2026 ANNUAL REPORT

Vanguard Portfolio Management Investment Stewardship

Vanguard®

Table of contents

Introduction

This report presents the proxy voting and engagement activities conducted by Vanguard Portfolio Management Investment Stewardship (VPMIS) on behalf of the funds advised by The Vanguard Group, Inc., through Vanguard Portfolio Management, LLC (VPM), or other Vanguard affiliates (together, the "funds") during the period from January 12, 2026, through June 30, 2026.[1] VPMIS administered these voting and engagement activities pursuant to the policies applicable to each fund (the "policies").[2]

This is the first annual report published by VPMIS following a multiyear effort to establish two wholly owned U.S. investment advisors, VPM and Vanguard Capital Management, LLC (VCM). Each consists of distinct investment management teams and independent investment stewardship teams made up of deeply experienced leaders and crew.

VPMIS was launched on January 12, 2026. On behalf of the funds, the VPMIS team seeks to understand how boards of directors ensure effective governance of the companies in which the funds invest. Consistent with the proxy voting policies, we assess how each board is composed to support the company's long-term performance; how it consults with management on strategy and oversees material risks; how it aligns executive financial incentives with shareholder returns; and how it safeguards shareholder rights associated with long-term returns.

Neither Vanguard nor VPMIS seeks 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.

1 VPMIS is generally responsible for proxy voting and engagement for Vanguard's U.S. sector and style-box equity index strategies, as well as Vanguard's internally advised quantitative strategies.

This publication describes the proxy voting and engagement activities conducted by VPMIS pursuant to the proxy voting 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 proxy voting policies, or (b) proxy voting and engagement activities for externally managed funds conducted by their respective third-party investment advisors. Throughout this document, "we" refers to VPMIS and "the funds" refers to the funds' shares voted pursuant to the proxy voting policies.

2 VPMIS's voting and engagement activities are carried out pursuant to the proxy voting policies, which have been adopted by the boards or relevant governing bodies of the funds for which they are responsible. The policies are available on the **Vanguard Portfolio Management Investment Stewardship website**.

Four pillars of corporate governance

VPMIS's proxy voting policies and engagement activities are guided by four corporate governance pillars. Together, they provide a board-centric framework for assessing governance practices that support long-term investment returns. Effective boards advance shareholders' interests through oversight of company strategy and risk, alignment of management's incentives with performance, and protection of foundational shareholder rights.

Board composition and effectiveness	Good governance begins with a company's board of directors. We seek to understand to what extent board members, who are elected to represent the interests of all shareholders, are suitably independent, capable, and experienced to carry out their duties. We also aim to understand how boards assess and enhance their own effectiveness over time.
Board oversight of strategy and risk	Boards should be meaningfully involved in the formation, evolution, and ongoing oversight of a company's strategy. Similarly, boards should maintain effective oversight of material risks to their company and should establish plans to mitigate those risks. We work to understand how boards of directors are involved in strategy formation and evolution; oversee company strategy; and identify, govern, and disclose material risks to shareholders' long-term returns.
Executive pay	Sound pay policies and practices linked to long-term relative company performance can drive long-term shareholder returns. We look for companies to provide clear disclosure about their compensation policies and practices, the board's oversight of these matters, and how those policies and practices are aligned with shareholders' long-term returns.
Shareholder rights	Shareholders have fundamental rights as company owners. We believe that a well-functioning capital markets system requires that companies have in place governance practices and structures that enable shareholders to exercise those rights.

U.S. proxy season overview

During the 2026 proxy season, the funds voted across a broad range of ballot items and governance topics aligned to the four pillars.[3] The funds voted on 24,589 proposals at 2,642 U.S. companies. In addition, the funds voted on 9,788 proposals at 642 international companies.[4]

Stewardship activities at a glance

Below is a summary of VPMIS's global proxy voting and engagement activities between January 12, 2026, and June 30, 2026.

224	companies engaged
$580B	equity assets under management (AUM) engaged
24%	% equity AUM engaged
34,377	proposals voted
3,284	companies where a proposal was voted

The funds we steward

VPMIS votes and engages on behalf of funds that cover a broad segment of the equity market. The lineup spans investment styles and market capitalizations, providing exposure to companies with differing business models, growth profiles, and governance considerations that inform our stewardship activities highlighted throughout this report.[5]

Investment style / **Market capitalization**

Market capitalization	Value	Blend	Growth
Large	15	11	7
Medium	9	11	3
Small	5	5	6

3 The U.S. proxy year runs from July 1 through June 30. Because VPMIS launched on January 12, 2026, this report covers the period from January 12 through June 30, 2026.

