

**Vanguard®**

# **Investment Stewardship**

2021 Semiannual Report



**Vanguard's Investment Stewardship team has a clear and compelling mandate—to serve as the voice for our investors by advocating for good governance practices that enhance and safeguard shareholder value over the long term.**

# 2021 Semiannual Report

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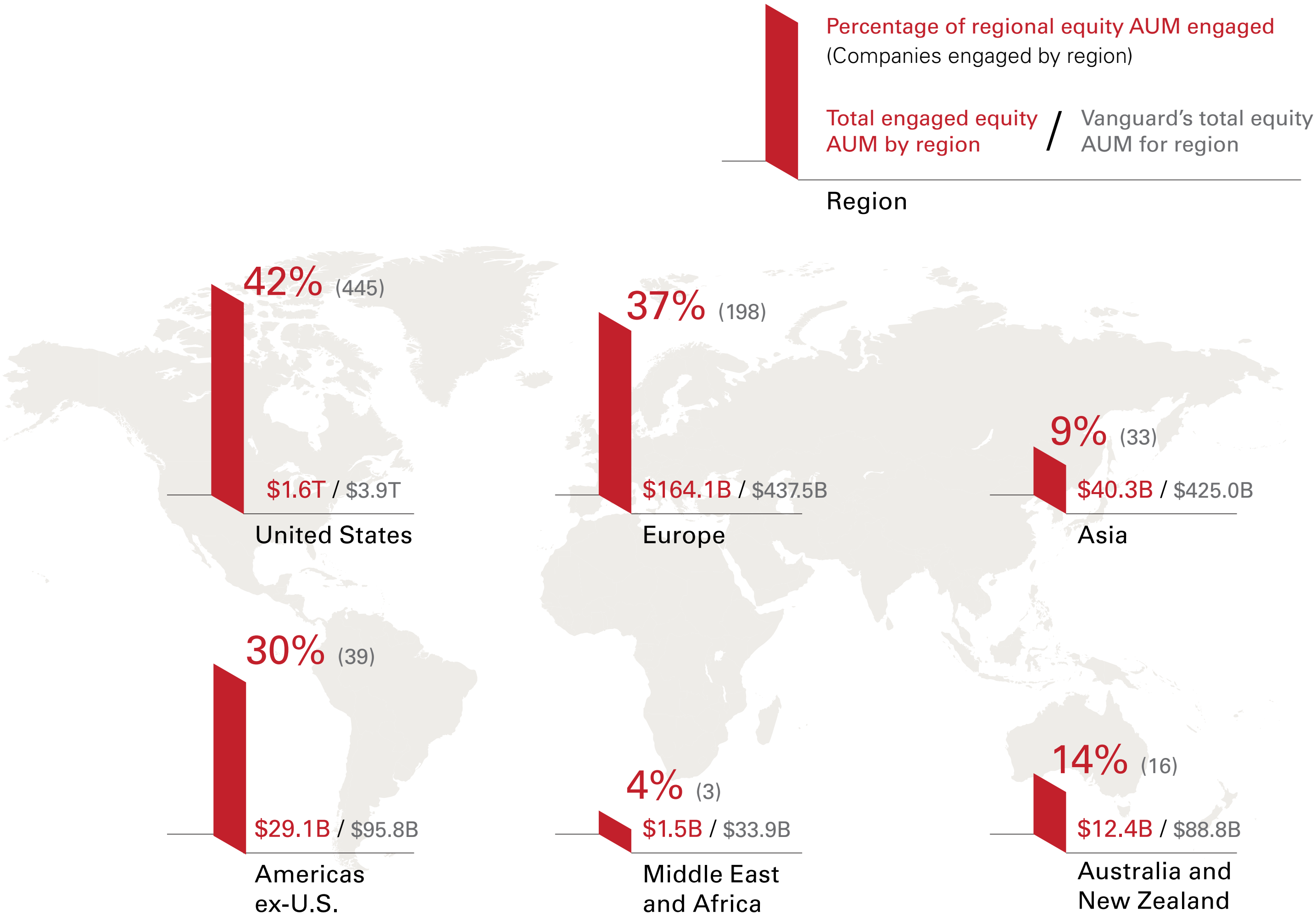
# Regional roundup

## Topics and trends that shaped the global governance landscape in the first half of 2021

Good governance has never been more important. Boards of directors and company leaders continued to face challenges in the first half of the year. The pandemic disrupted operations and global supply chains and forced companies to make strategic decisions about capital allocation and executive compensation. Social issues remained in the spotlight as we saw an increase in shareholder proposals on a range of diversity, equity, and inclusion topics. Climate change proposals increased in volume, driven by Say on Climate proposals requesting that investors provide feedback on companies' transition plans. We also engaged with company leaders on corporate political activity, human rights, and other important governance matters.

Vanguard's Investment Stewardship team engaged with 734 companies in 29 countries and voted on 137,826 proposals at 10,796 companies in the six months ended June 30, 2021. Those engagements were made on behalf of investments that represented nearly \$1.9 trillion in equity assets under management.

Note: There are seasonal variations as to when companies in different regions hold their annual shareholder meetings. A majority of companies in the Northern Hemisphere held shareholder meetings in the first half of the year.



## Americas

Throughout the region, companies continued to navigate challenges stemming from the COVID-19 pandemic. In the U.S. and Canada, many of our engagements focused on how companies adjusted their operations and managed the concerns of employees, shareholders, and other stakeholders. Vanguard's Investment Stewardship team, on behalf of the funds, voted on resolutions that reflected pandemic-related issues such as compensation adjustments, worker health and safety, board entrenchment, and diminished shareholder rights. Those resolutions included company proposals for extending or adopting poison pills or exclusive forums for litigation. As the pandemic's effects influence ongoing company operations, we will continue to assess boards' abilities to oversee related risks and strategies.

Climate risk featured prominently in the first half of the year, with climate-related proposals that sought enhanced disclosures on companies' energy transition plans and how those plans aligned with the Paris Agreement goals. We also saw the emergence of Say on Climate proposals. These proposals, put forth by both management and shareholders, asked companies to disclose greenhouse gas emission levels, create a plan to reduce emissions, and annually disclose their plan to shareholders for approval through nonbinding votes. We evaluate each climate-related proposal case

by case and expect boards to effectively oversee climate-related risks and mitigation measures and provide comprehensive disclosures.

In Canada, we engaged with banks on how they plan to align their financing and disclosure with a new national emissions reduction ambition in line with the Paris Agreement.

Diversity was another key theme. Investors continued to seek disclosure on boardroom and workforce diversity levels, as well as the effectiveness of companies' diversity, equity, and inclusion (DEI) strategies. While we have observed many companies make progress in this area over recent years, such as through disclosure of workforce diversity data in standardized frameworks (like EEO-1 in the U.S.), many companies continue to have an opportunity to better disclose both current data and programs, and the board's role and expectations with regard to managing DEI risks and strategies.

Other proposals requested third-party racial equity audits primarily within the financial sector. These proposals are similar to previously discussed DEI proposals in that they request increased disclosure and oversight of DEI-related risks. However, they are notably different in that they call for third-party auditor intervention, in contrast to a focus on board intervention, which is the norm for most risk reports. Further, these racial equity audit

proposals tended to emphasize impacts beyond human capital-related DEI risks, which are generally relevant across industry, and drew attention to possible inequities in a company's distribution model. Both of these elements have made these proposals highly company- and industry-specific to evaluate.

In the U.S., corporate political activity remained a focus for shareholders. Some shareholder proposals sought enhanced disclosure of board oversight practices, lobbying expenditures, and trade association memberships, while others sought increased disclosure of climate-related lobbying and how activities aligned with the Paris Agreement goals. We expect companies and their boards to disclose their oversight policies to ensure that political activity is aligned with the company's philosophy and strategy.

In the Latin American market, we observed increased receptiveness to shareholder feedback that asks companies to adopt governance best practices for board independence, risk oversight, and disclosure. We will continue our engagements and due diligence to enhance governance policies in these markets.



## U.K., Europe, the Middle East, and Africa

Portfolio companies domiciled in the U.K., Europe, the Middle East, and Africa also continued to be affected by the pandemic. Many of our engagements included discussions with company leaders and directors on human capital management, workforce safety, and the continuing effects on their strategy and business plans as the pandemic evolved.

We continued our year-over-year engagement with companies to understand their approach toward diversity and inclusion. For us, it was important that these topics remained on the engagement agenda even as companies managed more immediate risks and issues. We were pleased to see that this approach had also prevailed among our portfolio companies, with many showing good progress on their diversity and inclusion disclosures and hiring practices. Unfortunately, we also continued to see poor practice. Where we failed to identify progress, the Vanguard funds selectively used an accountability vote against directors responsible for diversity policies.

Most jurisdictions extended and/or refined temporary legislation put in place last year to create the legal framework for virtual-only

meetings. Even though all parties are still adjusting to the new format, meeting schedules nevertheless were more in line with what we observed before the pandemic. We also noted that several countries, such as Italy, updated their corporate governance codes. Where necessary, we amended our internal guidelines to take these changes into account.

With the adoption of the Shareholder Rights Directive II in the European Union, the number of remuneration-related votes increased significantly, with many companies seeking approval for their remuneration policies for the first time. While the quantity of proposals increased, in certain markets, such as Poland, the quality still left room for improvement. We published our perspective on executive remuneration ahead of the season to communicate our expectations. Furthermore, we engaged with many companies to discuss their remuneration policies and reports ahead of their annual general meetings.

In particularly affected industries, some issuers applied discretion to amend the remuneration for their top executives, and in the U.K., we saw examples of potential windfall gains for executives. For the Vanguard funds, it was important that pay continued to be aligned with performance

and that all changes were accompanied by a clear explanation, underpinned by sound rationale. Where this was not the case, the Vanguard funds voted against the remuneration report.

There was also momentum on climate change risk management. In several countries, the first Say on Climate proposals appeared, asking shareholders to approve a company's climate strategy. In France, portfolio companies Atos, Total, and Vinci put forward proposals. In the U.K., several of our largest portfolio companies put forward variations on this type of proposal. After careful analysis, the Vanguard funds approved company proposals that demonstrated progress, clearer disclosure, and more in-depth targets. Not all company Say on Climate proposals were universally supported, as shareholders raised concerns about the alignment with the Paris Agreement and the level of target setting. We will continue to evolve our approach to reviewing Say on Climate proposals and engage with companies to encourage further progress.

## Asia

In the first half of 2021, we intensified our engagement and advocacy activities in Asia. Vanguard joined the Asian Corporate Governance Association (ACGA), which engages in an ongoing dialogue with financial regulators, stock exchanges, institutional investors, companies, and auditors on practical issues affecting the regulatory environment and the implementation of better corporate governance practices in Asia. We are contributing to the ACGA Japan Working Group, which focuses on the country's specific governance issues. We also took part in a dialogue on corporate governance with the Japan Business Federation through the International Corporate Governance Network, where we shared our perspectives on the role of the board, and the importance of diversity and of an effective appointment process in the context of the changing regulatory environment in Japan.

Important governance topics in Japan this proxy season included board independence; board diversity across a range of characteristics, including experience (albeit board skills matrices are not commonly disclosed), background, gender, and nationality; shareholder rights topics such as poison pills and virtual annual general meetings; and environmental and climate concerns.

We saw several changes to corporate governance rules across the region. In China, a rule dating back to 2018 required all listed companies to establish an internal organization of the Communist Party Committee, while State-Owned Enterprises were mandated only to incorporate requirements on party-building activities in their Articles of Association. The new rule eases some of the restrictions on proposed amendments to the Articles of Association, which prompted concerns about sufficient disclosure to shareholders to enable decision-making on proposals. While disclosure overall remained a challenge in assessing certain proposals, the Vanguard funds supported several new, well-structured employee stock ownership plans that contained sufficient disclosure and reasonable vesting and performance hurdles.

The Hong Kong Stock Exchange introduced amendments to its listing rules to enhance the ESG Reporting Framework, a set of environmental, social, and governance guidelines that went into effect during the 2021 proxy season. We are encouraged by the new requirement to disclose significant climate-related risks that have affected or have the potential to affect a company, as this enhancement to companies' risk oversight of key systemic issues aligns with our best practice principles.

The Taiwan Securities and Exchange Act mandated that Taiwan's listed companies establish an audit committee composed of independent directors. This is in line with our views on key committee independence, and we believe it should help improve the supervisory system. However, we continue to have concerns about board independence and structures that have surfaced in some proxy contests.

In South Korea, we observed a rise in shareholder activism and continued to see issues associated with corporate structures. During the first half of the year, the Vanguard funds voted against the reelection of several directors because of misconduct, such as those accused in bribery scandals. Audit committees are now mostly chaired by independent directors, which demonstrates good corporate governance practice.

Across the region, we have observed tangible improvements in governance practices, such as improved ESG-related disclosures in Taiwan and Hong Kong. In addition, upcoming changes to the Corporate Governance code in Japan will require the boards of the largest companies to be one-third independent. Compared with other parts of the world, board gender diversity continues to lag across the region.



## Australia and New Zealand

Following the restructure of our analyst team in 2020, coverage of the Australian and New Zealand markets has now been fully transitioned to our team in London. The transition has allowed more dedicated resources to be committed to this region as we further develop our voting policy and engagement strategy ahead of the main Australia and New Zealand voting season, which kicks off in October.

With Australian borders still closed because of the COVID-19 pandemic and the economy continuing to grow, the search for high-quality executives of leading ASX-listed companies has changed from a global search to one with a more domestic focus. We have seen an uptick in proposed remuneration plans that offer retention awards in differing forms for key management personnel. Boards are increasingly attuned to the risks to their business if key executives move to competitors who offer more attractive remuneration packages.

