Vanguard Investment Stewardship

Europe Regional Brief

This Regional Brief reports on the corporate governance topics and trends Vanguard's Investment Stewardship team observed across portfolio companies domiciled in Europe[1] during the 2024 proxy year; it includes data on the proxy votes cast by the Vanguard-advised funds during the period.[2] We provide this brief, and other publications and reports, to provide Vanguard fund investors and other market participants an understanding of the engagement and proxy voting activities we conduct on behalf of Vanguard-advised funds.

Vanguard's Investment Stewardship team conducts proxy voting and engagement on behalf of the Vanguard-advised funds. Our approach to evaluating portfolio companies' corporate governance practices is centered on four pillars of good corporate governance, which are used to organize this brief: board composition and effectiveness, board oversight of strategy and risk, executive pay, and shareholder rights. During the 2024 proxy year (July 1, 2023, through June 30, 2024), the team conducted 208 engagements related to 159 companies in Europe, representing $210 billion in equity assets under management (AUM) of the $365 billion in Vanguard-advised funds' total equity AUM in the region. The funds voted on 22,385 proposals across 1,162 companies in the region.

At a glance

159 companies engaged

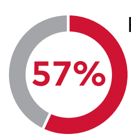
208 total engagements

1,162 companies where a proposal was voted on

22,385 proposals voted on

$210B equity assets under management engaged

Regional AUM engaged



Percentage of regional AUM engaged

208 Total engagements in the region

$210B Total engaged equity AUM in the region

$365B Vanguard-advised funds' total equity AUM in the region

1 Throughout this report, "Europe" refers to Continental Europe, which does not include the UK, Ireland, or Crown Dependencies.

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

Board composition and effectiveness

Good governance begins with a company's board of directors. Our primary focus when evaluating a company's corporate governance profile is on understanding to what extent the individuals who serve as board members are appropriately independent, capable, experienced, and equipped to represent the interests of all shareholders.

Board independence

In the 2024 proxy year in Europe, we continued to prioritize engagement with leaders at portfolio companies where we had questions about board and key committee independence to encourage increased independence where appropriate. In general, we look for boards and committees to be majority independent, with key committees (that is, the nomination committee, the remuneration committee, and the audit committee) composed of non-executive directors only. Where boards do not meet these requirements, we encourage robust disclosure of how the board's composition aligns with local best practice established by local corporate governance codes or other regulation and encourage companies to increase board and committee independence over time. Board independence concerns continue to drive the majority of the Vanguard-advised funds' votes against directors in Europe.

Board diversity

All countries in which the Vanguard-advised funds invest in Europe have either already adopted or are in the process of adopting regulation and/or other requirements related to gender diversity on boards, some of which take effect in future years.[3] In the 2024 proxy year, we engaged with company directors and executives to understand how they have adapted, or plan to adapt, to evolving market regulation related to gender diversity on boards. We look for companies to establish appropriate director nomination procedures accompanied by robust disclosure outlining board composition strategy, inclusive of gender diversity considerations. We encourage this disclosure as it allows investors to understand how a board's chosen composition is best suited to safeguard and promote the interests of company shareholders. We observed companies responding to changing market expectations related to gender diversity by increasing disclosure of board skills matrices, board diversity policies, and board effectiveness assessments.

Director capacity

In recent years, we have noted an increasing level of disclosure by European boards to address investor concerns around the potential overcommitment of directors who serve on multiple company boards (often referred to as "overboarding"). Recognizing that public company directors' responsibilities are complex and time-consuming, we seek to determine if the number of public company directorship positions held by a director impedes their ability to dedicate the time and attention required to effectively fulfill their responsibilities at each public company. In 2024, we continued to engage when we identified directors who were potentially overcommitted and encouraged disclosure of the board's policies and processes for assessing director capacity. In some cases, the funds voted against directors

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 non-executive director positions or 33% of executive and non-executive director positions to be held by "the underrepresented sex" at certain publicly listed companies by 2026.

who were potentially overboarded and such disclosure was either not provided or was insufficient to allay concerns.

Below are some country-specific highlights related to board composition and effectiveness.

In **France**, we continued to promote board structures and processes, including appropriate levels of independence, associated with long-term shareholder returns. During the 2024 proxy season, we continued to encourage boards of French companies to better disclose alignment to the unique governance structures and requirements set out in French regulations. In particular, we focused on board and committee independence, director capacity, independent board leadership or oversight provided by a lead independent director, and the role of censors, which are nonvoting advisors to the board. The funds voted against directors on boards that were not aligned to relevant best practices outlined in the Afep-Medef Corporate Governance Code of Listed Corporations and did not offer compelling justification for noncompliance.