4 VPMIS administers proxy voting activities on behalf of assets managed by Vanguard's Quantitative Equity Group (QEG). Certain QEG-managed active quantitative strategies invest in non-U.S. securities, resulting in proxy voting activity at shareholder meetings outside the U.S. Voting decisions at these companies are made in accordance with the relevant regional proxy voting policies applicable to the funds.

5 The graphic presents the number of funds for which VPMIS administers proxy voting activities, categorized by market capitalization and investment style. The funds represented include 61 U.S.-domiciled funds advised by The Vanguard Group, Inc., through Vanguard Portfolio Management, LLC; four collective investment trusts for which Vanguard Fiduciary Trust Company serves as a trustee; and seven internationally domiciled funds advised by Vanguard Global Advisers, LLC.

A consistent framework for evaluating proposals

The majority of proposals evaluated during the reporting period involved recurring governance matters, including director elections, auditor ratification, executive compensation, and other routine corporate business topics. Each proposal was evaluated in accordance with the proxy voting policies and considered in the context of the specific facts and circumstances at the company in question.

Our evaluation of proxy proposals continued to be informed by the four pillars that frame the proxy voting policies: board composition and effectiveness, board oversight of strategy and risk, executive pay, and shareholder rights. These pillars provided a durable framework for evaluating a broad range of voting matters. We voted in the long-term best interests of each fund, based on our research and analysis and the applicable voting policy. While company circumstances and the issues presented differed, the pillars helped guide our case-by-case analysis of each proposal.

Under the board composition and effectiveness pillar, director elections represented a large number of the proposals on proxy ballots. These votes gave shareholders the opportunity to elect the directors responsible for overseeing companies on their behalf. Through engagements and review of company disclosures, we assessed how directors' capabilities and experiences position them to serve as effective stewards on behalf of long-term shareholders. We reviewed company disclosures regarding board refreshment, leadership succession, and evaluations of board effectiveness and skills to understand how boards were composed and operated to oversee the long-term investment returns of the company.

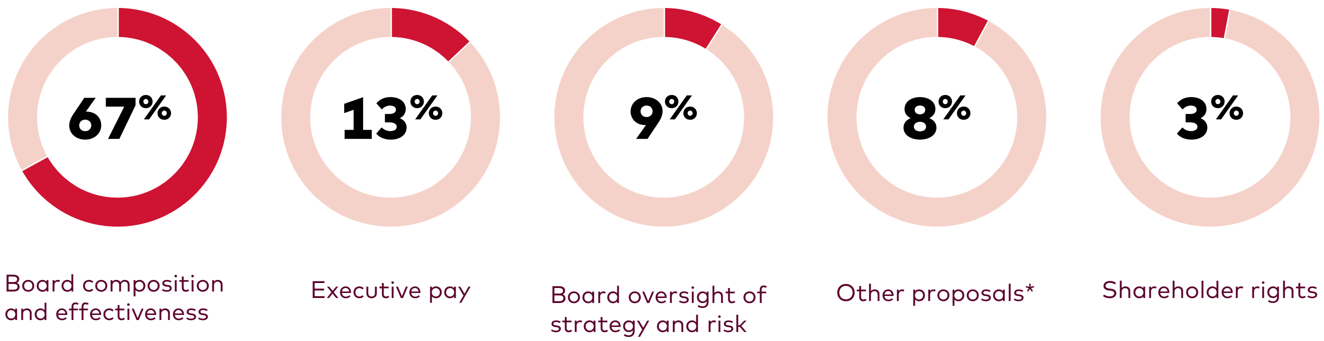
Under the board oversight of strategy and risk pillar, we evaluated proposals involving share issuance, corporate transactions or changes to a company's capital structure, and other matters that may affect long-term shareholder returns. We also reviewed shareholder proposals addressing a range of governance and risk oversight topics, which we assessed using a consistent case-by-case framework focused on the materiality of the issue raised and the company's disclosures and governance practices, while recognizing that appropriate oversight approaches may vary by company and circumstance.

