholder rights

U.S. Energy Corp. proposes change to its state of incorporation

At the 2022 annual meeting for U.S. Energy Corp., the Vanguard funds did not support a management proposal that asked to change the company's state of incorporation from Wyoming to Delaware and that also included a provision to increase the company's authorized blank check preferred stock. The proposal passed with 80.7% support.

Although the Vanguard funds will generally support proposals to adopt Delaware as a company's state of incorporation, the funds will generally vote against a management proposal if the company seeks to reincorporate to a state with stronger antitakeover statutes than its current state of incorporation has.

Our analysis found that the management proposal to reincorporate from Wyoming to Delaware

included an increase in the number of shares of authorized blank check preferred stock without a declawing provision. Wyoming's limit of blank check preferred stock is lower than Delaware's. The increase in authorized blank check preferred stock without shareholder approval could be used as a takeover defense by the company.

We analyze capital structures, including authorized share changes, case by case. The Vanguard funds will generally not support proposals to amend or issue stock that include a blank check provision unless the company discloses that the provision will not be used for antitakeover purposes without shareholder approval. Given our analysis of the provisions of U.S. Energy's management proposal, the Vanguard funds did not support the proposal. We reached out to the company to share our perspective on it, but the company did not respond.



Proxy voting history

Global summary of proxy votes cast by Vanguard funds

(January 1, 2022—June 30, 2022)

- Vanguard funds cast 143,728 individual votes during this time period, up about 5% from the same period the year before.
- Board member elections, compensation, and capitalization issues continued to account for the majority of ballot items.
- Total shareholder proposals in the reporting period numbered 3,739, a slight increase from the same period the year before.

Alignment with our principles	Proposal type	January–June 2021		January–June 2022	
		Number of proposals	% for	Number of proposals	% for
Board composition and effectiveness	Management proposals				
	Elect directors	51,343	91%	53,189	92%
	Other board-related	10,663	90%	11,730	80%
	Shareholder proposals				
	Board-related	2,552	85%	2,339	83%
Oversight of strategy and risk	Management proposals				
	Approve auditors	8,532	99%	9,034	99%
	Environmental/social	17	100%	36	94%
	Shareholder proposals				
	Environmental/social	227	20%	379	8%
Executive compensation	Management proposals				
	Management Say on Pay	5,491	87%	5,580	86%
	Other compensation-related	8,834	91%	9,277	91%
	Shareholder proposals				
	Compensation-related	83	49%	124	56%
Shareholder rights	Management proposals				
	Governance-related	7,752	82%	9,544	80%
	Shareholder proposals				
	Governance-related	251	37%	244	27%
Other proposals	Management proposals				
	Capitalization	18,990	97%	18,671	97%
	Mergers and acquisitions	4,864	98%	4,662	97%
	Adjourn/other business	17,643	95%	18,266	94%
	Shareholder proposals				
	Other	584	85%	653	64%
Total		137,826	92%	143,728	91%

Company engagements

The following table lists the 801 companies that Vanguard's Investment Stewardship team engaged with during the six months ended June 30, 2022. A check (✓) indicates a primary topic of the engagement. However, these are open dialogues and can cover a wide range of issues over multiple discussions. Secondary topics often arise.

For context, board composition discussions can cover topics such as board independence, board effectiveness, tenure, and diversity. When we discuss oversight of strategy and risk, we want to know whether the board understands how the company will remain

relevant over the long term in the context of all pertinent risks. Our discussions on executive compensation look at pay in comparison with relevant peers and its linkage to long-term performance benchmarks. Our meetings about shareholder rights focus on companies' provisions that support—or limit—shareholders' ability to effect change over time through their voice or their vote.

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
22nd Century Group, Inc.		✓	✓	
Aareal Bank AG		✓	✓	
Abbott Laboratories	✓	✓		✓
AbbVie, Inc.	✓	✓	✓	✓
AbSci Corp.	✓	✓		✓
Acadia Healthcare Company, Inc.	✓			
Activision Blizzard, Inc.	✓	✓		
Acuity Brands, Inc.			✓	
Adbri Ltd.		✓	✓	
Adobe, Inc.	✓			
Avantest Corp.	✓	✓	✓	
Adverum Biotechnologies, Inc.	✓	✓	✓	✓
AECOM	✓			
Aerojet Rocketdyne Holdings, Inc.				✓

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
AgEagle Aerial Systems, Inc.	✓			
Agiliti, Inc.	✓			
AGL Energy Ltd.	✓	✓	✓	✓
AGNC Investment Corp.				✓
Agnico Eagle Mines Ltd.	✓	✓	✓	
Aida Engineering Ltd.	✓	✓		✓
Alkido Pharma, Inc.	✓	✓		✓
Aileron Therapeutics, Inc.			✓	
Airbus SE	✓	✓	✓	
Ajinomoto Company, Inc.	✓	✓		
Akebia Therapeutics, Inc.		✓		✓
Akzo Nobel NV			✓	
Alaska Air Group, Inc.	✓	✓	✓	
Albemarle Corp.	✓	✓	✓	
Alexandria Real Estate Equities, Inc.	✓	✓	✓	✓
Align Technology, Inc.	✓		✓	✓
Alkermes Plc	✓	✓	✓	
Allegiant Travel Co.			✓	
Allianz SE	✓	✓	✓	
Allscripts Healthcare Solutions, Inc.	✓			
Alphabet Inc.	✓	✓		
Altria Group, Inc.		✓	✓	
Amadeus IT Group SA	✓		✓	
Amazon.com, Inc.	✓	✓	✓	
Ambac Financial Group, Inc.			✓	
Amcors Plc	✓	✓		
Amedisys, Inc.	✓			
American Airlines Group, Inc.	✓	✓		
American Assets Trust, Inc.		✓		
American Campus Communities, Inc.		✓		

