

2025 Annual Report

Investment Stewardship

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Introduction

This report presents the work carried out by Vanguard's Investment Stewardship team on behalf of Vanguard-advised funds and their investors for the 12-month period ended December 31, 2025.¹ Following the close of the reporting period, changes to Vanguard's investment advisory structure led to the reorganization of Vanguard's investment stewardship function. Beginning in 2026, proxy voting responsibilities for Vanguard's internally managed equity index funds will be carried out by two newly established teams: Vanguard Capital Management Investment Stewardship (VCMIS) and Vanguard Portfolio Management Investment Stewardship (VPMIS). The creation of these two teams reflects Vanguard's commitment to diversifying the voices within the proxy voting ecosystem.

This report is published to provide disclosure of the proxy voting and engagement activities conducted on behalf of the Vanguard-advised funds during the reporting period. As stewards of passively managed funds, Vanguard's Investment Stewardship team did not (and VCMIS and VPMIS will not) seek to influence or direct the strategic or operational decisions of portfolio companies. The teams' proxy voting activities were (and are) grounded in the Vanguard-advised funds Policy (and the VCMIS and VPMIS-advised funds Policies), which guides analysis of proxy ballot items and informs engagements with portfolio company leaders. The Policy was (and in the case of the VCMIS and VPMIS policies, are) organized around four pillars of good corporate governance: board composition and effectiveness, board oversight of strategy and risk, executive pay, and shareholder rights. These pillars serve as the organizing framework for the report.

1 Vanguard's Investment Stewardship program was responsible for administering proxy voting and engagement activities pursuant to the Vanguard-advised funds Policy for the quantitative and index equity portfolios advised by Vanguard (together, "Vanguard-advised funds"). This report describes the proxy voting and engagement activities conducted by Vanguard's Investment Stewardship program from January 1, 2025, through December 31, 2025 ("the reporting period") pursuant to the Vanguard-advised funds Policy (the "Policy"); 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 Vanguard-advised funds Policy, (b) proxy voting and engagement activities for externally managed funds conducted by their respective third-party investment advisors or (c) proxy voting and engagement activity conducted subsequent to the reporting period when Vanguard's Investment Stewardship activity was bifurcated into the Vanguard Capital Management ("VCM") Investment Stewardship team and the Vanguard Portfolio Management ("VPM") Investment Stewardship team. Throughout this report, "we" refers to Vanguard's legacy Investment Stewardship program, and "the funds" refers to Vanguard-advised fund shares voted pursuant to the Policy.

Investment Stewardship activity at a glance

Below is a summary of the proxy voting and engagement activities conducted by Vanguard's Investment Stewardship team in 2025.

- **1,542** total engagements with or related to portfolio companies
- **1,336** companies engaged
- **66%** of equity assets under management (AUM) engaged
- **190,710** proposals voted on
- **13,432** companies where a proposal was voted on

Regional roundup

This section highlights notable corporate governance topics and trends Vanguard's Investment Stewardship team observed in various regions around the world in 2025.

Regional company engagement

The following figures represent Investment Stewardship's regional engagement activities on behalf of the Vanguard-advised funds in 2025.²

Region	Percentage of regional AUM engaged	Number of companies engaged	Total engaged equity AUM	Vanguard-advised funds' total equity AUM
Americas ex-U.S.	35%	27	\$60.2B	\$171.8B
Asia	32%	185	\$234.4B	\$729.9B
Australia and New Zealand	81%	140	\$97.6B	\$121.1B
Europe	67%	318	\$514.5B	\$767.5B
Middle East and Africa	19%	24	\$12.2B	\$64.8B
U.S.	70%	642	\$5.0T	\$7.2T

² Data presented are for the 12 months ended December 31, 2025. Numbers and percentages reflect rounding.

U.S.

In 2025, we observed shifting dynamics in board elections, shareholder proposals, and governance structures in the U.S. We engaged with company leaders to understand their approach to board and committee composition; their oversight of company management, strategy, and material risks; and their executive compensation practices. Overall, we engaged with 642 companies across the U.S. on a range of governance and risk oversight topics, and the funds voted on 35,871 proposals at 4,016 portfolio companies in the region.

Board composition and effectiveness

In our engagements with leaders of U.S. companies, we frequently discussed topics related to board composition and effectiveness, with a particular emphasis on board refreshment processes.

We observed that many portfolio companies leveraged annual board evaluations to help prioritize refreshment activities, such as recruiting directors to close skills gaps in AI, cybersecurity, public policy, and global trade. We also heard from many boards that lessons learned from prior board evaluations helped to inform committee structure adjustments that aimed to improve overall board effectiveness.

We observed among portfolio companies a continued trend toward clearer articulation of the individual skills and experience of board members, with these attributes often linked directly to the company's stated strategy. Overall, our engagements relating to the unique mix of board member capabilities provided deeper insight into how each board is positioned to oversee company strategy and manage material risks.

We had discussions with several portfolio companies about how executive succession planning is viewed as a continuous strategic priority, rather than a contingency for emergencies stemming from activist shareholder pressure or unexpected CEO departures. Instead of focusing on a single successor, boards relayed that they were building robust talent pipelines and encouraging leadership

growth across functions. We noted that many companies increased transparency about these processes, disclosing in enhanced proxy statements that their boards are taking a more active role in overseeing CEO and executive succession planning.

Board oversight of strategy and risk

In 2025, we saw companies maintain a strong focus on disclosure and board oversight of material risks. Boards were particularly attentive to emerging risks such as AI, cybersecurity, regulatory changes, and the impact of tariffs. Boards not only monitored these risks but also actively oversaw how companies could leverage related opportunities—such as AI adoption—to drive innovation and enhance shareholder returns.

Over the course of the year, the funds evaluated 241 shareholder proposals that requested actions from U.S. portfolio companies on a range of environmental and social matters, down from 401 such proposals in 2024. We observed various factors that appeared to affect the volume of shareholder proposals going to a vote in 2025. Among these factors were certain proponents increasing or decreasing their submission of proposals, an ongoing evolution in the SEC's granting of no-action relief for companies to exclude proposals from the ballot, and voluntary withdrawal of proposals by proponents, often following reported engagement with the company.

After our case-by-case application of the funds' voting policies, the funds did not support any of these types of shareholder proposals. We assessed that many of these proposals sought overly prescriptive actions that were not aligned with the relevant company's stated strategies or did not appear justified based on the financial materiality of the topic in question at the company. In other cases, we did not identify a gap in the given company's practices or disclosures that the proposal would address.

Executive pay

In evaluating executive compensation proposals, we assessed how a company's executive pay program aligned pay outcomes with shareholder

returns relative to a relevant set of industry peers. We looked to disclosures of the board's oversight and explanation of the plan structure to provide context for how the board believed pay decisions and plan design would lead to alignment between executive rewards and shareholder returns.

As in previous years, we observed the use of one-time retention equity grants by certain U.S. companies in highly competitive industries, such as technology, biotechnology, pharmaceuticals, and financials. To explain their rationale for granting such awards, boards relayed the need to reengage employees, prevent attrition to competitors or startups, and supplement or replace equity-based compensation that had lost motivational value following stock price declines.

We noted that opportunities existed for companies to provide enhanced contextual disclosure of their board's decision-making process and rationale in instances where they chose to issue retention equity grants. When engaging with portfolio company leaders, we encourage companies to provide clarity on the specific facts and circumstances underlying their decisions to make one-time awards.

Shareholder rights

Continuing a trend that has emerged in recent years, we saw an increasing number of management proposals at portfolio companies seeking to change their state of incorporation. We evaluated these proposals on a case-by-case basis, taking into consideration the rationale for the reincorporation and the changes to regulatory, governance, shareholder rights, and other practices that would result from the proposed reincorporation. In cases where the company's proposed governance profile in the new jurisdiction provided comparable or improved governance standards, or where the company had demonstrated what we assessed to be a compelling rationale, the funds generally supported such proposals. However, when we assessed that the proposed reincorporation would weaken shareholder protections, or in cases where we assessed that the company did not disclose a compelling rationale, the funds voted against the proposal.

We also analyzed several shareholder proposals at U.S. portfolio companies requesting an amendment to their governing documents that would grant shareholders a right to call special meetings. Many of these proposals sought to eliminate continuous ownership requirements for shareholder participation in the solicitation to call a special meeting. The funds voted on each of these proposals on a case-by-case basis to assess the impact of an ownership threshold or holding period for the right to call a special meeting, taking into consideration whether the company already provided such a right and, if so, at what threshold.

For more information on the corporate governance topics and trends we observed across the U.S. region during proxy season, see the [2025 U.S. Regional Brief](#).

Europe, Middle East, and Africa

In 2025, we engaged with companies across Europe, the Middle East, and Africa (EMEA) on a range of governance topics. In these engagements we focused on sharing our perspectives on corporate governance topics and learning about how companies' boards were adapting to regulatory change and rapidly evolving risks and opportunities. Overall, we engaged with 342 companies across EMEA, and the funds voted on 43,688 proposals at 2,275 portfolio companies in the region.

