Vanguard

Investment Stewardship

2022 Annual Report

2022
Annual Report

Vanguard's Investment Stewardship team has a clear and compelling mandate to advocate for good governance practices that safeguard and promote shareholder value over the long term.

An introduction from our chairman and CEO

Welcome to Vanguard's 2022 Investment Stewardship annual report.

Through increasingly complex investment terrain in 2022, our Investment Stewardship program continued to represent the interests of our tens of millions of investors with a clear mandate: to promote long-term shareholder returns at the companies in which Vanguard-advised funds invest. Our investors depend on those returns for their retirements, their children's education, affording a dream home, and more.

Corporate governance matters for long-term investors. Our Investment Stewardship program, through engagement and proxy voting activities, seeks to understand whether portfolio companies are being governed in a manner that represents the best interests of shareholders.

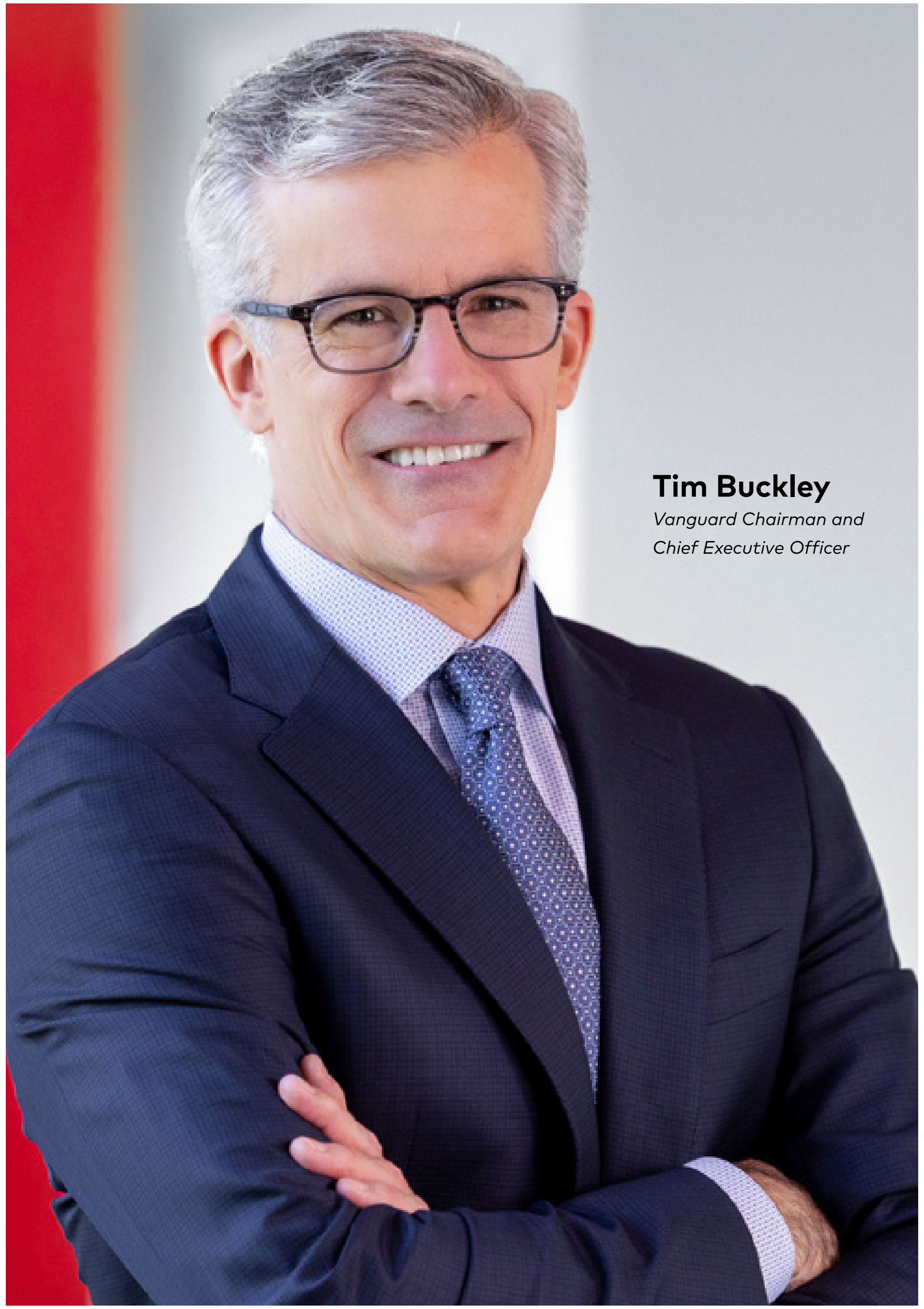
We approach our discussions with portfolio companies with humility and care. As an indexer, we don't assume to know the "winning" company strategy and do not seek to dictate portfolio company operations. Rather, consistent with our role as stewards of passively managed funds, our Investment Stewardship program advocates for corporate governance practices associated with creating shareholder value and protecting shareholder rights. We also advocate for the disclosure of financially material risks so that such risks can be reflected in securities pricing. Indexing relies on efficient markets, which, in turn, require the disclosure of material information.

In its execution of proxy voting on behalf of the Vanguard-advised funds in 2022, our Investment Stewardship team made independent, nuanced, and balanced judgments in alignment with the funds' voting policies, carefully weighing whether each proposal would advance long-term shareholder value at the company in question. We recognize that an increasing number of our investors are interested in having a greater voice in proxy voting. Earlier this year, we launched a pilot program to give individual investors in certain equity index funds options to express their preferences on how shares associated with their fund holdings should be voted. In the months to come, we will gather client and stakeholder feedback as we test this approach and explore the full range of options with respect to proxy voting choices for index funds.

Thank you for your interest in our stewardship work. It is an important part of our mission to give our fund investors the best chance for investment success.

Sincerely,

Tim Buckley
Vanguard Chairman and
Chief Executive Officer



Tim Buckley
Vanguard Chairman and Chief Executive Officer

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

An unwavering focus on shareholder value

We are pleased to present this report on the work Vanguard's Investment Stewardship team does on behalf of Vanguard-advised funds to understand portfolio companies' corporate governance practices, share our perspectives, and inform the funds' proxy voting decisions. The report outlines these activities for the 12 months ended December 31, 2022.

The tens of millions of individuals who have all chosen to invest in Vanguard-advised funds have a wide range of personal priorities and preferences. Nonetheless, what they have in common is that each of their funds—steered by its distinct investment objective—seeks to preserve or grow their assets over time.

As a result, our approach to engaging with portfolio companies and executing proxy voting is firmly grounded in our objective to promote long-term value for our funds and fund shareholders. Our funds' passive investment strategies are also reflected in our approach to investment stewardship—we do not seek to dictate portfolio company strategy or operations. Rather, we look to understand how boards are composed to provide for their company's long-term success, how they consult with management on strategy and oversee financially material risks, how they align executives' incentives with shareholders' interests, and how they provide shareholders with a voice and a vote. These four principles animate our efforts when we engage, vote, and share our perspectives on best practices, and you will see them as recurrent themes in this report.

Last year, the Vanguard-advised funds cast more than 180,000 proxy votes at more than 20,000 company meetings and, on behalf of the funds, we engaged with more than 1,300 portfolio companies. We also engaged with corporate directors and executives, regulators, policymakers, and other stakeholders to share our perspective on the corporate governance practices we associate with long-term shareholder value creation. Ultimately, Vanguard and its investors share a common objective with boards of directors and management teams: we want companies to perform well over the long term for company shareholders.

In 2022, our work took place in the context of a challenging global macroeconomic environment that has included rising inflation, supply chain disruptions, tight labor markets, the war in Ukraine, and the lasting effects of the COVID-19 pandemic. We also observed a significant increase in the number of environmental and social shareholder proposals presented at U.S. public company shareholder meetings. This increase was, in part, due to revised regulatory guidance limiting the ability of companies to exclude certain shareholder proposals from proxy ballots. Still, environmental and social shareholder proposals continued to represent less than 1% of the ballot items that the funds voted on last year. Our analysis of all proxy proposals remained firmly grounded in the funds' investment stewardship policies, which call for case-by-case analysis of such proposals.

Looking ahead, we will continue enhancing our perspectives on local corporate governance norms in Europe, the Middle East, Africa, and the Asia-Pacific regions. This includes identifying opportunities to advocate for stronger corporate governance practices in emerging markets where companies may operate under less developed legal, financial reporting, tax, or regulatory systems.

This annual report is one example of how we aim to provide insights into the activities we conduct on behalf of the funds. In the year ahead, we plan to provide additional disclosure of our engagement and voting activities, including regular updates on how we apply the funds' voting policies in specific situations. I invite you to read more about the work we are doing to safeguard the interests of Vanguard-advised funds and their shareholders.

Sincerely,

John Galloway
Vanguard Investment Stewardship Officer

Our program

Vanguard's Investment Stewardship program is carried out by a dedicated global team of experienced professionals.

The team is responsible for portfolio company engagement and day-to-day operations of the proxy voting process for Vanguard-advised funds. The Investment Stewardship team employs a regionally focused model. All company research, analysis, engagement, and voting activities are overseen by senior leaders responsible for particular regions and markets. These leaders, and a dedicated team of analysts who are further aligned by sector, maintain responsibility for their coverage areas.

Team members collaborate every day, sharing ideas and making continuous improvements in policies and processes under the oversight of the funds' boards and a management oversight committee. This allows us to balance the need for global consistency with regional relevance by developing in-depth knowledge about pertinent issues in our funds' portfolios and identifying industry, regional, and country-specific trends. In addition to our voting and engagement teams, our policy and research team drives our global perspective on key topics as it partners with regional teams to shape engagement, voting, and advocacy strategies. Our data, operations, and controls group enables every aspect of our program's research, analysis, and execution.

Engagement

We meet with portfolio company executives and directors to share our long-term perspective and principled approach and to learn about companies' corporate governance practices. Our approach is deliberate, constructive, and results-oriented.

Voting

Our team votes proxies at public company shareholder meetings on behalf of each Vanguard-advised fund. Because of our engagement efforts, as well as our published perspectives and policies, by the time our funds' votes are cast, companies should be aware of the governance principles we associate with the creation of long-term shareholder value.

Advocacy

We are tireless advocates for the highest standards of corporate governance and the long-term value of our funds, and fund shareholders' investments. We promote a long-term view of corporate governance and investment practices through public forums and published materials.

Our four principles

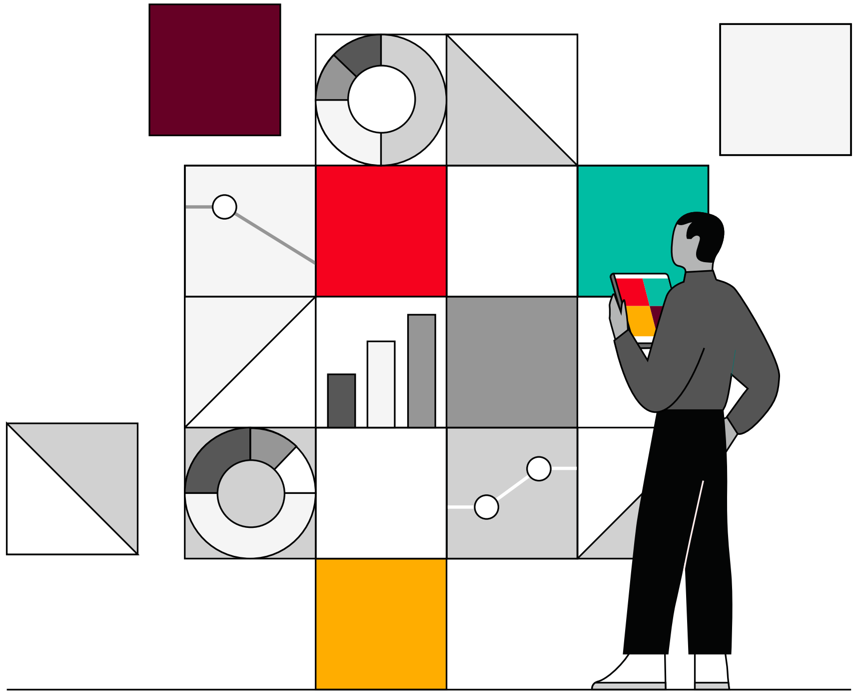
Board composition and effectiveness

Good governance starts with a company's board of directors. Directors are elected to represent the interests of shareholders and have important responsibilities that they carry out in accordance with their fiduciary duties to shareholders. These include selecting and appointing the CEO, being involved in company strategy formation, overseeing material risks, designing executives' compensation plans, and ensuring that shareholders' rights are protected.

Our primary focus when evaluating a company's governance practices is ensuring that the individuals who serve as board members and represent the interests of shareholders are independent, capable, and appropriately experienced. An effective board should reflect diversity of skill, experience, and opinion, as well as diversity of personal characteristics (such as gender, race, and ethnicity), as research shows that diverse boards can make better decisions. Well-composed, effective boards can set in motion a virtuous cycle that enables a company to innovate, seek out new customers, and enter new markets, enabling long-term shareholder value creation for investors in their company.

Oversight of strategy and risk

When we discuss strategy and risk with portfolio companies, we work to assess how well the board of directors understands the company's strategy and how effectively it is involved in identifying and governing material risks. We look for directors to bring a wealth of experience and diverse perspectives to the boardroom and to provide counsel to company leaders. We look for directors to be well-informed on competitive dynamics and seek outside opinions to better challenge management's assumptions. Ultimately, boards should work to prevent risks from becoming governance failures and/or long-term underperformance.



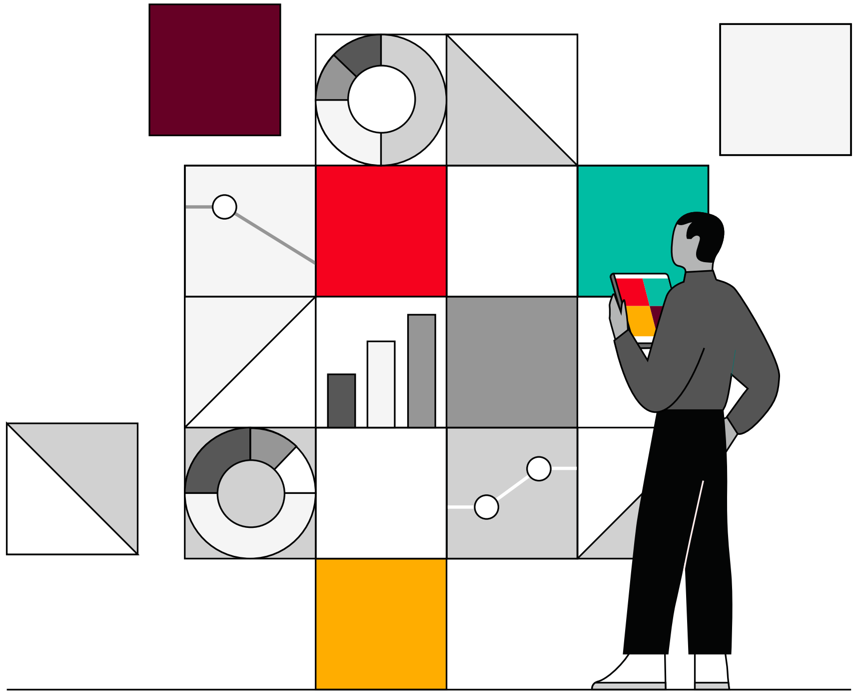
Our four principles

Executive compensation

Sound, performance-linked compensation (remuneration) policies and practices that extend well beyond the next quarter or year are fundamental to sustainable, long-term value. Compensation expectations and norms vary by a company's industry, sector, size, and geographic location; therefore, we do not take a one-size-fits-all approach. In our engagements on this topic, we seek to understand the business environment in which pay-related decisions are made and how a board structures pay programs to incentivize outperformance relative to the company's peers over the long term. Companies should provide clear disclosure about their compensation practices and how they are linked to performance and the company's stated strategy. This disclosure gives shareholders confidence that the practices are aligned with the creation of long-term shareholder value.

Shareholder rights

Shareholder rights empower shareholders to use their voice and their vote to ensure the accountability of a company's board. Shareholders should be able to hold directors accountable through governance provisions such as annual elections that require securing a majority of votes. While the Vanguard-advised funds do not themselves put forward nominees for portfolio company boards, we support the right of an appropriate proportion of shareholders to call special meetings and/or to nominate directors for consideration by all shareholders; this provides shareholders the ability to exercise their voice and vote in instances where a strategic case for change in a company's strategy is identified and/or when a board appears resistant to shareholder input. We believe that a well-functioning capital markets system requires that companies have in place governance structures that safeguard and support foundational rights for shareholders.



At a glance

In 2022, our team of more than 60 investment stewardship professionals engaged with 1,304 companies representing 67% of the Vanguard-advised funds' total assets under management (AUM). As we continued to globalize our program, we engaged in 34 different markets.

1,304
companies engaged

1,802
total company engagements

13,490
companies where a proposal was voted on

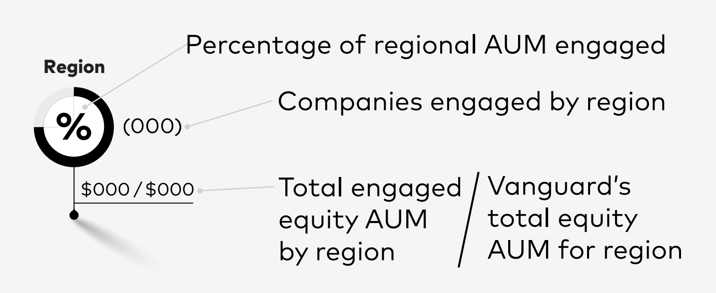
184,521
proposals voted on

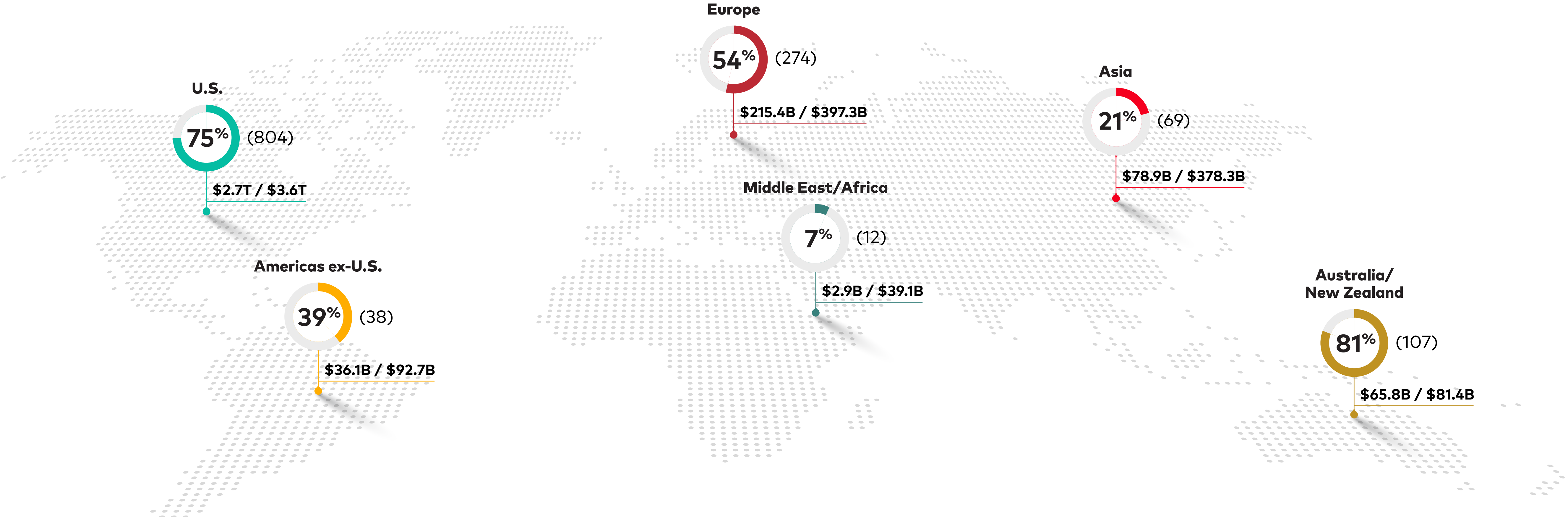
$3.1T AUM
equity assets under management engaged

Regional roundup

Topics and trends that shaped the global governance landscape in 2022

In 2022, Vanguard's Investment Stewardship team engaged with company boards on and analyzed proposals that focused on a range of important topics. The team conducted 1,802 engagements with 1,304 portfolio companies in 34 markets around the world. The funds voted on 184,521 proposals at 13,490 companies in the 12 months ended December 31, 2022.





Data presented are for the trailing 12-month period ended December 31, 2022. Numbers and percentages reflect rounding.

Americas

The year 2022 was difficult for many portfolio companies in the Americas, as they faced issues including rising interest rates and inflation, disruption in global supply chains, and the ongoing impact of the waning COVID-19 pandemic on everything from consumer demand for goods and services to the evolution of a constrained talent pool. In spite of these hurdles, investors still expected companies to focus on their long-term strategies to create value; this is precisely the type of environment where we believe that well-governed companies are best poised to serve their shareholders' long-term interests.

Our primary focus when evaluating a company's corporate governance profile is on assessing board composition and effectiveness as we seek to understand how boards select and appoint management, oversee company strategy, and seek to mitigate material financial risks. Many of our conversations with leaders of U.S., Canadian, and Latin American portfolio companies focused on this topic in 2022. Through our discussions, we sought to understand how directors serve as engaged, effective stewards of shareholder capital and look after company success over time. In the U.S., many of our discussions touched on boards' refreshment and self-evaluation processes. In Latin America, many of our conversations were centered on the adoption of governance best practices for board independence, risk oversight, and disclosure.

We noted that compensation committees used discretion to reward executives with one-time awards, often citing the need for a retention tool in a tight labor market. Our evaluation of executive compensation programs and payouts continued to focus on the alignment of executives' incentives with long-term shareholder returns.

Despite representing a very small proportion of the matters we voted on in 2022—only 1.7% of ballot items in the U.S.—shareholder proposals received significant attention through various channels and grew substantially in volume year-over-year. This was due, in part, to revised Securities and Exchange Commission (SEC) guidance limiting the ability of companies to exclude certain shareholder proposals from proxy ballots. In 2022, the number of environmental and social shareholder proposals in the U.S. rose sharply (to 298 shareholder proposals, up from 159 in 2021). At the same time, we observed a rise in the number of shareholder proposals at U.S. public companies that, in our view, were overly prescriptive in dictating company strategy or day-to-day business operations or were not sufficiently linked to issues of long-term shareholder value at the company in question.

