Vanguard

Investment Stewardship

2021 Annual Report

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

2021 Annual Report

An introduction from our chairman and CEO

I am pleased to present Vanguard's Investment Stewardship annual report for 2021. Vanguard's Investment Stewardship program directly aligns with our core purpose to give our clients the best chance for investment success.

We know that unmanaged and undisclosed risks—from financial to climate to social—can undermine that success. We work with boardrooms across the globe to ensure they are effectively unpacking, identifying, and managing those material risks. While we advocate for best practices in disclosing and mitigating risk, we don't dictate the solutions. These business solutions are the responsibility of companies to execute and boards to govern. On behalf of our clients, we evaluate boards on how well they govern and care for the long-term interests of their shareholders.

This report provides insights into our stewardship engagements with board members and executives and how they navigated a year defined by the ongoing effects of COVID-19, global supply chain disruptions, and economic, social, and political uncertainty. Company leaders also contemplated and must continue to act on the threat of a changing climate. These threats to shareholder value require thoughtful and deliberate engagement from our team. To meet that rising challenge, we have invested significantly in our stewardship program, roughly doubling the size over the past two years.

As we engage with boards, we remind them of our fiduciary duty to maximize long-term returns for our clients. Our conversations are candid and lead to the constructive board oversight that creates enduring value for Vanguard investors.

In a challenging year, we hope you have remained safe and healthy. Thank you for investing with Vanguard, and we look forward to continuing this work on your behalf.

Sincerely,

Tim Buckley
Vanguard Chairman and
Chief Executive Officer

John Galloway
Vanguard Investment Stewardship Officer

The power of engagement

Throughout this report, we share examples of the impact our stewardship program has on the governance practices and policies of our portfolio companies. Along with our fiduciary duty to the investors in each of the Vanguard funds, our belief in the power of constructive engagement is a foundational element of our Investment Stewardship program.

Vanguard was a pioneer in regularly engaging with boards and company leaders on governance matters. Our engagements provide us with opportunities to understand how portfolio companies are managed and deliver feedback when we identify gaps in corporate governance. These discussions took on even greater importance in 2021 as companies managed through the ongoing effects of COVID-19, business disruptions, the material risks of climate change, and economic, social, and political uncertainty around the world. We use engagements with company boards and leaders, as well as with outside experts and other stakeholders, to supplement our analysis and inform the proxy votes we cast on behalf of the Vanguard funds.

Vanguard's commitment to engaging in candid, constructive dialogue to share our views with portfolio companies and inform our proxy voting is underscored by investments in our stewardship program, which has roughly doubled in size over the last few years. We've added team members with governance and topic expertise and deepened our knowledge of regional norms and policies. The investments in our team, our engagements, and our outreach campaigns mean we are reaching more boardrooms than ever. In 2021, we engaged with 1,074 companies, up from 655 the previous year.

By design, our engagements focus on how portfolio companies are identifying, disclosing, and mitigating potential risks to long-term shareholder value. As a result, over the last several years, many engagements included a focus on the risks that climate change poses to our portfolio companies. In these conversations, Vanguard sought to understand companies' climate risk strategies and mitigation efforts, and the role their boards play in overseeing those strategies and providing investors with appropriate disclosures.

In cases where we believed that investors would benefit from greater disclosure or clarity on company strategies for addressing climate-related risks, we voted accordingly on shareholder proposals. We worked to provide portfolio companies with clarity on our views and expectations about climate change risks by publishing several perspectives on climate-related matters, including our framework for assessing Say on Climate proposals and our expectations for companies with significant exposure to coal.

Risks and opportunities in boardroom composition and workforce diversity were also consistent engagement topics. Given our views on the benefits of appropriate board diversity of skills, experiences, and personal characteristics, we conducted a proactive engagement campaign focused on the approximately 200 companies that our research indicated were lagging their peers and industry norms as they lacked any gender, racial, or ethnic diversity on their boards. Over several months, we engaged with these companies to advocate for more diversity on their boards and to understand their diversity, equity, and inclusion strategies more broadly. We've been encouraged by the progress some companies have made in achieving more diversity and in improving disclosure on these topics, as well as by public commitments from others to do so.

As we engage in conversations with company board members and leaders, we stress that Vanguard does not have any agenda beyond our focus on long-term shareholder value. In every instance, we are guided by our fiduciary duty to our more than 30 million individual investors. We appreciate that each portfolio company faces different risks and opportunities, and we do not prescribe one-size-fits-all solutions. That said, we do expect that the companies and their boards will adopt strong governance practices and show progress in addressing material risks.

Where we see a lack of progress, we will use the Vanguard funds' vote to hold boards accountable. For example, in 2021, we withheld support for the reelection of 206 nominating committee chairs, or other directors with responsibilities for the board's composition strategy, because of concerns about a lack of progress on board diversity at the companies in question.

Similarly, the Vanguard funds vote on individual shareholder proposals and other proxy ballot items case by case, based on our assessment of what is most likely to create long-term value for shareholders. The funds do not use proxy voting to direct portfolio company strategy or achieve any objective other than safeguarding shareholder value for the investors in the Vanguard funds. Those investors have made informed decisions on how to invest their money, often in consultation with a financial advisor, and we know they are passionate about how their funds are being managed, both from an investment and a stewardship perspective.

We are committed to helping those investors reach their financial goals and to holding ourselves to the same high disclosure standards we ask of our portfolio companies. Last year, we increased disclosure on all aspects of our program, including our perspectives on thematic issues, the rationale behind certain proxy votes, and a new online quarterly release of our overall voting record.

We'll continue to look for ways to provide helpful disclosure to our investors and portfolio companies in 2022 as we monitor risks that materialize in the marketplace. You can expect communications on thematic research, voting activities, and proxy voting policies for markets including Japan, Mexico, Brazil, and Canada. I invite you to read more about our voting, engagement, and advocacy efforts on Vanguard's corporate website.

As always, thank you for trusting Vanguard to steward your assets.

Sincerely,

John Galloway
Vanguard Investment Stewardship Officer

February 15, 2022

Our four principles

Board composition and effectiveness

Good governance starts with a company's board of directors. Historically, hiring CEOs and setting compensation have been primary responsibilities for directors. But board members' roles are constantly evolving. The job of a director now requires new skills, expertise, and time commitments. Boards are being asked to be a key voice on strategy, to identify and govern material risks, and to have structures in place to consider emerging and event-driven risks.

An effective board should be independent and reflect both diversity of skill, experience, and opinion and diversity of personal characteristics (such as gender, race, and ethnicity). Research shows[1] that diverse boards can make better decisions. A well-composed board 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.

Oversight of strategy and risk

When we discuss strategy and risk with portfolio companies, we work to assess how well the board of directors understands the company's strategy and how effectively it is involved in identifying and governing material risks.

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 to provide valuable counsel to company leaders. Company management should be well-positioned to help board members understand a company's risks and opportunities. 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 issues can damage a company's long-term value. Strong oversight practices enable a board to steer a company through unpredictable crises such as the pandemic.

Executive compensation

Sound, performance-linked compensation (remuneration) policies and practices that extend well beyond the next quarter or year are fundamental to sustainable, long-term value. Compensation expectations and norms vary by 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 of the company's peers over the long term. Companies should provide clear disclosure about their compensation practices and how they are linked to performance and to the company's stated strategy. This disclosure gives shareholders confidence that the board is looking out for their best interests.

Shareholder rights

Shareholder rights empower shareholders to use their voice and their vote to ensure the accountability of a company's board. Shareholders should be able to hold directors accountable through governance provisions such as annual elections that require securing a majority of votes. 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 believe that companies need to have in place governance structures that serve as a safety net to safeguard and support foundational rights for shareholders.

1 Hewlett, Sylvia Ann, Melinda Marshall, and Laura Sherbin, December 2013. How Diversity Can Drive Innovation. *Harvard Business Review.*

Our program

Vanguard's Investment Stewardship program is carried out by a dedicated global team of experienced governance professionals. The team is responsible for portfolio company engagements, along with the day-to-day operations of the funds' proxy voting process, for Vanguard's internally managed equity holdings.

The Investment Stewardship team employs a regionally focused model. All engagement, company research, analysis, and voting activities are overseen by senior leaders responsible for particular regions and markets. These leaders, and a dedicated team of analysts who are further aligned by sector, maintain responsibility for their coverage areas.

Team members collaborate every day, sharing ideas and making continuous improvements in policies and processes. This allows us to balance the need for global consistency with regional relevance by developing in-depth knowledge on pertinent issues across our funds' portfolios, growing our presence in local markets, and identifying industry, regional, and country-specific trends.

In addition to our voting and engagement teams, 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 data, operations, and controls group enables every aspect of our program's research, analysis, and execution.

Engagement: We meet with portfolio company executives and directors to share our long-term 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 internally managed 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 of long-term shareholder value.

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.

At a glance

In 2021, we engaged with 1,074 companies representing $3.5 trillion in equity assets under management. Our team of more than 60 investment stewardship professionals conducted voting and engagement activities on behalf of Vanguard's internally managed equity funds in a virtual work environment as the COVID-19 pandemic entered its second year.

1,074
companies engaged

1,447
engagements with directors and other stakeholders

29
markets represented in our engagements

177,307
proposals voted on

12,937
companies where a proposal was voted on

$3.5T
equity assets under management engaged

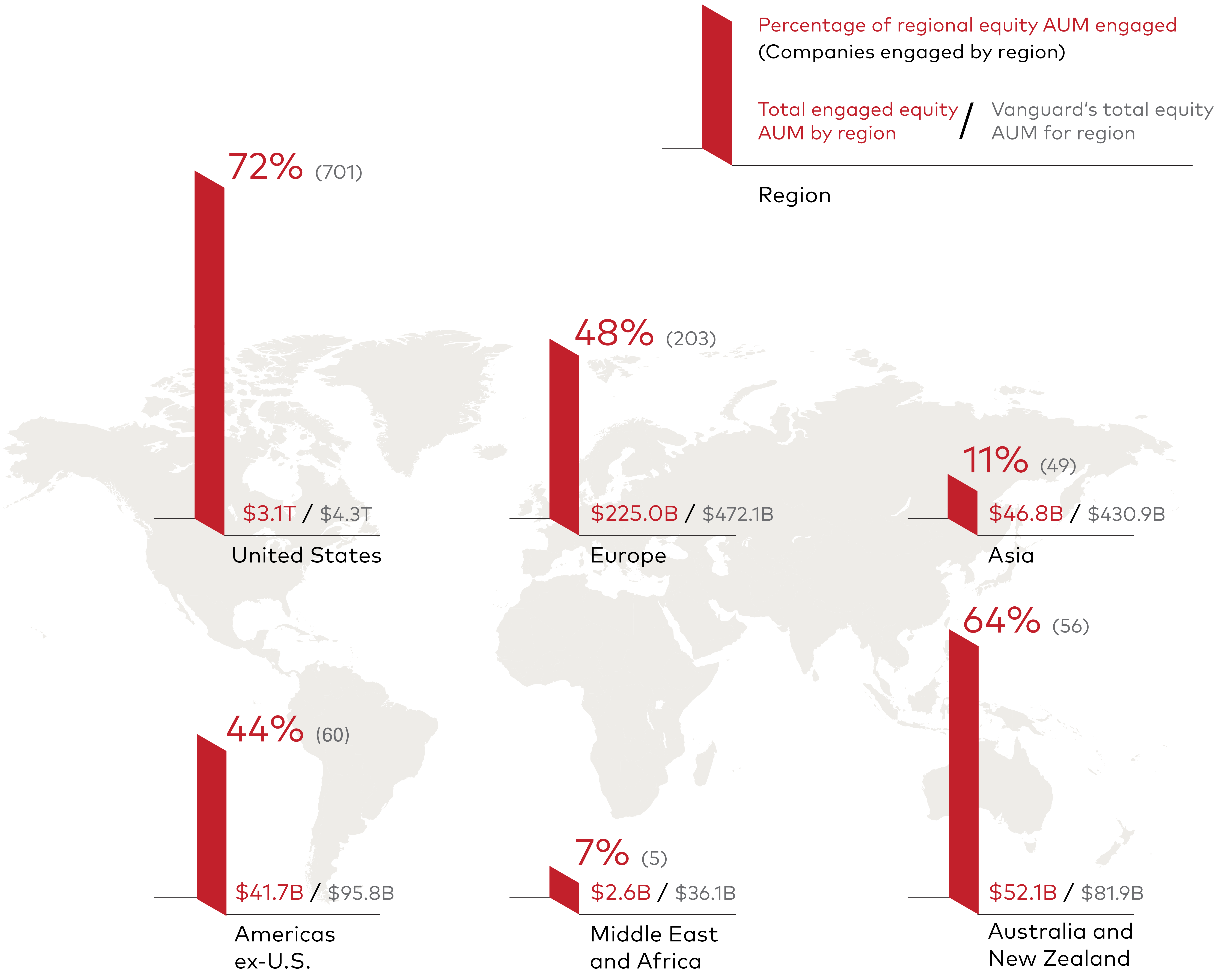
Regional roundup

Topics and trends that shaped the global governance landscape in 2021

Public company boards continued to navigate the effects of the pandemic. Their businesses were subjected to supply chain disruptions, tight labor markets, and changing consumer tastes and buying habits.

Boards also managed the real-time implications of climate change and global social and economic unrest that put a spotlight on human rights and diversity, equity, and inclusion (DEI) matters. As you will read in the following pages, Vanguard's Investment Stewardship team engaged with company boards on these issues and analyzed shareholder proposals that focused on these important topics.

In 2021, Investment Stewardship conducted 1,447 engagements with 1,074 portfolio companies in 29 markets around the world. We voted on 177,307 proposals at 12,937 companies in the 12 months ended December 31, 2021. We conducted the engagements on behalf of investments that represented $3.5 trillion in equity assets under management.



Americas

Boards and company leaders throughout the region continued to manage through the challenges posed by COVID-19.