We observed a high level of variability in governance practices across the region, with more robust disclosures and board practices in markets such as the U.K. and Western Europe and less relevant governance disclosures in other markets, such as the Middle East. As a result, in markets with less developed governance practices, our engagements tended to focus on encouraging additional governance disclosures and good governance practices, such as maintaining adequate board independence. In markets with more established governance practices, our engagements typically focused on more nuanced matters, such as boards'

approaches to global pay benchmarking in an increasingly competitive market, oversight of evolving European regulations related to sustainability disclosure requirements and board diversity, and approaches to overseeing risks and opportunities stemming from the rapidly changing macroeconomic, geopolitical, and technological environments. Across all topics, on behalf of the funds, we maintained a focus on corporate governance practices associated with long-term shareholder returns.

Board composition and effectiveness

Concerns related to board and key committee independence continued to drive some of the funds' votes against directors in EMEA. In some countries, particularly in Eastern Europe and the Middle East, we observed a lack of disclosure, which made assessing the independence of director nominees challenging and resulted in the funds' lower levels of support for directors in these regions. We engaged with companies across EMEA seeking relevant disclosures to help investors understand each board's assessment of the independence, relevant skills, and backgrounds of director nominees.

We evaluated boards' approaches to meeting evolving regulatory requirements that have either been implemented or are in the process of being adopted related to board diversity. With the U.K. and E.U. recently implementing gender diversity requirements for the boards of most publicly listed companies, we observed that nearly all boards in the U.K. and Europe maintained or increased the representation of women on their boards, while adding relevant disclosures to explain their approaches to nominating directors in the context of local requirements.³ In the U.K., most companies complied with or explained their approach to the U.K. Listing Rules related to board diversity; the

funds voted against directors at companies that failed to disclose how they met the requirements of this "comply or explain" rule.⁴

In Italy, shareholders submit competing slates of director nominees to the general meeting under the *voto di lista* (slate voting) system. These slates are typically not contested by the board, and the board may also present its own slate of nominees in some circumstances. A capital markets reform law (DDL Capitali), approved in 2024, introduced new requirements for boards seeking to propose their own nominees in 2025, which led to a greater reliance on uncontested, shareholder-proposed slates of director nominees. We carefully assessed the slates on a case-by-case basis to determine which nominees were best placed to safeguard and promote long-term shareholder returns.

In Europe, board refreshment and executive succession planning remained key focus areas in 2025. In the U.K., many boards aligned their practices with the Financial Reporting Council's U.K. Corporate Governance Code, particularly the guidance on chair tenure. Although most boards adhered to the nine-year limit, some opted for "comply or explain" approaches to ensure continuity during leadership transitions. In Germany, boards considered their approach to nominating former executives to the supervisory board chair role in light of the German Corporate Governance Code's recommendation that former executives complete a two-year cooling-off period before joining the supervisory board. The funds considered company disclosures case by case to determine how boards evaluated local best practice recommendations, the balance of independence on the board, and how to mitigate potential conflicts of interest.

Boards across the region leveraged evaluations and skills matrices to identify gaps and prioritize candidates with expertise in areas such as digital transformation, change management, and global

³ In accordance with *Directive (EU) 2022/2381 of the European Parliament and of the Council of 23 November 2022 on Improving the Gender Balance Among Directors of Listed Companies and Related Measures*, all European Union member states are required to adopt a legal provision for 40% of nonexecutive director positions or 33% of executive and nonexecutive director positions to be held by "the underrepresented sex" at certain publicly listed companies by 2026. Iceland, Norway, and Switzerland, which are not E.U. members, have separate requirements in place regarding board gender diversity.

⁴ In accordance with the U.K. Listing Rules, all listed companies are required to follow a "comply or explain" approach to board diversity. Boards must include at least 40% women, one ethnically diverse director, and one senior female member (such as the chair, CEO, senior independent director, or CFO). Companies that fail to comply with this requirement must explain why they do not meet this standard.

leadership, reflecting the need to navigate complex macroeconomic and geopolitical risks. Several companies also saw long-term succession strategies materialize, marked by rigorous candidate assessments, structured onboarding, and transitional overlaps to support effective knowledge transfer.

Board oversight of strategy and risk

We engaged with companies across EMEA to better understand how boards in the region oversee company strategy and address material risks, as well as how these are reflected in company disclosures. Boards frequently identified top material risks related to geopolitical instability, climate-related risks and evolving climate-disclosure-related regulations, and technological risks, including cybersecurity and the evolving implications of AI. In addition, boards in Europe frequently cited a focus on overseeing the implementation of new reporting requirements under the E.U.'s Corporate Sustainability Reporting Directive (CSRD) that were in effect for 2024 financial reporting. CSRD requires companies to report on certain sustainability topics from a "double materiality" perspective, addressing both the financial implications for the company and the company's impact on the environment and society.

Geopolitical uncertainty remained a significant concern for companies across the region. Navigating changing macroeconomic and policy dynamics resulting from consequential national elections and global trade uncertainty remained a key area of focus. Boards responded with renewed focus on workforce planning and talent retention, supply-chain resilience, policy scenario modeling, and preserving market access. During our engagements, many boards shared how they were focused on navigating this landscape and identifying opportunities and mitigating these risks to safeguard shareholder returns.

Company reporting on climate-related risks has become increasingly regulated, particularly in the U.K. and Europe. In the U.K., companies are subject to mandatory reporting in accordance with the Task Force on Climate-related Financial

Disclosures (TCFD); in Europe, companies are subject to similar rules from CSRD and other sustainability reporting requirements.

We engaged with U.K. and European companies on climate-related risks and reporting, with a particular focus on management-proposed "Say on Climate" resolutions. Our engagements centered on financial materiality, board oversight, and disclosure quality. Following the funds' 2025 proxy voting policy—which clarified the funds' general approach of abstaining from voting on Say on Climate proposals—the funds abstained from voting on more of these proposals than in previous years, despite the volume of such proposals remaining consistent with 2024 levels. We also noted the expansion of "Say on..." votes to other topics, including biodiversity. During our engagements, we emphasized our belief that company management teams and boards are best positioned to oversee climate and other related material risks through robust oversight processes.

Technological risks, particularly cybersecurity and the emergence of generative AI, were also increasingly cited by boards as top material risks in 2025. Cybersecurity threats, especially in the consumer retail sector, led to an increased emphasis on director education and board-level preparedness exercises. We observed that companies took steps to enhance their cybersecurity measures, recognizing the potential impact of data breaches and cyber attacks on their operations and reputation. We noted that the rise of AI had prompted boards to upskill directors and senior leadership to both capitalize on efficiency gains and manage associated risks.

Executive pay

In 2025, we observed more companies in the U.K. and Europe seeking to increase the total amount of executive compensation based on global benchmarking. Company leaders cited the need to attract and retain internationally mobile senior executives, address pay compression risks, and reflect the growing relevance of global operations, especially at companies with substantial global revenue.

We observed that many multinational companies based in the U.K. and Europe were conducting peer-benchmarking assessments, which often reference U.S. and global competitors, to justify significant pay increases and to address any concerns from shareholders about diverging from local market norms. We observed that the quality and transparency of these benchmarking exercises varied, but more compelling examples included detailed peer-group analysis and methodologies. The funds voted in favor of these adjustments to remuneration policies when we assessed that they were well-justified through disclosure of the board's considerations and that they supported long-term shareholder returns.

The funds did not support remuneration policies with significant pay increases in instances where we identified concerns about the alignment of pay and performance outcomes over time. In addition, the funds did not support such policies when we identified a lack of disclosure regarding how the board considered the relevant benchmark peers and the amount of total pay.

Shareholder rights

We continued to support governance practices that preserve shareholders' ability to exercise their rights effectively.

In 2025, the competitiveness of the U.K. and European capital markets continued to play a key role in regional policy debates and individual company decisions. Some companies changed or considered changing their primary listings to U.S.-based exchanges due to perceived gaps in executive pay and corporate valuations, as well as the perception that the U.S. offers more liquidity. In 2024, regulators in the U.K. and E.U. adopted measures intended to make capital markets more attractive for IPOs. Among the measures adopted was an expansion of corporate access to multiple class share structures, including additional voting rights, thereby giving founders greater potential to control publicly listed companies in the future. Although few companies took advantage of this additional flexibility in

2025, we engaged with those that have adopted multiple class share structures to understand the safeguards that boards have put in place for minority shareholders.

Activist activity remained relatively unchanged during the 2025 proxy year, with the funds voting on 609 shareholder proposals in 2025 compared with 598 in 2024. For more information on the corporate governance topics and trends that we observed across the EMEA region during proxy season, see the [2025 Europe Regional Brief](#) and [2025 U.K. Regional Brief](#).

Asia

In 2025, we observed that many Asian companies continued their focus on navigating a shifting corporate governance landscape shaped by ongoing regulatory changes. Our regional engagement and voting efforts provided insight into how boards are adapting to these developments, with particular attention to board composition and effectiveness and broader governance practices. Overall, we engaged with 185 companies, and the funds voted on 101,126 proposals at 6,194 portfolio companies in the region.

Board composition and effectiveness

Our engagements with Asian companies primarily focused on board composition and overall board effectiveness, including matters of director independence. Compared with other regions, many Asian companies tend to have fewer independent directors, often reflecting variations in regulatory requirements, in addition to company ownership and capital structures. We used company engagements to gain deeper insight into how boards appoint independent directors, assess their independence, identify the skills needed for board roles, and support independent directors in bringing an external perspective to board discussions.