The Vanguard funds continue to evaluate these proposals on a case-by-case basis with the expectation that executive remuneration will be aligned with performance and the shareholder experience. In cases where a company's remuneration plan lacks this alignment, as demonstrated in some of our engagement case study examples, the Vanguard funds have voted against management remuneration proposals.

Climate risk continues to be an important topic in the Australian market, with activists taking a particular interest in the mining and energy sectors. The recent focus has tilted toward Say on Climate shareholder proposals, which encourage companies to disclose climate-related risks, targets, and transition plans in line with the framework provided by the Task Force on Climate-Related Financial Disclosures (TCFD). We were encouraged to see more companies engage on this key risk, with some proposing to voluntarily adopt an advisory vote on their climate reports, leading to some shareholder

proposals being withdrawn. We will carefully evaluate these reports in 2022 and beyond.

Regarding board composition and effectiveness, a key pillar of our stewardship framework, we take a favorable view of the provision in the ASX Corporate Governance Principles and Recommendations. This provision recommends that companies have a measurable objective of at least 30% of directors of each gender on their boards. This is encouraging guidance that supports Vanguard's stewardship activities as we continue to engage with companies on their board and workforce diversity strategies.



# At a glance

In the first half of 2021, we engaged with 734 companies representing \$1.9 trillion in equity assets under management. Our team of more than 35 investment stewardship professionals conducted voting and engagement activities on behalf of Vanguard’s internally managed equity funds in a virtual work environment as the COVID-19 pandemic entered its second year.

734

companies engaged

892

engagements with directors and other stakeholders

29

markets represented in our engagements

137,826

proposals voted on

10,796

companies where a proposal was voted on

\$1.9T

equity assets under management engaged





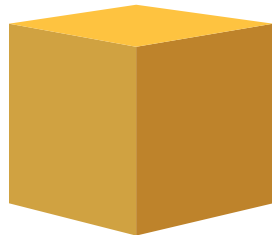
# Case studies and Insights

Our 2021 Semiannual Investment Stewardship report demonstrates the important role that index funds can play in advocating for good governance. In the first half of the year, we witnessed companies navigate the myriad risks associated with the COVID-19 pandemic; address workforce diversity, equity, and inclusion matters; and manage shareholder concerns about the global climate crisis. The case studies that follow are a snapshot of the 892 engagements we conducted during the six months ended June 30, 2021. Our interactions with thousands of board members and company leaders show the power of staying invested over the long term and how our more than 30 million clients benefit from the positive outcomes these interactions produce.

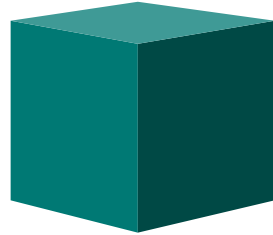
We strive to provide timely disclosure of our Investment Stewardship activities for our investors, portfolio companies, and other stakeholders. This year, we published numerous Investment Stewardship Insights to share our expectations of

companies on important governance topics and to disclose our rationale for key votes. Excerpts from these Insights are included throughout the report. Full versions are available on our website.

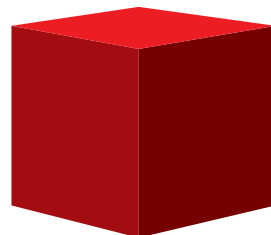
As we focus on matters of material risk for investors, our Investment Stewardship program is anchored to Vanguard’s four principles of corporate governance. An effective board should be independent and reflect both diversity of personal characteristics (such as gender, race, and ethnicity) and diversity of skill, experience, and opinion. Boards should understand the company’s strategy and have strong oversight practices to govern material risks. We believe in sound, performance-linked compensation (remuneration) policies and practices that incentivize company outperformance of its peers. And we look for shareholder rights that empower shareholders to use their voice and their vote to ensure the accountability of a company’s board. The case studies that follow reflect these four principles.



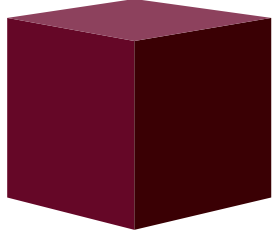
**Board  
composition  
and effectiveness**



**Executive  
compensation**



**Oversight of  
strategy and risk**



**Shareholder  
rights**

# A snapshot of governance matters from around the world

Good governance starts with a company's board of directors. An effective board must understand the company's strategy and play a meaningful role in identifying, mitigating, and disclosing material risks. The excerpts featured on this page (and throughout the report) were published as Insights to explain Vanguard's rationale for key votes on important governance topics. To read the full versions, click the [🔗](#) icon. The case studies that follow demonstrate the range of governance matters we evaluate at companies in markets around the globe.

## Proxy contest at Exxon Mobil [🔗](#)

The Vanguard funds supported two dissident director nominees to join the U.S. integrated oil and gas company's board. Several aspects of the dissidents' case for change aligned with our team's observations at Exxon in recent years, which included concerns about board dynamics and company performance. The funds also supported shareholder proposals on lobbying but did not support others that sought an independent board chair, an audited scenario analysis, and more disclosure on political contributions.

## Executive remuneration and board accountability at Rio Tinto [🔗](#)

At the 2021 annual meetings for Rio Tinto, a diversified mining company that is dual-listed in Australia and the U.K., the Vanguard funds supported the reelection of three directors and voted against the company's 2020 remuneration report. Significant changes to Rio Tinto's board and leadership team have already been made in response to the Juukan Gorge events, and we recognized the need to ensure a level of stability and continuity in the board's composition. We remained concerned that the outgoing CEO's pay did not reflect the gravity of the risk and governance oversight gaps that contributed to the Aboriginal heritage site destruction. If managed poorly, social risks can affect a company's social license to operate and can erode long-term shareholder value.

## Independent investigation and accountability votes at Toshiba [🔗](#)

The Vanguard funds did not support the reelection of the Japanese electronics manufacturer's board chairman and a member of its audit committee after the release of an independent report that revealed material gaps in oversight related to the company's 2020 annual meeting. At a special meeting earlier this year, the funds supported the ballot item that called for the formation of the committee that generated the report.

## Human rights disclosures at Sanderson Farms [🔗](#)

The Vanguard funds voted at the 2021 annual meeting of Sanderson Farms, a U.S. poultry producer, to support an advisory shareholder proposal that asked that the board prepare a report on the company's human rights due-diligence process. The pandemic heightened concerns about the working conditions in Sanderson Farms' facilities. Our analysis identified gaps in the company's human rights disclosures, and, as we saw it, the proposal was appropriate and gave the company sufficient flexibility to address the enhanced disclosures as it sees fit.



Risk oversight and board effectiveness

U.K. grocer faces activist campaign on healthy foods

Coordinated by an activist group, several institutional and retail investors filed a resolution at the 2021 annual meeting of Tesco, a multinational grocery retailer headquartered in the U.K. The proposal called on the company to disclose the share of its health-conscious products as a proportion of its total food and nonalcoholic beverage sales, set a target to increase this measure by 2030, and provide updates via Tesco’s annual reporting starting next year. The proponents said they had questioned company leaders about its healthy-products strategy at the 2020 annual meeting but had not seen adequate progress since then.

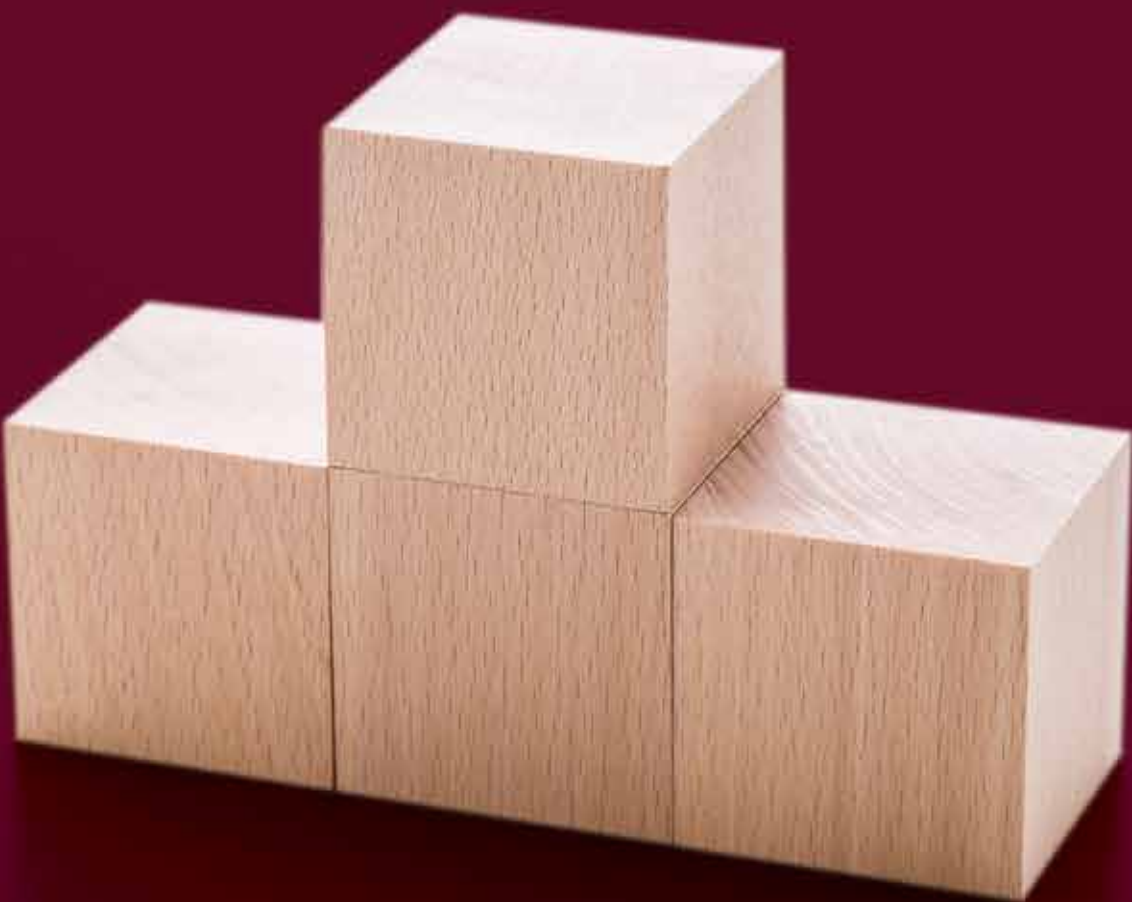
In response to the shareholder proposal, Tesco pointed to its activities aimed at promoting healthy diets, including a program to reduce the number of calories in certain products. Shortly after the proposal was submitted, the company announced targets to increase its sale of healthy products and committed to reporting annually against these targets. However, the activist group questioned the scope of the targets and Tesco’s definition of a healthy product.

We engaged separately with the activist group and the company to better understand remaining concerns for the group and any obstacles to

progress for the company. The activist group articulated why Tesco was chosen and explained the timing of the resolution. The risk of further regulation was identified as a material concern for the company and Vanguard investors.

Vanguard’s Investment Stewardship team met with a Tesco independent director and executives responsible for the company’s sustainability strategy. Tesco leaders explained their reasoning for excluding its wholesale business and international operations from their targets and committed to providing further transparency on their definition of a healthy product. The conversation provided some assurance about the board’s oversight of associated risks. While the proponents may have pressured the company to move faster than it otherwise would have, our engagement assured us that Tesco had an appreciation of the consumer health topic considering the complexities involved in consumer preferences and product definitions.

The proponent withdrew the resolution ahead of the annual meeting after Tesco expanded its targets to include international operations and the wholesale business. We understand that work is ongoing to implement the required changes. Where consumer welfare risks are material to a company, we will look for appropriate disclosures and practices related to those risks.



## Risk oversight and board effectiveness

### Minority shareholders reject complex merger at Moneta

In June 2021, the Czech financial services company Moneta Money Bank held a special meeting for shareholders to vote on the proposed acquisition of Air Bank Group from Moneta's largest shareholder, PPF Group. To help pay for the acquisition, Moneta would issue new shares to PPF at an agreed-upon price, increasing PPF Group's ownership of Moneta and giving it a controlling stake in the combined entity.

Moneta would need to pass two resolutions to complete the transaction. The first resolution, to approve the acquisition of Air Bank and its subsidiaries, required a simple majority vote to pass. The second resolution, to approve the increase in share capital, needed the support of at least 75% of votes cast.

Since the tender offer was announced to the market in early 2021, the deal between Moneta and PPF had come under shareholders' scrutiny, with an activist investor publicly opposing it. The

activist published a presentation listing its concerns about the deal structure, the strategic assumptions underpinning the transaction, and the potential risks it would carry. The activist also contended that Moneta had been undervalued and that the purchase price for Air Bank was excessive.

Moneta outlined the strategic rationale for the merger. It explained to shareholders what it considered to be the unique and transformational opportunity the deal represented and how it would help enhance the bank's return profile over time. Notably, the deal had received unanimous support from the company's fully independent board.

In line with Vanguard's policy on mergers, acquisitions, and financial transactions, we considered several key factors in assessing the situation at Moneta. These included valuations, board and management oversight of the deal process, and potential conflicts of interest. Our independent research included meeting with the company and the activist investor separately to discuss their perspectives.

Our analysis raised significant risk oversight questions about the proposed merger. We were particularly concerned about the structure of the transaction and about the fact that an independent fairness opinion had not yet been published. We also determined that Moneta was in a strong position to continue as a stand-alone entity.

Overall, we concluded that the risks of executing the transaction in its current form outweighed those of its failing to be approved. Therefore, the Vanguard funds did not support the deal and cast votes against the resolutions for both the acquisition and the increase in share capital. Ultimately, the deal was rejected. While the resolution for acquisition of Air Bank and its subsidiaries received the needed simple majority, the resolution for the increase in share capital failed to pass.