In the U.S. and Canada, many of our engagements focused on how companies adjusted their operations as they confronted supply chain disruptions, shifting consumer habits, and issues with attracting and retaining talent. We also sought to understand how company executives and board members integrated into their strategies the lessons they learned in the last two years as they contemplated return-to-office scenarios, worker health and safety, and risk models to keep their companies resilient in similar circumstances.

Vanguard's Investment Stewardship team, on behalf of the Vanguard funds, considered and voted on proposals that reflected pandemic-related issues such as executive-compensation adjustments and worker health and safety. We will continue to monitor how boards oversee pandemic-related risks.

Climate change was a prominent topic of discussion and analysis in the first half of 2021; we analyzed proposals that sought enhanced disclosures of companies' energy transition plans and how those plans aligned with the Paris Agreement goals on climate change. We also saw the emergence of Say on Climate proposals. We evaluate climate-related proposals case by case and expect boards to oversee climate-related risks and mitigation measures and provide comprehensive disclosures.

In the second half of the year, we followed up with companies where climate-change-related resolutions passed to explain our vote on these resolutions and to understand how the companies were responding to shareholder feedback. We were encouraged that some companies published new disclosures and others updated their disclosures to include more details on their climate-related strategies, the goals they have set, and any progress they have made against those goals.

Risks and opportunities in board and workforce diversity were another key theme in our U.S. and Canadian engagements. Investors continue to seek disclosure on boardroom and workforce diversity levels, as well as the effectiveness of companies' diversity, equity, and inclusion strategies. While many companies have made progress in this area in recent years, including through disclosure of workforce diversity data in standardized frameworks (such as EEO-1 in the U.S.), many companies have an opportunity to better disclose both current data and programs and their board's role in considering diverse candidates for open board seats and overseeing DEI risks and strategies.

Other proposals, primarily in the financial sector, requested third-party racial equity audits. These proposals are similar to previously discussed DEI proposals in that they request increased disclosure and oversight of DEI-related risks. However, they differ notably in calling for third-party auditors, rather than a focus on board oversight, which is the norm for most risk reports. When considering these proposals, we first look for whether the proposal addresses a gap in the company's practices or disclosures on financially material risks; we then assess whether an audit best addresses that gap.

In the U.S., we evaluated corporate political activity shareholder proposals at companies in many sectors. These proposals sought enhanced disclosure of board oversight practices, lobbying expenditures, and trade association memberships. Other proposals sought increased disclosure of climate-related lobbying and how those activities aligned with the company's strategy and/or with the Paris Agreement goals.

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

United Kingdom

Companies continued to navigate the challenges and opportunities arising from the COVID-19 pandemic and the related government restrictions.

Executive remuneration was a frequent topic of discussion and analysis as companies sought flexibility in their remuneration approaches to manage their COVID-19 response. Many companies sought to use atypical remuneration schemes, one-off awards, or their own discretion in response to the pandemic. On behalf of the Vanguard funds, we reviewed each company's approach to remuneration in the context of its wider workforce and shareholder experience. Consistent with our longstanding practice, we evaluate all executive compensation plans case by case and look for a clear focus on long-term performance.

Through both company engagement and proxy voting, we reiterated our position that "at-risk" pay should remain at risk and that companies should provide robust disclosure so that shareholders and stakeholders can understand how proposed changes incentivize executives and align them to company performance and long-term shareholder value creation.

We also saw an increase in companies incorporating environmental, social, and governance (ESG) metrics into remuneration policies. We expect boards to choose appropriate metrics that are performance-based and clearly linked to company strategy, and to maintain the linkage between pay and shareholder value creation.

Risks and opportunities in diversity, equity, and inclusion also were key engagement topics. In early 2021, Vanguard contacted all portfolio companies in the U.K. that were not meeting the recommendations of the Parker and Hampton-Alexander reviews—which are initiatives aimed at improving boardroom diversity—to highlight our expectation that boards address these issues. Throughout the year, we saw companies respond to us and to wider stakeholder calls to increase their efforts to address DEI issues. Companies leading the way are now measuring their diversity levels, establishing and disclosing companywide initiatives to improve DEI, and disclosing gender and ethnicity diversity at the board and executive level. Improvement in disclosure from leading companies increases investor scrutiny of companies that lag expectations.

After conducting a case-by-case assessment, we supported each management Say on Climate vote presented in 2021, and, through engagement, encouraged companies to disclose how they oversee climate and sustainability risks and opportunities. We expect to see an increase in management Say on Climate votes in 2022 and also to see companies provide meaningful progress reports on Say on Climate proposals that were supported in 2021.

Finally, we welcomed the inclusion of stewardship in the government paper Greening Finance: A Roadmap to Sustainable Investing and the increasingly high standards for stewardship being set through the UK Stewardship Code 2020. We were delighted that Vanguard Asset Management, Ltd., was named a signatory to the 2020 Code, which reflects our commitment to carrying out meaningful engagement with companies, regulators, and other stakeholders in the U.K.

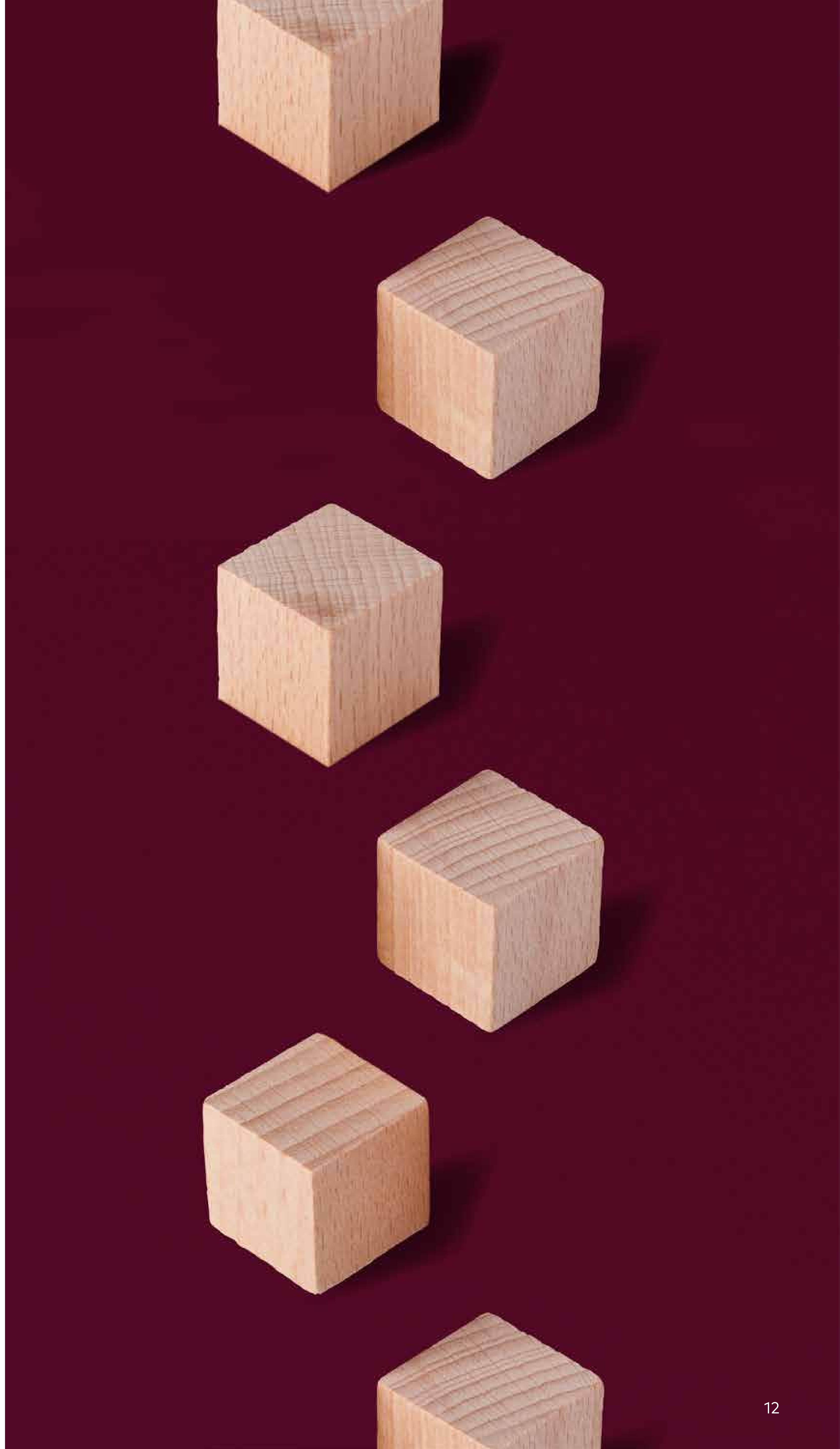
Europe

As in other European markets, legislative change and social trends in France are shaping the corporate governance landscape. For example, in 2021, the French parliament introduced gender quotas in executive leadership at firms with over 1,000 employees. More broadly, as France rethinks the role that companies play in society, the country's Action Plan for Business Growth and Transformation legislation (known by its French acronym, PACTE) continues to raise issues of stakeholder capitalism, corporate purpose, and environmental and social responsibility.

In the context of this debate, Vanguard remained a strong voice in the boardroom, advocating for better corporate governance practices on behalf of our investors. We engaged with companies across the French market, discussing a range of key topics including board composition, executive remuneration, and oversight of strategy and risk, particularly regarding the pandemic. We also held thematic engagements on climate risk and sustainability.

Last year, in Germany, advisory votes on remuneration policies became mandatory. In prior years, we saw a steady decline in approval rates for these proposals, leading us to increase our engagements on this topic. We used our engagements and the industry events we attended to highlight our views on the importance of maintaining a long-term focus on performance through executive-pay plans. We advocated for clearer disclosure of remuneration components as well as of the board's role in overseeing pay, which, in our view, has been a weakness for some German companies. Starting in 2022, shareholders will also vote on companies' remuneration reports.

We saw some Italian companies make changes to their governance structures and policies when a new corporate governance code went into effect in 2021. Among other elements, the new code focuses on concepts such as "sustainable success"—long-term value creation for shareholders and stakeholders—and recommends that companies adopt engagement policies to develop a dialogue with the market and investors. Our advocacy efforts included speaking with market participants on the importance of direct engagement between boards and shareholders on key ESG topics that affect long-term shareholder value.



Asia

In Japan, a new Corporate Governance Code took effect in 2021. It includes measures intended to enhance board independence, promote diversity, and encourage better disclosure on sustainability initiatives. Additional governance changes may be on the horizon in 2022 as the Tokyo Stock Exchange is expected to introduce three new market segments (Prime, Standard, and Growth), with specific listing rules for each. These changes should lead to further governance improvements, especially for Prime Market-listed companies, which are required to have strong governance. As a result, we expect that topics such as board independence, gender diversity, and climate risk disclosure will remain prominent in our engagements in this market.

Over the last year in Japan, we engaged on important governance topics, including board independence, diversity covering a range of characteristics, shareholder rights concerning poison pills, and virtual annual meetings, as well as environmental and climate concerns. We spoke with companies in special situations, including those with activist involvement and takeover defenses. For companies that were planning to renew their takeover-defense plans, we sought to better understand what was driving this approach and ensure that they did not undermine shareholder rights.

Our dialogue with companies and market stakeholders also informed our work on revising Vanguard's voting policy in Japan. In early 2022, we plan to publish a revised policy, which incorporates and recognizes the recent governance changes in the market.

In South Korea, we observed a rise in shareholder activism and continued to see corporate-structure issues, with notable mergers, acquisitions, and business reorganizations. During the first half of 2021, the Vanguard funds voted against the reelection of several directors because of their involvement in fraud and corruption cases. We note that audit committees in the market are increasingly chaired by independent directors, which demonstrates good corporate governance practice. We also started to see improvements in board diversity in the market, primarily driven by new legislation that requires large companies to have women on the board.

In India, shareholder approval is required to adopt certain remuneration proposals, but there is no equivalent of a Say on Pay mechanism. Some deficient practices remain, such as unclear disclosure of pay-plan elements and targets, and weak links to company performance and shareholder value. Topics including board and committee independence, diversity and inclusion, related party transactions, and management of ESG issues remain important in this market.

In addition to our engagement and voting activity in the region, we are an active member of the Asian Corporate Governance Association (ACGA), which supports market engagement on good corporate governance and stewardship across Asia. As part of ACGA's Japan Working Group, we shared perspectives on market developments, which has been particularly pertinent given the governance changes in the market. We took part in a collective engagement through ACGA with a major bank to gain a better understanding of its corporate governance practices.

We also participated in events organized by the International Corporate Governance Network; Keidanren, the Japan business federation; and The Frontier Network, a group of Japanese corporations working on their sustainability strategies. We presented our perspectives on governance and Vanguard's investment stewardship approach to company directors and representatives, as well as other investors.

Australia and New Zealand

In 2021, we published Vanguard's proxy voting policy for Australia and New Zealand portfolio companies ahead of the main proxy voting season that started in October. The policy details the general positions of the funds advised by Vanguard on proxy proposals at Australian- and New Zealand-domiciled companies.

Our voting policy on board composition aligns with the Australian Securities Exchange (ASX) Corporate Governance Principles and Recommendations on gender diversity. This provision recommends that companies have a measurable objective of at least 30% of directors of each gender on their boards. We have seen progress toward this objective, and we continue to engage with boards and company leaders on their board and workforce diversity strategies. During the 2021 proxy season, the Vanguard funds voted against directors at five companies that had no gender diversity on their boards. This year, the funds will vote against companies where the 30% target has not been met and we do not see sufficient progress.

The COVID-19 pandemic continues to have a considerable impact on companies in Australia. The majority of ASX-listed companies hold their annual meetings during the last quarter of the calendar year. To provide some flexibility while restrictions on gathering and movement persist, the Australian Securities and Investments Commission extended by two months the time that public companies had to hold their annual meetings. We did not see a significant number of portfolio companies take advantage of the extension; the majority continued to use the temporary parliamentary measures that allowed for virtual meetings.