In **Germany**, we engaged with several companies on the topic of supervisory board chair succession planning. Most companies in Germany employ a two-tiered board structure, separating responsibilities for the day-to-day operation of the business (performed by a management board) from oversight of management (performed by a supervisory board). The German Corporate Governance Code recommends that former executive board members complete a two-year cooling-off period before joining the supervisory board. We evaluate such nominations on a case-by-case basis and encourage company boards to disclose how they assess the independence of former executives as well as how any potential conflicts of interest are managed. We supported the reelection of the supervisory board chairs of **BASF SE** and **Münchener Rückversicherungs-Gesellschaft AG (Munich Re)**, as in both cases they had completed a two-year cooling-off period after having served in an executive role.

In **Sweden**, we continued to observe a relatively high number of potentially overboarded directors relative to other markets in Europe. In addition, we noted a pattern of directors with poor board attendance records. We continued to assess the relevant disclosure of both issues on a case-by-case basis and engage with company leaders to encourage better disclosure of director attendance, capacity, and related board policies. At **Telefonaktiebolaget LM Ericsson**, we identified a potential concern regarding director attendance at board meetings in 2023. However, after engaging with company directors and reviewing additional company disclosures, we determined that all directors attended at least 75% of board and committee meetings held after each director was elected. The Vanguard-advised funds thus supported all directors who were up for election at the 2024 annual general meeting. At **Modern Times Group AB**, the funds voted against two directors because of overboarding concerns, noting a lack of disclosure around how the board and nomination committee assessed their capacity. We provided feedback to the company regarding our concerns.

In **Switzerland**, we saw more companies taking action to meet a regulatory requirement for 30% gender diversity on boards that will come into force in 2026. In recent years, many Swiss boards have lagged European peers in implementing gender diversity policies for boards and executive teams, with all-male boards being more prevalent in Switzerland than in other European countries. In our engagements with Swiss companies in 2024, we encouraged boards that did not yet meet the 30% target to consider providing additional disclosure around their nominating processes, including how they factor in gender diversity requirements with other skills, experiences, and personal characteristics prioritized by the board in recruiting candidates.

Notable votes from the 2024 proxy year include:

Ahead of the 2024 annual general meeting, the chair-designate at **SAP SE (SAP)**, a German business process management software provider, resigned unexpectedly after a lengthy succession planning process to replace the outgoing chair and company co-founder. Following the announcement, we engaged with the lead independent director to discuss supervisory board governance, succession planning for the role of chair, and board effectiveness. The lead independent director provided additional context around how the supervisory board oversaw the succession planning process and why the newly designated chair decided to leave, citing "a difference in perspective on the role of SAP Supervisory Board chair." Taking into account the supervisory board's processes and relevant explanations, the Vanguard-advised funds supported the proposal to elect a former non-executive director as new chair of the supervisory board at the company's 2024 annual meeting.

Prior to the annual meeting of **L'Oréal SA (L'Oréal)**, a French multinational cosmetics firm, we engaged with company leaders to discuss items on the meeting agenda. The Vanguard-advised funds had previously voted against director elections at L'Oréal to express concerns related to overboarding. This year, we sought more information on the capacity and commitments of a non-executive director who, in addition to serving on the L'Oréal board, also served as CEO of another firm and sat on one additional public company board. During our engagement, and via the company's disclosures, L'Oréal provided compelling rationale around the board's consideration of the director's capacity and individual contributions, including the director's excellent attendance record at board meetings, international experience, and specialist expertise in the areas of business transformation, innovation, and sustainability. On this basis, and considering relevant disclosures, the funds supported all directors up for election.

At the annual meeting of **Vivendi SE (Vivendi)**, a French media and communications company, the Vanguard-advised funds voted against several proposals, including the reelection of the supervisory board chair, who was also the CEO of a company subsidiary. The director's role as chair at Vivendi raised concerns around the management of conflicts of interest, given the company's choice to maintain a two-tiered board structure in which the supervisory board is tasked with oversight of the management board. We shared our perspective with company leaders on this and other concerns, notably around the governance of executive remuneration. As a result of what we assessed as an insufficient company response, given the lack of material changes made despite ongoing and significant shareholder dissent, as well as weak disclosure in this regard, the funds voted against the chair of the board.

Board oversight of strategy and risk

Boards should be meaningfully involved in the formation and oversight of strategy and have ongoing oversight of material risks to their company. We work to understand how boards of directors are involved in strategy formation, how they oversee company strategy, and how they identify and govern material risks to long-term shareholder returns.