On behalf of Vanguard-advised funds, we evaluate all shareholder proposals on a case-by-case basis with a focus on what is in the best long-term financial interests of fund shareholders. Many shareholder proposals in 2022 continued to focus on diversity and inclusion and climate-related topics. With respect to the former, we observed an increased number of shareholder requests for disclosure on boardroom diversity as well as the effectiveness of companies' workforce diversity, equity, and inclusion strategies. Other shareholder proposals requested racial equity and civil rights audits, disclosure on the use of concealment clauses, and pay-gap reporting.

With respect to climate-related shareholder proposals, many requested that companies set and disclose greenhouse gas reduction targets. In the U.S. and Canada, we observed a trend toward more prescriptive requests in such proposals dictating the pace of a company's climate transition strategy or asking a company to exit a business line or otherwise change its strategy. Through our case-by-case analysis of each proposal, we found that in many instances companies that received these proposals had demonstrated progress in their disclosure and governance of greenhouse gas emissions and related material risks. When evaluating material climate-related risks, Vanguard-advised funds are grounded in a belief that boards are responsible for determining an appropriate risk mitigation strategy to maximize long-term shareholder value for investors in their company. The funds are unlikely to support proposals that would undermine a board's latitude in determining how best to discharge that responsibility.

Europe, Middle East, and Africa

In 2022, boards in Europe, the Middle East, and Africa were challenged with navigating the ongoing consequences of the COVID-19 pandemic, economic volatility, and the impacts of the war in Ukraine, including the knock-on effects on supply chains. This combination of forces contributed to inflationary pressure, leading to a cost-of-living crisis for consumers, employees, and other stakeholders. In Europe, the need to manage energy supplies in the context of geopolitical uncertainty added further complexity to companies' climate transition plans, which continue to be scrutinized. Finally, human capital management plans have been tested against higher regulatory and investor expectations related to diversity in boardrooms and employee populations and the need to attract and retain talent in the context of what has been referred to as "the great resignation."

In the first half of the year, our EMEA-focused regional team spent considerable efforts on voting-related analysis and engagements because of the significant volume of company annual meetings that fall in the March-to-June proxy season. Other engagements covered companies' responses to evolving risks tied to the changing political and macroeconomic environment. Our approach to evaluating governance practices remained grounded in our four principles, seeking to understand how boards stay apprised of rapidly changing dynamics that affect strategy implementation and how they oversee material financial risks.

In the second half of the year, we shifted our focus to follow-up conversations with companies to explain our votes on key proposals including executive remuneration, board elections, and shareholder proposals. Additionally, we sought to understand boards' long-term approaches to managing key risks, including the ongoing response to the war in Ukraine and the resulting uncertainty in energy markets. In addition to reviewing acute economic and political risks, we continued to advocate through engagement for enhanced reporting and oversight of long-term material financial risks such as material climate risks.

We also continued to advocate, through the funds' votes and engagements, for independent and well-composed boards, noting that further progress could be made in many boardrooms throughout the region. In times of uncertainty and crisis, we believe well-composed boards with independent judgment and diverse perspectives are best positioned to offer strong guidance, support, and challenges to company management.

The second half of the year also provided ample opportunity to share our perspectives on best practices that align with our objective of safeguarding long-term shareholder value. Members of the Investment Stewardship team engaged with relevant industry groups in key markets and participated in forums to share the perspective of the Vanguard-advised funds and promote good governance practices. Among other speaking engagements and events, we took part in the multi-stakeholder annual Forum of the Independent Oversight Committee (IOC) on the proxy voting advisory and research industry to share our perspective on how we use research to inform our independent view on proxy votes. The forum is convened by the IOC as mandated by the 2019 Best Practice Principles for Providers of Shareholder Voting Research & Analysis. It took place for the first time in person in Rome, Italy, in October 2022, and was organized by Assogestioni (the Italian association of asset managers).

In November 2022, we also participated in a roundtable consultation organized by the Organization for Economic Co-operation and Development (OECD) to discuss revised OECD Corporate Governance Principles, where we shared our perspective on managing risk and advocated for good governance practices.

United Kingdom

The key themes of the funds' voting and engagement activity in the U.K. remained consistent throughout 2022.

Regarding executive pay, boards kept a strong focus on the need to attract and retain talent globally in the accelerating war for talent while being mindful of the arrival of the cost-of-living crisis in the U.K., which brought extra scrutiny to executive pay. In our engagements with directors, companies operating and recruiting from a global talent pool noted the increasing difficulty of navigating U.K. expectations constrained by regulations, market norms, and wider stakeholder expectations versus the U.S. pay landscape, where overall higher quantum is generally tolerated. Given the cost-of-living crisis, boards also had to be particularly thoughtful about wider workforce pay. Highlighting increased investor concern, Sainsbury's received the first shareholder resolution in the U.K. calling for a listed firm to become a Living Wage accredited employer, which ultimately received 17% support from shareholders. Living Wage Foundation is an organization that sets a framework for pay linked to a regional cost-of-living assessment.

We used our engagements to reinforce with company boards the Vanguard-advised funds' views on the importance of aligning executive remuneration with long-term, sustainable returns for investors. The funds' overall support for Say on Pay votes remained relatively consistent with their level of support in 2021 and reflected a continued trend of observing that executive pay outcomes at some companies did not reflect shareholder performance. Sometimes this resulted from very simple disconnects such as a company failing to realize a financial recovery from the pandemic before paying bonuses or a decision to allow long-term incentives to vest based on discretion rather than performance. In other cases, we observed boards using discretion in a way that was clear, transparent, and aligned to delivering long-term value.

We saw an increasing number of companies incorporating environmental, social, and governance environmental, social, and governance (ESG) metrics—especially environmental and social measures—into their remuneration plans. We reiterated our view during consultations that these metrics, if used, should be treated with the same rigor as financial metrics and demonstrate a strong link to the company's strategy and long-term value. We challenged companies where we did not see distinct metrics or targets related to the ESG component or where the link to their long-term strategy was unclear or not disclosed.

In many cases, board refreshment was delayed because of the pandemic as the focus shifted toward retention, stability, and recovery. In the second half of the year, we saw board refreshment plans reactivated with renewed vigor. Through engagement, including cases where we voted against a director because of concerns about their capacity, we reiterated our request that companies remain mindful of directors' capacity and commitments and provide disclosure about how the board reviews these on an ongoing basis.

Board diversity at U.K.-listed companies maintained positive momentum, with nearly all FTSE 100 companies meeting the expectations of the Parker Review and those in the entire FTSE 350 continuing to improve internal policies and external reporting in this regard. The Parker Review is an independent framework that considers how to improve the ethnic and cultural diversity of U.K. boards to better reflect their employee base and the communities in which they operate. It calls for at least one director from an ethnically diverse background on the board of each company that is part of the FTSE 100 Index. FTSE 250 boards are expected to appoint at least one director from an ethnic minority by 2024. We continued to engage and, where appropriate, execute a vote against nomination committee members to express our concern with companies in which we saw significant room for further improvement and/or disclosure.

In 2022, Vanguard participated in several panels and roundtables to share our views and approach to investment stewardship. Among other topics, we discussed what types of structures we look for in executive remuneration plans to align pay and performance and what we look for in terms of board-level oversight of audit and risk.

Switzerland

In Switzerland, many of our engagements focused on board composition, including board diversity. We observed that many Swiss boards lagged their European peers in diversity practices and disclosure, in part because regulatory requirements related to gender diversity on boards are not yet mandatory in Switzerland. Many companies have adapted their nominating processes to account for diversity requirements that will become mandatory in Switzerland over the next few years while still ensuring that they nominate candidates with the best mix of skills and experience. In cases where we did not see companies nominate sufficiently diverse candidates or articulate a plan to do so, we proactively looked to engage on this topic. In instances where there were concerns related to a board's lack of gender diversity, the funds withheld support for certain director nominees. At a governance conference organized by SWIPRA Services AG in November 2022, we described our approach to governance, including how we assess board composition holistically.

Germany

In 2022, we participated in the consultation phase of the German Corporate Governance Code, a revised version of which was published during the year. The updated code reflects recent legal changes and provides new principles and recommendations for the management and supervision of listed companies related to environmental and social topics. In our consultation response, we shared our view that boards should assess environmental and social topics using a materiality framework that evaluates their contribution to creating long-term shareholder value at the company in question.

Last year was also the first time Shareholder Rights Directive II requirements came into force in Germany, requiring shareholders to approve remuneration reports annually. While we observed that executive remuneration was generally aligned with shareholder performance, we noted that some companies' disclosure was not always robust enough for us to meaningfully evaluate pay decisions. In instances where we were unable to understand the connection between a company's performance and its executive remuneration, we engaged with company leaders to better understand the board's process for overseeing remuneration matters. In addition, Vanguard representatives participated in several industry panels in 2022, including three in-person events, and we shared our general approach to investment stewardship and how we evaluate companies' governance profiles.

Poland

During 2022, our team's proactive engagement efforts in Poland focused on better understanding a range of corporate governance matters and market nuances. Vanguard-advised funds frequently vote against proposals at Polish companies because of concerns about poor disclosure, including the level and availability of information on executive remuneration plans and director elections. We met and corresponded with several Polish companies to explore these topics, gaining a greater understanding of market-specific challenges and common practices while conveying our perspectives. We explained that we believe clear disclosure and effective company reporting enable shareholders to better understand board composition and how boards plan to align executive pay with shareholder experience.

Nordic region

In Sweden, Finland, Denmark, and Norway, many companies continued to disclose limited information regarding their executive remuneration plans and targets. We continued to conduct engagements with companies in the region to encourage more robust disclosure; over the course of year-over-year engagements, we observed that many companies made commitments to enhance disclosures where relevant.

We also engaged with several Nordic-region companies on topics regarding board composition and director accountability. We identified practices different from corporate governance standards in most of continental Europe, including the role of shareholders in nominating committees, the prevalence of slate elections (where directors are not voted on individually), and the lack of disclosure around vote results. We will continue to explore the direction of corporate governance in the region to stay abreast of evolving market standards and advocate for shareholder rights and disclosure.

The Netherlands

The Dutch Corporate Governance Code was revised in 2022 and continues to focus on fundamental principles of long-term value creation: executive remuneration, diversity and inclusion, and shareholder rights. Our approach to stewarding Vanguard-advised funds is well-aligned with the code's principles.

In 2022, we engaged with directors of companies representing over half of Vanguard-advised funds' assets invested in Netherlands-domiciled companies. During the Dutch 2022 annual meeting season, most of our engagements covered executive remuneration. "Social acceptance" of remuneration policies and reports is a Dutch requirement to consider broader stakeholders such as employees, societies in which the company operates, and suppliers when making executive pay decisions.

Many companies in the Netherlands are dual-listed in the U.S. and, as a result, face complexity when benchmarking against foreign (often U.S.-based) peer groups where testing against social acceptance is not enshrined in law or practice. Through engagement, we shared our perspective on the importance of aligning executive incentives with long-term shareholder value creation. We also encouraged companies to disclose performance targets under incentive plans to help investors understand how their pay design maintains alignment between relative pay and performance and drives sustainable, long-term value.

Middle East and Africa

While there has been a shift over the last few years toward governance reforms and improved reporting practices in the Middle East and Africa region, opportunities remain for better corporate governance practices at many companies, including enhanced disclosure of board composition. We frequently observed limited disclosure regarding directors up for election and existing board composition, auditor appointments and fees, and bylaw amendments. We have been proactively engaging with companies in the region, specifically in Saudi Arabia, Kuwait, and the UAE, to better understand any barriers to disclosure and encourage improvement.

While some Middle Eastern companies have not been particularly receptive to engaging with Vanguard (or other investors) in the past, we engaged with a number of companies for the first time in this region. We shared our perspective that more enhanced disclosure allows Vanguard and other investors to better understand their boards' governance practices and recognize where progress has been made.

In 2022, we engaged with a number of South African companies, including those in the financial and materials sectors that have undergone technological transformation, and continued to focus on risks associated with their social license to operate in the unique context of the South African market. In conversations with boards on the topic of board composition, many cited a need for digital and sustainability expertise. We also discussed with company leaders how they were reviewing climate governance and disclosures in light of evolving regulatory standards in South Africa.

Asia

Throughout 2022, we used our engagement activities to broaden our understanding of key corporate governance matters affecting Asian companies and raise awareness of our approach to investment stewardship in the region. We engaged with companies in China, Hong Kong, India, Japan, Malaysia, Singapore, South Korea, and Taiwan, with the majority of conversations focusing on board composition and effectiveness, shareholder rights, and oversight of strategy and risk. In general, we found that many companies are taking steps to adapt to significant regulatory changes in environmental, social, and governance issues happening in the region.

Japan was a key market of focus in 2022. We engaged with Japanese companies to discuss such topics as board independence, takeover defenses, cross-shareholdings (when listed companies own shares in each other), board oversight of strategy and risk, and corporate reporting. Despite the Japan Corporate Governance Code's encouragement of constructive dialogue between shareholders and directors, we continued to observe that Japanese companies are reluctant to provide engagement opportunities with independent directors. Nonetheless, we were able to make progress in having direct discussions with independent directors, as they are elected to represent shareholders' interests.

We published the Vanguard-advised funds' Japan voting policy in April 2022. Throughout the second half of the year, we reviewed the funds' voting approach, focusing on board independence and takeover defenses. Subsequently, we published an updated Japan voting policy for 2023 that continues to promote corporate governance best practices and alignment with the Japanese Corporate Governance Code where applicable.

The second half of 2022 was marked by the assassination of former Japanese prime minister Shinzo Abe, whose government championed corporate governance reforms such as the introduction of the Japanese Corporate Governance Code in 2015. It remains to be seen whether the current government will carry on Abe's legacy of governance reform, and we are monitoring its actions.

In South Korea, corporate access has also been limited, but we see a trend of more companies, especially in the financial sector, offering us meetings with independent board members. Independent oversight is crucial in the market, which has seen many corporate scandals in recent years, so we were encouraged that several companies that experienced those issues met with us in the second half of the year. The country's new government has pledged to make changes aimed at protecting investors. There are also plans for broader financial reform to address the fact that South Korean companies tend to have lower valuations than their global peers.

Investment Stewardship leaders took part in and hosted events throughout Asia in 2022 to raise awareness of our principles. In partnership with a proxy solicitor, we hosted a webinar for Chinese and Hong Kong companies explaining how our team approaches investment stewardship and evaluates corporate governance. We participated in a panel discussion on social risks at the International Corporate Governance Network's Japan Virtual Forum, where we shared our approach to assessing material risks and evaluating board composition related to diversity. We also attended the Asian Corporate Governance Association's annual conference in London, which focused on Asian corporate governance reforms and provided us with an opportunity to meet with companies, regulators, and other stakeholders from the region.

We met with a variety of market participants in Asia to better understand the regulatory landscape and market-specific corporate governance issues. We engaged with representatives of the Taiwan Stock Exchange, Taiwan Depository & Clearing Corporation, and Taiwan Financial Supervisory Commission to discuss initiatives to improve environmental, social, and governance disclosure. We also met with proxy solicitors and governance advisors active in Japan to raise awareness of Vanguard-advised funds' Japan voting policy and to better understand key topics that emerged in the annual general meeting season.

In 2023, we will continue to advocate for good corporate governance in Asia, focusing on engagement with companies but also seeking out opportunities to reach more of them through participation in events and regulatory consultations where appropriate.

Australia and New Zealand

Australia and New Zealand experienced economic conditions similar to those of many other markets in 2022: rising inflation, market volatility, and a prolonged series of interest rate increases by each country's reserve bank. We had numerous engagements with companies with acute exposure to these changes, including those in the real estate and banking sectors. For example, the impacts of potential mortgage defaults, increased tenancy vacancies, and reduced housing affordability on Australian REITs were common topics in our engagements. We observed that leading companies anticipated these trends and developed appropriate approaches to adapt and diversify their operations.

We also engaged with mining companies in the region about issues of corporate culture following allegations of workplace bullying and sexual harassment throughout the sector. The Western Australian government published a report in June 2022 on sexual harassment in the fly-in-fly-out mining industry that found the issue to be endemic and underreported. We continue to engage with mining company leaders to understand their response to the report and how they intend to mitigate this risk and oversee risks at the board level.

Ahead of Australia's annual general meeting (AGM) season in the second half of the year, we undertook a roadshow in Australia, engaging in-person with companies in Perth, Melbourne, and Sydney representing approximately 52% of Vanguard-advised funds' assets invested in Australia-based companies. We conducted a series of events for company directors where we spoke about our approach to investment stewardship on behalf of the Vanguard-advised funds and provided opportunities for questions and answers. We also took part in a site visit to a large industrial company that provided us with practical insights into the challenges these companies face in their operations and related risks to shareholder value. Overall, the roadshow served to deepen our relationships with several Australian companies, setting the scene for ongoing constructive engagements.

The key issues that arose in Australia's AGM season were broadly related to board composition and executive remuneration. In August 2022, the Vanguard-advised funds wrote to dozens of ASX-listed companies whose boards at the time did not meet the ASX Corporate Governance Principles' recommendation that they contain no less than 30% of each gender to better understand how they were planning to achieve that target. We were encouraged to hear the thoughtful approach that many boards were taking, as well as the various challenges they encountered, especially with recruitment and staggered board elections. The funds' Australia/New Zealand voting policy this year noted that the Vanguard-advised funds may vote against directors at companies that were not meeting the ASX's target. In the end, the funds voted against six directors at six companies where we assessed that boards were not making adequate progress on board composition related to gender diversity in accordance with the principles and market expectations.

This was also the first year that the funds' voting policy incorporated guidelines on director capacity and commitments. While we identified a small number of companies where we had questions about this issue, we largely did not find cause for concern at this time. Included in this report is a case study of our engagement activity on this topic (Cromwell Property Group, on p. 18).

Finally, during the 2022 Australian AGM season, companies continued to struggle with pay outcomes affected by COVID-19, whether by not meeting targets in remuneration plans and continuing to pay out executives' awards or using large sign-on bonuses to attract talent. We engaged with financial institutions on the new regulatory requirements coming into effect in 2023 requiring that a material proportion of their incentive plan awards be determined by nonfinancial metrics. Included in this report are several case studies on our engagement and voting on these topics (Corporate Travel Management on p. 37, Bapcor on p. 35, and an overview on the Australian banks and nonfinancial metrics on p. 37).

In 2023, we expect a key theme will be impending changes to the disclosure environment for material environmental, social, and governance risks. The newly elected Australian Labor Government has committed to mandate The Task Force on Climate-related Financial Disclosures (TCFD) climate risk reporting by Australian companies and investors, to adopt the International Sustainability Standards Board disclosure requirements, and to develop an Australia-specific sustainable finance taxonomy. These measures follow in the footsteps of New Zealand, which was a pioneer in this area, and other countries in Europe and Asia.

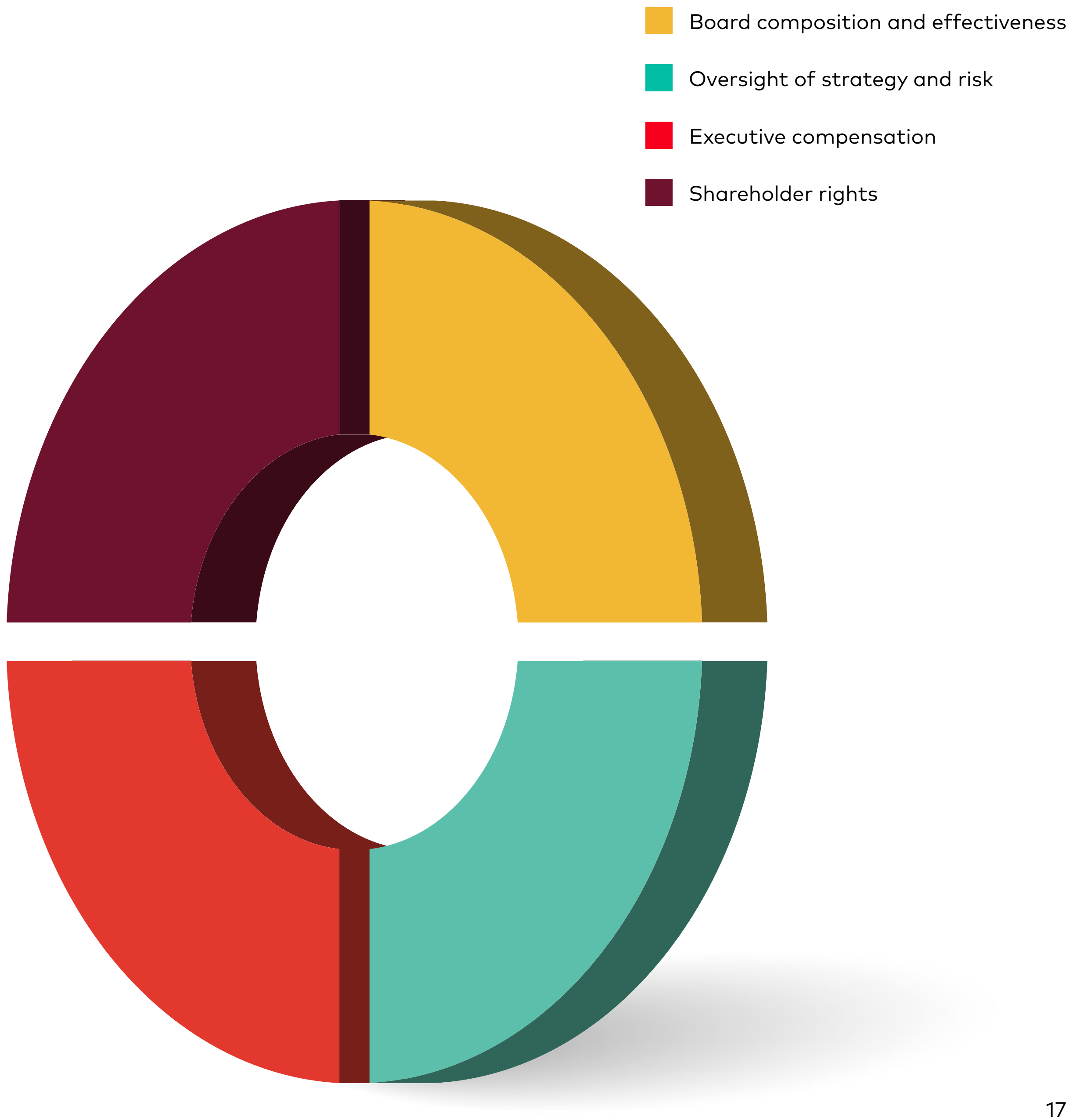
Case studies and insights

The case studies that follow are representative of the 1,802 engagements we conducted with portfolio company leaders around the world in 2022.