In our engagements and during the proxy voting season, we saw the effects of the pandemic in three main areas: executive pay, the ability to attract workers, and the impact on operations and strategy.

We continued to see adjustments to executives' pay outcomes. However, we were encouraged to see that these adjustments largely aligned with shareholders' experience and that there was appropriate disclosure.

With Australian borders closed and the economy continuing to grow in 2021, companies across sectors have experienced challenges in attracting and retaining talent at different levels and roles. The search for high-quality executives by leading ASX-listed companies has changed from a global search to one with a more domestic focus. We have seen an uptick in proposed executive-pay plans that offer retention awards in differing forms for key management personnel. Boards are increasingly attuned to the risks to their business if key executives move to competitors who offer more attractive remuneration packages.

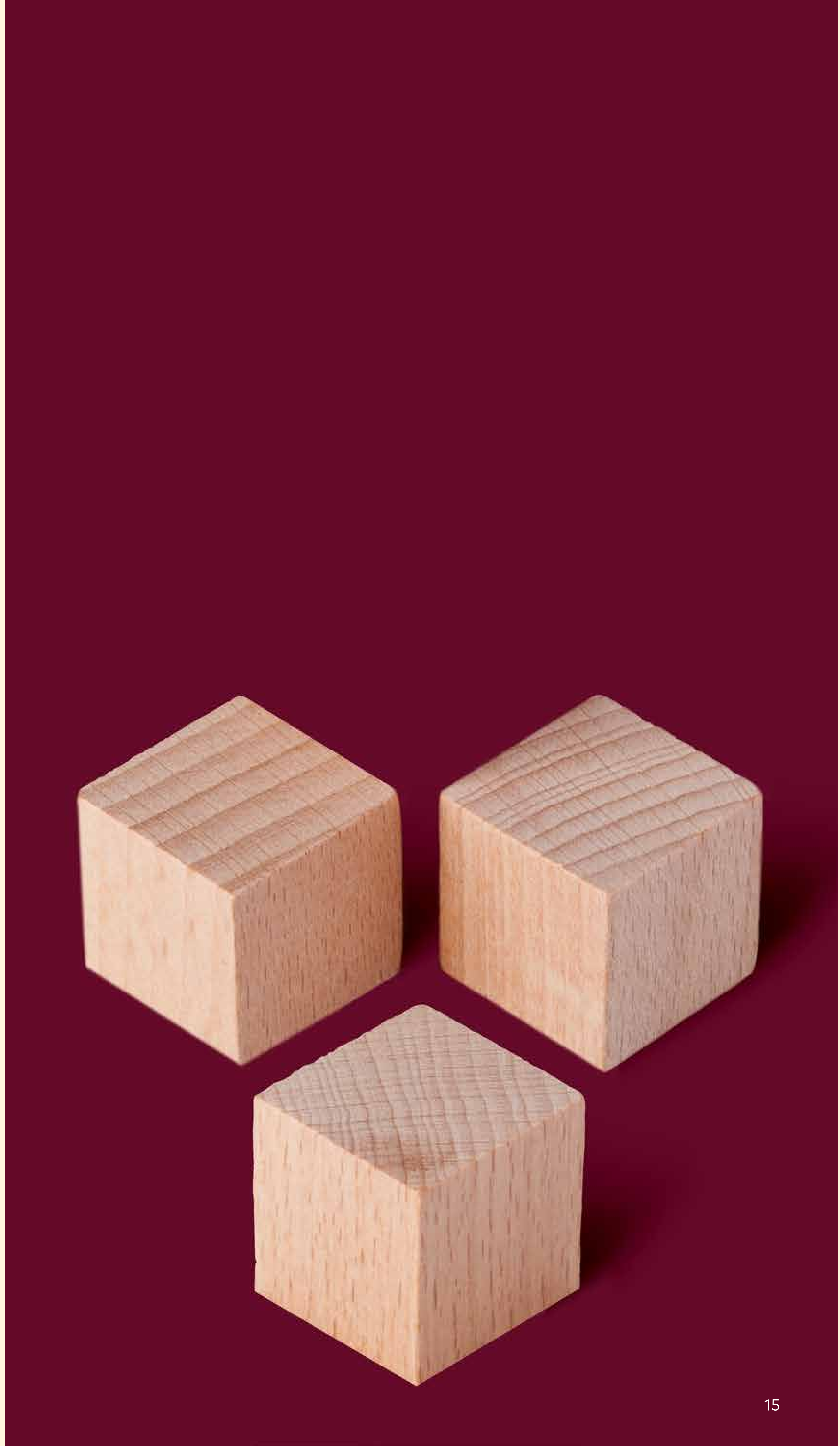
Climate risk featured prominently during the voting season, with several climate-related shareholder proposals submitted by activist groups. Several companies announced they would adopt a Say on Climate vote in 2022, allowing shareholders an advisory vote on the companies' climate reports. We continue to engage with companies on material climate-related risks, and we will carefully evaluate their reports. While advisory votes can help companies gain shareholder perspectives, the votes should not be used to delegate strategic oversight responsibilities, nor should they be used in place of meaningful disclosures and communications.

Various companies in utilities, energy, and resources announced significant corporate strategic actions, such as mergers and acquisitions, to reposition their businesses and increase scale to better respond to the accelerating energy transition. We also observed an increasing number of listed companies, particularly in infrastructure, being acquired and taken private, generally by consortiums. In both situations, we assess whether there is a compelling strategic rationale and value proposition for all shareholders in support of these proposed transactions.

Case studies and Insights

The case studies that follow are representative of the 1,447 engagements we conducted with portfolio company boards around the world in 2021. These discussions inform our voting on shareholder proposals and allow us to gain a thorough understanding of how our portfolio companies are governed. The positive outcomes of these discussions show the benefits of engaging with companies and advocating over many years for corporate governance policies and practices that can drive long-term value creation for the Vanguard funds.

We strive to provide timely disclosure of our Investment Stewardship activities for our investors, portfolio companies, and other stakeholders. Over the past year, we published numerous Investment Stewardship Insights to share our expectations of companies on important governance topics and explain our rationale for key votes. Excerpts from these Insights are included throughout the report. You can access the full version by clicking on the icon. All of our Insights and reports are available on our website.



Board composition issues in the spotlight at Naspers

In October 2021, we engaged with leaders of Naspers, a South African company involved in publishing, online retail, and venture capital, to discuss board composition, succession planning, and its approach to executive remuneration.

Vanguard expects boards to be sufficiently independent, diverse, suitably experienced, and committed, with appropriate refreshment practices. We prefer members of key committees be independent to ensure that they are best placed to appropriately and objectively challenge and question management.

In our analysis, we also consider local regulations and market standards, which in South Africa hold that audit committees should be composed solely of independent directors. We also take a pragmatic approach to tenure and its impact on independence. However, we expect a clear rationale when long-tenured directors continue to have a presence on boards and key committees.

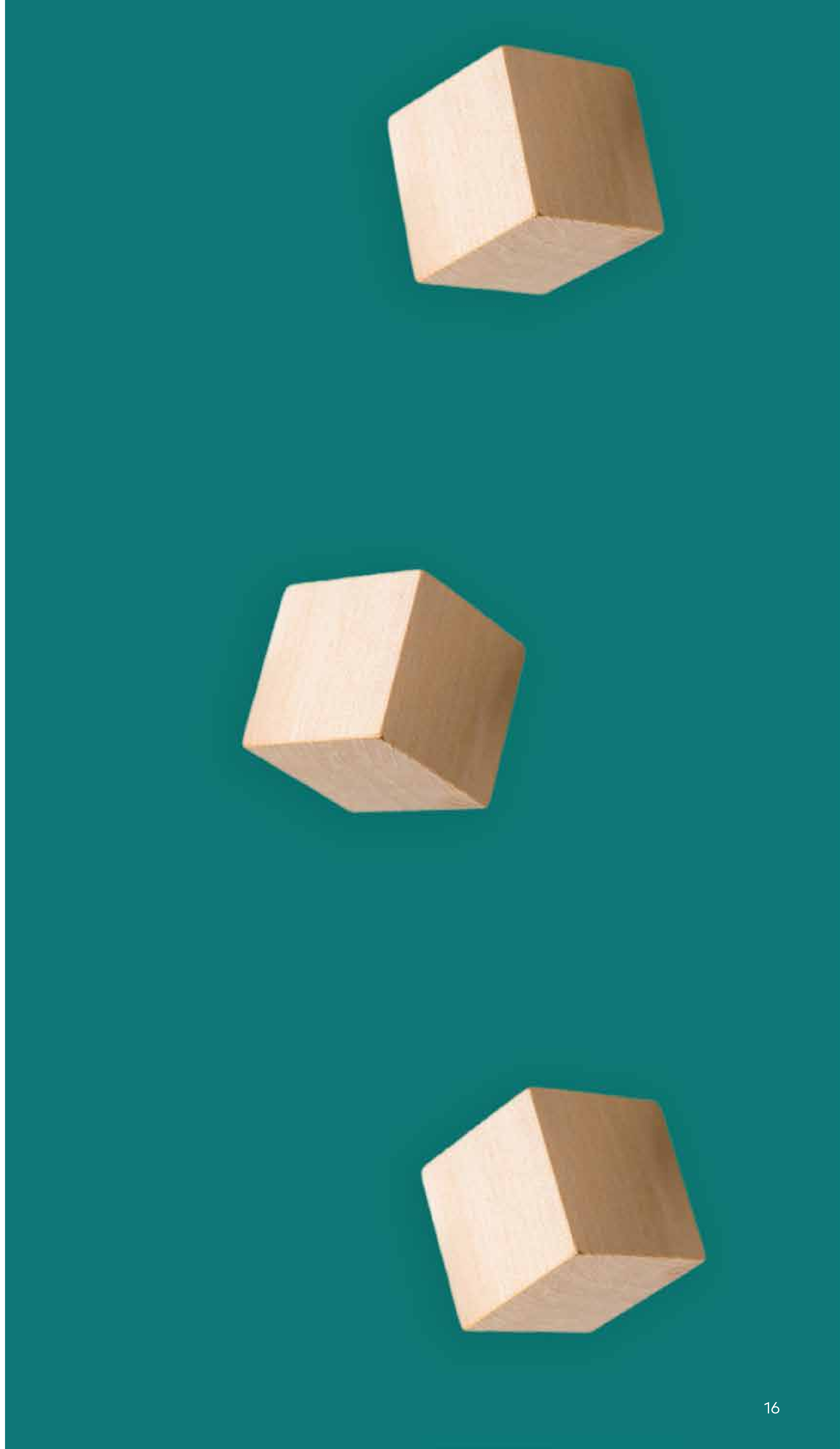
At the 2021 Naspers annual meeting, we did not support the reelection of a nonindependent director who chaired the audit committee. And, although we did not vote against any other directors, we noted that a number of board members had tenure of more than 20 years.

In our engagement, we shared our views on independence and board composition with the director of investor relations and sought to understand how the board considers its evolution. The director acknowledged our reservations and explained that the company conducts an annual assessment. The latest assessment found that all board members met the company's criteria for independence. The executive emphasized that company history plays a substantial role in the board's overall composition: It does not want to lose the institutional knowledge of tenured directors.

Nonetheless, Naspers understood the significance of board evolution and committed to improving both diversity and independence. The company also shared its approach to succession planning to address these concerns, particularly given the low level of support the nonindependent audit chair received last year.

We discussed the company's inclusion of ESG metrics in the short-term part of its executive remuneration plan because Naspers is still considering different ESG components, such as diversity and inclusion metrics.

Overall, we were pleased to see the company's receptiveness to shareholder concerns regarding board composition and ongoing improvements to executive remuneration. We look forward to seeing progress based on its stated commitments.



Japan's Hoshizaki provides clear disclosures

During our recent engagement with Hoshizaki, a Japan-based kitchen appliance manufacturer, we recognized the progress the company had made on disclosures about board composition, diversity, and climate change.

We regularly assess portfolio company boards' understanding of their company's strategy and the board's role in identifying, mitigating, and disclosing risks, including risks with climate change and diversity, equity, and inclusion.

Clear, decision-useful disclosure of material risks can reflect and encourage sound governance practices and help investors and companies make better decisions. We prefer effective and comprehensive climate disclosures, both qualitative and quantitative, to be written in accordance with the Task Force on Climate-related Financial Disclosures (TCFD) framework. We also encourage boards to publish their perspectives on diversity, disclose board diversity measures, and cultivate diverse pools of candidates for open director seats.

In this case, Hoshizaki had acted on shareholder feedback, and disclosed a board-level skills matrix that demonstrated how the board's experience aligned with the company's strategy. Furthermore, to gain a better understanding of board dynamics, the company has conducted internal effectiveness assessments and this year will bring in an outside consultant to perform an independent effectiveness assessment.

We also discussed the company's diversity efforts. The company has made notable efforts in the past and we look forward to its continuing its trajectory toward more diversity and women's participation.

Company leaders also discussed initiatives for climate disclosures that would align with the TCFD framework.

We were encouraged by the clear milestones for progress that the company has set and we look forward to receiving updates on its work in future engagements.

Proponents eye director elections and political spending at Boeing

Leading up to Boeing's annual meeting, we evaluated the slate of directors and a shareholder proposal that requested an annual report that discloses the company's oversight, policies, and expenditures on lobbying.

Last year, we conducted multiple engagements with Boeing leaders and learned of the board's significant efforts to improve its committee composition, director independence, and risk oversight approach. With the addition of four new independent directors to the board, the creation of the Aerospace Safety Committee, and the formal separation of the CEO and chairman roles, Boeing has made progress in recent years in its efforts to respond to shareholder feedback and strengthen oversight. Because of these structural and substantive enhancements, the Vanguard funds voted in support of all director nominees.