## Risk oversight and board effectiveness

### Concerns about shareholder value from LG's spin-off

At LG's 2021 annual meeting, shareholders were asked to vote on a proposed spin-off of five businesses, worth approximately 10% of LG's assets, under a new entity called LX Holdings.

This proposed demerger was the latest corporate reorganization at one of South Korea's largest family-led conglomerates. Previously, the Vanguard funds had supported management proposals to split off certain divisions at listed subsidiaries of LG. We agreed with management that dedicated units were best placed to oversee strategic business segments with expected high growth in the coming decades, namely in electric-vehicle batteries and components.

Prior to the 2021 meeting, a U.S. hedge fund launched an activist campaign to oppose the proposed spin-off, arguing that the transaction would not address the significant discount at which LG's shares were trading. The activist alleged that the spin-off was intended to address family succession issues without consideration for the interests of minority shareholders.

We engaged with LG's representatives to better understand their strategic rationale as well as their response to the activist's concerns. The company

said that the five businesses were a low strategic priority in the current corporate setup but had high growth potential. The spin-off would reduce complexity, strengthen reinvestment priorities, and benefit from independent and autonomous management.

We weighed several considerations, including whether the proposed transaction would be detrimental to minority shareholders' interests and the possibility of unlocking additional value creation through noncore assets with growth potential. We struggled to understand how the spin-off of a small portion of seemingly unrelated assets under a new conglomerate would address the significant share discount in LG's valuation. We were not convinced that the synergies outweighed the costs of duplicating management structures, and we remained concerned about the governance of the deal, particularly regarding related-party transactions. In our view, LG did not have clear and convincing responses to our questions on these issues.

The Vanguard funds did not support the spin-off, given the weak value proposition and the concerns about potential negative effects on shareholder value. We considered that it was more prudent not to support the transaction since we lacked full confidence that it was in the best interest of our

funds, and we noted that even if the spin-off was not going to obtain majority support, the company could still come back to shareholders with revised plans.

Nonetheless, the spin-off was approved with 76.6% of votes in favor, mainly because of the controlled ownership of the company, meaning that the deal encountered significant opposition from other minority shareholders as well as from the Vanguard funds. We will continue to monitor the progress of the demerger and engage with LG to understand the realized value and synergies of the transaction.



Risk oversight and board effectiveness

Shareholders support political activity proposal at GEO Group

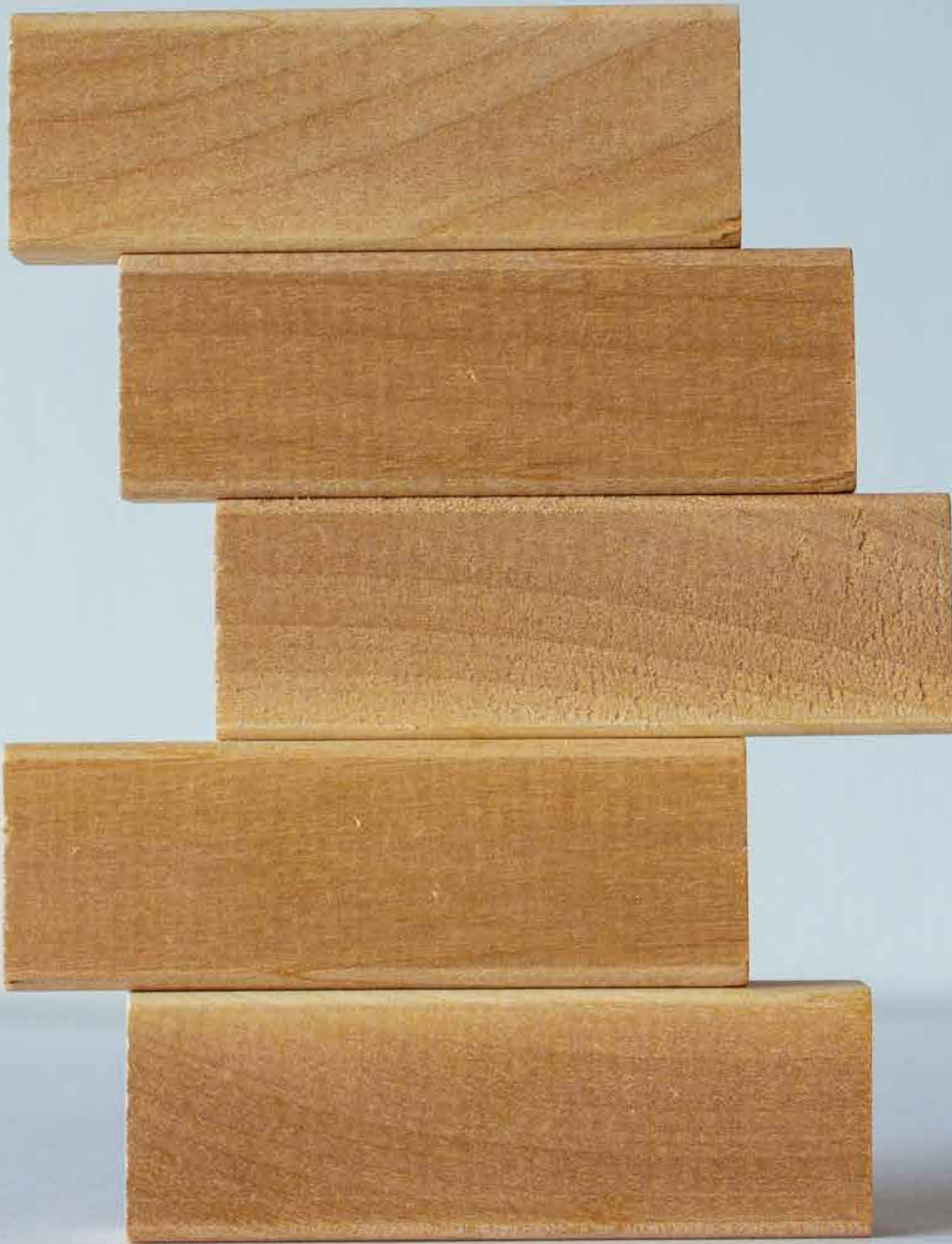
GEO Group is a real estate investment trust that specializes in detention facilities and community-reentry centers. We have engaged with GEO Group leaders several times in the past few years to discuss allegations of human rights violations, board oversight of human-rights-related risks, and disclosure practices, including details of the company's lobbying efforts. In our most recent engagement, we discussed the board's oversight of financial and reputational risk associated with for-profit prisons as well as a shareholder proposal related to lobbying that the company received ahead of its annual meeting.

Corporate political activity (CPA) can expose companies to legal, reputational, and financial risk. When evaluating CPA proposals, we assess the board's oversight level on CPA-related matters, including disclosure of the board's role in setting, evaluating, and updating political spending policies. We also evaluate disclosures on political spending policies and monetary contributions (both direct and indirect), and assess how boards ensure that contributions are made in a manner consistent with the company's stated values and long-term strategy. We review a company's disclosures both on a stand-alone basis and in the context of peers' disclosure.

During our engagement, GEO Group leaders and board members highlighted changes they had made in response to a similar lobbying proposal the company received at its 2020 annual meeting. GEO Group's Political Activity and Lobbying Report was enhanced to include specific language regarding the Nominating and Governance Committee's oversight of GEO Group's Political Activities and Contributions Policy and related activities. Company leaders noted that this change was made in direct response to feedback from shareholders such as the Vanguard funds.

While we appreciated the additional disclosure, we found that GEO Group's overall reporting on its lobbying and political contributions lagged peers. The company could have provided more granularity than the aggregate totals it currently provides. We view disclosure of itemized contributions as best practice as it provides investors with greater transparency. In addition, GEO Group did not comprehensively disclose its memberships in trade associations. We believe the company could provide more information on its memberships, its payments made to trade associations, and the portion of its dues paid to such organizations that is used for political and lobbying purposes.

As a result, the Vanguard funds supported the shareholder proposal. The company's political activity represents a material risk and shareholders could benefit from improved disclosure. The proposal passed with 66% support.





Risk oversight and board effectiveness

Evaluating corporate political activity at DaVita

In advance of its 2021 annual meeting, DaVita, a U.S.-based health care company that specializes in dialysis care, received a shareholder proposal for the second consecutive year requesting that it produce a report on its political contributions. The proposal received 33% support from shareholders in 2020, and the company responded by creating a Policy Related to Political and Lobbying Expenditures and improving its disclosure of political spending and related oversight processes.

Recent events in the U.S. corporate and political landscape have enhanced the risk profile of corporate political activity. Vanguard believes a company's corporate political activities can pose a material risk to shareholder value. Our approach has remained consistent, and we evaluate CPA proposals on a case-by-case basis.

We engaged with members of DaVita's management team as well as an independent director to discuss the board's oversight of political activity and the company's disclosure thresholds

and practices. We also discussed the company's engagement with the proponent and changes DaVita made in response to the 2020 and 2021 CPA proposals. DaVita leaders were receptive to shareholder feedback and mentioned they had engaged with a third-party expert regarding market norms on CPA oversight and disclosure.

To round out our due diligence, we also engaged with the proponent. The proponent highlighted the potential reputational risks associated with CPA, gaps in DaVita's CPA disclosure, and unclear board oversight of DaVita's CPA policies and practices.

Based on DaVita's atypical thresholds for CPA and spending disclosure, previous instances of litigation against the company related to its CPA, and a lack of clear disclosure on board oversight of risks associated with CPA, the Vanguard funds intended to support the shareholder proposal.

However, in a follow-up engagement with company leaders, they disclosed additional changes to their CPA policy in advance of the shareholder meeting. The company also committed to make additional

disclosure enhancements in response to our feedback; in particular, it committed to enhancing its policy to further explain the board's intent in having the oversight of DaVita's CPA policy and attendant risks be a full-board responsibility.

Considering these commitments and DaVita's receptiveness to shareholder and expert feedback, the Vanguard funds did not support the shareholder proposal. In this instance, Vanguard's engagements enabled us to encourage progress at a portfolio company while maintaining and improving our constructive relationship for continued progress.



# Heightened scrutiny of DEI risks and opportunities

Risks to shareholder value associated with diversity, equity, and inclusion (DEI) issues remain a top engagement priority for Vanguard with our funds' portfolio companies. A greater focus by a variety of stakeholders—companies, regulators, investors, and employees—on racial and ethnic discrimination has increased scrutiny of public companies' DEI-related risks and opportunities. We held meaningful conversations with board members and company executives that focused on DEI-related matters, as shareholder proposals continue to ask for greater oversight and disclosure in this area.

## Investment Stewardship Insights: Evaluating DEI shareholder proposals [↗](#)

Vanguard has long advocated for diversity of experience, personal background, and expertise in the boardroom. We continue to call for enhanced board diversity in gender, race, ethnicity, age, and national origin. In our recent *Insights*, we reiterated our expectations that boards make progress in their diversity strategy and that, where progress falls behind market norms and expectations, the Vanguard funds may vote against company directors. We also outlined our views on diversity beyond the boardroom and our expectations of a board's role in overseeing DEI risks in the workplace. We illustrated the case for getting it right and the risks of getting it wrong.

Our focus on DEI-related matters is particularly acute for U.S. companies that have received a range of DEI-related shareholder proposals in the 2021 proxy season. Some of these proposals ask for enhanced disclosure or commitment to board diversity, or for disclosures of DEI issues in the workplace (including DEI programs, goals, and demographic metrics). Others address DEI issues that span a company's operations, including concerns about inequitable racial effects on a company's employees, customers, and the communities in which it operates.

## Diversity, equity, and inclusion disclosures at American Express [↗](#)

At the 2021 annual meeting for American Express, a U.S.-based financial services company, the Vanguard funds supported a shareholder proposal that requested the board publish annually a report outlining the board's oversight of DEI efforts. The proposal focused on a specific gap in the company's disclosures: the board's role in overseeing American Express' DEI strategy and its process for measuring the outcomes of the company's diversity programs. The funds' support of the proposal reflects support for the company's stated direction, not an expression of concern about oversight failure or a lack of confidence in the board.

## Report on whether current policies at PayPal reinforce racism [↗](#)

At the 2021 annual meeting for PayPal, a U.S.-based technology company, the Vanguard funds did not support a shareholder proposal that asked the company to prepare a report within one year assessing whether policies and norms at PayPal reinforce racism in company culture. Our analysis found that PayPal has a comprehensive DEI program and appropriate policies, procedures, and board oversight in place.



Diversity, equity, and inclusion risk

Call for greater attention to board diversity at Monster Beverage

We engaged with Monster Beverage, a U.S. consumer staples company, to discuss its lack of racial or ethnic diversity in the boardroom and opportunities to enhance board disclosure and recruitment practices. At the company’s most recent annual meeting, we withheld support for Monster’s Nominating and Governance Committee chairman to express our concerns with its current approach to this important topic.

In Vanguard’s publications on boardroom diversity, we have called for companies to improve disclosure and make progress on board diversity. In our review of Monster’s board diversity, the board appeared to lack any racial or ethnic diversity and there was limited disclosure on the topic. This presented an opportunity to engage with Monster, understand its approach to board composition, and share our perspective on best practices.

In our engagement, company leaders acknowledged the lack of racial or ethnic diversity on the board and said they planned to focus on this. We encouraged Monster company leaders to consider disclosing the board’s composition by gender, race, and ethnicity, as well as the overall board diversity strategy. While the nominating committee charter did mention that diversity would be considered in the selection of candidates, the lack of current transparency into the approach and the current underrepresentation

suggested an opportunity to better demonstrate the board’s attentiveness to this matter. We also encouraged the board to look beyond its members’ own networks and purposely consider candidates who bring diverse perspectives to the boardroom.