Sustainability reporting

In recent years, European boards and company leaders have been focused on meeting new regulatory requirements related to sustainability reporting. In addition to regulatory and stakeholder scrutiny of sustainability reporting, shareholders are now required to approve reporting on nonfinancial issues in several jurisdictions, including Spain and Switzerland. This year, company leaders focused on meeting the extensive reporting requirements of the EU's Corporate Sustainability Reporting Directive (CSRD) that came into effect in 2024. In the future, the CSRD will also require assurance of sustainability data. Companies must report on sustainability issues from a "double materiality" perspective, considering both financial materiality to the company and the company's impact on the environment and society. While public company sustainability reporting requirements continue to evolve, we have observed many boards focusing on ensuring that they have access to meaningful and consistent data, which can be reasonably assured, to measure performance on material risks and opportunities.

Say on Climate proposals

We saw a similar level of management-proposed Say on Climate resolutions and related votes at company shareholder meetings in the 2024 proxy year as in 2023. We continued to engage with companies that chose to seek shareholder input on climate transition plans to share our perspectives on Say on Climate votes, as well as to inform our case-by-case analysis of those plans. Notably, we observed the concept of management-proposed "Say on" proposals expanded to cover additional topics. At the annual meeting of **Icade SA**, a French real estate company, the Vanguard-advised funds supported a management proposal to approve the company's progress with respect to biodiversity preservation. Having clarified with Icade the purpose of the proposal, the financial materiality of biodiversity risks at the firm, and the board's role in overseeing this risk, the funds' vote represented support of the company's robust risk disclosures and an absence of concerns regarding the board's oversight role. In contrast, at the 2024 annual meeting of **Gestamp Automoción SA**, a multinational automotive engineering company, the Vanguard-advised funds voted to abstain from approving a management proposal to approve the company's progress on the ESG 2025 Strategic Plan. While we noted the company's nonfinancial reporting and approach to ESG target-setting, the funds abstained from voting on this proposal due to a lack of clarity regarding what the board hoped to achieve by seeking shareholder input on wide-ranging strategic targets, and how the board intended to interpret the outcome of the vote. We also questioned investors' ability to meaningfully evaluate the company's reporting on the targets set in the ESG 2025 Strategic Plan, given the lack of a materiality assessment or detailed disclosure of progress against targets under the plan.

Proxy contests

For the second consecutive year, we saw an increase in the number of proxy contests in Europe, with seven occurring in proxy year 2024 across **Austria**, **France**, **Germany**, **Italy**, and **Switzerland**. Notably, these contests questioned directors' oversight of strategy and risk at the companies in question, typically in addition to governance concerns. Where possible, we engaged with both the companies and the proponents to better understand their perspectives. In each case, we evaluated the case for change, the company's approach to governance, and the quality of director nominees when determining the funds' votes.

Below are some country-specific highlights related to oversight of strategy and risk.

In **Switzerland**, companies that meet certain size metrics were required to seek shareholder approval of nonfinancial reporting in 2024 for the first time. Companies must include reporting on specific topics including environmental impact, climate risk, labor matters, human rights, and anti-corruption metrics.[4] The Vanguard-advised funds generally supported these proposals after evaluating compliance with legal requirements. The scope and format of the proposals is likely to grow in the future as Swiss lawmakers are considering updating the relevant regulations, including increasing the scope of affected companies and whether to make the votes binding.

In the **Nordic region**, we continued to observe a higher number of shareholder proposals on environmental, social, and governance topics compared to other European markets. In general, we found most proposals were overly prescriptive in dictating company strategy and/or operations. For example, at the annual meeting of **Yara International ASA**, a Norwegian materials company, the Vanguard-advised funds voted against a shareholder proposal seeking approval to "guide the company to set science-based goals to cut scope 3 emissions in line with limiting global warming to 1.5 degrees." Based on our evaluation of the proponent's disclosed rationale and the board's response, we determined the shareholder proposal could require the company to adjust its existing approach to target-setting in an overly prescriptive manner that could impede the board's ability to use its discretion to construct and disclose appropriate targets.

In **Poland**, we continued to observe limited disclosure from companies regarding matters of board composition as well as board oversight of strategy and risk. We also noted several companies with ongoing investigations, internal or external, that called into question board-level oversight of material risks. As a result, the Vanguard-advised funds refrained from supporting the proposal to discharge management and/or supervisory board actions at the 2024 annual meeting of **Jastrzębska Spółka Węglowa SA**, **Enea SA**, **PGE Polska Grupa Energetyczna**, **Powszechny Zaklad Ubezpieczen SA**, and **Orlen SA**. In each case, we found that the company provided limited disclosure of the relevant investigations and implications for shareholders.

