Investment Stewardship

2020 Annual Report

Vanguard®

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An introduction from our chairman and CEO

Tim Buckley
Vanguard Chairman and Chief Executive Officer

Investors come to Vanguard for many reasons. Some are drawn to our client-ownership structure. Others are attracted to our long-term, low-cost investment philosophy. And still others are looking for an investment firm with a strong track record of stability and outperformance. Regardless of your reason for selecting Vanguard, we deeply appreciate your trust and are committed to helping you achieve your financial goals.

One of the clearest expressions of how we advocate on your behalf is our engagement with the companies in which we invest. Our Investment Stewardship team speaks with thousands of executives and board members each year to understand how they intend to deliver enduring value to investors. Our conversations delve into the strategic risks facing a portfolio company and how its leadership plans to manage those risks. Many of the issues we discuss are reflected in proxy ballot items, and Vanguard votes each fund's shares in accordance with what will serve its investors best over a long time horizon.

Over the past year, the pandemic, economic uncertainty, and a historic social justice movement have brought environmental, social, and governance risks into sharp focus. As companies regain their bearings and plan for the future, the job of a director on the board of a public company has never been more challenging or more important.

We anticipate that corporate governance practices, investor expectations, and regulatory policies will evolve significantly in the coming years. We have asked Glenn Booraem, who has led our Investment Stewardship program the last two decades, to take on a new role helping Vanguard navigate this changing landscape. John Galloway, an experienced leader who joined the Investment Stewardship team earlier this year, now leads the program for Vanguard. I'd like to thank both leaders for their work in promoting and protecting long-term value for Vanguard investors.

I invite you to read this annual report, which summarizes the team's work on your behalf. As the voice of 30 million investors worldwide, Vanguard takes our responsibility of investment stewardship seriously. We'll continue to push portfolio companies to adopt principles of good governance and hold them accountable for following through.

Thank you for investing with Vanguard.

Resilience and growth in a turbulent year

Vanguard announced this year that Glenn Booraem, the longtime leader of Vanguard's Investment Stewardship program, is taking on a new role. John Galloway, who joined Vanguard in 2017 with 25 years of leadership and policy experience in the private and public sectors, is now heading the program. In this Q&A, John and Glenn reflect on a historic proxy year and how the lessons of 2020 will have a lasting effect on corporate governance and investment stewardship.

The COVID-19 pandemic has affected millions of people around the world. How has the pandemic affected corporate governance practices?

Glenn Booraem: Obviously, this was a year unlike any other. In the short term, the pandemic upended the concept of business as usual and drove companies to make some very tough decisions. Longer term, some boards are re-evaluating strategic business models and re-examining the way they approach risk oversight. As boards and management teams think through these important issues, Vanguard has asked them to keep the interests of long-term investors at the forefront.

How has the pandemic affected Vanguard's Investment Stewardship program?

John Galloway: As with our colleagues across Vanguard, our team was able to continue our work throughout the crisis. The entire team began working remotely in March, and we engaged with public companies and voted proxies in a new virtual setting. I am proud of our team's perseverance, resilience, and commitment through a challenging period.

Amid the chaos of a pandemic, there was great social unrest triggered by a history of racial injustice in the U.S. that reached a flash point with the death of George Floyd. What are your thoughts on these events?

John: George Floyd's killing sparked a global movement that continues to shine a light on the depth of systemic racial inequality and social injustice in the United States and many other countries. We watched the video. We had candid conversations with our friends, neighbors, and colleagues—and listened to voices ignored for far too long. Moments like these have the ability to drive significant action, including by igniting a greater awareness and focus on progress in the business community.

How do societal matters such as diversity, equity, and inclusion play a role in corporate governance?

Glenn: Diversity, equity, and inclusion drive long-term value for our investors. We expect boards to understand the potential impacts of social issues in the near and long term—how they affect employees, customers, and the communities where they operate. Boards should understand the benefits of getting it right and the risks of getting it wrong.

John: We see opportunities for continued improvement across our portfolio. For example, in 2019, we communicated to companies that our expectations regarding diversity in the boardroom go beyond gender and include racial and ethnic minority representation. While some companies have taken meaningful steps, too many others haven't. We will continue to push for progress—and our expectations will evolve to reflect a growing focus on the importance of diversity across boards, leadership teams, and the broader workforce.

How does Vanguard approach the increasingly complex landscape of governance and stewardship codes worldwide?

Glenn: The increasing focus on governance and stewardship globally is a good thing. Companies, industry organizations, and governments are embracing better standards, and that's good news for investors. Of course, there are disparities in governance norms based on region, industry, and even company size. As standards evolve and regulations change, Vanguard will work to ensure that the best interests of investors are protected.

Vanguard recently published several pieces on climate risk. What's the key message for companies and for Vanguard shareholders?

John: Climate change presents a profound risk to companies and their long-term investors. Vanguard cares deeply about the impact of climate risk, and we expect company boards to be aware of their role in the changing climate. Every company, whether it's a carbon producer or a carbon consumer, factors into the climate equation. At companies for which climate risk is material, we expect boards to oversee that risk, demonstrate competency on climate issues, provide effective disclosure, and take appropriate steps to mitigate the risks for their business.

What are the key future priorities for Vanguard's Investment Stewardship program?

John: Vanguard's program has evolved and improved every year in response to evolving market dynamics, investor expectations, and regulatory requirements. That is a credit to the work that Glenn and the team have done over the last two decades.

Looking ahead, we know the pace of change will accelerate, and ours will accelerate too. We will build the breadth and depth of our expertise around the world, we will have the right conversations with the right companies at the right times, and we will provide greater clarity to investors and interested stakeholders regarding our investment stewardship activities.

During this period of global uncertainty, the importance of remaining focused on the long term has never been more clear, and good governance has never been more important. We'll continue to work with companies and hold them accountable, and to promote and protect long-term value for Vanguard investors.

Our four principles

Board composition

We believe that the foundation of good governance begins with a great board of directors.

Our primary focus is to ensure that the individuals who represent the interests of all shareholders are independent, committed, capable, and appropriately experienced.

We also believe—and research shows—that diverse boards can make better decisions, and that those, in turn, can lead to better results. That's why we look for meaningful disclosure about a board's mix of experience, tenure, skills, and personal characteristics and how that aligns with the company's strategy.

Boards must also continuously evaluate themselves and evolve to align with the increasingly complex long-term needs of their business.

Oversight of strategy and risk

Boards are responsible for oversight of a company's long-term strategy and any material risks.

It is the job of the board to be highly engaged in the oversight of both strategy and risk, so we look for a constant exchange of information between the board and company management. Vanguard expects directors to be fully knowledgeable about the risks and opportunities that stem from a company's strategy, and they can provide valuable counsel to company leaders who are executing it.

Investors benefit when the market has clear, decision-useful disclosure of material risks. We look for progress by the board in aligning strong risk oversight and disclosure with long-term shareholder value, as such reporting can provide a more accurate valuation of the company

Executive compensation

We believe that performance-linked compensation (or remuneration) policies and practices are fundamental drivers of sustainable, long-term value.

Executive pay should reflect the level of shareholder value. When shareholders do well, so should executives. When companies underperform, however, executives' pay should move in the same direction.

We look for pay plans that incentivize outperformance versus industry peers over the long term and emphasize the importance of incorporating relative-performance metrics (particularly relative total shareholder return) into those plans.

Shareholder rights

We believe that shareholders should have the power to use their voice and vote to ensure the accountability of a company's board.

We expect companies to adopt governance structures (such as accountability measures) to ensure that boards and management serve in the best interest of the shareholders they represent. We view such governance structures as a safety net to protect and support foundational rights for shareholders.

Our program

Vanguard's Investment Stewardship program is executed by a global team of experienced professionals, aligned by region or sector and by topical area of responsibility. This structure enables us to balance the need for global consistency with regional relevance by developing in-depth knowledge on pertinent issues across our funds' portfolios and identifying industry, regional, and country-specific trends. Our senior leaders, who are responsible for broad-based regional and sector teams, oversee all engagement, company research, analysis, and voting for the companies in their areas, in partnership with their focused teams of analysts.

Our policy and research team drives our global perspectives on key topics, and it partners with regional teams to shape voting, engagement, and advocacy strategies. Our research and communications group articulates the views, policies, and thought leadership that demonstrate our focus on long-term value creation and protection for shareholders to the broader market. And our technology and operations group enables every aspect of our program's research, analysis, and execution.

Our global team represents Vanguard fund shareholders' interests through industry advocacy, company engagement, and proxy voting.

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

Engagement: We meet with portfolio company executives and directors to share our long-term orientation and principled approach and to learn about companies' corporate governance practices. We characterize our approach as deliberate, constructive, and results-oriented.

Voting: Our team votes proxies at public company shareholder meetings on behalf of each of our global equity funds. Because of our advocacy and engagement efforts, by the time our funds' votes are cast, companies should be aware of the priorities and governance principles we deem most important to the creation and protection of long-term shareholder value.

Investment Stewardship at a glance

During the 2020 proxy year, we engaged and voted on a range of governance matters. The details below illustrate our advocacy, engagement, and voting on topics including board composition, executive compensation, and sustainability risks.

- Discussed board composition in 70% of our engagements.
- Met with independent directors in 46% of our engagements.

- Discussed compensation in 47% of our engagements.
- Voted against 384 directors because of executive compensation concerns.

- Engaged with 258 companies in carbon-intensive industries, or 33% of all companies engaged.
- These engagements represented $412 billion in equity assets under management.

793
companies engaged

168,305
proposals voted on

$1.92T
equity assets under management engaged in the last year*

27
markets represented in our engagements†

Australia	Japan
Austria	Netherlands
Belgium	New Zealand
Brazil	Portugal
Canada	South Africa
China	South Korea
Denmark	Spain
France	Sweden
Germany	Switzerland
Greece	Taiwan
Hong Kong	United Arab Emirates
India	United Kingdom
Ireland	United States
Italy	

* Dollar figure represents the market value of Vanguard fund equity investments in companies with which we engaged over the 12 months ended June 30, 2020. AUM calculated as of that date.

† Countries and territories of risk.

Engagement and voting at a glance

Our global reach

The Vanguard funds' stock ownership is reflected in our global engagements. Although the U.S. is our largest area of focus, we are engaging with an increasing number of companies around the world as our clients invest more of their assets overseas.

Our voting trends

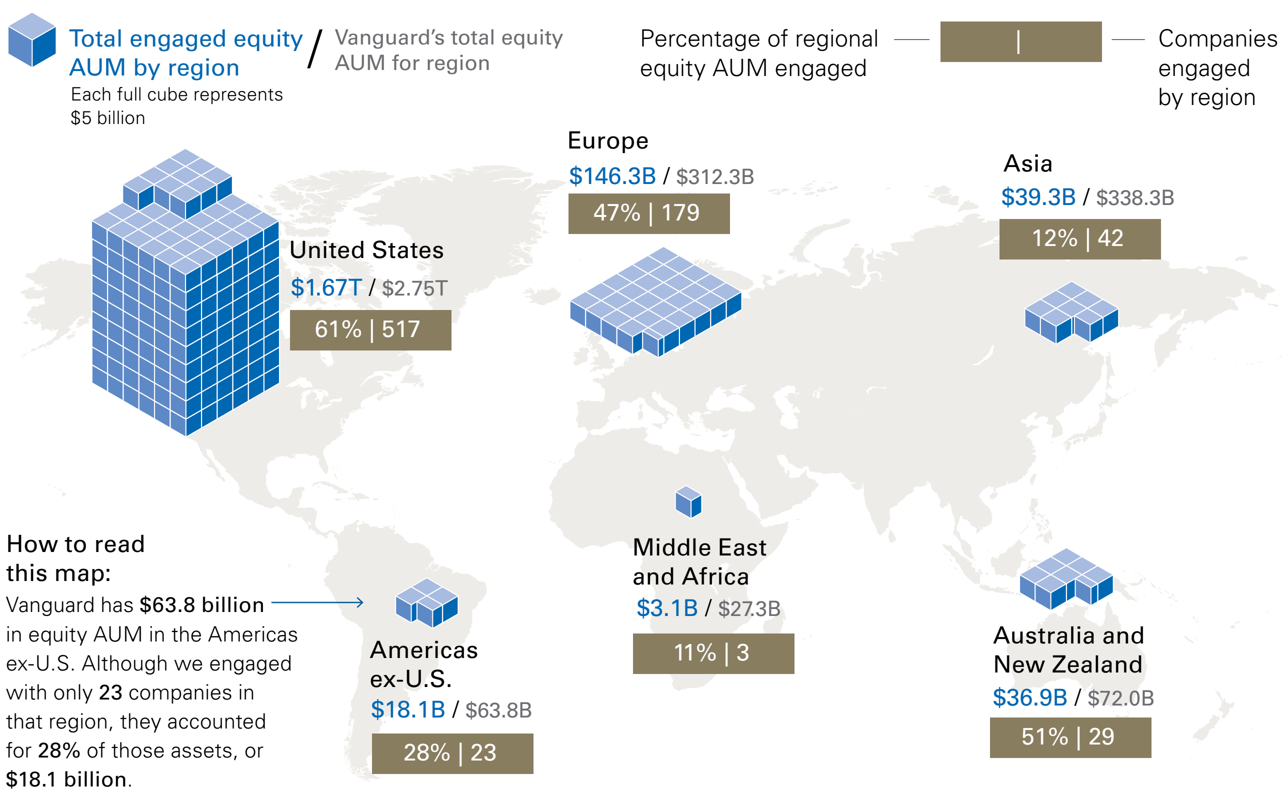
In the 2020 proxy year, the Vanguard funds voted on 168,305 proposals at 18,476 company meetings across every major financial market. These meetings took place at 12,135 portfolio companies, representing every major corporate sector.

Evolution of our engagements

We engaged with 793 companies, down from 868 in 2019. (The decrease was largely due to annual meetings delayed during the pandemic.) These engagements reflected 54% of our global equity assets under management.

Our global reach

Our engagement activity is proportional to the geographical distribution of our assets, and our engagement approach tends to focus on companies or situations that will have the most impact on Vanguard funds.

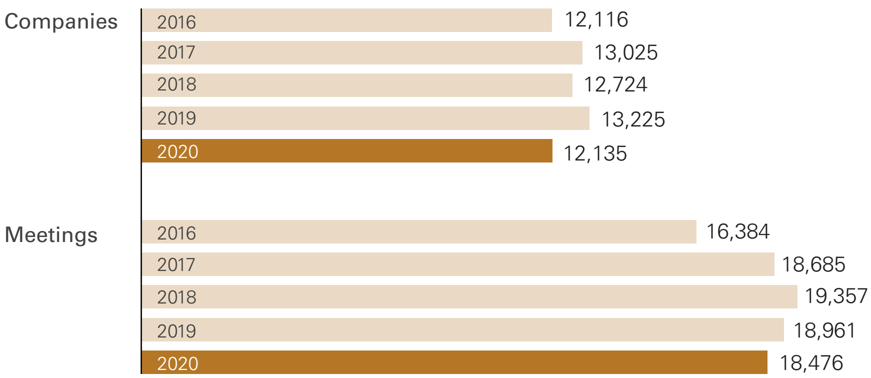


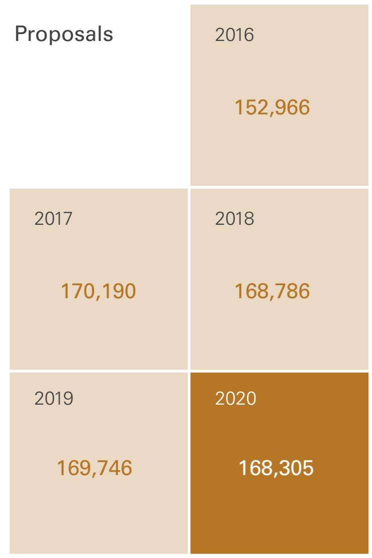
Notes: Data pertain to the 2020 proxy year. Assets under management are calculated as of June 30, 2020. The percentage of AUM engaged by region is calculated by dividing the AUM represented by our engagements in each region by the AUM represented by our total global engagements. As of June 30, 2020, the AUM represented by our total global engagements was $1.92 trillion.

Our voting trends

Voting is one of the fundamental ways we voice the views of the Vanguard funds.

