Vanguard Capital Management Investment Stewardship

2026 Annual Report

Vanguard®

Contents

Introduction

This report presents the proxy voting and engagement activities conducted by Vanguard Capital Management Investment Stewardship (VCMIS) on behalf of the Funds from January 12, 2026, through June 30, 2026 (the reporting period).[1,2] As of June 30, 2026, there were 106 equity index funds for which VCMIS administered voting and engagement. This report provides visibility into how VCMIS carried out its investment stewardship responsibilities and applied the Policies in assessing matters presented for shareholder approval.[3] Throughout the reporting period, VCMIS analyzed public disclosures and engaged with company leaders to gather information to inform proxy voting decisions, evaluating ballot items in the context of the Policies. The Policies are grounded in our four pillars of good corporate governance: board composition and effectiveness, board oversight of strategy and risk, executive pay, and shareholder rights. This report explains how those pillars framed our analysis and voting decisions across markets during the reporting period.

1 VCMIS is responsible for administering proxy voting and engagement on behalf of funds and portfolios managed by certain Vanguard-affiliated entities, including U.S.-domiciled mutual funds and ETFs advised by the Vanguard Group, Inc., through Vanguard Capital Management, LLC, and certain equity index funds and portfolios managed by Vanguard Asset Management, Ltd., Vanguard Fiduciary Trust Company, Vanguard Global Advisers, LLC, and Vanguard Investments Australia Ltd (the "Funds"). In general, these portfolios include broad U.S. market index mandates and global index mandates.

2 Effective January 12, 2026, Vanguard completed a multiyear effort to establish two wholly owned U.S. investment advisors, Vanguard Capital Management, LLC, and Vanguard Portfolio Management, LLC. Each consists of distinct investment management teams and independent investment stewardship teams made up of our deeply experienced leaders and crew. The independent investment stewardship teams aligned to each advisor support corporate governance practices across our funds' portfolios that focus on maximizing shareholder returns. This publication describes the proxy voting and engagement activities conducted by VCMIS for the Funds pursuant to the Policies; it does not include (a) votes cast on behalf of investors who, through Vanguard's Investor Choice program, chose to have their proportionate portfolio holdings in certain index funds voted in accordance with a policy other than the funds' proxy voting policy, or (b) proxy voting and engagement activities for externally managed funds conducted by their respective third-party investment advisors.

3 VCMIS voting and engagement activities are carried out pursuant to proxy voting policies (the "Policies"), which have been adopted by the boards or relevant governing bodies of the Funds for which they are responsible. The most recent Policies can be found on the Vanguard website. Neither Vanguard nor VCMIS seek to influence day-to-day management decisions, dictate corporate strategy, submit shareholder proposals, or nominate directors. We believe that decisions regarding a company's strategy, operations, and capital allocation are appropriately the responsibility of its board of directors and management team. Similarly, we do not use investment stewardship activities to pursue public policy objectives. We believe that matters of public policy, including environmental and social policy, are appropriately determined by elected officials and regulators.

By the numbers

11,243
COMPANIES WHERE A PROPOSAL WAS VOTED ON

134,999
PROPOSALS VOTED ON

489
TOTAL ENGAGEMENTS WITH OR RELATED TO PORTFOLIO COMPANIES

467
COMPANIES ENGAGED

22%
OF EQUITY ASSETS UNDER MANAGEMENT (AUM) ENGAGED

Regional company engagement

The following table represents VCMIS regional engagement activities on behalf of the Funds during the reporting period.

Region	Percentage of regional AUM engaged	Number of companies engaged	Total engaged equity AUM	VCMIS funds' total equity AUM
Americas ex-U.S.	1%	5	$1.6B	$194.1B
Asia	16%	125	$158.6B	$1.0T
Australia and New Zealand	16%	31	$20.7B	$133.7B
Europe	26%	118	$195.2B	$774.9B
Middle East and Africa	2%	2	$1.5B	$68.1B
U.S.	24%	186	$1.4T	$5.8T

Data presented are for the period from January 12, 2026, through June 30, 2026. All figures reflect rounding.

The Policies

Voting and engagement conducted by VCMIS on behalf of the Funds is grounded in the Policies. The foundational tenets of the Policies are our four pillars of good corporate governance: board composition and effectiveness, board oversight of strategy and risk, executive pay, and shareholder rights. The four pillars provide a consistent framework for reviewing portfolio companies' governance practices and disclosure, engaging with company leaders to gather information, and applying the Policies to matters subject to a shareholder vote. Our analysis is focused on how governance practices may affect long-term shareholder returns.

Board composition and effectiveness

We look for boards to be composed of directors who demonstrate the independence, commitment, and capabilities needed to oversee their respective companies on behalf of shareholders. We also review how boards assess their own effectiveness and refreshment over time, including whether board processes support informed oversight and accountability.

Board oversight of strategy and risk

We look to understand how boards oversee strategy and material risks. This includes how boards evaluate risks and opportunities, review and disclose material information, and provide informed oversight of management's execution. We focus on whether shareholders have decision-useful information about the board's oversight processes and the governance structures supporting long-term shareholder returns.

Executive pay

We look for boards to implement and oversee incentive structures that align executive pay outcomes with long-term shareholder returns relative to market peers. We look for clear, contextual disclosure to understand the channels through which pay is delivered, the alignment of metrics and targets with shareholder returns, and the board's exercise of oversight and discretion regarding pay decisions.