4 In accordance with Article 964 of the Swiss Code of Obligations; English translation available **here**.

Notable votes from the 2024 proxy year include:

At the 2024 annual meeting of **Julius Baer Gruppe AG (Julius Baer)**, a Swiss wealth manager, the Vanguard-advised funds voted against the discharge of the board and management for the 2023 financial year. We engaged with the company's leaders and directors to discuss our concerns with oversight of the company's risk and control framework following a single credit event that had a material impact on financial results and led to the resignation of the CEO. Julius Baer's directors outlined the tangible measures implemented, including reinforcing risk management processes, as well as accountability taken at board and management levels. While we were reassured by the board's actions, we determined that it was not in the funds' interest to grant discharge to the board and management in place at the time of the material risk failure.

At the annual meeting of **ProSiebenSat.1 Media SE (ProSieben)**, a German media company, the Vanguard-advised funds supported the election of the candidates proposed by the company's board and voted against the proposals by the company's two largest shareholders in a proxy contest grounded in the company's long-term underperformance and questions around the company's strategy. We engaged with both ProSieben's leaders and directors and with representatives of the dissident shareholders to understand their considerations and proposals. Subsequently, the funds voted in favor of the board's nominees following our analysis of the strategic case for change and the governance policies and procedures in place to provide independent oversight of strategy.

At the annual meeting of **ArcelorMittal SA (ArcelorMittal)**, an integrated steel and mining company incorporated in Luxembourg, the Vanguard-advised funds voted against proposals to approve the formal discharge of the board of directors and to reelect the chair of the sustainability committee to escalate concerns regarding the board's oversight of material health and safety risks. In October 2023, ArcelorMittal reported an accident at one of its sites in Kazakhstan which resulted in 46 fatalities. We had previously engaged with board members on this topic, including meeting with the lead director. In a subsequent engagement with company leaders and the lead director prior to the annual meeting, they outlined the steps being taken to address and mitigate workplace injuries and fatalities including commissioning an external company-wide health and safety audit. We will continue to engage with ArcelorMittal regarding the board's oversight role while monitoring the company's steps to address worker health and safety.

Executive pay

Sound, performance-linked pay programs can drive long-term shareholder returns. We look for companies to provide clear disclosure about their pay practices, the board's oversight of those practices, and how the practices are aligned with shareholders' long-term investment returns.

Companies domiciled in Europe must submit their remuneration reports, which explain their approach to executive remuneration in the prior year, to a shareholder vote annually. In addition, they must submit a remuneration policy, which provides the framework for how executives and key employees will be incentivized, for shareholder approval at least every four years. As in prior years, in 2024 we focused on engaging with companies that were making significant changes to their remuneration policies. We also engaged with many companies where we identified concerns around the quality of relevant public disclosure provided on remuneration and the connection between pay and performance outcomes.

Pay quantum and benchmarking

In the 2024 proxy year, we noted a significant increase in companies seeking substantial increases in base salaries or incentive opportunities for executives. We heard from company leaders that such increases were intended to account for inflation, and often followed years of restraint on remuneration increases during the COVID-19 pandemic. Additionally, certain companies with a global footprint cited the need to remain competitive in an increasingly competitive global market for executive talent. We encouraged companies to disclose benchmarking assessments and any rationale considered by the board for such increases that demonstrate a focus on long-term alignment of pay and performance outcomes relative to a competitive peer group. We observed that many companies provided such disclosures, and often included an assessment of overall pay increases and/or pay opportunity for employees across the organization in their accompanying rationale.

ESG metrics

In the 2024 proxy year, we continued to see an increase in the number of companies incorporating ESG metrics into their incentive plans. In some cases, the weighting of environmental, social, and governance (ESG) metrics was increased substantially to form more than 20% of bonus or long-term incentive plans. We have observed companies adopt a variety of practices when incorporating ESG metrics in pay plans, with some very thoughtfully presented, based on material risks or opportunities and clear linkages to company strategy, with transparent metrics and targets. In other cases, we observed ESG components of incentive plans that were vague, not linked to material risks or opportunities, or not clearly disclosed. We encouraged companies to set and disclose targets that are most closely aligned to corporate strategy and long-term returns to investors—regardless of whether these targets include ESG metrics—to ensure that pay remains aligned with performance outcomes. Overall, more companies appear to be aligning ESG metrics to assured data on material risks, which are aligned to data required to be reported under CSRD requirements.

Below are country-specific highlights related to executive remuneration.