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
American Eagle Outfitters, Inc.	✓	✓	✓	✓
American Express Co.	✓	✓		✓
American Vanguard Corp.	✓	✓		
American Water Works Company, Inc.	✓	✓		
AmerisourceBergen Corp.		✓	✓	
Amgen, Inc.	✓	✓	✓	
Amicus Therapeutics, Inc.	✓			
AMP Ltd.	✓	✓	✓	
Amyris, Inc.	✓	✓		
Analog Devices, Inc.	✓	✓	✓	
Anglo American Plc		✓		
Anika Therapeutics, Inc.			✓	
Anthem, Inc.	✓	✓		✓
APA Corp.		✓		
Apple, Inc.		✓	✓	✓
Applied Materials, Inc.			✓	
Aptiv Plc	✓	✓	✓	
Aramark			✓	
Arch Capital Group Ltd.	✓			
Archer-Daniels-Midland Co.	✓	✓		
Ardelyx, Inc.	✓			
Argo Blockchain Plc			✓	
Arlington Asset Investment Corp.	✓	✓		
Arrowhead Pharmaceuticals, Inc.	✓		✓	
Arvinas, Inc.	✓			
Asensus Surgical, Inc.			✓	
ASML Holding NV			✓	
Assertio Holdings, Inc.			✓	
Assicurazioni Generali Spa	✓	✓		
Astrotech Corp.	✓		✓	

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
AT&T, Inc.		✓	✓	
Atara Biotherapeutics, Inc.	✓	✓		✓
Athira Pharma, Inc.	✓	✓		✓
Atlantia SpA		✓		
Atlas Arteria Ltd.	✓	✓	✓	
Atos SE	✓	✓	✓	✓
AudioEye, Inc.	✓			
AutoNation, Inc.	✓			
AvalonBay Communities, Inc.	✓		✓	
Avantor, Inc.	✓	✓	✓	✓
Avery Dennison Corp.	✓	✓		
Avista Corp.	✓	✓		
AxoGen, Inc.	✓	✓	✓	
Axon Enterprise, Inc.		✓		
Aytu Biopharma, Inc.	✓			
Badger Meter, Inc.		✓		
BAE Systems Plc	✓	✓	✓	
Baker Hughes Co.	✓	✓		
Bank of America Corp.		✓		
Bank of Ireland Group Plc	✓			
Bank of Montreal		✓		
Barclays Plc		✓		
Barnes Group, Inc.			✓	
Barry Callebaut AG	✓	✓		
Bausch Health Companies, Inc.	✓	✓	✓	
Baxter International, Inc.				✓
Bayer AG	✓	✓	✓	
Bed Bath & Beyond, Inc.	✓	✓	✓	
Bellicum Pharmaceuticals, Inc.			✓	
Benefitfocus, Inc.			✓	

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
Bentley Systems, Inc.	✓			
Berkshire Hathaway, Inc.		✓		
Beyond Meat, Inc.			✓	✓
BFF Bank SpA	✓	✓	✓	
BHP Group Ltd.		✓		
BigCommerce Holdings, Inc.	✓			
Bio-Techne Corp.			✓	
Biogen, Inc.	✓		✓	
Bloomin' Brands, Inc.	✓	✓	✓	✓
BNP Paribas SA	✓	✓	✓	
Boise Cascade Co.				✓
Bombardier, Inc.		✓		
Booking Holdings, Inc.		✓		
BP Plc	✓	✓	✓	
BR Malls Participacoes SA		✓	✓	
Brickell Biotech, Inc.	✓			
Bristol-Myers Squibb Co.				✓
Broadridge Financial Solutions, Inc.				✓
Broadstone Net Lease, Inc.	✓			
Brookfield Asset Management, Inc.	✓	✓		
Brown & Brown, Inc.				✓
Builders FirstSource, Inc.		✓		
Bumble, Inc.	✓			
Cadence Design Systems, Inc.			✓	
Calix, Inc.	✓			
Callaway Golf Co.			✓	
Canadian Imperial Bank of Commerce		✓		
Canadian Pacific Railway Ltd.	✓	✓	✓	
Canon, Inc.	✓			
CareDx, Inc.	✓			