Companies, meetings, and proposals voted since the 2016 proxy year

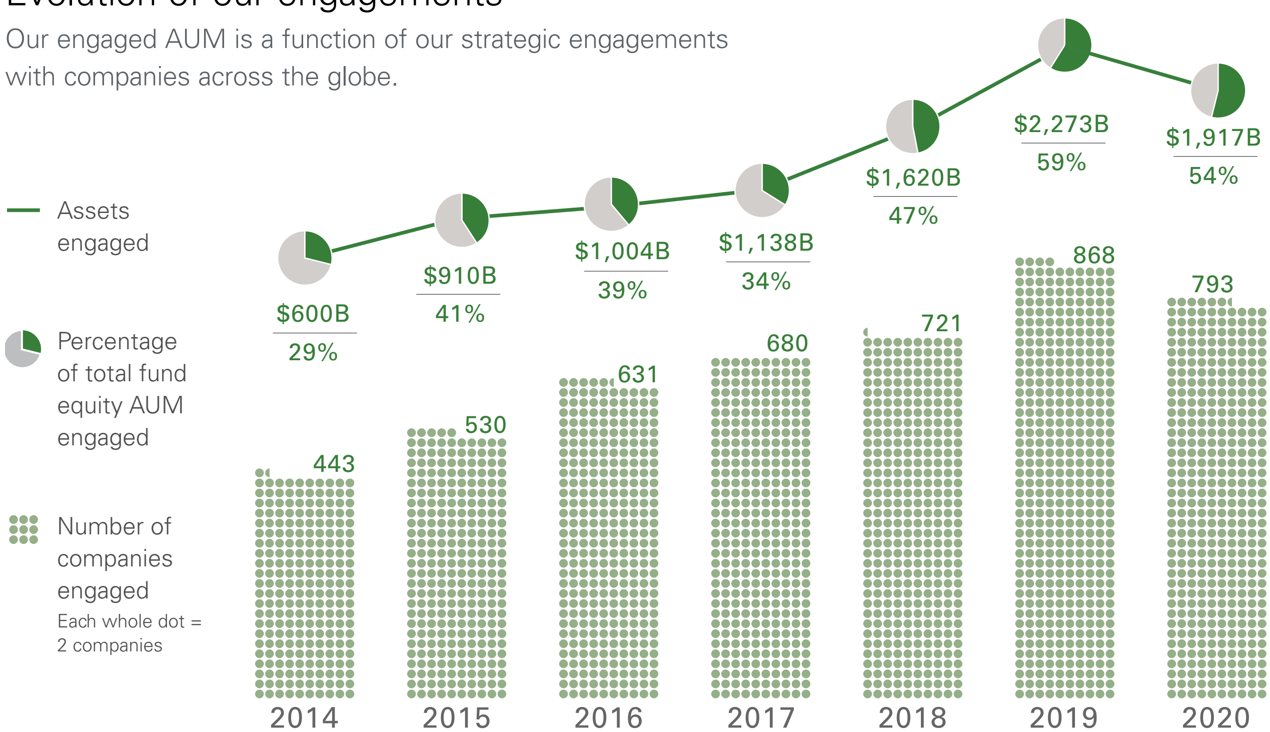




Note: The proxy year is measured from July 1 through June 30.

Evolution of our engagements

Our engaged AUM is a function of our strategic engagements with companies across the globe.



Notes: Dollar figures represent the market value of Vanguard fund equity investments in companies with which we engaged in each proxy year shown. Percentages of equity assets under management reflect the AUM of the companies Vanguard engaged with relative to Vanguard funds' total equity AUM.

Regional roundup

Topics and trends that shaped this year's global governance landscape.

Companies around the world are experiencing a complex moment in history.

COVID-19 has taken a devastating toll on human life, health, well-being, and economic activity. What began as crisis management for companies has evolved into a focus on the health and safety of employees, customers, and communities as companies have shifted capitalization strategies to meet immediate business needs and boards have considered the short- and long-term impacts of the pandemic on business strategy.

The pandemic also affected how companies interacted with their shareholders. During the proxy year ended June 30, 2020, many companies adopted the use of virtual shareholder meetings. According to Institutional Shareholder Services, Inc., over 2,000 U.S. companies held virtual shareholder meetings in the first half of 2020, compared with just under 300 for all of calendar year 2019.

Amid the pandemic, tragic events have put a spotlight on the racial and social injustices that persist in the world and have reinforced the importance of companies addressing associated risks and opportunities.

As companies reflect on how they approach diversity, equity, and inclusion in their own workforce, they will likely be held to higher standards—and challenged by shareholders who seek action and greater disclosure to demonstrate a commitment to progress.

As you will see on the following pages, this proxy year saw no shortage of unique governance situations and shareholder proposals that highlight the evolution of corporate governance around the world. As companies turn their attention toward emerging risks, our engagements have become more complex as we seek to understand how boards will address those risks and related opportunities for their companies to stay relevant in the long term.

Our expectations of global companies on key environmental, social, and governance (ESG) matters continue to evolve as well. As our global Investment Stewardship program matures each year, we will continue to enhance our policies and engagement priorities in each region to achieve the best possible outcomes for shareholders.

The Americas

Our engagements with companies in the Americas this proxy year centered on understanding how boards identify and oversee material risks, including climate- and diversity-related risks, and how they disclose those to the market. Following a number of governance failures, we closely monitored how company governance programs adapted to effectively oversee and manage risk. We also evaluated hundreds of shareholder proposals that reflect both the increasing complexity and the importance of ESG issues.

In the United States and Canada, climate-related proposals remained top of mind for shareholders. These proposals varied widely, from aligning long-term strategy with climate risks to seeking targets for reducing companies' climate impact. Companies were asked to disclose their strategies for managing and mitigating greenhouse gas emissions and aligning with goals set forth in the Paris Agreement. We also saw more climate-related proposals outside carbon-intensive industries, such as at financial firms, as shareholders looked for disclosure of climate-related risks in lending activities and, in some cases, asked those firms to stop financing activities in the energy and utilities sectors.

Vanguard expects boards to effectively oversee climate risks and become more transparent about their decision-making process through clear and effective disclosure. We support the use of investor-oriented frameworks such as those developed by the Task Force on Climate-related Financial

Disclosures (TCFD) to enable better disclosure. The Paris Agreement goals have become a widely accepted standard for countries and companies aiming to address climate change. Where climate change is a material risk, Vanguard encourages companies to set and disclose targets that align with these goals, and to both assess and communicate their progress.

Diversity was another key topic this proxy season. In the past, proposals related to diversity sought enhanced disclosure of practices and metrics at the board level and often focused only on gender. This year, we saw several proposals across industries focused on workforce diversity, with an expanded focus on racial and ethnic diversity. While some companies have made progress in this area, many others have room for improvement. As companies are held to higher standards, our expectations of them will increase accordingly. We expect to see more board and workforce diversity proposals in the next year as human capital management issues continue to increase in importance.

In addition to climate change and diversity, political spending and lobbying proposals appeared on the ballot across nearly every sector. Boards were asked how they oversee strategy and disclose risk when it comes to political contributions and policies. We anticipate that these types of proposals will be an ongoing trend, as shareholders demand transparency in how companies align their lobbying activities with corporate strategy.

Europe, the Middle East, and Africa

We continued to invest in our London-based team, recruiting more team members to support the regionalization of Vanguard's stewardship program in order to benefit from a diversity of talent and perspectives. Coverage of our Middle East and Africa portfolio was transitioned to Europe, giving the team an EMEA focus. In the coming year, the team will also take ownership of the Asia portfolio. Our policy framework is evolving to incorporate local-specific guidelines within established global principles.

European regulatory changes were a significant driver of investment stewardship and ESG-related topics this proxy year as we continue to implement the European Union's Shareholder Rights Directive II (SRD II) and the UK Stewardship Code 2020. Both these regulations call for more disclosure of our voting and engagement activities. Vanguard has committed to be among the initial signatories to the UK Stewardship Code, and we plan to publish our report in the first half of 2021.

The regulatory environment also influenced agenda items at European companies' annual meetings, especially regarding executive remuneration. Because of SRD II requirements, many European companies put their executive pay policies to a shareholder vote for the first time. Our voting-related engagements focused on the details of these proposals along with related topics such as the impact of COVID-19 on remuneration plans and, where relevant, the integration of ESG metrics.

Since the pandemic struck Europe in early 2020, many of our conversations have been linked to COVID-19. We've sought to understand how boards are considering strategy and risk management during the pandemic and the implications for stakeholders. It has been valuable to see companies making clear statements on this. We've also taken a pragmatic approach to capital allocation proposals given the unprecedented nature of the crisis.

Amid a heightened public awareness of environmental issues, investor activism continued to rise in Europe, and we carefully assessed a small number of climate-related shareholder proposals. Interest in stewardship is growing as the focus shifts further toward sustainable investing.

Asia

We continue to see companies throughout the region make progress on the governance front. Over the last several years, the evolution of governance codes has influenced companies to engage with shareholders such as Vanguard. In many cases, our discussions were conducted with key directors and executives, which led to meaningful conversations about strategy, risk, and board composition and about important environmental and social topics.

This proxy season, additional forces drove this trend. We saw influential voices using the proxy system to improve governance. These voices included domestic and international activist investors and large institutional investors all looking to orchestrate change at the companies they invest in. A series of high-profile governance failures also forced change at several of the region's bellwether companies.

In Japan, more companies aligned their practices with Japan's Corporate Governance Code. We saw a decline in anti-takeover defense tactics, which can stifle shareholder rights. We also saw companies appoint independent directors and female board members. In some cases, boards were more transparent, willing to acknowledge their missteps and accept accountability, resulting in leadership changes when warranted.

Granted, not every company reacted similarly. But those companies that enacted change serve as positive examples for others in the region and reinforce that an independent, diverse, and capable board can drive long-term value for shareholders. An important catalyst in the region has been Japan's Government Pension Investment Fund. The large institutional investor supports the country's governance code and has been advocating for companies to embrace governance best practices.

In other areas such as Hong Kong and China, a lack of emphasis on improved standards has led to inconsistencies in how companies approach governance. In South Korea, we have seen select companies begin implementing more substantive governance changes. There is still room for improvement throughout the region, but we are optimistic about the broader trends toward independent, diverse boards; shareholder-friendly policies; and better oversight, and we look forward to more companies proactively moving to adopt best-practice governance structures.

Australia and New Zealand

Public and regulatory attention to climate risk markedly increased this proxy year in Australia and New Zealand, including from government agencies with oversight of disclosure practices by companies generally, and prudential supervision specifically in the case of financial sector institutions.

The 2019 Australian proxy season brought an uptick in both climate-related shareholder proposals and the number of energy companies whose climate-related disclosures align with the TFCD's standards, which we support. More leading companies in the region now aspire to address emissions targets, scenario analysis, and carbon-neutral goals as laid out in the Paris Agreement.

Although there is still room for improvement, we appreciate that these companies now recognize the directional expectations of investors and are being proactive about their governance policies at a time when the bushfires that ravaged Australia in 2019 and 2020 have put climate change at the center of a national conversation.

Within companies, we also saw several shareholder proposals and controversies that touched on societal issues that affect employees, communities, and indigenous peoples. These incidents exemplify a growing concern around the world about human rights, employment practices, and community-related issues, and they promise to be a focus of our future engagements.

The 2019 proxy year also saw some further progression of the governance failures we have witnessed in Australia's financial sector. In 2018, a landmark government commission found breaches of legal obligations, policies and procedures, company culture, and management and board oversight at some of the country's largest financial institutions. Our engagements with these institutions over the last few years have evolved from understanding what triggered company missteps to discussing ways of preventing future failings. We continue to probe on oversight topics when we engage with these financial institutions.

A note about the following engagement case studies

Good disclosure can help investors and companies make better decisions. Market norms and expectations continue to move toward greater levels of disclosure in investment stewardship reporting.

Starting with this report, we are including the names of companies in our engagement case studies. By highlighting examples of our discussions with companies on a wide range of topics, challenges, and successes, we aim to demonstrate the benefits of sound corporate governance and investment stewardship practices.

We intend for our reporting to be fair, factual, and respectful. Vanguard values the candid exchange of perspectives that we have with company leaders in our engagements. We reaffirm our commitment to those trusting and productive conversations and to our shared interest in long-term value creation for shareholders.

Board composition

Good governance starts with a company's board of directors. Historically, directors' responsibilities have included hiring CEOs and setting compensation. But as board members help lead increasingly complex global companies, higher expectations are being placed on them. The job of a director now requires new skills, expertise, and time commitments as boards are asked to be a key voice on strategy and identify and govern material risks—both known and unknown.

An effective board should be independent and reflect both diversity of personal characteristics (such as gender, race, and ethnicity) and diversity of skill, experience, and opinion. We believe—and research shows—that diverse boards can make better decisions, which can set in motion a virtuous circle that enables a company to innovate, seek out new customers, and enter new markets. If a company's board is capable, diverse, and experienced, good results are more likely to follow.

Board composition

Vale’s board evolution signals positive changes

We have held several engagements with Vale, a Brazilian metals and mining company, following the 2019 Brumadinho dam collapse that resulted in significant loss of life and environmental impacts. An internal investigation later exposed gaps in Vale’s board oversight and effectiveness, as well as issues related to company culture.

Disasters like the dam collapse often signal failures of risk oversight at multiple levels of the company, and we’ve engaged in continuous dialogue to understand how that disaster influenced cultural and structural changes at Vale. In light of the global COVID-19 pandemic, we also sought to understand how Vale has internalized and applied disaster response lessons. When a critical failure is identified at a company, it’s important that the response be thorough and systemic, designed to improve the company’s response to any future risk and not just be specific to one isolated event.

In our most recent engagement with Vale’s leaders and an independent director, the board described its response to the pandemic, including reducing the number of workers in field operations and halting operations at affected facilities. Vale also noted its collaboration with Brazil’s government to transport millions of COVID-19 test kits to the country. We will continue to assess the company’s response to the pandemic.

Our dialogue turned to the evolution of the board, and company leaders explained developments including the addition of six new independent directors, proposed changes to the board’s committee structure, and a focus on sustainability and cultural transformation. The leaders said the board had undergone peer evaluations to identify areas of improvement and develop action plans. In addition, a sustainability team is leading the effort to close ESG gaps and transform company culture, notably incorporating sustainability metrics into Vale’s compensation plan.

It was clear from our discussion that the independent director was deeply involved in the board’s transformation, board initiatives, and engagements with both shareholders and employees. The director was well-informed and responsive to our feedback and areas of focus. We were pleased to see these important positive governance changes. We will continue to encourage and monitor the implementation of governance and risk oversight best practices at Vale.

Board composition

Evaluating a proxy contest over leadership at Lagardère

French media company Lagardère faced a proxy contest at its 2020 annual meeting. After an unsuccessful campaign to elect two directors to the company's 12-member supervisory board in 2018, an activist shareholder group nominated eight new directors and sought to remove seven existing ones. We held engagements with directors at Lagardère as well as with representatives of the activist group.

The activist cited concerns with Lagardère's sustained underperformance, which it believed was caused by the supervisory board's ineffectiveness, flawed decisions about capital allocation, and poor corporate governance relating to the company's *commandite* (limited partnership) structure. According to the activist, the first step to improved performance at Lagardère was to refresh the supervisory board.

While acknowledging lagging performance, Lagardère explained that it was undertaking a company transformation and had achieved recent successes as a result. The directors also expressed the need for leadership stability as the company faced the challenging impacts of COVID-19, and they did not think the dissident candidates could offer superior board expertise. We felt that Lagardère did not offer a compelling rationale for maintaining its unique governance structure, and we did not think that structure best served shareholders' interests.

We concluded that there were further opportunities for the supervisory board to challenge and oversee the company more effectively on behalf of shareholders and that a change in board composition was warranted. On that basis, the Vanguard funds supported four proposed directors from the dissident slate, who we believed would add valuable skill and insight to Lagardère's supervisory board.

Although the dissident candidates did not win the election, they received considerable support. We expect the company to reflect on shareholder feedback and consider implementing changes. We will continue to engage with Lagardère and assess its progress.

At TEGNA, dissident challenges board on strategic vision

TEGNA, a U.S.-based digital media and marketing services company, was the target of a proxy contest to replace four directors over concerns about the board's ability to drive strategic growth at the company. In our evaluation of proxy contests, we seek to understand the case for change at the target company, the caliber of company and dissident board nominees, and the quality of the company's governance.