In **Italy**, the funds' support for remuneration proposals remained low (52%), which was consistent with prior years, and remained substantially lower than the funds' support for like proposals in other European markets.

This lower level of support reflected our concerns around limited disclosure of pay plans, as well as a proliferation of significant incentive payments, one-off awards and severance payments that did not appear to be linked to performance. We continue to engage with Italian companies to encourage better disclosure and governance of executive remuneration.

In the **Netherlands**, we continued to share our perspective on the importance of aligning executive pay plans with long-term shareholder returns. We encouraged companies to disclose incentive plans' performance targets to help investors understand how their incentive plans drive alignment between relative pay and performance. Overall, we saw an improvement in the quality of remuneration-related reporting, which at least partly contributed to a 9% increase in the funds' support of remuneration-related proposals in the Netherlands in the 2024 proxy year, up to 83%. However, we observed that some companies failed to demonstrate robust governance of remuneration policies. The Vanguard-advised funds voted against the 2023 Remuneration Report at **Euronext NV** because of concerns around the payment of one-off awards to executives in the year under review, including the absence of a compelling rationale for them. These concerns were compounded by a history of one-off incentive plans at the company.

Similarly, in **Germany**, executive pay remained one of the more common topics of our engagements. While the funds continued to vote against a relatively high proportion of remuneration proposals in the 2024 proxy year, primarily based on concerns around disclosure and governance, we have also observed some companies improve disclosure of the alignment between pay and performance outcomes. At the 2024 annual meeting of **Zalando SE**, the Vanguard-advised funds supported the remuneration report and the new executive remuneration policy, acknowledging changes made to executive pay practices and enhancements to the pay-for-performance link. This followed consecutive votes by the funds against the remuneration report and policy at the prior two annual meetings, and engagement with company leaders in which we shared feedback on the company's executive remuneration practices and disclosure.

We continued to see companies in the **Nordic** region provide limited disclosure of executive pay performance metrics, targets, and retrospective achievement, and we continued to engage with companies to encourage greater disclosure of these basic elements of incentive plans. In contrast to **Italy**, we observed that remuneration amounts in the Nordics typically remained reasonably aligned to performance outcomes, and the use of significant one-off awards and severance payments continued to be rare.

Notable votes from the 2024 proxy year include:

At the 2024 annual meeting of **Renault SA (Renault)**, the French auto manufacturer, the Vanguard-advised funds supported all proposals on the ballot. The resolution to approve the remuneration policy of Renault's chief executive required significant analysis, including engagement with the company's board. The proposed remuneration policy included an exceptional long-term incentive award linked to the company's "Renaulution" strategic plan. The performance conditions of the award appeared largely qualitative and discretionary, giving us some concern. Ultimately, the funds supported the proposal due to the company's compelling rationale and disclosure provided by Renault including details of the company's executive retention requirements and benchmarking analysis. We also considered the CEO's record, since taking on their role, of delivering strategic targets set by the board, as well as the fact that on an ex-post basis, the link between pay and performance at Renault was well aligned with shareholder returns versus comparable peers.

At the 2024 annual meeting of **Genmab A/S (Genmab)**, a Danish-incorporated international biotech company, the Vanguard-advised funds supported proposals to approve non-executive director remuneration and the executive remuneration policy. In January 2024, we engaged with directors and senior leaders ahead of the company's annual meeting. Our discussion with the Genmab team was focused on both executive and non-executive remuneration, where Genmab highlighted challenges the company was facing in recruiting and retaining talent as a global biotechnology company. Through public disclosure and engagement, Genmab highlighted that the structure of its executive incentive plan included challenging financial targets, the company's thorough process for assessing a bespoke set of international peers, as well as the company's robust disclosures of the rationale for the company's executive remuneration structures and policies. As a result of the strong structural link between pay and performance for executives, robust benchmarking for both executives and non-executives, and related disclosures, the funds supported both proposals.

Shareholder rights

We believe that governance structures should allow shareholders to effectively exercise their foundational rights. We look for companies to give shareholders the ability to use their voice and their vote—in proportion to their economic ownership of a company's shares—to effect and approve changes in corporate governance practices.

European legal systems typically include strong protections for shareholder rights, which have been further reinforced and standardized in recent years through legislative initiatives such as the EU's "Shareholder Rights Directive" (the Directive) first approved in 2007 and revised in 2017. Following regulatory consultations in 2022 and 2023, the Directive may be subject to further revision in the near future. The one-share-one-vote principle, which has long prevailed in most of Europe, is also shifting with the adoption of new regulations intended to facilitate the growth of capital markets.[5]

Multiple class share structures

Multiple classes of voting shares continue to be utilized by companies in parts of Europe. We recognize that multiple share class structures can encourage companies to list and create greater access to capital, but we encourage market participants to consider implementing sunset clauses or other mechanisms to protect minority shareholders' interests over the long term.