These discussions informed our voting on a wide range of proposals from both management and shareholders, allowed us to gain insight into how portfolio companies are governed, and gave us the opportunity to share our perspectives on corporate governance policies and practices that can drive long-term value creation for Vanguard-advised funds.

We strive to provide timely disclosure of our investment stewardship activities to our investors, portfolio companies, and other stakeholders. Over the past year, we published numerous Investment Stewardship Insights to share our views on important governance topics and explain the funds' rationale for key votes. Excerpts from these Insights are included throughout the report. All of our Insights and reports are available on our website.

Beginning in 2023, we plan to provide fulsome quarterly reporting detailing our engagement activity and rationale for key votes.



Board composition and effectiveness

One of the Vanguard-advised funds' foundational governance principles is the importance of an effective board of directors. Ensuring that the directors who serve on shareholders' behalf are independent, committed, capable, and collectively possess an appropriate level of diversity in skills, experiences, and personal characteristics is at the core of our approach. Ultimately, a board composed of experienced, engaged directors is in the best position to provide effective oversight of management, company strategy, and material risks, thereby helping to safeguard the long-term interests of all shareholders.

Most director elections at companies are uncontested. That is, the board nominates as many candidates as there are open seats, ensuring in most instances that the board's nominees are elected. Nonetheless, our Investment Stewardship analysts evaluate board composition and performance across multiple dimensions on a case-by-case basis in deciding how to vote and which companies to engage with.

Director capacity at Cromwell Property Group

Cromwell Property Group (Cromwell) is a commercial real estate investment and management company with operations in Australia and New Zealand. At Cromwell's 2022 annual meeting, the funds voted against the re-election of the incumbent board chair, reflecting concerns related to the director's numerous directorships on several public company boards. In advance of the vote, we engaged with the chair of Cromwell's Nomination and Remuneration Committee, which provided a helpful forum for a respectful exchange of views. While the engagement clarified the company's rationale for proposing re-election of the chairman, we remained concerned about their combined commitments at a number of listed companies.

The voting decision at Cromwell reflected the Vanguard-advised funds' 2022 Australia and New Zealand voting policy on director capacity and commitments, which states that the funds may not support a director who holds an executive role at a public company and serves on two or more additional public company boards or who serves on five or more public company boards. We believe that directors should demonstrably have the capacity and commitment to fulfill their responsibilities as members of each public company board on which they serve. This includes having sufficient capacity to address urgent issues that may arise and require increased commitments and attention.

The funds votes reflect our views on the importance of director capacity; they were not a reflection of our assessment of the chair's personal capabilities as a director or their contributions to Cromwell's board. Ultimately, the chairman was re-elected with a substantial majority of votes cast by shareholders.

Board composition and risk management at Visa, Inc.

Visa Inc. (Visa) is a U.S.-based payment technology company that facilitates digital payments among consumers, merchants, and other business entities. Over many years, we have engaged with Visa on a variety of topics. This year, we engaged with the company's chairman and CEO, the lead independent director, and members of the management team in a discussion related to board composition and refreshment and enterprise risk management.

Our engagement provided us with a more thorough understanding of the company's approach to board composition and refreshment. The lead independent director shared how the board identifies and evaluates potential new directors on an evergreen basis, regardless of whether there is currently a vacancy on the board. This process includes regular analysis of the existing composition of the board and the mix of director skills and experiences, along with reflection on which of those attributes might need to be replenished or supplemented in the future. The Nominating and Corporate Governance Committee identifies director candidates who not only possess the requisite levels of professional experience and expertise but also could provide gender, racial, and/or ethnic representation. This process and its results—a board with diversity of relevant skills, experience, and characteristics—is clearly reflected in the company's disclosure.

Visa also provided insights into its approach to enterprise risk management (ERM). While the full board takes broad responsibility for review and oversight of the company's ERM framework, responsibility for certain risks is delegated to specific committees. For example, the Audit and Risk Committee takes primary responsibility for cybersecurity risks, and the Finance Committee oversees risks related to mergers and acquisitions.

Board evolution at Tencent Holdings Ltd.

Tencent Holdings Ltd. (Tencent) is a Chinese technology company. We engaged with the company in 2022 to explain our approach to investment stewardship and discuss topics including the evolution of the board and its oversight of risk.

We recognize that operating in the internet technology sector requires directors to keep abreast of a rapidly changing regulatory landscape and stay up to date on industry developments. We were therefore encouraged to learn how the board had been intentionally evolving over time through considered succession planning for board members. Company representatives conveyed a thoughtful approach to enhancing board-level competencies and explained how those competencies aligned to Tencent's evolving business strategy.

Independent oversight in the boardroom is crucial, perhaps especially so in founder-led companies like Tencent. Therefore, in addition to exploring the board's skills profile, we also used our engagement to better understand how its independent directors exercise oversight of the company's management team and strategy and how they seek to mitigate material risks to the business.

Representatives of the company described in detail the system of checks and balances in place between the board and management. They also provided a helpful overview of the governance structures used to identify and monitor key risks including cybersecurity, data privacy, and a fast-moving regulatory environment. Tencent explained that the protection of young people is an important area of regulatory risk and how the company had enhanced its policies and systems to fulfill its obligations. The company's representatives expressed their belief that information provided to users about data protection must be clear and understandable.

As a result of our discussion, we gained a greater appreciation of the company's approach to board composition and the governance methods applied to exercise independent oversight of management as well as long-term strategy. While we were unable to meet with an independent director on this occasion, we look forward to discussing the board's perspectives on risk management in future engagements.

Director elections in the Nordic region

In 2022 we advocated for the high standards of corporate governance that we associate with long-term shareholder value at public companies in Sweden, Finland, Denmark, and Norway in which the funds invest. Most of our engagements covered matters such as slate election of directors, lack of shareholder access to independent directors, and limited disclosures potentially hindering director accountability.

In these four markets, shareholders are expected to play an active role in governance; many companies' share registers are topped by a few large local shareholders. These local shareholders are commonly appointed to the nomination committee of the board, which is responsible for appointing company executives. In Norway and Sweden, the nomination committees are composed of shareholder appointees plus the chair of the board. As a result, while boards are connected to certain shareholders through board and nomination committee dialogue, other shareholders'—including the Vanguard-advised funds'—access has been limited.

Through direct engagement with investor relations executives and board members, we were able to share our perspectives and approach to investment stewardship. We explained why we look to speak with directors as they serve as representatives of shareholders and discharge important duties on their behalf. We also shared our view that engagement can provide company leaders with a deeper understanding of topics of importance to all shareholders.

We have observed a practice common in the Nordic region of electing directors on a single bundled slate rather than on an individual basis, and we used our engagements to share our views and understand different companies' perspectives on the topic. That said, over the course of the past couple of years, consistent with feedback provided by Vanguard on our view of best practices for director elections, we have observed most large companies in Sweden shift away from slate elections. While mindful that different companies have different dynamics, we continue to believe that, in general, there are benefits to shareholders exercising the right to elect directors on an individual basis. Some companies continue to express a preference that boards be elected as a team, with an assessment of backgrounds and skills on an aggregate basis.

During the COVID-19 pandemic, companies in the Nordic region increasingly began publishing vote results to facilitate virtual engagement and enhance transparency. Subsequently, we saw most companies in Denmark, Finland, and Norway maintain the practice of enhanced disclosure, while some Swedish companies reverted to the pre-pandemic lack of transparency, which we consider a step backward. We consider it a best practice for companies to disclose vote results as this allows shareholders to see support levels for proposals, which may be particularly relevant in cases when there is high shareholder dissent.

We will continue to engage on topics related to director accountability in the Nordic markets to share our perspective and preference for increased access to directors and transparency around voting outcomes.

Board self-assessments at Devon Energy Corp.

At the end of 2022, we had several engagements with energy companies, during which we discussed board self-assessments and evaluations. Because of our board-centric approach to corporate governance, we regularly seek to understand how boards measure their own effectiveness through full board, committee, or individual director evaluations.

At **Devon Energy Corp**., a U.S. oil and gas exploration and production company, we met with a member of the board to discuss, among other things, how it carries out board assessments. The director explained that these assessments are conducted annually and led by the lead independent director; they also highlighted how these assessments have informed productive discussions on a range of topics, including the skills and experience needed on the board in the current environment.

While the funds are not prescriptive regarding how board evaluation processes are carried out (for example, whether they are conducted annually or on some other basis, or whether they are conducted by a lead independent director or by an outside party), we look for companies to clearly articulate these processes in their disclosures. We also look for evaluations to generate meaningful board-level discussion and improvement-oriented action.

Evolution of board diversity in Europe and the U.K.

Consistent with our board-centric approach to evaluating companies' corporate governance practices, in 2022 we maintained a focus on board composition, including board diversity, with consideration for regional regulations and norms. Many of our engagements in Europe touched on a recently approved European Union directive related to improving the gender balance among non-executive directors of listed companies. In response to the directive, we anticipate that regulators, boards, and other relevant stakeholders will continue to focus on board gender diversity practices in all European markets over the coming years as member states translate the requirements into national law.

France, Norway, and Italy have binding quotas related to board gender diversity. In the U.K., the proportion of women on FTSE 100 boards tripled in the past 12 years (from 12% in 2010 to 36% in 2022), and companies are preparing to meet recommendations of the first FTSE Women Leaders Review report, which set further recommendations to encourage British companies to build on their progress, including:

- a voluntary target for FTSE 350 boards and leadership teams to increase women's representation to a minimum of 40% by the end of 2025, and
- a recommendation that FTSE 350 companies have at least one woman in the chair or senior independent director role on the board and/or one woman in the chief executive officer or finance director by the end of 2025.[1]

In the second half of the year, we proactively engaged with many companies that, in our assessment, did not yet meet their market's best practices or regulatory expectation for gender diversity. The Vanguard-advised funds did not support the election of directors at 50 portfolio companies in the funds' European holdings, indicating concern with a lack of progress in board diversity.

We observed increased levels of ethnic diversity on U.K. boards this year, and an update to the Parker Review published in March 2022 reported that all the companies in the FTSE 100 either met or had committed to meet the voluntary standard.[2] The Parker Review expectation that FTSE 250 boards will appoint at least one director from an ethnic minority by 2024 was a frequently discussed topic during our engagements.

We continue to monitor portfolio company boards' overall composition, including their mix of gender and ethnic diversity.

Board diversity at Vodafone Group plc

Vodafone Group plc (Vodafone) is a telecommunications company operating in Asia, Africa, Europe, and Oceania. We engaged with Vodafone leaders prior to the company's general meeting in 2022 after observing that it had failed to meet the recommendations of the Parker Review because of the unanticipated resignation of a director who faced a conflict of interest in 2021. We look for companies to be aligned with local practice intended to support gender and ethnic diversity on boards.

We engaged with the chair of the board and discussed various challenges, risks, and opportunities associated with the company and broader industry in delivering long-term value for shareholders. We also sought to better understand Vodafone's board evolution plans. The chair shared the board's commitment to diversity and to meeting the Parker Review recommendations; the director relayed that the board had a recruitment process underway and that it was hoping to add a director with appropriate qualifications. The chair of the board relayed that the board was taking a considered approach to ensure the right

1 *FTSE Women Leaders*, available at ftsewomenleaders.com.
2 *Improving the Ethnic Diversity of UK Boards*, an update report from the Parker Review Committee, available at assets.ey.com/content/dam/ey-sites/ey-com/en_uk/topics/diversity/ey-what-the-parker-review-tells-us-about-boardroom-diversity.pdf

balance of relevant skills, industry background, and diversity characteristics.

Where boards fall short of local norms or legal standards without appropriate grounds and disclosure, the funds may vote against the chair of the Nominating Committee or another relevant director. In this case, our research confirmed that, while Vodafone fell short of local market practice, this was due to the unexpected resignation of one board member. The company also stated the board's intention to take active steps to get back in accordance with the Parker Review recommendations. Therefore, despite the board not being aligned to market expectations related to diversity at the time of the vote, the funds voted for the re-election of the chair, who was also the chair of the Nomination Committee, and the director was reelected with nearly 90% support from shareholders. We observed that following the annual meeting, the company appointed a new director who added relevant financial and telecommunications experience; with the addition of this director, the board was brought in line with the standards of the Parker Review.

Lack of disclosure at CorVel Corporation

CorVel Corporation (CorVel) is a national provider of risk management solutions for the workers' compensation, auto, health, and disability management industries. It had a shareholder proposal on its ballot requesting that the company prepare a report on steps the board is taking to enhance its diversity, including details on strategies to reflect the diversity of the company's workforce, community, and customers. Through our research, we observed that the company's disclosure regarding board composition was limited (no skills matrix, no disclosure of director diversity at the aggregate or individual level) and that the board appeared to lack any racial or ethnic diversity among its members. As these observations raise concern about the importance of board diversity and the role that disclosure plays in helping investors understand a company's approach to board composition, we sought to engage with company leadership to discuss these matters and understand its perspective. Unfortunately, the company did not respond to our outreach.

The funds supported the shareholder proposal as we believe that additional disclosure regarding the company's approach would be useful to shareholders. In addition, consistent with our policy that in cases where a company's approach to board composition lags market norms or expectations the funds may express concern by withholding support from members of the board deemed responsible, the funds withheld support from the lead independent director (because the company does not have a named chair of the board's Nomination and Governance Committee).

Our perspective on contested elections

While most director elections at U.S. companies are uncontested, there are occasional proxy fight situations where dissident shareholders seek representation on a board to advocate for a shift in strategy or to remediate a perceived governance failure (or a combination thereof).

As we explained recently in an Insight entitled [Our Perspective on Contested Elections](), in evaluating proxy contests, the funds apply a governance-centric approach that takes into consideration inputs from various sources including company disclosures, company engagements, discussions with dissident shareholders and/or the nominees put forward by the dissident, third-party research, public materials, and, in select cases, other Vanguard investment professionals. Our evaluation of proxy contests focuses on three areas:

- **Strategic case for change.** Does the dissident make a compelling case that a change in the target company's strategy and in its board composition is likely to create value for long-term shareholders? When engaging with the dissident, we seek to understand their perspective on the company's current state and future trajectory and what recommended changes they believe would benefit the company and be in the best interest of long-term shareholder value creation.
- **Company's approach to governance.** Has the company demonstrated good governance practices? By reviewing a company's public reporting and disclosures and through engagements, the funds seek to understand how the board of directors serves as an engaged, effective steward of shareholders' capital through independent oversight of company management, strategy, and material risks.
- **Quality of directors.** Do current directors appear to bring the necessary capabilities to the company's board? Assessing a board's composition starts with understanding the company's strategy and how the board's skills (collectively and individually) align with that strategy and allow the board to provide effective oversight on behalf of all shareholders. Vanguard's Investment Stewardship team also assesses dissident nominees to understand how their skills align with the company's strategy and/or the dissident's strategic case for change. We seek to understand the qualifications and perspectives of director nominees so we can make an informed decision about which nominees are best positioned to represent the interests of long-term shareholders.

Proxy contest and shareholder rights at NYC REIT

New York City REIT (NYC REIT), now known as American Strategic Investment Co., is a U.S.-based real estate investment trust (REIT) that owns a portfolio of commercial real estate in the five boroughs of New York City. Comrit Investments Ltd., a long-time investor in NYC REIT that also invests in income-generating real estate, launched a proxy fight seeking three board seats at NYC REIT's 2022 shareholder meeting.

As described above, we would typically seek to engage with both the company and the dissident to inform our voting decisions in a contested situation. But in this instance, NYC REIT's stockholder rights plan (also known as a "poison pill") included an "acting in concert" provision that restricts communication among shareholders. Because of this provision, we chose not to engage with the dissident and therefore opted not to engage with the company either. Our evaluation therefore was based solely on public disclosures related to the contested election.

The dissident's case for change centered on the argument that NYC REIT's total shareholder return had underperformed its peers since its IPO in 2020, the company had a number of governance provisions that were inconsistent with best-in-class practices, and the dissident's board nominee would provide stronger contributions to the board than the company's incumbent nominee.

In addition to confirming that NYC REIT's performance lagged its peers', our assessment of the company's governance profile found significant merit in the dissident's governance-related case for change. In particular, the company's classified board structure, unapproved stockholder rights plan, and apparent absence of racial or ethnic diversity on the board were inconsistent with our governance policies. The funds had already expressed our concerns with the unapproved poison pill and lack of oversight of board diversity at NYC REIT's 2021 shareholder meeting by withholding support from a member of the board's Nominating and Corporate Governance Committee.

Having identified a reasonable case for change, we then evaluated the relative quality of the company's and dissident's nominees. Based on our research, we gained confidence that the dissident nominee's relevant industry experience and strategic and operational expertise suggested they could add value to the board. In contrast, we identified concerns regarding the incumbent nominee's affiliation with the company's advisor and external management company and the potential implications for the incumbent nominee's independence. Based on the totality of our analysis, the funds voted in support of the dissident nominee. Though the dissident nominee got significant support, the incumbent nominees prevailed in this contest.

While it is not clear whether the ability to engage with the dissident or willingness to engage solely with the company would have had an impact on our or other investors' votes in this contest, the difficulties encountered reinforce our views on the value of clear disclosure and open dialogue between companies and their shareholders. Such an approach may lead to more informed decision-making in instances of contested director elections and can better allow shareholders to assess the board's ability to oversee the company's strategy and risks.

Contested director elections at Aimco

Apartment Investment and Management Co. (Aimco) is a real estate investment trust with a geographically diversified portfolio of multifamily apartment properties across the United States. In advance of the company's 2022 shareholder meeting, Land & Buildings, an investment management company specializing in publicly traded real estate and real estate-related securities, launched a proxy contest to replace two of the three directors on Aimco's proxy ballot. Land & Buildings' engagement with Aimco goes back multiple years, including opposition to a corporate restructuring that was undertaken without shareholder approval in 2020.

Land & Buildings' case for change included the argument that, among other things, Aimco's total shareholder return (TSR) had underperformed its peers and that its share price was trading at a discount relative to the net asset value of its property portfolio. In addition, it highlighted governance concerns ranging from Aimco's classified board to its refusal to opt out of the Maryland Unsolicited Takeover Act (MUTA), which limits shareholder rights, and the company's prior restructuring without shareholder approval. Land & Buildings proposed nominees to replace two of the company's incumbent directors, citing the proposed directors' abilities to improve the corporate governance profile and bring relevant industry and business leadership experience to the board.

In analyzing Land & Buildings' argument, we did not find a compelling strategic case for change because the company's TSR outperformed versus peers and applicable indexes over the relevant period. In addition, Aimco made commitments to address a number of the stated governance concerns, including opting out of MUTA, declassifying the board in 2023, providing more certainty on the timing of the 2023 and 2024 annual meetings, and improving shareholders' rights. We viewed these commitments positively.

In the absence of a strategic case for change, we concluded that supporting the board's nominees was in the best interest of the Vanguard-advised funds. In our engagement with company leaders, we gained confidence that the board was effectively overseeing the company's strategy and risks and taking steps to address governance concerns, and we favorably viewed its efforts to increase transparency into company performance.

We will continue our dialogue with Aimco and look forward to additional progress on its governance profile.

Ultimately, one of the two dissident nominees was elected to the board.

Oversight of strategy and risk

Strategy and risk are two sides of the same coin: every strategy involves risk, and every risk can present strategic opportunities. Our approach to investment stewardship is grounded in the belief that boards are responsible for effective oversight of a company's long-term strategy and any relevant and material risks. Well-composed boards should bring a wealth of experience to the boardroom that both supports and challenges their management teams' direction of strategy and oversight of risks. Through our engagements with company leaders and board members, we seek to better understand how these matters are evaluated by the board and reflected in the company's disclosure to the market throughout the wide spectrum of industries and geographies present in the Vanguard-advised funds' portfolios.

Companies and their boards have a standing regulatory obligation to disclose financially material risks to shareholders, and discussions of these risks are an integral part of our ongoing engagements. In addition, companies also receive shareholder proposals seeking additional disclosure or the adoption of particular policies and practices related to particular risks. In evaluating these proposals—as with other voting matters—we take a case-by-case approach that evaluates each in the particular context of the company that has received it, the proposal's practicality and expected impact on the issue in question, and whether the proposal safeguards the long-term interests of investors in that company. Among the questions we consider are:

- Does the proposal address a financially material issue relevant to the company in question?
- Does the proposal unduly prescribe how a board or company should approach company strategy and/or operations?
- Does the proposal address gaps in the company's current practices or disclosure?
- Does the proposal suggest a change in practice or disclosure that would advance the interests of long-term shareholders at the company in question?

While certain proposals may appear on multiple company ballots, evaluating each proposal in the context of the individual companies and sectors in which they're presented is an important component of our analysis. We look to understand the practical impact each proposal would have if approved and whether the requested action is reasonable for the company to undertake.

Human rights risk at Sturm, Ruger & Company, Inc.

Sturm, Ruger & Company, Inc. (Ruger), is a U.S.-based company engaged in the design, manufacture, and sale of firearms. We engaged with company leaders and the lead independent director in advance of their 2022 annual meeting to discuss a shareholder proposal that requested a human rights impact assessment.

The proponent of the proposal argued that, as a firearm manufacturer, Ruger is exposed to elevated human rights risks and that the company's existing human rights policy insufficiently addressed these risks. We evaluate proposals of this nature on a case-by-case basis to understand how boards oversee human rights risks, oversee mitigation efforts to any identified risks, and provide appropriate disclosure where material risks are present. We do not seek to dictate company strategy or day-to-day operations.

In this case, the potential reputational, legal, and regulatory risk posed by illegal use of firearms is real, but also widely known. While the shareholder proposal focused on this material risk, in our assessment, Ruger's current disclosure of existing policies and practices provided context for how the board oversees this risk. In addition, our engagement with Ruger leadership and the lead independent director reinforced their disclosure of how the company addresses the risk and complies with existing laws and regulations.

Based on our analysis and engagement, we did not support this shareholder proposal because of the board's existing oversight process, its Risk Committee's remit, and the company's current disclosure. We did not believe that the additional disclosure called for by the proposal would meaningfully contribute to shareholders' understanding of the risks the company faces or otherwise serve the interest of long-term shareholders.

Enterprise risk management at Comcast

One of the benefits of "fair weather" engagement with portfolio companies—conversations when there is not a particular voting matter to discuss or an explicit concern that we want to express—is that they allow us to deepen our understanding of the material risks companies face and how they are mitigating them.