Best practices for increasing diversity in the boardroom may include commitments to diverse candidate slates, the use of search firms, or investments in diverse candidate pipelines to increase the chances of onboarding diverse directors. Boards that have made progress on racial or ethnic diversity have explicitly acknowledged the benefits of increasing diversity and have outlined specific goals to reflect the diversity of their current or targeted customer and employee base. In addition to our dialogue on current practices, we shared our view that board diversity may have greater urgency at Monster, since the company had already begun to see reputational and litigation risk in the form of negative press and lawsuits for diversity-related risks at the company.

We appreciated Monster’s willingness to engage and hear Vanguard’s perspectives. While we withheld support from the nominating committee chairman at this annual meeting, we value receptiveness to shareholder feedback as a corporate governance best practice and intend to stay engaged as a long-term investor.

290

Engagements on board diversity in the first half of 2021. The increase (up from 67 in the first half of 2020), reflects how Vanguard has deepened our U.S.-focused board diversity advocacy and assessment.

173

Director nominees not supported due to a lack of sufficient strategy or progress on board diversity. The funds will evaluate these scenarios case by case.



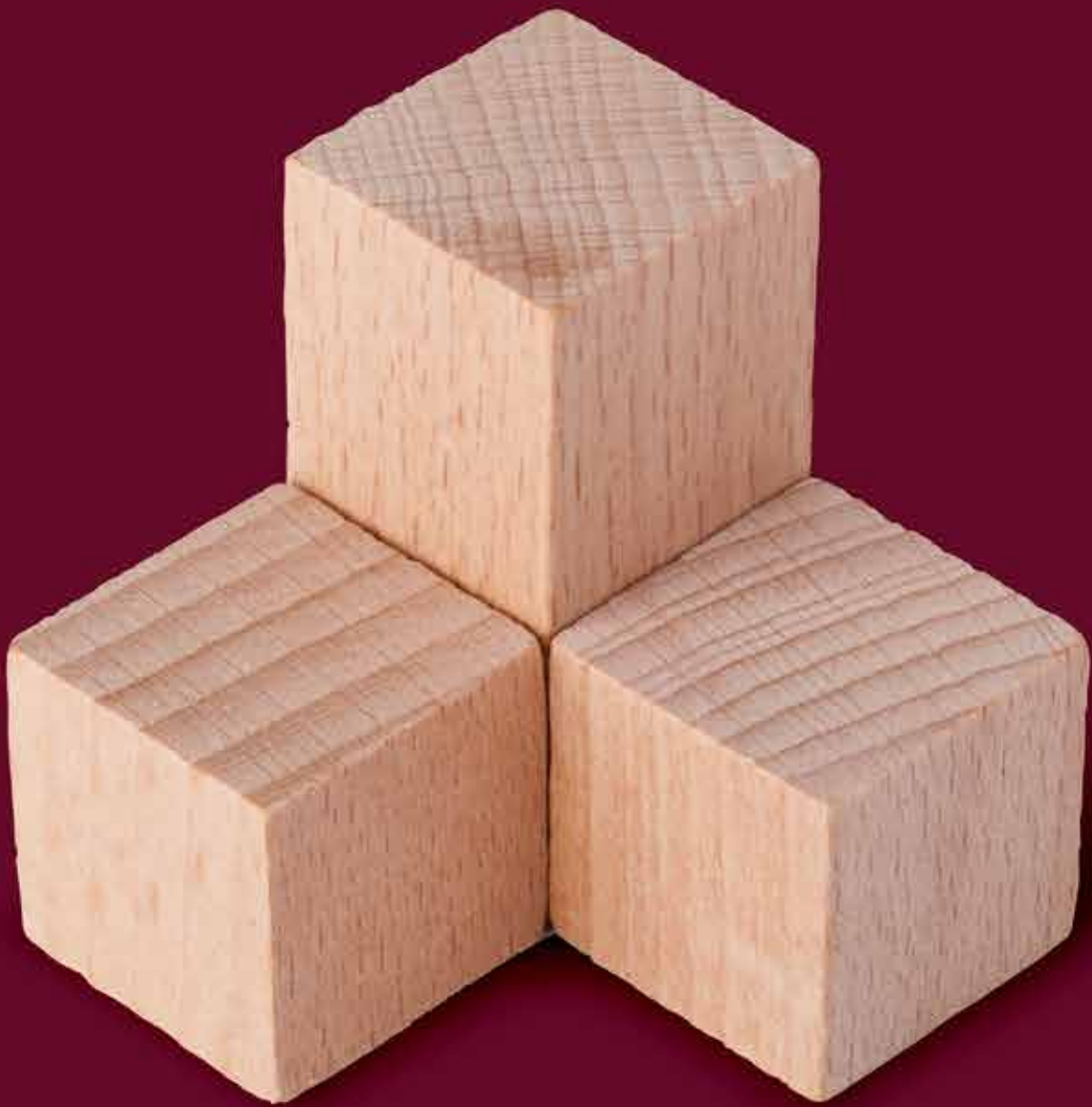
**Continued progress on board diversity at ALLETE**

We engaged with board members and the management team of ALLETE, a U.S. utilities company, to discuss diversity in the boardroom. In Vanguard's recent perspective on boardroom diversity, we made clear our view that diversity includes not just gender but also other personal characteristics, including race and ethnicity. This year, the Vanguard funds were more likely to vote against directors at companies where we saw a lack of racial or ethnic diversity on the board. Ahead of the annual meeting for ALLETE, our research indicated that no members of the board added racial or ethnic diversity to the overall composition, and we wanted to learn more from ALLETE leadership about any progress in this area.

The company's disclosures described diversity as a component and outcome of its board composition strategy. In our engagement, ALLETE's leadership team articulated a perspective on board diversity that took into account the progress made so far (namely on gender diversity), as well as the steps needed to achieve its composition goals (where the team highlighted racial and ethnic diversity). Most notably, ALLETE had made substantial progress on gender diversity, with women representing 60% of the board.

The team members reiterated that making progress on gender diversity was nothing new to them—it was something they had focused on for decades and within multiple levels of the organization. They also indicated that they were aware of their opportunity to apply similar rigor to increasing racial and ethnic diversity at the board level and had begun taking action to reflect this strategy in upcoming board searches. Specifically, ALLETE's disclosures indicated that the board is conducting an active search for two new directors with a focus on racial or ethnic diversity in the near term.

Given ALLETE's active search for director candidates with diverse perspectives, as well as the board's commitment to gender diversity, the Vanguard funds supported the nominating committee chairwoman at ALLETE's annual meeting this year as a vote of confidence in the company's disclosed approach. We look forward to seeing results from the director search process and to continuing productive discussions with company leadership on board and workforce diversity.





Climate and diversity disclosures at Berkshire Hathaway

Ahead of the company's 2021 annual meeting, we engaged with leaders of Berkshire Hathaway, a U.S. diversified holding company. This was our first opportunity in recent years to engage directly with company leaders and our discussion focused on two shareholder proposals requesting that the board produce reports on the company's climate and DEI efforts.

The diversity proposal requested that Berkshire Hathaway annually publish reports assessing its diversity and inclusion efforts and their effectiveness. Our research found that the company lacked public disclosures about its diversity measures, goals, or progress. In our engagement, company leaders mentioned that the board did not regularly engage on diversity matters because the company's decentralized structure gives its operating companies autonomy to set their own policies and initiatives. Because of this decentralized structure and global operations, Berkshire Hathaway representatives contended that the company was not able to produce standardized reporting on its operating companies. We shared our view on the importance of diversity and diversity-related disclosure and our expectation that companies make progress on board and workforce diversity and disclose how the board oversees this risk. To that end, we encouraged the company to disclose EEO-1 data.

We also analyzed a climate proposal that requested that Berkshire Hathaway publish an annual report prior to its 2022 annual meeting that outlines how the company manages climate-related risks and opportunities. Our analysis indicated that there were opportunities to enhance the company's climate disclosures to address a material risk to the company's operations.

The Vanguard funds voted to support both shareholder proposals. While the proposals did not pass, they did receive strong support considering the company's dual-share-class structure. The shareholder proposals provided management and the board significant flexibility to report on the material issues relevant to the company. We also believe that shareholders would benefit from more meaningful disclosure on these topics. We were encouraged by company leaders' willingness to engage with shareholders to better appreciate shareholders' expectations and feedback.

2021 | 2020

50% | 17%

Support for workforce diversity proposals. The funds' increase in support for these types of proposals in 2021 reflects clarity across the market that workforce disclosure in EEO-1 format is reasonable and valuable for investors.

305 | 71

Engagements related to diversity. The increase was due to outreach to companies perceived as lagging on diversity measures.





Diversity, equity, and inclusion risk

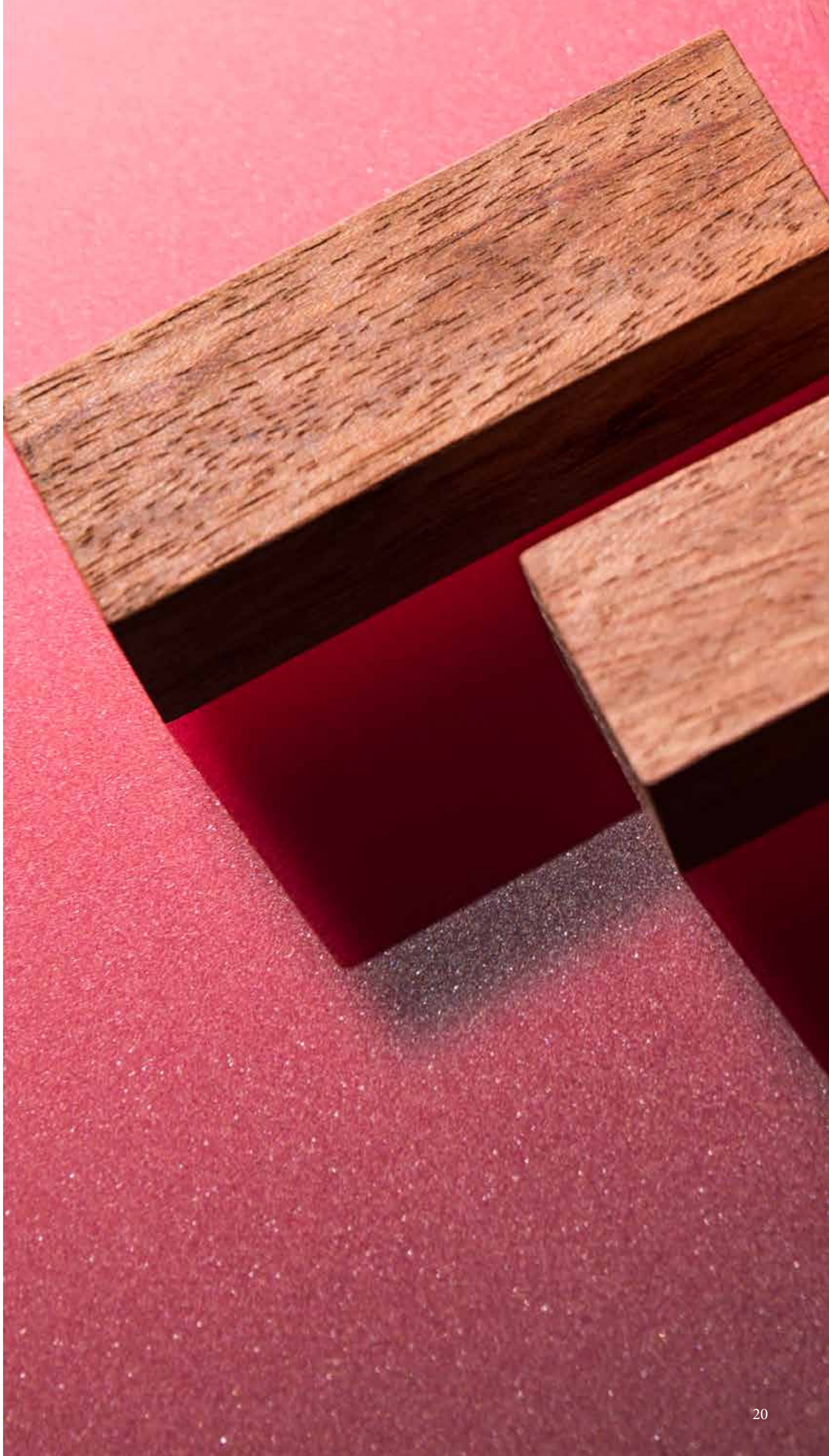
**Caterpillar responds to shareholder feedback with improved DEI disclosures**

Caterpillar received four shareholder proposals in advance of its 2021 annual meeting, including one that requested an annual report that assessed the construction-equipment company’s diversity and inclusion efforts. This year, Caterpillar published its first annual stand-alone report that disclosed the company’s approach to diversity and inclusion, as well as diversity data across various workforce levels and functions. While this report satisfied some elements of the proponent’s request, we sought to understand perceived gaps and the company’s efforts to improve future disclosure through engagement with members of Caterpillar’s board and management.

The Vanguard funds did not support the report proposal because we recognized that the company had made strides toward effective disclosure in line with peers through its first annual diversity and inclusion report. We were also encouraged

that the company demonstrated responsiveness to shareholder engagement and interest in its U.S. workforce diversity levels by publishing EEO-1 data.

In our discussion, Caterpillar was receptive to our feedback to improve its disclosure in future reports by including how the board is involved in driving and assessing the company’s diversity and inclusion efforts. We look forward to continued dialogue with Caterpillar in the coming year, as we expect it will continue to disclose additional information on its workforce DEI strategy and reflect any further market norms and best practices.





# Companies respond to emerging risks associated with the pandemic

The COVID-19 pandemic continues to challenge and affect companies in every market sector. During the first half of 2021, we evaluated proposals that addressed boards' oversight responsibilities on worker health and safety risks, shareholder rights, and changes made to executive compensation plans. We also reinforced our perspectives on executive pay in times of crisis.