In Japan, despite the historical prevalence of a two-tier board structure, we observed a trend toward the adoption of a one-tier board structure.⁵ In our engagements with Japanese companies, we emphasized the importance of board independence, capability, and experience, advocating for disclosure of board skills matrices to help investors better understand a board's overall skills composition. We also found disclosures of interviews with independent directors helpful, as they provided insight into the observations, themes, and roles of independent directors in the boardroom.

In South Korea, we engaged with companies that we identified as not meeting board independence requirements under the South Korean Commercial Code. We did so to better understand the companies' rationale for maintaining their current board composition and the challenges they faced in attracting independent outside directors. In India, our engagements largely sought to better understand how boards were fit for purpose and how boards assessed the readiness of director candidates to contribute meaningfully to complex governance and oversight responsibilities. Our engagements with issuers in Taiwan focused on company disclosure of board composition and board evaluations.

Board oversight of strategy and risk

We engaged with company leaders regarding board oversight of material risks related to technology and AI, climate matters, and internal control oversight failures. In Japan, we had several engagements with companies that were implicated in controversies involving risk oversight failures, and we evaluated the boards' responses and steps taken to enhance governance and risk oversight, where appropriate.

The volume of shareholder proposals in Japan increased by 17%, with the funds supporting six of the 350 shareholder proposals voted on.

We observed that many of these proposals remained, in our assessment, overly prescriptive—often outlining specific operational directives rather than encouraging board oversight—and, consequently, the funds did not support them.

In 2023, the Tokyo Stock Exchange launched its Action to Implement Management that is Conscious of Cost of Capital and Stock Price initiative. As a result, we noted a growing number of Japanese companies articulating clearer strategies for the cost of capital management, including the disclosure of strategic rationales and ensuring board oversight. The funds generally supported management proposals regarding capital allocation when we assessed that the proposals were aligned with long-term shareholder returns and governance best practices and when there was no evidence of misconduct.

In 2024, South Korea's Financial Services Commission launched its Corporate Value-Up Program (CVP), which was at the top of most companies' agendas. The CVP was designed to address the "Korea discount," a phenomenon where South Korean securities tend to trade at lower valuations compared with their global peers. In the first half of 2025, we engaged with several South Korean companies to discuss their approaches to the CVP and their boards' oversight of key material risks. In July and August, South Korea's parliament passed amendments to the Commercial Act—the main source of corporate governance regulation in the market—expanding the fiduciary duties of board directors and introducing a mandatory cumulative voting system, among other changes. These amendments marked another significant shift in South Korea's corporate governance landscape, aiming to improve board accountability, strengthen minority shareholders' rights, and further address the Korea discount.

⁵ Three types of board structures are permitted under Japanese corporate law: one-tier boards with three committees (audit, nomination, and compensation); one-tier boards with an audit committee; and two-tier boards, composed of a board of directors and a board of statutory auditors. Under the traditional two-tier board structure, the statutory audit board is responsible for monitoring financial reporting and the activities of the board of directors, but it does not directly participate by voting at board meetings.

Executive pay

Voting practices on remuneration proposals differ across Asia. In jurisdictions such as Japan, executive remuneration is not typically subject to a shareholder vote. Conversely, in jurisdictions such as India, executive pay may require a binding shareholder vote and is often presented alongside director elections. Accordingly, when engaging with company leaders in Asia, we frequently highlight global best practices on executive remuneration, such as presenting it as a standalone resolution and ensuring comprehensive disclosure of pay structures to shareholders.

In Japan in particular, we observed a shift toward a higher proportion of stock-based incentives in executive remuneration plans, which the funds generally supported. When the funds did not support equity compensation plans, it was generally because these plans were issued to executives or directors at a significant discount to market price with minimal or no performance conditions attached.

Shareholder rights

While engagement between shareholders and independent directors is common in other global markets, it remains relatively uncommon among companies listed in Asia. Given the critical role independent directors play in overseeing management and safeguarding shareholder interests, we emphasized the benefits of direct engagement between independent directors and shareholders.

In 2025, we sought opportunities to engage with independent directors to discuss shareholder rights and broader corporate governance topics. Our engagements in Asia have traditionally involved company executives, which can provide useful context on business strategy and interactions between the board and management. However, conversations with independent directors can offer valuable perspectives on how boards oversee management, guide strategic direction, manage material risks, and uphold governance standards.

For more information on the corporate governance topics and trends we observed throughout Japan during proxy season, see the [2025 Japan Regional Brief](#).

Australia and New Zealand

In 2025, throughout our engagements in Australia and New Zealand, we observed that boards were increasing their focus on the adaptation and management of new technology and leading their organizations through political and economic uncertainty. Overall, we engaged with 140 companies across the region, and the funds voted on 2,109 proposals at 347 portfolio companies.

Board composition and effectiveness

Board composition and effectiveness continued to be a central topic in most of our engagements in 2025. Through our engagements, we observed that many boards are in the process of adjusting their current composition while evaluating the skills and experience needed for the long term. In several engagements, nonexecutive directors highlighted that expertise in cybersecurity and AI is particularly difficult to secure at the board level due to strong demand for these capabilities in executive roles. We also observed that boards sought external guidance and training to enhance directors' capabilities in cybersecurity and AI, along with other specialized skills that, on their own, may not warrant a dedicated board position.

Board oversight of strategy and risk

In 2025, we heard from many boards that they were focused on the management of geopolitical risks, including tariff uncertainty and the impact on global supply chains. From our perspective, directors appeared focused on maintaining a long-term perspective, avoiding overreaction to short-term disruptions, and overseeing the prioritization of strategies that support long-term resilience and sustainable business growth. In many of our engagements, we discussed the importance of cybersecurity and how boards were mitigating rapidly evolving risks in this

area. Technology disruption and innovation were also topics of discussion with companies across multiple sectors.

We heard from boards that were upskilling by conducting deep-dive sessions with management to better understand their company's cybersecurity posture and the risk landscape. These boards also shared that they invited external experts to provide independent perspectives and share emerging best practices to ensure that directors remained informed and equipped to effectively oversee cybersecurity-related risks. Lastly, we observed that boards were increasingly attentive to regulatory and compliance developments throughout 2025. Key developments included reforms affecting regulated banks and insurers, as well as mandatory climate-related financial disclosures.

Executive pay

Executive pay remained a key topic of discussion in our 2025 engagements, especially during proxy season, when companies put their 2024 remuneration reports to a shareholder vote. The focus on pay was compounded by low shareholder support rates for remuneration reports in 2024, which resulted in a significant number of companies receiving first and second strikes and a possible board spill resolution in 2025. (A strike is an "against" vote of 25% or more on a remuneration report, and a second strike requires shareholders to vote at the same annual general meeting to determine whether the directors will need to stand for reelection within 90 days, referred to as a board spill resolution.) Throughout the year, many of these companies proactively engaged with shareholders—including the funds—to gather perspectives on remuneration practices ahead of their annual meetings. The funds did not support any spill resolutions in 2025.

Continuing a trend that emerged in 2024, we engaged with several companies to discuss concerns that shareholder rights regarding votes on executive equity awards were at risk of being weakened. In these cases, shareholders faced a false choice, as boards indicated that if the equity award was not approved, it would be replaced with a cash payment. We generally

prefer that executives be awarded equity, rather than cash, as cash awards typically do not align executive pay with shareholder returns. When companies presented what we assessed to be a false choice, we emphasized the importance of robust governance structures, the opportunity for shareholders to exercise their rights effectively, and the alignment of pay practices with long-term shareholder returns.

When the funds voted against a remuneration report, the primary reasons typically included a lack of disclosure that made it difficult for us to assess the robustness and appropriateness of variable pay awards or that metrics were used that we assessed as either not quantifiable or lacking sufficient rigor. Our focus remained on ensuring that executive pay was aligned with both company and shareholder performance.

For companies with global operations or secondary listings that cited significant remuneration packages as necessary to attract and retain key management in regions with different pay practices (such as the U.S.), we assessed these plans on a case-by-case basis. In each instance, the funds supported the proposals after determining that the structure was appropriate, that the potential overall remuneration served shareholders' interests, and that adequate disclosure and measurable performance targets were provided.

Shareholder rights

In 2025, we welcomed the high level of engagement from portfolio companies domiciled in Australia and New Zealand and their willingness to seek investor perspectives on a range of corporate governance topics. An independent director participated in most engagements in Australia and New Zealand in 2025, and we utilized these engagements with independent members of portfolio company boards to better understand how boards advised and oversaw management and addressed a range of corporate governance matters. Shareholder rights in Australia are generally well-protected through robust corporate law frameworks and regulatory mechanisms. These protections include clear voting rights, disclosure

requirements, and avenues for shareholder recourse, which collectively support strong governance standards.

Furthermore, we observed that annual general meetings were largely conducted in hybrid formats, allowing investors to join both in

person and virtually. Hybrid formats enhance accessibility, foster inclusivity, and ensure that investors can actively participate in governance discussions and exercise their rights effectively.

Case studies

The case studies that follow are representative of the proxy voting and engagement activities conducted on behalf of the funds across 39 countries in 2025.

