

# Director independence at Bertrandt

April 2024

**Company:** Bertrandt AG (Bertrandt)

**Meeting date:** February 21, 2024

**Proposal(s):** Items 6.1–6.4: Election of four directors to the Supervisory Board

## How the funds voted

At the 2024 annual shareholder meeting of Bertrandt AG (Bertrandt), a German engineering service provider, the Vanguard-advised funds<sup>1</sup> supported the election of all director nominees to the Supervisory Board.

## The funds' proxy voting policies

As articulated in the funds' proxy voting policy, the Vanguard-advised funds look for boards to be appropriately independent of company management in both form and substance. The funds generally define independence in accordance with the relevant exchange listing standards, local corporate governance codes, or both.

Independence at the board level helps to create a structure of shareholder representatives who are independent in mindset and able to fulfill their

role to properly challenge management on behalf of all shareholders. In practice, in our view this generally means that the majority of directors on each board should be independent and that the board's key committees should be composed of independent directors.

The funds consider the timely and comprehensive disclosure of directors' biographies critical to provide investors with sufficient information to assess individual roles, evaluate nominees' independence, and assess overall board composition.

## Analysis and voting rationale

In reviewing the materials published by Bertrandt for the annual meeting, we could not establish the board's independence classifications for three of the four director nominees, including that of the incumbent chair of the Supervisory Board, as the nominees' independence classifications were not explicitly disclosed in the meeting materials. The lack of disclosure of the nominees' independence could have affected our assessment of overall board independence levels and that of key committees. We therefore reached out to the company's investor relations team to verify and confirm the board's independence classifications of the nominees on the ballot.

<sup>1</sup> Vanguard's Investment Stewardship program is responsible for proxy voting and engagement on behalf of the quantitative and index equity portfolios advised by Vanguard (together, "Vanguard-advised funds"). Vanguard's externally managed portfolios are managed by unaffiliated third-party investment advisors, and proxy voting and engagement for those portfolios are conducted by their respective advisors. As such, throughout this document, "we" and "the funds" are used to refer to Vanguard's Investment Stewardship program and Vanguard-advised funds, respectively.

Bertrandt confirmed that it considered the Supervisory Board chair to be non-independent due to his former role as CEO and his significant shareholding in the company. The company also confirmed the status of the other two nominees as independent. It relayed that each nominee's independence was evident based on their publicly disclosed biographical details; therefore, it did not consider the need to explicitly state the nominees' independence classifications in public disclosures. We encouraged the company to clearly publicly disclose its assessment of each nominee's independence, which it indicated it would take into consideration.

Along with the publicly disclosed detailed biographical information for each nominee, the confirmation Bertrandt provided to Vanguard on the board's determination of the nominees'

independence classifications enabled us to complete our evaluation of the Supervisory Board's overall composition. The Vanguard-advised funds subsequently supported the election of all proposed candidates.

Notwithstanding the director terms not expiring until 2029, we will continue monitoring the directors' independence classifications and other relevant disclosures related to Supervisory Board composition in the company's public disclosures. We have observed a trend of not publicly disclosing director nominee independence classifications at a number of companies in Continental Europe. We will continue to evaluate relevant disclosure on a case-by-case basis and advocate for enhanced public disclosure directly with companies where appropriate.

Vanguard publishes Investment Stewardship Policy and Voting Insights to promote good corporate governance practices and to provide public companies and investors with our perspectives on important governance topics and key votes. This is part of our effort to provide useful disclosure of Vanguard's investment stewardship voting and engagement activities. We aim to provide clarity on Vanguard's stance on governance matters beyond what a policy document or a single vote can provide. Insights should be viewed in conjunction with the most recent region- and country-specific voting policies.

The funds for which Vanguard acts as investment advisor (Vanguard-advised funds) retain the authority to vote proxies that the funds receive. To facilitate the funds' proxy voting, the boards of the Vanguard-advised funds have adopted Proxy Voting Procedures and Policies that reflect the fund boards' instructions governing proxy voting. The boards of the funds that are advised by managers not affiliated with Vanguard (external managers) have delegated the authority to vote proxies related to the funds' portfolio securities to their respective investment advisor(s). Each external manager votes such proxies in accordance with its own proxy voting policies and procedures, which are reviewed and approved by the fund board annually.



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