We engaged with both the dissident's board nominees and members of TEGNA's board and management. The dissident raised a number of concerns regarding their perception of the current board's lack of focus on shareholder outcomes and a perceived lack of operational expertise. Although we thought the dissident's perspective raised reasonable questions, our engagement with TEGNA's board and our own analysis led the funds to support the incumbent board. During our multiple engagements with TEGNA, which included the independent board chair and several independent directors, we found TEGNA's directors to be engaged and knowledgeable about the company's plans. Furthermore, the board comprised diverse, experienced directors whose skills aligned well with TEGNA's strategy.

We will continue to engage with TEGNA and monitor how the company delivers on its strategy to provide value for shareholders.

Oversight of strategy and risk

When we discuss strategy and risk with portfolio companies, we work to assess how deeply the board of directors understands the company's strategy and is involved in identifying and governing material risks. This dual responsibility is taking an increasing amount of directors' time as these strategies and associated risks become more complex.

We believe there should be a constant exchange of information between a company's board and management. After all, we expect directors to bring a wealth of experience and diverse perspectives to the boardroom, and they can provide valuable counsel to company leaders. And company management should be well-positioned to help board members understand a company's risks and opportunities. But board members shouldn't rely solely on management for assessments of their companies; they should educate themselves on competitive dynamics and seek outside opinions.

Ultimately, boards should work to prevent risks from becoming governance failures. We've seen increasing evidence that nontraditional but material risks related to environmental and social topics can damage a company's long-term value. If a company's practices, organizational culture, or products put employees' or customers' health, safety, or dignity at risk, they can pose a financial risk to investors too. Strong oversight practices enable a board to steer a company through unpredictable crises like the pandemic.

Coca-Cola Amatil takes a strong governance approach

We had a productive strategic engagement with Coca-Cola Amatil, a large Australian distributor of soft drinks and nonalcoholic beverages. In strategic engagements, our research focuses on assessing how a company's strategy and long-term objectives align with its approach to governance.

In our inaugural meeting, we engaged with board members and company leaders who discussed how they navigated the company through recent bushfires that ravaged Australia. They walked us through their crisis management process—developed in the wake of previous natural disasters—that focused on protecting employees, mitigating supply-chain disruptions, and ensuring that their products still made it into customers' hands. Company leaders also said their experience with handling such disasters was helping them operate efficiently during the pandemic. We appreciated the thoroughness of their approach to risk mitigation and the company's seeming agility at a time when many peers were struggling.

We were also pleased that the board had embraced diversity. Almost 40% of the directors are women, including the executive director and the independent chair. The board has a range of skills, experience, and regional expertise and seeks diverse pools of candidates, as evidenced by the recent appointment of another well-qualified woman to be a director.

We provided our perspectives on the company's structure for executive remuneration and expressed our views on aligning compensation with appropriate long-term goals. We plan to follow up on this topic when we meet again with the company in the near future.

Failed land deal exposes lax oversight at Sekisui House

We engaged with Sekisui House, one of Japan's largest home builders, as it was grappling with the fallout from a failed land deal. The company was forced to record a loss on the deal, and its chairman and CEO stepped down. That former executive eventually launched a proxy contest seeking to replace the board with a new slate of directors.

The failed deal exposed lapses in oversight by the board and management, including by the new chairman, who was formerly the chief operating officer and had helped vet the deal. When situations such as this unfold, we look to the board to be transparent with shareholders about what happened and to institute policies and procedures to prevent a recurrence.

We met with company leaders as well as members of the dissident's proposed board as we evaluated who would be better suited to navigate the company beyond the scandal. Our due-diligence process included investigating the dissident's accusations, assessing the qualifications of each slate of directors, and judging which slate could get the company back on track with minimal disruption.

We came away with more confidence in the current board; its members pointed out the actions they had already taken to improve oversight and accountability by increasing the board's independence and reducing the length of director terms to allow for annual elections. The board had also taken steps to better align executive compensation with long-term performance.

However, we agreed with the dissident that the new chairman should be held accountable for his role in the failed deal. The Vanguard funds supported the current directors, except for the new chairman. We will continue to monitor the company's corrective actions and will reinforce our expectations for improved governance and risk oversight.

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Johnson & Johnson addresses oversight of opioid-related risks

We met with the lead independent director and management at Johnson & Johnson, a U.S. health care company, and had a constructive conversation about a shareholder proposal requesting that the company report on the board's oversight of opioid-related risks.

Johnson & Johnson leaders felt the proposal was unnecessary given the company's existing public disclosure. We shared that although Johnson & Johnson's existing disclosures about its corporate response to the opioid epidemic were robust, a consolidated view of the board's governance of financial and reputational risks related to the epidemic, as suggested in the proposal, would benefit shareholders and enable the board to better communicate its oversight of such risks.

Our prior engagements gave us confidence that company leaders and the board are focused on this topic and appreciate the risk it poses. Support for the board's approach was reflected in the Vanguard funds' support for the company's directors at the annual meeting. We noted in our discussions, however, that we believed that consolidated disclosure of the board's oversight of risks related to the opioid epidemic would be valuable. We encouraged Johnson & Johnson to view the funds' support of the shareholder proposal as encouragement to enhance its disclosures and better describe the board's role in oversight of opioid-related risks. We discussed with the company that such disclosure would be helpful for shareholders, and the proposal ultimately received a majority of shareholders' support.

We plan continued positive engagements with the company as its disclosure on this topic evolves.

Two Japanese utilities look to move on from past crises

We conducted engagements with two of Japan's largest electric utilities to track their progress in the wake of previous crises. Kansai Electric has been embroiled in a bribery case, and Tokyo Electric is still reeling from the 2011 Fukushima nuclear accident.

During our meetings, we pressed leaders from both companies about the lessons they had learned from the crises and any steps they were taking to improve oversight. In these instances, we expect boards to be transparent about governance lapses. We were pleased to hear company leaders talk about meaningful changes. Leaders of Kansai Electric explained how they brought in new leadership and overhauled how information flows to the board, and they described improvements they made to audit, compliance, and risk policies. Tokyo Electric's management updated us on employee safety, the decommissioning of the defunct nuclear power plant, and how the board is overseeing the recovery process. Both boards emphasized their commitment to regain shareholders' trust.

We also discussed with both companies the recurring set of similar shareholder proposals that each received. Among them were several that asked the companies to divest from coal and nuclear businesses because of employee and community safety issues and potential harm to the environment. Although we acknowledge the environmental and safety concerns with coal and nuclear power, and share an interest in understanding their materiality to each company and its plans for mitigating associated risks, we view these specific proposals as too prescriptive because they encroach on a company's routine operations. The Vanguard funds didn't support them.

In future engagements, we want to hear about the companies' efforts to address material risks by diversifying their power-generation assets.

Samsung Electronics improves oversight after a scandal

We met with the management of South Korea's Samsung Electronics to discuss its improvements to board oversight after an embezzlement case involving one of the country's top politicians engulfed the company.

Company management provided an update on the addition of directors with government, audit, and legal experience and members who broadened the board's gender and regional diversity. Of particular note was the appointment of the company's first independent chairman. The company also shared details about a new enterprise-wide advisory compliance committee that serves as a consultant to directors on certain governance issues. Although we consider these appropriate measures to begin regaining shareholder trust, in our next discussion we hope to engage with board members who can provide details on board operations.

Given Samsung Electronics' stature, it has an opportunity to set an example for governance best practices in Asia. The company has taken initial positive steps, but we will look to hear from board members in the future about additional measures they have taken to improve governance.

Santander Consumer is pressed on racial discrimination

Santander Consumer USA, the U.S. subsidiary of Spain's Banco Santander, received a shareholder proposal requesting that the board prepare a report on the risks of racial discrimination in its vehicle-lending business and any steps the company has taken to prevent such discrimination.

In our engagement, an executive explained that the proposal sought information the company already made public in its regulatory filings and on its website and that its fair-lending policy enabled the company to effectively oversee and manage risks similar to what the proposal outlined. But our analysis found that the company's reporting provided a bare minimum of detail and lagged peers' disclosures. In addition, the complete fair-lending policy isn't made available to investors. Furthermore, given the company's recent history of paying fines to settle charges of predatory lending, we view the proposal as addressing a material risk.

Given those points, we deemed the proposal appropriate, and we felt it gave the company an opportunity to publicly share important information about how the board carries out its oversight duties.

The funds supported the proposal—as did other shareholders—but ultimately the proposal failed to gain sufficient support given that the parent company controls a majority of the shares. We plan to revisit this topic in future engagements, delivering our views directly to board members.

Bayer seeks to restore investors' confidence in its boards

We engaged multiple times with Bayer in the second half of 2019, meeting with the chair of the supervisory board and the CEO on separate occasions, as well as providing email feedback on the company's development of its sustainability strategy. At the German health care firm's 2019 annual meeting, the funds' voting expressed a lack of confidence in the ability of the supervisory and management boards to oversee new relevant risks for their evolving business, particularly in relation to product safety concerns that came to light after Bayer acquired Monsanto in 2018.

After the funds' vote at the annual meeting, Bayer showed transparency in its efforts to restore confidence in the boards. The company's representatives demonstrated a clear approach to risk oversight and shared with us details of how they monitored legal and reputational risks.

We were encouraged that Bayer also sought our input on the development of its sustainability strategy. We provided feedback, shared our views on ESG matters, and highlighted the importance of focusing on material risks. We also explained that, within the context of the German market, we would expect both the management and supervisory boards to maintain oversight of material ESG factors. Bayer was receptive to Vanguard's feedback and has since published its 2030 sustainability strategy.

Teleperformance under scrutiny regarding workforce conditions

Following media and trade union allegations that Teleperformance, a French technology and customer service outsourcing company, was not providing appropriate COVID-19 safeguards to employees, we engaged with its chief financial officer and lead independent director to explore this topic.

We raised concerns about the work practices and health and safety arrangements put in place for their workforce in response to the pandemic and employees' ability to safely escalate issues. The leaders expressed that the board had been quick to react to the COVID-19 crisis and that safety guidelines had been issued for all employees. In addition, they told us that all incidents of COVID-19 at Teleperformance had been disclosed and that clear guidelines were in place about working from home and international travel. Despite this, they noted there had been some COVID-related casualties.

We highlighted the importance of companies addressing health and safety concerns through effective management and board oversight, and that failing to do so could significantly hurt the business's long-term success.
At a time of crisis, we explained, transparency about a company's actions, including reacting to newly identified cases, is key.

Overall, we felt that Teleperformance did not clearly articulate the systems and processes in place to help ensure that risks, especially pandemic-related ones, were elevated to board level. We plan a further engagement with the company in the second half of 2020 to follow up on these issues.

Proposals seek greater climate-change disclosure

Companies in many sectors received shareholder proposals that sought greater disclosure on climate-change impacts and strategy alignments with the Paris Agreement, among other requests.

We encourage companies to align their reporting with the TCFD, an industry group that developed consistent frameworks that enable companies and shareholders to measure and respond to climate-change risks. We support the Paris Agreement, which seeks to limit the global temperature increase to below 2 degrees Celsius. And our due-diligence process also incorporates peer comparisons and guidelines from the Sustainability Accounting Standards Board (SASB) that identify material risks for different market sectors.

Vanguard approaches climate-related governance issues thoughtfully. We analyze each proposal case by case using a flexible process, and we continually advance our understanding of climate-governance best practices. We encourage companies to do the same. Here are a few examples we saw this proxy year.

Rio Tinto is pressed on Scope 3 emissions

We engaged with Rio Tinto, the Anglo-Australian metals and mining company, to discuss a climate-related shareholder proposal at its 2020 annual meeting. The proponent called on the firm to disclose short-, medium-, and long-term targets and performance for its Scope 1, 2, and 3 greenhouse gas (GHG) emissions.

Rio Tinto had already announced several climate-change targets, including a 30% reduction in its emissions intensity by 2030, a 15% reduction in absolute emissions by 2030, and net-zero emissions by 2050. The proponent, however, believed that the company's stated approach was not aligned with the Paris Agreement. The proponent also highlighted the lack of Scope 3 emissions reduction targets.

When we met with Rio Tinto, the chairman explained that the firm's business mix made it challenging to set meaningful Scope 3 emissions targets. Rio Tinto does not produce or sell carbon, so it cannot easily reduce its Scope 3 emissions by exiting a business line. In fact, most of its Scope 3 emissions relate to the use of the commodities it mines, which means a high exposure to the carbon-intensive activities associated with aluminum smelting and steelmaking. As a result, Rio Tinto has focused on developing partnerships to address the carbon intensity of steel and to evaluate the aluminum value chain.

We recognize Rio Tinto's business-specific challenges but expressed the need for better disclosure about its partnerships, including explicit information on how these partnerships help reduce the company's Scope 3 emissions. The company acknowledged it could be clearer about its partnerships' objectives.

At this time, Rio Tinto does not appear to be in a position to set meaningful targets to reduce Scope 3 emissions, so we decided it was too early to support the binding shareholder proposal. We are monitoring the company's progress on this topic and will engage further to discuss this and other high-profile issues, such as its destruction of an Aboriginal heritage site in Australia in May 2020.

Two energy companies are asked to align with the Paris Agreement

In separate engagements, we met with the leaders of Santos Limited and Woodside Petroleum, two of Australia's largest producers and marketers of natural gas, about similar shareholder proposals they received requesting that they embrace emission-reduction targets outlined in the Paris Agreement.

Although both companies have room for improvement—a point we raised in our engagements—each has made progress and commitments on disclosure, primarily regarding Scope 1 and 2 emissions. Santos, for example, has embraced carbon capture technology and aligned its reporting with the TCFD framework. Both companies have also committed to being carbon-neutral by 2050. Disclosure about Scope 3 emissions in the energy industry is more nascent and, we believe, needs more time to mature before being mandated as the shareholder proposals outlined.

For these reasons, we did not support the proposal at either company. But we are closely monitoring industry conversations about Scope 3 emissions and look forward to seeing Scope 3 disclosures evolve in the energy industry.

Categories of greenhouse gas emissions

Scope 1 emissions: Direct greenhouse emissions from a firm's activities or aspects under its control.

Scope 2 emissions: Indirect greenhouse gas emissions from electricity purchased and used by a firm.

Scope 3 emissions: All other indirect emissions from a firm's activities, occurring from sources it doesn't own or control.

Exxon adds more duties to its lead director role

We engaged with leadership from Exxon to discuss director elections, the board's approach to industry expertise, and a number of shareholder proposals ahead of the company's annual meeting. Earlier in 2020, the energy firm took positive steps to strengthen independent leadership on the board and expand shareholder rights, reflecting feedback that Vanguard had provided in prior years.

Among those changes, the board renamed the position of "presiding director" to "lead director" and added to that role's list of responsibilities—including overseeing shareholder engagement, providing feedback to the chairman, and leading the annual performance evaluation of the CEO. Although we support these initial steps, Vanguard expects them to be followed by substantive action demonstrating this change to shareholders, including future engagement with independent directors without the CEO's presence—a routine practice when engaging with a board about its approach to independent oversight.

In the past, shareholders have expressed concern that the combined role of CEO and chair inhibits feedback on important governance matters, such as oversight of climate risk. For many years, shareholders brought forth a proposal that the company require an independent chairman; that proposal received more than 40% support in 2019 and came up for consideration again in 2020. Investors have expressed that strengthening independent leadership would help drive strategic changes on important oversight matters, including Exxon's oversight, disclosure, and approach to climate change.

In our engagement, we sought to understand how the board determined who should be lead director and how shareholder feedback weighed on the board's decision-making process. Generally, the Vanguard funds will vote against shareholder proposals to separate the roles of CEO and chair, absent significant concerns about board independence, responsiveness to shareholders, or governance failings, among other considerations. Exxon's recent changes to the lead director role and a change allowing shareholders that own 15% of outstanding shares to call a special meeting without the requirement for a court order are positive incremental steps to address structural governance issues that impede shareholder rights. In the recent proxy season, shareholders once again voted on the independent board chair proposal. With the likely recognition of the recent enhancements made to strengthen the lead director role, the 2020 proposal received a reduced 32.7% support. Although the Vanguard funds voted against this proposal in 2020 given these changes, we communicated to the company that the funds would carefully evaluate the proposal in 2021 with particular attention to evidence of independent oversight of management.

Over several years, Vanguard has raised concerns with Exxon's independent oversight, including the board's lack of industry expertise. Effective oversight of corporate strategy and material risks requires deep industry knowledge. Even with enhancements to the board's independent leadership, Vanguard remains concerned that without the appropriate level of industry expertise, directors will not be able to challenge management on important governance and risk management topics. We look forward to continued engagement with the company—particularly with independent board members—about these critical matters.