Under the executive pay pillar, we evaluated proposals seeking shareholder approval of executive pay programs, including advisory votes on executive compensation ("Say on Pay") and equity incentive plans. In reviewing these proposals, we evaluated how pay aligned with performance over time and how compensation programs were designed to support continued alignment with shareholders' long-term returns.

Under the shareholder rights pillar, we evaluated governance provisions that shaped the relationship between boards and shareholders. These matters included proposals to amend organizational documents, adopt or modify governance practices, and approve other administrative items. These proposals often relate to mechanisms through which boards can remain connected and accountable to the shareholders whose capital they steward and through which shareholders can exercise their voting rights.

While many proposals reflected longstanding governance matters that regularly appear on company ballots, we also evaluated issues and proposal types that continued to evolve. The proxy voting policies provided continuity as we evaluated both recurring issues and emerging themes.

Percentage of proposals voted by pillar



* Other proposals include ballots related to other business, capitalization, and mergers and acquisitions.

Notable themes

We highlight below several governance themes observed during the proxy season and illustrate how VPMIS applied the policies in practice. The accompanying case studies provide examples of our analysis across a range of voting matters.

Balancing retention and performance

Throughout the proxy season, we observed an elevated use of one-time equity awards, particularly retention-focused grants. Companies often used these awards to retain key executives, provide continuity during periods of leadership transition, and support the execution of long-term strategic priorities. Because such grants were increasingly structured as large, multiyear awards, their rationale, design, and alignment with long-term shareholder returns were the focus of our evaluation of executive compensation programs.

We observed these awards most frequently among companies operating in highly competitive industries, including technology, biotechnology, pharmaceuticals, and financial services. In our engagements, boards frequently cited intense competition for experienced leadership talent and viewed retaining executives as critical to the execution of long-term transformative initiatives. We also observed compensation committees using retention awards where prior equity grants had become less effective as long-term incentives following sustained stock price declines or significant shifts in company strategy.

We evaluated retention awards on a case-by-case basis, with a consistent focus on whether the structure supported a clear alignment between pay and long-term relative returns. When applying the policies and conducting our analysis, we evaluated the presence of rigorous performance-based vesting, the strength of the company's rationale, and the company's historical track record of pay-for-performance alignment and governance practices, while also considering broader industry dynamics and retention risk. Taken together, this framework was intended to ensure that compensation decisions were aligned with the delivery of long-term shareholder returns over time.

CASE STUDIES

Citigroup Inc.

At the 2026 annual meeting of Citigroup Inc. (Citi), a U.S.-listed global financial institution that provides a range of financial services, the funds supported the company's advisory vote on executive compensation. As part of our analysis, we reviewed a one-time award granted to the CEO.

To inform the funds' vote, we evaluated pay-for-performance alignment relative to peers and observed that Citi ranked among the strongest performers within its peer group when assessing shareholder returns during the current CEO's tenure. We also compared executive compensation relative to peers, including the annualized value of the retention awards, to assess whether pay outcomes aligned with company performance.

We assessed whether the award's structure, which included restricted stock units and stock options with a backloaded vesting schedule, appropriately balanced its retention objectives with long-term alignment to shareholder returns.

In addition to reviewing the company's disclosures regarding the award's design and rationale, we engaged with independent directors to inform our decision. The directors described the progress in business transformation efforts undertaken during the CEO's tenure. They also emphasized the importance of leadership continuity as the company continued executing its objectives and highlighted competitive market dynamics.

Taken together, the company's disclosures, the board's stated rationale, the award's structure, and Citi's performance relative to its peers informed the funds' support for the proposal.

Thermo Fisher Scientific Inc.

At the 2026 annual meeting of Thermo Fisher Scientific Inc., a U.S.-listed provider of products and services to the healthcare industry, the funds did not support the company's Say on Pay proposal because we assessed that there was a misalignment of pay and performance, driven primarily by a one-time CEO retention award granted in 2025. In addition to our evaluation of pay for performance, our review focused on the structure of the company's short- and long-term incentive plans, the structure of the 2025 retention grant, and the holistic framework governing executive compensation at the company.