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
CarMax, Inc.	✓	✓		✓
Carnival Corp.	✓	✓	✓	
Carrefour SA	✓	✓	✓	
Cassava Sciences, Inc.	✓		✓	
Caterpillar, Inc.	✓	✓		✓
Celcuity, Inc.	✓			
Cellectar Biosciences, Inc.	✓			
Cellnex Telecom SA			✓	
Centene Corp.	✓	✓	✓	✓
CenterPoint Energy, Inc.			✓	
Centrica Plc		✓	✓	
Ceridian HCM Holding, Inc.			✓	
Cerus Corp.	✓			
CF Industries Holdings, Inc.	✓	✓		
Chalice Mining Ltd.	✓	✓	✓	
Charter Communications, Inc.		✓		
Charter Hall Group		✓		
Cheniere Energy, Inc.	✓	✓		✓
Chesapeake Energy Corp.	✓			
Chevron Corporation	✓	✓		
Chipotle Mexican Grill, Inc.	✓	✓	✓	
Chubb Ltd.		✓		
Chubu Electric Power Company, Inc.		✓		
Cigna Corp.	✓	✓	✓	✓
Cinemark Holdings, Inc.			✓	
Citigroup, Inc.		✓	✓	✓
Citizens Financial Group, Inc.	✓			
Citrix Systems, Inc.		✓		
Civista Bancshares, Inc.	✓			
CK Hutchison Holdings Ltd.		✓		

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
Cleanspark, Inc.	✓			
Cleveland-Cliffs, Inc.			✓	
Close Brothers Group Plc	✓		✓	
Cloudflare, Inc.	✓			
CME Group, Inc.			✓	✓
CNX Resources Corp.	✓			
Cocrystal Pharma, Inc.	✓			
Colgate-Palmolive Co.	✓	✓	✓	
Comcast Corp.	✓	✓	✓	✓
Commonwealth Bank of Australia		✓		
Compagnie de Saint-Gobain SA	✓	✓		
Compagnie Financiere Richemont SA	✓	✓		
Compass Group Plc	✓			
Conagra Brands, Inc.		✓		✓
ConocoPhillips		✓	✓	
Consolidated Edison, Inc.	✓	✓		
Constellation Energy Corp.				✓
Constellation Software, Inc.	✓			
Copart, Inc.			✓	
Corcept Therapeutics, Inc.	✓		✓	
Cortexyme, Inc.	✓	✓	✓	
COSCO SHIPPING Energy Transportation Co., Ltd.	✓	✓		✓
Costco Wholesale Corp.	✓	✓		
Credit Suisse Group AG	✓	✓		
CRH Plc		✓	✓	
Cronos Group, Inc.	✓	✓	✓	
Crown Holdings, Inc.	✓	✓		
CSX Corp.	✓	✓	✓	
CVS Health Corp.	✓	✓		✓
D.R. Horton, Inc.	✓		✓	

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
Daimler Truck Holding AG	✓	✓	✓	
Danone SA	✓		✓	
Darling Ingredients, Inc.	✓	✓	✓	✓
DaVita, Inc.	✓	✓		✓
Deckers Outdoor Corp.	✓	✓		
Deere & Co.	✓	✓		
Dell Technologies, Inc.	✓	✓		
Delta Air Lines, Inc.	✓	✓		
Dentsu Group, Inc.	✓	✓		
Deutsche Bank AG	✓	✓		✓
Dexus		✓	✓	
Diamondback Energy, Inc.	✓	✓	✓	✓
DiamondRock Hospitality Co.	✓	✓	✓	
Digital Realty Trust, Inc.	✓	✓		
Dime Community Bancshares, Inc.			✓	
Dine Brands Global, Inc.	✓	✓		
DocuSign, Inc.	✓			
Dollar Tree, Inc.	✓	✓		✓
Dominion Energy, Inc.	✓	✓		
Douglas Elliman, Inc.			✓	
Douglas Emmett, Inc.	✓			
Dover Corp.		✓		
Dow, Inc.	✓	✓	✓	
DTE Energy Co.	✓	✓		✓
Duke Energy Corp.	✓	✓		✓
DXC Technology Co.			✓	
Dyadic International, Inc.	✓			
Dynavax Technologies Corp.	✓			✓
E.ON SE	✓	✓	✓	✓
Eclix Group Ltd.			✓	

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
Ecolab, Inc.	✓	✓		
Edenred SE	✓	✓	✓	
Edison International	✓	✓		
Electric Power Development Co., Ltd.	✓	✓		
Electro-Sensors, Inc.	✓			
Electronic Arts, Inc.			✓	
Element Solutions, Inc.		✓	✓	
Eli Lilly & Co.	✓	✓		✓
Emerson Electric Co.				✓
Emerson Radio Corp.	✓			
Enbridge, Inc.	✓	✓		
Endo International Plc			✓	
ENDRA Life Sciences, Inc.	✓			
ENEL SpA		✓	✓	✓
Enerplus Corp.	✓	✓		
ENGIE SA	✓	✓	✓	
Eni SpA		✓	✓	
Enphase Energy, Inc.			✓	
Entergy Corp.	✓	✓		
Equifax, Inc.	✓	✓	✓	
Equinix, Inc.	✓	✓	✓	
Equinor ASA		✓		
Erste Group Bank AG	✓			
Etsy, Inc.	✓	✓	✓	
Euronet Worldwide, Inc.	✓			
Euronext NV			✓	
Everbridge, Inc.	✓			
Eversource Energy	✓	✓		
Exelon Corp.	✓	✓	✓	✓
Expedia Group, Inc.		✓	✓	