## Investment Stewardship Insights: Executive compensation in times of crisis [↗](#)

Although we recognize the unprecedented challenges that companies have faced and that will continue to play out over the coming months, our philosophy on executive compensation has not changed. We look for compensation policies that incentivize long-term outperformance versus peers and drive sustainable value for a company's investors.

We continue to evaluate executive compensation case by case and look for a focus on performance and the long term. The Vanguard funds are more likely to support plans in which a majority of executive compensation remains variable, or "at risk," with rigorous performance targets set well beyond the next quarter.

Companies across all sectors have experienced varying levels of disruption from the COVID-19 pandemic and we understand that the crisis may have hurt companies' performance. However, we remain steadfast in our view that compensation committees should not retroactively adjust performance targets or time horizons, despite the challenging environment. "At-risk" compensation should remain at risk, just as the Vanguard funds' capital does—along with that of other shareholders. We believe that the experiences of executives should be aligned with those of shareholders in both good and challenging times.

## Oversight of health and safety risks at Tyson [↗](#)

At the 2021 annual meeting for Tyson, a U.S.-based meat and poultry processor, the Vanguard funds voted to support two shareholder proposals involving oversight of strategic risks and voted against the reelection of the company's Governance and Nominating Committee chairman. Tyson's response to risks from the COVID-19 pandemic heightened concerns about employee health and safety. It also raised further questions about lobbying activity regarding waivers from regulatory requirements when those waivers could contribute to poor working conditions.

## Shareholder rights at Siemens [↗](#)

At Siemens' annual meeting, the Vanguard funds voted to support a shareholder proposal that sought to amend the industrial conglomerate's articles of association to allow shareholders to ask questions during virtual general meetings. During the pandemic, public companies around the world have switched to purely virtual meetings, and many countries have adapted their laws accordingly. In some instances, new provisions have created apparent conflict with existing laws. Vanguard believes in provisions and structures that empower shareholders and protect their rights—including the right to ask questions in real time at general meetings, whether the meetings are held physically or virtually.



Pandemic risk

Vaccine accessibility at Johnson & Johnson

In advance of its annual meeting, Johnson & Johnson, the U.S.-based pharmaceutical and health care products company, received a shareholder proposal that requested a report on how government support affected the company's strategy on access to COVID-19 products.

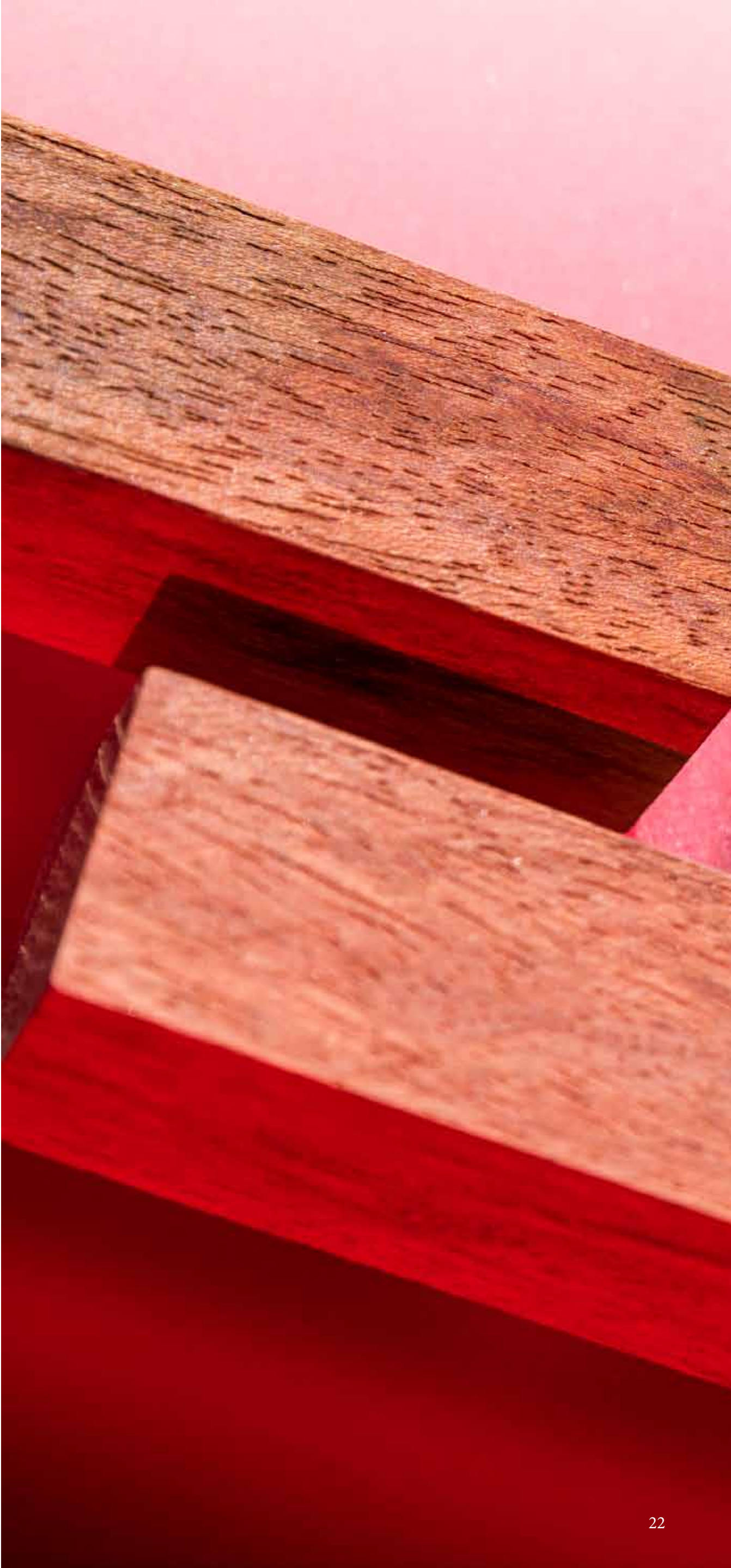
Specifically, the proponent requested a report that detailed how J&J subsidiary Janssen's receipt of government financial support for development and manufacture of COVID-19 vaccines and therapeutics will be considered when the company engages in conduct affecting access to these products, such as setting prices.

Vanguard engaged with members of J&J's board and company leaders to better understand the company's approach to COVID-19 product access as well as their perspective on the proposal. We discussed the company's approach to access and pricing post-pandemic, and the board's oversight of these risks. J&J leaders shared the company's pledge to offer its COVID-19 vaccine to the public at cost for emergency pandemic use, aligning the vaccine's pricing with the framework provided by the Bill & Melinda Gates Foundation. The J&J team also emphasized its commitment to transparency on vaccine pricing and referenced Janssen's U.S. Transparency Report, which describes Janssen's approach to pricing.

Members of the J&J board also said it had been actively engaged in overseeing the vaccine development. Individual committees, such as the Science and Technology Committee and the Regulatory and Compliance Committee, contributed to different parts of the process, as did individual directors who were experienced in vaccine development. J&J directors also emphasized that there was a concerted effort to ensure that the entire board was fully informed throughout the process.

We also engaged with the proponent to better understand the request and concerns. The proponent described having had a robust, constructive engagement with J&J, but the proposal was intended as a risk management tool, focused on how public receipt of funds translates into accessibility.

Based on Vanguard's research and the additional context gained from our engagements, the Vanguard funds did not support this shareholder proposal. In our view, J&J had a well-reasoned approach to its COVID-19 vaccine pricing and disclosure. We also concluded that, while a number of potential future risks related to accessibility and pricing exist, the appropriate governance structures and oversight measures are in place at J&J to track and manage the risks.





## Pandemic risk

### COVID-related remuneration adjustments at Eni and Prysmian

The sudden pandemic-induced shutdowns in 2020 and the subsequent decline in economic activity affected energy and industrial companies globally, including Italian companies with global operations. As in other markets, we witnessed some Italian boards exercising discretion to adjust remuneration outcomes for executives, as the pandemic tested companies' operations and financial performance.

We engaged with a director on the remuneration committee of Eni, a major integrated oil and gas operator partly owned by the Italian government, to better understand the board's rationale for using discretion to adjust executive remuneration. We questioned the remuneration outcomes, which involved an "overperformance" assessment in 2020 and a higher payout than 2019 (more than 30% year-on-year) and 2018. This was despite significantly deteriorated performance during a challenging year and underperformance compared with relevant peer groups.

The chairwoman explained that in March 2020, the board lowered the four economic and financial performance targets in the annual bonus in recognition of the collapse of oil prices and unfavorable market conditions and forecasts. The chairwoman elaborated on the decision to accelerate a significant transformation strategy that reduced costs and investments, and to issue

hybrid bonds to reduce leverage. In Eni's view, these measures justified the final overperformance assessment, as they helped strengthen the financial position of the company and its ability to adapt to the crisis.

We recognized the efforts but remained skeptical about the adjustments that led to an overperformance self-assessment. We questioned whether targets were sufficiently challenging and raised concerns about alignment with shareholders' experience. We deemed the board discretion to be excessive and disclosure to be insufficiently detailed in justifying the changes. The Vanguard funds did not support Eni's 2020 remuneration report, which received 62% support from shareholders.

We also engaged with management representatives at Prysmian, a leading manufacturer of cables, systems, and solutions for the energy and telecom sectors. The board had exercised discretion to lower the initial performance condition for the short-term incentive, related to earnings before interest, taxes, depreciation, and amortization, or the Italy-based company's operating profitability. The company explained that the adjustment had been made to account for the pandemic's effect on its results, and that the effect had been carefully and objectively monitored. This was a targeted adjustment to ensure that part of the annual bonus for the CEO and 750 other managers was paid—which was important, in their view, for staff recognition and motivation.

The company added that no other adjustments had been made, and that the subsequent performance targets and key performance indicators remained the ones set before the pandemic, meaning that the financial component of the short-term award did not vest. Prysmian's disclosures clearly outlined the reasons and effects of derogation from the policy. We considered overall pay practices to be in line with market norms and best practice. The CEO's total pay in 2020 was 30% lower than in 2019, while total shareholder returns for the year stood at 37.1%, ranking in the top band among peers.

We considered discretion on this occasion to be reasonable to account for unexpected circumstances, while ensuring alignment of pay with performance. The Vanguard funds supported Prysmian's 2020 remuneration report, which received 88.5% support.

# 87%

**Support for management Say on Pay proposals. A decrease from 91% in 2020 due to non-support of certain pandemic-related pay adjustments.**





## Pandemic risk

### Support for compensation adjustments at Churchill Downs

Churchill Downs, the U.S. racing entertainment company, adjusted closing-cycle awards in its long-term incentive plan, resulting in above-target payouts to executives. Vanguard was concerned about retroactive adjustments in response to the pandemic, as this may signal a compensation plan with improper structure.

Vanguard engaged with Churchill Downs leaders to share these concerns and learn more about the company's rationale behind these changes. The company explained that the executive team was resilient in the face of the pandemic and deserved to be compensated above the original payout. Churchill Downs illustrated this by pointing to its commitments to its dividend and share buyback programs, the only company in its industry to make these commitments.

After engaging with company executives, we felt more comfortable with the plan, given the company's strong performance, long-term focus, and continued pay-for-performance structure. Churchill Downs' supplemental filing demonstrated various scenarios that the compensation committee considered. We were also pleased with the use of a relative metric in the company's long-term performance plan. Vanguard believes that a strong compensation structure coupled with robust disclosure gives shareholders good insight into the

company's thought process and rationale.

Given the company's performance relative to peers and the appropriate level of total pay, the Vanguard funds ultimately voted for the advisory Say on Pay at the 2021 annual meeting. The compensation proposal was supported by 80% of shares voted. While we supported Churchill Downs' compensation plan, we will monitor the executive compensation program for similar adjustments in the future.

### Concerns about compensation adjustments at Chipotle

Chipotle Mexican Grill, the U.S. restaurant owner-operator, made upward pandemic-related adjustments to its 2020 executive compensation plan. While we recognized that the company's performance leading up to the pandemic had been strong, we remained concerned about the decision to exclude a portion of its year when calculating key operating metrics that influence compensation levels.

Vanguard engaged with directors and executives from Chipotle after reviewing the compensation plan to understand their rationale for the adjustments. Chipotle said that before the pandemic, stock performance was strong and the executive team was on track to achieve the maximum payout for all the company's incentive-based compensation targets. The company further described efforts it put into improving worker well-

being through wage increases and increased safety precautions. Though we understand Chipotle's desire to motivate executives during difficult times, we felt that the adjustments were too significant, given the total overall amount (or quantum) of the final payout relative to peers.

Vanguard believes in a pay-for-performance philosophy centered on the concept that at-risk pay should remain at risk. We also prefer to see structures that incentivize relative outperformance of a company's peers over the long term. In Chipotle's case, rather than make substantial retroactive adjustments to performance periods, we would have preferred to see a relative metric, such as Total Shareholder Return, be incorporated into the long-term incentive plan. This structural element would provide flexibility in the event of unforeseeable, industry-wide circumstances outside of management's control.

The Vanguard funds did not support the advisory Say on Pay proposal at the 2021 annual meeting, where it was supported by only 51.3% of shares voted. We will continue to monitor the executive compensation programs at Chipotle.



# Say on Climate proposals continue trending as companies seek shareholder feedback

Climate change presents a profound risk to companies and their long-term investors. On behalf of the Vanguard funds, we voted on a number of Say on Climate proposals during the first half of this year and published our perspectives on climate risk governance through Say on Climate proposals.