Shareholder rights

Fundamental shareholder rights provide owners the appropriate mechanisms to participate in important governance decisions. We seek to understand and support sufficient channels for shareholders to exercise these rights effectively.

What has shaped the year so far?

By the midpoint of 2026, a majority of the annual meetings across global markets had taken place, and VCMIS had applied the Policies, supported by engagement as needed, to fulfill its voting responsibilities on the Funds' behalf. The year thus far was shaped by developments in regulation and corporate governance frameworks, which impacted voting and engagement activities to varying degrees across markets.

AI, data centers, and board oversight

Boards have increasingly expanded their oversight of risks associated with artificial intelligence and the rapid growth of data center infrastructure. Companies have long focused on technology-driven risks such as cybersecurity, data privacy, and intellectual property protection, but AI-related risks such as model reliability, regulatory compliance, and the ethical use of AI in products and operations have become increasingly prominent across the risk landscape. At the same time, directors are overseeing emerging risks tied to data center expansion, including capital allocation, energy consumption, power availability, supply chain constraints, environmental impacts, and operational resilience.

Many boards have assigned responsibility for these issues to specific committees while receiving regular management updates, reflecting the growing importance of AI and digital infrastructure to long-term strategy and risk management. Where relevant, we have increasingly sought to understand how boards have incorporated oversight of the risks and opportunities associated with these rapidly evolving technologies into their oversight responsibilities. Although there have been a limited number of AI-related voting matters thus far (17 shareholder proposals at 11 companies in the U.S. and Canada), we regularly discussed board oversight of AI risks and opportunities through our engagement with company leaders across regions.

Case studies

Company: Alphabet Inc.

Business: Collection of businesses providing technology services and products

Country: U.S.

Vote topic: Shareholder proposal regarding AI-related risk oversight

At Alphabet's 2026 annual meeting, the Funds did not support a shareholder proposal requesting that the board update the Audit Committee's charter to include formal oversight of risks related to the development and deployment of AI. In assessing the proposal, we considered the financial materiality of the risks raised in the proposal, the board's oversight of AI-related risks and opportunities, and the company's disclosure of AI-related risks. The company identified material AI-related risks in its most recent 10-K filing, and we assessed that Alphabet's establishment of the Risk and Compliance Committee (with explicit responsibility for overseeing emerging and enterprise risks, including those associated with AI) and Alphabet's annual Responsible AI Progress Report sufficiently address the proponent's request.

Company: International Business Machines Corporation (IBM)

Business: Information technology solutions and services

Country: U.S.

Vote topic: Board oversight of AI-related risks

At IBM's 2026 shareholder meeting, the Funds did not support a shareholder proposal requesting that the board issue a report on methods used to eliminate bias from IBM's AI models. In assessing the proposal, we considered the financial materiality of the risk raised, IBM's existing disclosures and actions, and the board's oversight of AI-related risks and opportunities. IBM addressed AI-related risk, including potential effects of AI bias, in its proxy statement and 10-K filed in 2026. Based on its public disclosures, IBM is addressing AI-related risks through external benchmarking efforts and oversight by its internal Responsible Technology Board, as well as ongoing commitments such as the company's Principles for Trust and Transparency. During our engagement, company leaders described board-level AI expertise and education, as well as reporting and escalation processes across the Audit Committee, the Directors and Corporate Governance Committee, and the full board. We assessed that the company's practices and existing disclosures sufficiently addressed the proponent's request.

Voting and engagement activity overview

Discussions with portfolio company leaders enable VCMIS to deepen its understanding of a wide range of corporate governance topics associated with long-term shareholder returns. Anchored in our four pillars of good corporate governance, these engagements with company leaders help inform the Funds' voting decisions while providing valuable insight into the evolution of governance practices across global markets.

In the first half of 2026, the Funds voted on 134,999 proposals at 11,243 companies. Each of these voting decisions represents a case-by-case application of the Policies in the context of company-specific facts and circumstances. The tables presented on pages 17 through 20 illustrate the Funds' general voting pattern on categories of votes across regions. Note that each Fund's votes are a subset of these results and therefore may represent different levels of support based on their holdings.

The focus of our engagements was generally to understand the unique context relevant to each company's corporate governance practices and disclosure to inform the Funds' votes.[4]

Where appropriate, we also discussed relevant disclosures that could provide context about a company's corporate governance practices, particularly as we sought to understand how boards were positioned to oversee changes in regulation, technology, and industry dynamics.

Evolving governance frameworks

We followed several changes to corporate governance regulations and corporate governance codes, some of which were relevant to the Funds' voting activities. Key regulatory changes that affected voting items evaluated by the Funds in the U.S. and Italy are outlined on page 8.

Other regulatory changes were more relevant for our engagements with portfolio companies where we sought to understand how boards were overseeing the implementation of regulatory changes or shifts in market norms relevant to their companies. In Europe, these changes included the final implementation of an E.U. directive on gender representation among directors, which required more boards to comply with a legally binding gender diversity quota. In South Korea, we sought to understand how regulatory changes to director independence

4 The majority of engagements take place via videoconference, while some take place in person. The team also engages with portfolio companies by email, especially when seeking clarification related to a voting item or responding to questions from companies.

requirements and the introduction of cumulative voting requirements coming into effect in 2026 would impact board composition.