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
Expeditors International of Washington, Inc.	✓	✓		
Exxon Mobil Corp.	✓	✓	✓	
F.N.B. Corp.				✓
FactSet Research Systems, Inc.	✓	✓		
Faes Farma SA	✓		✓	
Fair Isaac Corp.	✓	✓		
Fanuc Corp.	✓	✓		
FedEx Corp.		✓	✓	
Ferrexpo Plc	✓	✓	✓	
Ferrovial SA		✓		
FibroGen, Inc.			✓	
FinecoBank SpA		✓	✓	
First Republic Bank		✓	✓	
FirstEnergy Corp.	✓	✓		
FirstService Corp.	✓			
Fiserv, Inc.			✓	
FleetCor Technologies, Inc.			✓	
Floor & Decor Holdings, Inc.		✓		✓
Flowers Foods, Inc.		✓		
Flowserve Corp.			✓	
FMC Corp.	✓	✓	✓	
Foot Locker, Inc.	✓	✓		
Ford Motor Co.		✓	✓	
Forestar Group, Inc.	✓			
Fortinet, Inc.	✓	✓		
Four Corners Property Trust, Inc.	✓			
Fox Factory Holding Corp.	✓			
Franco-Nevada Corp.	✓	✓		
Franklin BSP Realty Trust, Inc.	✓			
Freenet AG	✓		✓	

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
Freeport-McMoRan, Inc.	✓	✓		
Frequency Therapeutics, Inc.	✓	✓	✓	✓
Frontdoor, Inc.	✓	✓	✓	✓
FuboTV, Inc.			✓	
Fuji Soft, Inc.	✓	✓		
FUJIFILM Holdings Corp.	✓	✓	✓	
G-III Apparel Group, Ltd.		✓	✓	
Galapagos NV	✓		✓	
Generac Holdings, Inc.	✓	✓		
General Dynamics Corp.	✓	✓		
General Electric Co.			✓	
General Motors Co.	✓	✓	✓	
Genmab A/S	✓	✓	✓	
Genprex, Inc.	✓	✓		
GeoVax Labs, Inc.	✓			
Gerresheimer AG	✓	✓		
Gilead Sciences, Inc.	✓	✓		✓
Glacier Bancorp, Inc.	✓			
Glaukos Corp.	✓	✓		✓
Glencore Plc		✓	✓	
Global Industrial Co.	✓			
Global Payments, Inc.			✓	
Goodman Group	✓		✓	
Great-West Lifeco, Inc.	✓			
Green Dot Corp.			✓	✓
Greif, Inc.	✓			
Griffon Corp.	✓	✓	✓	
Groupe Bruxelles Lambert SA	✓		✓	
Groupon, Inc.			✓	
Grupo Financiero Banorte SAB de CV	✓	✓	✓	

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
GSK Plc			✓	
Guardant Health, Inc.	✓		✓	✓
Guess, Inc.	✓	✓	✓	✓
Halliburton Co.	✓	✓	✓	
Hana Financial Group, Inc.	✓	✓		
Hannon Armstrong, Inc.	✓	✓	✓	
Harley-Davidson, Inc.			✓	
Hasbro, Inc.	✓	✓		
Hawaiian Electric Industries, Inc.	✓	✓		
Hawaiian Holdings, Inc.	✓	✓		
HCA Healthcare, Inc.		✓		
HCI Group, Inc.			✓	
Health Catalyst, Inc.			✓	
Heineken NV	✓		✓	
HelloFresh SE	✓	✓	✓	
Hepion Pharmaceuticals, Inc.	✓			
Herbalife Nutrition Ltd.	✓	✓		
Heritage-Crystal Clean, Inc.	✓			
Hess Corp.	✓	✓		
Hexcel Corp.			✓	
Hilltop Holdings, Inc.	✓			
Holcim Ltd.	✓	✓	✓	
HomeServe Plc	✓	✓	✓	
Hon Hai Precision Industry Co., Ltd.		✓		
Honeywell International, Inc.		✓		
Horizon Therapeutics Plc.	✓		✓	
Howmet Aerospace, Inc.			✓	
HP, Inc.	✓	✓		
HSBC Holdings Plc		✓		
Hugo Boss AG			✓	

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
Huntsman Corp.	✓	✓	✓	
Ibstock Plc	✓		✓	
IDEX Corp.	✓	✓		✓
Illinois Tool Works, Inc.	✓			✓
Indivior Plc	✓	✓	✓	
Industrial and Commercial Bank of China Ltd.				✓
Informa Plc			✓	
ING Groep NV	✓	✓		
Inspire Medical Systems, Inc.	✓			
Insurance Australia Group Ltd.	✓	✓	✓	
Intel Corp.	✓	✓	✓	
Intellia Therapeutics, Inc.	✓	✓		✓
Inter & Company, Inc.	✓	✓	✓	✓
Intercept Pharmaceuticals, Inc.	✓			
InterContinental Hotels Group Plc			✓	
InterDigital, Inc.	✓		✓	
International Business Machines Corp.		✓		
International Consolidated Airlines Group SA		✓	✓	
International Paper Co.	✓	✓		
Intesa SanPaolo SPA	✓	✓	✓	
inTEST Corp.	✓			
Invitae Corp.	✓	✓		✓
iovance Biotherapeutics, Inc.	✓			
IP Group Plc			✓	
IPG Photonics Corp.	✓	✓		
IQVIA Holdings, Inc.				✓
iRhythm Technologies, Inc.	✓	✓		✓
Italgas SpA	✓	✓	✓	✓
IVERIC bio, Inc.	✓	✓		✓
J Sainsbury Plc	✓	✓		