## Investment Stewardship Insights: Evaluating Say on Climate proposals

In recent months, we have seen an increase in the number of Say on Climate proposals presented to shareholders at company annual meetings. The specific form of these Say on Climate proposals varies by region and in details, but generally includes three requests:

- Annual disclosure of greenhouse gas emissions and progress on goals
- Disclosure of the company's strategic plan for reducing future emissions and managing climate-related risks
- The right for shareholders to cast recurring votes on the company's climate plan or report

We evaluate Say on Climate proposals through a lens of materiality and consider a wide range of criteria in our analysis, including the reasonableness of the request, whether the proposal addresses a gap in disclosure, and its alignment with industry standards. In addition, we consider regional differences, such as the binding nature of shareholder votes in the U.K. or amendments to a company's constitution related to shareholder proposals in Australia.

## Climate-related proposals at Woodside Petroleum

We had a constructive engagement with leaders of Australia's largest oil and gas producer about a shareholder proposal that would allow investors to cast an annual vote on a climate report. We encouraged company leaders to consider how best to engage with shareholders on this key material risk. After listening to shareholder feedback, the board announced it would comply with the proposal's asks and the proponent withdrew it.

## Climate-related proposals at Royal Dutch Shell

At the annual meeting for Royal Dutch Shell, the Vanguard funds supported an advisory management proposal that sought approval of the company's energy transition strategy. The funds did not support a binding shareholder resolution to adopt emissions reduction targets aligned with the Paris Agreement goals and publish a yearly report on any progress. In our assessment, the activist shareholders' climate proposal was not addressing a material gap, as Shell's leaders have committed to continue developing their energy transition strategy consistent with the Paris Agreement goals.

Climate risk

Shareholders support S&P Global Say on Climate proposal

S&P Global is a U.S.-based diversified financial services company that provides ratings, benchmarks, analytics, and data to the capital and commodity markets. We have engaged with S&P multiple times over the past few years and discussed a range of topics, including board composition, the board’s oversight of strategy and risk, and executive compensation. In our most recent engagement, we spoke with company executives, as well as the chairman of the board, to discuss a nonbinding management Say on Climate proposal to ratify the company’s emissions reduction plan. As with other types of shareholder proposals, we evaluate Say on Climate proposals on a case-by-case basis.

In our engagement, S&P leaders shared their view that an advisory vote on its emissions reduction plan was an opportunity for the company to gain valuable shareholder feedback on how its climate strategy was meeting shareholder expectations. S&P leaders conveyed that the proposal was intended to complement, not replace, its existing shareholder engagement program as a channel through which to receive feedback. The company also addressed corporate governance concerns about Say on Climate votes, explaining that oversight of the company’s decarbonization strategy would remain a board responsibility.

S&P’s emissions reduction plan detailed the company’s blueprint to achieve net zero emissions by 2040 and establish science-based targets for reducing the company’s Scope 1, 2, and 3 emissions. Our research found that the plan complemented the company’s existing TCFD report, which expanded disclosure to include a carbon-adjusted earnings-per-share metric. Overall, we determined that S&P had strong climate disclosure practices in place and was making progress on its disclosures over time.

We do not consider our support for a Say on Climate proposal to be a full endorsement of management’s strategy or our nonsupport to show a lack of confidence in leadership. Rather, we view our vote as a signal of the direction of our thinking. Through our analysis and engagement with the company, we concluded that the proposal was consistent with the company’s goal to be a sustainability leader, and the Vanguard funds supported S&P’s management proposal. The proposal was also strongly endorsed by other shareholders, as it garnered over 99% support.





Climate risk

Climate-related shareholder proposals at Chevron

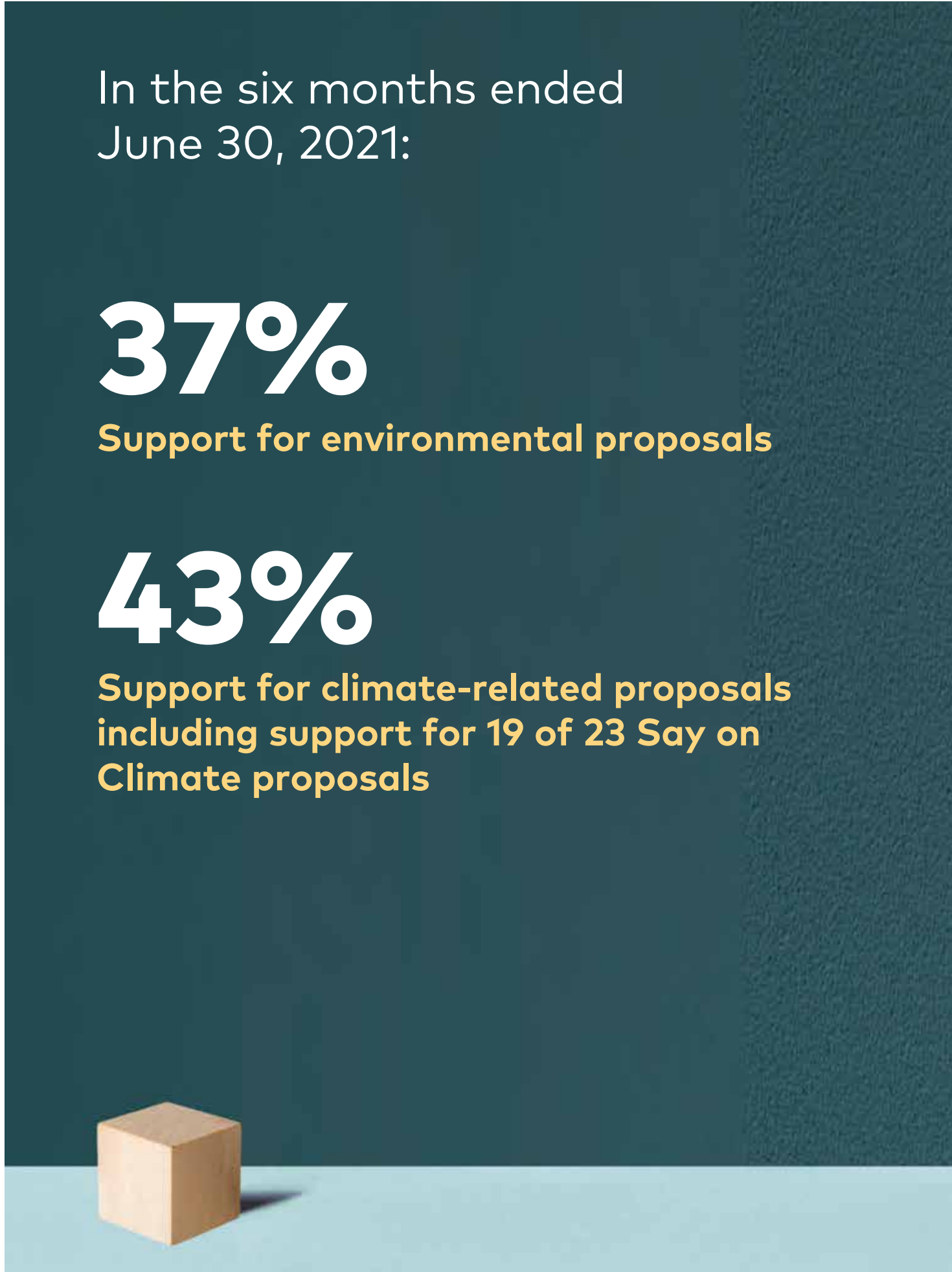
Over the last year, we conducted multiple engagements with directors and company leaders at Chevron, a U.S. integrated oil and gas company, about its response to the pandemic, climate risk mitigation, and its diversity, equity, and inclusion efforts. Our most recent discussion centered on several shareholder proposals that focused on reducing Scope 3 emissions and generating reports on lobbying and the financial effects of the International Energy Agency's (IEA) Net Zero 2050 scenario.

One of the shareholder proposals requested that Chevron reduce its Scope 3 emissions over the medium and long term. In our discussion about this proposal, board members mentioned efforts that were already underway to reduce emissions, including several technology projects and domestic and international policy approaches. While we appreciated those updates and the concerns that company leaders had about the proposal, we believed the proposal allowed for sufficient flexibility in how the company would implement the request. We also saw good alignment between the proposal's request and the initiatives Chevron is currently pursuing and wanted to further encourage progress on both risk mitigation practices and disclosure of greenhouse gas emissions reduction targets. The Vanguard funds supported the proposal, as did a majority of shareholders. We look forward to continuing this dialogue on Scope 3 emissions with the team throughout the year.

Chevron also received a proposal that requested a report on the potential financial effects of the Net Zero 2050 scenario. We reviewed Chevron's current scenario analysis disclosure and spoke with Chevron executives about their plans to incorporate this scenario into future reporting. In the company's Climate Change Resilience Report, Chevron explains that its scenario analysis is updated as new information is released by the IEA and that it is committed to incorporating this scenario into future reporting. However, at the time of Chevron's annual meeting, in mid-May, the IEA's Net Zero 2050 Roadmap for the global energy sector had just been released. Given the recency of the IEA's 2050 scenario and roadmap release, the funds did not support this proposal and it did not pass at Chevron's annual meeting.

We also discussed a proposal that requested additional disclosure about the company's lobbying payments and policies. Chevron outlined the board and committee structure that has oversight of public policy, and how its processes seek to align its participation with governments and trade associations with the company's principles. The company demonstrated recent responsiveness to shareholders, issuing a Climate Lobbying Report in December after a climate-related lobbying proposal passed at the 2020 annual meeting. We viewed this report as a productive step in Chevron's lobbying-related disclosures, and we appreciated hearing additional context in our engagement related to the oversight process that concerns these material

risks. Given Chevron's recent progress in disclosures and sufficient oversight process at the board level, the Vanguard funds did not support this proposal, which ultimately did not pass.





# Proxy voting history

## Global summary of proxy votes cast by Vanguard funds

(January 1, 2021–June 30, 2021)

- Vanguard funds cast 137,826 individual votes in the first half of 2021, up slightly from the same period the year before.
- Board member elections, compensation, and capitalization issues continued to account for the majority of ballot items.
- Total shareholder proposals in the reporting period numbered 3,697, a slight decrease from the same period the year before.

Alignment with our principles	Proposal type	January–June 2020		January–June 2021	
		Number of proposals	% for	Number of proposals	% for
Board composition and effectiveness	Management proposals				
	Elect directors	48,089	93%	51,343	91%
	Other board-related	9,194	91%	10,663	90%
	Shareholder proposals				
	Board-related	2,594	81%	2,552	85%
Oversight of strategy and risk	Management proposals				
	Approve auditors	7,970	99%	8,532	99%
	Environmental/social	NA	NA	17	100%
	Shareholder proposals				
	Environmental/social	234	6%	227	20%
Executive compensation	Management proposals				
	Management Say on Pay	5,215	91%	5,491	87%
	Other compensation-related	7,566	92%	8,834	91%
	Shareholder proposals				
	Compensation-related	88	40%	83	49%
Shareholder rights	Management proposals				
	Governance-related	7,355	88%	7,752	82%
	Shareholder proposals				
	Governance-related	278	37%	251	37%
Other proposals	Management proposals				
	Capitalization	20,740	98%	18,990	97%
	Mergers and acquisitions	4,906	97%	4,864	98%
	Adjourn/other business	16,367	96%	17,643	95%
	Shareholder proposals				
	Other	871	84%	584	85%
Total		131,467	94%	137,826	92%



# Company engagements

The following table lists the 734 companies that Vanguard's Investment Stewardship team engaged with during the six months ended June 30, 2021. A bullet (•) indicates a primary topic of the engagement. However, these are open dialogues and can cover a wide range of issues over multiple discussions. Secondary topics often arise. In addition, we contacted 84 companies through proactive outreach emails to discuss a governance concern.

For context, board composition discussions can cover topics such as board independence, board effectiveness, tenure, and diversity.

When we discuss oversight of strategy and risk, we want to know whether the board understands how the company will remain relevant over the long term in the context of all pertinent risks. Our discussions on executive compensation look at pay in comparison with relevant peers and its linkage to long-term performance benchmarks. Our meetings about shareholder rights focus on companies' provisions that support—or limit—shareholders' ability to effect change over time through their voice or their vote.