We assess shareholder proposals on lobbying based on financial materiality, and analyze potential risks from these expenditures, the company's approach to risk oversight and disclosure, and how those risks could affect long-term shareholder value.

In our analysis of Boeing's disclosures, we identified opportunities for Boeing to further enhance public reporting of its lobbying activities and expenditures, specifically about the company's overarching policies and procedures and the board's approach to oversight. We shared our views with the company and, informed by engagement with Vanguard and other shareholders, the company published a commitment to improve lobbying disclosure. The board's articulation of its oversight process and its public commitment to enhance disclosure addressed our key concerns and therefore the Vanguard funds did not support the proposal for an annual report.

Credit Suisse tries to move beyond crises

In 2021, Credit Suisse Group, a Swiss financial services company, experienced two crises that significantly affected its balance sheet and raised questions about the adequacy of the bank's risk management structures and processes.

In March 2021, Credit Suisse terminated its supply chain finance funds that were originated and structured by Greensill Capital, as insurance policies covering defaults in a portion of the funds' assets lapsed. The funds had an aggregate net asset value of $10 billion. Greensill subsequently filed for insolvency. Credit Suisse is currently working with Greensill's administrators to aid in the recovery of funds for investors.

Also, in late March, the company announced that Archegos Capital had defaulted on a margin call for financial derivatives contracts. In early April 2021, the company announced a pretax loss of approximately $960 million for the first quarter of 2021 and a charge of $4.7 billion in the margin call default. Overall, Credit Suisse incurred approximately $5.5 billion in losses related to Archegos.

Vanguard engaged with Credit Suisse multiple times last year because of the significant financial impact of these events and concerns about risk management. We engaged ahead of the annual meeting in April 2021 to learn about steps the bank was taking to investigate the root cause of these issues. The company noted that it had commissioned an independent review of the Archegos issue and would publish a report in due course.

This report was published in July, and we followed up with the company to have an engagement with the interim chair of the risk committee. In response to the crises, the company shortly afterward called an extraordinary general meeting to elect two new board members: One would take over as chair of the risk committee and the other brought extensive financial services and risk management experience.

We engaged with the new risk committee chair in December 2021. A significant part of our conversation focused on how the company instills a culture that supports the risk management changes that the company has made. The risk committee chair told us that the focus on short-term results and lack of accountability on risk decisions were key issues in these crises. In addition to fixing these issues, the company is looking to bring in better risk oversight structures throughout the executive team and board, as well as flagging risk metrics and investing in risk and compliance measures.

We also met with the chair of the remuneration committee in late November to discuss proposed changes to the committee's executive-pay plans in response to the crises. In addition to the application of malus and clawback provisions, several grants under its variable-incentive plans were withdrawn. We discussed the committee's proposed changes to the remuneration policy. The changes generally aim to have appropriate risk management as a driver of executive-pay outcomes by increasing the weighting of nonfinancial metrics. The company plans to provide disclosure in its annual report on all metrics, including target achievement. We view the proposed changes as a step in the right direction and hope that the proposed structure will help improve risk awareness.

Overall, we feel that the company is taking the remedial actions we would expect. However, we note that those actions will be effective only if the company puts in place a strong risk culture. While the board recognized the importance of this, it has more work to do in measuring and articulating how it is going to effect significant organizational cultural change.

Proxy contest and other shareholder proposals at ExxonMobil

At the annual meeting for ExxonMobil, a U.S. integrated oil and gas company, the Vanguard funds voted on the dissident proxy card and supported two dissident director nominees for Exxon's board. The funds also supported two shareholder proposals on lobbying. The funds did not support the remaining shareholder proposals, including one requiring an independent board chair, one seeking an audited scenario analysis, and one requesting more detail on Exxon's political contributions.

Vanguard's Investment Stewardship team conducted nearly a dozen engagements with members of Exxon's board and leadership team over the last year; numerous discussions were held in the weeks before the annual meeting. This follows roughly a decade of engagement with Exxon on the board's composition, independence, and responsiveness to shareholder feedback.

For several years, we have also had annual discussions with members of Exxon's executive team about the oversight of climate risks and the strategy for mitigating them. Beyond that, ahead of Exxon's annual meeting, we engaged multiple times with other shareholders and stakeholders to understand their perspectives, including with the proponent of the dissident slate, the hedge fund Engine No. 1. We also engaged directly with each of the proposed dissident director nominees to inform our analysis of their relevant skills and qualifications, as well as of the case for change at Exxon.

Several aspects of the dissident's case for change aligned with our team's observations at Exxon in recent years, including concerns about board dynamics and company performance. Industry analysts have raised questions about Exxon's overall strategy, including its approach to capital allocation amid increasing debt, which has not preserved value or driven operational efficiencies. In that context, we share concerns that Exxon's risk oversight process has not led to long-term value creation. The company has significantly underperformed peers and the market over all relevant short- and longer-term periods. We have seen a growing need for Exxon to better align its climate strategy with (1) target-setting in line with global peers and (2) its public policy efforts on climate risks.

We believe that Exxon's insular culture may have contributed to these areas of underperformance in the past. Over the years, we have shared with Exxon our concerns about the lack of energy-sector expertise in its boardroom and questions about board independence. And for years, we did not see sufficient progress on either front. As a result, we started our analysis of the proxy contest with a focus on the potential benefits of changing the makeup of Exxon's board.

In determining the Vanguard funds' approach to the proxy contest, we grounded our assessment on how any changes to the board's composition would affect its ability to oversee risk and strategy and ultimately lead to outcomes in the best interest of long-term shareholders. We also considered how potential changes would position Exxon to succeed during the energy transition.

In our assessment, two of the dissident director candidates appeared well-positioned to add both conventional oil and gas industry and transformational energy perspectives to Exxon's board. We determined that these perspectives would enhance the board's overall mix of skills and experience and benefit the company's efforts to assess strategic options and mitigate risks in the energy transition. For these reasons, the funds supported the nominations of Gregory Goff and Kaisa Hietala to Exxon's board.

Through our direct engagement with the lead independent director and other Exxon board members, we gained insight into recent progress the company has made and the future steps it is committed to taking on board composition. We were encouraged by recent signs of increased board independence and positive steps regarding new board members' applicable skills and diverse backgrounds.

Exxon has committed publicly to a thorough search within the year for candidates who fill gaps on the board, and we look forward to reviewing the outcome of that search. At present, we believe Exxon will benefit from having enough flexibility to successfully navigate recent additions to its board as it conducts this search after this year's annual meeting. To that end, the Vanguard funds did not support the other two candidates on the dissident slate.

Independent chair proposal

Exxon's lead independent director made himself and other independent directors available for multiple discussions with our Investment Stewardship team without the presence of Exxon's management—a marked shift from engagement practices in prior years.

Through these engagements, we observed the benefits of Exxon's recently enhanced lead independent director role. We also saw improvements to Exxon's board dynamics and the independent perspectives that each director provides. Exxon directors gave us specific examples of changes that directly resulted from the board's independent oversight, as well as examples of how the board independently challenges management.

Through our discussions with the lead independent director and other board members, we gained greater insight into the independent leadership the board is providing. We appreciate the benefits that a stable board leadership structure will provide as Exxon emerges from a proxy contest and continues to incorporate newer perspectives into the boardroom. As a result, the Vanguard funds did not support a proposal to require an independent board chair at Exxon this year.

Additional shareholder proposals

The Vanguard funds did not support a shareholder proposal that requested an audited report of the financial effects of the Net Zero by 2050 Scenario of the International Energy Agency (IEA). Our research found that Exxon's current reporting includes more than 70 scenarios from reputable sources, including the IEA and the Intergovernmental Panel on Climate Change. The company indicated that its relevant subject matter experts were reviewing the IEA's Net Zero by 2050 Roadmap that was released in mid-May 2021 and were considering including the IEA's scenario in their next Energy and Carbon Summary.

Given the recency of the IEA's scenario release, Exxon's current scenario analysis disclosure, and the company's stated plans to review the scenario and the roadmap, we concluded that this shareholder proposal did not warrant the Vanguard funds' support at this time.

The funds did not support a shareholder proposal calling for a report on political contributions. In our assessment, Exxon's recent enhancements to its disclosure on this topic give investors adequate insight into the company's political contributions and its board's oversight of this risk.

The Vanguard funds voted in support of two shareholder proposals, one calling for a report on lobbying payments and policies and the other for a climate lobbying report aligned with the Paris Agreement goals. Exxon has acknowledged that its lobbying efforts present a material risk. Although the company discloses details about its lobbying activities, its disclosure does not clearly explain how the company's lobbying efforts align with its strategy and publicly stated positions.

Climate change risks a focal point of proposals and engagements

The following case studies are representative of the climate-related proposals Vanguard's Investment Stewardship team reviewed last year. We view climate change as a material risk for the long-term viability of companies across regions and market sectors.

As part of our proposal review, we use engagements to better understand public company boards' oversight of climate risks and opportunities, their climate-mitigation plans, and whether their disclosures are effective, comprehensive, and provide shareholders with decision-useful information, including progress on the goals companies have set.

We saw a 70% increase in climate proposals in 2021 compared with 2020. The increase was due, in part, to the emergence of Say on Climate proposals that allow shareholders to cast annual votes on a company's climate plan or report. Proposals also focused on emissions reduction targets, scenario analysis, climate-related lobbying, and increased reporting and disclosure requests. You can read more about our climate-related voting activities here.

A call for greater disclosure at UPS

At the annual meeting for UPS, a U.S.-based global shipping and logistics company, the Vanguard funds supported three shareholder proposals on environmental and social risks. One of the proposals we evaluated requested a report on whether, and how, the company plans to reduce its total contribution to climate change and align its operations with Paris Agreement goals.

Climate change is a material risk for UPS as a global logistics company that relies on multiple modes of transportation. Our review of its climate reporting found a gap in disclosure of its overarching climate strategy. UPS' current disclosures do not provide insight into its holistic approach to mitigating climate risks across all of its emissions-heavy business lines, including aviation. Its disclosures lag those of industry peers because they do not provide insight into the alignment of its climate goals with Paris Agreement goals.

However, we were encouraged by the company's disclosure of its emissions reduction targets for global ground operations and its reporting aligned with the Sustainability Accounting Standards Board framework. We believe that UPS can improve its disclosures by reporting alignment of its climate strategy—including all of its emissions-heavy business lines within that strategy—with Paris Agreement goals.

Climate risk in the Australian banking sector

For the last few years, activist groups have filed climate-related shareholder proposals at the annual meetings of Australia's largest banks. The 2021 proxy season was no different. The four largest banks—Commonwealth Bank of Australia, National Australia Bank, Australia and New Zealand Banking Group, and Westpac Banking—all received similar shareholder proposals.

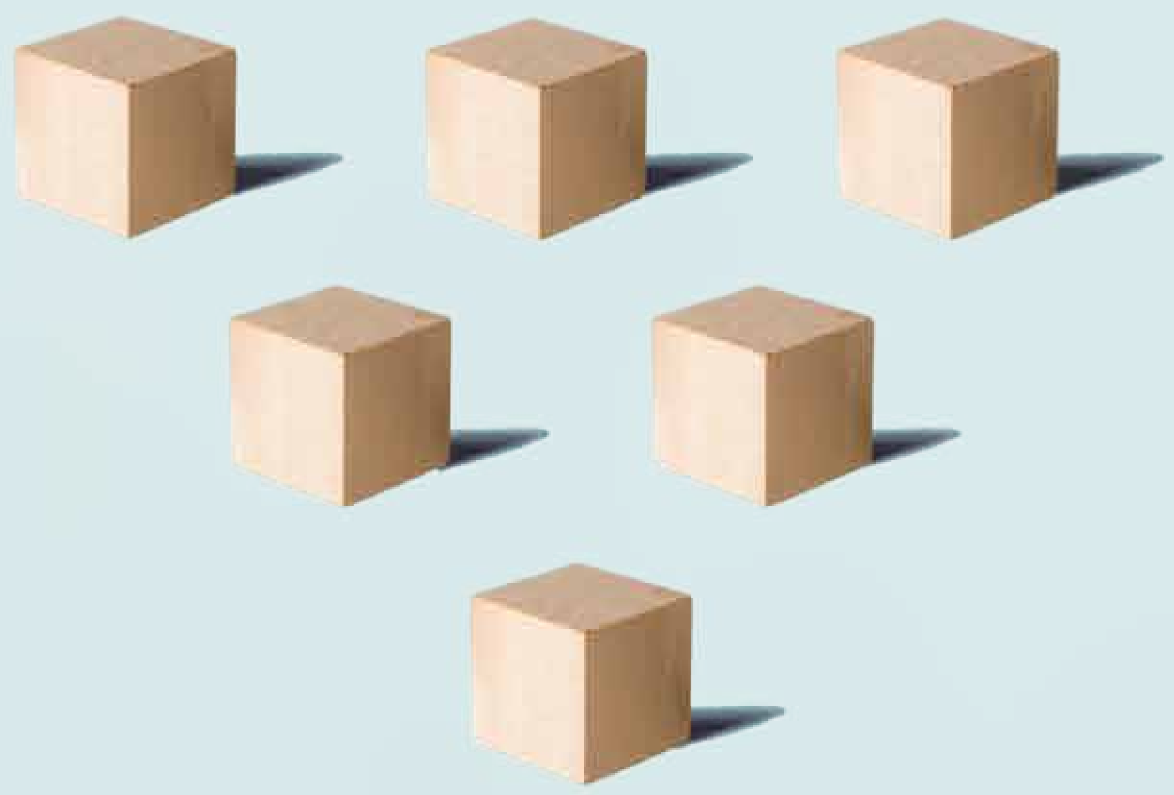
The resolutions have evolved over the last few years. In 2021, the proposals requested that the banks disclose targets to reduce fossil fuel exposure consistent with a 2050 net zero emissions goal and to commit to no longer providing financing to new fossil fuel projects. Previous proposals focused on alignment with Paris Agreement goals. The shift followed a degree of clarity provided by new International Energy Agency climate scenarios.