Our engagements, which were initiated by portfolio companies and our team, enabled us to gain insights into how the funds' portfolio companies are governed, informed the funds' voting on a variety of proposals, and gave us the opportunity to share our perspectives on the funds' proxy voting policies and corporate governance practices that can drive long-term shareholder returns.

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 composition and slate elections at Assicurazioni Generali SpA following DDL Capitali

We engaged with company leaders at **Assicurazioni Generali SpA**, an Italy-listed multinational insurance and asset management group, ahead of its 2025 annual meeting to understand how the board was preparing for the upcoming election of directors, taking into account recent changes to Italian law (DDL Capitali, explained on page 6). As a result of these legal changes, the board could not propose its own slate of candidates to shareholders as it had done at prior shareholder meetings. During the engagement, we learned of the board's efforts to document the profile of its ideal board composition, accounting for the board's desired mix of independence, skills, diversity, and experience. After reviewing public disclosures provided by the shareholder proponents for three competing slates of candidates—of

which shareholders could vote for only one, per the "voto di lista" system—the funds voted in favor of the slate of candidates proposed by shareholder Mediobanca SpA (Mediobanca). This decision was driven by a comprehensive evaluation of the candidates' qualifications, independence, and alignment with the board's published profile outlining its ideal composition. The Mediobanca proposed slate aligned most closely with the board's published profile, included a majority of independent directors, and retained both the company's current chair and its CEO. As a result, we determined that this slate was best positioned to support long-term shareholder returns.

Director capacity and commitments at Ecolab Inc.

At the 2025 annual meeting of **Ecolab Inc.** (**Ecolab**), a U.S.-listed company that provides water, hygiene, and infection prevention solutions

and services, the funds supported the election of all director nominees after reviewing disclosures related to their capacity and commitments.

Ahead of the meeting, we assessed the commitments of one director, who was a sitting CEO and held nonexecutive board positions at two majority-owned subsidiaries of the company at which he was CEO. Due to these commitments, we identified that the director was potentially overboarded. However, in reviewing Ecolab's 2025 proxy statement, we noted that the ownership structure of the subsidiaries where the individual also served as a director were majority-owned and controlled by the parent company.

As articulated in the funds' proxy voting policies, we evaluate director capacity and commitments on a case-by-case basis, taking into consideration the facts and circumstances at each company in question. In general, based on our policies, having fewer outside board roles and external commitments ensures that directors remain focused and engaged on core responsibilities of company strategy and management oversight, thereby driving performance, enhancing governance, and supporting long-term shareholder returns. Directors' responsibilities are complex and time-consuming. Therefore, we seek to understand whether the number of directorship positions held by an individual makes it challenging for them to dedicate the requisite time and attention to effectively fulfill their responsibilities at each company (sometimes referred to as being overboarded).

When evaluating a director's capacity across boards under common control, we consider whether the director's overlapping responsibilities mitigate concerns about excessive commitments. We also recognize that consistent board representation across related entities may enhance strategic alignment, strengthen oversight of risk, and may be common in certain industries or regions.

We reviewed Ecolab's disclosures to understand the context of the director's outside commitments and assess their impact on effectiveness. Based on Ecolab's public disclosures, we found no evidence that the roles

at the subsidiaries would impair the director's effectiveness on Ecolab's board. As a result, the funds supported the director's election.

Material weakness at Evolv Technologies Holdings Inc.

At the 2025 annual meeting of **Evolv Technologies Holdings Inc. (Evolv)**, a U.S.-listed provider of AI-based weapons detection systems for security screening, the funds supported the reelection of a director serving on the Audit Committee and the reappointment of the company's auditor.

When companies disclose consecutive years of material weakness in their financial reporting, it raises concerns that warrant further analysis. We look to a board's audit committee to disclose actions taken to oversee and mitigate risks to shareholder returns. When reviewing ongoing internal control deficiencies, we assess the magnitude and severity of the underlying issue and seek to understand the extent of any remediation efforts underway. To do so, we analyze the audit committee's evolution in its approach and disclosure of a board's policies and actions, including contributions from the audit committee and the auditor's assessment.

In the course of our review of Evolv's Form 10-K for 2024 and prior years, we noted that the company had disclosed misstatements related to accounting for certain sales transactions and material weakness in the control environment for most reporting periods since the company's 2021 IPO. During its time as a public company, we observed that Evolv's material weakness disclosures and remediation plans had become more detailed and thorough each year. A press release, along with the company's 2025 Form 10-K and its 2025 proxy statement, disclosed a more detailed remediation plan to strengthen internal controls and improve risk management. Of particular note was the timeline detailing the activities of the board, the audit committee, and the auditor over the prior 12 months, enabling investors to understand the progress made.

Given the expanded disclosure that demonstrated to us evidence of a proactive approach to address material weakness oversight and proposed

remediation, the funds supported the auditor and audit committee member on the ballot at the 2025 annual meeting.

Director independence at Hanwha Ocean Co. Ltd.

Hanwha Ocean Co. Ltd. (Hanwha Ocean) is a South Korea-listed shipbuilding business with experience in commercial ships and offshore plants. Under the South Korean Commercial Code, companies with total assets exceeding WON 2 trillion (approximately \$1.41 billion U.S. dollars) are classified as large enterprises and therefore must ensure that the majority of their board members are independent directors. Hanwha Ocean is subject to these requirements.

Based on our analysis of Hanwha Ocean's public disclosures ahead of the company's 2025 annual meeting, it appeared that a majority of the board members were not independent. In line with the funds' proxy voting policies, we look for boards of noncontrolled companies to be majority independent, and our evaluation of portfolio company boards is informed by relevant market-specific governance frameworks, such as the South Korean Commercial Code.

We contacted the company to better understand the board's approach to and assessment of board composition in light of the requirements set by the South Korean Commercial Code. The company stated that, according to their records, the board met the relevant independence requirements, with a majority of members being outside directors. We shared the information and disclosures we analyzed prior to the annual meeting, including the proxy statement and board information available on the company's website, and company leaders clarified that the company website was undergoing updates and may contain information that was not up to date.

Following our exchange, the company updated online information regarding its current board composition. The updated information disclosed that Hanwha Ocean's board consisted of nine members, five of whom were independent directors, thus meeting the South Korean Commercial Code's requirement.

Separation of board Chair and CEO at Lincoln National Corporation

Lincoln National Corporation (LNC) is a U.S.-listed holding company that operates multiple insurance and retirement businesses through subsidiaries. Starting in 2022, LNC had received a shareholder proposal every year requesting that the board of directors adopt an enduring policy and amend its governing documents so that two separate people hold the office of the chair and the office of the CEO. After careful consideration of the facts and circumstances in each respective year, the funds consistently did not support the proposal.

Upon review of the company's public disclosures ahead of the company's 2025 annual meeting, we noted several factors that informed our analysis of the 2025 proposal. We noted that the combined CEO/board chair role was counterbalanced by a lead independent director with clearly defined responsibilities. The company also disclosed in its proxy statement that the bylaws contained governance structures that encourage independent oversight, such as annual director elections, majority voting standards, and a 10% threshold for shareholders to call a special meeting. In addition, the full board was 90% independent with fully independent key committees. We assessed that the board appeared to be accessible to shareholders and considered shareholders' perspectives and feedback by participating in regular dialogues with shareholders and offering standard shareholder rights. In our analysis, we did not identify any concerns regarding director independence, board independence, or board effectiveness. Therefore, the funds did not support the 2025 shareholder proposal requesting a separation of the roles of board chair and CEO.

Election of directors at National Bank of Kuwait SAKP

National Bank of Kuwait SAKP (NBK) is a Kuwait-listed banking group. At the company's 2025 annual meeting, shareholders voted on the election of members of the company's supervisory board. In prior years, the funds abstained from voting on all director

appointments at NBK because the company disclosed limited information on the board's assessment of the director nominees' independence and skills, which limited our ability to sufficiently assess the nominees ourselves.

Before the 2025 annual meeting, we requested an engagement with NBK leaders to inform the funds' votes. During the engagement, we inquired about the directors' independence classifications and the overall board skills profile. We also shared feedback about the value of disclosing the board's assessment of nominee independence, nominee qualifications, and the mix of board skills and experience in order to allow investors the opportunity to make their own assessments. Following NBK's engagements with us and other shareholders, the company publicly disclosed an annual meeting agenda, which included director independence classifications and brief biographic profiles for each director nominee.

Aligned with the Central Bank of Kuwait's regulations and market practice, there were more candidates than board seats. Upon reviewing the board's overall independence levels, the funds voted for the reelection of all incumbent board members and for all new independent board members. The funds abstained from voting on the new affiliated board nominees.

Director capacity and commitments at Netflix Inc.

At the 2025 annual meeting of **Netflix Inc. (Netflix)**, a U.S.-listed entertainment company offering paid subscriptions for streaming services, the funds did not support the reelection of the lead independent director due to insufficient attendance at board and committee meetings. Notably, the board did not disclose a reason for the director's absences.