Advocating for improved disclosure at Sanderson Farms

We met with leaders of Sanderson Farms, a U.S. poultry producer, to discuss a shareholder proposal asking that the board provide a report on water resource risks in line with the reporting framework set out by the Sustainability Accounting Standards Board (SASB). We recognize that such disclosures are a new area for companies and that some are just starting to think through the best approach to report on them. Although we were encouraged to hear the company's verbal intent to incorporate SASB standards into its reporting, we were concerned by its hesitance to commit to doing so publicly.

Vanguard understands that companies are at different points in reporting on their sustainability practices, but we look for improved disclosure as disclosure practices mature. We stressed with company leaders that absent a public commitment to improve their disclosure, our funds were likely to support the shareholder proposal. After several discussions with company leaders, Sanderson Farms agreed to publicly announce its intention to integrate SASB reporting standards into its sustainability disclosures by the end of its fiscal year.

Given management's commitment to align the company's reporting with the SASB framework, the funds did not support the shareholder proposal. We will continue to engage with the company and monitor its progress as it moves forward on sustainability reporting.

iA Financial is asked to enhance its climate-change reporting

iA Financial, a Canadian insurance company, received three shareholder proposals that asked the board to produce a report that analyzes climate change's impacts on the business, to adopt objectives that reduce the environmental impacts, and to hire experts to help the company guide its sustainability efforts.

In our engagement, the board chairman and company executives explained that they consider climate change as part of their risk oversight process and said that a separate board committee focuses on ESG matters. But the chairman also acknowledged that the company had room for improvement and committed to enhancing its disclosures in the near future. We appreciated the leaders' candid assessment.

Ultimately, the funds voted in favor of one of the proposals that asked for a climate report, because the company's disclosures lagged those of peers and touched only on direct emissions targets. Based on our analysis of the myriad ways that climate change can affect insurers, we believe that climate change puts certain insured assets at a greater risk of loss. iA Financial derives a portion of its sales revenues from property and casualty insurance, so we believe that investors will benefit from greater disclosure about this risk.

As for the other proposals, our engagement gave us confidence that iA Financial's board was committed to making directional improvements to its reporting. Because of that, we didn't support a proposal requesting the board's hiring of advisory experts, because we believe that the board has discretion on how to perform its oversight duties.

The funds did not support the proposal that sought climate impact-reduction objectives, because iA Financial already assesses its environmental impact targets internally and plans to disclose its assessment in the near term.

Dollar Tree takes positive steps toward climate disclosures

Climate change extends beyond obvious sectors such as energy and transportation. When we engage with boards in consumer-related industries, we regularly discuss climate risk and related sustainability topics.

We met with Dollar Tree, an operator of discount retail stores, to discuss a shareholder proposal asking for a report that aligns the company's long-term business strategy with the projected long-term constraints posed by climate change. We viewed the proposal as a reasonable request for greater disclosure, allowing the company flexibility in reporting on its management of GHG emissions. During our engagement, Dollar Tree board members emphasized that they consider energy management an important issue for the company.

They also shared how Dollar Tree has taken meaningful steps to improve its sustainability reporting and has publicly committed to disclosing its GHG emissions disclosures and long-term goals by next year's annual meeting.

We agreed with the proposal's intent and, given Dollar Tree's pledge to enhance reporting in line with the shareholder's request, the Vanguard funds supported the proposal. The funds' vote reflected our view that meaningful disclosure can provide greater visibility into the board's risk oversight.

Shareholder proposal prompts climate discussion at Barclays

At Barclays' 2020 annual meeting, a shareholder proposal asked the board of the U.K. financial services company to report annually on targets to phase out financial activities in the energy and utilities sectors—including lending, project financing, corporate finance, and underwriting—that are not aligned with the Paris Agreement.

Through several discussions, Barclays' board chair and company leaders explained that the company thought the spirit of the shareholder request—to do more on climate—was reasonable. But they expressed concern about specific language and implementation aspects in the proposal. They also outlined Barclays' engagement with the proponent and how the company planned to proceed.

We were pleased to hear a candid assessment by the board chair of Barclays' approach to climate change and how the company intended to improve upon—and even in some cases go beyond—what peers were doing on this topic. Our discussions made clear that the chair was well-informed and committed to meaningful progress on both addressing climate-related risks and disclosing how Barclays is meeting targets that align with the Paris Agreement. To that end, the company had decided to put forth its own climate-related proposal, which set ambitious goals to become net zero on all GHG emissions by 2050 in alignment with the Paris Agreement, to disclose targets and strategy, and to report annually on progress.

Although both the shareholder and management proposals focused on a similar topic, they required different approaches to implementation. It was important to consider those different approaches, as each proposal was binding if it drew enough support. Ultimately, we voted against the shareholder proposal and in favor of the management proposal. In our view, the management proposal, while ambitious, presented a workable transition over a sensible time frame. We determined that management's approach was in the best interest of long-term shareholders.

Attention on diversity as social issues gain the spotlight

Vanguard has long advocated for diversity in the boardroom. As representatives acting on behalf of our funds, we have the responsibility of electing directors who oversee the companies in which our funds invest. Last year, we outlined our board diversity expectations for companies. We hope to see significant progress in the future, and our investment stewardship approach will evolve over time to reflect those higher standards.

During the reporting period, we evaluated a number of shareholder proposals related to board composition and human capital topics such as workforce diversity. In the examples that follow, we provide insight into our case-by-case approach on these matters.

Our board diversity expectations of public companies

1. Publish your perspectives on board diversity.

Here's what we ask companies: Does your board share its policies or perspectives on diversity? How do you approach board evolution? What steps do you take to get the widest range of perspectives and avoid groupthink? Vanguard and other investors want to know.

2. Disclose your board diversity measures.

We want companies to disclose the diversity makeup of their boards on dimensions such as gender, age, race, ethnicity, and national origin, at least on an aggregate basis.

3. Broaden your search for director candidates.

We encourage boards to look beyond traditional candidate pools—those with CEO-level experience—and purposely consider candidates who bring diverse perspectives into the boardroom.

4. Make progress on this front.

Vanguard expects companies to make significant progress on boardroom diversity across multiple dimensions and to prioritize adding diverse voices to their boards in the next few years.

Proposal at Fortinet seeks diversity data beyond the board

This proxy season, we saw more proposals asking for diversity disclosures that extend beyond the boardroom.

As these types of proposals have evolved, so has our thinking on this topic. We have long believed in the importance of diversity in the boardroom. The effective boards of today and tomorrow—and the workforces they oversee—should reflect all facets of diversity. We have encouraged boards to disclose their perspectives on this topic and have begun encouraging them to be more transparent about other workplace diversity metrics.

Fortinet, a U.S. cybersecurity firm, received a shareholder proposal requesting that the board publish an annual report assessing its diversity and inclusion efforts and that it provide context on how the company is meeting goals for recruiting and maintaining a diverse workforce.

Our due diligence found that the company's disclosures on this topic lagged its peers. We also thought the proposal was reasonable, as the information in the requested report would help investors better assess the board's oversight on this topic, and it avoided setting overly prescriptive diversity quotas.

In our engagement, Fortinet executives acknowledged that the company's diversity disclosures could be more robust and added that an internal committee had already begun work on improving them. They asked for more time to conclude that work.

We considered the concerns and their request, but ultimately the funds voted to support the proposal. We believed the proposal would help guide the company toward disclosing decision-useful information. And since the company had already begun the work, we were comfortable that our vote was in the best interests of long-term shareholders.

Strong case for sharing metrics on diversity at Fastenal

During the proxy year, we evaluated a shareholder proposal at Fastenal, a U.S. industrial supply distributor, that sought disclosure of the company's workforce diversity metrics, including gender, race, and ethnicity. The same proposal at the 2019 annual meeting received 41% support, demonstrating its importance to shareholders.

In our 2019 engagement, the company shared concerns that providing employees' self-reported data without sufficient context would misrepresent its workforce. Given Fastenal's resistance to disclosing the specific metrics the proponent requested, we strongly encouraged the company to disclose workforce diversity information using industry-recognized frameworks, such as the SASB standards. In response to the 2019 vote, the company added a webpage dedicated to corporate social responsibility. The page shared one data point highlighting the growth in female and minority representation in Fastenal's workforce. We were disappointed in this limited disclosure that did not address the spirit of shareholder feedback.

We engaged with company leaders again this year to try to understand how their perspective had evolved since the 2019 vote. The company reiterated its view that diversity data could be misinterpreted. While we appreciate that standardized data cannot capture all nuances related to a company's practices, we do not believe this is a reason to withhold information altogether. We emphasized in our engagement that we wanted to see improved disclosure to the market, with both quantitative and qualitative information that is relevant and decision-useful for investors. The proposal would not limit the company's ability to contextualize the data.

To comply with federal regulations, the company already collects and reports the requested information on employee gender, race, and ethnicity in the EEO-1 Survey, a report that employers must file with the U.S. Equal Employment Opportunity Commission. This survey is one way of disclosing high-quality diversity statistics and is more specific than our original feedback. Given the lack of responsiveness and a clear gap in robust quantitative disclosure of material risk, we felt our support of this format was appropriate.

The Vanguard funds supported the shareholder proposal. We did not think the company's existing disclosure sufficiently addressed workforce diversity, nor had our engagement led to meaningful progress. In analyzing the proposal, we determined that the shareholder's request was reasonable, as the company was already collecting EEO-1 data. The proposal passed, and our expectation is that the company will put shareholder feedback into action.

Marriott engagement sheds light on hospitality firms' reporting

Marriott International, a U.S. hospitality company, received a shareholder proposal to publish an employment diversity report that included the gender and racial composition of its workforce.

We met with company executives and the shareholder proponent to inform our research. We were pleased to hear that Marriott's board is devoted to employment diversity and regularly meets with company management on diversity matters. Marriott discussed its holistic approach to disclosure, and we learned that the board had previously engaged with the proponent and committed to improve its reporting to be more consistent with data provided by peers. We acknowledged that the proponent's assessment of diversity data focused more on gender than on race or ethnicity, but we noted that they were primarily comparing Marriott's disclosures with those of peers outside the company's sector where more diversity progress has been made. Our own research found that Marriott's diversity disclosure was comparable with that of hospitality peers.

Our analysis ultimately led the Vanguard funds to vote against the proposal. Although the funds are likely to support shareholder proposals that seek reasonable and effective risk disclosure, we found the request in this case to be misguided; Marriott publishes diversity disclosures that are in line with those of direct peers, and it has committed to improve that disclosure. Although the funds did not support this proposal, Vanguard expects companies in the hospitality industry to make progress on racial and ethnic diversity disclosures, and we will continue to engage with companies to drive progress on this important topic.

At Genuine Parts, a vote for diversity disclosures

The Vanguard funds supported a shareholder proposal for diversity-related risk disclosure at Genuine Parts Company, an American consumer discretionary firm.

Our research and engagement with the company led us to conclude that the proposal was an appropriate request, that it targeted material risks, and that a gap existed between the company's disclosure on this topic and that of its peers. Management team members highlighted several internal programs that they believed support a positive workplace. We found, however, that Genuine Parts did not disclose quantitative data on its practices, that its metrics were not publicly available, and that although third-party reporting frameworks were analyzed for the company's corporate sustainability report, it established its own custom framework.

We provided candid feedback that Genuine Parts' disclosure lagged that of peers, and we encouraged the company to include more details about these programs in its reporting. We also emphasized our support for using industry-recognized frameworks, such as SASB's, to provide decision-useful, comparable information to investors. We have found that custom frameworks can omit details that are crucial to understanding boards' oversight of certain topics.

The funds' vote reflects our belief that Genuine Parts should make greater progress on its disclosures, to help the market understand its current practices and exposure to material risk.

Restaurant Brands is asked for report on franchisee practices

In recent years, workforce management practices among franchisees of Restaurant Brands International—the parent company of Burger King, Tim Hortons, and Popeyes—has drawn public criticism. We met with company leaders to discuss a shareholder proposal, received for the second year in a row, asking for a report on the workforce practices of its franchisee operations.

Restaurant Brands identifies labor practices as a material risk to its business, which is in line with the SASB reporting framework. We appreciated the company's continued concern regarding the feasibility of producing a report that can address its multiple jurisdictions and individual franchisee agreements, and we recognized that franchisee employees do not necessarily fall under the company's direct responsibility.

Ultimately, as a result of our analysis, the funds supported the proposal. Given that consumers don't view restaurant chains as individual entities, the company has active reputational risks from failing to report on the management of workforce issues. From the time of our 2019 engagement, we have failed to see meaningful progress in Restaurant Brands' disclosures or a commitment by its board to address this topic. The proposal is broad enough to allow the company flexibility to tailor a report to its jurisdiction and franchisee limitations.

The funds' support of the proposal reinforced our belief in the importance of material disclosure, and we will continue to engage with Restaurant Brands to make positive changes in this area.

Executive compensation

Sound compensation (remuneration) policies and practices linked to performance that extend well beyond the next quarter or year are fundamental drivers of sustainable, long-term value. Compensation expectations and norms vary by industry sector, company size, and geographic location; therefore, we do not take a "one-size-fits-all" approach to executive compensation.

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 to incentivize outperformance over the long term versus peers. Companies should provide clear disclosure about their compensation practices and how they link to performance and to the company's espoused strategy. This disclosure gives shareholders confidence that the board is looking out for their best interests.

Shareholders at Uber voice concerns over CEO's pay

Following Uber Technologies' initial public offering in 2019, we engaged with the company to share Vanguard's approach to governance and discuss the Uber board's perspective on topics including board diversity, compensation, and oversight of strategy across multiple business lines.

In our most recent dialogue, we echoed other shareholders' concerns that the CEO's significant retention award, with a one-year vesting period, was excessive and misaligned with the long-term interests of shareholders. The total compensation package included a new-hire restricted stock unit grant of $55 million, which was not aligned with performance metrics. The company thought the grant was warranted to compensate the CEO for options the executive left behind at a previous employer in order to accept the job at Uber. The company attributed the award to the challenges of attracting and retaining top talent in a highly competitive environment. When evaluating executive compensation plans, we look to see compensation aligned to relative total shareholder return that incorporates rigorous targets with a long-term (at least a three-year) performance period.

Ultimately, the Vanguard funds voted against the Say on Pay proposal this year. We expect the board to implement appropriate incentives to better align with shareholders' long-term interests.

Although we expressed significant concerns about executive compensation, the company did take positive steps to improve its board. Two directors, who were considered "overboarded" by our director commitments policy, stepped down from their excess directorships. As Uber navigates its first year as a publicly listed company, we look forward to encouraging good governance practices through productive engagements in the future.

Oversized compensation package at Alphabet draws scrutiny

We expressed compensation-related concerns over several years to leaders of Alphabet, a multinational technology conglomerate and parent company of Google. That topic remained prominent in our most recent engagement, when we discussed Alphabet's 2020 Say on Pay proposal.

This is the third straight year the Vanguard funds have voted against the company's Say on Pay proposal. Alphabet awarded a large compensation package to its new CEO, who took on the role in late 2019. In our discussion, company executives shared that the board's support of the pay package signaled their confidence in the CEO as the best candidate to lead the company.

We did not, however, gain any more comfort about the magnitude and structure of the equity plan awarded to the CEO. Vanguard believes that compensation policies that are long-term-focused and tied to a relative performance metric can help to incentivize long-term shareholder value creation. In evaluating the plan, we found a misalignment between pay and performance. We also would have liked to see a greater portion of compensation in the long-term plan tied to company performance with links to a more rigorous metric, such as relative total shareholder return.

As this was the third year the Vanguard funds voted against the proposal, they also withheld support from the chair of the compensation committee. Through our engagement and voting activity, we will continue to voice our expectations that executive compensation be aligned to long-term shareholder value.

Concerns raised about CEO payout at Ocado

In 2019, the CEO of Ocado, a British online supermarket, received a total pay packet of £58.7 million—a high amount in the U.K. market, particularly given the current political sensitivity surrounding executive pay. Of the payout, £54 million was attributed to the company's Growth Incentive Plan (GIP), which was put in place in 2014 as a one-off award atop its existing pay structures. Shareholders approved the GIP in 2014 despite opposition by 26% of the votes, including Vanguard's. We had voted against the plan given the lack of a compelling rationale and given our concerns about the total potential payout.

This year, our concerns about the GIP came to fruition. Although Ocado did exceptionally well over the performance period, we did not feel we could support the award given our concerns about its structure and the total payout. Therefore, we voted against the remuneration report at the company's annual meeting.