Before casting votes on behalf of the Vanguard funds, we engaged with the board chair and senior managers of each of the four banks to discuss the shareholder proposals and their climate strategies. The aim of these discussions was to assess and understand the board's oversight of risk and long-term strategy.

The main areas of discussions were project financing; how each bank was evaluating customer energy transition plans; and the potential to cease lending and other financial services if a customer's plans were not sufficiently rigorous on climate risk management or did not progress as planned. Each board underscored the material risks to its business if suitable customer transition plans were not in place and the boards were prepared to take meaningful action if progress was not made. We will continue to focus on this topic in future engagements.

We noted each bank's increased risk disclosure and the progress each is making on climate transition plans. There were clear signs of a commitment to educate board members on climate matters.

While there are differences in each bank's strategy and the targets it sets, we felt that the banks articulated how project financing is aligned with transition plans and that they had clear targets and disclosures. Some of the banks' policies were more ambitious than the shareholder proposal requests. On that basis, we did not support the resolution at any of the four banks because we considered the proposal to be overly prescriptive and to dictate strategy and operations.



Support for disclosures at Sysco

Before the annual meeting for Sysco, a U.S.-based food distribution company, we evaluated a shareholder proposal requesting that the company publish a report that discloses its greenhouse gas emissions reduction targets, including for its operational and product-related emissions.

Vanguard has regularly engaged with members of Sysco's board and leadership team over many years. Our discussions have covered a range of governance topics, including climate change risk.

In our 2021 engagement with the company, we sought to understand the board's view on the shareholder proposal, given Sysco's public filing that outlined its intention to disclose its greenhouse gas emissions targets and the progress it has made on those goals. Such disclosure would comply with the spirit of the proposal.

Board members and the management team explained that plans to set and disclose rigorous greenhouse gas emissions targets were well underway. Company leaders were candid about the challenges inherent in the company's business model when trying to reduce emissions, because of its trucking fleet and vast network of suppliers.

Sysco has publicly committed to sourcing 100% of its electricity from operations via renewable energy and to powering 35% of its trucking fleet with alternative fuels by 2030.

But much of the company's emissions are Scope 3, which are indirect emissions that occur in a company's value chain. In Sysco's case, these emissions are partly generated by small and midsize suppliers and local farms that are at different points in addressing climate risk.

Given that dynamic, Sysco's leaders expressed a desire to ensure that its commitments were objective, measurable, and actionable for decision-makers.

Our evaluation of the shareholder proposal also included engaging with the proponent to gain insight into its concerns. The proponent's primary concerns were that Sysco lacked enterprisewide greenhouse gas emissions reduction targets and that its climate-related disclosures lagged those of its peers.

Our analysis found that the proposal gave Sysco appropriate discretion on decision-making about emissions reduction targets. Setting companywide targets would bring Sysco more in line with its peers and provide key information to investors about the company's climate risk mitigation strategy. The proposal gave the company flexibility on how to disclose the information to shareholders. Finally, the requested information aligned with what Sysco was already planning to publish.

The Vanguard funds supported the proposal. The funds' support acknowledges the work Sysco has done and continues to do on climate risk mitigation. (In the months after our engagement, the company published targets aligned with the Paris Agreement and is pursuing validation of its goals by the Science Based Targets initiative.) Vanguard is not prescriptive about specific emissions reduction targets. Rather, we encourage Sysco to continue to develop its work on this front, and we plan to monitor the company's progress toward its climate risk targets.

Our expectations for companies with significant exposure to coal

Vanguard's Investment Stewardship team has engaged with companies in carbon-intensive industries, and their boards, over the last several years and has discussed how they oversee climate change risks, including those related to regulation, reputation, technological disruption, litigation, and shifts in supply and demand, as well as physical risks such as extreme weather events.

Because of the threat these changes pose to shareholder value, the team has focused engagement on a subset of utilities and mining companies significantly exposed to thermal coal. Stakeholders have voiced concerns about the business-model resilience of companies that are exposed to thermal coal and their ability to compete with peers who are accelerating adoption of alternative energy sources such as wind, solar, and hydropower.

Stocks within the subset of these companies also have underperformed their peers in recent years. This is partly because of volatility in commodity price cycles and wholesale electricity prices, as well as investors' concern about relative future performance given expectations of a gradual decline in coal demand and asset transition risk.

Some companies and sectors face greater risk from climate change than others. The scientific consensus is that coal is a major contributor of greenhouse gas emissions and that its consumption at current levels is incompatible with the Paris Agreement goals.

Those goals aim to limit global temperature rise to well below 2°C and to pursue efforts to limit warming to 1.5°C. It is now well-established that coal emissions must decline rapidly in the coming years to achieve those goals.

As a result, companies with a business model that relies on uninterrupted and/or unconstrained thermal coal production and use (primarily mining and utility companies) face a range of disproportionately high risks of climate-related actions by governments, customers, and counterparties. As companies and countries around the world try to reduce their carbon footprint or become carbon-neutral, coal-exposed companies will face increased financial, regulatory, legal, and reputational risk.

For example, some financial services companies are phasing out financing of and insurance services to companies with exposure to coal, which can inhibit the companies from funding continuing operations and future growth opportunities. If this trend continues, it is likely to have a direct impact on long-term value creation. Further, other technologies, such as renewable energy, energy storage solutions, and gas peaking plants are increasingly outcompeting coal power generation on costs, affecting the economics of electricity markets and influencing demand for coal.

These risks can translate into stranded assets (assets that have lost their value because of the energy transition), which significantly weigh on financial performance and returns. Therefore, as part of our fiduciary duty to shareholders in the Vanguard funds to support the long-term value of their investments, we seek to understand the actions that coal-exposed companies are taking to mitigate this risk.

Specifically, we aim to understand a company's transition plan and ensure value creation through business-model resilience. Since 2015, the goals set forth in the Paris Agreement have become a widely accepted standard for countries and companies aiming to address climate change and have been recently reaffirmed by the Glasgow Climate Pact.

Where climate change is a material risk, Vanguard seeks to understand how companies set targets in alignment with these goals. Specifically, we believe that these companies should provide clear disclosures on board-level climate competence and risk mitigation efforts.

The following case studies describe how we evaluate proposals that focus on climate risk and, more specifically, the material risks related to coal production. This Insights provides more information on our views on this topic.

Climate risk governance and remuneration at Australian coal producers

At the annual meetings of Whitehaven Coal and New Hope Group, two of Australia's largest coal mining companies, the Vanguard funds voted on similar climate proposals submitted by an activist shareholder group that requested that each company disclose how its business would be managed in a scenario where the world reaches net zero emissions by 2050. The proposal also requested that the companies wind down their coal operations.

Vanguard's Investment Stewardship team had previously engaged with the board chairman of Whitehaven Coal to discuss climate risk governance. In our recent discussions, we sought to convey our expectations for companies with significant coal exposure (see page 24) and we wanted to better understand the company's approach on material climate risks, given the headwinds that face a business model that relies on coal production.

The Investment Stewardship team discussed the challenging financial performance of the past couple of years, as well as the board's oversight of risk, long-term strategy, and business plans. We were encouraged by the chairman's deep understanding of market trends and developments, his acknowledgement of the need to adapt business practices. We also challenged the company on how its strategy aligned to a scenario of net zero emissions by 2050 and a 1.5°C limit on warming.

The Vanguard funds did not support the proposal at Whitehaven. We considered some of its requests to be overly prescriptive and to dictate strategy and operations. However, we communicated to Whitehaven company leaders our desire to see the company enhance its disclosures to better articulate its alignment with the goals of the Paris Agreement, and to incorporate its analysis and modeling paths to reach net zero emissions by 2050.

For similar reasons, we also did not support the proposal at New Hope Group. We were disappointed that we did not have the opportunity to engage with New Hope's representatives, despite repeated requests for a meeting. Instead, we provided detailed feedback to the company to express concerns about the low level and quality of climate disclosures. We noted that, given the materiality of climate risks to New Hope's business, it was concerning that its reporting had significant gaps, fell short of addressing some important elements, and was not updated and released in a timely manner. We stated that we expected substantial improvements to disclosure practices.

At New Hope, the Vanguard funds did not support the reelection of two board directors because of independence concerns and to hold the board accountable for the lack of responsiveness to shareholder feedback. We considered this to be a significant shortcoming in upholding good governance standards.

At both companies, we voted against the approval, on an advisory basis, of the remuneration report for the year under review.

At Whitehaven, our analysis of executive remuneration outcomes identified issues with alignment of pay and performance. The substantial increases in annual bonuses seemed inconsistent with the company's underperformance during the relevant period. Disclosures did not sufficiently explain the rationale for the bonuses.

At New Hope, our research flagged various concerns about remuneration structures and practices that we believed did not incentivize long-term shareholder value. We also found the disclosure insufficient for shareholders to assess the outcomes.

We will seek to engage again with both companies to understand how they are responding to shareholder feedback, encourage improvements of disclosures, and advocate for strengthening of business practices that support long-term shareholder value creation.

Director accountability at Australia's AGL Energy

At the annual meeting for AGL, Australia's largest utility company, the Vanguard funds held the board accountable for governance concerns about material climate risk oversight by voting against the only director up for reelection. The funds supported an advisory shareholder resolution asking AGL to set emissions reduction targets aligned with the Paris Agreement goals as part of its demerger plans. (AGL had previously announced its intention to split into two companies in 2022.)

AGL is the largest single carbon emitter in Australia, primarily because the bulk of its electricity generation comes from coal-fired power plants. Market expectations for companies to plan for an energy transition have become increasingly clear over the last several years, as has the materiality of the related risks to shareholder value. Investors and activist groups in Australia have repeatedly asked companies, including AGL, to develop and disclose plans for reducing emissions.

Vanguard's Investment Stewardship team has maintained an open dialogue with AGL's board members over multiple years. Our 2021 discussions focused on the board's oversight of the company's energy transition plan and deteriorating stock performance, as well as the company's announced plan to execute a demerger to create separate companies: one that contains the coal generation assets and another that contains the retail business and new energy solutions.

Our research and analysis, and our engagements with AGL's directors, left us with significant concerns about the board's oversight of the material risks of climate change.

While we recognize the company is in a challenging situation because the Australian electricity market relies heavily on coal for generation, we believe the board had opportunities to act sooner to put in place an adequate strategic and risk management plan for its energy transition.

We observed that the board failed to appreciate rapidly changing market trends and expectations, the impact of new technologies and disruption on its business, and the damage to its reputation. In previous engagements, we queried board members on the company's decarbonization roadmap and shared our perspective that the disclosures the company was providing did not give the market an appropriate understanding of the company's climate strategy.

The company has stated that it intends to have a greater focus on its energy transition, provide further details of its decarbonization plans and targets as part of the demerger documents, and introduce a Say on Climate vote. We welcome these commitments. However, we had expected a more timely and comprehensive response to the shareholder feedback the company has received over multiple years.

A global focus on diversity, equity, and inclusion

We have long advocated for diversity of experience, personal background, and expertise in the boardroom. Boards that lack diversity, or fail to make progress on this front, open their companies up to strategic and reputational risks. These risks can cause customers to favor competitors, damage corporate culture, and hamper a company's ability to attract and retain talent.

We encourage boards to publish their perspectives on diversity, disclose board diversity measures, and cultivate diverse pools of candidates for open director seats. Our views on diversity extend beyond the boardroom to leadership teams and workforces.

In 2021, we engaged with nearly 600 companies to identify and understand effective practices for overseeing progress on diversity, equity, and inclusion matters and to identify portfolio companies that had room to improve if they lacked gender, racial, or ethnic diversity on their boards. The Vanguard funds voted against more than 200 directors at companies where we had concerns about risks involving lack of progress on DEI or the lack of a path to increase board diversity.

Last year, attention to board diversity continued in markets around the world. In the U.S., a California law took effect that requires companies headquartered in the state to have at least one board member from an underrepresented community. In the U.K., two initiatives issued reports that made recommendations on how to increase boards' ethnic and gender diversity. In Japan, the country's governance code encouraged companies to add female directors to counter historical board composition that favored males.

Companies received a range of DEI proposals during the proxy year. Some of these proposals asked for enhanced disclosures of board diversity, or for disclosures of DEI issues in the workplace. Others addressed issues that span a company's operations, including concerns about how racial inequity may impact a company's employees, customers, and the communities in which it operates. We expect to see similar proposals during the 2022 proxy season.

The following case studies illustrate the outcomes of our engagements and outreach.

France's Ubisoft takes steps to improve diversity

Over the last several years, a wave of misconduct allegations has hit video game companies, including the French firm Ubisoft. Current and former employees of companies across the industry came forward to highlight accusations of gender-based discrimination, sexual harassment, and bullying.

At Ubisoft, media investigations described a toxic workplace culture, and various accusations focused on creative studio teams and human resources. The allegations led to several senior management departures from the company and prompted remedial actions to reinforce the firm's values.