With respect to the 2025 retention grant, we observed that the CEO's total target pay exceeded the peer-group median when the target value of the grant was annualized over its performance period. Given that a meaningful portion of the award could potentially be earned despite performance below the peer-group median, we had concerns that the grant could lead to a future disconnect between pay outcomes and company performance. We also considered the company's history of granting one-time equity awards to the CEO outside of the regular long-term incentive plan.

Ahead of the 2026 annual meeting, we engaged with an independent director and company executives to learn more about the rationale and process behind the 2025 retention grant. They noted that the award was intended to retain the CEO for five years as the company managed a CFO transition and a dynamic macroeconomic environment and to reduce the risk of the CEO retiring or deciding to pursue other opportunities. Ultimately, the funds did not support the advisory vote on executive compensation, which reflected our concerns that the award could lead to a potential future disconnect in pay-for-performance alignment.

An evolving shareholder proposal landscape

The funds voted on 396 shareholder proposals in the U.S. during the 2026 proxy season. Overall proposal volumes continued to decline, largely reflecting fewer environmental and social proposals. Governance-related proposals and those challenging environmental or social initiatives represented a larger share of overall proposal activity. Shareholder proposal topics generally reflected trends observed in recent years, though we noted some new variation in AI-related proposals.

A notable change heading into the 2026 proxy season was the Securities and Exchange Commission's decision to largely step back from its traditional role in the shareholder proposal no-action process under Rule 14a-8. As a result, companies were given more agency and responsibility in determining which proposals to put forward to a shareholder vote and which to exclude from their annual meeting ballots. While this change had the potential to significantly increase proposal exclusions, we did not observe a broad expansion of exclusions during the proxy season compared with prior years. Companies generally appeared to take a cautious approach, often limiting exclusions to arguments supported by established precedent. The shareholder proposal landscape remained broadly consistent with that of recent years despite the procedural change.

We evaluated shareholder proposals on a case-by-case basis, considering the specific facts and circumstances at the relevant portfolio company. Each proposal was assessed in the context of the board's responsibility to oversee strategy and risk management on behalf of shareholders. In our analysis, we considered the financial materiality of the issue raised, the company's existing disclosures and governance practices, and whether the proposal provided appropriate discretion to the board and management rather than prescribing specific operational outcomes. We also considered proposals relative to relevant market norms and widely accepted investor-oriented frameworks. As stewards of passive funds, we did not seek to influence company strategy or day-to-day operations. Rather, our analysis focused on whether a proposal would enhance shareholders' understanding of how a company oversees risks and opportunities that may affect long-term shareholder returns.

When applying this framework to our review of environmental and social shareholder proposals, we observed that a significant portion focused on risks or matters that did not appear financially material to the company based on its industry, business model, or publicly disclosed risk profile. Our analysis considered the relevance of the topic to the company's circumstances, with reference to widely accepted investor-oriented frameworks such as those developed by the International Sustainability Standards Board. We also assessed the extent to which the company's existing disclosures and practices already addressed the issue raised.

These considerations informed our assessment of whether a proposal addressed a meaningful gap in disclosure or oversight relevant to long-term shareholder returns.

The following case studies illustrate how we applied the proxy voting policies and analytical framework across a range of shareholder proposal topics during the 2026 proxy season.

CASE STUDIES

Bloomin' Brands, Inc.

At the 2026 annual meeting of Bloomin' Brands, Inc., a casual-dining restaurant company, the funds supported a shareholder proposal related to blank-check preferred stock. The proposal requested that the company obtain shareholder approval before issuing such stock, except for ordinary business purposes and without intent to affect voting power.

As articulated in the proxy voting policies, the funds may support proposals to create or amend preferred stock, including those containing blank-check provisions, provided that appropriate shareholder protections were in place. In particular, we reviewed the disclosure for assurances that the authority would not be used for anti-takeover purposes absent shareholder approval. Blank-check preferred stock can provide boards with flexibility; however, it may also raise concerns where it enables changes to voting power or is used to shift rights away from shareholders.

As part of our assessment, we reviewed the company's existing blank-check preferred stock authority, historical use of that authority, and the potential implications on shareholder rights. Although the company had not exercised this authority, it emphasized in its proxy statement and during our engagement a desire to maintain flexibility.