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
Jack in the Box, Inc.		✓		
Janus Henderson Group Plc	✓	✓		
JBG SMITH Properties			✓	
Jefferies Financial Group, Inc.	✓		✓	
JetBlue Airways Corp.		✓		
Johnson & Johnson	✓	✓	✓	✓
Johnson Controls International Plc	✓	✓		
JPMorgan Chase & Co.	✓	✓	✓	
Jubilant Foodworks Ltd.		✓		
Kadant, Inc.	✓			
Kala Pharmaceuticals, Inc.	✓			✓
KB Home				✓
Kellogg Co.	✓	✓	✓	✓
Kering SA	✓	✓	✓	
Kikkoman Corp.	✓			✓
Kilroy Realty Corp.	✓	✓	✓	
Kinder Morgan, Inc.	✓	✓		
Kinetik Holdings, Inc.				✓
Kingfisher Plc			✓	
Kingspan Group Plc		✓		
Kinross Gold Corp.	✓	✓		
Kohls Corp.	✓	✓	✓	
Koninklijke Philips NV	✓	✓	✓	
Korea Electric Power Corp.		✓		
L'Oreal SA	✓	✓	✓	
Ladder Capital Corp.	✓	✓	✓	✓
Laurentian Bank of Canada		✓	✓	
Lee Enterprises, Inc.		✓		
Lennar Corp.			✓	
Leslie's, Inc.	✓	✓		

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
Levi Strauss & Co.		✓		
Liberty Broadband Corp.	✓			
Lightwave Logic, Inc.	✓			
Lincoln National Corp.	✓		✓	
Liontrust Asset Management Plc			✓	
Lipocine, Inc.				✓
LivaNova Plc	✓			
Lloyds Banking Group Plc	✓		✓	
Loblaw Companies Ltd.	✓	✓		✓
Lockheed Martin Corp.	✓	✓		
Lowes Companies, Inc.	✓	✓	✓	
Lucid Group, Inc.	✓	✓	✓	✓
Lument Finance Trust, Inc.	✓			
Lundin Energy AB	✓	✓		
LXP Industrial Trust	✓	✓	✓	
Lyft, Inc.		✓		✓
M.D.C. Holdings, Inc.	✓	✓	✓	
M&G Plc	✓		✓	
M&T Bank Corp.	✓	✓		
Magnite, Inc.			✓	
Makita Corp.	✓			
Malvern Bancorp, Inc.	✓		✓	
Manulife Financial Corp.	✓	✓		
Marathon Petroleum Corp.		✓	✓	✓
Marks & Spencer Group Plc	✓	✓	✓	
Marriott International, Inc.	✓	✓	✓	
Marsh & McLennan Companies, Inc.				✓
Masco Corp.	✓	✓		
Masimo Corp.	✓	✓	✓	
Mastercard, Inc.	✓	✓		✓

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
Matador Resources Co.		✓		
Mattel, Inc.	✓	✓		
Maui Land & Pineapple Company, Inc.	✓			
Maximus, Inc.		✓		
McDonald's Corp.	✓	✓		
McKesson Corp.	✓	✓		
Mediclinic International Plc			✓	
Mediobanca Banca di Credito Finanziario SpA	✓	✓	✓	✓
Mednax, Inc.	✓	✓	✓	✓
MercadoLibre, Inc.	✓	✓		
Mercedes-Benz Group AG	✓	✓		
Merck & Company, Inc.	✓	✓		
Meritage Homes Corp.	✓	✓		
MERLIN Properties SOCIMI SA	✓			
Merrimack Pharmaceuticals, Inc.	✓			
Mersana Therapeutics, Inc.			✓	
Meta Platforms, Inc.		✓		
MGE Energy, Inc.		✓		
Micron Technology, Inc.		✓		✓
Mid-Southern Bancorp, Inc.	✓			
Mineral Resources Ltd.	✓	✓	✓	
Mitsubishi Corp.	✓	✓		
Mitsui & Co., Ltd.	✓	✓	✓	
Mizuho Financial Group, Inc.	✓	✓		
Moderna, Inc.	✓	✓		✓
Momentive Global, Inc.		✓		
Moncler SpA	✓	✓	✓	
Mondelez International, Inc.	✓	✓		
Monster Beverage Corp.		✓		
Moodys Corp.	✓			