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
3i Group Plc	•	•		
4imprint Group Plc		•		
Aareal Bank AG	•	•	•	
ABB Ltd.	•			
Abbott Laboratories	•	•		
AbbVie, Inc.	•	•		•
ACADIA Pharmaceuticals, Inc.	•			
Accenture Plc	•			
Activision Blizzard, Inc.	•	•	•	
Acuity Brands, Inc.	•		•	
Adani Enterprises Ltd.		•		
Adani Ports & Special Economic Zone Ltd.		•		
Advaxis, Inc.	•			
Adverum Biotechnologies, Inc.	•	•		



Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
Aeon Co. Ltd.	•	•		•
AgEagle Aerial Systems, Inc.	•			
Agile Therapeutics, Inc.	•		•	•
Air Liquide SA	•			
Air Products and Chemicals, Inc.	•	•		
Airbus SE	•	•	•	
AJ Bell Plc	•	•		
Akzo Nobel NV			•	
Alamos Gold, Inc.	•			
Alaska Air Group, Inc.		•		
Albany International Corp.	•			
Alexandria Real Estate Equities, Inc.	•	•		
Alkermes Plc	•			
Allakos, Inc.	•			
Allegiant Travel Co.	•			
ALLETE, Inc.	•	•		
Alliant Energy Corp.		•		
Allianz SE	•	•	•	•
Allied Properties Real Estate Investment Trust	•			
Alphabet, Inc.	•	•		
Amazon.com, Inc.	•	•		
Ambac Financial Group, Inc.			•	
Ameren Corp.	•	•		
American Airlines Group, Inc.		•		•
American Express Co.	•	•		•
American Homes 4 Rent	•	•		
American Tower Corp.		•		
American Water Works Co., Inc.	•	•		
Americold Realty Trust	•			
AmerisourceBergen Corp.			•	



Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
AMP Ltd.	•	•	•	
Amphenol Corp.	•			
Analog Devices, Inc.	•	•	•	
Anglo American Plc	•	•		
Ansell Ltd.		•		
Antero Midstream Corp.	•			
Antero Resources Corp.	•			
AO World Plc			•	
Applied Materials, Inc.	•	•	•	
Aptiv Plc	•		•	
Aramark			•	
Arbor Realty Trust, Inc.	•			
ArcelorMittal SA	•	•	•	
Arch Capital Group Ltd.	•			•
Arch Resources, Inc.	•		•	
Archer-Daniels-Midland Co.	•	•		
Arrow Electronics, Inc.	•			
Arrowhead Pharmaceuticals, Inc.	•		•	
Ascential Plc			•	
Ashmore Group Plc		•		
Ashtead Group Plc	•	•	•	
Assertio Holdings, Inc.	•			
Assura Plc		•		
Aston Martin Lagonda Global Holdings Plc		•		
AstraZeneca Plc	•		•	
AT&T Inc.		•	•	•
Athersys, Inc.	•	•		
Atmos Energy Corp.	•	•		
Avery Dennison Corp.	•			
AVEVA Group Plc	•	•	•	

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
Avient Corp.	•			
Avista Corp.	•	•		
AXA SA	•	•	•	
Axogen, Inc.	•			
Axonics, Inc.	•			
Azimut Holding SPA			•	
Badger Meter, Inc.	•		•	
BAE Systems Plc	•	•	•	
Baker Hughes Co.	•	•	•	
Bank of America Corp.	•	•		
Bank of Montreal	•	•		
Bank of New York Mellon Corp.		•		•
Bank of Nova Scotia	•	•		
Bankinter SA	•	•		
Bapcor Ltd.	•		•	
Barclays Plc		•		
Bausch Health Cos., Inc.	•			
Bayerische Motoren Werke AG			•	
Beazley Plc		•		
Bellway Plc	•	•		
Berkshire Hathaway, Inc.		•		
Best Buy Co., Inc.		•	•	
BHP Group Ltd.		•		
Big Yellow Group Plc		•	•	
Biocept, Inc.	•		•	
BioCryst Pharmaceuticals, Inc.	•			
Biogen, Inc.	•	•		
Biohaven Pharmaceutical Holding Co. Ltd.	•	•		
Bio-Techne Corp.	•	•	•	
Black Diamond Therapeutics, Inc.	•			



Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
BlackBerry Ltd.		•	•	
Blackstone Mortgage Trust Inc.	•			
Bloomin' Brands, Inc.		•		
Blucora, Inc.	•	•	•	
BlueScope Steel Ltd.	•	•	•	
BNP Paribas SA	•	•		
Bodycote Plc		•		
Boeing Co.	•	•		
Booking Holdings, Inc.		•		
Boston Private Financial Holdings, Inc.		•		
Bouygues SA	•	•	•	
Box, Inc.		•		
BP Plc	•	•		
BPER Banca	•			•
Brickworks Ltd.	•	•	•	•
Brink's Co.			•	
Bristol-Myers Squibb Co.	•	•		
Britvic Plc	•			
Broadcom, Inc.	•	•	•	
Bunge Ltd.	•	•	•	
Cabot Oil & Gas Corp.	•	•		
Cadence Design Systems, Inc.	•			
Caesars Entertainment, Inc.	•			
Cairn Homes Plc			•	
Canadian Imperial Bank of Commerce	•	•	•	
Canadian Natural Resources Ltd.		•		
Canadian Tire Corp. Ltd.	•	•		
Cardinal Health, Inc.			•	
CareTrust REIT, Inc.	•			
Carriage Services, Inc.	•			

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
Carr's Group Plc			•	
Cars.com, Inc.			•	
Casino Guichard Perrachon SA	•	•	•	•
Caterpillar, Inc.	•	•		
Celanese Corp.	•	•		
CEL-SCI Corp.	•	•	•	
Cenovus Energy, Inc.	•			
Cerus Corp.	•			
Challenger Ltd.			•	
Charles Schwab Corp.	•	•		•
Charter Communications, Inc.	•	•		
Chartwell Retirement Residences		•		
Chemed Corp.	•	•		
Chevron Corp.		•		
Children's Place, Inc.		•	•	
China Chemical & Pharmaceutical Co. Ltd.	•			
China Petrochemical Development Corp.		•		
Chipotle Mexican Grill, Inc.			•	
Choice Properties Real Estate Investment Trust	•			
Chubu Electric Power Co., Inc.	•	•	•	
Churchill Downs, Inc.			•	
Cie de Saint-Gobain			•	
Cie Plastic Omnium SA	•		•	
Cigna Corp.	•	•		•
Citigroup, Inc.	•	•		
Cleveland-Cliffs, Inc.			•	
Cloudflare, Inc.	•			
CLS Holdings Plc		•		
CMC Markets Plc			•	
CMS Energy Corp.	•	•		



Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
CNX Resources Corp.	•	•		
Coca-Cola HBC AG		•		
Cogent Communications Holdings Inc.	•			
Colony Capital, Inc.		•	•	
Columbia Property Trust, Inc.		•		
Comcast Corp.	•	•		
CommScope Holding Co., Inc.			•	
Community Bank System, Inc.	•			
Compass Group Plc	•		•	
Computacenter Plc		•		
Conformis, Inc.	•		•	•
ConocoPhillips	•	•		
Cooper Cos., Inc.	•			
Corcept Therapeutics, Inc.	•			
Corteva, Inc.		•		
Costco Wholesale Corp.	•	•		
Coupa Software, Inc.	•			
Cousins Properties, Inc.	•			
Cowen, Inc.		•	•	•
Cranswick Plc		•		
Credit Suisse Group AG	•	•		
Crescent Point Energy Corp.	•			
CRH Plc	•			
Croda International Plc	•	•		
Cronos Group, Inc.	•			
CryoPort, Inc.			•	
CSG Systems International, Inc.			•	
CubeSmart	•			
Daimler AG	•	•		
Danone SA	•	•	•	

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
Danske Bank A/S	•			
Darling Ingredients, Inc.	•			
Dassault Systemes SE	•	•	•	
DaVita, Inc.		•	•	
Delek US Holdings, Inc.		•		
Delivery Hero SE		•	•	
Delta Air Lines, Inc.	•	•		
Denbury, Inc.	•		•	
Deutsche Boerse AG	•	•		
Deutsche Lufthansa AG	•			
Devon Energy Corp.		•		
Diageo Plc	•	•	•	
Digimarc Corp.			•	
Diploma Plc			•	
Dollar Tree, Inc.	•	•		
Dominion Energy, Inc.	•	•		
Domino's Pizza Group Plc			•	
Douglas Emmett, Inc.		•	•	
Dow, Inc.	•	•		
DraftKings, Inc.	•	•	•	•
Driven Brands Holdings, Inc.	•			
Dropbox, Inc.			•	
DTE Energy Co.		•		
Duke Energy Corp.	•	•		
DuPont de Nemours, Inc.	•	•		
DXP Enterprises Inc./TX	•			
Dycom Industries, Inc.	•			
E.ON SE		•	•	
EastGroup Properties, Inc.	•			
easyJet Plc		•	•	



Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
Edison International	•	•	•	•
Electrocomponents Plc		•		
Electronic Arts, Inc.	•	•	•	
Eli Lilly and Co.	•	•		•
Emaar Properties PJSC	•			
Emera, Inc.	•	•		
Enel SPA	•		•	
Energean Plc		•		
Energizer Holdings, Inc.	•			
Eni SPA			•	
Ennis, Inc.			•	
Enstar Group Ltd.			•	
Entain Plc	•	•	•	
Entergy Corp.	•	•		•
EOG Resources, Inc.	•	•		
Equifax, Inc.	•	•	•	
Equinix, Inc.	•	•		
Equinor ASA		•		
Equinox Gold Corp.	•			
Equitable Holdings, Inc.	•		•	
Essential Utilities, Inc.		•		
EssilorLuxottica SA	•		•	
Euromoney Institutional Investor Plc		•		
Everbridge, Inc.	•			
Everest Re Group Ltd.	•			
Evergy, Inc.	•	•		
Eversource Energy	•	•		
Evraz Plc	•	•		
Exelon Corp.	•	•		
ExlService Holdings, Inc.	•	•	•	

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
Expeditors International of Washington, Inc.	•			
Extended Stay America, Inc.	•	•		
Exxon Mobil Corp.	•	•		
F5 Networks, Inc.	•			
Facebook, Inc.	•	•		
FANUC Corp.	•	•		
Fastenal Co.	•	•		
FBL Financial Group, Inc.		•		
Ferguson Plc	•	•		
Ferrexpo Plc	•		•	
FFP	•			
FinecoBank Banca Fineco SPA			•	
Finning International, Inc.	•			
First American Financial Corp.			•	
First Capital Real Estate Investment Trust			•	
First Horizon Corp.	•	•	•	
First Midwest Bancorp, Inc./IL	•		•	
First Solar, Inc.	•	•		
First United Corp.	•	•		•
FirstEnergy Corp.	•	•		
Firstgroup Plc	•	•		
Flow Traders			•	
FNB Corp./PA			•	
Fortinet, Inc.	•			
Fortis, Inc./Canada	•			
Four Corners Property Trust, Inc.	•			
Frasers Group Plc		•		
Freedom Foods Group Ltd.			•	
Fresenius Medical Care AG & Co. KGaA	•	•	•	
Frontier Developments Plc	•			



Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
FuelCell Energy, Inc.			•	
Fujitec Co. Ltd.		•		•
Gaming and Leisure Properties, Inc.	•	•	•	
General Electric Co.			•	
General Motors Co.		•		
GEO Group, Inc.		•		
Georg Fischer AG	•			
G-III Apparel Group Ltd.			•	
Gildan Activewear, Inc.	•		•	
Glacier Bancorp, Inc.	•			
GlaxoSmithKline Plc		•	•	
Glencore Plc	•	•	•	
Global Blood Therapeutics, Inc.	•			
Goldman Sachs Group, Inc.	•	•	•	
Goodyear Tire & Rubber Co.			•	•
GrafTech International Ltd.	•			
Grafton Group Plc		•		
Graphic Packaging Holding Co.	•			
Greggs Plc			•	
Greif, Inc.	•		•	
Grifols SA	•	•	•	
Groupon, Inc.			•	
GTY Technology Holdings, Inc.	•			
Guardant Health, Inc.			•	
Halliburton Co.			•	
Hargreaves Lansdown Plc			•	
Harmony Biosciences Holdings, Inc.	•			
Harrow Health, Inc.	•			
Hawaiian Electric Industries, Inc.	•	•		
Hays Plc		•		

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
HCA Healthcare, Inc.		•	•	
Healthcare Services Group, Inc.	•			
Heiwa Real Estate Co. Ltd.	•	•	•	•
Helios Towers Plc		•		
Herc Holdings, Inc.	•			
Hess Corp.	•	•		
Hexcel Corp.	•			
HF Foods Group, Inc.	•			
Hibernia REIT Plc	•		•	
Hikma Pharmaceuticals Plc		•		
Hilton Food Group Plc		•		
Hilton Worldwide Holdings, Inc.			•	
Hiscox Ltd.		•		
Hologic, Inc.	•		•	
Home Depot, Inc.		•		
Hon Hai Precision Industry Co. Ltd.	•	•		
Howmet Aerospace, Inc.			•	
HP, Inc.	•	•		•
HSBC Holdings Plc		•		
IAC/InterActiveCorp			•	•
Ibstock Plc		•		
ICG Enterprise Trust PLC		•		
IHS Markit Ltd.	•	•		
Illinois Tool Works, Inc.		•		
IMI Plc		•		
Imperial Oil Ltd.	•	•		
Inchcape Plc		•		
Incyte Corp.	•	•		
Indivior Plc		•	•	
Informa Plc	•	•	•	



Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
Infrastructure and Energy Alternatives, Inc.			•	
Infratil Ltd.	•	•		
Insulet Corp.	•			
Intel Corp.	•	•	•	•
Intellia Therapeutics, Inc.	•			
Intercept Pharmaceuticals, Inc.	•			
Intercontinental Exchange, Inc.	•		•	
InterDigital, Inc.	•	•		
International Bancshares Corp.	•			
International Business Machines Corp.	•	•	•	•
International Consolidated Airlines Group SA	•	•	•	
Intesa Sanpaolo SPA			•	
Intra-Cellular Therapies, Inc.	•			
Invacare Corp.			•	
Invesco Ltd.	•			
Investec Plc			•	
Ionis Pharmaceuticals, Inc.	•	•		
IP Group Plc		•		
IPG Photonics Corp.	•			
IQVIA Holdings, Inc.	•			
Italgas SPA	•		•	
J D Wetherspoon Plc		•		
J Sainsbury Plc		•	•	
Jardine Matheson Holdings Ltd.	•	•		
JB Hunt Transport Services, Inc.	•	•		
JBG SMITH Properties	•			
JD Sports Fashion Plc	•	•	•	
Jefferies Financial Group, Inc.			•	
JFE Holdings, Inc.		•		
John Laing Group Plc		•		