Shareblocking

The Directive has revoked shareblocking in the EU, a practice in which shares are temporarily blocked from trading when they are voted. However, certain market participants continued to practice shareblocking. In our view, shareblocking can have a detrimental effect on shareholder rights, as shareholders may choose to not exercise their votes at company shareholder meetings in order to retain liquidity of company stock, thus limiting a fundamental shareholder right. In 2024, we observed a significant reduction in shareblocking in both **Norway** and **Switzerland**, which was the result of several market participants coordinating to clarify and amend shareblocking practices in order to remove potential barriers to shareholders exercising voting rights.

Below are some country-specific highlights related to shareholder rights.

In the **Nordic markets**, shareholders are expected to play an active role in corporate governance, with many companies' share registers topped by a few large shareholders. Moreover, dual class share structures, particularly in Sweden, have been prevalent in Nordic companies for close to 100 years and continue to be used by companies representing nearly three-fourths of market capitalization for Nasdaq Stockholm. We will continue to analyze proposals related to multiple share class structures on a case-by-case basis. The funds promote the use of single share class structures that enable equal voting rights at companies. Nonetheless, we are mindful of the historically stable share ownership structure in Sweden.

In February 2024, the **Italian Parliament** approved a capital markets reform law (DDL Capitali), which aims to make the Italian stock exchange more attractive for companies to list and introduces provisions that may weaken companies' corporate governance practices and have an

5 In April 2024, the European Parliament adopted amendments to Directive 2014/65/EU to make public capital markets in the Union more attractive for companies and to facilitate access to capital for small and medium-sized enterprises. Among other requirements, the Directive will require all EU member states to allow multiple class share structures for IPOs.

adverse impact on shareholder rights. One of the provisions in DDL Capitali allows listed companies to offer up to 10 voting rights for each share for long-term shareholders, defined as shareholders that have been investing in the company for at least 24 months. Several companies sought to introduce such differentiated voting rights in 2024 through amendments to company bylaws. One such company was **Amplifon SpA**, an Italian hearing aid retailer. The Vanguard-advised funds voted against the proposal based on what we determined to be a lack of sufficient justification for deviating from a one-share-one-vote structure. Further, in most cases where companies proposed loyalty voting rights or an increased number of votes per share, we noted that the proposed changes would likely increase the decision-making power of a significant or controlling shareholder, which generally does not serve minority shareholders' interests.

The DDL Capitali additionally allows for companies to continue using a closed-door shareholder meeting format, which companies initially adopted during the Covid-19 pandemic because of the inability to hold shareholder meetings in person. The Vanguard-advised funds voted against proposals at various Italian companies requesting amendments of company bylaws to allow closed-door shareholder meetings whereby only a proxy representative—and no other shareholders—would be allowed to be present. Under these rules, we have concerns about the ability of shareholders to voice their perspectives at general meetings.

In **Switzerland**, an updated Code of Obligations required companies to amend their articles of association in 2023, in many cases resulting in lower thresholds for shareholders to call shareholder meetings and propose shareholder proposals. In the 2024 proxy year, we observed a small increase in the number of shareholder proposals put forward at Swiss public companies.

Notable votes from the 2024 proxy year include:

As detailed in an [Insights piece](), at the 2024 annual meeting of **Baloise Holding AG**, a Swiss insurance company, shareholder proposals were put forward requesting the removal of registration and voting rights restrictions. The Vanguard-advised funds supported two proposals that requested the removal of the voting rights cap and the reduction of the qualified voting majority as we considered these changes to be beneficial for shareholder rights. However, the funds voted against a third shareholder proposal asking for a revision of the nominee clause in the company's articles of association as we did not determine that the request demonstrated a clear benefit to all shareholders.

At the 2024 annual meeting of **K+S AG**, a German chemical company, the funds voted against a proposal to limit the holding of virtual shareholder meetings to emergency meetings only. We assessed the proposal to determine whether it was likely to have a material impact on shareholder rights and whether the board demonstrated sufficient oversight over the issue in question. We found that the company already had robust procedures in place to protect shareholder rights in the context of virtual shareholder meetings.