Separately, we identified potential concerns related to the number of public directorship positions (sometimes referred to as overboarding) held by another Netflix director. As articulated in the funds' proxy voting policy, we evaluate director capacity and commitments case by case, taking into consideration the facts and circumstances at the company in question. Directors' responsibilities are complex and time-

consuming. Therefore, we seek to understand how directors ensure sufficient capacity for board responsibilities. We look for clear disclosure of individual director commitments, board policies, and oversight of director commitments. Ultimately, the funds supported this director's election at the 2025 annual meeting, as we assessed that the director's commitments were reasonable, especially considering a recent change in responsibilities in another role.

Board diversity disclosures at North Atlantic Smaller Companies Investment Trust plc

At the 2025 annual meeting of **North Atlantic Smaller Companies Investment Trust plc**, a U.K.-listed investment trust, the funds did not support the reelection of the board chair because of concerns about a lack of gender diversity on the board and the absence of relevant disclosures aligned with the U.K. Listing Rules explaining that lack of diversity. Although the company is an investment trust with no employees, it is subject to the Listing Rules' "comply or explain" requirements for board diversity. At the time of the vote, the company disclosed that only 14% of its directors were female, and it had not disclosed any acknowledgment of the FCA's diversity targets or any plans to address them. The funds thus voted against the chair of the board to reflect our concerns regarding what we assessed to be the company's lack of adherence to U.K. market requirements for board diversity.

One-tier board structure at Toyota Motor Corporation

Toyota Motor Corporation (Toyota) is a Japan-domiciled multinational motor vehicle production and sales company. Ahead of Toyota's 2025 annual meeting, the company announced its decision to transition from having a two-tier board structure to having a one-tier board with an audit committee. The company disclosed that it intended for the change to promote faster decision-making by delegating authority to executive management and by strengthening the monitoring function of the board of directors. We believe that boards are generally best positioned to determine the board structure that most

aligns with a company's strategy and operational needs, and we do not advocate for one particular board structure over another. In conjunction with the change in board structure, Toyota also reduced the number of executive directors on the board and increased the number of nonexecutive independent directors. With these changes, we assessed that the resulting level of independence on the board would be greater than one-third (the independence threshold outlined in the funds' proxy voting policy). Given this resulting level of board independence and the compelling rationale for the change in board composition and structure, the funds supported all director nominees at the company's 2025 annual meeting.

Board composition and effectiveness at WiseTech Global Ltd.

WiseTech Global Ltd. (WiseTech) is an Australia-listed company that engages in the development and provision of software solutions to the logistics execution industry. At the company's 2025 annual meeting, the funds supported the election of four independent nonexecutive directors following a series of high-profile governance-related concerns.

In 2024, an external review was launched into the executive chair's conduct and disclosure obligations. Separately, in 2025, there was also

an investigation by the Australian Securities and Investments Commission into the executive chair's personal trading activities.

At the 2025 annual meeting, four independent, nonexecutive directors, three of whom were new appointees, were on the ballot to allow for board refreshment following these incidents. We were invited to engage with the lead independent director ahead of the annual meeting to understand the individual skills and expertise of each director candidate, the board's director recruitment process, and the board's intentions to appoint two new independent directors in the near future. We also sought to understand the difference in roles and responsibilities between the executive chair (and founder) of WiseTech and the lead independent director.

While the external review and investigation were still ongoing, we determined that the director nominees were appropriate future independent members of the board. We assessed that they possessed the relevant skills and expertise needed to adequately address the company's past governance shortfalls and to oversee the company's strategy and material risks going forward. Therefore, the funds supported the election of the four independent nonexecutive directors at the 2025 annual meeting.

| 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 have ongoing 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.

Shareholder proposal on ethical AI data acquisition and usage at Apple Inc.

At the 2025 annual meeting of **Apple Inc. (Apple)**, a U.S.-listed designer, manufacturer, and marketer of smartphones, personal computers, tablets, wearables, and accessories, the funds did not support a shareholder proposal seeking a report on ethical AI data acquisition and usage at the company.

Prior to the annual meeting, we engaged with company leaders and an independent director to discuss a variety of topics, including the board's oversight of the risks and opportunities associated with the company's AI product development. We also reviewed Apple's public disclosures, which were significantly enhanced

throughout 2024 with the launch of Apple Intelligence, an AI feature integrated into many of its devices.

Our review found that Apple had already publicly disclosed much of the information requested in the proposal. The company outlined its approach to ethical AI development within its responsible AI principles. Additionally, the company also included disclosures regarding the development of its own AI models and the data used to train them.

We determined that the company's current disclosures adequately addressed the proponent's request. As a result, the funds did not support the proposal.

Say on Climate proposal at Aviva plc

At the 2025 annual meeting of **Aviva plc (Aviva)**, a U.K.-listed diversified insurer, the company sought shareholder approval of its Climate-related Financial Disclosure for 2024 as outlined in Aviva's annual report. In the absence of a clear regulatory framework governing votes on climate-related financial disclosures and in line with the funds' relevant regional proxy voting policies, the funds abstained from voting on the company's Climate-related Financial Disclosure for 2024. The abstention reflected the funds' orientation as passive investors that do not opine on company strategy or operations, inclusive of climate-related strategies.

Merger transaction at Enterprise Bancorp Inc.

At the 2025 special meeting of **Enterprise Bancorp Inc.**, a U.S.-listed bank, the funds voted in support of a merger agreement with **Independent Bank Corporation**, another U.S.-listed bank. In recent years, we have observed an increase in transaction activity among U.S. regional banks. When evaluating mergers and acquisitions, we assess whether we believe it is likely that a given transaction will create long-term returns for shareholders. We use a governance-centric lens to analyze a deal's impact on shareholder returns, focusing on four key areas: valuation, rationale, board oversight of the process, and the governance profile of the combined entity. In reviewing the merger in

question, we noted that the board conducted a robust solicitation process and deployed a strategic transaction committee to oversee the deal. We did not identify concerns with valuation, and company disclosures indicated several strategic reasons why the merger was in the best interests of shareholders, including increased scale and improved access to capital. In addition, the surviving entity was expected to offer shareholders an improved governance profile. For these reasons, we determined that the merger was in shareholders' long-term financial interests, and the funds voted in support of the transaction.

Board oversight of employee health and at Hankyu Hanshin Holdings Inc.

Hankyu Hanshin Holdings Inc. (Hankyu Hanshin) is a Japan-listed conglomerate operating core businesses in urban transportation, real estate, entertainment, information and communication technology, travel, and international transportation. We engaged with Hankyu Hanshin leaders in 2024 to discuss the board's oversight of risks, including material risks related to employee health and safety, following a 2023 incident involving an employee of one of the company's divisions, the Takarazuka Revue. Our analysis and engagements at the time raised concerns regarding the board's oversight of risks related to employee health and safety. In 2025, Hankyu Hanshin requested an engagement in advance of the company's annual meeting.

In the 2025 engagement, company leaders discussed steps the board had taken to enhance its risk oversight responsibilities and their publicly disclosed series of remedial actions. Company leaders described a Three Lines model that was introduced to delineate responsibilities for risk management and internal audit, with the aim of enhancing the robustness of oversight across the entire group. They also shared that the company restructured the Takarazuka Revue as an autonomous stock company with its own management and board of directors, including independent outside directors, to clarify accountability and strengthen governance at the subsidiary level. Company leaders also shared that the company had enhanced support

mechanisms through the implementation of measures such as new support desks, hotlines, and regular workplace surveys.

We ultimately assessed that the board and company had taken appropriate steps to enhance board oversight of risks related to employee health and safety. Consequently, at the 2025 annual meeting, the funds voted in line with the board's recommendations, which included director elections.

Board oversight of risks related to human rights at JSW Steel Ltd.

JSW Steel Ltd. (JSW) is an India-listed company that manufactures and sells iron and steel products globally. The company had been constructing steel and power plants in the Odisha region of India, and these activities began attracting media attention in 2021 because of the company's management of community relations and the land acquisition process. In 2025, we engaged with company leaders and discussed, among other topics, the board's oversight of material risks, particularly those associated with projects that have heightened risks related to human rights.

Company leaders shared the processes in place at the board level to enable effective board oversight of material risks. They also shared how the company managed legacy issues related to operating in the Odisha region and the steps taken to minimize human displacement, provide rehabilitation compensation packages, and invest resources in community outreach programs.

As a result of our engagement, we gained a better understanding of the board's process for overseeing material risks, including those related to community relations and human rights.

Shareholder proposal regarding human capital management at Marks and Spencer Group plc

Marks and Spencer Group plc (M&S) is a U.K.-listed retailer. In 2025, a group of shareholders proposed a resolution requesting detailed

data disclosures relating to human capital management. The binding proposal requested that M&S produce a report that would provide investors with information regarding the company's approach to human capital management, including the rate of turnover for hourly employees and a cost/benefit analysis of introducing a minimum pay rate set to the real Living Wage for employees and contractors.⁶

In reviewing the company's public disclosures, we noted that M&S disclosed in its annual report that it already paid all directly employed staff the real Living Wage, which is higher than the legally required National Minimum Wage. In response to the shareholder proposal, M&S publicly disclosed that it has Global Sourcing Principles, which are the company's guidelines for and expectations of its supplier partners. These Principles are supported by a suite of publicly available M&S policies and overseen by the board's Environmental, Social and Governance Committee.