Our assessment recognized that blank-check preferred stock authority can be used to support the implementation of shareholder rights plans, which, if used on a temporary basis, may be used to provide time for boards to respond to potential change-of-control situations. Because rights plans are generally temporary, we distinguished them from the direct issuance of preferred stock with potentially disproportionate rights. We determined that support for the proposal was warranted because of the concern that the direct issuance of blank-check preferred stock could result in more enduring effects on shareholder rights and long-term returns, absent disclosure that it would not be used for such a purpose.

The Southern Company

At the 2026 annual meeting of The Southern Company, a U.S.-listed utility holding company that provides electricity to retail and wholesale customers, the funds did not support a shareholder proposal requesting that the company issue a report disclosing whether and how it is implementing safeguards to avoid shifting costs associated with new data center infrastructure to residential customers and small businesses. The company had identified data-center-driven demand growth as a material risk; however, we determined that the company's disclosures and oversight practices already addressed the risks raised in the proposal.

Prior to the annual meeting, we engaged with company representatives to better understand how the board oversaw these risks in practice and how protections for residential customers were implemented. During the discussion, the company representatives described the company's adherence to existing regulations. They also noted that much of the information requested by the proposal was already available through public disclosures and regulatory processes.

After considering the company's disclosures and regulatory oversight, we determined that the risks identified by the proposal were being appropriately addressed. Accordingly, the funds did not support the proposal.

Reincorporation proposals in focus

Reincorporation proposals remained a recurring theme during the 2026 proxy season as a subset of companies continued to evaluate their state of incorporation following recent state-level legislative and judicial developments, particularly in Delaware, Texas, and Nevada.[6] Each U.S. reincorporation proposal voted on by the funds during the season involved a proposed move to one of those three states. The funds voted on 16 reincorporation proposals at U.S. companies during the season and supported half of them.

We evaluated management proposals to change a company's legal domicile on a case-by-case basis, with a focus on governance practices that supported long-term investment returns. When assessing whether the proposed reincorporation was in the best interests of the funds' shareholders, we considered the company's disclosed rationale alongside any changes in shareholder rights, differences from the company's existing governance structure, and the legal frameworks of the respective domiciles.

Our analysis considered company-specific rationale that discussed any benefits and potential trade-offs to the proposal. We noted that disclosures with greater specificity about the expected benefits of a proposed change in domicile to the company's long-term investment returns were particularly helpful to our evaluation. When relevant, this included discussion of operational, administrative, or financial advantages associated with aligning a company's legal domicile with its business operations. Similarly, when litigation-related considerations were cited as a rationale, our analysis sought to evaluate disclosures where available to help assess the expected benefits against any trade-offs in shareholder protections.

In cases where the company's proposed governance profile in the new jurisdiction provided relatively comparable or improved governance standards, or where the company presented what we assessed to be a compelling rationale, the funds generally supported the reincorporation proposals. For example, at the annual meeting of ArcBest Corporation (ArcBest), a U.S.-listed integrated logistics company, the funds supported management's proposal to change the company's state of incorporation from Delaware to Texas. ArcBest's board preserved certain pre-reincorporation standards in the company's governing documents, ensuring that those provisions could be changed in the future only with a shareholder vote. The board also added shareholder rights unavailable under the company's then-current charter.

6 Reincorporation, redomiciliation, and redomestication are terms commonly used to describe a company moving its legal home to a different state, country, or jurisdiction. Although the terms may have distinct legal meanings in certain contexts, they are used here to refer broadly to a change in the company's governing jurisdiction.

When we determined that a proposed reincorporation would weaken shareholder protections and the company did not disclose a compelling rationale, the funds generally voted against the proposal. For example, at a 2026 special meeting of Datadog, Inc., a U.S.-listed technology company that provides software used to monitor and secure cloud-based applications and technology infrastructure, the funds opposed management's proposal to reincorporate from Delaware to Nevada. The company's disclosure did not provide a compelling rationale, particularly given its lack of an operational nexus to Nevada. We concluded that the changes accompanying the reincorporation would weaken shareholder rights. In particular, we assessed that higher thresholds for certain shareholder actions and expanded liability protections for directors and officers would result in a net reduction in shareholder protections.

The funds also evaluated proposals involving changes in a company's country of domicile. In each case, we applied the same case-by-case approach, weighing the company's disclosed rationale against the potential impact on shareholder rights, governance structures, and legal protections.

The following case studies highlight our approach.