We have engaged with the board of **Comcast**, a U.S.-based cable and entertainment company, over many years on a range of matters. Most recently, we met with the chair of the board's audit committee to understand how the board oversees the company's enterprise risk management process. The committee chair explained how the audit committee receives regular reports from a management steering committee tasked with monitoring and prioritizing risks; this reporting facilitates regular discussion by the board of potential risks and internal mitigation strategies.

In addition, the company has in place a management cyber council and data privacy council to help ensure that board members are appropriately informed of potential cybersecurity and data-related risks by providing director education opportunities including phishing simulations and third-party assessments. Our discussion provided us with an understanding that as the risk environment has evolved on multiple fronts including cyber and reputational risks, so too has the company board's direct involvement in overseeing prioritization and mitigation efforts.

Cybersecurity risk in the software industry

In recent years, cybersecurity risk has received increased attention as more companies and industries have experienced data breaches, ransomware attacks, or extended technology outages with material impacts on their businesses. This risk is present in just about every sector, so we regularly engage with companies to understand their business- and sector-specific approaches to overseeing it. For example, over the course of 2022, we engaged on this issue with several U.S.-based companies in the software industry with particularly material cyber risks. Through these discussions, we sought to better understand how cyber risks and opportunities are overseen by these companies' boards, as well as how information about risk identification, mitigation, and oversight processes are disclosed in public-facing materials.

At **Fortinet**, a provider of cybersecurity solutions, we spoke with a member of the board who brings relevant subject matter expertise to the team. They mentioned several measures that have worked well to properly oversee cyber risks, which include ensuring deep cyber expertise on the board, requiring the chief information security officer to report on this topic to the board each session, and having the board participate in regular training and exercises on cyber scenarios. In addition to sharing more about the overall engagement of the board on this topic, Fortinet also discloses a materiality matrix and information about its materiality assessment. These disclosures serve to demonstrate the clear prioritization of cybersecurity risks—as well as information security and privacy risks—over a broader list of material risks at the company.

Clear Secure, a travel document verification system, is regulated by the U.S. Department of Homeland Security and is required to meet the highest standards of government security. The audit committee is tasked with ensuring that the risk oversight and identification program meets those standards, enabled through a quarterly discussion on cyber risks and subsequent report to the full board. Clear Secure uses an internally developed materiality matrix to oversee and mitigate the top risks to the enterprise while also using a threat matrix specific to cybersecurity-related risks, prioritized based on the severity and likelihood of the threat. Departments at the company use the output of this matrix to create risk remediation plans, reporting to the board on what they learn from the process.

While many companies have tasked their respective audit committees with overseeing cyber risks, **Salesforce**, a customer relationship management platform, added both Cybersecurity and Privacy & Ethical Use committees to its board in order to create a more direct channel between the board and the chief technology officer. Company leaders described seeking to strike the right balance of ensuring board focus on these topics that are core to its business strategy while avoiding committee proliferation. The Privacy and Ethical Use Committee specifically oversees ethical design and use of products, frequently engaging with the chief ethical/humane use officer and an advisory council of internal and external stakeholders. The committee helps Salesforce navigate an evolving landscape and emerging best practices. Its Ethical and Humane Use Guiding Principles are a recent example of the company's risk mitigation and oversight practices in this area.

As a provider of cybersecurity solutions, **Rapid7** is concerned not only with how these risks should be appropriately overseen internally but also with how its customers can get the most out of Rapid7's solutions. A "rapid fire" team oversees internal incident detection and updates the board semiannually on its findings. Internally, the company's enterprise risk management program focuses heavily on business continuity, disaster recovery, and data privacy, including oversight of the Audit Committee. Externally, Rapid7 co-chairs and participates in the Ransomware Task Force—an organization comprising U.S. lawmakers and industry representatives that publishes recommendations on how organizations can prepare for and respond to attacks on critical infrastructure.

While each of these companies has a different approach to managing and mitigating these risks, in each case the board plays a direct role in overseeing their risk management/mitigation efforts.

Addressing disclosure concerns at Polski Koncern Naftowy ORLEN SA

During 2022, we conducted a series of proactive engagements with public companies registered in Poland to better understand a range of corporate governance matters and market nuances. One of the companies was **Polski Koncern Naftowy ORLEN SA (ORLEN)**, an international energy company.

Vanguard-advised funds have voted against several executive remuneration proposals and director elections at ORLEN in recent years based on concerns regarding a lack of disclosure. The funds also voted against proposals to approve the discharge of the CEO in 2021 and 2022 because of disclosure concerns linked to ORLEN's noncore acquisition of the media company Polska Press. In 2022, the funds' concerns were reflected in votes against proposals to approve the discharge of the entire supervisory board.

Formal discharge proposals allow shareholders to cast annual votes to ratify the actions of both management board and supervisory board members in the previous financial year. Since these votes are retrospective, their level of support can indicate the extent to which shareholders have confidence in a company's governance. At ORLEN's 2022 annual meeting in May, the discharge proposals received a significant level of minority shareholder dissent (over 20% for the CEO and approximately 12.5% for each member of the supervisory board).

We met with representatives of ORLEN in October 2022 as we sought to better understand the board's governance approach and share our perspectives. Consistent with Vanguard's investment stewardship principles, we discussed board composition, executive remuneration, and the oversight of strategy and risk.

We communicated to ORLEN the challenges investors face in understanding and assessing director election and executive remuneration proposals without clear, useful information and how limited disclosure influenced the funds' voting decisions. While we acknowledge that market-specific factors and reporting standards may affect the level of disclosure public companies in Poland provide compared to other European markets, we advocate for greater transparency to enable investors to understand the key aspects of a company's governance, including board composition and executive pay.

Regarding ORLEN's acquisition of Polska Press in 2021, we shared that we look for clear disclosure of the rationale for any merger or acquisition, as well as board oversight of the deal and valuation processes. Boards should ensure that such transactions are considered by an independent body free from conflicts of interest. As with all board decisions, we look for the board's consideration of capital-raising, mergers, acquisitions, and other financial transactions to be determined based on the long-term interests of all company shareholders.

The Polska Press transaction received a negative market reaction, leading to a fall in ORLEN's share price. The deal also attracted criticism from various groups both domestic and international, which expressed fears around the freedom of the press in Poland. It was alleged that the Polish state, which owns about 30% of ORLEN, was directing company strategy.

We do not seek to influence public debate around societal matters such as press freedom, which go beyond corporate governance. However, we look for effective disclosure when transactions carry heightened risk, including risk to a company's reputation.

Through engaging, we gained a better understanding of the company's perspectives. We will continue to engage with ORLEN and provide feedback on its disclosure.

Increased disclosure at LG Electronics

During our first engagement with **LG Electronics (LGE)**, a South Korean digital display and home appliance manufacturer, we discussed the importance of clear, useful disclosure of material risks. Company leaders shared with us their strategy for becoming a global brand, and in that context, we encouraged them to consider more robust reporting on board composition and oversight of strategy and risk, particularly regarding supply chain management. LGE is part of one of the largest conglomerates in South Korea via holding company and minority owner LG Corp (LG). Although many of the entities under the LG umbrella are separately listed with individual boards, they collaborate frequently and share the same corporate values under the "LG Way" management philosophy.

In our engagement, LGE leaders conveyed a considered approach to board composition and dynamics. We acknowledged the recent appointment of its first female director and shared our views on how thoughtful board evolution, aligned with strategy, reflects sound governance practice.

During the engagement, we discussed how the board governs risks in LGE's supply chain, considering that the company had received allegations of forced labor in its supply chain in China. We appreciated LGE's openness to discuss the allegations and were encouraged by its willingness to inform our understanding of the board's governance processes and policies and strong commitments to best practices.

Company leaders also described LGE's strategic direction and risks. We appreciated how openly they shared the company's journey from a traditional manufacturer using carbon-based processes to a global, modern-day producer with new capabilities and eco-friendly processes.

We welcomed the constructive dialogue and look forward to continued engagements with independent board members.

Plastic packaging proposal at Sysco Corporation

Sysco Corporation (Sysco) is a U.S.-based global distributor of food and related products primarily to the food service and food-away-from-home industry. Ahead of its 2022 annual meeting, we engaged with members of Sysco's leadership and board of directors on a number of matters including a shareholder proposal regarding plastic packaging. The Sysco board did not make a voting recommendation on this proposal; typically, boards recommend votes on each proposal on their ballot and are likely to recommend votes against shareholder proposals.

Our evaluation of the proposal focused on understanding the financial materiality of the risk (in this case, plastic packaging) and the company's existing oversight, disclosure, and mitigation efforts. During our engagement, we discussed Sysco's identification of plastic packaging as a material risk and its ongoing evaluation of ways to reduce its use of plastic. The company leaders shared that it planned to increase disclosure of its plastic usage and consider steps to mitigate risks regardless of the vote outcome. It also explained that it was interested in understanding shareholders' sentiments on the topic (hence the absence of a vote recommendation).

Based on our research and engagement with Sysco, we concluded that in addition to the cited risk being material—per the company's assessment—its existing disclosures and mitigation actions related to plastic packaging did not align with industry norms. We also concluded that the proposal was not overly prescriptive, as it did not seek to dictate company strategy and provided management substantial latitude in addressing the issue. As such, we voted in support of the shareholder proposal (which received 92% of the votes cast). We look forward to ongoing engagement with Sysco to discuss how it is implemented.

Social risk management discussion at Foxconn

Hon Hai Precision Industry (trading as **Foxconn**) is a Taiwanese multinational contract electronics manufacturer and one of the largest electronics producers in the world. For years, it has faced controversies related to labor rights and working conditions. In our 2022 semiannual report, we discussed our engagement with Foxconn in February 2022, which had focused on the board's risk oversight role, particularly on social issues, and how the company was planning to make progress in monitoring those risks. The company also informed us about the planned disclosure of additional information related to environmental, social, and governance matters.

In December 2022, we followed up to discuss and provide our feedback on Foxconn's newly published ESG Insight report and to understand issues related to a COVID-19 outbreak in one of its factories in China. Our conversation was focused on enhanced reporting on the company's social risks and policies and practices. We were encouraged to see that the company disclosed short- and mid- to long-term goals related to social risks and added more detailed information about audits of key risks. We acknowledged the company's plan to expand audit coverage beyond direct suppliers and shared that we would also appreciate increased disclosure around identified shortcomings and how Foxconn determines whether risks are nonsystemic or resolved.

We learned about its response to labor disruption stemming from a COVID-19 outbreak in its Zhengzhou factory. Under the Chinese coronavirus regulations at the time, workers who contracted the virus had to be quarantined, which led to clashes with security and local police. The company explained that once it became aware of how the situation deteriorated, it collaborated with the local government on how to proceed.

The company explained how the board of directors responded to the situation. Understanding the context of the matter was helpful, and we were reassured to learn that incidents and emergencies are directly monitored by the chairman.

In both engagements, we recognized the complexity of monitoring the treatment of more than a million employees and a complex supply chain. We welcomed the company's frank communication about the challenges it faces and the improvements it seeks to make. In our view, more robust disclosure of risks and objectives related to its own operations and supply chain is positive. We look forward to continuing our dialogue.

Living wage proposal at J Sainsbury plc

J Sainsbury plc (Sainsbury's) is the U.K.'s second-largest retailer. At Sainsbury's 2022 annual meeting, the funds voted against a shareholder proposal requesting that the company become accredited by the Living Wage Foundation.

In our research, we noted that Sainsbury's disclosed that its pay practices met or were above the real living wage. The company also disclosed that a majority of its outsourced employees were paid a living wage. Beyond direct pay, the company published its practices for overseeing other employee benefits, such as employee discounts. In addition, we observed that Sainsbury's provided disclosure on its approach to balancing different stakeholder pressures and evaluating pay practices throughout the organization.

We have engaged over several years with Sainsbury's board and executive management. Leading up to the company's 2022 annual meeting, we met with the CEO and chair to discuss the board's perspective on the living wage proposal and on how the board oversees human capital management risks. We also discussed the board's perspective on navigating the cost-of-living crisis. Through the dialogue, we gained insight into the company's practices, including the board's oversight framework for issues related to the cost of living. In our assessment, the board appeared to be appropriately overseeing these risks.

As part of our analysis, we also reviewed the potential implications should the company sign up to an independent external pay benchmark though it had already made commitments regarding wages that included factoring in the real living wage, the National Living Wage, and annual peer benchmarking. We determined that the proposal's requests (which were binding) were overly prescriptive in dictating the company's operations. In our view, the setting of wages is an operational decision that is best left to executive management with board oversight. The funds therefore did not support the proposal, which ultimately received 17% support from shareholders.

Risk management at Sony Group Corporation

We have maintained a productive dialogue with **Sony Group Corporation (Sony)**, an entertainment and technology company, over several years and have engaged on a range of topics from board succession planning to its approach to climate risk.

In 2022, we had the opportunity to meet with Sony leaders on two separate occasions. We engaged with senior management in October to gain a better understanding of how the company oversees social risks, in particular those related to its complex supply chains. We were encouraged by the company's description of continuous efforts to review the supply chains for risks such as exposure to forced labor, provide training and support to suppliers, and attempt to identify and mitigate the risks by establishing a working group focused on human rights due diligence. The discussion helped us understand the oversight procedures that Sony has put in place to address risks to shareholders.

Given the important role a company's board plays in representing shareholders' interests, we also asked to speak with one of Sony's independent directors. In our experience, it has historically been difficult in Asian markets to gain access to independent directors. We were pleased to meet with an independent director who, at the time of our engagement, was the chair of the Compensation Committee and a member of the Nomination Committee to discuss board composition, the oversight of risk and strategy, and executive compensation. We focused on the board's succession planning and on what the board identified as key skills in its board skills matrix. We discussed how the board oversees risk management, including environmental and social risks. Finally, we discussed the challenges that the compensation committee faces in establishing a compensation framework appropriate for the variety of business lines that Sony operates.

These two engagements helped to provide us with a better understanding of Sony's approach to managing material risks both on a day-to-day operational basis as explained by management and from the oversight perspective of an independent board member.

Political and lobbying activities at FedEx Corporation

In 2022, we evaluated a series of shareholder proposals at **FedEx Corporation (FedEx)**, the U.S.-based freight and logistics company, focused on potential risks associated with the company's political and lobbying activities. We have regularly engaged with FedEx leaders over many years, and our discussions in advance of the 2022 annual meeting covered a range of topics, with an emphasis on the company's approach to oversight and disclosure of potential risks associated with its corporate political spending and lobbying activities. Our engagement with company leaders and directors on these issues was an important input into our decision-making process.

One of the shareholder proposals on FedEx's 2022 ballot sought additional disclosure of its lobbying payments and policies; the company had received a similar proposal at its 2021 shareholder meeting. Where material, the Vanguard-advised funds look for companies to disclose their board oversight policies, corporate political and lobbying expenditures, and memberships in a manner consistent with industry peers and market norms. Based on our analysis and engagement in 2021, we observed gaps in the disclosure of FedEx's lobbying oversight processes and spending. The company's disclosures lagged those of industry peers that regularly publish reports of their lobbying policies, expenditures, and trade association memberships. As a result of these findings, we supported the proposal in 2021.

In our 2022 engagements, company leaders described efforts to strengthen board oversight of corporate political activity, make new disclosures related to its participation in the political process, and provide greater disclosure of trade association payments. Recognizing that FedEx had made progress in enhancing its current board oversight and lobbying-related disclosure, the funds did not support the proposal requesting additional disclosure at the 2022 annual meeting.

FedEx also received two additional shareholder proposals, one that asked for a report on the congruency of political and lobbying activities with the company's stated values and another that requested a report on how FedEx's lobbying and policy activities align with the goal of the Paris Agreement. In our engagement, company leaders described their policies and processes to ensure alignment between its lobbying activities and long-term strategy that the company believes "is in the spirit of alignment with the net zero ambitions of the Paris Agreement." The company provided information on its engagement with external organizations regarding climate change legislation and committed to continuing to evaluate and update relevant disclosures over time. Based on our assessment of the company's disclosures, we supported neither of these proposals (and one was subsequently withdrawn by the proponent).

Our approach to climate risk governance

Research has shown climate change and the evolving global responses to it to be financially material to many companies and to their shareholders' long-term financial success.

We believe that boards that are most effective in protecting long-term investors' interests from material climate-related risks demonstrate relevant risk competence, robust oversight and mitigation of material climate risks, and effective disclosure of material climate risks and attendant oversight practices. In our engagements with portfolio company leaders, we explain that the funds do not seek to dictate portfolio company strategy or operations; however, we support effective disclosure of material financial risks so that these risks can be reflected in share prices and investors are equipped to make informed decisions.

Building on previous years' research activities, during 2022 we focused on understanding boards' approaches to managing two material risks identified among portfolio companies operating in sectors with high exposure to climate risks: lack of Scope 1 and 2 greenhouse gas disclosure and significant exposure to thermal coal. As part of our ongoing engagements, we also continued dialogue with other portfolio companies with material exposure to climate risk to better understand their approaches to climate risk oversight, management, and disclosure.

On Scope 1 and 2 emission disclosure

For companies in sectors with high exposure to climate risks, we believe that disclosure of Scope 1 and 2 emissions is appropriate. A small portion of these public companies have not yet provided the market with disclosure of these emissions in their operational and/or financial control.

In 2022, we undertook an analysis of our index equity portfolio to identify companies in sectors with high exposure to climate risk that were not reporting on their Scope 1 and 2 emissions. Following thorough research, we prioritized a subset for engagement based on our funds' risk exposure. We conducted outreach to confirm whether each company had provided disclosure or was in the process of doing so, or whether there were reasons why the company was not disclosing this information.

During our outreach with U.S. companies, we noted that a number of companies reported they had work already underway to provide emissions disclosures. In some cases outside the U.S., we identified companies who were not planning to provide such disclosures and did not provide us with a compelling explanation for their decision. In four such cases in the Europe, Middle East, and Africa (EMEA) and Asia-Pacific (APAC) regions, the funds withheld support for the reelection of a board member with responsibility for climate risk oversight and reporting to express our concern.

On coal exposure

In 2021, we published an overview describing how we assess board oversight, risk mitigation, and disclosure by portfolio companies with significant exposure to coal. In 2022, we engaged with several coal-exposed companies in the EMEA and APAC regions to better understand their boards' approaches to strategy and risk oversight and to understand each company's approach to disclosure of material risks. Each engagement was focused on the facts and circumstances unique to each company, including local market considerations.

One topic discussed with company leaders was how their organizations were navigating the impacts to energy markets stemming from the Russian invasion of Ukraine, including concerns about the stability, affordability, and security of energy supplies. These concerns manifested as a complicated dynamic: on the one hand, an increase in coal demand in the short- to medium-term to fill the gaps of Russian gas and, on the other, a perceived acceleration of interest in an energy transition in the medium- to long-term.

In some cases, we heard from companies about their rationale for proposing a spin-off or separation of coal assets. At other companies, we observed shareholder activism targeting coal-exposed companies and seeking an acceleration of companies' energy transition plans. In several engagements, we learned about how companies are addressing the challenge of navigating a transition from coal that balances social, economic, and environmental considerations in countries reliant on coal for energy needs.

We used our engagements to provide feedback on the climate-related disclosures these companies were providing to the market and encouraged improvements that we believed would be helpful to shareholders, such as further alignment to the TCFD recommendations and more detailed scenario analysis. These engagements enhanced our understanding of the competing priorities boards are balancing in their oversight of material climate-related risks and related mitigation strategies in alignment with the Paris Agreement,[3] the complexities of the energy transition, and, ultimately, long-term value creation for shareholders.

3 The Paris Agreement sets a goal of holding the increase in global average temperature to well below 2°C above preindustrial levels and pursuing efforts to limit the temperature increase to 1.5°C above preindustrial levels. It does not prescribe a single pathway to reach those goals. Rather, it is a binding international treaty that requires all countries to commit to, communicate, and maintain national-level greenhouse gas budgets to achieve the global temperature goal. The Vanguard-advised funds do not dictate company strategy. As shareholders, the Vanguard-advised funds seek to understand whether and how companies and their boards are planning for resiliency against the backdrop of this stated policymaker goal. We believe that boards are responsible for determining risk mitigation approaches to maximize shareholder value in their companies and planning for an uncertain future. Where there are legally binding or government-designated budgets for different industry sectors associated with the agreement, we believe companies should disclose how their targets and strategies are appropriate in the context of those factors.

Engaging with South African coal mining companies

In 2022, we engaged separately with two South African coal mining companies—**Exxaro Resources (Exxaro)** and **Thungela Resources (Thungela)**. Our purpose was threefold: We established an open line of communication with company leaders to continue a constructive dialogue, developed a better understanding of each board's oversight of material climate risks and long-term strategy, and shared our perspective on effective disclosures.

At companies with significant exposure to thermal coal, we seek to understand the actions that boards take to identify, understand, and mitigate material risks related to the expected transition away from thermal coal in order to support the long-term value of Vanguard-advised funds' investments in these companies.

Exxaro leaders provided context regarding the company's approach to board refreshment and changes in board committees overseeing material business risks. They explained that the areas of oversight of different committees create synergies and overlap and how different skills from each committee contributed to effective board dynamics. They noted a shifting organizational mindset from focusing on risks and compliance to assessing business resilience and opportunities.

Thungela's chair spoke about the experience, diversity of thought, and commitment of the company's relatively new board. We encouraged the company to consider potential improvements in public disclosures of the governance oversight processes of material climate risks and measures to ensure the board has access to relevant skills and expertise to provide shareholders with increased transparency into these matters.

While recognizing the long-term implications of climate risk on their businesses in the coming decades, both companies expressed confidence in the strong fundamentals of coal demand over the next 10 to 15 years as well as a determination to generate value from the favorable commodity price cycle to create value for shareholders. Leaders from both companies noted the importance of ensuring a transition from coal that balances social, economic, and environmental considerations, particularly in South Africa, which remains reliant on coal for its energy needs.

Both Exxaro and Thungela conveyed that they are focused on reducing their operational emissions according to published targets and that they recognize the critical role innovations, new technologies, and value chain partnerships will play in the energy transition. At the same time, the companies articulated that they were pursuing different strategic approaches and value propositions for investors. Exxaro stated it was developing a phased decarbonization plan and aimed to be, over time, a diversified company providing energy and mineral resources for a low-carbon economy. Thungela said that its strategy was based on a view that coal supply would persist and that the company was not looking to diversify its portfolio but rather was focused on being a responsible owner and operator of coal mines.