We continue to follow ongoing changes to relevant corporate governance frameworks, including the Japan Financial Services Agency's and the Tokyo Stock Exchange's proposed revisions to Japan's Corporate Governance Code, the Australian Securities Exchange's review of the Corporate Governance Principles and Recommendations, the European Union's proposed revisions to the Shareholder Rights Directive, and proposed revisions to corporate governance reporting requirements in the U.K.

Shareholder proposals in the U.S.

Shareholder proposals submitted at U.S.-listed companies continued their multiyear decline, with certain longstanding proponents continuing their retreat and others emerging with increased submission volumes. Although some observers anticipated a substantial reduction in the volume of proposals appearing on company ballots in light of a shift in posture by the U.S. Securities and Exchange Commission, the year-over-year volume decreased by a modest 12%.

Proposals on governance topics—independent chair requirements, written consent or special meeting rights, and majority voting provisions—continued to dominate. Although the Funds supported only a limited number of these proposals (even those regarding governance topics) that we deemed to be in shareholders' best interest, we believe that shareholder proposals, when used appropriately, are an important mechanism for shareholders' voices to be heard.

Reincorporations in the U.S.

An emerging matter for many U.S. companies this year was reconsideration of their state of incorporation. Although there is a baseline number of companies that seek reincorporation each year, these moves, which require shareholder approval, have increased over the last couple of years. Most recently, more companies have proposed reincorporation in states such as Texas and Nevada that may provide more substantive liability protection for directors and officers and greater insulation from potentially frivolous litigation. When evaluating these proposed transitions on a case-by-case basis, we weigh the probable business benefits to the company against potential limitations to shareholder rights, resulting either from a difference in state law or change in the company's governance provisions, all in the interest of maximizing the long-term value of the Funds' investments in the company in question.

Italian regulatory reform

Italy implemented legal reforms to enhance the competitiveness of Italian capital markets through changes affecting shareholder meeting participation, takeover rules, and voting rights. One key reform that took full effect in 2026 enabled shareholders to vote on individual candidates in addition to a full slate of candidates. The Funds evaluated the election of individual directors on a case-by-case basis in alignment with the Policy.

Executive pay and disclosure

Executive pay is an important area of focus in voting and engagement activities across markets. When evaluating executive pay, we look for an alignment of pay structures with long-term shareholder returns. Although the Funds generally supported executive pay plans, the Funds were less likely to vote for those in which we assessed that the alignment between executive pay and company performance was less evident, the rationale for significant one-time awards was less clear, or the targets for performance metrics were less rigorous. In addition, shareholders' ability to cast informed votes on executive pay plans and outcomes is predicated on clear contextual disclosure. As such, the Funds were more likely to oppose plans or outcomes that lacked sufficient disclosure to illustrate the pay-for-performance alignment or robust market benchmarking and governance.

In certain non-U.S. markets, we remained attentive to the continued re-benchmarking of executive pay to higher levels—often against U.S. peers—reflecting an increasingly competitive global market for executive talent. Where such benchmarking materially escalated pay levels, we looked for clear disclosure of the rationale, including peer comparison and evidence that the resulting outcomes remained anchored to long-term company performance and shareholder returns.

Environmental and social topics

Globally, we occasionally see management-proposed votes on a company's climate reporting or strategy (often referred to as "Say on Climate"). The Funds generally abstained on Say on Climate votes in alignment with the Policies. Climate-related votes proposed by shareholders were infrequent. The Funds did not support shareholder-proposed votes on climate or other environmental or social topics. We evaluated each proposal on a case-by-case basis and determined in each case that either the proposals were overly prescriptive by seeking to influence the company's operations or strategy or they requested reporting on topics that were not material or had already been adequately disclosed.

Shareholder activism in Japan

In Japan, proponents submitted more than 300 shareholder proposals focused on board and management change or capital allocation in the 2026 proxy season. In addition, an emerging group of proposals requested earlier release of companies' Annual Securities Reports (*Yuho*) to provide ample time for review before the shareholder meetings. Following case-by-case assessments of each proposal, we considered each of them to be overly prescriptive and the Funds ultimately voted against them, but we did use the opportunity to engage with Japanese companies to articulate why earlier disclosure of the *Yuho* is helpful to shareholders in making more informed voting decisions.

Case studies

Board composition and effectiveness

Company: Ingles Markets, Incorporated

Business: Regional supermarket chain

Country: U.S.

Vote topic: Proxy contest

In the contested director election at Ingles Markets' 2026 annual meeting, the Funds supported one of the company's two nominees and the dissident nominee proposed by shareholder Summer Road LLC. In order to evaluate whether the election of the dissident nominees was in the best interests of shareholders' long-term financial returns, we evaluated the dissident's case for change, the company's governance profile, and the quality of the nominees by engaging with both the company and the dissident. We ultimately determined that additional independent Class A shareholder representation on the board was warranted. We observed inconsistency in the company's long-term performance relative to peers. We also had concerns about independent board oversight given the company's dual-class capital structure (under which Class A shareholders, such as the Funds, elect only 25% of the board members) and lack of either an independent nominating committee or a majority independent board. Given this context, we assessed that more independent and capable board representation for Class A shareholders by the dissident nominee would be aligned with shareholders' long-term financial returns.