During our engagement, company leaders reiterated that they adhere to U.K laws and further asserted their ongoing commitment to maintaining clear and comprehensive disclosures and board oversight. The company shared that the board oversees the review of new contracts related to sourcing and supplier partnerships. They also shared their perspective that wage-setting is an operational matter and emphasized that the company did not believe it necessary to report beyond their current disclosures which, in their view, were already fulsome.

Ultimately, we assessed that the proposal sought disclosures that extended beyond legal requirements and sought to influence company practices that were operational in nature. Consequently, the funds did not support the shareholder proposal.

⁶ The Living Wage Foundation estimates the real Living Wage based on its assessment of "the actual cost of living, including essentials like housing, food, transport, and other everyday needs."

Merger agreement at Pacific Premier Bancorp Inc.

At the July 2025 special meeting of **Pacific Premier Bancorp Inc. (Pacific Premier)**, a U.S.-based regional bank, the funds supported a proposed merger with **Columbia Banking System Inc. (Columbia)**, another U.S.-listed bank. The funds did not support an advisory proposal on Pacific Premier's severance package related to the transaction.

As part of the merger, shareholders were asked to approve severance arrangements linked to the transaction. The funds did not support these arrangements, which we assessed as misaligned with long-term shareholder returns, due to the inclusion of substantial single-trigger cash payments to senior executives that would be payable automatically upon the completion of the transaction.

Say on Climate proposal at Rio Tinto plc and Rio Tinto Ltd.

Rio Tinto plc, or **Rio Tinto Ltd. (Rio Tinto)**, is a leading global mining company listed in both the U.K. and Australia. As a result of its dual listing, the company holds two annual meetings, one for each of the listed entities. As shareholders of both entities, the funds submit votes at both meetings aligned with the relevant regional proxy voting policies. At each of its 2025 annual meetings, Rio Tinto put forward a nonbinding resolution seeking approval of the company's 2025 Climate Action Plan (the Plan), commonly referred to as a "Say on Climate" proposal.

In reviewing the company's public disclosures, we identified that the company had clearly disclosed the Plan and details regarding the board's process for overseeing it. Our engagement with members of Rio Tinto's board ahead of the 2025 annual meetings gave us confidence that the board had sufficient expertise in place at the board level and a robust process to oversee the Plan, which included annual progress reporting aligned with TCFD standards supplemented by briefing papers and a quarterly operations review.

In reviewing the specific language of the proposal, we noted that the proposal appeared to request that shareholders approve the Plan,

which included certain operational and capital allocation matters. Ultimately, after our analysis of the specific facts and circumstances at Rio Tinto and in line with the funds' relevant regional proxy voting policies, the funds abstained from voting on the proposals at each of Rio Tinto's annual meetings. The abstentions reflected the funds' orientation as passive investors that do not opine on company strategy or operations, inclusive of climate-related strategies.

Board oversight of risks related to human rights at Zhen Ding Technology Holding Ltd.

Zhen Ding Technology Holding Ltd. (Zhen Ding) is a Taiwan-listed company that designs, develops, manufactures, and sells printed circuit board products globally. In recent years, the company has faced scrutiny over alleged links to forced labor in Xinjiang, an autonomous region located in northwestern China, primarily through its subsidiary **Avary Holding (Shenzhen) Co. Ltd. (Avary)**. The company has denied any involvement in forced labor in China and stated that neither Zhen Ding nor Avary employs forced labor from Xinjiang.

In 2025, we requested an engagement with independent board members to better understand the board's oversight of material risks, including those related to human rights. We engaged with an independent director and company representatives to discuss the board's oversight of those risks, and company leaders elaborated on key policies and management systems, including the company's human rights due diligence assessment process. We gained additional information regarding how the board oversees risks related to human rights and the supply chain, how the company approaches investigating allegations, and how the company maps risks across operations and suppliers. During the engagement, Zhen Ding leaders also shared that an independent audit had been completed, and the results indicated that there was no forced labor at the company's facilities. As a result of the engagement, we gained better insight into the board's approach to overseeing material risks, including those related to human rights.

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 the policies and practices are aligned with shareholders' long-term returns.

Remuneration policy at GSK plc

The funds supported the remuneration policy at **GSK plc**, a U.K.-listed pharmaceutical company and manufacturer of vaccines and medicines. While we recognized that the proposed changes to the executive pay package would result in a meaningful increase in potential overall remuneration, we considered GSK's rationale for the changes to be reasonable and compelling. The company disclosed its process, which included a comprehensive global peer benchmarking analysis and detailed evidence of the relevance of its global footprint, particularly the prominence of the U.S. to the company's business and operations. We also concluded that the proposed changes were intentionally aligned with the company's long-term strategy and pay philosophy to have awards subject to rigorous, performance-based targets.

Say on pay at Fox Factory Holding Corp.

At the 2025 annual meeting of **Fox Factory Holding Corp. (Fox Factory)**, a U.S.-listed firm involved with the production and marketing of performance products for bikes, vehicles, and sports gear, the funds supported an advisory vote on executive compensation ("Say on Pay").

Our review of Fox Factory's executive compensation practices began with an assessment of the company's short- and long-term incentive plans, which showed what we assessed to be an alignment between executive compensation and company stock performance. In our review of the plan structure, we noted concerns about the reduction of performance measurement periods in the long-term plan, from three years to one year. These concerns were partially mitigated by the compensation committee's disclosure linking the shorter period to Fox Factory's strategic considerations and market instability affecting their original

equipment manufacturer customer base, which constituted a large portion of the company's revenue. Inclusion of a three-year vesting schedule further reduced our concerns about the plan's shorter-term performance metrics.

We also reviewed one-time grants awarded to senior leaders, which prompted our analysis of the rationale, structure, and size of the grants. These one-time awards followed in-flight adjustments to the compensation plan in the prior year. Prior disclosures and engagement with company leaders in 2024 illustrated, in our view, the committee's limited and appropriate use of discretionary adjustments. Fox Factory's 2025 proxy statement provided detailed disclosures about the latest discretionary adjustments, explaining that a substantial portion of their one-time grants were designed to reward revenue growth outperformance over a three-year period, using a rigorous performance metric without accelerated vesting. We assessed the structure of these awards as likely to drive pay and performance alignment while promoting long-term shareholder returns.

Given Fox Factory's clear disclosure about its compensation plan and unique circumstances affecting the predictability of its business, we assessed the overall compensation plan to be reasonably aligned with long-term shareholder returns. The funds consequently supported the advisory vote on executive compensation.

Remuneration policy at Kering SA

Kering SA (Kering) is a France-listed global luxury group that manages fashion, leather goods, and jewelry brands. In 2025, Kering announced a renewed governance structure that included separating the chair and CEO roles and appointing a new CEO. A shareholder meeting was held in September 2025 to approve these changes, including the election of the new CEO

to the board and the remuneration policies for both the CEO and the chair for the period from September 15, 2025, to December 31, 2025. The funds supported the CEO's election but did not support the proposed remuneration policies.

To inform our analysis of the matters on the ballot at the September 2025 shareholder meeting, we engaged with Kering's lead independent director. Kering's decision to separate the roles of CEO and chair while appointing a new CEO raised no material concerns to us, and the lead independent director explained the board's thought process for separating the two roles. With respect to remuneration, the proposed policy for the incoming CEO included a €20 million sign-on bonus to offset lost long-term incentives from his prior role as an auto company CEO. Of this total, €15 million would be paid in cash by year-end without performance conditions, and €5 million would be awarded in Kering shares subject to continued service and a clawback provision. The shares would be subject to the same qualitative performance metrics as the CEO's annual equity bonus, which is related to the CEO's onboarding and the development of a strategic plan. The structure of the proposed sign-on bonus raised concerns about the alignment between pay and performance and the absence of safeguards to prevent reward in the event of poor company performance. As a result, the funds did not support the resolution to approve the remuneration policy for the CEO for the stated period.

The board's decision not to prorate unvested long-term incentive plan awards raised concerns about the proposed remuneration policy for the chair. Under this arrangement, the chair may continue to receive performance-related pay for periods when they are no longer a company executive at Kering. In our engagement with Kering, company leaders explained the importance of continuity during the transition and the chair's decisive role in its success. They cited French precedents for similar arrangements. After considering factors such as company performance during the former chair's tenure as CEO and the chair's affiliation with Kering's controlling shareholder group, we did not consider the rationale presented to be sufficiently compelling. Therefore, the funds

did not support the proposal to approve the remuneration policy for the chair for the stated period.

Say on Pay at Molina Healthcare Inc.

Molina Healthcare Inc. (Molina) is a U.S.-listed provider of managed health care services under the Medicaid and Medicare programs and through state insurance marketplaces. At Molina's 2025 annual meeting, the funds did not support an advisory vote to approve the compensation of the company's executives due to what we assessed to be a misalignment between pay and performance, largely driven by a one-time award.

When reviewing the company's executive compensation program, we first assessed Molina's short- and long-term incentive plans. Our assessment of the plans found that executive pay and company stock performance were misaligned. In our review of the short-term incentive plan as disclosed in Molina's proxy statement, we observed that while Molina fell short of its initial earnings guidance and achieved only some of its goals, the total payout factor was set as achieved above target.

With respect to the long-term incentive plan, we observed that in late 2024, the compensation committee granted one-time, performance-based retention awards to the CEO and another executive. The awards were eligible to vest subject to the achievement of adjusted earnings per share (EPS) goals for fiscal year 2027, which were consistent with the company's expected long-term growth rate and strategic plan.