We acknowledged the disclosures that the companies were providing to the market to help investors understand their approaches to governing and managing material climate risks. We asked how each company was considering updating its scenario analysis to account for evolving policies and regulation. We also encouraged closer alignment of climate-related disclosures with the TCFD recommendations to enhance consistency and comparability of both companies' reporting. Exxaro stated it would review its climate reporting during 2023. Thungela had previously committed to issuing a fully compliant TCFD report in 2023.

Climate-related proposals at J-POWER

Electric Power Development Company (J-POWER) is a wholesale supplier of hydroelectric and thermal power in Japan. It owns and operates a network of hydroelectric, thermal, wind, and geothermal power plants and provides electricity and transmission services to major electric power companies. Over the course of 2022, we engaged twice with company executives to discuss J-POWER's board's oversight of strategy and risk, with particular regard to financially material risks related to a global transition to a lower carbon energy source.

Among other governance-related topics, our discussions covered the climate-related shareholder proposals received by J-POWER at its 2022 annual general meeting. We were interested in better understanding the company's approach to setting climate targets and to providing shareholders with effective disclosures to allow the market to accurately price the company's financially material climate risks.

Our research and analysis suggested that two shareholder proposals did address potentially material issues. The first asked for disclosure of business plans aligned with the goals of the Paris Agreement, and the second sought an evaluation of the consistency between capital expenditure and greenhouse gas emission reduction targets. The Vanguard-advised funds ultimately voted against the proposals as we deemed them overly prescriptive in dictating company strategy and day-to-day business operations, which we believe is a responsibility that belongs to a company's board and management team.

A third shareholder proposal requested disclosure around executive remuneration and the link to greenhouse gas emissions reduction targets. Given the general lack of disclosure on remuneration in the Japanese market, stipulating this specific provision in the articles of incorporation did not, in our view, seem beneficial to shareholders. While clearer disclosure around executive remuneration generally is desirable, we recognize this is not yet standard practice in the market and making it a requirement for one company may put it at a disadvantage to peers.

In our second engagement, toward the end of 2022, we explained our views on the proposals and the funds' voting rationales. We provided detailed feedback on areas of alignment between the proposal requests and our views and perspectives on effective climate-related reporting and on the benefits we could see for the company and its shareholders in improving climate-related disclosures provided to investors.

The constructive conversations we had with company leaders, each time building on previous dialogue, gave us confidence that the board has been taking steps to employ market-leading practices in terms of governance and engagement. In our research, we found some areas for improvement in the company's climate-related disclosures. Through our engagements, we received helpful clarifications on some aspects that lacked transparency and noted that these areas may also have been unclear for other investors. Company leaders acknowledged our feedback and committed to improving the clarity of disclosures to demonstrate strategic alignment and consistency of risk mitigation practices. We will continue to engage on these areas and look forward to seeing improvements.

Oversight of climate-related risks at Goldman Sachs

We engaged with leaders at Goldman Sachs, a U.S.-based financial services company, in advance of the company's 2022 annual meeting to discuss several matters on the ballot, including a shareholder proposal to adopt a policy that would proactively ensure that Goldman Sachs' underwriting and lending activities did not contribute to new fossil fuel development. Through our engagement, we found that Goldman Sachs' directors spoke credibly and evidenced appropriate oversight of the company's climate-related risks and opportunities.

In our research, we reviewed Goldman Sachs' public disclosures and commitments related to climate risks. The company had previously committed to increasing disclosure on certain financed emissions, outlined a prioritized set of targets for 2030, and shared a detailed explanation of its governance framework that provides oversight of climate-related risks. These disclosures further evidenced the board's sufficient oversight of potential financially material climate-related risks.

Additionally, in reviewing the shareholder proposal, we determined that it was overly prescriptive in that it effectively dictated a change in the company's strategy and/or operations. The Vanguard-advised funds do not seek to dictate company strategy or operations and believe such matters appropriately belong to the company's management team under the oversight of its board. As such, the funds did not support the proposal, which failed after receiving 11% support.

"Say on Climate" proposals

Say on Climate proposals seek an advisory vote from shareholders on a company's approach to climate strategy. We previously outlined our perspectives on governance and disclosure provisions that a company may consider when it seeks to hold a Say on Climate vote. In proxy year 2022, we observed an increase in the number of boards that presented and recommended shareholder support of a Say on Climate resolution at their companies' annual meetings. The majority of these resolutions were put forward by companies in Europe, South Africa, and Australia and operating in sectors exposed to material climate-related risks.

After thorough analysis of each proposal on a case-by-case basis, Vanguard-advised funds supported all Say on Climate proposals submitted by management at companies in the European, Middle Eastern, and African regions, which generally drew high levels of support from shareholders. We engaged with companies to better understand their boards' approaches to oversight of climate-related risks and strategies and encouraged improvements in reporting over time. We supported disclosures that showed appropriate risk governance and progress in risk management.

Conversely, the funds did not support Say on Climate resolutions at two Australian energy companies, **Santos Ltd.** and **Woodside Energy Group Ltd**. While we recognized helpful context in each company's climate reporting, we determined it was not in the best interests of shareholders to support proposals that failed to comprehensively address the most significant area of material climate risk for either company in a meaningful way.

Emissions targets proposal at Valero Energy

In advance of the annual meeting of **Valero Energy (Valero)**, a U.S.-based independent refiner with ethanol and renewable diesel businesses, we met with company executives to discuss a shareholder proposal. The proposal requested that the company disclose near- and long-term greenhouse gas emissions reduction targets, including its full range of operational (Scopes 1 and 2) and supply chain (Scope 3) emissions, aligned with the Paris Agreement's goal of limiting the global average temperature rise to 1.5 degrees Celsius, and a plan to achieve them. We sought to learn more about the board's role in overseeing, mitigating, and disclosing material risks that may affect long-term shareholder value and to better understand how this proposal could impact company strategy.

During our engagement with Valero, executives explained the company's strategy to generate shareholder value under low-carbon-economy scenarios, including its current plan to address the company's Scope 1 and 2 emissions. In 2020, Valero publicly disclosed a near-term target to reduce or offset 63% of its global refining Scope 1 and 2 greenhouse gas emissions by 2025 and a medium-term target to reduce or offset global refining Scope 1 and 2 emissions by 100% by 2035.

Scope 3 greenhouse gas emissions represent the majority of the emissions footprint of companies in the oil and gas industry and, based on disclosures of Valero's peers, a material risk. Despite this, Valero did not disclose its Scope 3 greenhouse gas emissions, making it an outlier among industry peers. When we engaged with company leaders, we encouraged increased disclosure of Scope 3 emissions data given their apparent materiality to Valero.

The company expressed concern that setting a net-zero-by-2050 Scope 3 target would imply a reduction in business because of the nature of the refining business model. In September 2021, Valero produced its first TCFD report and, during our engagement, disclosed that it was updating the report with more scenario analysis.

Following our engagement and review of Valero's proxy statement and relevant disclosures, we determined that although the company was an outlier in its industry in not disclosing Scope 3 emissions data, the proposal's request to disclose Scopes 1, 2, and 3 greenhouse gas emissions reduction targets and achievement plan was overly prescriptive and not reasonable in light of the company's stated strategy and the impact a Scope 3 reduction target could have on its business. Thus, the Vanguard-advised funds did not support this proposal, which failed to pass after receiving 42.4% support.

Executive compensation

We believe that performance-linked executive pay policies and practices are fundamental drivers of sustainable, long-term value. In evaluating companies' approaches to executive compensation, we look for pay plans that incentivize outperformance relative to industry peers over the long term. We do not believe in a one-size-fits-all approach to executive compensation. As a result, we seek to better understand, through a company's disclosure and through engagements with board members, how the board both designs and oversees compensation plans that incentivize executives to create long-term value for shareholders.

Ongoing engagement with Apple, Inc., on executive compensation

We have regularly engaged over the past several years with leaders and board members from **Apple, Inc. (Apple)**, the U.S.-based technology and consumer electronics company, to discuss a range of governance issues, including board composition and the board's oversight of risk. Our most recent engagements have focused on the design of a long-term incentive award for the company's CEO. We used these engagements to inform our advisory vote on the company's executive compensation plans (our Say on Pay vote).

The equity component of the Apple CEO's compensation over the last decade was the result of grant decisions made upon his assumption of the role in 2011; as a result, his equity grants for 2022 were the first additional grants he's received in 10 years. Our preliminary analysis of this $75 million award, granted as a mix of performance share units and restricted stock units, raised questions about its magnitude relative to similarly situated companies and its linkage to the company's performance.

In our engagement with Apple leaders, they emphasized the board's oversight of the executive compensation benchmarking process. While the board's Compensation Committee is ultimately accountable for executive compensation, it was evident that the entire board of directors was engaged in and supportive of the plan as designed. The potentially significant value of these grants appeared reasonable given the company's market capitalization and revenue relative to its peers. Our concerns were further mitigated by the linkage of 50% of the award's value to the company's outperformance relative to peers over three years. We expressed to the board our preference that a majority of equity compensation be performance-linked, but we ultimately supported the company's compensation plan because of its deliberate approach.

Apple 's Say on Pay vote received a relatively low aggregate level of support from all shareholders. As a result, it disclosed in early 2023 a reduction in the CEO's aggregate pay by more than 40% and an increase in his performance-linked equity compensation from 50% to 75% going forward.

CEO compensation at Intel Corporation

We have a similarly long-term track record of engaging with **Intel Corporation (Intel)**, a leader in computing and connectivity technologies, regarding the compensation of its executives. Despite our support, the company has failed to receive majority shareholder support for Say on Pay over the last three years. In 2022, driven by concerns about the compensation of its newly appointed CEO, we voted against Say on Pay at Intel, which ultimately received support of less than 35% of the votes cast.

We engaged with members of the company's board to discuss our concerns and understand their perspectives to inform our vote. Among other things, the board members described a highly competitive environment for attracting executive talent coupled with the distinct, deep technical expertise offered by their CEO that, in their view, necessitated the significant new-hire awards. While it was helpful to understand the board's rationale, we remained concerned about the magnitude of the pay package relative to peers as well as the rigor and short-term nature of certain metrics.

Subsequent to the shareholder meeting, Intel proposed several changes to the CEO's new-hire awards and future compensation plans. In November 2022, the company announced that it had amended the terms of the CEO's contract to raise the performance hurdles and extend the vesting periods for certain components of the plan, addressing in part a number of the concerns that we had raised. We will continue to engage in an ongoing dialogue with the Intel board on these matters, and we appreciate its responsiveness to shareholder input.

Executive remuneration at Amadeus IT Group SA

Amadeus IT Group SA (Amadeus) is a Spain-based provider of technology solutions to the global travel industry. Over the course of 2022, we had multiple conversations with company leaders about its remuneration practices.

The Vanguard-advised funds voted against approving Amadeus's remuneration report at its 2021 annual meeting. The funds' votes reflected concerns about payouts made to executives following adjustments to in-flight variable incentive schemes in the context of dividends being canceled and a decline in the company's share price. In addition, our research found a lack of disclosure of annual bonus target performance levels and weightings. Following our independent assessment, we did not find a clear linkage between pay and performance outcomes. The remuneration report did not receive majority support at the 2021 annual meeting.

In early 2022, the company provided context for the decision to make amendments to its variable incentives. It cited a need to focus management on a new set of business priorities during the pandemic as well as talent retention concerns. We shared our perspectives and encouraged improvements in disclosure of elements of its incentive structures such as performance targets to better highlight the linkage between pay and performance outcomes. Amadeus was receptive to our feedback and committed to address shareholder concerns, including reporting over and above Spanish regulatory requirements, ex post disclosure of key remuneration elements, and a commitment not to exercise upward discretion over certain in-flight variable incentives.

At Amadeus's 2022 annual meeting, 91% of shareholders, including the Vanguard-advised funds, supported the remuneration report in recognition of the company's responsiveness and improvements.

Our conversations with Amadeus leaders regarding remuneration continued in the latter half of 2022, and topics covered included pay comparator groups and the use of ESG metrics in remuneration. We encouraged Amadeus to consider how pay is benchmarked, balancing the European context against a more global setting to achieve pay-for-performance alignment. With respect to ESG metrics, as Amadeus had chosen to include these in its pay structure, we encouraged the company to ensure that the metrics chosen were financially material and disclose measurable and rigorous targets.

Lack of support for JPMorgan Chase & Co.'s compensation plan

Our most recent engagement with leaders and board members from **JPMorgan Chase & Co. (JPMorgan)**, a U.S.-based bank and financial services company, focused on executive compensation, specifically a one-time $53 million retention option grant for the CEO and a similarly designed $28 million retention option grant for a named executive officer who serves as the company's president and COO. We have engaged with JPMorgan over several years on a range of matters from board composition to risk oversight.

The company disclosed that the option grant in question "reflects the board's desire for [the CEO] to continue to lead the firm for a further significant number of years." When an executive compensation plan includes a significant one-time award, we seek to understand the extent to which the executive's and shareholders' interests are aligned. To that end, we expect a significant portion of executive pay to be linked to the company's relative performance.

In this case, while the form of the award imposed certain downside risk for the executive, it also offered potentially disproportionate upside benefits linked to the company's absolute performance even if it underperforms its peer group on a relative basis. In our assessment, the lack of rigorous performance metrics coupled with time-based vesting created a potential misalignment between executive pay and the company's relative performance. Based on these concerns, we did not support the Say on Pay proposal; in aggregate, nearly 70% of the votes cast were against the company's executive compensation program.

Termination benefits at Bapcor Limited

In October 2022, we engaged with **Bapcor Limited (Bapcor)**, an Australian-based provider of automotive parts and accessories, to discuss termination benefits for its former CEO, which required shareholder approval at the company's 2022 annual meeting.

Executive compensation has been a focal point in our discussions with Bapcor since the Vanguard-advised funds voted against the company's remuneration report in 2020; in total, the remuneration report only received 57% support. We engaged with Bapcor twice in 2021. In January 2021, we shared our concerns with the company's approach to compensation, including in-flight adjustments of short-term plans' targets and a lack of disclosure of targets and metrics. In October 2021, we engaged to discuss the changes it had made as a result of shareholder feedback ahead of the 2021 AGM.

The high level of shareholder dissent to the remuneration report in 2020 resulted in a resolution at the 2021 AGM that asked shareholders whether all board directors should stand for reelection (sometimes referred to as a "spill resolution"). The Vanguard-advised funds did not support the spill resolution because of the board's responsiveness to shareholder concerns, and it ultimately did not pass.

At Bapcor's 2022 annual meeting, shareholders were asked to vote on termination benefits for the former CEO. Upon reviewing the proposed terms of the arrangement, we felt it prudent to engage with the Remuneration Committee chair to clarify some aspects of the termination benefits and raise concerns about the high potential payout for an executive who was no longer with the business. While the company provided us with additional context, we maintained concerns regarding the generous short-term incentive plan payout, which was not pro-rated, in addition to the large separation payment. Ultimately, it was not clear to us how the termination benefits would benefit long-term shareholder value, and the funds voted against the proposal, along with the majority of other shareholders.

More generally, we have been encouraged by the progress that Bapcor has made in relation to its executive compensation practices and acknowledge the board's efforts to address shareholder concerns.

Remuneration in the Netherlands

In 2022, we engaged with listed companies representing well over half of the Vanguard-advised funds' AUM in the Netherlands. Most of our engagements covered executive compensation, as related proposals were some of the most contested during the Dutch 2022 annual meeting season.

Dutch law requires the submission of a remuneration report at a company's annual meeting for an annual advisory vote as well as submission of the remuneration policy for a binding vote at least every three years. Unique in the European market, Dutch companies are required to disclose how they consider social acceptance of other stakeholders, including employees, consumers, and the public at large, when formulating their remuneration policies. We have observed that while many Dutch companies have remuneration plans that are well-aligned to the interests of both shareholders and other stakeholders, others demonstrate room for improvement in terms of disclosure and alignment with long-term shareholder value considerations.

In 2022, the funds supported a large majority of remuneration reports and policies in the Netherlands. However, the funds voted against some policies because of concerns over their lack of focus on long-term value creation and shareholder alignment and against some remuneration reports based on concerns regarding limited disclosure of incentive plans and targets. At some companies, the funds voted against relevant board committee members for failing to act on high shareholder dissenting votes from the prior year, when we had concerns regarding key aspects of executive remuneration.

This year, nearly two dozen Dutch companies in our holdings received more than 20% dissent on remuneration policies or disclosures. We sought to engage with all of them, including those about which the funds did not have particular concerns, to share our approach to long-term-focused, performance-linked executive remuneration and to better understand their approach to setting and disclosing executive pay and considering the views of their investors.

Compensation concerns at Jefferies Financial Group, Inc.

We have engaged regularly over the years with members of the board and leadership at **Jefferies Financial Group, Inc. (Jefferies)**, a U.S.-based investment banking and capital markets firm, regarding its executive compensation practices. During these discussions, we have raised concerns regarding the company's executive pay relative to peers (particularly in light of its unique dual leadership structure), complex pay structure, and limited visibility of the alignment of pay and performance. In response to these concerns, we (and other shareholders) have voted against the company's advisory Say on Pay proposal multiple times in recent years. In response to shareholder feedback, Jefferies has made improvements to its compensation program by incorporating more rigorous performance criteria, more clearly articulating the leadership structure, and explaining the committee's process in structuring pay.

Despite these improvements, the funds again voted against Jefferies' Say on Pay proposal (and withheld support for members of the board's compensation committee) at the 2022 shareholder meeting. Our opposition was driven by substantial one-time retention awards granted to the company's co-leaders. In addition to general questions regarding the appropriateness of one-time awards, we were also concerned with the time-vesting nature of these grants (without linkage to the company's performance relative to its peers). The proposal only received 53% support.

In addition to engaging ahead of the vote to share our concerns and better understand the Compensation Committee's rationale, we also had a follow-up discussion with the committee chair in December 2022 to understand how the company might respond to the vote outcome. The Compensation Committee chair committed to further increasing disclosure to provide greater insight into the committee's process and help investors understand how it will judge each of the dual leaders' performance.

We appreciate the steady and constructive dialogue the company has engaged in and its responsiveness to shareholder input.

Severance proposals at U.S. airlines

During 2022, a number of issuers received shareholder proposals requesting that boards seek shareholder approval of "any senior manager's new or renewed severance or termination agreement with an estimated value exceeding 2.99 times the sum of the executive's base salary plus short-term target bonus." This proposal was particularly common among U.S.-based airline companies, including **Southwest Airlines Co., Allegiant Travel Company, and Alaska Air Group, Inc.**

While the funds' policies provide substantial latitude to boards in structuring executive compensation (including severance arrangements), in some instances we believe that shareholder approval should be required. If a company enters into a new or renewed severance arrangement that provides cash severance (excluding the value of any accelerated equity) in excess of 2.99 times cash compensation, we look for it to bring the adjusted arrangement to a vote at the next practicable shareholder meeting. The 2.99 times threshold is linked to IRS rules that impose tax penalties on the recipients and limit the deductibility by companies of "excess severance." From a practical perspective, we believe ratification of such arrangements after the fact gives a board and compensation committee the necessary flexibility to negotiate a compensation package while giving shareholders a voice if cash severance exceeds generally accepted levels. Finally, our general view is that all severance payments (both cash and equity) related to changes in control should be "double trigger" (there must be a change in control AND the executive must lose their job as a result).

Vanguard engaged with leaders from these companies, including members of management and the boards, on this proposal to better understand their current severance practices and share our perspectives. At the time of our initial engagements, none of the issuers had a publicly available policy on severance agreements. In our discussions, we encouraged them to consider policies to bring any future excessive cash severance to shareholders for ratification and sought to understand their boards' willingness to hear and consider that practice. In each of these discussions, we were encouraged by the issuers' current practices and their commitment to bring the matter to their boards for internal consideration. In light of each company's current practices and expected future board discussions, the funds did not support the shareholder proposals.

Subsequent to our conversations, both Southwest Airlines and Alaska Air amended their practices and will subject future cash severance agreements in excess of 2.99 salary plus bonus to a shareholder ratification vote.

New remuneration requirements at Australian banks and insurers

Over recent years, we have engaged with portfolio companies in Australia's banking, wealth management, and insurance sectors concerning issues raised by the Financial Services Royal Commission into Misconduct in the Banking, Superannuation, and Financial Services Industry report in 2019. As a result of the report, the Royal Commission is implementing new executive remuneration standards for prudentially supervised institutions (banks, insurers, and superannuation funds). These requirements were set by the sector's prudential regulator, the Australian Prudential Regulatory Authority (APRA), in late 2021 and will take effect in phases beginning in 2023.

One notable aspect of the new APRA standards is a requirement for boards to give "material weight" to nonfinancial measures in remuneration plans for CEOs and key executives. These measures will need to apply to both short-term and long-term variable rewards and be explained in the context of the specific risk environment in which the company operates.

In our engagements with Australian banks and insurers during 2022, including **AMP Limited, Australia & New Zealand Banking Group, Commonwealth Bank of Australia Limited, Insurance Australia Group, Macquarie Bank Limited, National Australia Bank, and Westpac Banking Corporation**, we noted a heightened awareness of the challenges boards face in meeting the new requirements. This was particularly evident with respect to the design of long-term incentive plans, which have traditionally been based solely on financial metrics such as total shareholder return (TSR) and/or earnings per share (EPS). In our engagements, board and remuneration committee chairs expressed that TSR and EPS, along with other traditional financial metrics, were generally easier to quantify and demonstrate alignment to financial outcomes than the broader set of considerations, such as customer outcomes and community standards, that they now need to include in designing executive remuneration plans.

We observed that the banks and insurers we have engaged with in Australia have made significant progress in reviewing their remuneration frameworks. This includes refining (or in some cases introducing) policies regarding the exercise of board discretion to withhold variable awards for probity or conduct reasons (often referred to as "malus" and "clawback" policies). Some boards have also begun to introduce specific nonfinancial measures into executive remuneration plans relating to issues such as corporate reputation, customer satisfaction, and risk culture.

The funds will closely scrutinize the remuneration structure changes that Australian financial institutions make in response to these regulatory changes in 2023. Based on our engagements, we expect that the nonfinancial metrics adopted will reflect the risk environment each institution faces, be measurable against criteria and targets that are disclosed in advance, and not reward executives with extra compensation for undertaking work that should be considered part of their core responsibilities.