Company: Banca Monte dei Paschi di Siena (BMPS)

Business: Banking

Country: Italy

Vote topic: Board election dynamics under Italy's new outgoing-board slate framework

At BMPS's 2026 shareholder meeting, the Funds supported the board-proposed director slate under Italy's new outgoing-board-slate framework and supported a subset of individual nominees under the new voting structure. In assessing the contested board election, we considered the case for change, the company's governance context, the qualifications of nominees, and whether material governance concerns supported a change in board composition. The company was the first major issuer to apply recent reforms to Italy's slate voting system, which tightened the conditions for boards to submit their own slates of nominees, including new shareholder votes on individual director candidates. The proxy contest involved competing slates submitted by the outgoing board, PLT Holding S.r.l. (including the former CEO), and institutional investors. The contest took place alongside scrutiny of the company's CEO succession process and during the execution of a major strategic transaction. However, we determined there was no compelling economic case for change or material governance concern to warrant support for a slate not proposed by the board.

Company: Kuraray Co., Ltd.

Business: Chemicals manufacturer

Country: Japan

Vote topic: Audit and Supervisory Board independence

At Kuraray's 2026 shareholder meeting, the Funds supported the election of the statutory audit board nominee. In assessing the nominee, we considered whether the statutory audit board would be majority independent after the election. Based on the company's initial disclosures, we assessed that the nominee's independence could be impacted by their former employment at an organization that had a cross-shareholding relationship with Kuraray. We engaged with company leaders to clarify the company's assessment of the nominee's independence. The company provided additional information, also published in a supplementary public disclosure, indicating that the cross-shareholding relationship had been terminated. After considering this information, we assessed that the nominee was independent and that the Audit and Supervisory Board was majority independent.

Company: T-Mobile US, Inc.

Business: Wireless telecommunications services

Country: U.S.

Vote topic: Key committee independence

At T-Mobile's 2026 shareholder meeting, the Funds did not support the reelection of non-independent directors to key committees that were not majority independent, nor did the Funds support members of the Nominating, Corporate Governance, and Compliance Committee (NCGC). At controlled companies, including T-Mobile, we look for at least a majority of key committee membership to be independent. In order to maximize the long-term return of shareholders' investments, we look for board directors to be appropriately independent, experienced, committed, capable, and diverse to serve as engaged stewards of all shareholders' interests. In our analysis of the company's 2026 proxy statement, we observed that non-independent directors constituted a majority of the Compensation Committee and NCGC members. Based on our research and analysis, the Funds withheld support from non-independent members of the Compensation Committee and NCGC, as well as all members of the NCGC given their responsibility for recommending director nominations and committee structure to the board.

Company: Charles River Laboratories International, Inc.

Business: Pharmaceutical products and services

Country: U.S.

Vote topic: Director capacity

At Charles River's 2026 shareholder meeting, the Funds supported the reelection of a director whose other directorships initially raised questions about their capacity to serve (sometimes referred to as "overboarding"). The director, a public company executive, served on three public company boards. In assessing the director's reelection, we considered the company-specific circumstances disclosed in the proxy statement, including the director's qualifications, expertise, and contributions to the board, and the board's oversight of director capacity and commitments. The company's disclosures described the Corporate Governance and Nominating Committee's ongoing oversight of director commitments, including an annual evaluation of whether multiple board roles could affect director effectiveness, with discretion retained by the board. The company also provided a clear rationale for nominating the director, which informed our assessment that he could effectively fulfill his responsibilities.

Board oversight of strategy and risk

Company: Warner Bros. Discovery, Inc. (WBD)

Business: Media and entertainment products and services

Country: U.S.

Vote topic: Board oversight of the merger process and related golden parachute arrangements

At WBD's special shareholder meeting in 2026, the Funds supported management's proposal to approve the all-cash merger agreement under which Paramount Skydance Corporation would acquire WBD for $31 per share. The Funds did not support the advisory vote on related "golden parachute" compensation arrangements. In assessing the merger proposal, we considered the board's oversight of the strategic review process, transaction valuation, and fairness opinions, and whether the proposed terms appeared likely to preserve or create long-term shareholder returns. Based on fairness opinions issued by the company's financial advisers, we assessed that the board's process for managing multiple competitive bids for the company's assets was aligned with long-term shareholder returns and therefore the Funds voted to support the merger agreement. However, our assessment of the golden parachute arrangements identified concerns related to single-trigger accelerated vesting of equity awards at unmet targets and extraordinary excise tax gross-ups. As a result, we determined that a vote against the golden parachute arrangements was aligned with the long-term returns of shareholders.