CASE STUDIES

Exxon Mobil Corporation

At the 2026 annual meeting of Exxon Mobil Corporation (ExxonMobil), a U.S.-listed integrated global energy company, the funds supported the management proposal to change the company's legal domicile from New Jersey to Texas.

To inform the funds' voting decision, we reviewed ExxonMobil's proxy disclosure and other materials made available to shareholders, and met with ExxonMobil representatives, including independent directors. During the engagement, ExxonMobil representatives shared their rationale for proposing the redomiciliation to Texas, including the relative costs and benefits to the company and its shareholders, the preservation of shareholder rights, and the differences in the legal frameworks in New Jersey and Texas.

We determined that ExxonMobil presented a strong case for selecting Texas as its legal domicile, given that its headquarters and core corporate functions had been based in the state for decades, whereas its New Jersey domicile was largely a legacy arrangement. ExxonMobil disclosed its intent to maintain the terms of its existing charter and bylaws as closely as possible under Texas law to preserve shareholder protections. In assessing the existing and proposed charter and bylaws, we determined that key shareholder rights in ExxonMobil's New Jersey charter were largely maintained. ExxonMobil's board, in connection with the redomiciliation, disclosed that it was not adopting certain optional governance provisions available for Texas companies with shares listed on a national securities exchange—such as ownership thresholds for derivative claims or shareholder proposals—which could weaken shareholder protections. On balance, we concluded that shareholder rights were largely preserved, although differences existed in the legal frameworks of New Jersey and Texas, particularly in how fiduciary claims may be evaluated.

After assessing the board's process, including its articulation of why the redomiciliation would be in the best interests of ExxonMobil shareholders' long-term returns, and evaluating changes in shareholder rights under the company's existing and proposed governance structure, the funds supported the company's redomiciliation to Texas.

Carnival Corporation and Carnival plc

At the 2026 special meetings for Carnival Corporation and Carnival plc, a cruise company operating under a dual-listed company structure with separate legal entities listed in the U.S. (Carnival Corporation) and the United Kingdom (Carnival plc), the funds supported proposals to reunify the company into a single U.S.-listed entity, Carnival Corporation Ltd., and redomicile the parent company from Panama to Bermuda.

When evaluating corporate restructurings, we assessed whether the transaction was expected to support long-term shareholder returns by considering the board's rationale, oversight of the process, the impact on shareholder rights, and the governance profile of the resulting entity.

We noted that the board determined that the dual-listed company structure had become increasingly complex relative to its expected benefits. Company disclosures and engagement discussions indicated that reunification was expected to improve market efficiency, eliminate stock-price disparities between the two listings, enhance liquidity, and simplify the company's governance and structure.

We further assessed the implications of the restructuring proposals for shareholder rights. Company disclosures and engagement discussions provided additional context regarding the company's efforts to preserve existing shareholder rights and governance practices. For these reasons, the funds supported the reunification and redomiciliation proposals.

Proxy voting summary tables

Proxy voting tables summarize proxy votes cast by the funds between January 12 and 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	17,122	98%	9	0%
	Other board-related	155	93%	85	0%
Board oversight of strategy and risk	Approve auditors	2,575	100%	—	—
	Environmental and social	—	—	155	0%
Executive pay	Management Say on Pay	2,299	97%	—	—
	Other pay-related	1,127	93%	3	0%
Shareholder rights	Governance-related	281	93%	145	21%
Other proposals	Adjourn/other business	222	92%	—	—
	Capitalization	268	96%	—	—
	Mergers and acquisitions	135	100%	—	—
	Other	—	—	8	25%

International

		Management		Shareholder	
Alignment with our pillars	**Proposal type**	**Number of proposals**	**% for**	**Number of proposals**	**% for**
Board composition and effectiveness	Elect directors	4,235	95%	66	50%
	Other board-related	1,286	94%	41	32%
Board oversight of strategy and risk	Approve auditors	442	98%	—	—
	Environmental and social	1	100%	34	0%
Executive pay	Management Say on Pay	520	90%	—	—
	Other pay-related	606	94%	16	0%
Shareholder rights	Governance-related	601	89%	11	27%
Other proposals	Adjourn/other business	674	96%	—	—
	Capitalization	1,112	99%	—	—
	Mergers and acquisitions	78	100%	—	—
	Other	—	—	65	5%

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