Proxy voting data

While the number and types of management proposals stayed relatively consistent year-over-year in Europe, we observed a slight increase in the number of shareholder proposals related to the board, shareholder rights, and other governance topics. This continues a trend from the 2023 proxy year, during which we also saw an increase in shareholder activism. Notably, many of the director nominees put forth by shareholders were nominated through uncontested processes and supported by management, because of different norms for nominating directors in some European markets. However, in Europe, we saw an increased number of proxy contests that went to a shareholder vote (seven in 2024 versus five in 2023).

The Vanguard-advised funds' rate of support for each category of proposals was also relatively consistent year over year. There was a slight decrease in the rate of support for management-proposed environmental and social proposals (from 87% in 2023 to 79% in 2024). In both the 2023 and 2024 proxy years, there were 15 such proposals, and the decline in support in 2024 is based on the funds' votes against a proposal that was introduced for the first time in 2024, and that we found both overly broad in its ask of shareholders and not clearly linked to material risks for the company (see Gestamp Automocion, discussed in the Board Oversight of Strategy and Risk section of this brief).

In **France**, the number and types of proposals remained relatively consistent in proxy year 2024 compared with prior years, and the proportion of proposals the funds supported also remained consistent. We observed a sizeable increase in governance-related proposals such as amendments to companies' articles of association, which the funds broadly supported.

In **Germany**, the volume of proposals and the funds' level of support were also broadly consistent compared with last year. The funds voted at proxy contests at **flatexDEGIRO AG** and **ProSiebenSat.1 Media SE**. In both cases, the dissidents fought unusually public campaigns, and were critical of board oversight of strategy in a market where activism has historically been conducted mostly behind closed doors. The funds' support of executive compensation proposals remained relatively low (68%) compared to other types of proposals, largely because of a lack of disclosure of incentive plan details. We expect to see an increase in remuneration-related proposals in 2025, due to the cyclical nature of remuneration policy approval, which is required every four years in Germany.

In **Italy**, the high proportion of shareholder proposals reflects the slate election system for the board of directors and statutory audit board, by which shareholders submit competing slates of candidates for election. These elections are typically not contested, although we observed one contested election in proxy year 2024 at **Telecom Italia SpA**. The funds' support for remuneration-related proposals in Italy remains lower than for other proposals and lower than for remuneration-related proposals in other key European markets. This is largely because of a combination of a lack of disclosure and poor structural features.

In the **Netherlands**, an increase in compensation-related proposals was driven by the compensation policy approval cycle, which sees most companies seeking shareholder approval of policies at least every four years. The funds' support for these proposals increased, reflecting an increase in disclosure of the pay-for-performance link at some companies.

In the **Nordic** markets, we continued to observe a relatively high number of shareholder proposals in comparison to other European countries. The focus of these proposals remained on environmental or social topics, including climate risk, operational issues, and governance topics such as unequal voting rights. The Vanguard-advised funds supported shareholder proposals at **A.P. Moller-Maersk A/S**, **DSV A/S**, and **FLSmidth & Co. A/S** asking for additional disclosure of human-rights related risks or policies in each case, the board of the company recommended shareholders support the proposal. In our case-by-case assessment, we found that each proposal addressed a material risk to the company and that none was overly prescriptive in dictating company strategy or operations.

In **Switzerland**, an increase in shareholder proposals related to board elections was driven by a proxy contest at **SoftwareOne AG**. Similar to the German market, shareholder activism in Switzerland is traditionally conducted behind closed doors. In this case, the campaign was unusually public and particularly critical of the board's oversight of strategy. Given recent changes to Swiss law, which increased shareholder rights to call extraordinary general meetings and add agenda items to shareholder meetings, we may continue to see an increase in shareholder activism in Switzerland in the future.

Europe

		Management		Shareholder	
Alignment with our pillars	**Proposal type**	**Number of proposals**	**% for**	**Number of proposals**	**% for**
Board composition and effectiveness	Elect directors	4,446	86%	243	50%
	Other board-related	5,098	97%	152	74%
Board oversight of strategy and risk	Approve auditors	1,147	98%	—	—
	Environmental and social	14	79%	19	11%
Executive pay	Management Say on Pay	2,303	72%	—	—
	Other compensation-related	1,778	93%	7	0%
Shareholder rights	Governance-related	819	95%	19	37%
Other proposals	Adjourn/other business	2,907	93%	—	—
	Capitalization	3,222	96%	—	—
	Mergers and acquisitions	129	91%	—	—
	Other	—	—	82	21%

Note: Data are for the proxy year ended June 30, 2024.