Company: STRABAG SE **Business:** Construction **Country:** Austria **Vote topic:** Board discharge proposal following antitrust law violations	At STRABAG's 2026 annual meeting, the Funds did not support the proposal to discharge the supervisory board and management board for the 2025 fiscal year. In assessing the proposal, we considered the company's involvement in a major court case involving antitrust violations in the Austrian construction sector from 2002 to 2017, including its disclosure of the resulting regulatory fine and the board's oversight of related legal, compliance, and disclosure risks. In a March 2026 press release, STRABAG stated that it had reached a settlement with the Austrian Federal Competition Authority that increased a prior €45.37 million fine by €100.63 million and closed the matter. The increase followed findings that the company had not fully disclosed its involvement in additional cartel projects, resulting in the loss of leniency treatment. Although the company has disclosed ongoing enhancements to its compliance management systems, we assessed that this was nonetheless a substantial materialized risk, and we observed limited disclosure on supervisory board oversight of the matter.
Company: Edinburgh Worldwide Investment Trust plc (EWIT) **Business:** Closed-ended investment trust **Country:** U.K. **Vote topic:** Proxy contest	At EWIT's 2026 annual meeting, the Funds did not support activist Saba Capital Management L.P.'s three director nominees proposed to replace the incumbent EWIT board. In assessing the contested director election, we considered the case for change presented by Saba, the quality of EWIT's governance, and the quality of director nominees. Saba disclosed that its rationale centered on longer-term company underperformance; however, EWIT's disclosures and our analysis indicated recent performance improvement, including one-year outperformance relative to its benchmark following the company's "Path for Growth" plan. We reviewed public disclosures and did not identify material concerns regarding board composition or oversight. We also observed that the board had acted on shareholder feedback by advancing a tender offer designed to provide shareholders with a liquidity option without changing the company's strategy.
Company: Rio Tinto plc and Rio Tinto Ltd. (Rio Tinto) **Business:** Mining and metals **Country:** Australia **Vote topic:** Short-term incentive plan and safety outcomes	At Rio Tinto's 2026 shareholder meeting, the Funds supported the Remuneration Report, including the short-term incentive plan outcomes. In assessing the report, we considered whether the board had taken a holistic view of company performance, the enhanced performance metrics, and materialized risks when determining executive pay outcomes, particularly in light of recent worker fatalities. Public disclosure and engagement with company leaders indicated that the board applied a 10% reduction to the short-term incentive plan following a fatality at a company-managed operation, with the adjustment applied to the full incentive rather than only the safety component. During the engagement, company leaders also described operational reviews, contractor safety initiatives, and an independent advisory panel established to review the causes of fatalities. These factors informed our assessment that the board had considered safety outcomes and risk oversight in its remuneration decisions.

Executive pay

Company: Broadcom Inc.

Business: Semiconductor devices and related software

Country: U.S.

Vote topic: Advisory proposal to ratify named executive officers' compensation ("Say on Pay")

At Broadcom's 2026 shareholder meeting, the Funds supported the advisory proposal to ratify named executive officers' compensation, or Say on Pay. We assessed the proposal by considering the alignment of executive pay and company performance, the link between the compensation plan and Broadcom's strategy, and board oversight of executive compensation. In its 2026 proxy statement, Broadcom detailed an equity award for its CEO with a grant date fair value of approximately $202 million, with any payout dependent on achieving specified AI revenue levels across four consecutive quarters during fiscal years 2028–2030. We also engaged with the Compensation Committee chair regarding the rigor of these targets and their alignment with shareholder interests. We determined that these awards were consistent with long-term shareholder returns based on the linkage of the awards to significant long-term revenue growth and the extension of the holding period for prior grants tied to substantial shareholder value creation (the company disclosed a five-year total shareholder return of 1,082% through October 31, 2025).

Company: adidas AG

Business: Sportswear and apparel manufacturing

Country: Germany

Vote topic: Assessment of remuneration policy

At adidas AG's 2026 annual meeting, the Funds did not support the proposal to approve the remuneration policy. In assessing the proposal, we considered whether the revised executive remuneration structure supported long-term alignment of executive pay and company performance. The company disclosed that the revised long-term incentive plan (LTIP) introduced a one-year performance period followed by a three-year share plan, replacing the prior three-year performance period and one-year holding period. In a letter to shareholders, the chair of the supervisory board stated that one-year performance criteria would support short-term steering in a volatile market while maintaining longer-term alignment through share-based incentives. We observed that the proposal followed several recent changes to the LTIP and included the removal of relative total shareholder return as a required performance metric. The company's disclosures also provided limited insight into the selection and calibration of performance metrics. Overall, we had concerns regarding the variable pay structure, and we assessed that there was insufficient disclosure to explain how the revised policy would better support long-term pay-for-performance alignment and shareholder returns.

Company: Kering

Business: Luxury goods

Country: France

Vote topic: Assessment of remuneration outcomes and remuneration policy

At Kering's 2026 annual meeting, the Funds did not support the CEO's remuneration outcomes for the period following his appointment as CEO or the chair's remuneration policy. In assessing these proposals, we considered whether the remuneration outcomes and remuneration policy aligned executive pay with long-term shareholder returns. For the CEO's remuneration outcomes, we identified a realized misalignment between pay and performance. For the chair's remuneration policy, we had concerns regarding the board's decision not to prorate certain unvested long-term incentive awards following the chair's transition from the combined chair and CEO role to a nonexecutive chair role. Under this approach, the chair may continue to receive performance-related pay for periods when they are no longer an executive, which we identified to be misaligned with long-term shareholder returns.

Company: Woodside Energy Group Ltd

Business: Oil, gas and consumable fuels

Country: Australia

Vote topic: CEO long-term incentive award

At Woodside's 2026 annual meeting, the Funds supported the CEO's fiscal year 2026 long-term incentive (LTI) award. In assessing the proposal, we considered the board's rationale for moving from a combined incentive structure to separate short- and long-term incentive plans, the size of the proposed award, the plan's disclosure, and the alignment of incentives with long-term shareholder returns. During our engagement, the chair explained that the prior structure was no longer considered fit for purpose. The chair also said the proposed separate plans would increase the incentive structure's weighting to long-term performance-tested equity to incentivize long-term value creation for shareholders, as well as align with market practice across the Australian Securities Exchange (ASX) and against global peers. The chair also relayed that the board had benchmarked the CEO's total target remuneration above the ASX 20 median but below the median of global oil and gas peers. We assessed that the LTI award had challenging targets, that it was well-disclosed, and that it was sufficiently rigorous to incentivize long-term shareholder returns.