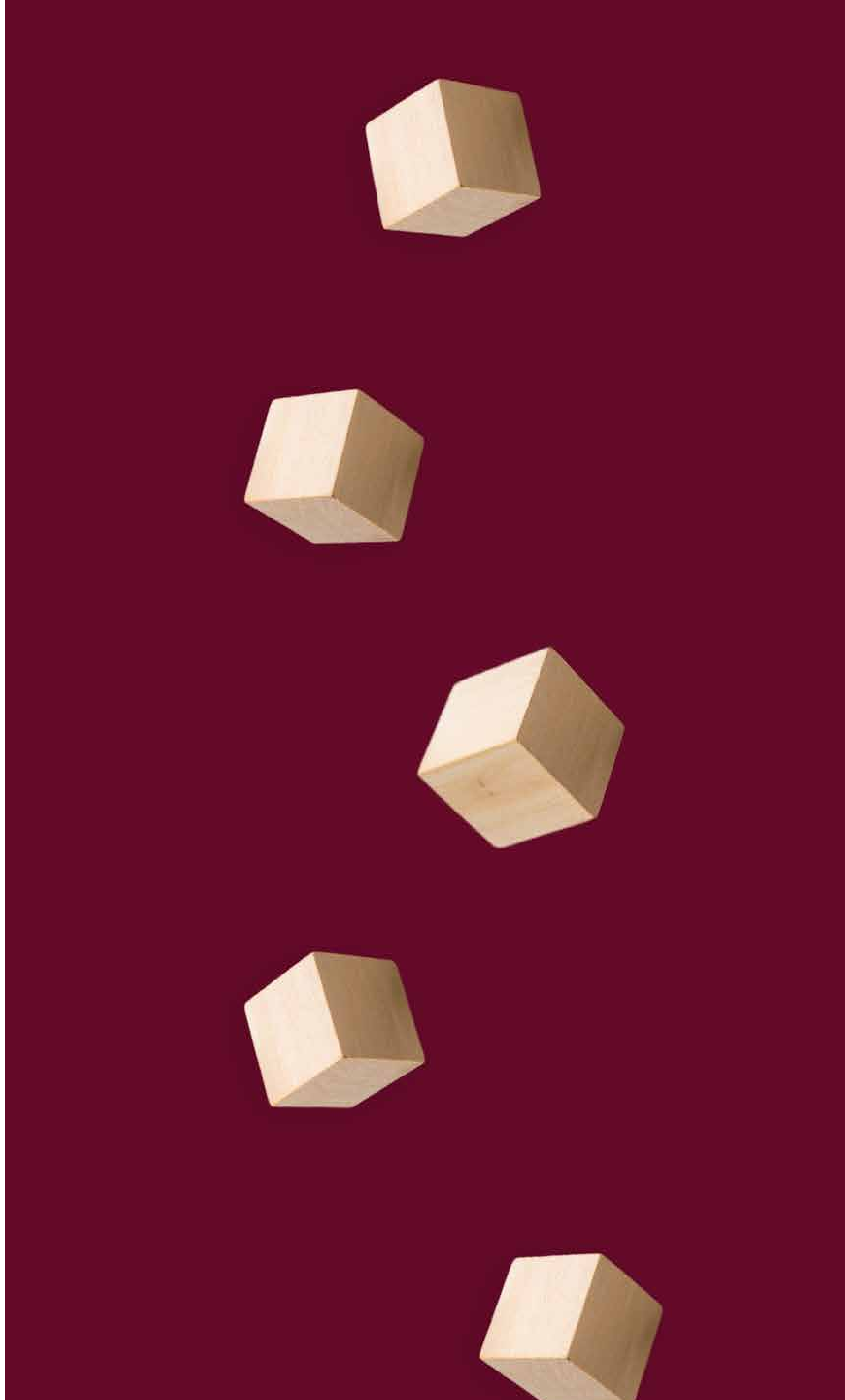
In December 2021, we met with Ubisoft company leaders, including the board's lead independent director. We discussed the board's oversight of strategy and risk in the misconduct allegations, how employee complaints were escalated to the board, and the robustness of these procedures.

Vanguard views workforce diversity, corporate culture, and human capital management issues more broadly through a lens of material risk oversight and believes that gaps in management of these issues can pose threats to a company's long-term prospects. DEI scandals may impede a firm's ability to attract and retain a skilled, motivated workforce and give rise to legal and reputational risks.

In our analysis of Ubisoft's disclosures, we noted that the company had identified the potential risks of inappropriate behavior in the workplace in its annual reporting. The firm also made public statements outlining the steps it took to make corporate culture more inclusive and improve diversity at all levels.

In our engagement, company leaders described how the entire board was involved in overseeing the response to the crisis. The board also appointed a new independent director with specialist human resources experience. We suggested to Ubisoft executives that greater disclosure on the issues they have faced, including the company's efforts to address risks concerning workforce diversity over the long term, the board's oversight of this process, and details of any measurable progress made, would go a long way toward helping shareholders develop an informed view of the board's oversight responsibilities.

We will continue to monitor the situation at Ubisoft and engage further with the company as required.



U.K. firms seek to improve diversity measures

Several recent initiatives have sought to raise awareness of diversity, equity, and inclusion matters at U.K. publicly traded companies.

The Hampton-Alexander Review, whose goal is to increase representation of women on boards and in senior executive positions, recommended that FTSE 350 companies aim to have a minimum of 33% female representation on their boards. The Parker Review, which aims to increase the ethnic diversity of boards, recommended that each FTSE 100 board have at least one director of color by 2021 and that each FTSE 250 company achieve at least that by 2024.

In 2021, we engaged with dozens of U.K. companies to discuss the reviews' findings and better understand the companies' diversity policies and initiatives. Our efforts included discussions with Aveva Group, a multinational information technology consulting company, and Howden Joinery Group, a supplier of kitchen and joinery products.

We met twice with Aveva company leaders to discuss its approach to board and workforce diversity. Our initial conversation included the board chair and the newly appointed head of diversity, equity, and inclusion, who had already put in place governance structures to ensure execution of its global diversity policy efforts. We heard from company leaders—and they made public statements—about commitments to address board and workforce diversity issues.

Later in the year, we followed up to hear about the company's progress. Company leaders said they had established a global diversity policy, complemented by a suite of initiatives and training in five key areas: race, disability, faith/religion/belief, sexuality, and gender. They also wanted to adapt the language of internal policies and procedures so that diversity policy communications were readily available to employees whose first language is not English. (In the months after our engagement, the company also announced the appointments of directors who improved the board's gender and ethnic representation.)

Our discussion with Howden Joinery Group company leaders allowed us to better understand its efforts to improve the board's ethnic diversity and provided an opportunity to discuss more broadly its DEI policies after the appointment of a new director of human resources.

Company leaders acknowledged that Howden's boardroom needed to be representative of the people it serves and the communities throughout Europe where it operates. They were candid about the challenges of implementing a companywide policy because of different regulations in different countries. They are looking to replicate in the U.K. successful initiatives they had rolled out in France. They also provided details on Howden's strategic approach and a review process that includes workforce and senior leadership feedback. Howden's diversity initiatives now focus on disability, ethnicity, gender, and social mobility.

The engagements with Aveva and Howden provided us with valuable insights into the obstacles that global companies must overcome when they implement diversity policies. We plan to devote future discussions to the progress the companies make toward their diversity goals.

Japan's Shiseido seeks to lead on diversity

We engaged with Shiseido, a Japanese multinational cosmetics company founded more than 140 years ago, to learn more about its approach to board and workforce diversity. The Japanese Corporate Governance Code encourages listed companies to include women on their boards and to address significant gaps in the representation of women in the workplace, including in middle- and senior-level leadership roles. We use our engagements with Japanese companies in part to encourage company leaders to implement diversity policies in line with the code and to understand current company practices.

In our discussion, Shiseido company leaders described their commitment to advancing gender equality in the workforce. Given the nature of the cosmetics business, Shiseido has a high percentage of women in its workforce and global leadership positions. Company leaders said 83% of Shiseido's workforce is female, and women hold 58% of leadership positions across their global organization. Women hold 42% of board seats. Women also make up 42% of the statutory audit board. These percentages are above the market norm.

Shiseido aims to further improve gender diversity in its management ranks. Company leaders told us they want 50% of the leadership positions in Japan to be filled by women, up from 35% currently. To reach this level, the company introduced a mentoring and education program focused on increasing women's awareness of executive positions and career paths.

The company highlighted several initiatives to support its commitment to diversity, including assisting female researchers through grants, providing in-office child care, and empowering women through a focused mentoring program. Shiseido's CEO is the chair of the 30% Club initiative in Japan, which is part of a global campaign that launched in 2010 to boost female representation on company boards. (It was rolled out in Japan in May 2019.) The company reports that it is focused on attracting and retaining diverse talent from around the world. As part of this effort, English is the company's official in-house language.

The meeting helped clarify for Vanguard the company's diversity strategy and the challenges it faces as it pursues greater diversity in its home country.

556

Engagements on board diversity in 2021. These engagements reflect how Vanguard has deepened our board diversity advocacy and assessment.

206

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

Adidas adapts its diversity policies

We engaged with the supervisory board chair at Adidas, the German footwear and apparel company, as it tried to respond to racially insensitive comments an executive made after the death of George Floyd that provoked employee criticisms. The company has made public commitments to adopt initiatives to improve diversity, equity, and inclusion at all levels of the organization.

In our engagement, we sought to better understand how the company's DEI efforts had evolved since the controversy. The chair discussed the significant steps Adidas had taken to enhance diversity and support a culture of inclusion through workforce training programs. For example, its global anti-racism and unconscious-bias training was mandatory for all employees and focused on educating people on aspects of diversity, privilege, and team behaviors.

We discussed efforts to attract and retain more women and minorities, particularly for leadership positions. Company leaders said 53% of the workforce is female, 1 in 6 managers is a woman, and 33% of nonexecutive directors are women. The board has set a target for increasing the percentage of women in leadership to 40% by 2025. In the U.S., Adidas wants to achieve about 12% Black and Hispanic/Latino/Latina representation in leadership roles over time and aims to fill at least 30% of all new positions in its U.S. workforce with members of these groups.

Adidas also described the steps the company has taken to adapt company culture so it is more diverse, and provides direct feedback and respect. The company recently filled the role that oversees human resources, and it is searching for a global head of DEI. The board considers diversity to be key to creativity—important for apparel and footwear design—and it believes diversity is a driver of long-term business success. Our future engagements will focus on the progress the company makes with these initiatives.

2021 | 2020

46% | 19%

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

581 | 198

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

Proposals focus on diversity, equity, and inclusion issues at Microsoft

In advance of Microsoft's annual meeting, we conducted several engagements with Microsoft's lead independent director and members of its management team to discuss five shareholder proposals on the ballot. The shareholder proposals spanned several topics and included proposals that sought reporting on sexual harassment policies and on median gender and racial pay equity. In our discussions, Microsoft leaders talked about the nature of its engagements with the proponents as well as Microsoft's views on each proposal.

The shareholder proposal on sexual harassment policies requested that the board report to shareholders on the effectiveness of Microsoft's workplace sexual harassment policies. We noted in our research that Microsoft had experienced several instances of manifested risks involving sexual harassment; the company also had experienced other incidents that raised questions about the company's culture. These included a $3 million settlement in 2020 of Department of Labor allegations of racial discrimination in the company's hiring practices. Microsoft also faced a lawsuit in 2018 in which its employees alleged the mishandling of sexual harassment and discrimination complaints. These instances, along with an assessment of Microsoft's related disclosures, indicated to us that Microsoft had the opportunity to enhance its oversight of sexual harassment and discrimination.

We found Microsoft's existing disclosure and reporting of its sexual harassment policies to be limited. However, we were pleased that Microsoft had committed to commence annual public reporting that would address the key topics identified in the shareholder proposal. The report would include details of Microsoft's implementation of its sexual harassment and gender discrimination policies, including the total number of reported sexual harassment concerns, the percentage of those substantiated, and the types of corrective actions taken. We believed that Microsoft's reporting on these matters would benefit shareholders. In our engagement with the Microsoft team, we encouraged Microsoft leaders to include details about the board's oversight of these activities in the planned annual reporting. The Vanguard funds subsequently supported this shareholder proposal.

The Vanguard funds did not support the proposal that called for reporting on median gender and racial pay equity or the remaining shareholder proposals. With respect to the pay gap proposal, we observed that Microsoft produced robust reporting of racial and gender pay equity in its Diversity & Inclusion Report, with metrics adjusted to demonstrate whether there is equal pay for equal work. Further, although the proponent suggested that median pay gap could illuminate whether women and people of color are holding lower-paying jobs in the organization, Vanguard did not find that median pay gap metrics would be most suitable in this matter. Instead, reporting on representation at various levels, such as through EEO-1 data, showed representation in greater detail.

Microsoft also demonstrated that it continues to identify opportunities to advance disclosure on pay equity. It has taken steps in recent years to expand its pay equity data reporting to include its 10 largest markets outside the U.S., as measured by employee population. Given Microsoft's attention to this matter, its enhanced reporting, its outcomes in pay equity, and a lack of alignment between the proposal's requested metric and clear need, the Vanguard funds did not support the proposal.

U.S. boards enhance boardroom diversity

In the U.S., Vanguard's Investment Stewardship team conducted outreach and engagement with companies that lacked gender, racial, or ethnic diversity on their boards. In these discussions, we sought to better understand whether boards' oversight of this issue was sufficient to prevent exposing portfolio companies to material risks and better understand their efforts to mitigate those risks.

These conversations revealed that companies are at various stages of employing diversity strategies. Some companies indicated they had plans to increase diversity, while others said the topic wasn't an immediate priority. We used these opportunities to advocate for diversity policies we believe represent best practices and can help drive long-term shareholder value. Over the course of the year, we saw progress as companies responded to shareholder feedback.

An example of a company that showed progress was IQVIA, a U.S.-based health care information technology company. We have engaged with company leaders and board members over many years, including several engagements in 2021 that focused on board composition. When we engaged last year, IQVIA's board had no racial or ethnic diversity.

We conducted two initial discussions with company leaders before IQVIA's April 2021 annual meeting. Our engagements covered the company's approach to board diversity, its strategy for succession planning, and its adoption of a "Rooney Rule"-style policy that requires the board to consider diverse candidates when filling director and leadership roles. In previously published Insights, Vanguard has said that we expect companies to actively consider diverse candidates in all director positions. We viewed such a policy as a first step toward enabling diverse candidates to be considered for board positions and a signal that the company had a strong commitment to make progress on diversity. Because of our productive engagements with the IQVIA team, where team members indicated an active interest in improving board diversity, the Vanguard funds supported the reelection of all directors from the nominating and governance committees.