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
Johnson & Johnson		•	•	
JPMorgan Chase & Co.	•	•	•	
Jupiter Fund Management Plc		•		
Just Eat Takeaway.com NV	•			
Kadant, Inc.	•			
Kadmon Holdings, Inc.	•		•	
Kainos Group Plc		•		
Kaiser Aluminum Corp.	•			
Kala Pharmaceuticals, Inc.	•			
KAR Auction Services, Inc.	•			
KB Home	•			
Kennedy-Wilson Holdings, Inc.			•	
Kilroy Realty Corp.	•	•	•	
Kimberly-Clark Corp.	•			
Kinder Morgan, Inc.	•	•		
Kingfisher Plc	•	•		
Kingspan Group Plc	•		•	
Kirby Corp.	•			
Kirkland Lake Gold Ltd.	•			
Knight-Swift Transportation Holdings, Inc.	•			
Korea Electric Power Corp.		•		
Kratos Defense & Security Solutions, Inc.	•			
Kroger Co.	•	•		
KVH Industries, Inc.	•	•		
Kyushu Railway Co.	•	•		
Laboratory Corp. of America Holdings	•	•		
Labrador Iron Ore Royalty Corp.	•			
Ladder Capital Corp.	•		•	
LafargeHolcim Ltd.	•			
Lagardere SCA	•			•



Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
Lancashire Holdings Ltd.		•		
Laredo Petroleum, Inc.		•	•	•
Law Debenture Corp. PLC		•		
LCI Industries			•	
Lennar Corp.			•	
Lexington Realty Trust	•			
LG Chem Ltd.	•	•		
LG Corp.	•	•		•
Liberty Broadband Corp.	•		•	
Liberty Global Plc	•			
Liberty Media Corp-Liberty Formula One		•	•	
LivaNova Plc	•			
Livent Corp.	•	•		
Lloyds Banking Group Plc			•	
Loews Corp.		•	•	
London Stock Exchange Group Plc			•	
Loomis AB	•			
L'Oreal SA	•		•	
Lowe's Cos., Inc.		•		
Lundin Energy AB	•	•	•	
Lyft, Inc.		•		
LyondellBasell Industries NV		•		
M&G Plc	•	•	•	
MACOM Technology Solutions Holdings, Inc.	•		•	
Manning & Napier, Inc.			•	
Marathon Petroleum Corp.		•	•	
Marks & Spencer Group Plc		•		
Marvell Technology Group Ltd.		•		
Masco Corp.	•			
Masimo Corp.	•	•	•	•

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
Mastercard, Inc.			•	
Matinas BioPharma Holdings, Inc.			•	
Matson, Inc.	•			
McDonald's Corp.		•		
McKesson Corp.	•	•		
MDC Holdings, Inc.	•		•	
Medpace Holdings, Inc.	•			
Merck & Co., Inc.	•	•		
Meritage Homes Corp.	•			
Methanex Corp.	•			
MGM Resorts International	•	•	•	•
Minerva Neurosciences, Inc.	•			
Misonix, Inc.	•			
Mitchells & Butlers Plc	•			
Mitsubishi Corp.		•		
Mitsui Fudosan Co. Ltd.	•			
Moderna, Inc.	•	•	•	•
Moneysupermarket.com Group Plc		•		
Monster Beverage Corp.	•			
Moody's Corp.		•		
Movado Group, Inc.	•		•	
MP Materials Corp.	•			
Murphy Oil Corp.	•	•		
Murphy USA, Inc.	•			
Mytilineos SA	•	•	•	
Nabors Industries Ltd.	•	•	•	•
National Express Group Plc			•	
National Health Investors, Inc.	•			
Navient Corp.	•	•		
NCR Corp.			•	



Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
Nektar Therapeutics	•			
Nestle SA	•	•	•	
NetApp, Inc.				•
Netflix, Inc.	•	•	•	
Neurocrine Biosciences, Inc.	•			
New Residential Investment Corp.	•		•	
Next Plc	•			
NextEra Energy, Inc.		•		
NIKE, Inc.	•	•	•	
Nintendo Co. Ltd.	•			
Nippon Telegraph & Telephone Corp.		•		
Nisshin Seifun Group, Inc.	•	•		•
NN Group NV	•			
Nokia Oyj	•			
Nomura Holdings, Inc.	•	•		
Norfolk Southern Corp.		•		
Northland Power, Inc.	•			
Norwegian Cruise Line Holdings Ltd.	•		•	
Novavax, Inc.	•			
NRG Energy, Inc.	•			
Occidental Petroleum Corp.	•	•	•	
Oesterreichische Post AG	•	•	•	•
OneSpan, Inc.		•		
O'Reilly Automotive, Inc.		•		
Ovintiv, Inc.	•		•	
Owens Corning	•	•		
PACCAR, Inc.		•		•
Pacira BioSciences, Inc.	•		•	•
PacWest Bancorp			•	
Panasonic Corp.	•	•	•	

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
Paragon Banking Group Plc				•
Parex Resources, Inc.	•	•		
Park Hotels & Resorts, Inc.			•	
Paycom Software, Inc.		•	•	
PayPal Holdings, Inc.		•		
PDC Energy, Inc.	•		•	
Peapack-Gladstone Financial Corp.			•	
Pennon Group Plc		•		
Penns Woods Bancorp, Inc.		•	•	
Pentair Plc	•			
Persimmon Plc	•			
PetroChina Co. Ltd.	•	•		
Petropavlovsk Plc		•	•	
Pfizer, Inc.	•			
Phillips 66	•	•	•	
Phoenix Group Holdings Plc		•		
Pioneer Natural Resources Co.	•	•		
Playtech Plc		•		
Plexus Corp.	•	•		
Pluralsight, Inc.		•		
Plus500 Ltd.			•	
PNC Financial Services Group, Inc.	•	•		
PNM Resources, Inc.		•	•	
Polaris, Inc.	•	•		
Polymetal International Plc		•		
Portland General Electric Co.	•	•		
Postal Realty Trust, Inc.			•	
Poste Italiane SPA		•	•	
PotlatchDeltic Corp.	•			
PPL Corp.	•	•		



Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
PrairieSky Royalty Ltd.	•			
Premier Foods Plc		•		
Primary Health Properties Plc		•		
Prologis, Inc.	•	•	•	
ProSiebenSat.1 Media SE	•	•	•	
Prosperity Bancshares, Inc.	•			•
Prosus NV		•		•
Prudential Financial, Inc.	•			
Prudential Plc	•	•		
Prysmian SPA	•	•	•	
Puma Biotechnology, Inc.	•			
Pure Storage, Inc.	•			
PureTech Health Plc	•		•	
PZ Cussons Plc		•		
Qantas Airways Ltd.	•	•	•	
QIAGEN NV			•	
Qurate Retail, Inc.	•			
Rayonier, Inc.	•			
Raytheon Technologies Corp.	•	•	•	
Realty Income Corp.	•	•		
Reata Pharmaceuticals, Inc.	•			
Recruit Holdings Co. Ltd.	•	•		
Redrow Plc		•		
Regency Centers Corp.	•			
Regeneron Pharmaceuticals, Inc.	•		•	•
Regions Financial Corp.		•	•	
RELX Plc	•			
Renault SA	•	•	•	
Renewables Infrastructure Group Ltd.		•		
Resideo Technologies, Inc.				•

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
Retail Properties of America, Inc.	•			
Revance Therapeutics, Inc.			•	
REX American Resources Corp.	•	•		
Rio Tinto Plc	•	•	•	
RioCan Real Estate Investment Trust	•		•	
Ritchie Bros Auctioneers, Inc.	•			
RLI Corp.	•			
Roche Holding AG	•	•		
Rollins, Inc.	•			
Royal Bank of Canada	•	•		
Royal Caribbean Cruises Ltd.		•	•	
Royal Dutch Shell Plc	•	•		
RPT Realty			•	
Ryman Hospitality Properties, Inc.	•			
S&P Global, Inc.	•	•		
Sabre Corp.			•	
Safehold, Inc.	•			
Safestore Holdings Plc		•		
Saga Plc			•	
Sage Therapeutics, Inc.	•		•	
salesforce.com, Inc.		•	•	
Samsung Electronics Co. Ltd.	•	•		
Sanderson Farms, Inc.		•		•
Sandfire Resources Ltd.			•	
Sanlam Ltd.	•			
Sanne Group Plc				•
Santos Ltd.	•	•	•	
Sarepta Therapeutics, Inc.	•			
Saudi Basic Industries Corp.	•	•		
Savills Plc		•		



Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
Scentre Group	•		•	
SCOR SE	•			
Seagen, Inc.	•			
Sealed Air Corp.			•	
SeaWorld Entertainment, Inc.			•	
SEI Investments Co.	•			
Select Medical Holdings Corp.	•			
Sempra Energy		•		
Senior Plc			•	
Seritage Growth Properties	•			
ServiceNow, Inc.		•	•	
Sesen Bio, Inc.	•			
Seven & i Holdings Co. Ltd.	•	•		
Shiseido Co. Ltd.		•		•
Shockwave Medical, Inc.			•	•
Shopify, Inc.	•			
Siemens AG	•	•		
Siemens Energy AG	•			
SIG Plc			•	
Sika AG	•	•	•	
Simon Property Group, Inc.	•	•		
Skyworks Solutions, Inc.	•			
SL Green Realty Corp.	•		•	
SNC-Lavalin Group, Inc.	•			
Sonova Holding AG	•			
Sony Corp.	•	•	•	
South32 Ltd.	•	•	•	
Southern Co.	•	•	•	
Southwest Airlines Co.		•		
Southwestern Energy Co.	•	•	•	

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
Splunk, Inc.	•		•	
Sprout Social, Inc.	•			
SPS Commerce, Inc.	•			
Starbucks Corp.			•	
State Street Corp.	•	•	•	
Stella-Jones, Inc.	•			
Stellantis NV			•	
Stereotaxis, Inc.	•			
Sterling Bancorp/DE			•	
STMicroelectronics NV			•	
Stratus Properties, Inc.	•	•		
Stryker Corp.	•	•		
Sunrun, Inc.	•	•		
Superior Industries International, Inc.			•	
Swiss Re AG	•	•	•	
Syneos Health, Inc.	•			
T Rowe Price Group, Inc.	•	•		
Taiwan Cement Corp.	•	•		
Tandem Diabetes Care, Inc.	•	•	•	•
Taylor Morrison Home Corp.	•	•		
TechnipFMC Plc	•			
TEGNA, Inc.	•	•		
Teladoc Health, Inc.	•			
Tele2 AB			•	
Telecom Italia SpA/Milano			•	
Telecom Plus Plc		•		
Teleflex, Inc.	•	•		•
Teleperformance	•	•	•	
Terna Rete Elettrica Nazionale SPA	•	•	•	
Tesco Plc		•		



Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
Texas Instruments, Inc.		•		•
Thales SA			•	
TJX Cos., Inc.	•	•	•	•
Toromont Industries Ltd.	•	•		
Toronto-Dominion Bank	•	•		
Toshiba Corp.	•	•		
TOTAL SE	•	•	•	
Toyota Motor Corp.		•		
TPI Composites, Inc.	•	•		
Trainline Plc			•	
TransAct Technologies, Inc.			•	
TransAlta Corp.	•			
Tri Pointe Homes, Inc.	•			
Tribune Publishing Co.		•		
Tricida, Inc.	•			
Trisura Group Ltd.	•			
Triton International Ltd.	•			
TUI AG	•			
Turquoise Hill Resources Ltd.	•			
Twitter, Inc.	•	•		
Tyson Foods, Inc.		•		•
Uber Technologies, Inc.		•		
UBS Group AG	•	•	•	
UDG Healthcare Plc		•		
UDR, Inc.	•	•		
UFP Industries, Inc.	•			
Ultra Electronics Holdings Plc		•		
Ultrapar Participacoes SA	•			
Unibail-Rodamco-Westfield	•	•	•	
UniCredit SPA	•		•	

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
Unilever Plc	•	•		
Union Pacific Corp.		•		
UNITE Group Plc		•		
United Airlines Holdings, Inc.		•		
United Natural Foods, Inc.			•	
United Parcel Service, Inc.	•	•		•
United Therapeutics Corp.		•		•
Uniti Group, Inc.	•			
Universal Display Corp.			•	
Universal Insurance Holdings, Inc.			•	
Upwork, Inc.	•	•		
Urban Edge Properties	•			
US Silica Holdings, Inc.			•	
Vale SA	•	•		
Valero Energy Corp.		•	•	
Varonis Systems, Inc.	•			
Vector Group Ltd.	•		•	
Veolia Environnement SA	•	•	•	
Vericel Corp.	•			•
Verint Systems, Inc.	•			
VeriSign, Inc.	•			•
Vertex Pharmaceuticals, Inc.	•	•		
Vinci SA	•	•	•	
Vishay Intertechnology, Inc.	•			
Vistra Corp.	•	•		
Vivendi SE	•		•	•
Vodafone Group Plc	•	•		
Volkswagen AG		•		
Vonage Holdings Corp.	•	•		
Vornado Realty Trust	•	•	•	



Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
VSE Corp.	•			
Vulcan Materials Co.	•	•		
Walgreens Boots Alliance, Inc.			•	
Walmart, Inc.	•	•	•	
Walt Disney Co.	•	•	•	
Wells Fargo & Co.	•	•	•	
Wendel SE	•	•	•	
Weyerhaeuser Co.	•	•	•	
White Mountains Insurance Group Ltd.	•			
Whitecap Resources, Inc.	•			
Whitehaven Coal Ltd.	•	•	•	
Whitestone REIT				•
Williams Cos., Inc.	•	•		
Wizz Air Holdings Plc	•		•	
Woodside Petroleum Ltd.		•	•	
Workspace Group Plc		•		
WSP Global, Inc.	•			
Wynn Resorts Ltd.			•	
Xcel Energy, Inc.	•	•		
Xenia Hotels & Resorts, Inc.	•		•	
Xerox Holdings Corp.	•		•	
XPO Logistics, Inc.		•	•	
Yamana Gold, Inc.	•			
Yellow Corp.			•	
Yelp, Inc.			•	
Yorozu Corp.		•		
Z Holdings Corp.				•
Zalando SE	•		•	
Zogenix, Inc.	•			
Zynga, Inc.			•	

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