Company: Thermo Fisher Scientific Inc.

Business: Healthcare sciences

Country: U.S.

Vote topic: Say on Pay

At Thermo Fisher's 2026 annual meeting, the Funds did not support the advisory proposal to ratify named executive officers' compensation, or Say on Pay. Our analysis focused on pay-for-performance alignment, plan structure, and compensation governance. In the last two years, the board's compensation committee granted two supplemental retention awards to the CEO. Supplemental awards, such as retention awards, that fall outside of the regular plan structure are analyzed with a higher level of scrutiny and should be tied to rigorous performance targets. Although these retention awards have been performance-based, we assessed that the targets associated with the awards were not sufficiently rigorous and did not include clearly challenging goals that incentivize sustained outperformance and shareholder returns. Disclosures and our engagement with the company did not provide a compelling rationale for the performance targets. Overall, we had concerns regarding the use of supplemental awards and assessed that there was insufficient disclosure to explain how the most recent award would support long-term alignment of executive pay and company performance.

Shareholder rights

Company: Exxon Mobil Corporation

Business: Energy operations

Country: U.S.

Vote topic: Redomiciliation from New Jersey to Texas

At Exxon's 2026 annual meeting, the Funds supported the company's redomiciliation from New Jersey to Texas. In assessing this proposal, we considered the board's stated rationale, the differences between New Jersey and Texas corporate law, and the potential changes in shareholder rights that could impact long-term shareholder returns. The company disclosed that redomiciling in Texas aligned with its operational headquarters, longstanding business presence, and legal environment for complex energy operations, and that it no longer had a material business relationship with New Jersey. We observed that the proposed Texas governing documents were substantially similar to the existing New Jersey documents. Although Texas law provided heightened protections for directors and officers, the company did not adopt higher Texas ownership thresholds for derivative claims or shareholder proposals, leaving key avenues for shareholder recourse available.

Company: BP p.l.c.

Business: Integrated energy company

Country: U.K.

Vote topic: Amendments to articles of association and climate-related disclosures

At BP's 2026 annual meeting, the Funds supported the board's proposals to amend the Articles of Association to allow virtual-only shareholder meetings and to revoke two previously approved shareholder resolutions related to climate risk disclosures. We assessed the proposals in the context of shareholder rights, the board's rationale, and the company's disclosures supporting each request. The board stated that a virtual-only meeting option was intended to reflect evolving U.K. market practices and enhance shareholder participation among an international shareholder base while maintaining physical and hybrid meeting formats. We assessed that the board had provided clear commitments to preserve shareholder rights and that multiple meeting formats would support shareholders' ability to participate meaningfully. The board also explained that the 2015 and 2019 climate-related shareholder resolutions proposed to be revoked had been superseded by standardized and mandatory climate-related disclosure frameworks in the U.K. and internationally. In both cases, we determined that the board's recommendations were reasonable and supported by clear and relevant disclosures.

Company: Rohto Pharmaceutical Co., Ltd.

Business: Manufactures and markets pharmaceutical products, cosmetics, and functional foods

Country: Japan

Vote topic: Shareholder proposal to amend articles of incorporation

At Rohto's 2026 annual meeting, the Funds did not support a shareholder proposal to amend the company's articles of incorporation to change the annual meeting record date from March 31 to May 15. In assessing the proposal, we considered the request, the proponent's rationale, the company's response, and whether the board had taken steps to address the issue. The proponent stated that a later record date could enable earlier disclosure of the Annual Securities Report (*Yuho*), giving shareholders more time to review relevant information before voting. The company disclosed operational constraints, including separate shareholder determinations and mailings for dividend and voting record dates, possible delays to director appointments, and overlap with first-quarter financial reporting as reasons for not changing the annual meeting record date. At our engagement, company leaders acknowledged the importance of earlier disclosure and described efforts to accelerate internal processes to give shareholders more timely disclosure. We concluded that the proposal was overly prescriptive.

Company: Celltrion Inc.

Business: Biopharmaceuticals

Country: South Korea

Vote topic: Board size and independence considerations

At Celltrion's 2026 shareholder meeting, the Funds supported an amendment to the articles of incorporation to reduce the maximum number of directors from 15 to nine and update terminology relating to director independence. In assessing the proposal, we considered whether the smaller board size would continue to provide sufficient independent oversight, taking into account recent regulatory reform introducing mandatory cumulative voting for directors in South Korea. A company representative explained that the board had been expanded to 15 members after the December 2023 merger of two Celltrion entities to support continuity and oversight during integration and that the company proposed to return to nine directors as integration progressed and some director terms ended. The company indicated that the restructured board would include five independent directors and that all board committees would consist entirely of independent directors.

Company: Forward Industries, Inc.

Business: Digital design company for medical and technology companies

Country: U.S.