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
Moog, Inc.	✓			
Morgan Stanley		✓		
Motorcar Parts of America, Inc.	✓	✓	✓	✓
Movado Group, Inc.			✓	
MP Materials Corp.	✓		✓	
MSC Industrial Direct Company, Inc.	✓			
Mytilneos SA	✓	✓		
Nabors Industries Ltd.			✓	
National CineMedia, Inc.	✓		✓	
National Express Group Plc	✓	✓	✓	
National Health Investors, Inc.	✓			
National Vision Holdings, Inc.				✓
Natural Gas Services Group, Inc.			✓	
NatWest Group Plc		✓	✓	
NCR Corp.			✓	
Neenah, Inc.		✓	✓	
NeoGenomics, Inc.			✓	
Netflix, Inc.	✓	✓	✓	✓
Neurocrine Biosciences, Inc.	✓			✓
New Jersey Resources Corp.	✓	✓		
Newell Brands, Inc.		✓	✓	✓
Newmont Corp.	✓	✓		
Nexans SA	✓	✓	✓	
NexPoint Residential Trust, Inc.	✓			
NextEra Energy, Inc.	✓	✓		
NextNav, Inc.	✓			
Nikola Corp.	✓	✓	✓	
Nintendo Co., Ltd.	✓	✓	✓	
Nomura Holdings, Inc.		✓		
Northrop Grumman Corp.	✓	✓		

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
Norwegian Cruise Line Holdings Ltd.	✓	✓	✓	
NOV, Inc.	✓	✓		
Novo Nordisk A/S	✓	✓	✓	
Nucor Corp.	✓	✓		
nVent Electric Plc	✓	✓	✓	
NVIDIA Corp.	✓	✓		
O'Reilly Automotive, Inc.	✓	✓		
Ocado Group Plc	✓	✓		
Occidental Petroleum Corp.	✓	✓		
Oceaneering International, Inc.	✓	✓		
Ocular Therapeutix, Inc.			✓	
OGE Energy Corp.	✓	✓		✓
Okta, Inc.	✓		✓	
Omnicom Group, Inc.	✓	✓		
Onsemi	✓	✓		
ONE Gas, Inc.	✓	✓		
OneWater Marine, Inc.	✓			
Orange SA	✓	✓	✓	
Organon & Co.	✓	✓	✓	✓
Origin Energy Ltd.		✓		
Orpea SA		✓		
Overstock.com, Inc.		✓		
Ovintiv, Inc.	✓	✓		
Oxford BioMedica Plc	✓		✓	
PacWest Bancorp			✓	
PagerDuty, Inc.			✓	
Palatin Technologies, Inc.		✓		
Palo Alto Networks, Inc.	✓	✓		✓
Palomar Holdings, Inc.			✓	
Pan American Silver Corp.	✓	✓		

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
Panbela Therapeutics, Inc.	✓			
Papa John's International, Inc.	✓	✓	✓	
PAR Technology Corp.	✓	✓		✓
Paradigm Biopharmaceuticals Ltd.		✓	✓	
Paramount Global		✓	✓	✓
Paycom Software, Inc.			✓	
PayPal Holdings, Inc.	✓	✓		
PDC Energy, Inc.	✓	✓	✓	
Pebblebrook Hotel Trust			✓	
PepsiCo, Inc.		✓		
Pernod Ricard SA	✓	✓		
Petco Health & Wellness Company, Inc.	✓	✓		✓
Petrofac Ltd.	✓	✓		
Pfizer, Inc.		✓		✓
PG&E Corp.		✓	✓	
Philip Morris International, Inc.	✓	✓		
Phillips 66	✓	✓	✓	
Phoenix Group Holdings Plc	✓	✓		
Pioneer Natural Resources Co.	✓	✓		
Platinum Asset Management Ltd.	✓		✓	
Plug Power, Inc.		✓	✓	
Plus500 Ltd.	✓		✓	
Polaris, Inc.	✓	✓		
Pool Corp.	✓	✓		
Portland General Electric Co.	✓	✓		
POSCO Holdings, Inc.		✓	✓	✓
Powell Industries, Inc.	✓			
Primerica, Inc.				✓
ProSiebenSat.1 Media SE	✓	✓	✓	
Prosperity Bancshares, Inc.	✓			

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
Prudential Plc	✓	✓	✓	
Prysmian SpA		✓	✓	
PTC Therapeutics, Inc.	✓			
Public Power Corp. SA	✓			
Public Service Enterprise Group, Inc.	✓	✓		
Puma Biotechnology, Inc.	✓			
Pure Cycle Corp.	✓			
Qantas Airways Ltd.		✓		
Quest Diagnostics, Inc.	✓	✓		✓
Quidel Corp.	✓	✓		
Raiffeisen Bank International AG		✓		
Range Resources Corp.	✓	✓	✓	
Ranpak Holdings Corp.			✓	
Rayonier, Inc.	✓	✓		✓
Raytheon Technologies Corp.	✓	✓		
RE/MAX Holdings, Inc.	✓	✓		✓
Realty Income Corp.	✓	✓		
Reata Pharmaceuticals, Inc.	✓		✓	
Recruit Holdings Co., Ltd.	✓	✓		
Redde Northgate Plc	✓			
Redfin Corp.	✓			✓
Redwood Trust, Inc.	✓	✓	✓	
Regeneron Pharmaceuticals, Inc.				✓
REIT 1 Ltd.		✓		
Relay Therapeutics, Inc.	✓	✓	✓	✓
Relmada Therapeutics, Inc.	✓		✓	
Repligen Corp.	✓	✓	✓	
Repsol SA	✓	✓	✓	
Republic Services, Inc.		✓		
Restaurant Brands International, Inc.	✓	✓		