Nearly 30% of shareholders voted as we did, and we contacted Ocado to explain our votes. As this was a one-off plan that was discontinued, it is unlikely to present ongoing issues, and we already had taken steps to engage with the company on improving its remuneration structures ahead of the 2020 annual meeting. In 2019, we engaged with Ocado twice regarding its remuneration policy, to encourage the company to make improvements to address shareholder concerns about pay outcomes. We will continue to monitor this and engage on the topic.

Say on Pay decision follows leadership change at McDonald's

Vanguard orients each vote and company engagement around one question: How does this support the long-term value for our investors?

McDonald's Corporation, the U.S. fast-food company, had a Say on Pay vote at this year's annual meeting that merited careful analysis. In 2019, the former CEO violated company policy and was terminated "without cause"—a classification that provided a larger severance payment than if the termination had been "with cause." We met with the Compensation Committee chairman and company executives to better understand the board's decision and to properly evaluate whether the benefits to shareholders of a "without cause" termination warranted the large payout.

Company executives shared that the policy violation had been brought quickly to the board's attention and that they had taken a thoughtful approach in deciding on the CEO's termination and severance. We agreed with McDonald's that the board's decisive actions allowed for a smooth transition to the current CEO, and that they best minimized shareholder impact by avoiding prolonged litigation, excess costs, and continued reputational risks. When we asked about the three years of continued stock-option vesting that was part of the payout, we learned that the former CEO was subject to continued stock price and performance factors, as vesting schedules are not accelerated for executives.

Although we communicated our reservations about the "without cause" determination, the Vanguard funds ultimately voted in support of the Say on Pay proposal. Overall, McDonald's has been responsive to our engagements and feedback. Its compensation program is generally well-structured and has historically received high support year after year. We recognize that the termination was a difficult situation for the board, with no easy answers. After our engagement with the company and our extensive analysis, we felt the board had taken the cleanest path to support long-term shareholder value for investors.

(After our reporting period concluded, McDonald's filed a lawsuit to recover the former CEO's compensation and severance benefits, based on results from a second investigation. We recognize that a company's CEO sets the tone for its culture. We will continue to monitor this matter and other recent developments, such as discrimination allegations by some franchisees, as we encourage actions that are in shareholders' best long-term interests.)

Shareholder rights

Shareholder rights should 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 as needed through governance provisions such as annual elections that require securing a majority of votes. In instances where a board appears resistant to shareholder input, we support the right of an appropriate proportion of shareholders to call special meetings and to place director nominees on the company's ballot.

We also understand the value and weight each vote holds for shareholders, and we prefer the adoption of "one-share, one-vote" structures over time. We believe that companies need to have governance structures in place that serve as a safety net to protect and support foundational rights for shareholders.

Bloomin' Brands receptive to shareholder rights policies

We engaged with Bloomin' Brands, the parent company of several casual-dining restaurant chains. The range of topics we covered included a shareholder proposal to declassify (annually elect) the board of directors.

We shared with the company our intention to support the proposal. A declassified board can empower shareholders to use their voice and vote to hold directors accountable. We also noted our preference that the board adopt other shareholder-friendly governance provisions, such as proxy access and the right to call a special meeting. Company leaders indicated their support for proxy access and special-meeting policies and said they would look to transition to annual director elections within the next few years.

Two other proposals—an advisory vote on executive compensation and a shareholder request for disclosure of GHG emissions within the company's supply chain—were discussed during our meeting. The Vanguard funds supported the advisory vote on executive compensation, but we suggested that the company include a relative performance metric in its long-term incentive plan, as that better aligns pay with performance.

The funds did not support the shareholder proposal about GHG emissions. We found the company's current standards and commitment to improving environmental disclosures in this area sufficient to address the proposal's requests; however, we will look for the company to make progress in its reporting.

In an industry that COVID-19 has severely affected, we were encouraged by the board's responsiveness and support of management in this challenging environment. We will look to future engagements with Bloomin' Brands to provide our perspectives as it works toward adopting best-in-class corporate governance practices.

Voting for shareholders' best interests at Lawson

We engaged with an executive from Lawson Products, a U.S.-based industrial distribution company, to discuss proposed changes to its governance structures. At this year's annual meeting, management put forth several proposals to modernize the company's corporate governance provisions, including declassifying the board and giving shareholders the right to call a special meeting. Other proposals recommended amendments to the company's bylaws and certificate of incorporation to eliminate supermajority vote requirements, among other provisions.

Vanguard typically views such votes on foundational governance principles as straightforward, but this set of votes required deeper analysis because a single shareholder controls 48 percent of voting power. In addition, the nonexecutive chairman of the board is a principal of the near-controlling shareholder, an investment advisory firm.

In our engagement, the company shared a desire to update its legacy governance standards to modern-day best practices. The Vanguard funds will generally support proposals to eliminate supermajority vote requirements. In this case, reducing the vote requirement from 75 percent of shares outstanding to a majority of shares outstanding would enable the near-controlling shareholder to implement changes that may not be in the best interests of all shareholders. Although the company had no concerns about the near-controlling shareholder's voting power, we believed that supporting management on these proposals could potentially harm shareholder rights. As a result, the funds voted against a number of management ballot items, including all three proposals to eliminate supermajority vote requirements.

The funds voted to support proposals to declassify the board and establish the right to call special meetings. Companies should have governance structures that protect and support shareholder rights and ensure the board's accountability. Although we supported the company's goal of modernizing its corporate governance provisions, we had significant concerns about the near-controlling shareholder. This example highlights our case-by-case approach to voting and engagement.

Key votes

One of the most visible signs of Vanguard's engaged ownership is our funds' **proxy voting** at company shareholder meetings. Our Investment Stewardship team votes on behalf of Vanguard's internally managed equity holdings. Our votes are an important opportunity for the funds to protect the best interests of long-term investors.

The following table lists select proxy votes by the funds for the 12 months ended June 30, 2020. We highlight these because they involved a vote at a company in which Vanguard holds a meaningful ownership position, conveyed our perspective on an important governance topic elevated during the proxy season, or communicated our view of positive progress—or lack of it—by a company and its board. In some instances, more than one proposal that our analysts evaluated for a given company is included.

A bullet (•) after a company name denotes that a case study is available in this report; a diamond (◊) in the Item column denotes a management proposal. Highlighting these votes and their rationale is part of our growing effort to provide transparency into Vanguard's investment stewardship voting activities.

Americas

Company name	Meeting date	Item	Proposal description	Vote Instruction	Vote rationale
Advanced Micro Devices, Inc.	5/7/20	3 ◊	Approve compensation	For	Pay-for-performance alignment; well-structured and includes relative performance metric
Alphabet, Inc. •	6/3/20	1.6 ◊	Elect director: Compensation committee chair	Against	Director accountability: Recurring compensation concerns
	6/3/20	4 ◊	Approve compensation	Against	Majority time-based pay with insufficient rationale; performance-based portion lacks rigorous metric
Amalgamated Bank	4/29/20	3 ◊	Amend articles: Explicitly consider all stakeholders in business decisions	For	Current structure (B Corp) supports inclusion of stakeholder considerations in business decisions
Amazon.com, Inc.	5/27/20	10	Report on gender pay gap	Against	Misdirected: Sufficient practices and disclosures
	5/27/20	15	Report on human rights assessment	Against	Misdirected: Sufficient disclosures and commitment to greater progress within reasonable time frame
American Tower Corp.	5/18/20	4	Report on political spending	Against	Sufficient risk oversight, and political spending amount is minimal
Arthur J. Gallagher & Co.	5/12/20	4	Adopt board diversity policy	Against	Sufficient policies and practices at board and management levels
Bank of America Corp.	4/22/20	7	Amend documents: Align with Statement on the Purpose of a Corporation	Against	Misdirected: Sufficient practices exist to enable alignment with Business Roundtable commitments
Barnwell Industries, Inc.	4/3/20	1.1–1.5	Elect shareholder director nominees	For	Proxy contest: Dissident provided compelling case for change and control
Berkshire Hathaway, Inc.	5/2/20	4	Adopt board diversity policy	Against	Reasonable ask, but company has sufficient practices
Bloomin' Brands, Inc. •	5/29/20	5	Declassify the Board of Directors	For	Governance provision that enables shareholders to hold directors accountable

Company name	Meeting date	Item	Proposal description	Vote Instruction	Vote rationale
Boeing Co.	4/27/20	1.07 ◊	Elect director	Against	Director accountability: Oversight failure
	4/27/20	6	Require independent board chairman	For	Risk oversight concerns: Proposal will enhance board leadership and benefit shareholders
Capital One Financial Corp.	4/30/20	5	Require independent board chairman	Against	We had no concerns with structure or risk oversight
Charles Schwab Corp.	5/12/20	6	Report on workforce diversity	Against	Sufficient quantitative diversity data, but noted concerns with sufficiency of qualitative data
	5/12/20	7	Report on lobbying payments and policy	Against	Overly prescriptive: Company's reporting on lobbying activities and expenses meets regulatory requirements; disclosures are in line with industry peers
Citigroup, Inc.	4/21/20	6	Amend documents: Align with Statement on the Purpose of a Corporation	Against	Misdirected: Sufficient practices exist to enable alignment with Business Roundtable commitments
	4/21/20	7	Report on lobbying payments and policy	Against	Misdirected: Sufficient risk oversight and disclosures
CVS Health Corp.	5/14/20	3 ◊	Approve compensation	Against	Excessive CEO pay relative to peers and pay-for-performance misalignment
Danaher Corp.	5/5/20	1.3–1.4, 1.9 ◊	Elect directors	For	Board has adopted preventive measures and is committed to risk oversight regarding pledged stock
Dollar Tree, Inc. •	6/11/20	4	Report on emissions targets and goals	For	Reasonable ask and material financial risk; company committed to enhanced reporting
Enbridge, Inc.	5/5/20	1.2 ◊	Elect director	For	Overboarded director: Evidence of common control between multiple companies at which director serves
Energous Corp.	5/26/20	1.1–1.6 ◊	Elect directors	For	Through engagement, learned all directors met attendance threshold
Enphase Energy, Inc.	5/20/20	4	Report on sustainability	For	Reasonable ask and material financial risk; insufficient disclosures
Fastenal Co. •	4/25/20	4	Report on workforce diversity	For	Reasonable ask and material financial risk; insufficient disclosures
First Community Bancshares, Inc.	4/28/20	1.1–1.3 ◊	Elect directors	Against	Director accountability: Nonresponsiveness to shareholder proposals
Fortinet, Inc. •	6/19/20	5	Report on workforce diversity	For	Reasonable ask and material financial risk; insufficient disclosures
Genuine Parts Co. •	4/27/20	4	Report on workforce diversity	For	Reasonable ask and material financial risk; insufficient disclosures
GEO Group, Inc.	5/19/20	4	Report on lobbying payments and policy	Against	Sufficient risk oversight and disclosures; commitment to progress

Company name	Meeting date	Item	Proposal description	Vote Instruction	Vote rationale
Griffin Industrial Realty, Inc.	5/7/20	4 ◊	Approve securities transfer restrictions	For	Concerns about the ownership threshold, but converting to a REIT benefits shareholders
	5/7/20	5 ◊	Change state of incorporation: Delaware to Maryland	Against	Concerns about increased limitations for shareholders
Home BancShares, Inc.	4/16/20	1.11 ◊	Elect director: Nominating committee chair	Against	Director accountability: Reappointment of a director who failed to receive majority support
Home Depot, Inc.	5/21/20	5	Report on workforce diversity	Against	Material financial risk, but company already provides sufficient disclosures
iA Financial Corp., Inc. •	5/7/20	4	Report on climate change	For	Reasonable ask and material financial risk; insufficient disclosures
	5/7/20	5	Adopt emissions targets	Against	Misdirected: Current impact measures and targets exist with commitment to disclosure externally
	5/7/20	6	Adopt advisory experts for sustainability efforts	Against	Board discretion on risk oversight
IPG Photonics Corp.	5/28/20	4	Report on workforce diversity	For	Reasonable ask and insufficient disclosures
JB Hunt Transport Services, Inc.	4/23/20	5	Report on climate change	For	Reasonable ask and material financial risk; insufficient disclosures
Johnson & Johnson •	4/23/20	6	Report on opioid risk management	For	Reasonable ask and material financial risk; enhanced disclosures will benefit shareholders
JPMorgan Chase & Co.	5/19/20	6	Report on climate change	Against	Sufficient lending activity disclosures compared with industry peers
Lincoln National Corp.	6/11/20	5	Amend special meeting rights provision	Against	Governance process implemented to reach current ownership percentage and holding-period thresholds
Marriott International, Inc. MD •	5/8/20	5	Report on workforce diversity	Against	Misdirected: Sufficient disclosures already provided by company and in line with direct industry peers
McDonald's Corp. •	5/21/20	2 ◊	Approve compensation	For	Given the circumstances, payments to outgoing CEO were appropriate to preserve shareholder value
Netflix, Inc.	6/4/20	1a ◊	Elect director	Against	Director accountability: Lack of responsiveness to shareholders and poor overall governance
	6/4/20	1b ◊	Elect director	Against	Director accountability: Reappointment of director who failed to receive majority support
	6/4/20	1c ◊	Elect director	Against	Director accountability: Recurring compensation concerns
	6/4/20	3 ◊	Approve compensation	Against	Excessive pay and structure concerns
NextEra Energy Partners LP	5/21/20	3 ◊	Approve compensation	For	Pay-for-performance alignment and strong disclosures

Company name	Meeting date	Item	Proposal description	Vote Instruction	Vote rationale
Old Republic International Corp.	5/22/20	1.1–1.5 ◊	Elect directors	For	Adopted enhanced governance provision
O'Reilly Automotive, Inc.	5/14/20	6	Report on workforce diversity	For	Reasonable ask and material financial risk; insufficient disclosures
	5/14/20	7	Require independent board chairman	Against	No structural, oversight, or independence concerns
Ovintiv, Inc.	4/29/20	4	Report on climate change	For	Reasonable ask and material financial risk; insufficient disclosures
Restaurant Brands International, Inc. •	6/10/20	4	Report on workforce diversity	For	Reasonable ask and material financial risk; insufficient disclosures on franchisees' operations
Santander Consumer USA Holdings, Inc. •	6/10/20	3	Report on fair lending: Racial discrimination risk	For	Reasonable ask and insufficient disclosures compared with industry peers
TEGNA, Inc. •	4/30/20	1.1–1.12 ◊	Elect directors	For	Proxy contest: No compelling case for change; existing directors competent, with diverse skill set
Timbercreek Financial Corp.	5/14/20	1.3 ◊	Elect director	Against	Overboarded director: Is executive officer of a public company and serves on two outside boards
Truist Financial Corp.	4/28/20	4	Require independent board chairman	Against	No structural or oversight concerns
Uber Technologies, Inc. •	5/11/20	2 ◊	Approve compensation	Against	Excessive pay, short vesting period, and pay-for-performance misalignment
Union Pacific Corp.	5/14/20	5	Report on climate change	Against	Misdirected: Public commitment to adopt targets; disclosure of new targets will satisfy proposal's ask
United Parcel Service, Inc.	5/14/20	6	Report on climate change	For	Reasonable ask and material financial risk; insufficient disclosures
Wells Fargo & Co.	4/28/20	5	Report on compensation	Against	Misdirected: Strong risk oversight, positive corporate structure changes, and sufficient disclosures
	4/28/20	6	Report on gender pay gap	Against	Misdirected: Existing disclosures align with SASB framework; commitment to enhance diversity practices

Europe, the Middle East, and Africa

Company name	Meeting date	Item	Proposal description	Vote Instruction	Vote rationale
Assicurazioni Generali SPA	4/27/20	3a ◊	Approve remuneration policy	For	Policy sufficiently structured
	4/27/20	3b ◊	Approve remuneration report	For	Pay-for-performance alignment and sufficient disclosure despite increased CEO base salary in past year
Atlantia SPA	5/29/20	6.2 ◊	Approve remuneration report	Against	Excessive severance payments to outgoing CEO
Barclays Plc •	5/7/20	28 ◊	Approve climate change strategy	For	Committed to ambitious climate risk mitigation strategy ahead of annual general meeting
	5/7/20	30	Approve ShareAction climate change resolution	Against	Concerns with some proposals' requirements; company announced own climate risk mitigation strategy
Lagardère SCA •	5/5/20	C, E, G	Dismiss directors	For	Believed further diversification of Supervisory Board was in best long-term interests of investors
	5/5/20	H, K, L, O	Elect shareholder director nominees	For	Proxy contest: Dissident provided compelling case for change and strong candidates
Ocado Group Plc •	5/6/20	2 ◊	Approve remuneration report	Against	Concerns about vested incentive plan payout and structure
Rio Tinto Ltd. •	5/7/20	24	Approve emissions targets	Against	Sufficient disclosures on targets and approach