Vote topic: Assessing shareholder rights trade-offs in a reincorporation

At Forward Industries' 2026 shareholder meeting, the Funds did not support the company's proposal to change its state of incorporation from New York to Texas. In assessing the proposal, we reviewed the company's disclosed rationale and evaluated the differences between the company's current governance documents, based on New York law, and its proposed charter and bylaws, based on Texas law. The company disclosed in its proxy statement that the reincorporation would support its digital asset strategy and allow it to benefit from Texas laws related to blockchain and cryptocurrency initiatives. However, the company disclosed that the location of any business, jobs, management, properties, offices, or facilities, which are located in New York and elsewhere, would not change. We also assessed changes in shareholder rights associated with the reincorporation, including provisions opted into by the company that, among other things, would place a 3% ownership threshold for derivative litigation and institute more onerous limitations on shareholders' ability to submit proxy proposals and call special meetings. Although the proposal would permit action by majority written consent, we determined that the potential impact on shareholder rights could adversely affect long-term shareholder returns.

Proxy voting summary

Global summary of proxy votes cast by the Funds for the period from January 12, 2026, through June 30, 2026. Numbers and percentages reflect rounding.

U.S.

		Management		Shareholder	
Alignment with our pillars	**Proposal type**	**Number of proposals**	**% for**	**Number of proposals**	**% for**
Board composition and effectiveness	Elect directors	19,098	98%	9	11%
	Other board-related	174	93%	85	0%
Board oversight of strategy and risk	Approve auditors	3,046	100%	—	—
	Environmental and social	—	—	155	0%
Executive pay	Management Say on Pay	2,577	99%	—	—
	Other pay-related	1,458	84%	3	0%
Shareholder rights	Governance-related	313	90%	146	23%
Other proposals	Adjourn/other business	384	79%	—	—
	Capitalization	591	89%	—	—
	Mergers and acquisitions	160	95%	—	—
	Other	—	—	8	0%

Americas ex-U.S.*

		Management		Shareholder	
Alignment with our pillars	**Proposal type**	**Number of proposals**	**% for**	**Number of proposals**	**% for**
Board composition and effectiveness	Elect directors	3,275	80%	166	69%
	Other board-related	1,004	65%	15	0%
Board oversight of strategy and risk	Approve auditors	310	100%	—	—
	Environmental and social	2	100%	28	0%
Executive pay	Management Say on Pay	165	99%	—	—
	Other pay-related	332	83%	7	0%
Shareholder rights	Governance-related	349	89%	11	0%
Other proposals	Adjourn/other business	565	92%	—	—
	Capitalization	358	96%	—	—
	Mergers and acquisitions	66	94%	—	—
	Other	—	—	31	0%

* The Americas ex-U.S. table represents proxy votes cast in Brazil, Canada, Chile, Colombia, Mexico, and Peru.

U.K.

Alignment with our pillars	Proposal type	Management: Number of proposals	Management: % for	Shareholder: Number of proposals	Shareholder: % for
Board composition and effectiveness	Elect directors	2,717	99%	12	0%
	Other board-related	4	100%	14	0%
Board oversight of strategy and risk	Approve auditors	695	100%	—	—
	Environmental and social	3	0%	1	0%
Executive pay	Management Say on Pay	534	97%	—	—
	Other pay-related	133	96%	2	0%
Shareholder rights	Governance-related	341	100%	—	—
Other proposals	Adjourn/other business	505	100%	—	—
	Capitalization	1,678	100%	—	—
	Mergers and acquisitions	56	95%	—	—
	Other	—	—	3	0%

Europe**

Alignment with our pillars	Proposal type	Management: Number of proposals	Management: % for	Shareholder: Number of proposals	Shareholder: % for
Board composition and effectiveness	Elect directors	4,277	91%	206	53%
	Other board-related	4,804	99%	139	75%
Board oversight of strategy and risk	Approve auditors	1,328	99%	—	—
	Environmental and social	11	0%	15	0%
Executive pay	Management Say on Pay	2,048	75%	—	—
	Other pay-related	1,650	92%	7	0%
Shareholder rights	Governance-related	400	95%	7	29%
Other proposals	Adjourn/other business	2,697	94%	—	—
	Capitalization	2,983	97%	—	—
	Mergers and acquisitions	90	90%	—	—
	Other	—	—	96	32%

** The Europe proxy voting table includes figures also represented in the U.K. proxy voting summary table.

Middle East and Africa

Alignment with our pillars	Proposal type	Management: Number of proposals	Management: % for	Shareholder: Number of proposals	Shareholder: % for
Board composition and effectiveness	Elect directors	1,116	44%	3	0%
	Other board-related	1,096	98%	—	—
Board oversight of strategy and risk	Approve auditors	529	87%	—	—
Executive pay	Management Say on Pay	123	90%	—	—
	Other pay-related	613	69%	—	—
Shareholder rights	Governance-related	644	60%	—	—
Other proposals	Adjourn/other business	1,443	89%	—	—
	Capitalization	668	94%	—	—
	Mergers and acquisitions	770	88%	—	—

Asia

Alignment with our pillars	Proposal type	Management: Number of proposals	Management: % for	Shareholder: Number of proposals	Shareholder: % for
Board composition and effectiveness	Elect directors	19,831	97%	1,192	91%
	Other board-related	2,322	81%	66	18%
Board oversight of strategy and risk	Approve auditors	2,831	98%	—	—
	Environmental and social	—	—	51	0%
Executive pay	Other pay-related	5,728	92%	99	72%
Shareholder rights	Governance-related	7,911	82%	365	81%
Other proposals	Adjourn/other business	8,445	96%	—	—
	Capitalization	12,763	96%	—	—
	Mergers and acquisitions	3,352	98%	—	—
	Other	—	—	246	36%