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
Revance Therapeutics, Inc.	✓	✓	✓	✓
RH	✓	✓	✓	
Rheinmetall AG	✓	✓		
Rio Tinto Plc	✓	✓		
RioCan Real Estate Investment Trust			✓	
RLJ Lodging Trust			✓	
Roche Holding AG	✓	✓	✓	
Rockwell Automation, Inc.	✓	✓	✓	
Romeo Power, Inc.			✓	
Rotork Plc	✓			
Royal Bank of Canada		✓		
Royal Caribbean Group	✓	✓	✓	
Royalty Pharma Plc	✓	✓	✓	
RPT Realty			✓	
RS Group Plc		✓	✓	
RumbleOn, Inc.	✓			
RWE AG	✓	✓	✓	✓
S4 Capital Plc			✓	
Sacyr SA	✓		✓	
Safran SA	✓	✓	✓	
Saga Plc			✓	
SAGE Therapeutics, Inc.	✓		✓	✓
Salesforce, Inc.		✓		
Samsung Electronics Co., Ltd.	✓	✓		
Sanofi	✓	✓	✓	
Santos Ltd.		✓	✓	
SAP SE	✓	✓	✓	
Sasol Ltd.		✓		
Scentre Group	✓	✓	✓	
Schnitzer Steel Industries, Inc.	✓	✓		✓

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
Schrodinger, Inc.	✓			
SCOR SE	✓		✓	
Sculptor Capital Management, Inc.			✓	
Seagate Technology Holdings Plc		✓		
Seagen, Inc.	✓	✓		✓
Seek Ltd.		✓	✓	
SEI Investments Co.	✓			
Sekisui House, Ltd.	✓	✓		✓
Sempra Energy	✓	✓		
ServiceNow, Inc.	✓	✓	✓	
Seven & i Holdings Co., Ltd.	✓	✓		
Severn Trent Plc	✓	✓	✓	
Shell Plc	✓	✓	✓	
Shin-Etsu Chemical Co., Ltd.	✓			
Shopify, Inc.	✓	✓	✓	
Sibanye Stillwater Ltd.		✓	✓	
Siemens Energy AG	✓		✓	✓
SIG Plc	✓			
SilverBow Resources, Inc.	✓			
Sime Darby Plantation Berhad		✓		
Simpson Manufacturing Company, Inc.	✓	✓		
SiteOne Landscape Supply, Inc.		✓		✓
Skechers U.S.A., Inc.	✓	✓		
Skillsoft Corp.		✓		
Skyworks Solutions, Inc.			✓	
SL Green Realty Corp.			✓	
SmartCentres Real Estate Investment Trust	✓		✓	
SMCP SA	✓	✓	✓	✓
Smiths Group Plc			✓	
SNC-Lavalin Group, Inc.		✓		

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
Sonic Automotive, Inc.	✓			
Sonnet Biotherapeutics Holdings, Inc.	✓		✓	
Sotera Health Co.	✓	✓	✓	✓
South32 Ltd.		✓	✓	
Southwest Airlines Co.			✓	
Southwest Gas Holdings, Inc.	✓	✓		
SpartanNash Co.	✓	✓		✓
Spirit AeroSystems Holdings, Inc.	✓	✓	✓	
Spirit Airlines, Inc.		✓		
Splunk, Inc.	✓		✓	✓
SS&C Technologies Holdings, Inc.			✓	
SSE Plc	✓	✓	✓	
SSP Group Plc			✓	
St. James's Place Plc	✓			
Standard Chartered Plc		✓	✓	
Starbucks Corp.		✓	✓	
Starwood Property Trust, Inc.	✓	✓		
State Street Corp.		✓	✓	
Steel Dynamics, Inc.	✓	✓		✓
Stellantis NV		✓	✓	
Stericycle, Inc.		✓		
Straumann Holding AG	✓	✓	✓	
Strauss Group Ltd.		✓		
Stryker Corp.				✓
Sturm, Ruger & Company, Inc.	✓	✓		
Subsea 7 SA	✓	✓		
Sumitomo Mitsui Financial Group, Inc.	✓	✓		
Sumitomo Mitsui Trust Holdings, Inc.	✓	✓	✓	
Sumitomo Realty & Development Co., Ltd.				✓
SunRun, Inc.		✓		

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SVB Financial Group		✓		
Tachi-S Co., Ltd.	✓	✓		
Talos Energy, Inc.	✓		✓	
Tandem Diabetes Care, Inc.	✓	✓	✓	✓
Tassal Group Ltd.	✓	✓		
Taylor Wimpey Plc		✓		
TC Energy Corp.	✓	✓		
TD SYNNEX Corp.	✓			✓
Telecom Italia Spa		✓	✓	
Teleflex, Inc.	✓			
Telefonaktiebolaget LM Ericsson	✓	✓		
Telefonica SA			✓	
Teleperformance SA	✓	✓	✓	
Tempur Sealy International, Inc.	✓	✓	✓	
Tencent Holdings Ltd.	✓	✓		
TERNA Rete Elettrica Nazionale SpA	✓	✓	✓	
Tesco Plc	✓	✓		
Tetra Tech, Inc.	✓			
TETRA Technologies, Inc.				✓
Texas Capital Bancshares, Inc.			✓	
Texas Instruments, Inc.			✓	
The AES Corp.		✓	✓	
The Bank of New York Mellon Corp.	✓			
The Bank of Nova Scotia			✓	
The Boeing Co.	✓			
The Boston Beer Company, Inc.	✓	✓	✓	
The Carlyle Group, Inc.			✓	
The Charles Schwab Corp.		✓	✓	✓
The Cheesecake Factory, Inc.	✓	✓		
The Children's Place, Inc.	✓	✓	✓	