Use of discretion at Corporate Travel Management

At the 2022 annual meeting of **Corporate Travel Management (CTM)**, an Australia-based business travel management company, the Vanguard-advised funds did not support the remuneration report. As a global provider of business travel management solutions, CTM's business experienced acute stress when governments around the world mandated travel restrictions in response to the outbreak of COVID-19. During the pandemic, CTM made more than 1,000 employees redundant, reported consecutive net losses after tax, did not pay dividends, leveraged government support, and instituted various cost-saving strategies throughout the organization, with all executives taking a 25% pay cut and receiving no short-term or long-term awards.

As global travel restrictions eased, CTM removed various cost-saving strategies, reinstated dividends, and began to rebuild the business. To retain and incentivize management, the company revised its long-term incentive plan (LTIP) and split the awards into two tranches: one vesting upon one year of continued employment and the second upon meeting EPS growth targets in two years. The Vanguard-advised funds supported these revisions when they were made.

At CTM's 2022 annual meeting, the second tranche of CTM's LTIP was tested. The business had failed to meet the EPS targets; however, the board exercised upward discretion and allowed 100% of the award to vest. Vanguard-advised funds look for a robust and compelling rationale when a company uses discretion to deviate from remuneration plans previously supported by shareholders and considers such decisions in the context of the overall remuneration structure. We engaged with the Remuneration and Sustainability Committee chair to understand the board's perspective ahead of the annual meeting. The board believed that failing to meet the EPS target did not reflect the performance achieved, considering EBITDA growth.

While engagement with the Remuneration and Sustainability Committee chair was helpful, and we appreciated the board's receptiveness to wider feedback on remuneration structure and disclosure, ultimately, the Vanguard-advised funds voted against the remuneration report, finding the rationale insufficient to allow 100% of the awards to vest.

Shareholder rights

We believe in the importance of governance structures that empower shareholders and ensure accountability of the board and management. We believe that shareholders should be able to hold directors accountable as needed through certain governance and bylaw provisions. Among these preferred provisions are that directors must stand for election by shareholders annually and must secure a majority of the votes in order to join or remain on the board. In instances where the board appears resistant to shareholder input, we also support the right of shareholders to call special meetings and to place director nominees on the company's ballot.

Shareholder rights proposals at Netflix, Inc.

Netflix, Inc. (Netflix), the U.S.-based streaming service and production company, had multiple proposals on the ballot at its 2022 shareholder meeting that focused on aspects of shareholder rights; three of these were put forth by the company, and one was presented by a shareholder.

We have engaged with members of the Netflix management team and the board multiple times over the last five years. In that time, we have encouraged refinements to Netflix's corporate governance structure—which has limited shareholder rights relative to market norms—through engagement, voting in support of shareholder proposals on certain governance matters, and voting against directors for not implementing majority-supported shareholder proposals. After years of resisting many of these reforms, Netflix chose to adopt a number of these refinements—explaining that it now considered them appropriate at this stage of the company's life cycle—pending approval at its 2022 shareholder meeting.

Specifically, the company sought shareholder approval for the following changes:

- Declassification of the board, requiring all directors to stand for election each year (as opposed to serving staggered three-year terms). In our view, annual election of directors protects against board entrenchment by providing an accountability mechanism to shareholders for all directors each year.
- Elimination of supermajority voting provisions, enabling changes to the company's charter and by-laws to be approved by a majority of shares outstanding (as opposed to the then-current 66-2/3% requirement).
- Granting a group owning at least 20% of the company's outstanding shares the right to call a special meeting of shareholders. This provision provides an avenue for shareholders to effect change beyond the annual meeting cycle (which is under the company's control).

In each of these cases, because the changes recommended by the company (and supported by the board) are aligned with our views on fundamental shareholder rights, we supported the proposals, and they received sufficient votes from all shareholders to be approved.

Netflix also received a shareholder proposal regarding the elimination of supermajority voting provisions. Because of the company's binding proposal to do the same thing and the duplicative nature of this nonbinding shareholder proposal, we did not support it.

We look forward to Netflix's continued progress on corporate governance matters with the implementation of these changes.

Shareholder voting rights at Alphabet Inc.

At their 2022 annual meeting, shareholders of **Alphabet Inc. (Alphabet)**, the U.S.-based technology company, voted on, among other items, a shareholder proposal seeking equal shareholder voting rights. Currently, Alphabet has three classes of outstanding common stock: Class A, which has one vote per share; Class B, which has 10 votes per share; and Class C, which is nonvoting. Virtually all of the Class B shares are owned by the company's founders, giving them majority voting rights. Other shareholders, including the funds, are the owners of the Class A and Class C shares.

We believe that shareholders' voting rights should be proportionate to their economic interest in a company and that the alignment of voting and economic interests is a foundational component of good governance. While we analyze shareholder proposals on a case-by-case basis, we will typically support proposals that request a recapitalization of the company to provide all outstanding stock one vote per share. Early-stage, founder-led companies, those that have adopted a "sunset" provision (in which voting rights are equalized over time), and those with broad-based employee ownership may garner the funds' support for exceptions from our general expectations; Alphabet did not meet any of these criteria.

We have engaged with Alphabet on these matters multiple times over the past five years and have supported similar shareholder proposals every year since 2016. While these proposals are consistently supported by an overwhelming majority of Class A shareholders, the disproportionate majority voting rights of Class B shareholders have prevented the proposals from being approved.

Special meeting proposal at Texas Instruments

Texas Instruments Incorporated (TI) is a U.S.-based technology company that designs and manufactures semiconductors and integrated circuits. At the company's 2022 annual meeting, the funds evaluated a shareholder proposal that sought to reduce the ownership threshold to call a special meeting from 25% to 10% of outstanding shares.

Shareholder rights such as the right to call a special meeting are critical elements of a company's governance structure. Boards should not unnecessarily limit such rights as they provide mechanisms through which directors may be held accountable to act in the best interest of the shareholders they represent. When a company does not provide its shareholders with any right to call a special meeting, the funds are more likely to support proposals (from either management or shareholders) with ownership thresholds of 10% or more. If, on the other hand, a company already provides the right to call a special meeting at a threshold of 25% or below, the funds are less likely to support shareholder proposals to reduce that threshold.

Because TI already provides shareholders representing 25% or more of outstanding shares the right to call special meetings, the funds voted against the proposal. It did not receive a majority of the votes cast, which was necessary for approval.

Lack of responsiveness to shareholder concerns at Global Net Lease, Inc.

At the 2022 annual meeting of **Global Net Lease, Inc.**, a U.S.-based REIT, the funds withheld support from the chair of the board's Nominating and Governance Committee (who also serves as the independent chair of the board) because of a lack of responsiveness to shareholder concerns regarding the oversight of director elections and appointments.

At the 2021 annual meeting, a majority of shareholders (including the funds) voted against members of the board's Governance Committee because of their adoption of a stockholder rights plan (also known as a "poison pill") that limited shareholder rights without shareholder approval. Despite these directors' failure to receive majority support (and absent redemption or shareholder approval of the poison pill), they remain on the board as so-called "zombie directors." When this occurs, the funds may withhold future support from members of the board's nominating committee.

Effective corporate governance requires that boards and management serve in the best interests of the shareholders they represent. Investors' ability to elect company directors is critical to ensuring this alignment of interests. We look for boards to respond to submajority director votes by either replacing such directors or remediating the underlying concern (in this case, the unapproved poison pill). Having observed no response to the shareholder concern reflected in these votes, the funds voted against the reelection of the Nominating and Governance Committee chair.

Proxy voting history

Global summary of proxy votes cast by Vanguard-advised funds in the 12 months ended December 31, 2022:

- Vanguard-advised funds cast 184,521 individual votes in 2022, up slightly from the previous year.
- Board member elections, compensation, and capitalization issues continued to account for the majority of ballot items.
- Total shareholder proposals in the reporting period numbered 5,506, up 4% from the previous year.

Americas

Alignment with our principles	Proposal type	Management: Number of proposals	Management: % for	Shareholder: Number of proposals	Shareholder: % for
Board composition and effectiveness	Elect directors	29,027	91%	211	67%
	Other board-related	1,350	61%	74	7%
Oversight of strategy and risk	Approve auditors	4,646	100%	–	–
	Environmental and social	2	100%	323	9%
Executive compensation	Management Say on Pay	3,253	94%	–	–
	Other compensation-related	2,199	79%	24	0%
Shareholder rights	Governance-related	1,025	89%	218	18%
Other proposals	Adjourn/other business	1,209	90%	–	–
	Capitalization	1,166	93%	–	–
	Mergers and acquisitions	395	97%	–	–
	Other	–	–	30	13%

U.K.

Alignment with our principles	Proposal type	Management: Number of proposals	Management: % for	Shareholder: Number of proposals	Shareholder: % for
Board	Elect directors	4,451	98%	–	–
	Other board-related	16	88%	–	–
Risk oversight	Approve auditors	1,180	100%	–	
	Environmental and social	17	100%	3	0%
Compensation	Management Say on Pay	772	94%	–	–
	Other compensation-related	185	97%	1	0%
Shareholder rights	Governance-related	556	100%	–	–
Other proposals	Adjourn/other business	845	100%	–	–
	Capitalization	2,792	100%	–	–
	Mergers and acquisitions	120	100%	–	–
	Other	–	–	1	0%

Proxy voting history

Global summary of proxy votes cast by Vanguard funds in the 12 months ended December 31, 2022:

Europe

Alignment with our principles	Proposal type	Management: Number of proposals	Management: % for	Shareholder: Number of proposals	Shareholder: % for
Board	Elect directors	4,909	83%	179	51%
	Other board-related	5,508	95%	168	64%
Risk oversight	Approve auditors	1,296	97%	–	–
	Environmental and social	19	100%	17	0%
Compensation	Management Say on Pay	2,340	73%	–	–
	Other compensation-related	1,773	92%	11	9%
Shareholder rights	Governance-related	549	95%	8	25%
Other proposals	Adjourn/other business	3,307	93%	–	–
	Capitalization	3,585	95%	–	–
	Mergers and acquisitions	188	89%	–	–
	Other	–	–	88	19%

Middle East, Africa

Alignment with our principles	Proposal type	Management: Number of proposals	Management: % for	Shareholder: Number of proposals	Shareholder: % for
Board	Elect directors	2,145	51%	4	0%
	Other board-related	1,074	95%	1	0%
Risk oversight	Approve auditors	453	86%	–	
	Environmental and social	2	100%	3	100%
Compensation	Management Say on Pay	274	85%	–	–
	Other compensation-related	849	90%	–	–
Shareholder rights	Governance-related	1,082	57%	–	–
Other proposals	Adjourn/other business	957	91%	–	–
	Capitalization	672	95%	–	–
	Mergers and acquisitions	669	93%	–	–
	Other	–	–	6	0%

Proxy voting history

Global summary of proxy votes cast by Vanguard funds in the 12 months ended December 31, 2022:

Asia

Alignment with our principles	Proposal type	Management: Number of proposals	Management: % for	Shareholder: Number of proposals	Shareholder: % for
Board	Elect directors	24,730	95%	3,021	96%
	Other board-related	6,540	65%	116	33%
Risk oversight	Approve auditors	3,889	99%	–	–
	Environmental and social	–	–	57	0%
Compensation	Management Say on Pay	3	100%	–	–
	Other compensation-related	6,909	90%	115	77%
Shareholder rights	Governance-related	9,859	76%	46	87%
Other proposals	Adjourn/other business	13,962	92%		–
	Capitalization	18,172	98%		
	Mergers and acquisitions	5,870	97%		
	Other			746	78%

Australia, New Zealand

Alignment with our principles	Proposal type	Management: Number of proposals	Management: % for	Shareholder: Number of proposals	Shareholder: % for
Board	Elect directors	850	96%	6	67%
	Other board-related	33	24%		
Risk oversight	Approve auditors	66	100%		
	Environmental and social	8	75%	18	0%
Compensation	Management Say on Pay	307	93%		
	Other compensation-related	658	93%		
Shareholder rights	Governance-related	124	99%	11	0%
Other proposals	Adjourn/other business	4	100%		
	Capitalization	109	99%		
	Mergers and acquisitions	65	100%		
	Other			6	0%

Company engagements

The following table lists the 1,304 companies that Vanguard's Investment Stewardship team engaged with during the 12 months ended December 31, 2022.

Bullets (•) indicate primary topics of the engagement. However, because these are open dialogues that can cover a wide range of issues over multiple discussions, secondary topics often arise.

For example, board composition discussions can cover topics such as board independence, 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 relevant risks. Our discussions on executive compensation look at remuneration in comparison with relevant peers and its linkage to long-term performance benchmarks. Our meetings about shareholder rights policies 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
3M Co.	•	•		
22nd Century Group, Inc.	•	•	•	
A10 Networks, Inc.	•	•		•
A.G. Barr plc			•	
A.P. Moller-Maersk A/S	•	•	•	
AAR Corp.			•	
Aareal Bank AG		•	•	
Abbott Laboratories	•	•		•
AbbVie Inc.	•	•	•	•
AbSci Corp.	•	•		•
Acadia Healthcare Co., Inc.	•			
Accenture plc	•	•		
Activision Blizzard, Inc.	•	•		
Acuity Brands, Inc.			•	
Adairs Ltd.	•			

Company engagements

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
ADBRI Ltd.		•	•	
Admiral Group plc	•	•		
Adobe, Inc.	•		•	
Advanced Micro Devices, Inc.	•	•		
Advantest Corp.	•	•	•	
Adverum Biotechnologies, Inc.	•	•	•	•
AECOM	•		•	
The AES Corp.	•	•	•	
Aerojet Rocketdyne Holdings, Inc.	•	•		•
Affimed NV			•	
AgEagle Aerial Systems, Inc.	•			
Agilent Technologies, Inc.	•			•
Agiliti, Inc. (Minnesota)	•			
Agios Pharmaceuticals, Inc.	•	•	•	•
AGL Energy Ltd.	•	•	•	•
AGNC Investment Corp.				•
Agnico Eagle Mines Ltd.			•	
AGRANA Beteiligungs-AG	•		•	
Aida Engineering Ltd.	•	•		•
Aileron Therapeutics, Inc.		•		
AIM ImmunoTech Inc.	•		•	•
Air T, Inc.	•			
Airbus SE	•	•	•	
AJ Bell plc	•			
Ajinomoto Co., Inc.	•	•		
Akamai Technologies, Inc.	•	•		
Akebia Therapeutics, Inc.		•		•
Akzo Nobel NV			•	
Alarm.com Holdings, Inc.	•	•		•
Alaska Air Group, Inc.	•	•	•	

Company engagements

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
Albemarle Co.	•	•	•	•
Alexandria Real Estate Equities, Inc.	•	•	•	•
Alibaba Group Holding Ltd.	•	•	•	•
Align Technology, Inc.	•		•	•
Alkermes plc	•	•	•	
Allegiant Travel Co.			•	
Allianz SE	•	•	•	
Allkem Ltd.	•			
Allogene Therapeutics, Inc.	•		•	•
The Allstate Corp.	•	•		
Alpha Services & Holdings SA	•			
Alphabet Inc.	•	•	•	•
Alteryx, Inc.	•	•	•	•
Altria Group, Inc.	•	•	•	
AMA Group Ltd.	•			
Amadeus IT Group SA	•		•	
Amazon.com, Inc.	•	•	•	
Ambac Financial Group, Inc.			•	
AMC Entertainment Holdings, Inc.	•		•	•
Amcor plc	•	•		•
Amedisys, Inc.	•			
American Airlines Group Inc.	•	•		
American Assets Trust, Inc.	•	•		•
American Axle & Manufacturing Holdings, Inc.				•
American Eagle Outfitters, Inc.	•	•	•	•
American Electric Power Co., Inc.	•	•		
American Express Co.	•	•		•
American Homes 4 Rent	•	•		
American Vanguard Co.	•	•		
American Water Works Co., Inc.	•	•		

Company engagements

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
AmerisourceBergen Co.	•	•	•	•
Amgen Inc.	•	•	•	
Amicus Therapeutics, Inc.	•			
AMP Ltd.	•	•	•	
Amphenol Co.	•	•		
Amyris, Inc.	•	•		
Analog Devices, Inc.	•	•	•	
Anglo American plc		•		
AngloGold Ashanti Ltd.	•	•	•	
Anika Therapeutics, Inc.			•	
Annaly Capital Management, Inc.	•		•	•
Anterix Inc.			•	
Anywhere Real Estate, Inc.	•	•	•	•
AO World plc			•	
APA Corp.	•	•	•	
Apartment Income REIT Corp.	•	•		
Apartment Investment and Management Co.	•	•		•
Apellis Pharmaceuticals, Inc.	•	•		•
Apollo Hospitals Enterprise Ltd.			•	
Apple Inc.	•	•	•	•
Applied Materials, Inc.	•	•	•	•
Aptiv plc	•	•	•	
Aramark	•	•	•	
Arch Capital Group Ltd.	•			•
Archer-Daniels-Midland Co.	•	•		
Ardagh Group SA	•			
Ardagh Metal Packaging SA	•			
Ardelyx, Inc.	•			
Ardent Leisure Group Ltd.			•	
argenx SE	•		•	

Company engagements

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
Argo Group International Holdings, Ltd.	•	•		
Aristocrat Leisure Ltd.		•	•	
Arlington Asset Investment Corp.	•	•		
Arrow Electronics, Inc.	•	•	•	
Arrowhead Pharmaceuticals, Inc.	•		•	
Arthur J. Gallagher & Co.	•	•	•	•
Arvinas, Inc.	•			
Asahi Kasei Corp.		•		
Asensus Surgical, Inc.			•	
Ashmore Group plc			•	
ASML Holding NV			•	
Assertio Holdings, Inc.			•	
Assicurazioni Generali Spa	•	•		
Associated British Foods plc	•	•	•	
AstraZeneca plc			•	
Astrotech Corp.	•		•	
ASX Ltd.	•	•	•	
AT&T Inc.	•	•	•	
Atara Biotherapeutics, Inc.	•	•		•
Athira Pharma, Inc.	•	•		•
Atkore, Inc.	•	•		•
Atlas Arteria Ltd.	•	•	•	
ATOS SE	•	•	•	•
Audinate Group Ltd.	•			
AudioEye, Inc.	•			
Aurizon Holdings Ltd.		•	•	
Aurubis AG	•	•	•	
Australia and New Zealand Banking Group Ltd.	•	•		
Automatic Data Processing, Inc.	•	•		
AutoNation, Inc.	•			

Company engagements

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
AutoZone, Inc.	•	•		
AvalonBay Communities, Inc.	•		•	
Avantor, Inc.	•	•	•	•
Avery Dennison Corp.	•	•		•
AVEVA Group plc		•		
Avista Co.	•	•		
Axcelis Technologies, Inc.	•	•		•
AxoGen, Inc.	•	•	•	
Axon Enterprise, Inc.		•	•	
Axos Financial, Inc.			•	•
Aytu Biopharma, Inc.	•			
Badger Meter, Inc.		•		
BAE Systems plc	•	•	•	
Baker Hughes Co.	•	•		
Balchem Co.	•	•		•
Banca Mediolanum SpA		•		
Banco Bilbao Vizcaya Argentaria SA	•	•		
Banco de Sabadell SA	•		•	
Banco Santander SA	•	•		
Bank of America Co.	•	•		
Bank Of Ireland Group plc	•			
The Bank of Kyoto, Ltd.	•	•		
Bank of Montreal		•		
The Bank of New York Mellon Corp.	•	•	•	•
The Bank of Nova Scotia		•	•	
Bank of Queensland Ltd.	•			
BankUnited, Inc.	•	•		
Bapcor Ltd.			•	
Barclays plc		•		
Barnes Group Inc.	•	•	•	

Company engagements

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
Barry Callebaut AG	•	•		
Bath & Body Works, Inc.	•	•		
Bausch Health Companies Inc.	•	•	•	
Baxter International Inc.	•	•		•
Bayer AG	•	•	•	
Beazley plc			•	
Becton, Dickinson and Co.	•	•	•	•
Bed Bath & Beyond Inc.	•	•	•	
Bellicum Pharmaceuticals, Inc.			•	
Bellway plc	•	•		
Bendigo and Adelaide Bank Ltd.	•		•	
Benefitfocus, Inc.			•	
Bentley Systems, Inc.	•			
Berkeley Group Holdings plc			•	
Berkshire Hathaway Inc.		•		
Beyond Meat, Inc.			•	•
BFF Bank SpA	•	•	•	
BHP Group Ltd.		•	•	
BigCommerce Holdings, Inc.	•	•	•	
Bill.com Holdings, Inc.			•	
Bio-Techne Co.			•	
Biogen Inc.	•		•	
BJ's Wholesale Club Holdings, Inc.	•	•		•
BlackRock, Inc.	•			
Block, Inc.	•	•		•
Bloomin' Brands, Inc.	•	•	•	•
Bluescope Steel Ltd.		•		
BNP Paribas SA	•	•	•	
The Boeing Co.	•	•		
Boise Cascade Co.	•	•		•

Company engagements

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
Bombardier Inc.		•	•	
Booking Holdings Inc.		•	•	•
Boozt AB			•	
The Boston Beer Co., Inc.	•	•	•	
BP plc	•	•	•	
BR MALLS Participacoes SA		•	•	
Brambles Ltd.	•	•	•	
Breville Group Ltd.	•		•	
Brickworks Ltd.	•	•	•	
Brinker International, Inc.		•		
Bristol-Myers Squibb Co.	•	•	•	•
British American Tobacco plc	•	•		
Brixmor Property Group, Inc.	•	•		
Broadcom Inc.	•	•		
Broadridge Financial Solutions, Inc.				•
Broadstone Net Lease, Inc.	•			
Brookfield Asset Management Ltd.	•	•		
Brown & Brown, Inc.				•
Builders FirstSource, Inc.		•		
Bumble, Inc.	•			
Burberry Group plc	•			
Cadence Design Systems, Inc.	•	•	•	
Calix, Inc.	•			
Callon Petroleum Co.	•	•		•
Canadian Apartment Properties Real Estate Investment Trust	•	•		
Canadian Imperial Bank Of Commerce		•		
Canadian Pacific Railway Ltd.	•	•	•	
Canadian Tire Co., Ltd.	•	•		•
Canon, Inc.	•			
Capital One Financial Co.	•	•		•