Australia and New Zealand

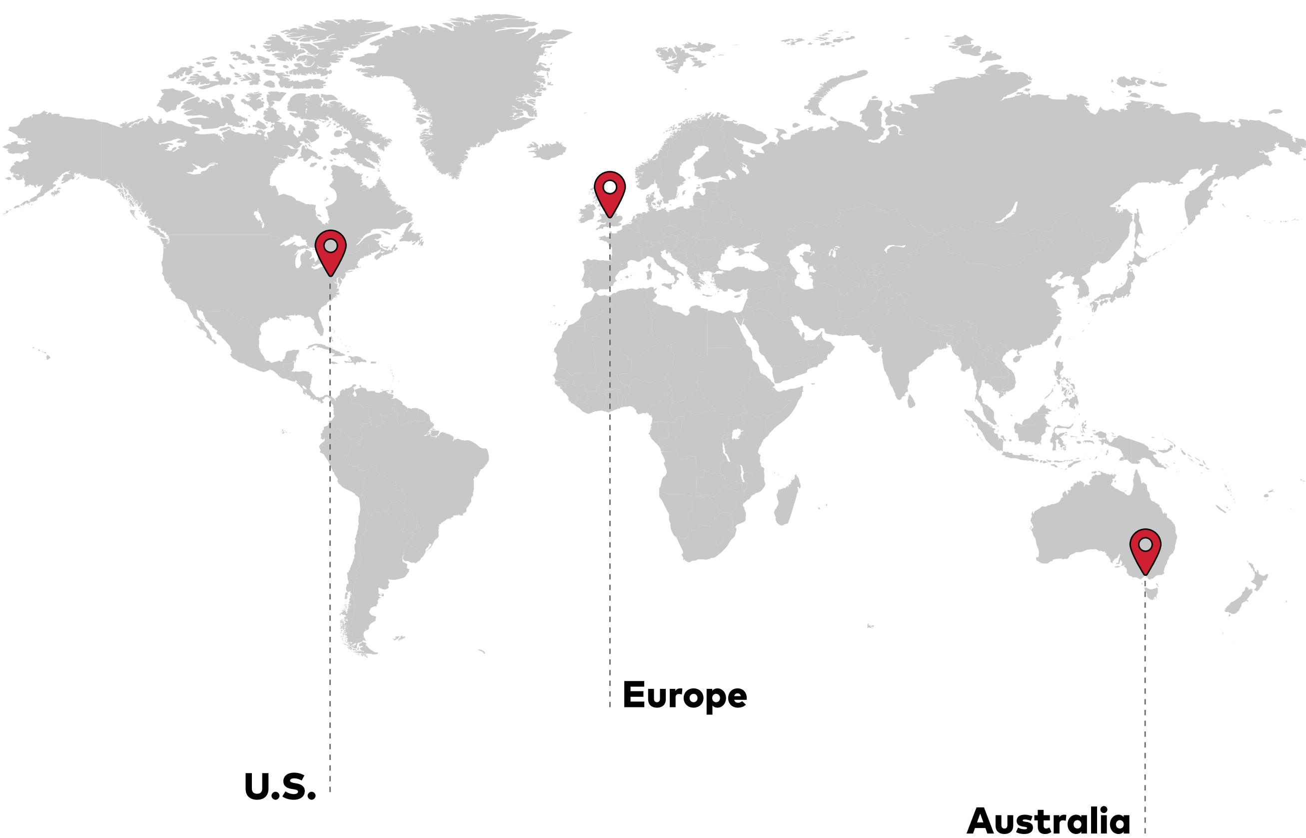
Alignment with our pillars	Proposal type	Management		Shareholder	
		Number of proposals	% for	Number of proposals	% for
Board composition and effectiveness	Elect directors	148	97%	1	0%
	Other board-related	6	0%	—	—
Board oversight of strategy and risk	Approve auditors	14	100%	—	—
	Environmental and social	0	0%	2	0%
Executive pay	Management Say on Pay	53	91%	—	—
	Other pay-related	138	96%	—	—
Shareholder rights	Governance-related	17	94%	1	0%
Other proposals	Adjourn/other business	2	100%	—	—
	Capitalization	43	95%	—	—
	Mergers and acquisitions	20	100%	—	—

Global

Alignment with our pillars	Proposal type	Management		Shareholder	
		Number of proposals	% for	Number of proposals	% for
Board composition and effectiveness	Elect directors	50,462	94%	1,589	82%
	Other board-related	9,410	90%	319	36%
Board oversight of strategy and risk	Approve auditors	8,753	98%	—	—
	Environmental and social	16	13%	252	0%
Executive pay	Management Say on Pay	5,500	89%	—	—
	Other pay-related	10,052	90%	118	60%
Shareholder rights	Governance-related	9,975	83%	530	62%
Other proposals	Adjourn/other business	14,041	94%	—	—
	Capitalization	19,084	97%	—	—
	Mergers and acquisitions	4,514	96%	—	—
	Other	—	—	384	31%

The team

VCMIS operates on a global basis in three regions, with a team of experienced professionals specializing in research, policy development, engagement, voting, and reporting. VCMIS is supported by in-house technology, legal, and compliance partners.



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