Company name	Meeting date	Item	Proposal description	Vote Instruction	Vote rationale
Kansai Electric Power Co., Inc. •	6/25/20	16–17, 19, 22–25, 29	Amend articles: Phase out nuclear facilities	Against	Overly prescriptive: Encroaches on company's routine operations, and management has taken sufficient action
	6/25/20	8	Amend articles: Phase out coal	Against	Overly prescriptive: Encroaches on company's routine operations, and management has taken sufficient action
Mitsubishi Electric Corp.	6/26/20	1.1–1.2, 1.4 ◊	Elect directors	For	Sufficient progress made on risk oversight
Mizuho Financial Group, Inc.	6/25/20	5	Amend articles: Align with Paris Agreement goals and targets	Against	Company already provides sufficient disclosures
	6/25/20	6	Amend articles: Meeting procedures	For	Reasonable ask presented by proponent to enhance shareholder rights
	6/25/20	7-9	Amend articles: Ordinary business	Against	Board and management discretion on risk oversight is warranted
Samsung Electronics Co. Ltd. •	3/18/20	2.1–2.2 ◊	Elect director	For	Resulting board is majority independent
Sekisui House Ltd. •	4/23/20	3.1 ◊	Elect director	Against	Director accountability: Oversight failure
	4/23/20	8.1–8.11	Elect shareholder director nominees	Against	Proxy contest: Dissident did not provide compelling case for change
Tencent Holdings Ltd.	5/13/20	3a ◊	Elect director	For	Despite concerns about multiple board mandates, we supported director at home board.
Tokyo Electric Power Co. Holdings, Inc. •	6/25/20	2–3, 5–7	Amend articles: Phase out nuclear facilities	Against	Overly prescriptive: Encroaches on company's routine operations, and management has taken sufficient action
	6/25/20	4	Amend articles: Phase out coal	Against	Overly prescriptive: Encroaches on company's routine operations, and management has taken sufficient action

Company name	Meeting date	Item	Proposal description	Vote Instruction	Vote rationale
Santos Ltd. •	4/3/20	5b	Approve Paris Agreement goals and targets	Against	Sufficient practices and disclosures; committed to greater progress within reasonable time frame
Woodside Petroleum Ltd. •	4/30/20	4b	Approve Paris Agreement goals and targets	Against	Sufficient practices and disclosures; committed to greater progress within reasonable time frame

• A case study is available in this report.

◊ Management proposal.

Please note that the key votes information is not intended to align with the Significant Votes criteria as defined by the Shareholder Rights Directive II (SRD II). Significant Votes information will be available in a future report.

Proxy voting history

Global summary of proxy votes cast by Vanguard funds

(July 1, 2019–June 30, 2020)

- Vanguard funds cast over 168,000 individual votes in 2020, down slightly from our 2019 total of approximately 170,000
- Board member elections, compensation, and capitalization issues continued to account for the majority of ballot items
- Total shareholder proposals in 2020 numbered 5,983, up 14% from 2019
- The number of proxy contests going to a vote was down this year, from 22 in 2019 to 17 in 2020

		2019		2020	
Alignment with our principles	Proposal type	Number of proposals	% for	Number of proposals	% for
Board composition	**Management proposals**				
	Elect directors	61,218	91%	60,040	93%
	Other board-related	11,410	90%	11,343	91%
	Shareholder proposals				
	Board-related	3,368	82%	3,935	85%
Oversight of strategy and risk	**Management proposals**				
	Approve auditors	10,439	98%	10,105	99%
	Shareholder proposals				
	Environmental/social	247	6%	267	6%
Executive compensation	**Management proposals**				
	Executive compensation	5,734	91%	6,432	91%
	Other compensation-related	11,183	90%	10,327	91%
	Shareholder proposals				
	Compensation-related	215	60%	126	51%
Shareholder rights	**Management proposals**				
	Governance-related	11,352	87%	10,501	87%
	Shareholder proposals				
	Governance-related	337	50%	338	41%
Other proposals	**Management proposals**				
	Capitalization	27,837	98%	27,629	98%
	Mergers and acquisitions	7,696	97%	7,946	96%
	Adjourn/other business	17,614	95%	17,999	96%
	Shareholder proposals				
	Other	1,096	88%	1,317	87%
Total		**169,746**	**93%**	**168,305**	**93%**

Summary of proxy votes cast by the Vanguard funds **for companies in the United States**

(July 1, 2019–June 30, 2020)

77% of equity AUM | 3,727 meetings

Alignment with our principles	Proposal type	2019 Number of proposals	2019 % for	2020 Number of proposals	2020 % for
Board composition	**Management proposals**				
	Elect directors	21,081	93%	20,727	94%
	Other board-related	42	86%	26	81%
	Shareholder proposals				
	Board-related	104	22%	143	27%
Oversight of strategy and risk	**Management proposals**				
	Approve auditors	3,415	100%	3,348	100%
	Shareholder proposals				
	Environmental/social	156	7%	159	9%
Executive compensation	**Management proposals**				
	Executive compensation	2,674	94%	2,765	94%
	Other compensation-related	1,681	76%	1,557	76%
	Shareholder proposals				
	Compensation-related	39	3%	28	4%
Shareholder rights	**Management proposals**				
	Governance-related	324	94%	405	89%
	Shareholder proposals				
	Governance-related	177	42%	176	31%
Other proposals	**Management proposals**				
	Capitalization	428	91%	448	92%
	Mergers and acquisitions	243	98%	229	100%
	Adjourn/other business	344	79%	331	78%
	Shareholder proposals				
	Other	4	0%	2	50%
Total		**30,712**	**92%**	**30,344**	**92%**

Summary of proxy votes cast by the Vanguard funds
for companies in Europe
(July 1, 2019–June 30, 2020)

9% of equity AUM | 2,221 meetings

		2019		2020	
Alignment with our principles	Proposal type	Number of proposals	% for	Number of proposals	% for
Board composition	**Management proposals**				
	Elect directors	9,825	88%	9,172	90%
	Other board-related	4,039	96%	3,953	95%
	Shareholder proposals				
	Board-related	295	59%	360	52%
Oversight of strategy and risk	**Management proposals**				
	Approve auditors	2,501	98%	2,274	99%
	Shareholder proposals				
	Environmental/social	21	10%	17	0%
Executive compensation	**Management proposals**				
	Executive compensation	2,229	89%	2,824	87%
	Other compensation-related	2,080	93%	1,860	95%
	Shareholder proposals				
	Compensation-related	26	31%	14	29%
Shareholder rights	**Management proposals**				
	Governance-related	1,021	95%	1,478	96%
	Shareholder proposals				
	Governance-related	34	15%	52	8%
Other proposals	**Management proposals**				
	Capitalization	6,408	98%	6,045	98%
	Mergers and acquisitions	306	91%	285	93%
	Adjourn/other business	4,095	96%	3,824	96%
	Shareholder proposals				
	Other	50	16%	92	12%
Total		**32,930**	**93%**	**32,250**	**93%**

Summary of proxy votes cast by the Vanguard funds
for companies in Australia and New Zealand
(July 1, 2019–June 30, 2020)

2% of equity AUM | 370 meetings

Alignment with our principles	Proposal type	2019 Number of proposals	2019 % for	2020 Number of proposals	2020 % for
Board composition	**Management proposals**				
	Elect directors	758	90%	747	92%
	Other board-related	13	15%	24	21%
	Shareholder proposals				
	Board-related	19	16%	3	0%
Oversight of strategy and risk	**Management proposals**				
	Approve auditors	53	100%	50	100%
	Shareholder proposals				
	Environmental/social	9	11%	23	0%
Executive compensation	**Management proposals**				
	Executive compensation	288	94%	279	94%
	Other compensation-related	440	95%	445	98%
	Shareholder proposals				
	Compensation-related	0	NA	0	NA
Shareholder rights	**Management proposals**				
	Governance-related	65	98%	108	100%
	Shareholder proposals				
	Governance-related	7	0%	15	0%
Other proposals	**Management proposals**				
	Capitalization	98	100%	138	100%
	Mergers and acquisitions	46	100%	37	100%
	Adjourn/other business	4	100%	4	100%
	Shareholder proposals				
	Other	1	0%	2	0%
Total		**1,801**	**91%**	**1,875**	**92%**

Summary of proxy votes cast by the Vanguard funds **for companies in Asia**

(July 1, 2019–June 30, 2020)

10% of equity AUM | 10,224 meetings

Alignment with our principles	Proposal type	2019 Number of proposals	2019 % for	2020 Number of proposals	2020 % for
Board composition	**Management proposals**				
	Elect directors	21,855	95%	22,296	95%
	Other board-related	5,315	90%	5,425	92%
	Shareholder proposals				
	Board-related	2,760	89%	3,356	92%
Oversight of strategy and risk	**Management proposals**				
	Approve auditors	3,019	99%	3,166	99%
	Shareholder proposals				
	Environmental/social	43	0%	49	0%
Executive compensation	**Management proposals**				
	Executive compensation	4	75%	8	88%
	Other compensation-related	4,988	94%	4,703	94%
	Shareholder proposals				
	Compensation-related	130	90%	74	78%
Shareholder rights	**Management proposals**				
	Governance-related	8,377	90%	6,989	89%
	Shareholder proposals				
	Governance-related	108	78%	89	89%
Other proposals	**Management proposals**				
	Capitalization	18,263	98%	18,640	98%
	Mergers and acquisitions	6,131	98%	6,439	97%
	Adjourn/other business	11,041	96%	11,969	97%
	Shareholder proposals				
	Other	1,036	93%	1,218	93%
Total		**83,070**	**95%**	**84,421**	**95%**

Summary of proxy votes cast by the Vanguard funds **for companies in the Americas (ex-U.S.)**

(July 1, 2019–June 30, 2020)

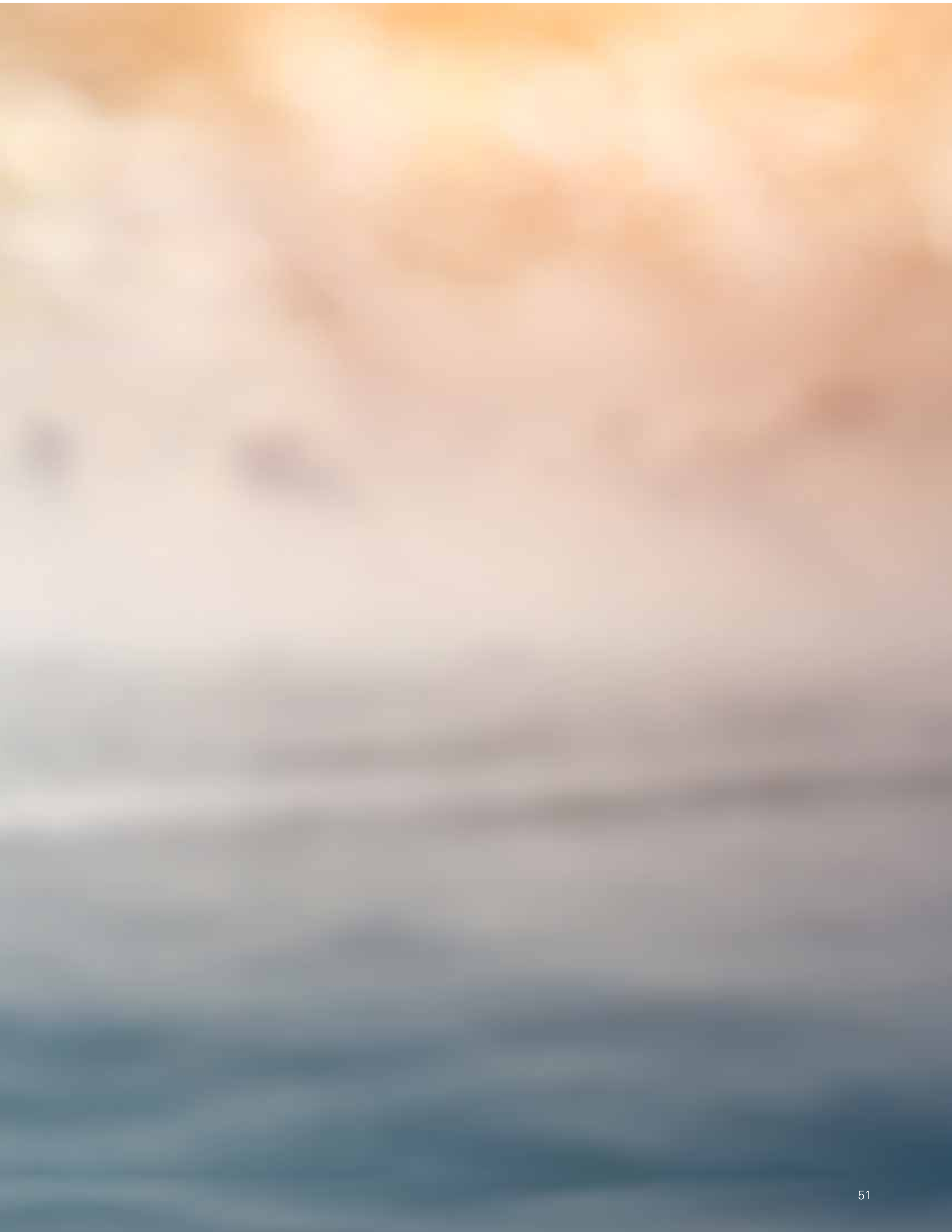
2% of equity AUM | 1,414 meetings

		2019		2020	
Alignment with our principles	Proposal type	Number of proposals	% for	Number of proposals	% for
Board composition	**Management proposals**				
	Elect directors	6,225	78%	5,589	83%
	Other board-related	1,023	64%	913	69%
	Shareholder proposals				
	Board-related	187	59%	70	67%
Oversight of strategy and risk	**Management proposals**				
	Approve auditors	1,013	96%	870	98%
	Shareholder proposals				
	Environmental/social	15	7%	16	13%
Executive compensation	**Management proposals**				
	Executive compensation	256	95%	250	96%
	Other compensation-related	1,123	89%	925	91%
	Shareholder proposals				
	Compensation-related	20	15%	10	10%
Shareholder rights	**Management proposals**				
	Governance-related	587	89%	546	88%
	Shareholder proposals				
	Governance-related	11	27%	5	20%
Other proposals	**Management proposals**				
	Capitalization	1,993	99%	1,765	99%
	Mergers and acquisitions	450	96%	310	98%
	Adjourn/other business	1,225	94%	1,107	95%
	Shareholder proposals				
	Other	5	0%	3	0%
Total		**14,133**	**84%**	**12,379**	**88%**

Summary of proxy votes cast by the Vanguard funds
for companies in the Middle East and Africa
(July 1, 2019–June 30, 2020)

1% of equity AUM | 520 meetings

Alignment with our principles	Proposal type	2019 Number of proposals	2019 % for	2020 Number of proposals	2020 % for
Board composition	**Management proposals**				
	Elect directors	1,474	79%	1,509	72%
	Other board-related	978	97%	1,002	96%
	Shareholder proposals				
	Board-related	3	0%	3	0%
Oversight of strategy and risk	**Management proposals**				
	Approve auditors	438	87%	397	88%
	Shareholder proposals				
	Environmental/social	3	0%	3	33%
Executive compensation	**Management proposals**				
	Executive compensation	283	83%	306	89%
	Other compensation-related	871	90%	837	93%
	Shareholder proposals				
	Compensation-related	0	NA	0	NA
Shareholder rights	**Management proposals**				
	Governance-related	978	52%	975	55%
	Shareholder proposals				
	Governance-related	0	NA	1	0%
Other proposals	**Management proposals**				
	Capitalization	647	97%	593	97%
	Mergers and acquisitions	520	96%	646	93%
	Adjourn/other business	905	90%	764	94%
	Shareholder proposals				
	Other	0	NA	0	NA
Total		**7,100**	**84%**	**7,036**	**84%**



Company engagements

The following table lists the 793 companies that Vanguard's Investment Stewardship team engaged with during the 12 months ended June 30, 2020. A bullet (•) indicates a primary topic of the engagement. However, these are open dialogues and can cover a wide range of issues over multiple discussions. Secondary topics often arise.