Company engagements

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
Capitec Bank Holdings Ltd.	•	•	•	
Capricorn Energy plc	•	•		
Cardinal Health, Inc.	•	•	•	
Cardiovascular Systems, Inc.	•	•		•
CareDx, Inc.	•			
The Carlyle Group Inc.			•	
CarMax, Inc.	•	•		•
Carnarvon Energy Ltd.	•			
Carnival Co.	•	•	•	
Carrefour SA	•	•	•	
Carrols Restaurant Group, Inc.	•	•	•	
Carsales.com Ltd.	•	•	•	
Cassava Sciences, Inc.	•		•	
Castle Biosciences, Inc.	•	•	•	•
Caterpillar Inc.	•	•		•
CBRE Group, Inc.	•	•		
CDW Corp.	•	•		•
Celcuity, Inc.	•			
Cellectar Biosciences, Inc.	•			
Cellnex Telecom SA			•	
Cemtrex Inc.	•			
Centene Co.	•	•	•	•
CenterPoint Energy, Inc.			•	
Central Pacific Financial Corp.			•	
Centrica plc		•	•	
Ceridian HCM Holding, Inc.	•		•	
Cerus Co.	•			
CF Industries Holdings, Inc.	•	•		•
The Charles Schwab Corp.		•	•	•
The Cheesecake Factory Inc.	•	•		

Company engagements

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
The Children's Place, Inc.	•	•	•	
Chalice Mining Ltd.	•	•	•	
Charter Communications, Inc.	•	•		
Charter Hall Group	•	•	•	
Chegg, Inc.				•
Cheniere Energy, Inc.	•	•		•
Chesapeake Energy Co.	•			
Chevron Co.	•	•	•	
Chipotle Mexican Grill, Inc.	•	•	•	
Chorus Ltd.	•		•	
Chubb Ltd.		•		
Chubu Electric Power Co., Inc.		•		
Church & Dwight Co., Inc.	•	•	•	
CI Financial Corp.			•	
Cigna Co.	•	•	•	•
Cinemark Holdings, Inc.			•	
Cintas Co.		•		
Cisco Systems, Inc.	•	•		
CITIC Ltd.	•	•		
Citigroup Inc.		•	•	•
Citizen Watch Co., Ltd.	•	•	•	
Citizens Financial Group, Inc.	•		•	
Civista Bancshares, Inc.	•			
CK Hutchison Holdings Ltd.		•		
Cleanaway Waste Management Ltd.	•	•	•	
Cleanspark, Inc.	•			
Clear Secure, Inc.	•	•		•
Cleveland-Cliffs Inc.			•	
Close Brothers Group plc	•		•	
Cloudflare, Inc.	•			

Company engagements

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
The Clorox Co.	•	•		
CME Group Inc.			•	•
CNX Resources Co.	•			
Co-Diagnostics, Inc.	•			
The Coca-Cola Co.	•	•	•	
Coca-Cola HBC AG	•		•	
Cocrystal Pharma, Inc.	•			
Coles Group Ltd.	•	•		
Colgate-Palmolive Co.	•	•	•	
Comcast Co.	•	•	•	•
Commonwealth Bank Of Australia	•	•	•	
Compagnie de Saint-Gobain SA	•	•		
Compagnie Financiere Richemont SA	•	•	•	•
Compagnie Generale des Etablissements Michelin SCA	•		•	•
Compass Group plc	•			
Computershare Ltd.	•	•	•	
Conagra Brands, Inc.		•		•
ConocoPhillips	•	•	•	•
CONSOL Energy Inc.	•	•	•	
Consolidated Edison, Inc.	•	•		
Constellation Energy Corp.				•
Constellation Software Inc.	•			
Continental AG	•	•	•	•
Copart, Inc.			•	
Corcept Therapeutics, Inc.	•		•	
CoreCard Co.	•			•
Coronado Global Resources, Inc.	•			
Corporate Travel Management Ltd.			•	
COSCO SHIPPING Energy Transportation Co., Ltd.	•	•		•
Costco Wholesale Co.	•	•	•	

Company engagements

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
Covivio SA			•	
Cracker Barrel Old Country Store, Inc.	•	•		•
Creative Realities, Inc.	•		•	
Credit Suisse Group AG	•	•		
Crest Nicholson Holdings plc			•	
CRH plc		•	•	
Cromwell Property Group	•			
Cronos Group Inc.	•	•	•	
Crown Holdings, Inc.	•	•		
CSL Ltd.	•	•	•	
CSPC Pharmaceutical Group Ltd.		•		
CSX Co.	•	•	•	
Currys plc	•	•		
CVS Health Co.	•	•		•
D.R. Horton, Inc.		•	•	
Daimler Truck Holding AG	•	•	•	
Danaher Co.	•	•		•
Danimer Scientific, Inc.			•	
Danone SA	•	•	•	
Darling Ingredients Inc.	•	•	•	•
Data#3 Ltd.	•			
DaVita Inc.	•	•		•
DCC plc	•	•	•	
Dechra Pharmaceuticals plc	•	•	•	
DecisionPoint Systems, Inc.	•	•		
Deckers Outdoor Co.	•	•		
Deere & Co.	•	•		
Deliveroo plc			•	
Dell Technologies, Inc.	•	•		
Delta Air Lines, Inc.	•	•		

Company engagements

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
Dentsu Group, Inc.	•	•		
Dermapharm Holding SE	•			
Deutsche Bank AG	•	•		•
Deutsche Boerse AG	•	•	•	•
Devon Energy Co.	•	•	•	•
Dexus	•	•	•	
DGL Group Ltd./Au		•		
Diamondback Energy, Inc.	•	•	•	•
DiamondRock Hospitality Co.	•	•	•	
Digital Realty Trust, Inc.	•	•		
Dime Community Bancshares, Inc.			•	
Dine Brands Global, Inc.	•	•		
Dino Polska SA	•			
Diodes Inc.	•			
Diploma plc	•	•	•	
Distribuidora Internacional de Alimentacion SA	•			
DMC Global Inc.	•			
DocuSign, Inc.	•			
Dollar General Co.	•	•		
Dollar Tree, Inc.	•	•		•
Dominari Holdings, Inc.	•	•		•
Dominion Energy, Inc.	•	•		
Douglas Elliman, Inc.			•	
Douglas Emmett, Inc.	•			
Dover Co.	•	•		
Dow, Inc.	•	•	•	
DTE Energy Co.	•	•		•
The Duckhorn Portfolio, Inc.	•	•		•
Dufry AG		•		
Duke Energy Co.	•	•		•

Company engagements

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
DuPont de Nemours, Inc.	•	•		
DXC Technology Co.			•	
Dyadic International, Inc.	•			
Dynavax Technologies Co.	•			•
E.ON SE	•	•	•	•
easyJet plc		•	•	
eBay Inc.	•		•	•
Eclipx Group Ltd.			•	
Ecolab Inc.	•	•		
Edenred SE	•	•	•	
Edison International	•	•		
Editas Medicine, Inc.	•	•	•	•
Elanco Animal Health, Inc.	•	•		
Electric Power Development Co., Ltd.	•	•	•	
Electro-Sensors, Inc.	•			
Electronic Arts Inc.	•		•	•
Element Solutions Inc		•	•	
Elevance Health, Inc.	•	•		•
Eli Lilly and Co.	•	•		•
Emera Inc.	•	•		
Emerson Electric Co.				•
Emerson Radio Corp.	•			
Empire State Realty Trust, Inc.	•	•	•	
Enbridge Inc.	•	•		
ENDRA Life Sciences Inc.	•			
Enel SpA	•	•	•	•
Energizer Holdings, Inc.	•			•
Enerplus Co.	•	•		
ENGIE SA	•	•	•	
Eni SpA	•	•	•	•

Company engagements

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
Enphase Energy, Inc.			•	
Entain plc			•	
Entergy Co.	•	•		
Equifax Inc.	•	•	•	•
Equinix, Inc.	•	•	•	
Equinor ASA		•		
Erste Group Bank AG	•			
The Estee Lauder Companies, Inc.	•		•	
Estia Health Ltd.	•			•
Etsy, Inc.	•	•	•	•
Euronet Worldwide, Inc.	•			
Euronext NV			•	
Eutelsat Communications SA	•	•	•	
Everbridge, Inc.	•			
Eversource Energy	•	•		
Evertec, Inc.	•			
Evolution AB	•		•	
EVT Ltd.		•		
Exact Sciences Co.	•	•	•	•
Exelon Co.	•	•	•	•
eXp World Holdings, Inc.	•			•
Expedia Group, Inc.	•		•	
Expeditors International of Washington, Inc.	•	•		
Experian plc	•	•	•	
Extra Space Storage Inc.	•	•		
Exxaro Resources Ltd.		•		
Exxon Mobil Co.	•	•	•	•
F.N.B. Co.				•
FactSet Research Systems Inc.	•	•		
Faes Farma SA	•		•	

Company engagements

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
Fair Isaac Co.	•	•		
Fanuc Corp.	•	•		
Farmer Bros. Co.	•		•	•
FedEx Co.	•	•	•	
Ferrexpo plc	•	•	•	
Ferrovial SA		•		
FibroGen, Inc.			•	
FinecoBank SpA		•	•	
First Hawaiian, Inc.	•	•		
First Merchants Co.	•	•		•
First Republic Bank	•	•	•	
FirstEnergy Corp.	•	•		
FirstService Corp.	•			
Fiserv, Inc.			•	
FleetCor Technologies, Inc.			•	
Fletcher Building Ltd.	•			
Flight Centre Travel Group Ltd.	•			
Floor & Decor Holdings, Inc.		•		•
Flow Traders NV			•	
Flowers Foods, Inc.		•		
Flowserve Co.		•	•	
Fluidra SA	•			
Flutter Entertainment plc			•	
FMC Co.	•	•	•	
Foot Locker, Inc.	•	•		
Ford Motor Co.	•	•	•	•
Forestar Group Inc.	•			
Fortescue Metals Group Ltd.	•	•		
Fortinet, Inc.	•	•	•	
Four Corners Property Trust, Inc.	•			

Company engagements

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
Fox Co.		•		
Fox Factory Holding Corp.	•			
Franco-Nevada Co.	•	•		
Franklin BSP Realty Trust, Inc.	•			
Freenet AG	•		•	
Freeport-McMoRan, Inc.	•	•		
Frequency Therapeutics, Inc.	•	•	•	•
Fresenius Medical Care AG & Co. KGaA	•	•		
Fresenius SE & Co. KGaA	•	•	•	
Fresh Tracks Therapeutics, Inc.	•			
Freshpet, Inc.	•	•		
frontdoor, Inc.	•	•	•	•
fuboTV Inc.			•	
Fuji Soft, Inc.	•	•		
FUJIFILM Holdings Corp.	•	•	•	
Fujitec Co., Ltd.	•	•		
Future plc			•	
G-III Apparel Group, Ltd.		•	•	
Galapagos NV	•	•	•	
The Gap, Inc.	•	•	•	•
GDI Property Group Ltd.	•			
Generac Holdings Inc.	•	•		
General Dynamics Co.	•	•		
General Electric Co.	•	•	•	
General Mills, Inc.	•	•	•	•
General Motors Co.	•	•	•	
Genesco Inc.	•	•	•	
Genmab A/S	•	•	•	
Genprex, Inc.	•	•		
Genuine Parts Co.	•	•		•

Company engagements

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
The GEO Group, Inc.			•	•
Georg Fischer AG	•	•		
GeoVax Labs, Inc.	•			
Gerresheimer AG	•	•		
Gilead Sciences, Inc.	•	•		•
Glacier Bancorp, Inc.	•			
Gladstone Commercial Co.	•			
Gladstone Land Corp.	•			
Glaukos Co.	•	•		•
Glencore plc	•	•	•	
Global Industrial Co.	•	•		
Global Payments Inc.			•	
GoDaddy, Inc.	•	•	•	•
The Goldman Sachs Group, Inc.	•	•	•	
Goodman Group	•		•	
The Goodyear Tire & Rubber Co.	•		•	•
The GPT Group	•	•	•	
Graco Inc.	•	•		
Grainger plc		•	•	
Great Portland Estates plc			•	
Great-West Lifeco Inc.	•			
Green Dot Co.			•	•
Greencore Group plc			•	
Greggs plc			•	
Greif, Inc.	•			
Griffon Co.	•	•	•	•
Group 1 Automotive, Inc.	•	•		•
Groupe Bruxelles Lambert SA	•		•	
Groupon, Inc.	•	•	•	•
Growthpoint Properties Ltd.	•		•	

Company engagements

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
Grupo Financiero Banorte SAB de CV	•	•	•	•
GSK plc			•	
Guardant Health, Inc.	•		•	•
Guess, Inc.	•	•	•	•
GWA Group Ltd.	•			
H&R Block, Inc.				•
Haleon plc			•	
Halliburton Co.	•	•	•	
Hana Financial Group, Inc.	•	•		
Hannon Armstrong Sustainable Infrastructure Capital, Inc.	•	•	•	
Hanon Systems	•	•		
Hargreaves Lansdown plc	•	•		
Harley-Davidson, Inc.			•	
Harvey Norman Holdings Ltd.	•	•		
Hasbro, Inc.	•	•	•	
Hawaiian Electric Industries, Inc.	•	•		
Hawaiian Holdings, Inc.	•	•		
The Hershey Co.	•	•		
HCA Healthcare, Inc.		•		
HCI Group, Inc.			•	
Health Catalyst, Inc.			•	
Heineken NV	•		•	
Helen of Troy Ltd.	•	•	•	
Helix Energy Solutions Group, Inc.	•	•		•
HelloFresh SE	•	•	•	
Helmerich & Payne, Inc.	•	•		
Henry Schein, Inc.	•		•	
Hepion Pharmaceuticals, Inc.	•			
Herbalife Nutrition Ltd.	•	•		•
Heritage-Crystal Clean, Inc.	•		•	

Company engagements

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
Heska Co.	•	•	•	•
Hess Co.	•	•		
Hexcel Co.			•	
Hikma Pharmaceuticals plc	•		•	
Hilltop Holdings, Inc.	•			
Hilton Food Group plc	•			
Hochschild Mining plc	•	•		
Holcim Ltd.	•	•	•	
HomeCo Daily Needs REIT	•			
The Home Depot, Inc.	•	•		
HomeServe plc	•	•	•	
Hon Hai Precision Industry Co., Ltd.		•		
Honeywell International Inc.	•	•	•	•
Horizon Therapeutics Public Ltd. Co.	•		•	
Host Hotels & Resorts, Inc.	•	•	•	•
Hostess Brands, Inc.	•	•		•
Houlihan Lokey, Inc.	•			
Houston American Energy Corp.	•			
Howmet Aerospace Inc.	•	•	•	
HP Inc.	•	•		
HSBC Holdings plc		•	•	
HUB24 Ltd.		•		
HUBER+SUHNER AG			•	
HubSpot, Inc.	•	•	•	•
Hugo Boss AG			•	
Humana Inc.	•	•		
Huntsman Co.	•	•	•	
Hyosung Corp.	•	•		
Hyosung TNC Corp.	•		•	
Hyundai Motor Co., Ltd.	•	•		

Company engagements

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
Iberdrola SA	•	•	•	
Ibstock plc	•		•	
IDACORP, Inc.	•	•	•	•
IDEX Co.	•	•		•
IDEXX Laboratories, Inc.	•	•		•
Idorsia Ltd.	•		•	
IDP Education Ltd.	•		•	
IGO Ltd.	•	•	•	
Illinois Tool Works Inc.	•	•		•
Illumina, Inc.	•	•		•
Iluka Resources Ltd.	•	•		
Imperial Brands plc		•	•	•
Inchcape plc			•	
Indivior plc	•	•	•	
Industrial and Commercial Bank of China Ltd.		•		•
Informa plc			•	
ING Groep NV	•	•		
Ingredion Inc.	•			•
Innovative Industrial Properties, Inc.	•	•		•
Insight Enterprises, Inc.	•	•		•
Inspire Medical Systems, Inc.	•			
Insurance Australia Group Ltd.	•	•	•	
Intel Co.	•	•	•	
Intellia Therapeutics, Inc.	•	•		•
Intercept Pharmaceuticals, Inc.	•			
Intercontinental Exchange, Inc.	•	•		
InterContinental Hotels Group plc			•	
InterDigital, Inc.	•	•	•	•
International Business Machines Co.	•	•		
International Consolidated Airlines Group SA		•	•	

Company engagements

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
International Paper Co.	•	•		
Intesa SanPaolo SPA	•	•	•	
inTEST Co.	•			
Intuit Inc.	•	•		
Investor AB	•	•	•	
Invitae Corp.	•	•		•
Invocare Ltd.	•			
Iovance Biotherapeutics, Inc.	•			
IP Group plc			•	
IPG Photonics Co.	•	•		
IQVIA Holdings, Inc.				•
iRhythm Technologies, Inc.	•	•		•
iRobot Co.		•		
Italgas SpA	•	•	•	•
IVERIC bio, Inc.	•	•		•
J Sainsbury plc	•	•		
The J. M. Smucker Co.	•	•		
Jack in the Box Inc.	•	•	•	•
Jackson Financial Inc.	•	•	•	
Janus Henderson Group plc	•	•		
Jardine Matheson Holdings Ltd.	•	•		
JB Hi-Fi Ltd.	•			
JBG SMITH Properties			•	
JD Sports Fashion plc	•		•	
Jefferies Financial Group Inc.	•		•	
JELD-WEN Holding, Inc.	•	•		•
Jeronimo Martins SGPS SA	•			
Jet2 plc	•			
JetBlue Airways Co.		•		
John B. Sanfilippo & Son, Inc.	•	•	•	•

Company engagements

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
Johnson & Johnson	•	•	•	•
Johnson Controls International plc	•	•		
JPMorgan Chase & Co.	•	•	•	
Jubilant Foodworks Ltd.		•		
Kadant Inc.	•			
Kala Pharmaceuticals, Inc.	•			•
Kaleyra, Inc.	•			
KB Home				•
Kellogg Co.	•	•	•	•
Kelsian Group Ltd.	•			
Kemira Oyj	•		•	
Kering SA	•	•	•	
Key Tronic Co.	•			
Keysight Technologies, Inc.	•	•		•
Kikkoman Corp.	•			•
Kilroy Realty Co.	•	•	•	
Kimco Realty Co.	•	•		•
Kinder Morgan, Inc.	•	•		
Kinetik Holdings Inc.				•
Kingfisher plc		•	•	
Kingspan Group plc	•	•	•	
Kinross Gold Co.	•	•		
Kogan.com Ltd.	•			
Kohls Co.	•	•	•	
Kone Oyj	•		•	•
Koninklijke Philips NV	•	•	•	
Korea Electric Power Corp.		•		
The Kraft Heinz Co.	•	•	•	•
The Kroger Co.	•	•	•	
KRUK SA	•		•	

Company engagements

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
Kyndryl Holdings, Inc.	•	•	•	•
Kyocera Corp.	•	•	•	
L'Oreal SA	•	•	•	
La-Z-Boy Inc.	•	•	•	•
Laboratory Co. of America Holdings	•	•		
Ladder Capital Corp.	•	•	•	•
Lam Research Co.	•	•		
Lancashire Holdings Ltd.	•	•	•	
Lantheus Holdings, Inc.	•	•	•	•
Lattice Semiconductor Co.	•	•	•	•
Laurentian Bank of Canada		•	•	
Lear Co.	•	•		•
Lee Enterprises, Inc.		•		
Legacy Housing Co.	•	•		
Leggett & Platt, Inc.	•	•		
Lennar Co.			•	
Leonardo SpA	•	•		
Leslie's, Inc.	•	•		
Levi Strauss & Co.		•		
LG Chem Ltd.	•	•		
LG Electronics, Inc.	•	•		
Liberty Broadband Corp.	•			
LifeVantage Co.	•	•	•	
Lightwave Logic, Inc.	•			
Lincoln National Co.	•	•	•	
Linde plc	•	•	•	•
Liontown Resources Ltd.	•	•		
Liontrust Asset Management plc			•	
Lipocine, Inc.				•
LivaNova plc	•			

Company engagements

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
Livent Corp.	•	•		•
LL Flooring Holdings, Inc.	•	•		•
Lloyds Banking Group plc	•	•	•	
Loblaw Companies Ltd.	•	•		
Lockheed Martin Co.	•	•		
Lotte Chemical Corp.	•	•	•	
Lotte Confectionery Co., Ltd.	•	•		
The Lottery Corp. Ltd.	•	•	•	
Louisiana-Pacific Co.	•	•		•
Lowes Companies, Inc.	•	•	•	
Lucid Group, Inc.	•	•		•
lululemon athletica inc.	•	•		•
Lument Finance Trust, Inc.	•			
LXP Industrial Trust	•	•	•	
Lyft, Inc.		•		
Lynas Rare Earths Ltd.	•	•		
M.D.C. Holdings, Inc.	•	•	•	
M&G plc	•		•	
M&T Bank Co.	•	•		
Macquarie Group Ltd.	•		•	
Macy's, Inc.	•	•		
Madison Square Garden Entertainment Corp.			•	
Magellan Financial Group Ltd.	•	•	•	
Magnite, Inc.			•	
Makita Corp.	•			
Malvern Bancorp, Inc.	•		•	
Manulife Financial Corp.	•			•
Marathon Petroleum Co.	•	•	•	•
Marchex, Inc.	•			
Marks & Spencer Group plc	•	•	•	

Company engagements

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
Marriott International, Inc.	•	•	•	
Marsh & McLennan Companies, Inc.				•
Marston's plc			•	
Masco Co.	•	•		
Masimo Co.	•	•	•	
Mastercard Inc.	•	•		•
Matador Resources Co.	•	•		
Match Group, Inc.	•	•		•
Mattel, Inc.	•	•	•	
Maui Land & Pineapple Co., Inc.	•			
MAXIMUS, Inc.		•		•
MaxLinear, Inc.	•	•	•	•
McDonald's Co.	•	•		
McKesson Co.	•	•	•	•
MDU Resources Group, Inc.	•	•		
MediaTek, Inc.	•	•		
Mediclinic International plc			•	
Mediobanca Banca di Credito Finanziario SpA	•	•	•	•
MercadoLibre, Inc.	•	•		
Mercedes-Benz Group AG	•	•	•	
Merck & Co., Inc.	•	•		
Merck KGaA	•		•	•
Mercury Systems, Inc.	•		•	•
Meritage Homes Co.	•	•	•	
MERLIN Properties SOCIMI SA	•			
Merrimack Pharmaceuticals, Inc.	•			
Mersana Therapeutics, Inc.			•	
Mesoblast Ltd.	•	•	•	
Meta Platforms, Inc.		•		
Methanex Co.	•	•		