Toward the end of the year, we followed up with IQVIA executives to evaluate the company's progress on board composition. IQVIA leaders updated us on their evolving board composition strategy, which focused on ensuring they had a diverse pool of highly qualified candidates to consider for board seats. We also discussed IQVIA's efforts to improve its overall governance profile.

In the weeks after the proxy year closed, IQVIA announced two additions to its board, which enhanced the board's gender, racial, and ethnic diversity. The announcement demonstrated IQVIA's commitment to implement a thoughtful, deliberate approach to board composition that was highly responsive to shareholder input.

Our engagements on this topic allow Vanguard to assess the robustness of a company's diversity strategy and the progress it is making on executing that vision. A thoughtful approach and genuine progress can influence how we vote on calls for greater disclosure and the reelection of certain board members. We will continue to apply our voice and our vote.

Our approach to assessing risks in allegations of human rights violations

Vanguard's Investment Stewardship team evaluates a variety of issues, including the human rights practices of the Vanguard funds' portfolio companies. Vanguard believes human rights issues are of consequence and deep concern as we consider the impact of corporate policies and practices on the lives of their workforces, communities, and supply chains and can lead to material reputational, legal, and operational risks.

The Investment Stewardship team regularly engages with companies to gain a better understanding of boards' oversight of this issue and their human rights policies and practices, and to highlight issues we believe pose a risk to the long-term value of the Vanguard funds.

Last year, we engaged with nearly 100 companies on topics such as human rights disclosure, mining on indigenous lands, supply chain risks, and forced labor.

The following case studies are representative of our discussions on human rights and provide clarity on our research and analysis of this important topic.

Proposal seeks human rights committee at American Tower

At the annual meeting for American Tower—a U.S. real estate investment trust that owns, operates, and develops communications infrastructure globally—the Vanguard funds did not support a shareholder proposal that requested the board create a standing committee to oversee human rights risks that affect the company's business.

We engaged with American Tower executives to assess the strength of the company's human rights oversight and escalation processes, and to discuss how the board identifies human rights risks and the steps the board takes to mitigate them. Our meeting included the company's chief sustainability officer, who has responsibility for overseeing human rights risks.

Based on our analysis and engagement, we concluded that the board had appropriate measures and processes in place to oversee human rights risks. In addition, the recent enhancements to the company's human rights disclosures highlighted the board's and the company's commitment to this matter. We determined that the proposal's request that the board form a human rights committee was unwarranted at this time. We will continue to monitor the board's oversight and disclosures of human rights risks and practices.

Engaging with Adani Group on human rights and climate change

Indian conglomerate Adani Group has faced scrutiny from stakeholders in recent years over two projects.

The first is a shipping container terminal in Myanmar, which it was developing through a subsidiary called Adani Ports and Special Economic Zone. The company has been criticized for its presence in the country after a military coup there led to accusations of human rights abuses. The second project is the Carmichael coal mine in Queensland, Australia. Activist groups have targeted mines like Carmichael because of their impact on the climate and local environment. These groups have pressured Adani to withdraw from the project and have requested that financial institutions stop providing lending and other services to the company until it withdraws. They also want investors to divest their positions in Adani securities.

Our due diligence included assessing the company's practices and disclosures, local regulations and policies, and the specific circumstances of both projects. We engaged with Adani company leaders to better understand the group's structure and the board's oversight of material ESG issues, particularly for business areas with heightened risk exposure.

Adani's chief financial officer explained that the original decision to invest in the Myanmar terminal was based on a desire to support commercial trade and development in the region. After the coup in Myanmar, Adani hired a law firm to ensure that operating the terminal would not lead to financial ties with the military.

At the time of our engagement, company leaders were also conducting a review to determine whether to exit the country given the impact of U.S. and international sanctions on companies that operate there. Adani leaders said that they would not tolerate human rights breaches and that the company was prepared to pull out of the project and, if necessary, sustain an economic loss. They also discussed the challenges of abandoning the terminal, which could allow the military to seize and benefit from the asset. In October, the company decided to exit the business in 2022.

Our analysis and engagement also covered the company's approach to managing climate risk given its coal operations. Company leaders outlined how its strategy, investments, and business portfolio were being transitioned from fossil fuel assets to alternative energy sources. (Adani's chairman has publicly committed to investing as much as $70 billion in green energy sources.) They also said they expected to reduce the company's exposure to thermal coal.

We sought to understand how operating the Carmichael mine aligned with the company's transition strategy. We also noted the potential reputational risks from the significant community opposition to the mine and the market headwinds and operational hurdles that the project faces. (Our analysis included the company's disclosures on its interactions with indigenous communities that surround the mine.) Company leaders said they had capped the size of the mine and intended to set an end date for operations to fit within the parameters of a 1.5°C warming scenario.

We plan to monitor developments at the company as it begins exporting coal from the Carmichael mine. We also plan to engage with company leaders to gauge the progress it makes on its energy transition plans that could make the business more resilient over the long term.

Human rights issues in global supply chains

The COVID-19 pandemic has put an intense spotlight on the health and safety of workers. The scrutiny has proved challenging for global companies who source ingredients, components, and parts from suppliers in countries or regions that may have unacceptable labor policies. Last year, in our engagements that covered oversight of strategy and risk, we frequently raised the issues of human rights due diligence and ethical sourcing.

For example, we met with board members and executives from Woolworths Group, Premier Investments, and Wesfarmers, three Australian companies that we believed had unique supply chain risks. Woolworths operates supermarkets and discount department stores. Premier Investments operates specialty retail fashion brands. Wesfarmers has diversified operations that include apparel and general merchandise.

Our engagements at each company focused on identifying and managing risks in the sale of products that contain materials from areas where there are allegations of forced labor—and where the oversight responsibilities for monitoring those risks sit in the portfolio companies' overall risk management framework. Vanguard seeks to understand how company boards oversee work to improve their supply chain traceability and their approach to remediation.

Woolworths leaders highlighted the importance of cooperation among different parts of its business to ensure that the right frameworks are in place to identify human rights issues. The company has an ambitious plan to provide more visibility into its supply chain beyond its primary suppliers. Woolworths has also included a reputation metric in its variable-remuneration plan. Some companies' reputations have been damaged because of lax human rights monitoring in their supply chains.

We were interested in the number and impact of initiatives that Premier Investments was involved with to support improvements in global cotton production. The company had made a public commitment not to source fabrics from Uzbekistan or Turkmenistan, two countries linked to forced and child labor. (All three companies in this case study are members of initiatives that pursue best practices in the cotton industry.)

Our engagement with Wesfarmers covered the oversight responsibilities for human rights risk at different levels of the organization. The company's approach is noteworthy because it focuses on remediation efforts instead of audit data that can lead to the termination of supplier contracts. The company prefers to strengthen its relationships with underperforming suppliers so it can work to improve labor issues. Wesfarmers also raised the issue of lack of consistency in global reporting frameworks.

We note there are challenges in product sourcing and traceability. But we were encouraged that all three companies were receptive to shareholder feedback and by the emphasis each of them places on identifying, monitoring, and remediating human rights issues in their business. All three companies were also committed to continued improvement and to upholding their policies.

These engagements deepened our understanding of supply chain risk oversight. We will continue to monitor the progress these companies make on this important topic.

Lack of support for Ascential's remuneration plan

Ascential, a U.K.-based events and information services company, proposed, through shareholder consultation, to replace its traditional long-term incentive plan (LTIP) with a one-off 10-year restricted share plan (RSP). While these plans are not common in the U.K., companies moved to similar structures after the start of the COVID-19 pandemic, which had made it challenging to set long-term targets.

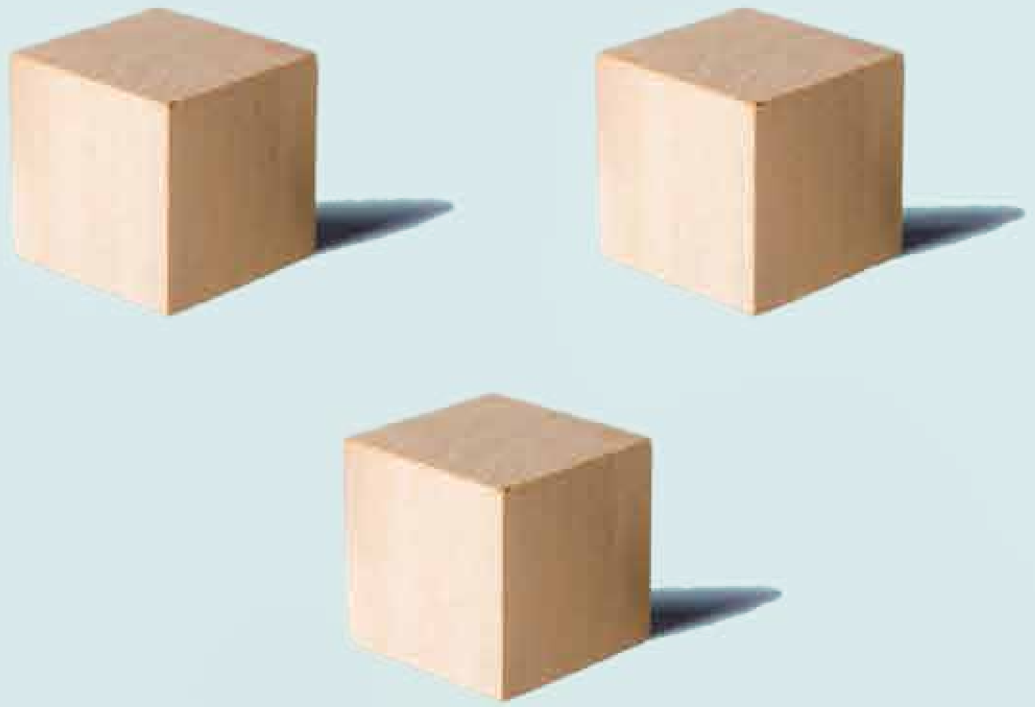
Ascential noted that the conventional LTIP did not support its transformational business strategy, which was now focused on lower initial revenue but higher potential profits. The board felt that a longer-term remuneration framework provided a better alignment with shareholders and its proposed strategy.

In the U.K., best practice for solely time-vesting equity plans is to have an "underpin" that reflects the financial health of the business rather than performance, and/or a commitment from the remuneration committee to use discretion to adjust the final award amount to better reflect shareholder experience. It is also best practice when moving from a traditional LTIP to a time-vesting RSP to discount the award by 50%.

In this case, the proposed plan was more nuanced than a typical RSP. As proposed, it allowed for 60% of the plan to vest without any financial underpin, and for the remaining 40% of the plan in year five to be subject to a total shareholder return underpin. In 2021, we engaged with the board chair and remuneration committee chair twice as part of our due diligence process to gain greater clarity on how the underpin would be used, how they were treating the time-vested awards in case of an executive's departure, and their justification for a lack of discount to the overall award.

After our engagements and analysis, we were comfortable with the strategic rationale for the plan because of its apparent alignment with Ascential's long-term strategy. However, we remained cautious about the structure because a large proportion (60%) of the award would not be subject to an underpin and because the structure lacked traditional prorating should a participating executive leave the company.

Because of our concerns, the Vanguard funds did not support the plan. Ultimately, the company withdrew it from the ballot. We will continue to engage with the company on future remuneration proposals and provide feedback and question companies on policies we deem not in line with best practice and shareholders' interests.



Cardinal Health makes strides on compensation plan

Over the last few years, we have consistently engaged with company leaders and board members from Cardinal Health, the global health care services company, to discuss a range of governance issues, including its response to the opioid epidemic.

Our recent engagements focused on providing feedback on Cardinal's executive compensation plan and reviewing and evaluating its efforts to solicit and incorporate shareholder feedback into the plan and associated disclosure. The plan received just 60% support the last time shareholders cast votes.

When Say on Pay proposals receive low support, we encourage boards to get shareholder feedback, make appropriate changes to compensation plans based on that feedback, and communicate those changes to the market.

In our discussion with Cardinal company leaders, we heard about their efforts to engage with shareholders on the executive compensation plan. As a result of feedback, Cardinal identified areas for improvement, including enhancing its disclosure on the rationale for its compensation levels and the board's oversight of the plan. We provided feedback that effective disclosure of the details of compensation plans increases shareholder confidence in the link between properly incentivizing executives and long-term value creation.

We were encouraged that Cardinal is taking steps to align its executive compensation with company performance. It eliminated the use of an upward total shareholder return modifier in the plan. The board also decided to incorporate ESG metrics into the plan to incentivize its leadership team to make progress on important topics such as diversity, equity, and inclusion. The ESG metrics the board chose were relevant to the business and the company's material risks, and these metrics were set with clear rationale.

As a result of Cardinal's increased disclosure of and responsiveness to shareholder feedback on its executive compensation plan, the Vanguard funds supported Say on Pay in 2021.

87%

Support for management Say on Pay proposals. A decrease from 90% in 2020 due to nonsupport of certain pandemic-related pay adjustments.

Pay and board independence at Oracle

Prior to Oracle's annual meeting, we analyzed several shareholder proposals on the ballot, including one that focused on executive compensation and one that focused on board independence at the U.S.-based computer technology company.

Vanguard has engaged with Oracle board members and company leaders over many years, including two recent discussions about this year's proposals.

Our recent engagements covered Oracle's compensation plan for named executive officers (NEOs). Our concerns with the plan included the magnitude and the front-loaded nature of NEO awards originally granted in 2018. The compensation committee later extended the performance period of these awards after it previously committed in a proxy filing not to do so. Modifying the terms of existing awards can undermine a program's pay-for-performance intent; doing so after previously committing not to minimizes shareholder feedback.

We used our recent engagement with the company to discuss with the board its responsiveness to shareholder feedback it has received over multiple years about its compensation plan, including Oracle's 2020 advisory vote on executive compensation. That vote did not receive strong shareholder support (but passed given the support and significant ownership stake of Oracle's founder). The funds have voted against Oracle's annual advisory vote on executive compensation every year since 2013.