France

Alignment with our pillars	Proposal type	Management: Number of proposals	Management: % for	Shareholder: Number of proposals	Shareholder: % for
Board composition and effectiveness	Elect directors	468	91%	15	7%
	Other board-related	42	100%	6	0%
Board oversight of strategy and risk	Approve auditors	51	88%	—	—
	Environmental and social	7	71%	—	—
Executive pay	Management Say on Pay	881	82%	—	—
	Other compensation-related	284	94%	2	0%
Shareholder rights	Governance-related	202	98%	—	—
Other proposals	Adjourn/other business	519	97%	—	—
	Capitalization	877	91%	—	—
	Mergers and acquisitions	64	81%	—	—
	Other	—	—	2	0%

Note: Data are for the proxy year ended June 30, 2024.

Germany

Alignment with our pillars	Proposal type	Management: Number of proposals	Management: % for	Shareholder: Number of proposals	Shareholder: % for
Board composition and effectiveness	Elect directors	323	82%	4	25%
	Other board-related	1,039	98%	1	0%
Board oversight of strategy and risk	Approve auditors	176	100%	—	—
	Environmental and social	1	100%	—	—
Executive pay	Management Say on Pay	203	68%	—	—
	Other compensation-related	58	90%	—	—
Shareholder rights	Governance-related	129	100%	1	0%
Other proposals	Adjourn/other business	38	87%	—	—
	Capitalization	308	96%	—	—
	Mergers and acquisitions	6	100%	—	—
	Other	—	—	4	0%

Note: Data are for the proxy year ended June 30, 2024.

Switzerland

		Management		Shareholder	
Alignment with our pillars	**Proposal type**	**Number of proposals**	**% for**	**Number of proposals**	**% for**
Board composition and effectiveness	Elect directors	932	89%	7	43%
	Other board-related	501	86%	3	33%
Board oversight of strategy and risk	Approve auditors	118	100%	—	—
	Environmental and social	1	100%	1	0%
Executive pay	Management Say on Pay	106	63%	—	—
	Other compensation-related	325	93%	—	—
Shareholder rights	Governance-related	86	97%	3	67%
Other proposals	Adjourn/other business	482	74%	—	—
	Capitalization	176	100%	—	—
	Mergers and acquisitions	1	100%	—	—
	Other	—	—	—	—

Note: Data are for the proxy year ended June 30, 2024.

The Netherlands

		Management		Shareholder	
Alignment with our pillars	**Proposal type**	**Number of proposals**	**% for**	**Number of proposals**	**% for**
Board composition and effectiveness	Elect directors	270	91%	—	—
	Other board-related	189	100%	—	—
Board oversight of strategy and risk	Approve auditors	62	100%	—	—
	Environmental and social	1	100%	—	—
Executive pay	Management Say on Pay	112	83%	—	—
	Other compensation-related	58	91%	—	—
Shareholder rights	Governance-related	19	95%	—	—
Other proposals	Adjourn/other business	71	100%	—	—
	Capitalization	301	97%	—	—
	Mergers and acquisitions	4	100%	—	—
	Other	—	—	—	—

Note: Data are for the proxy year ended June 30, 2024.

The Nordic markets: Denmark, Sweden, Finland, Iceland, Faroe Islands, and Norway

		Management		Shareholder	
Alignment with our pillars	**Proposal type**	**Number of proposals**	**% for**	**Number of proposals**	**% for**
Board composition and effectiveness	Elect directors	1,791	87%	5	60%
	Other board-related	2,086	100%	5	0%
Board oversight of strategy and risk	Approve auditors	526	99%	—	—
	Environmental and social	—	—	18	11%
Executive pay	Management Say on Pay	465	78%	—	—
	Other compensation-related	667	98%	5	0%
Shareholder rights	Governance-related	155	99%	7	14%
Other proposals	Adjourn/other business	994	99%	—	—
	Capitalization	835	100%	—	—
	Mergers and acquisitions	14	100%	—	—
	Other	—	—	13	0%

Note: Data are for the proxy year ended June 30, 2024.

Italy

		Management		Shareholder	
Alignment with our pillars	**Proposal type**	**Number of proposals**	**% for**	**Number of proposals**	**% for**
Board composition and effectiveness	Elect directors	14	71%	174	59%
	Other board-related	45	87%	108	98%
Board oversight of strategy and risk	Approve auditors	27	100%	—	—
	Environmental and social	—	—	—	—
Executive pay	Management Say on Pay	190	53%	—	—
	Other compensation-related	112	88%	—	—
Shareholder rights	Governance-related	48	48%	1	100%
Other proposals	Adjourn/other business	117	89%	—	—
	Capitalization	189	98%	—	—
	Mergers and acquisitions	1	100%	—	—
	Other	—	—	—	—

Note: Data are for the proxy year ended June 30, 2024.

ISEURR 082024