We engaged with Molina executives prior to the company's 2025 annual meeting to learn more about the rationale and process behind both the payout and the one-time awards. During the engagement, Molina executives explained that the award was made to incentivize the current CEO to remain in place through at least the end of 2027. They noted that this extension of the CEO's tenure was an attempt to address retirement concerns and led to a broader review of their compensation program. They indicated that the one-time award was part of that review and was developed with input from an external consultant. They also shared that they used EPS as a metric

in the plan, noting its simplicity and alignment with company performance. Ultimately, we assessed that the alignment between executive pay and company performance was weak, and questions remained regarding the governance of the executive compensation plan. As such, the funds did not support the advisory vote on executive compensation.

Say on Pay at Pfizer Inc.

At the 2025 annual meeting of **Pfizer Inc. (Pfizer)**, a U.S.-listed company that develops, manufactures, markets, distributes, and sells biopharmaceutical products, the funds supported the advisory vote on executive compensation. In 2024, Pfizer amended certain outstanding equity awards as part of a strategic effort to retain key employees following the COVID-19 pandemic and a challenging stock performance environment. The offer allowed eligible participants to modify certain performance-based equity awards into revised awards with terms better aligned to the company's long-term performance goals and current market conditions. These modifications were designed to enhance the retention of key talent during a period of strategic recovery and to reinforce alignment between employee incentives and shareholder value. Although we had initial concerns about the modification of the awards, we determined that the governance around the changes was reasonable and aligned with long-term shareholder returns. The nature of the modifications, the Compensation Committee's explanation of the underlying rationale in company disclosures, and our engagements with Pfizer leaders helped us understand how the modifications and the Compensation Committee's oversight aligned employee pay with long-term shareholder returns.

Say on Pay at Simon Property Group Inc.

Simon Property Group Inc. (Simon) is a U.S.-listed real estate investment trust (REIT). At the company's 2025 annual meeting, the funds voted in favor of the company's advisory vote on executive compensation. The decision followed

our review of the company's 2024 compensation plan, which included awards tied to Simon's investments outside of traditional real estate opportunities, such as intellectual property licensing, retail, and asset management. These other platform investments (OPI) awards were linked to the sale of Simon's entire interest in Authentic Brands Group. Our engagement with company representatives, the company's executive compensation disclosures, and the company's compensation governance (as demonstrated by the structural changes made to the OPI awards in response to shareholder feedback) all informed the fund's decision to support the proposal.

Ahead of the 2025 vote, we observed a notable increase in CEO pay, largely driven by the OPI awards. To better understand the rationale, we engaged with members of Simon's board and management team. They explained that the awards were designed to reward executives for successful investments outside of real estate, similar to profit-sharing models used by traditional investment firms. Simon last issued OPI awards in 2022 based on the initial monetization of a portion of its investment in Authentic Brands Group. Since then, in response to shareholder feedback, Simon shifted its OPI award structure from cash bonuses tied to transaction events to stock-based awards that better align with long-term performance. The board also highlighted improvements such as linking awards to realized profit instead of transaction events.

Simon outperformed many peers and relevant REIT benchmarks over short- and long-term time horizons. We assessed that the compensation plan structure showed meaningful enhancements that reinforced pay and performance alignment, and we observed that relative pay versus performance was aligned. Simon also continued to demonstrate what we assessed to be strong governance in its compensation disclosures.

Based on these factors, the funds supported the proposal.

Shareholder proposal regarding restricted stock remuneration at Yakult Honsha Co. Ltd.

At the 2025 annual meeting of **Yakult Honsha Co. Ltd. (Yakult)**, a Japan-listed food and beverages company, the funds did not support a shareholder proposal requesting the adoption of a restricted stock plan with specific performance metrics, such as return on equity and total shareholder return. Ahead of the annual meeting, we were invited to engage with company leaders to inform our analysis of the proposal and several other shareholder proposals on the ballot. During the engagement, company leaders acknowledged the importance of a link between executive pay and company performance and shared that

deliberations to adopt strategically aligned metrics were underway by the Nomination and Remuneration Committee. The company also shared its plans to appoint an independent committee chair to oversee the review process. Although the shareholder proposal may have partly addressed what we assessed to be certain shortcomings in Yakult's existing compensation plan, we determined that the terms requested in the proposed stock plan were ultimately too prescriptive. Given that the company was already implementing plans to review its compensation structure to address concerns raised in the proponent's request, and the fact that we found the shareholder proposal to be overly prescriptive, the funds did not support the proposal.

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.

Proposed charter amendment to eliminate board size requirements at Builders FirstSource Inc.

Builders FirstSource Inc. (Builders FirstSource) is a U.S.-listed supplier and manufacturer of building materials, manufactured components, and construction services. At the company's 2025 annual meeting, the funds did not support a management proposal to amend the company's charter to eliminate established board size limits, which had previously been set to between three and 13 members.

In its proxy statement, the company stated that the removal of the board size limits would allow greater flexibility to add qualified directors as needed. The company also affirmed that the board did not have any intention of expanding the board size beyond the currently established limits.

We engaged with company representatives and an independent director ahead of the annual meeting. During the engagement, Builders

FirstSource leaders stated that removing the limits on board size would provide greater flexibility to plan for board refreshment and succession planning. Company leaders also shared that prior to submitting the proposal, the company had benchmarked their governing documents against industry peers and found that many did not maintain formal board size limits.

In evaluating the proposal, we considered the board's publicly disclosed rationale, the additional context provided during the engagement, and the broader governance implications of removing an existing safeguard. While we recognize that flexibility in board size can facilitate director transitions, it can also introduce risks by enabling board expansion that may entrench incumbents or dilute shareholder influence, particularly in the context of a hostile takeover or contested election. In this case, the proposed charter amendment did not include any additional governance measures to mitigate those risks, so the funds did not support the proposal.

Shareholder proposal to remove supermajority voting requirements at Hologic Inc.

Hologic Inc. (Hologic) is a U.S.-listed medical technology company primarily focused on women's health. At the company's 2025 annual meeting, the funds voted against a shareholder proposal requesting to remove any supermajority voting requirements in the company's governing documents and replace them with a simple majority vote standard. The proponent noted in the proposal that supermajority voting requirements "have been found to be one of 6 entrenching mechanisms that are negatively related to company performance [...]"

In analyzing the proposal, our review of the company's charter and bylaws found that the supermajority voting standard that the company had in place was narrowly tailored and applied only in limited circumstances. These circumstances included the approval of transactions related to a merger or consolidation with or into another company owned by a related person, any changes to the supermajority voting requirement, matters not recommended by a majority of directors, and a change in the size of the board.

As articulated in the funds' proxy voting policies, we evaluate all shareholder proposals on a case-by-case basis, taking into consideration the facts and circumstances at the company in question. We will consider scenarios where eliminating supermajority voting requirements may not be in the best interests of minority shareholders, such as when the supermajority voting requirement is narrowly tailored and aims to safeguard shareholders from potentially detrimental actions.

After a thorough analysis of the specific instances where a supermajority voting standard would be applicable, we assessed that the existing requirements under the charter and bylaws were reasonable and did not appear to have material negative effects on shareholder rights. As a result, the funds voted against the shareholder proposal at Hologic.

Redomestication proposals at U.S.-listed companies

At the 2025 shareholder meetings of several U.S.-listed issuers related under the Dolan Family Group—which include **Madison Square Garden Sports Corp. (MSGS)**, **Madison Square Garden Entertainment Corp. (MSGE)**, **AMC Networks Inc. (AMC)**, and **Sphere Entertainment Co. (Sphere)**—the funds voted on proposals at each company to redomesticate from Delaware to Nevada. While the funds did not support the proposals at MSGS, MSGE, and AMC due to what we assessed to be insufficiently compelling rationale relative to the associated diminishment of shareholder rights, the funds supported the proposal at Sphere. We assessed that the rationale presented at Sphere presented a more compelling case for alignment between the company's operational footprint and its state of incorporation. Following the September 2023 opening of the Sphere music and entertainment arena in Las Vegas, the company disclosed that approximately 90% of its property, plant, and equipment, as well as the majority of its revenues and workforce, were based in Nevada. Although the company is not headquartered in the state, this operational concentration provided a unique context that differentiated the redomestication proposal at Sphere from the proposals put forward at the other Dolan Family Group companies. While the arguments across the issuers—such as reduced litigation risk and increased governance predictability—were broadly similar, we gave substantial weight to the operational alignment in Sphere's case. We determined that the benefits of the change, in this instance, outweighed the governance trade-offs.

Bylaw amendments at Temenos AG

At the 2025 annual meeting of **Temenos AG (Temenos)**, a Swiss-listed provider of banking technology platform services, the company sought approval for an amendment to its bylaws to allow shareholders owning the lower of CHF 1 million in nominal value (representing approximately 0.27% of share capital at Temenos) or 0.5% of share capital at Temenos to retain the right to submit proposals. The funds supported the proposal.