Company engagements

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
MetLife, Inc.	•	•	•	
Metrovacesa SA (Madrid)	•		•	
MGE Energy, Inc.		•		
MGP Ingredients, Inc.				•
Micron Technology, Inc.		•		•
Microsoft Co.	•	•		
Mid-Southern Bancorp, Inc.	•			
MiMedx Group, Inc.	•	•	•	•
Mineral Resources Ltd.	•	•	•	
Mirvac Group	•	•	•	
Mitchells & Butlers plc	•	•	•	
Mitsubishi Corp.	•	•		
Mitsubishi Estate Co., Ltd.	•	•		•
Mitsubishi UFJ Financial Group, Inc.	•	•		
Mitsui & Co., Ltd.	•	•	•	
Mizuho Financial Group, Inc.	•	•		
Moderna, Inc.	•	•		•
Momentive Global, Inc.		•		
Monadelphous Group Ltd.	•			
Moncler SpA	•	•	•	
Mondelez International, Inc.	•	•		
MongoDB, Inc.	•		•	•
Monro, Inc.	•	•		•
Monster Beverage Co.		•		
Moodys Co.	•	•		
Moog Inc.	•			
Morgan Stanley	•	•	•	
Motorcar Parts of America, Inc.	•	•	•	•
Motorola Solutions, Inc.	•	•		
Movado Group, Inc.			•	

Company engagements

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
MP Materials Corp.	•		•	
Mr. Cooper Group, Inc.	•		•	
Mr. Price Group Ltd.			•	
MSC Industrial Direct Co., Inc.	•			
Mueller Water Products, Inc.	•	•		•
Muenchener Rueckversicherungs-Gesellschaft AG	•	•	•	•
MyMD Pharmaceuticals, Inc.	•			
Mytilineos SA	•	•		
Nabors Industries Ltd.			•	
National Australia Bank Ltd.	•	•	•	
National Bank of Kuwait SAK	•	•		
National CineMedia, Inc.	•		•	
National Express Group plc	•	•	•	
National Fuel Gas Co.	•	•		
National Health Investors, Inc.	•			
National Vision Holdings, Inc.				•
Natural Gas Services Group, Inc.	•		•	
NatWest Group plc		•	•	
NCC AB	•	•		•
NCR Co.			•	
NeoGenomics, Inc.			•	
Netflix, Inc.	•	•	•	•
Neurocrine Biosciences, Inc.	•			•
New Hope Co. Ltd.	•	•	•	
New Jersey Resources Co.	•	•		
New York City REIT Inc.	•	•	•	•
Newcrest Mining Ltd.	•	•	•	
Newell Brands, Inc.		•	•	•
Newmont Co.	•	•		
News Co.	•	•		

Company engagements

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
Nexans SA	•	•	•	
Nexi SpA	•	•		
NexPoint Residential Trust, Inc.	•			
NextDC Ltd.	•	•	•	
NextEra Energy, Inc.	•	•		
NextGen Healthcare, Inc.	•	•	•	
NextNav, Inc.	•			
Nicholas Financial, Inc.	•			
NightHawk Biosciences, Inc.	•		•	•
NIKE, Inc.	•	•	•	
Nikola Corp.	•		•	
Nintendo Co., Ltd.	•	•	•	
NiSource Inc.	•	•		•
Nomura Holdings, Inc.		•		
Norfolk Southern Co.	•	•		
Northern Star Resources Ltd.	•	•		
Northrop Grumman Corp.	•	•		•
Norwegian Cruise Line Holdings Ltd.	•	•	•	
NOV Inc.	•	•		
Novartis AG	•	•	•	
Novo Nordisk A/S	•	•	•	
NOVONIX Ltd.	•		•	
Nucor Corp.	•	•		
Nutrien Ltd.	•	•		
nVent Electric plc	•	•	•	
NVIDIA Corp.	•	•		
O'Reilly Automotive, Inc.	•	•		
OC Oerlikon Corp. AG	•	•	•	•
Ocado Group plc	•	•		
Occidental Petroleum Corp.	•	•		

Company engagements

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
Oceaneering International, Inc.	•	•		
OCI NV			•	
Ocular Therapeutix, Inc.			•	
OGE Energy Corp.	•	•		•
Oji Holdings Corp.	•	•		•
Okta, Inc.	•		•	
Olaplex Holdings, Inc.	•			•
Olin Co.	•	•		•
Omnia Holdings Ltd.			•	
Omnicom Group, Inc.	•	•		
OMV AG	•	•	•	
ON Semiconductor Co.	•	•		
ONE Gas, Inc.	•	•		
OneWater Marine, Inc.	•			
Opthea Ltd.	•		•	
OptimizeRx Co.	•	•	•	•
Oracle Co.	•	•	•	
Orange SA	•	•	•	
Organon & Co.	•	•	•	•
Origin Energy Ltd.	•	•		
Orpea SA	•	•	•	
Orron Energy AB	•	•		
Outset Medical, Inc.	•	•		•
Overstock.com, Inc.	•	•		•
Ovintiv, Inc.	•	•		
Oxford Biomedica plc	•		•	
OZ Minerals Ltd.		•	•	
Pacific Premier Bancorp, Inc.	•	•		
PacWest Bancorp			•	
PagerDuty, Inc.			•	

Company engagements

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
Palatin Technologies, Inc.		•		
Palo Alto Networks, Inc.	•	•		•
Palomar Holdings, Inc.			•	
Pan American Silver Corp.	•	•		
Panbela Therapeutics, Inc.	•			
Papa John's International, Inc.	•	•		
PAR Technology Co.	•	•		•
Paradigm Biopharmaceuticals Ltd.		•	•	
Paragon Banking Group plc	•		•	
Paramount Global		•	•	•
Paramount Group, Inc.	•	•		•
Park City Group, Inc.	•			
Paycom Software, Inc.			•	
PayPal Holdings, Inc.	•	•		
PDC Energy, Inc.	•	•	•	
Pebblebrook Hotel Trust			•	
Pediatrix Medical Group, Inc.	•	•	•	•
Peloton Interactive, Inc.	•		•	•
PepsiCo, Inc.	•	•		
Pernod Ricard SA	•	•	•	
Petco Health & Wellness Co., Inc.	•	•		
PetMed Express, Inc.	•	•	•	•
Petrofac Ltd.	•	•		
Pfizer Inc.	•	•	•	•
PG&E Co.	•	•	•	
PGE Polska Grupa Energetyczna SA	•	•	•	
Philip Morris International Inc.	•	•	•	
Phillips 66	•	•	•	
Phoenix Group Holdings plc	•	•		
Picton Property Income Ltd.			•	

Company engagements

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
Pilbara Minerals Ltd.	•	•	•	
Pioneer Natural Resources Co.	•	•		
Pitney Bowes Inc.	•	•	•	•
Platinum Asset Management Ltd.	•		•	
Plexus Corp.		•		
Plug Power Inc.		•	•	
Plus500 Ltd.	•		•	
Polaris Inc.	•	•		
Polski Koncern Naftowy ORLEN SA	•	•	•	
Pool Co.	•	•		
Portland General Electric Co.	•	•		
POSCO Holdings Inc.		•	•	•
Powell Industries, Inc.	•			
Powszechny Zaklad Ubezpieczen SA	•		•	•
PPG Industries, Inc.	•	•		•
PPK Group Ltd.	•			
PPL Corp.	•	•	•	
Premier, Inc.	•		•	
Primerica, Inc.				•
The Procter & Gamble Co.	•	•		
ProSiebenSat.1 Media SE	•	•	•	
Prosperity Bancshares, Inc.	•			
Prudential Financial, Inc.	•	•		
Prudential plc	•	•	•	
Prysmian SpA		•	•	
PTC Therapeutics, Inc.	•			
Public Power Corp. SA	•		•	•
Public Service Enterprise Group Inc.	•	•		
PulteGroup, Inc.	•			
Puma Biotechnology, Inc.	•			

Company engagements

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
Pure Cycle Co.	•			
Puretech Health plc	•	•	•	
Qantas Airways Ltd.		•	•	
Qiagen NV		•	•	
Qorvo, Inc.	•			
Qualcomm Inc.	•	•		•
Quanta Services, Inc.	•	•		
QuantumScape Corp.			•	•
Qube Holdings Ltd.	•			
Quest Diagnostics Inc.	•	•		•
QuidelOrtho Corp.	•	•		
Quince Therapeutics, Inc.	•	•	•	
Quotient Technology, Inc.	•			
Raiffeisen Bank International AG		•		
Ralph Lauren Corp.	•	•	•	•
Range Resources Corp.	•	•	•	
Ranpak Holdings Corp.			•	
Rapid7, Inc.	•	•	•	•
Rayonier Inc.	•	•		•
Raytheon Technologies Corp.	•	•	•	•
RE/MAX Holdings, Inc.	•	•		•
Realty Income Corp.	•	•		
Reata Pharmaceuticals, Inc.	•		•	
Reckitt Benckiser Group plc			•	
Recruit Holdings Co., Ltd.	•	•		
Redde Northgate plc	•			
Redfin Co.	•			•
Redwood Trust, Inc.	•	•	•	
Regeneron Pharmaceuticals, Inc.	•		•	•
Region Group	•			

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
Regions Financial Co.		•		•
REIT 1 Ltd.		•		
Relay Therapeutics, Inc.	•	•	•	•
Reliance Worldwide Corp. Ltd.	•	•		
Relmada Therapeutics, Inc.	•		•	
Rent-A-Center, Inc.	•	•	•	•
Repligen Co.	•	•	•	
Repsol SA	•	•	•	
Republic Services, Inc.	•	•		
The Restaurant Group plc	•	•	•	
Restaurant Brands International, Inc.	•	•		
Revance Therapeutics, Inc.	•	•	•	•
RH	•	•	•	•
Rheinmetall AG	•	•		
Rio Tinto Ltd.	•	•		
RioCan Real Estate Investment Trust	•	•	•	
Riot Blockchain, Inc.			•	
Rite Aid Co.	•	•		•
RLJ Lodging Trust	•	•	•	
The RMR Group, Inc.	•	•		•
Roche Holding AG	•	•	•	
Rockwell Automation, Inc.	•	•	•	
Rocky Mountain Chocolate Factory, Inc.	•	•	•	
Rotork plc	•			
Royal Bank of Canada	•	•		
Royal Caribbean Group	•	•	•	
Royalty Pharma plc	•	•	•	
RPM International Inc.	•	•	•	•
RPT Realty	•	•	•	
RS Group plc	•	•	•	

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
RumbleON, Inc.	•			
RWE AG	•	•	•	•
Ryder System, Inc.	•	•		
Ryman Hospitality Properties, Inc.	•	•	•	•
S4 Capital plc			•	
S&P Global, Inc.	•	•	•	
Sacyr SA	•		•	
Safe Bulkers, Inc.	•			•
Safran SA	•	•	•	
Saga plc			•	
Sage Therapeutics, Inc.	•		•	•
Salesforce, Inc.	•	•		
Samsung Electronics Co., Ltd.	•	•		
SandRidge Energy, Inc.	•	•		
Sanofi	•	•	•	
Santos Ltd.		•	•	
SAP SE	•	•	•	
Sapporo Holdings Ltd.	•	•		
Saputo Inc.	•	•		
Sasol Ltd.		•		
SBA Communications Corp.	•	•		•
SBI Cards & Payment Services Ltd.	•			
ScanSource, Inc.	•	•		
Scentre Group	•	•	•	
Schindler Holding AG	•		•	
Schneider Electric SE	•	•	•	
Schnitzer Steel Industries, Inc.	•	•		•
Schroders plc		•	•	
Schrodinger, Inc.	•			
Scor Se	•		•	

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
SCREEN Holdings Co. Ltd.	•	•		
Sculptor Capital Management, Inc.			•	
Seagate Technology Holdings plc		•		
Seagen Inc.	•	•		•
Seek Ltd.		•	•	
SEGRO plc	•	•		
SEI Investments Co.	•			
Sekisui House, Ltd.	•	•		•
Sempra Energy	•	•		
Seritage Growth Properties	•	•	•	•
ServiceNow, Inc.	•	•	•	
Seven & i Holdings Co., Ltd.	•	•		
Severn Trent plc	•	•	•	
Shake Shack, Inc.				•
Shell plc	•	•	•	
Shin-Etsu Chemical Co., Ltd.	•			
Shop Apotheke Europe NV			•	•
Shopify, Inc.	•	•	•	•
Sibanye Stillwater Ltd.		•	•	
Siemens AG	•	•	•	
Siemens Energy AG	•		•	•
SIG plc	•			
Sigma Additive Solutions, Inc.	•			
Signature Bank	•	•		•
Silicon Laboratories Inc.	•	•	•	•
SilverBow Resources, Inc.	•			
Sime Darby Plantation Bhd.		•		
Simmons First National Co.	•	•		
The Simply Good Foods Co.			•	•
Simpson Manufacturing Co., Inc.	•	•		

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
SiteOne Landscape Supply, Inc.		•		•
Sitime Co.	•	•	•	•
Sixt SE			•	
SK hynix, Inc.	•	•		
Skechers U.S.A., Inc.	•	•		
Skillsoft Corp.		•		
Skyworks Solutions, Inc.			•	
SL Green Realty Corp.			•	
SmartCentres Real Estate Investment Trust	•		•	
SMCP SA	•	•	•	•
Smith & Nephew plc	•			
Smith & Wesson Brands, Inc.	•	•		
Smiths Group plc			•	
SNAM SpA	•	•		•
SNC-Lavalin Group Inc.		•		
Snowflake, Inc.	•	•		•
Societatea Nationala Nuclearelectrica SA	•			
Soitec SA	•		•	
Solaris Resources, Inc.	•	•	•	
Solvar Ltd.	•			
Solvay SA	•	•		
Sonic Automotive, Inc.	•			
Sonic Healthcare Ltd.	•	•	•	
Sonnet Biotherapeutics Holdings, Inc.	•		•	
Sony Group Corp.	•	•	•	
Sorrento Therapeutics, Inc.	•		•	
Sotera Health Co.	•	•	•	•
South32 Ltd.		•	•	
The Southern Co.	•	•	•	
Southwest Airlines Co.			•	

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
Southwest Gas Holdings, Inc.	•	•		
SpartanNash Co.	•	•		
Spero Therapeutics, Inc.			•	
Spirax-Sarco Engineering plc		•		
Spire Inc.	•	•		•
Spirit AeroSystems Holdings, Inc.	•	•	•	
Spirit Airlines, Inc.		•		
Splunk Inc.	•		•	•
SS&C Technologies Holdings, Inc.			•	
SSE plc	•	•	•	
SSP Group plc			•	
St. James's Place plc	•			
Standard Chartered plc		•	•	
Stanley Black & Decker, Inc.	•	•	•	•
Starbucks Co.		•	•	
The Star Entertainment Group Ltd.	•	•	•	
Starwood Property Trust, Inc.	•	•		
State Street Co.		•	•	
Steel Dynamics, Inc.	•	•		•
Steelcase Inc.		•	•	
Stellantis NV		•	•	
Stericycle, Inc.		•		
STERIS plc (Ireland)	•		•	•
Stockland	•	•	•	
Straumann Holding AG	•	•	•	
Strauss Group Ltd.		•		
Stride, Inc.	•	•	•	•
Stryker Co.				•
Sturm, Ruger & Co., Inc.	•	•		
Subsea 7 SA	•	•		

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
Sumitomo Mitsui Financial Group, Inc.	•	•		
Sumitomo Mitsui Trust Holdings, Inc.	•	•	•	
Sumitomo Realty & Development Co., Ltd.				•
Suncorp Group Ltd.	•	•	•	•
Sunrun, Inc.		•		
SVB Financial Group		•		
Sylvamo Corp.	•	•		•
Symrise AG	•	•	•	•
Sysco Corp.	•	•	•	
T-Mobile US, Inc.	•	•		
Tabcorp Holdings Ltd.	•	•	•	
Tachi-S Co., Ltd.	•	•		
Taishin Financial Holdings Co., Ltd.	•	•		
Taiwan Semiconductor Manufacturing Co., Ltd.		•		
Take-Two Interactive Software, Inc.	•	•		•
Takeda Pharmaceutical Co., Ltd.	•	•		
Talos Energy, Inc.	•		•	
Tandem Diabetes Care, Inc.	•	•	•	•
Target Co.	•	•		
Taylor Morrison Home Corp.	•	•	•	
Taylor Wimpey plc		•		
TC Energy Co.	•	•		
TD SYNNEX Co.	•			•
TeamViewer AG		•		
Technip Energies NV	•		•	
Telecom Italia SpA		•	•	
Teleflex Inc.	•			
Telefonaktiebolaget LM Ericsson	•	•		
Telefonica SA			•	
Teleperformance SA	•	•	•	

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
Tellurian Inc.	•	•	•	•
Telstra Group Ltd.	•	•		
Temenos AG		•	•	
Tempur Sealy International, Inc.	•	•	•	
Tencent Holdings Ltd.	•	•		
Teradyne, Inc.	•	•		
Terna Rete Elettrica Nazionale SpA	•	•	•	
Terreno Realty Co.	•		•	•
Tesco plc	•	•		
Tesla, Inc.		•	•	•
Tetra Tech, Inc.	•			
TETRA Technologies, Inc.				•
Texas Capital Bancshares, Inc.			•	
Texas Instruments Inc.	•	•	•	
Texas Pacific Land Corp.	•	•		•
Thermo Fisher Scientific Inc.	•	•	•	
THG plc	•	•		
Thor Industries, Inc.	•	•		
Thungela Resources Ltd.	•	•		
thyssenkrupp AG	•	•	•	•
TI Fluid Systems plc	•	•		
The TJX Companies, Inc.	•	•	•	
Tokio Marine Holdings, Inc.	•	•		
Toll Brothers, Inc.	•			•
TopBuild Corp.	•			•
Topgolf Callaway Brands Corp.		•	•	
The Toronto-Dominion Bank		•		
Toray Industries, Inc.	•			
Toshiba Corp.	•	•		
TotalEnergies SE		•	•	

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
Toyobo Co., Ltd.	•	•		
Toyota Motor Corp.	•			
TPG Telecom Ltd.	•			
Tradeweb Markets Inc.	•			
The Trade Desk, Inc.			•	
Trainline plc			•	
TransAlta Co.	•	•		
TransDigm Group Inc.		•	•	
Transurban Group Ltd.	•	•	•	
The Travelers Companies, Inc.		•	•	
Treasury Wine Estates Ltd.	•	•		•
Treehouse Foods, Inc.	•	•		•
Trevena, Inc.	•			
Tri Pointe Homes, Inc.	•	•		•
Trupanion, Inc.	•	•		
Twilio, Inc.	•			
Tyler Technologies, Inc.	•	•		
Tyson Foods, Inc.	•	•		
U-Haul Holding Co.	•	•		
U.S. Bancorp	•	•	•	
Uber Technologies, Inc.	•	•		
UBS Group AG	•	•	•	
UCB SA			•	
UDR, Inc.	•	•		
Ulta Beauty, Inc.	•	•		
Ultragenyx Pharmaceutical, Inc.	•	•		•
UniCredit SpA		•	•	
Unilever plc		•		
Union Pacific Corp.	•	•		
United Airlines Holdings, Inc.		•		

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
United Bancorp, Inc.	•			
United Natural Foods, Inc.	•	•	•	
United Parcel Service, Inc.	•	•		•
United Rentals, Inc.	•	•		
United Therapeutics Corp.	•	•		
UnitedHealth Group Inc.	•	•	•	
Universal Health Services, Inc.	•			•
Universal Music Group NV			•	
UPM-Kymmene Oyj	•			•
Upwork, Inc.			•	
US Foods Holding Corp.	•	•	•	•
UTZ Brands, Inc.	•	•		•
Vale SA	•	•		
Valero Energy Corp.	•	•	•	
Vantage Towers AG	•	•		•
Vastned Retail NV	•	•	•	
Vector Group Ltd.	•		•	
Veeva Systems, Inc.	•	•	•	
Ventas, Inc.	•	•	•	•
Veradigm, Inc.	•			
Verizon Communications Inc.	•	•		
Vertex Pharmaceuticals Inc.	•	•	•	
Vertiv Holdings Co.	•	•		
VF Corp.	•	•	•	•
Viatris Inc.	•	•		
Viavi Solutions Inc.	•		•	
VICI Properties, Inc.	•	•		
Vicinity Centres	•	•		
Vinci SA	•	•	•	
Virgin Galactic Holdings, Inc.	•	•	•	

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
Visa Inc.	•	•		
Vivendi SE			•	
Vodafone Group plc	•	•		
VolitionRX Ltd.	•		•	•
Volvo AB	•	•	•	
Vonovia SE	•	•	•	
Vulcan Materials Co.	•	•		•
VZ Holding AG	•			
Walgreens Boots Alliance, Inc.	•	•	•	
Walmart Inc.	•	•	•	•
The Walt Disney Co.	•	•		
Warner Bros. Discovery, Inc.	•	•	•	
Waste Management, Inc.		•		
WAVE Life Sciences Ltd.	•			
WEC Energy Group, Inc.	•	•		
The Weir Group plc	•	•	•	
Wells Fargo & Co.	•	•	•	
The Wendy's Co.	•	•		
Wesfarmers Ltd.	•	•	•	
West African Resources Ltd.	•	•		
West Pharmaceutical Services, Inc.	•	•	•	
Western Digital Co.	•		•	
Westlake Corp.	•			
Westpac Banking Corp.		•	•	
WestRock Co.	•	•		•
WEX Inc.	•	•		•
WH Smith plc	•	•	•	
Whirlpool Co.	•	•		
Whitbread plc	•	•	•	
Whitehaven Coal Ltd.	•	•	•	

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
Wienerberger AG	•		•	
The Williams Companies, Inc.	•	•		
Williams-Sonoma, Inc.	•	•	•	
WillScot Mobile Mini Holdings Corp.	•	•	•	
Wingstop, Inc.	•	•	•	•
Wizz Air Holdings plc	•	•	•	
Wolters Kluwer NV	•	•	•	
Woodside Energy Group Ltd.		•		
Woolworths Group Ltd.	•	•	•	
Workday, Inc.	•	•	•	•
Worley Ltd.	•	•	•	
WPP plc			•	
WSP Global Inc.	•	•		
WW International, Inc.			•	•
Wyndham Hotels & Resorts, Inc.	•	•	•	
Wynn Resorts, Ltd.	•		•	•
Xencor, Inc.	•			•
Xenetic Biosciences, Inc.	•			
Xerox Holdings Corp.	•		•	
XPO, Inc.	•	•	•	
Xylem Inc.	•			
Yelp Inc.	•	•		
Yum China Holdings, Inc.	•	•	•	•
Yum! Brands, Inc.			•	
Zalando SE	•		•	
Zebra Technologies Corp.	•	•	•	•
Zimmer Biomet Holdings, Inc.	•		•	
Zoetis Inc.	•	•		•
Zurich Insurance Group AG	•	•		•

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