For context, *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.	•	•		
AA Plc			•	
ABB Ltd.	•	•	•	
Abbott Laboratories	•	•	•	•
AbbVie, Inc.	•	•		•
ABIOMED, Inc.	•		•	•
ABM Industries, Inc.	•			
Accenture Plc	•	•		
ACS, Actividades de Construcción y Servicios SA	•			•
Acuity Brands, Inc.			•	
Adobe, Inc.	•	•		
Adtalem Global Education, Inc.	•		•	
Advanced Micro Devices, Inc.			•	
AECOM		•	•	
Aecon Group, Inc.	•			
Aena SME SA		•		
Affiliated Managers Group, Inc.			•	
AGCO Corp.			•	
Agilent Technologies, Inc.	•		•	•
AGL Energy Ltd.		•	•	
AIA Group Ltd.		•		
Air Liquide SA	•	•		
Air Products and Chemicals, Inc.	•	•		
Aircastle Ltd.			•	
Alaska Air Group, Inc.	•			
Albemarle Corp.	•	•		•
Alcon, Inc.	•		•	•
Alexander & Baldwin, Inc.	•	•		
Alexandria Real Estate Equities, Inc.	•	•	•	•
Align Technology, Inc.	•	•	•	•
Alkermes Plc	•		•	

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
Alliant Energy Corp.	•	•		•
Allianz SE	•		•	•
Allison Transmission Holdings, Inc.	•			
Alphabet, Inc.	•	•	•	
Altria Group, Inc.		•	•	
AMA Group Ltd.			•	
Amazon.com, Inc.	•	•	•	•
AMC Networks, Inc.	•		•	
American Electric Power Co., Inc.	•	•		
American Express Co.	•	•		
American Outdoor Brands Corp.	•	•	•	
American Tower Corp.	•	•		
American Water Works Co., Inc.	•	•		
Ameriprise Financial, Inc.	•	•	•	
AMN Healthcare Services, Inc.	•	•		•
AMP Ltd.	•	•	•	
Amphenol Corp.	•	•		
Annaly Capital Management, Inc.	•	•		•
Anthem, Inc.	•	•		•
AO World Plc			•	
Apache Corp.	•	•	•	
Apple, Inc.	•	•		
Applied Materials, Inc.	•			•
Aramark	•	•	•	
Arch Resources, Inc.	•			
Arcosa, Inc.	•	•		•
Argo Group International Holdings Ltd.	•	•	•	•
Arkema SA	•	•	•	
Armstrong Flooring, Inc.			•	
Armstrong World Industries, Inc.	•	•	•	
Arthur J Gallagher & Co.	•	•		
ASGN, Inc.			•	
Ashford, Inc.		•		
Ashland Global Holdings, Inc.	•			
Aspen Technology, Inc.			•	
Assicurazioni Generali SPA	•	•	•	
Associated Banc-Corp			•	

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
Associated British Foods Plc			•	
Aston Martin Lagonda Global Holdings Plc	•	•	•	
AstraZeneca Plc	•		•	
AstroNova, Inc.	•			
AT&T, Inc.	•	•		
Atlantia SPA	•	•		
Atlas Air Worldwide Holdings, Inc.		•	•	
Atlas Copco AB	•			
Atmos Energy Corp.	•	•		
Aurora Cannabis, Inc.	•			•
Australia & New Zealand Banking Group Ltd.	•	•		•
Automatic Data Processing, Inc.	•	•		
AutoNation, Inc.	•			
Avanos Medical, Inc.	•		•	•
Avantor, Inc.	•	•	•	•
Avast Plc	•		•	
Aventus Group	•	•		
Avery Dennison Corp.	•	•	•	•
Avis Budget Group, Inc.	•	•	•	•
Avnet, Inc.	•	•		
Axis Bank Ltd.	•			
Axis Capital Holdings Ltd.	•		•	
Axogen, Inc.	•		•	
Baker Hughes Co.	•	•		•
Banco Bilbao Vizcaya Argentaria SA	•	•		
Bank of America Corp.	•	•		
Bank of Marin Bancorp	•	•	•	
Bank of Montreal		•		
Bank of New York Mellon Corp.	•	•		
Bank of Nova Scotia	•	•		
Barclays Plc		•	•	
Barnwell Industries, Inc.	•	•	•	
Barrick Gold Corp.	•	•	•	
BASF SE	•		•	
Baxter International, Inc.	•	•		
Bayer AG	•	•	•	
Bayerische Motoren Werke AG			•	

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
Baytex Energy Corp.	•	•	•	
BE Semiconductor Industries NV			•	
Bed Bath & Beyond, Inc.	•	•	•	
Berkeley Group Holdings Plc	•			
Best Buy Co., Inc.	•	•	•	
BHP Group Ltd.	•		•	
BioCryst Pharmaceuticals, Inc.	•	•		•
Biogen, Inc.	•	•		
BJ's Wholesale Club Holdings, Inc.	•	•	•	•
Blackbaud, Inc.		•	•	
Bloomin' Brands, Inc.		•	•	•
Bluebird Bio, Inc.		•	•	
Boeing Co.	•	•	•	
Booking Holdings, Inc.	•		•	
Boston Beer Co., Inc.	•	•	•	
Boston Properties, Inc.	•	•	•	•
Boston Scientific Corp.	•	•		•
Bouygues SA	•			•
BP Plc	•	•	•	
BrightView Holdings, Inc.	•			
Brinker International, Inc.	•	•	•	
Bristol-Myers Squibb Co.	•	•	•	
Broadcom, Inc.	•		•	
Broadridge Financial Solutions, Inc.	•	•		
BT Group Plc			•	
Bunge Ltd.	•		•	
Burberry Group Plc		•	•	
Cadence Design Systems, Inc.	•	•		•
Callaway Golf Co.	•	•		•
Callon Petroleum Co.	•	•		
Calyxt, Inc.	•			
Camden Property Trust	•	•		
Canadian National Railway Co.	•	•		
Canfor Corp.		•		
Capital One Financial Corp.		•		•
Cardinal Health, Inc.	•	•		•
Cardtronics Plc			•	

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
Carnival Corp.	•	•	•	
Carrefour SA			•	
Carrols Restaurant Group, Inc.	•			
CatchMark Timber Trust, Inc.			•	
Caterpillar, Inc.	•	•		
Cboe Global Markets, Inc.	•	•		
Celanese Corp.	•	•	•	
Centrica Plc	•		•	
Centrus Energy Corp.	•		•	•
CenturyLink, Inc.	•	•	•	
CF Industries Holdings, Inc.	•	•	•	
CGG SA	•	•		•
Charles River Laboratories International, Inc.	•	•		
Charles Schwab Corp.		•		
Charter Communications, Inc.	•	•	•	•
Cheesecake Factory, Inc.	•	•		•
Cheniere Energy, Inc.		•	•	
Chevron Corp.	•	•		•
Children's Place, Inc.			•	
China Gold International Resources Corp. Ltd.	•			
Chipotle Mexican Grill, Inc.	•	•		
ChromaDex Corp.	•			
Chubb Ltd.	•	•		
Church & Dwight Co., Inc.	•	•	•	•
Cie Financiere Richemont SA	•	•	•	
Cie Plastic Omnium SA			•	
Ciena Corp.	•	•	•	
Cigna Corp.				•
Cincinnati Financial Corp.	•	•		
Cisco Systems, Inc.	•	•		
CIT Group, Inc.	•	•	•	
Citigroup, Inc.	•	•		
Citizens Financial Group, Inc.	•	•	•	
Citizens, Inc. TX			•	
Citrix Systems, Inc.	•	•	•	
Clarkson Plc			•	
Clearway Energy, Inc.		•		•

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
Coca-Cola Amatil Ltd.	•	•	•	
Coca-Cola Co.		•	•	
Coca-Cola European Partners Plc	•		•	
Cognizant Technology Solutions Corp.	•	•	•	
Coherus Biosciences, Inc.	•			
Coles Group Ltd.	•	•	•	
Colgate-Palmolive Co.	•	•	•	
Colliers International Group, Inc.	•			
Colony Capital, Inc.	•	•	•	
Columbia Banking System, Inc.	•	•		
Commonwealth Bank of Australia	•	•	•	
CommScope Holding Co., Inc.			•	
Compass Minerals International, Inc.	•	•		
CompuGroup Medical SE & Co. KgaA				•
Computacenter Plc	•		•	
Conduent, Inc.	•	•		
Conn's, Inc.			•	•
ConocoPhillips	•	•	•	
Consolidated Edison, Inc.	•	•		
Continental AG	•	•	•	
ConvaTec Group Plc	•		•	
CoreCivic, Inc.	•	•		
CoreSite Realty Corp.	•	•		
Corning, Inc.	•	•	•	
Corteva, Inc.	•	•		•
Costco Wholesale Corp.	•	•		•
Cracker Barrel Old Country Store, Inc.	•	•		•
Credit Agricole SA	•		•	
Credit Suisse Group AG	•	•	•	
Cree, Inc.	•	•		
CRH Plc	•	•	•	
CSL Ltd.	•		•	
CSX Corp.	•		•	
CubeSmart	•	•	•	•
Cubic Corp.	•	•		•
Cummins, Inc.			•	
CVS Health Corp.	•	•	•	•

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
Daimler AG	•		•	•
Danaher Corp.	•	•	•	•
Danone SA	•	•		
Danske Bank A/S	•		•	
DaVita, Inc.	•	•	•	
De La Rue Plc	•	•		
Deere & Co.	•	•		
Delivery Hero SE		•		
Dell Technologies, Inc.	•	•	•	•
Delta Air Lines, Inc.		•	•	
Dentsply Sirona, Inc.			•	
Deutsche Bank AG	•	•		
Deutsche Boerse AG	•	•	•	
Deutsche Lufthansa AG		•		
Deutsche Telekom AG	•			
Deutz AG	•	•	•	
Diageo Plc	•	•		
Diamondback Energy, Inc.			•	
Diebold Nixdorf, Inc.	•	•	•	
Direct Line Insurance Group Plc	•	•	•	
Dixons Carphone Plc			•	
Dollar Tree, Inc.		•		
Dominion Energy, Inc.	•	•	•	
Douglas Emmett, Inc.	•	•	•	
Dover Corp.		•	•	•
Dow, Inc.	•	•	•	
DP World Plc	•	•		•
Drax Group Plc		•	•	
Duke Energy Corp.	•	•		•
DuPont de Nemours, Inc.	•	•		
DXC Technology Co.	•	•	•	
E.Sun Financial Holding Co. Ltd.	•	•	•	
Eagle Bancorp, Inc.	•	•	•	
Eagle Pharmaceuticals, Inc. DE			•	
easyJet Plc		•		•
eBay, Inc.	•	•	•	•
Ebix, Inc.	•		•	

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
Ecolab, Inc.	•	•		
Edison International	•	•		
Edwards Lifesciences Corp.	•	•		•
Eisai Co. Ltd.	•	•		
Element Solutions, Inc.		•	•	
Elmos Semiconductor AG		•		
EMCOR Group, Inc.	•	•		•
Emerson Electric Co.	•	•		
Enbridge, Inc.	•	•		
Enel SPA		•		
Energias de Portugal SA	•	•		
Energous Corp.	•	•	•	
Eni SPA	•	•	•	•
Enphase Energy, Inc.		•		
Entertainment One Ltd.			•	
Envista Holdings Corp.	•			
Enzo Biochem, Inc.	•	•		
EQT Corp.	•	•		
Equifax, Inc.	•	•	•	
Equity Residential	•	•		
Essential Utilities, Inc.	•	•	•	
Estee Lauder Cos., Inc.	•		•	•
Etsy, Inc.	•	•	•	
Eurazeo SE	•	•	•	
Euronext NV	•	•	•	
Europcar Mobility Group	•			
Evergy, Inc.	•			
Exelixis, Inc.	•	•	•	•
Exelon Corp.	•	•	•	
Extended Stay America, Inc.	•	•	•	•
Exxon Mobil Corp.	•	•	•	•
Facebook, Inc.	•	•		
Fastenal Co.		•	•	
Federal Realty Investment Trust			•	
FedEx Corp.			•	
Ferguson Plc		•		•
Fidelity National Information Services, Inc.			•	

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
First Hawaiian, Inc.	•	•	•	•
First United Corp.	•	•		
FirstEnergy Corp.	•	•		
Firstgroup Plc	•	•		
Fiserv, Inc.		•	•	
Fisher & Paykel Healthcare Corp. Ltd.	•	•		
Fitbit, Inc.		•		
Flexion Therapeutics, Inc.	•	•		•
Flowers Foods, Inc.	•			•
Fluor Corp.	•	•	•	
Flutter Entertainment Plc	•	•	•	
FNB Corp. PA	•	•	•	•
Ford Motor Co.	•	•		•
Fortescue Metals Group Ltd.			•	
Fortinet, Inc.	•	•		•
Fox Corp.	•		•	
Franklin Resources, Inc.	•			
FreightCar America, Inc.			•	
Fresenius Medical Care AG & Co. KGaA	•	•	•	
Front Yard Residential Corp.	•	•		
FuelCell Energy, Inc.	•	•	•	
GameStop Corp.	•	•		
Gaming and Leisure Properties, Inc.	•	•	•	
Gannett Co., Inc.	•	•		•
Gaztransport Et Technigaz SA			•	
GCP Applied Technologies, Inc.	•	•		
Genasys, Inc.	•			
General Dynamics Corp.	•	•	•	
General Electric Co.	•	•	•	
General Mills, Inc.	•	•		•
General Motors Co.		•		
Genfit			•	
Genmab A/S	•		•	
Genuine Parts Co.		•		
Genus Plc	•			
Genworth Financial, Inc.		•	•	
GEO Group, Inc.		•		

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
Georg Fischer AG		•		
Gilead Sciences, Inc.	•	•	•	
Glanbia Plc	•		•	
GlaxoSmithKline Plc	•	•	•	
Glencore Plc	•	•	•	
GoDaddy, Inc.			•	
Gogo, Inc.	•		•	
Goldman Sachs Group, Inc.	•	•	•	
GrandVision NV			•	
Greencore Group Plc			•	
Greggs Plc	•		•	
Groupe Bruxelles Lambert SA	•	•	•	•
Growthpoint Properties Ltd.	•			
Guidewire Software, Inc.	•	•		
GVC Holdings Plc	•		•	
Haemonetics Corp.	•	•	•	•
Haier Electronics Group Co. Ltd.	•	•		
Hain Celestial Group, Inc.	•		•	
Halliburton Co.	•	•	•	
Hammerson Plc			•	
Harley-Davidson, Inc.			•	
Hasbro, Inc.	•	•	•	
Hawaiian Electric Industries, Inc.	•	•		
HB Fuller Co.			•	
HC2 Holdings, Inc.	•	•	•	•
Hecla Mining Co.		•	•	•
Heineken NV	•		•	•
Herbalife Nutrition Ltd.	•			
Hershey Co.	•			
Hess Corp.	•			
Hewlett Packard Enterprise Co.	•	•		
Hexcel Corp.	•			
Hologic, Inc.		•	•	•
Home Depot, Inc.		•		
HomeStreet, Inc.	•	•		•
Honda Motor Co. Ltd.	•	•		
Honeywell International, Inc.	•	•		

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
Horizon Therapeutics Plc	•	•		
Hoshizaki Corp.	•	•		
HP, Inc.		•		
HSBC Holdings Plc	•	•		•
Humana, Inc.	•	•	•	
Huntington Bancshares, Inc. OH	•	•		
Huntington Ingalls Industries, Inc.	•			
Huron Consulting Group, Inc.	•	•	•	
Hyundai Motor Co.	•	•		
iA Financial Corp., Inc.		•		
Iberdrola SA				•
IHI Corp.	•	•	•	
IHS Markit Ltd.	•	•	•	•
Iino Kaiun Kaisha Ltd.	•	•	•	
ImmunoGen, Inc.	•		•	
Imperial Brands Plc	•	•	•	
Inchcape Plc			•	
Incyte Corp.	•	•	•	
Industrial & Commercial Bank of China Ltd.	•	•		
Inphi Corp.		•	•	•
Insteel Industries, Inc.			•	
Instructure, Inc.	•	•		
Intel Corp.	•	•		
InterContinental Hotels Group Plc			•	
Interface, Inc.	•			
International Business Machines Corp.	•	•		
Intevac, Inc.	•		•	
Intuit, Inc.	•	•		
Invacare Corp.			•	
Invesco Ltd.	•	•	•	
Investor AB	•			
Investors Bancorp, Inc.			•	
Invitation Homes, Inc.	•	•		
Iovance Biotherapeutics, Inc.	•			
IPG Photonics Corp.	•	•		
IQVIA Holdings, Inc.	•		•	•
iStar, Inc.	•	•	•	