This outcome followed the company's 2024 annual meeting, where Temenos submitted a bundled proposal intended to amend its bylaws to align with updates to the Swiss Code of Obligations (the Swiss Code). While most bylaw amendments the company proposed were consistent with the revised Swiss Code, the bundle included a proposal to raise the threshold for shareholders to submit proposals from share ownership with a nominal value of CHF 1 million (representing approximately 0.27% of share capital at Temenos) to a fixed percentage of 0.5% of share capital at Temenos. This change was not required by law, as the company's existing ownership threshold already met Swiss standards. The funds did not support the proposal at the 2024 meeting due to concerns regarding the potential negative effects on shareholder rights.

In 2025, we engaged with company leaders, including the chair and vice chair of Temenos's board. During our engagement, company leaders provided additional context for the previously proposed bylaw amendments and reiterated their perspective that the proposals were intended to align the bylaws with Swiss law. Following our engagement, company leaders reached out to us and shared that they were considering amending the initial proposal before resubmitting it for shareholder approval in 2025. In reviewing the 2025 proposal, we assessed that the revised shareholding requirements adequately maintained shareholders' existing right to submit proposals. As such, the funds supported the proposal at the 2025 annual meeting.

Shareholder proposal regarding the right to call a special meeting at Quest Diagnostics Inc.

At the 2025 annual meeting of **Quest Diagnostics Inc. (Quest)**, a U.S.-listed laboratory testing and diagnostics company, the funds did not support a shareholder proposal to eliminate the share ownership period needed to call a special shareholder meeting. The company's certificate of incorporation provided that a Quest shareholder or group of shareholders holding at least 15% of the company's shares could call a special meeting, subject to a one-year continuous

holding period. The proponent, seeking to eliminate the continuous holding period, stated concerns about disenfranchising shareholders in certain scenarios, especially in potential emergencies. While we recognized the potential benefits of active investment and the need for immediate action in specific, emergent scenarios, we did not consider a one-year holding period to be excessive. Further, in the event of an extreme governance failure, newer shareholders could voice their concerns at the company's next annual meeting, which typically occurs within 13 months of the company's prior annual meeting.

Takeover defense measures at TBS Holdings Inc.

TBS Holdings Inc. (TBS Holdings) is a Japan-listed media and broadcasting holding company. In 2025, TBS Holdings continued to adopt a poison pill without first seeking shareholder approval. Because the company bypassed a shareholder vote, we were unable to assess the appropriateness of the poison pill and whether its true objective was to form a legitimate takeover defense plan or to entrench management. In line with the funds' proxy voting policy, the funds voted against the chair and president of TBS Holdings given concerns regarding the limitation of shareholder rights over several years.

Amending articles of association at Veolia Environnement SA

At the annual meeting of **Veolia Environnement SA (Veolia)**, a France-listed multi-utility company, the funds abstained from voting on a resolution to amend the company's articles of association to include Veolia's corporate purpose. The company explained that Veolia's purpose, adopted in 2019, had guided its strategy and created value for shareholders. The proposed amendment aimed to transfer authority for updating Veolia's purpose from the board of directors to the annual shareholder meeting. Prior to voting, we engaged with Veolia to better understand the proposal and its implications for shareholders. Company leaders cited the French legislative framework that provided for such amendments to the articles of association, and they emphasized the importance of aligning the interests of Veolia's

various stakeholders. While we recognized the board's rationale, the proposal raised questions about board accountability for overseeing company strategy, given the prescriptive nature of the proposed amendments. In addition, asking shareholders to codify Veolia's purpose—which

included a range of stakeholder considerations—via an inclusion in the company's legally binding articles of association raised concerns for us about how the board would prioritize shareholder rights in the future. The funds consequently abstained from voting on the proposal.

Proxy voting summary tables

Global summary of proxy votes cast by Vanguard-advised funds in the 12 months ended December 31, 2025. Numbers and percentages reflect rounding.

U.S.

Alignment with our pillars	Proposal type	Management		Shareholder	
		Number of proposals	% for	Number of proposals	% for
Board composition and effectiveness	Elect directors	23,474	98%	53	4%
	Other board-related	281	95%	58	2%
Board oversight of strategy and risk	Approve auditors	3,870	100%	—	—
	Environmental and social	—	—	241	0%
Executive pay	Management Say on Pay	3,078	98%	—	—
	Other pay-related	1,988	79%	21	0%
Shareholder rights	Governance-related	470	86%	171	29%
Other proposals	Adjourn/other business	675	78%	—	—
	Capitalization	1,207	88%	—	—
	Mergers and acquisitions	272	97%	—	—
	Other	—	—	12	8%

Americas ex-U.S.*

Alignment with our pillars	Proposal type	Management		Shareholder	
		Number of proposals	% for	Number of proposals	% for
Board composition and effectiveness	Elect directors	3,797	79%	188	57%
	Other board-related	1,195	63%	18	6%
Board oversight of strategy and risk	Approve auditors	381	98%	—	—
	Environmental and social	2	100%	46	0%
Executive pay	Management Say on Pay	187	98%	—	—
	Other pay-related	376	80%	3	0%
Shareholder rights	Governance-related	462	91%	4	25%
Other proposals	Adjourn/other business	637	92%	—	—
	Capitalization	452	97%	—	—
	Mergers and acquisitions	139	98%	—	—
	Other	—	—	29	10%

* 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		Shareholder	
		Number of proposals	% for	Number of proposals	% for
Board composition and effectiveness	Elect directors	4,238	99%	17	0%
	Other board-related	30	100%	40	0%
Board oversight of strategy and risk	Approve auditors	1,129	100%	—	—
	Environmental and social	7	0%	1	0%
Executive pay	Management Say on Pay	766	97%	—	—
	Other pay-related	227	96%	1	0%
Shareholder rights	Governance-related	552	100%	—	—
Other proposals	Adjourn/other business	822	100%	—	—
	Capitalization	2,732	100%	—	—
	Mergers and acquisitions	139	94%	—	—
	Other	—	—	4	0%

Europe**

Alignment with our pillars	Proposal type	Management		Shareholder	
		Number of proposals	% for	Number of proposals	% for
Board composition and effectiveness	Elect directors	8,662	94%	207	40%
	Other board-related	5,239	97%	251	37%
Board oversight of strategy and risk	Approve auditors	2,615	99%	—	—
	Environmental and social	20	0%	15	0%
Executive pay	Management Say on Pay	2,924	81%	—	—
	Other pay-related	2,018	94%	16	0%
Shareholder rights	Governance-related	1,049	97%	13	69%
Other proposals	Adjourn/other business	3,805	95%	—	—
	Capitalization	6,094	97%	—	—
	Mergers and acquisitions	249	95%	—	—
	Other	—	—	94	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		Shareholder	
		Number of proposals	% for	Number of proposals	% for
Board composition and effectiveness	Elect directors	2,861	44%	7	0%
	Other board-related	1,482	98%	3	33%
Board oversight of strategy and risk	Approve auditors	593	84%	—	—
	Environmental and social	2	0%	—	—
Executive pay	Management Say on Pay	267	89%	—	—
	Other pay-related	948	79%	—	—
Shareholder rights	Governance-related	938	57%	1	0%
Other proposals	Adjourn/other business	1,578	90%	—	—
	Capitalization	861	90%	—	—
	Mergers and acquisitions	874	91%	—	—
	Other	—	—	2	0%

Asia

Alignment with our pillars	Proposal type	Management		Shareholder	
		Number of proposals	% for	Number of proposals	% for
Board composition and effectiveness	Elect directors	25,596	96%	2,418	90%
	Other board-related	7,501	47%	91	15%
Board oversight of strategy and risk	Approve auditors	4,675	99%	—	—
	Environmental and social	—	—	50	0%
Executive pay	Management Say on Pay	—	—	—	—
	Other pay-related	7,206	89%	108	62%
Shareholder rights	Governance-related	13,242	53%	673	74%
Other proposals	Adjourn/other business	16,076	85%	—	—
	Capitalization	17,330	96%	—	—
	Mergers and acquisitions	5,794	98%	—	—
	Other	—	—	366	48%

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	841	97%	11	0%
	Other board-related	31	10%	1	0%
Board oversight of strategy and risk	Approve auditors	52	100%	—	—
	Environmental and social	8	0%	14	0%
Executive pay	Management Say on Pay	300	93%	—	—
	Other pay-related	589	94%	—	—
Shareholder rights	Governance-related	79	100%	9	0%
Other proposals	Adjourn/other business	4	100%	—	—
	Capitalization	129	99%	—	—
	Mergers and acquisitions	39	100%	—	—
	Other	—	—	2	0%

Global

Alignment with our pillars	Proposal type	Management		Shareholder	
		Number of proposals	% for	Number of proposals	% for
Board composition and effectiveness	Elect directors	65,231	93%	2,884	82%
	Other board-related	15,729	70%	422	26%
Board oversight of strategy and risk	Approve auditors	12,186	98%	—	—
	Environmental and social	32	6%	366	0%
Executive pay	Management Say on Pay	6,756	90%	—	—
	Other pay-related	13,125	88%	148	45%
Shareholder rights	Governance-related	16,240	58%	871	64%
Other proposals	Adjourn/other business	22,775	87%	—	—
	Capitalization	26,073	96%	—	—
	Mergers and acquisitions	7,367	97%	—	—
	Other	—	—	505	42%

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ISANNUAL 022026