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
The Coca-Cola Co.	✓	✓	✓	
The GEO Group, Inc.			✓	✓
The Goldman Sachs Group, Inc.	✓	✓	✓	
The Goodyear Tire & Rubber Co.	✓		✓	✓
The Hershey Co.	✓	✓		
The Home Depot, Inc.	✓	✓		
The Kraft Heinz Co.	✓	✓	✓	
The Kroger Co.	✓	✓	✓	
The Restaurant Group Plc	✓	✓	✓	
The RMR Group, Inc.	✓	✓		✓
The Southern Co.	✓	✓		
The Star Entertainment Group Ltd.	✓	✓	✓	
The TJX Companies, Inc.	✓	✓	✓	
The Toronto-Dominion Bank		✓		
The Trade Desk, Inc.			✓	
The Travelers Companies, Inc.		✓	✓	
The Walt Disney Co.		✓		
The Wendy's Co.	✓	✓		
The Williams Companies, Inc.	✓	✓		
Thor Industries, Inc.	✓	✓		
Tokio Marine Holdings, Inc.	✓	✓		
Toray Industries, Inc.	✓			
Toshiba Corp.	✓	✓		
TotalEnergies SE		✓	✓	
Toyobo Co., Ltd.	✓	✓		
Toyota Motor Corp.	✓			
TPG Telecom Ltd.	✓			
Tradeweb Markets, Inc.	✓			
Trainline Plc			✓	
TransAlta Corp.	✓	✓		

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
Transurban Group Ltd.	✓	✓	✓	
Trevena, Inc.	✓			
Trupanion, Inc.	✓			
Turning Point Therapeutics, Inc.	✓		✓	✓
Twilio, Inc.	✓			
Twitter, Inc.	✓	✓	✓	
Tyson Foods, Inc.	✓	✓		
U.S. Bancorp	✓	✓	✓	
Uber Technologies, Inc.	✓	✓		
UBS Group AG	✓	✓	✓	
Ulta Beauty, Inc.	✓	✓		
Ultragenyx Pharmaceutical, Inc.	✓	✓		✓
UniCredit SpA		✓	✓	
Unilever Plc		✓		
Union Pacific Corp.	✓	✓		
United Airlines Holdings, Inc.		✓		
United Bancorp, Inc.	✓			
United Parcel Service, Inc.	✓	✓		✓
UnitedHealth Group, Inc.	✓	✓	✓	
Universal Health Services, Inc.	✓			✓
UPM-Kymmene Oyj	✓			
Upwork, Inc.			✓	
US Foods Holding Corp.	✓	✓		✓
UTZ Brands, Inc.	✓	✓		✓
Vale SA	✓	✓		
Valero Energy Corp.		✓	✓	
Vantage Towers AG	✓	✓		✓
Vastned Retail NV	✓	✓	✓	
Vector Group Ltd.	✓		✓	

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
Veeva Systems, Inc.	✓	✓	✓	
Ventas, Inc.	✓	✓	✓	
Verizon Communications, Inc.		✓		
Vertex Pharmaceuticals, Inc.	✓	✓	✓	
Vertiv Holdings Co.	✓	✓		
VICI Properties, Inc.	✓	✓		
VINCI SA	✓	✓	✓	
Virgin Galactic Holdings, Inc.	✓	✓	✓	
Vivendi SE			✓	
Vodafone Group Plc	✓	✓		
VolitionRX Ltd.	✓		✓	✓
Vonovia SE	✓	✓	✓	
Vulcan Materials Co.	✓	✓		✓
Walgreens Boots Alliance, Inc.	✓		✓	
Walmart, Inc.	✓	✓	✓	✓
Warner Bros. Discovery, Inc.	✓		✓	
Waste Management, Inc.		✓		
WEC Energy Group, Inc.	✓			
Wells Fargo & Co.	✓	✓	✓	
WH Smith Plc	✓	✓	✓	
Whirlpool Corp.	✓	✓		
Whitbread Plc			✓	
Wienerberger AG	✓		✓	
WillScot Mobile Mini Holdings Corp.	✓	✓	✓	
Wingstop, Inc.	✓	✓	✓	✓
Woodside Energy Group Ltd.		✓		
WPP Plc			✓	
WSP Global, Inc.	✓	✓		
Wynn Resorts Ltd.			✓	

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
Xencor, Inc.	✓			
Xerox Holdings Corp.	✓		✓	
XPO Logistics, Inc.	✓	✓	✓	
Xylem, Inc.	✓			
Yelp, Inc.	✓	✓		
Yum China Holdings, Inc.	✓	✓		
Yum! Brands, Inc.			✓	
Zalando SE	✓		✓	
Zendesk, Inc.	✓	✓		

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