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
Japan Tobacco, Inc.	•	•	•	
Jazz Pharmaceuticals Plc	•	•		•
JB Hunt Transport Services, Inc.		•	•	
Jefferies Financial Group, Inc.			•	
JFE Holdings, Inc.	•	•		
JGC Holdings Corp.	•	•		
Johnson & Johnson	•	•	•	
JPMorgan Chase & Co.	•	•	•	
K12, Inc.	•		•	
Kaman Corp.			•	•
Kansai Electric Power Co., Inc.	•	•	•	
Karyopharm Therapeutics, Inc.	•			
KAZ Minerals Plc	•		•	
KB Home		•		
Kellogg Co.	•	•		•
Kering SA	•	•	•	
Kforce, Inc.			•	
Kimball Electronics, Inc.	•			
Kimberly-Clark Corp.	•	•		
Kinder Morgan, Inc.		•	•	
Kingfisher Plc	•	•	•	
Kingspan Group Plc	•		•	
Kirin Holdings Co. Ltd.	•	•		
KLA Corp.			•	
Koninklijke Ahold Delhaize NV			•	
Kraft Heinz Co.		•	•	
Kroger Co.	•	•		
Kyushu Railway Co.	•	•		
Laboratory Corp. of America Holdings	•	•		
LafargeHolcim Ltd.	•	•	•	
Lagardere SCA	•	•		•
Lam Research Corp.	•	•	•	
Las Vegas Sands Corp.	•	•	•	
Laurentian Bank of Canada	•	•	•	
Lawson Products, Inc. DE	•			•
LCI Industries			•	
Legg Mason, Inc.	•	•	•	•

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
Leidos Holdings, Inc.	•	•		•
LendingClub Corp.	•		•	•
Leonardo SPA	•		•	
Leopalace21 Corp.	•	•		
LG Chem Ltd.	•	•		
Lincoln National Corp.	•	•	•	•
Linde Plc	•	•	•	
Lions Gate Entertainment Corp.	•		•	
Liontrust Asset Management Plc			•	
Lloyds Banking Group Plc			•	
Lockheed Martin Corp.	•	•		
LogMeIn, Inc.	•	•		
L'Oreal SA	•	•	•	
Lululemon Athletica, Inc.	•	•		•
Lundin Energy AB	•	•		
LVMH Moet Hennessy Louis Vuitton SE	•	•	•	
M&T Bank Corp.	•			
Mack-Cali Realty Corp.	•	•		
Macquarie Group Ltd.	•	•		
Madison Square Garden Sports Corp.	•	•	•	
ManpowerGroup, Inc.			•	
Marathon Petroleum Corp.	•	•	•	•
Marriott International, Inc. MD		•		
Masmovil Ibercom SA	•	•		
MasterCraft Boat Holdings, Inc.	•	•	•	•
Matson, Inc.	•	•		
Mattel, Inc.	•	•	•	
Maxar Technologies, Inc.	•			
MAXIMUS, Inc.	•	•		
McDonald's Corp.	•	•	•	•
McKesson Corp.	•	•	•	•
MDC Holdings, Inc.	•	•		•
MDU Resources Group, Inc.	•	•		
Medical Properties Trust, Inc.	•	•		•
Mediobanca Banca di Credito Finanziario SPA	•			•
Medtronic Plc	•	•	•	
Merck & Co., Inc.	•	•		

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
MetLife, Inc.		•		
Metro Bank Plc	•	•		
MGM Resorts International		•		
Micro Focus International Plc			•	
Microchip Technology, Inc.		•		
Microsoft Corp.	•	•	•	
Miragen Therapeutics, Inc.	•			
Mitsui & Co. Ltd.	•	•		
Mobile Mini, Inc.	•	•	•	•
Model N, Inc.	•	•	•	
Moncler SPA	•			•
Mondelez International, Inc.		•	•	
Motorola Solutions, Inc.		•		
Movado Group, Inc.	•		•	
Muenchener Rueckversicherungs-Gesellschaft AG in Muenchen	•	•	•	
MVB Financial Corp.	•	•	•	•
Mylan NV	•	•	•	
NanoString Technologies, Inc.	•		•	
Naspers Ltd.	•	•		
National Australia Bank Ltd.	•	•		
Navistar International Corp.	•			
NCR Corp.		•	•	
Nektar Therapeutics	•	•	•	•
Nestle SA	•	•	•	
Netflix, Inc.	•	•	•	•
Newell Brands, Inc.	•	•	•	
NextEra Energy, Inc.		•		
Nintendo Co. Ltd.	•	•	•	
NN Group NV		•		
Noble Corp. Plc			•	
Noble Energy, Inc.	•	•		
Nomura Holdings, Inc.	•	•		
Nordstrom, Inc.	•	•		
Novagold Resources, Inc.	•			
Novartis AG		•	•	
Novo Nordisk A/S	•	•		

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
NSK Ltd.				•
Nuance Communications, Inc.	•	•	•	•
Nucor Corp.	•	•	•	•
Nutrien Ltd.	•	•		
NuVasive, Inc.	•			
nVent Electric Plc		•		
Ocado Group Plc			•	
Occidental Petroleum Corp.	•	•	•	•
Oceaneering International, Inc.	•			•
Office Depot, Inc.	•	•		
Oji Holdings Corp.	•			
Old National Bancorp IN			•	
Old Republic International Corp.	•	•		•
OMV AG	•	•	•	
Ontex Group NV			•	
Opus Bank	•	•	•	•
Oracle Corp.		•	•	
Orbital Energy Group, Inc.			•	
O'Reilly Automotive, Inc.		•		
Ormat Technologies, Inc.	•		•	•
Orrstown Financial Services, Inc.	•	•	•	
Overstock.com, Inc.		•		
Ovintiv, Inc.		•	•	
Owens & Minor, Inc.	•			•
Owens Corning	•	•		
PACCAR, Inc.			•	
PacWest Bancorp	•	•	•	
Pagegroup Plc			•	
Palo Alto Networks, Inc.	•	•	•	
Paragon Banking Group Plc			•	
Pattern Energy Group, Inc.		•		
Paycom Software, Inc.			•	
PayPal Holdings, Inc.	•	•		
PDC Energy, Inc.	•	•	•	•
PepsiCo, Inc.		•		
Petrofac Ltd.	•	•		
Petroleo Brasileiro SA	•	•		

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
Peugeot SA		•	•	
Pfizer, Inc.	•	•		
Philip Morris International, Inc.	•		•	•
Phillips 66	•	•		•
Photronics, Inc.	•			
Pinnacle West Capital Corp.	•			
Pioneer Natural Resources Co.	•	•	•	•
Piraeus Bank SA	•		•	
Pitney Bowes, Inc.	•			
PJT Partners, Inc.	•	•		
Plains GP Holdings LP			•	
Platinum Asset Management Ltd.		•		
Playtech Plc			•	
Polaris, Inc.	•	•	•	
Popular, Inc.		•		
Portland General Electric Co.	•	•		
Postal Realty Trust, Inc.	•	•		•
Poste Italiane SPA		•	•	
PostNL NV	•		•	
Power Financial Corp.	•	•		•
PPL Corp.	•			
Premier Oil Plc			•	
Premier, Inc.	•	•		•
Procter & Gamble Co.	•	•		
Progenics Pharmaceuticals, Inc.	•	•		•
PROS Holdings, Inc.	•	•	•	•
Prothena Corp. Plc	•		•	•
Provident Financial Plc			•	
Public Storage	•	•	•	
QEP Resources, Inc.	•	•	•	•
QIAGEN NV		•	•	
Qualcomm, Inc.			•	
Quotient Technology, Inc.	•		•	•
Ralph Lauren Corp.	•			
Range Resources Corp.	•	•	•	
Raymond James Financial, Inc.	•			
Recruit Holdings Co. Ltd.	•	•		

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
Redde Northgate Plc		•	•	
Redrow Plc			•	
Regeneron Pharmaceuticals, Inc.	•	•	•	
REGENXBIO, Inc.	•			
Regions Financial Corp.	•	•		
Regis Corp.	•	•	•	
Reinsurance Group of America, Inc.	•	•		
Renault SA	•	•	•	
Repsol SA		•		
Republic Services, Inc.	•	•		
Resideo Technologies, Inc.	•	•	•	•
Resolute Mining Ltd.			•	
Restaurant Brands International, Inc.		•	•	
Restaurant Group Plc		•		
Retrophin, Inc.	•		•	
Ricoh Co. Ltd.	•	•		
RigNet, Inc.			•	
RingCentral, Inc.	•			
Rio Tinto Plc		•		
RioCan Real Estate Investment Trust	•	•	•	
RIT Capital Partners Plc			•	
RLJ Lodging Trust	•			
RMR Group, Inc.	•			•
Roche Holding AG	•	•		
Rockwell Automation, Inc.	•	•	•	
Royal Bank of Canada	•	•		
Royal Bank of Scotland Group Plc			•	
Royal Dutch Shell Plc	•	•		
RR Donnelley & Sons Co.				•
Rural Funds Group		•		
Ruth's Hospitality Group, Inc.	•		•	
RWE AG	•	•	•	
Ryman Hospitality Properties, Inc.	•	•		
Sabre Corp.	•	•	•	•
Saga Plc	•	•	•	
Samsung Electronics Co. Ltd.	•	•		
Sanderson Farms, Inc.		•		

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
Sangamo Therapeutics, Inc.	•			
Sanmina Corp.			•	
Sanofi			•	
Santander Consumer USA Holdings, Inc.	•	•		
Santos Ltd.	•	•		
SAP SE			•	
Sapporo Holdings Ltd.	•	•	•	•
Saputo, Inc.		•		
Saracen Mineral Holdings Ltd.			•	
Sarepta Therapeutics, Inc.	•	•		•
Savara, Inc.	•			
SBA Communications Corp.		•	•	
Scentre Group	•	•	•	
Schlumberger Ltd.	•	•		
Schneider Electric SE	•		•	
Schroders Plc			•	
SCOR SE	•		•	•
Scout24 AG	•	•		
SEACOR Holdings, Inc.	•			
SEEK Ltd.		•	•	
Segro Plc	•			
Sekisui House Ltd.	•	•	•	
Sempra Energy	•			
Seven & i Holdings Co. Ltd.	•	•		
Severn Trent Plc	•	•		
Shaftesbury Plc	•	•	•	
Shake Shack, Inc.				•
Shibaura Machine Co. Ltd.		•		
Shinhan Financial Group Co. Ltd.		•		
Shopify, Inc.	•	•	•	
SI-BONE, Inc.	•			
Siemens AG	•	•	•	
Signature Bank New York, NY	•	•	•	
Sika AG	•	•	•	
Simpson Manufacturing Co., Inc.	•	•		
Sinopec Kantons Holdings Ltd.	•	•		
Six Flags Entertainment Corp.	•	•	•	

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
SkyCity Entertainment Group Ltd.	•	•		
Societe Generale SA		•	•	
Sonoco Products Co.	•	•		•
Sony Corp.	•	•		
Sorrento Therapeutics, Inc.	•	•	•	•
South Jersey Industries, Inc.	•	•	•	
Southern Co.	•	•	•	
Spark New Zealand Ltd.	•	•		
Spectrum Brands Holdings, Inc.	•	•	•	•
Spirit Realty Capital, Inc.		•	•	
Splunk, Inc.	•	•	•	
SPX Corp.	•	•	•	
SS&C Technologies Holdings, Inc.			•	
SSP Group Plc	•		•	
St. Modwen Properties Plc			•	
Stagecoach Group Plc			•	
Standard Chartered Plc			•	
Standard Life Aberdeen Plc	•	•	•	
Stanley Black & Decker, Inc.				•
Starbucks Corp.	•	•		
State Street Corp.	•	•	•	
Stericycle, Inc.	•	•	•	
Stobart Group Ltd.			•	
Sumitomo Realty & Development Co. Ltd.				•
Sunrise Communications Group AG		•		
Sunrun, Inc.	•			
SunTrust Banks, Inc.		•		
Swedbank AB	•	•		
Swiss Re AG	•	•	•	
T Rowe Price Group, Inc.		•		
Tabcorp Holdings Ltd.	•	•	•	
Tailored Brands, Inc.	•	•		
Taishin Financial Holding Co. Ltd.	•	•		
Takeda Pharmaceutical Co. Ltd.	•	•	•	
Targa Resources Corp.	•	•	•	•
Taubman Centers, Inc.		•		
TC Energy Corp.	•	•		

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TE Connectivity Ltd.	•			
Ted Baker Plc			•	
TEGNA, Inc.	•	•		
Tele Columbus AG	•	•		
Teleperformance		•		
Telstra Corp. Ltd.	•		•	
Tempur Sealy International, Inc.			•	
Teradata Corp.	•			
Tesco Plc			•	
Textron, Inc.	•		•	
thyssenkrupp AG	•	•		
TJX Cos., Inc.		•		
Tokyo Electric Power Co. Holdings, Inc.	•	•		
Toronto-Dominion Bank		•		
Total SA	•	•	•	
Toyota Motor Corp.	•	•	•	
TransDigm Group, Inc.		•	•	
Transocean Ltd.	•	•	•	
Transurban Group	•	•	•	
Travelers Cos., Inc.	•	•		
Tronox Holdings Plc	•		•	
Trupanion, Inc.				•
TUI AG			•	
Twitter, Inc.	•	•	•	•
Tyson Foods, Inc.	•	•		
Uber Technologies, Inc.	•	•	•	•
UBS Group AG	•	•	•	
UGI Corp.	•	•		
Ulta Beauty, Inc.	•			
Ultragenyx Pharmaceutical, Inc.	•	•		•
Under Armour, Inc.	•	•	•	
Unibail-Rodamco-Westfield	•	•		
UniCredit SPA			•	
Unilever NV	•	•	•	
Union Pacific Corp.	•	•		
Unite Group Plc			•	
United Parcel Service, Inc.		•	•	•

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United Technologies Corp.	•	•		•
United Therapeutics Corp.		•	•	
UnitedHealth Group, Inc.	•	•		
Universal Health Realty Income Trust	•		•	
Upwork, Inc.	•			
US Bancorp	•	•	•	
US Ecology, Inc.	•			
Vale SA	•	•	•	
Varonis Systems, Inc.	•		•	•
Vector Group Ltd.	•		•	
Veeva Systems, Inc.	•			
Veolia Environnement SA	•	•	•	
Verint Systems, Inc.	•	•		
Veritiv Corp.			•	
Verizon Communications, Inc.	•	•	•	
Verso Corp.	•	•	•	•
Vesuvius Plc	•	•	•	
VICI Properties, Inc.	•		•	•
Vinci SA	•	•		
Visa, Inc.	•	•		
Vista Outdoor, Inc.		•	•	
Vivendi SA	•	•	•	
Vodafone Group Plc	•	•	•	
Vonage Holdings Corp.	•			
Vornado Realty Trust	•	•	•	
Walgreens Boots Alliance, Inc.	•	•	•	•
Walmart, Inc.	•	•		
Walt Disney Co.	•	•	•	
Waste Management, Inc.	•			
Webuild SPA			•	
Wells Fargo & Co.	•	•		
Welltower, Inc.	•	•	•	
Wesfarmers Ltd.	•	•		
West BanCorp, Inc.	•		•	
Western Union Co.		•		
Westpac Banking Corp.	•	•	•	
Weyerhaeuser Co.	•	•	•	

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Whitbread Plc			•	
Williams-Sonoma, Inc.	•	•	•	
Wingstop, Inc.	•		•	•
Woodside Petroleum Ltd.	•	•	•	•
World Acceptance Corp.			•	
WPP Plc			•	
Xcel Energy, Inc.	•	•		
Xenia Hotels & Resorts, Inc.	•	•		
Xerox Holdings Corp.	•	•	•	
Xilinx, Inc.	•	•	•	
Xperi Corp.	•	•	•	
XPO Logistics, Inc.	•		•	
Xylem, Inc. NY	•			
Yamaha Motor Co. Ltd.	•	•		
Yum! Brands, Inc.	•	•	•	
Zalando SE	•	•	•	
Zebra Technologies Corp.	•	•	•	
Zimmer Biomet Holdings, Inc.	•	•	•	
Ziopharm Oncology, Inc.	•			
Zojirushi Corp.	•	•		
Zovio, Inc.			•	
Zurich Insurance Group AG	•	•	•	
Zynga, Inc.				•

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