In response to our longstanding concerns regarding executive compensation and the compensation committee's lack of responsiveness to shareholders' feedback, the Vanguard funds did not support the reelection of several members of the compensation committee.

We also engaged with the company on a shareholder proposal for an independent board chair.

As we assess whether a board is sufficiently independent, we analyze board composition, board accessibility, committee structure and composition, and the role and responsibilities of the lead independent director. We want to see clear disclosures on board oversight and the lead independent director's role and responsibilities.

Oracle noted that its directors attest to their independence annually and that, overall, the board meets New York Stock Exchange listing standards that include the expectation that a majority of a board's directors be independent. Oracle's lead independent director role rotates annually between the chairs of the board's main committees.

Oracle's disclosures on the director's responsibilities lag those of its peers. Given the lead independent director's short tenure and the limited disclosures, we did not have conviction that the director serving in that role could provide adequate independent oversight. In addition, of the board's 14 directors, five are insider or affiliated directors.

Based on our analysis, the Vanguard funds supported the proposal requesting that Oracle adopt a policy that requires an independent chair. In addition, the funds did not support the reelection of the chair of the independence committee.

The Vanguard funds also considered, but did not support, proposals that requested a racial equity audit and greater disclosure of political spending. Our research indicated that Oracle was taking appropriate steps to address risks in diversity, equity, and inclusion, and that the proposal's request for a third-party racial equity audit was not warranted at this time.

The political spending proposal asked Oracle to adopt a policy that requires any organization that engages in political activities and receives financial support from Oracle to report annually on the organization's expenditures for political activities. We determined that this stipulation fell outside the scope of disclosure we expect from public companies.

A brisk year for mergers and acquisitions

Vanguard's Investment Stewardship team analyzes thousands of proposals every year. That includes reviewing mergers and acquisitions (M&A) that require shareholder approval. Last year was a record year for these transactions, and deals were made across all sectors of the market.

When evaluating M&A transactions, Vanguard seeks to ensure that any merger or acquisition preserves or has potential to create long-term value for shareholders. We evaluate transactions case by case and apply a governance-centric approach that takes into consideration inputs from various sources, including third-party research, company engagements, and public materials.

We expect that boards will have a robust oversight process for transactions and that the resulting governance structure will continue to safeguard and support foundational rights for shareholders. We expect boards to decide mergers and acquisitions based on whether the transactions are in the best interests of long-term shareholders. We expect clear disclosure of the strategic rationale for the transaction, oversight of the deal, valuation determination, and expected changes to the company's corporate governance profile.

Our evaluation of mergers and acquisitions is underpinned by an assessment of four key areas:

Valuation: As part of our fiduciary duty, we seek to ensure that any transaction represents a fair price for our funds' shareholders. In evaluating the reasonableness of the valuation, we look at multiple sources: fairness opinions, credible third-party valuations, and the market's reaction.

Strategic rationale: We evaluate both the merits and the risks of the transaction. For example, how realistic are the stated benefits and what are the risks to shareholders in supporting or not supporting the transaction? Will the transaction lead to new regulatory, integration, or industry concerns?

Board oversight: In evaluating a board's oversight of the M&A transaction, we seek to understand the process, including alternatives the board considered and how potential conflicts of interest were mitigated.

Governance profile: We also assess whether the transaction results in a materially different governance profile, which consists of a company's governance structure and shareholder rights.

Contango and Independence Energy form new company

In December, we analyzed a transaction agreement between U.S. companies Contango Oil & Gas and Independence Energy that would form a new company called Crescent Energy. Independence is managed by KKR, the global investment firm. The transaction required majority support of the outstanding shares of Contango common stock.

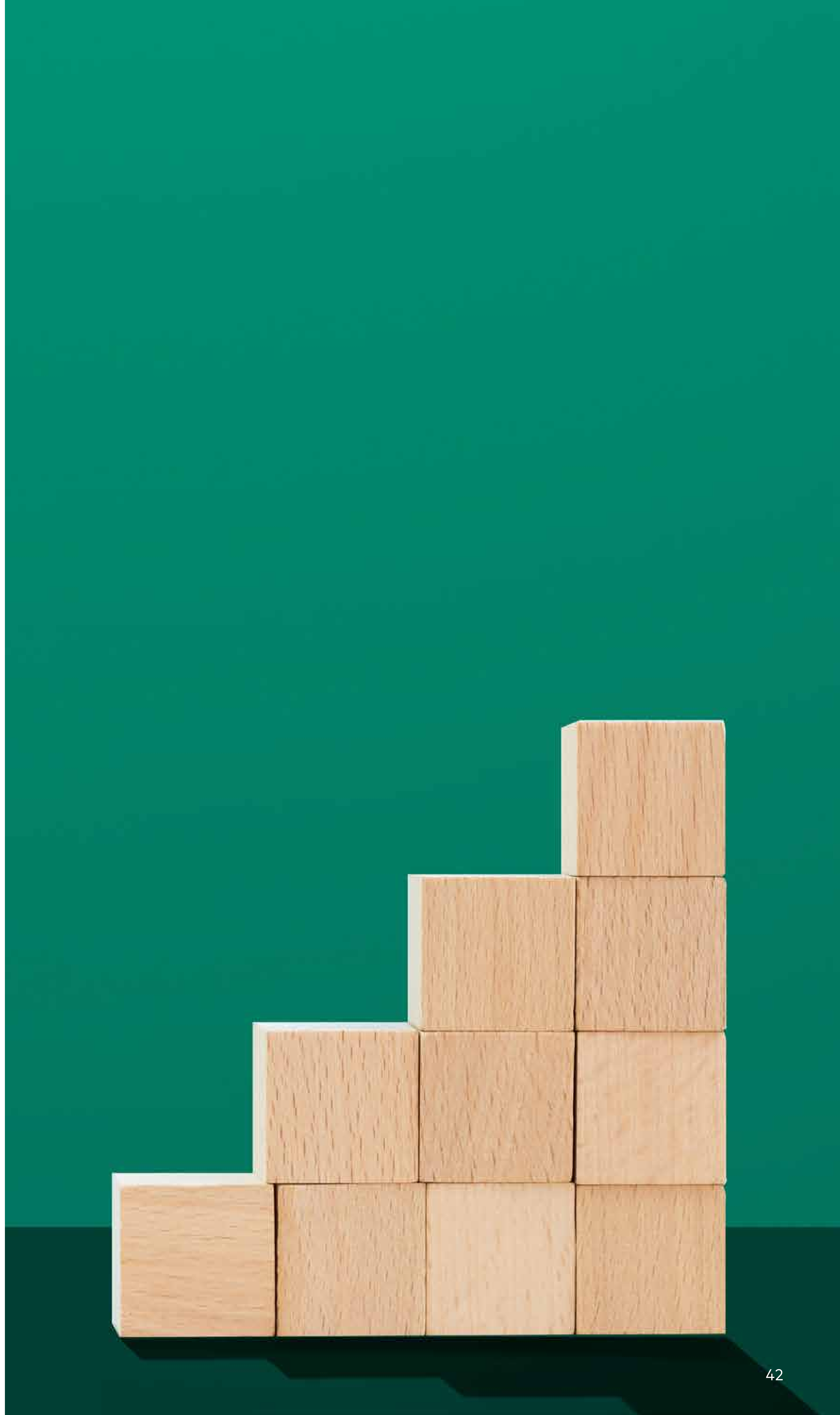
Ahead of Contango's special meeting, Vanguard engaged with the company's board chairman and company leaders. The discussion focused on the board's oversight of the transaction and questions about the governance profile of the combined company.

Our independent research and analysis showed that the strategic rationale for the transaction was strong, a view that was reinforced in our engagement with company leaders. The transaction is expected to result in better access to capital, spur growth opportunities, and strengthen the company's financial standing. Further, the valuation of the transaction appeared to be reasonable based on our analysis and the fairness opinion provided—the 0.2 exchange ratio for each share of Contango stock would result in Contango shareholders owning 25% of Crescent Energy.

However, it was also clear that the transaction would result in a materially worse governance profile. As part of the transaction, KKR would receive a special class of preferred shares that would allow the firm to appoint the entire board and receive certain consent rights over specified actions. Those changes would weaken existing Contango shareholders' ability to influence the direction of Crescent Energy. Vanguard prefers "one-share, one-vote" structures that grant shareholders voting rights in proportion to their economic interests.

Further, the management agreement with KKR would limit the ability of existing Contango shareholders to hold executives accountable because the structure of the agreement makes it difficult to terminate the management services. There were also concerns that Crescent's structure could lead to lower liquidity and valuation. In the period after the announcement of the proposed transaction, Contango shares significantly underperformed peers and broader benchmarks.

Because of those concerns, the Vanguard funds did not support the transaction. It passed with support from approximately 70% of outstanding shares, including the 24.1% of shares controlled by Contango's chairman. As the new company takes shape, our future engagements with Crescent's board will advocate for improving corporate governance policies and practices.



Multiple suitors for Monmouth REIT

In August, we evaluated an M&A transaction between Monmouth Real Estate Investment, an industrial real estate investment trust with a focus on e-commerce tenants, and Equity Commonwealth, a REIT focused on commercial office properties. Equity Commonwealth offered to acquire Monmouth for $19 a share or exchange 0.713 Equity Commonwealth shares for one Monmouth share. Before shareholders could vote on the Equity Commonwealth offer, Starwood, a private investment firm specializing in real estate and energy investments, offered $19.20 a share in an all-cash deal.

We engaged with Monmouth company leaders in advance of its special meeting, after its board unanimously supported the deal with Equity Commonwealth. Monmouth executives asserted that the option for shareholders to receive Equity Commonwealth stock provided its current shareholders an opportunity to participate in the upside of a combined company. However, we had concerns about the independence of Monmouth's strategic committee, which considered the deal. In addition, Equity Commonwealth's stock value declined leading up to the transaction date, which effectively lowered the value for shareholders who desired equity compensation.

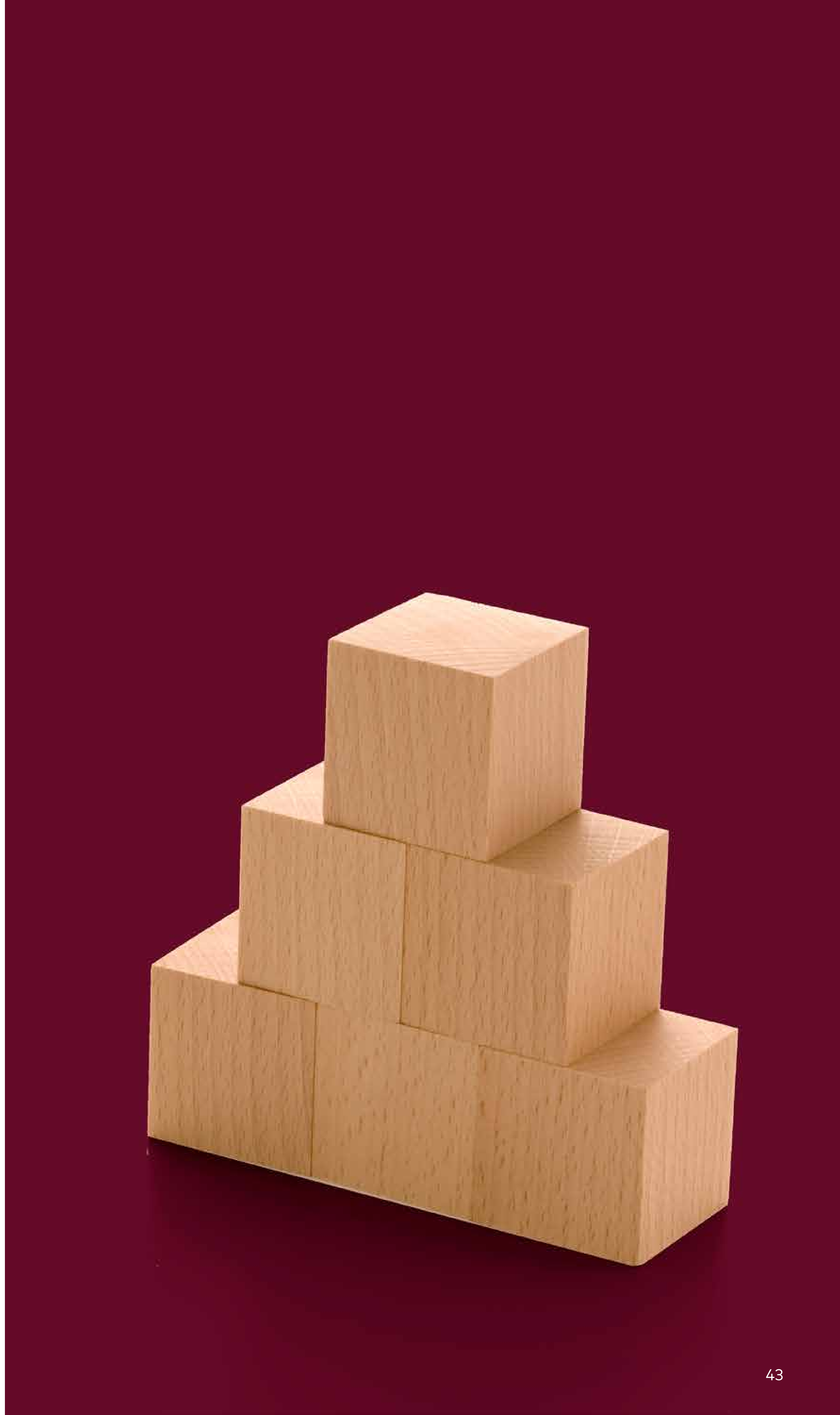
We also engaged with Starwood executives to understand their argument for their alternative proposed transaction.

The Vanguard funds did not support the original transaction based on concerns about potential conflicts of interest and questions about whether the existence of Starwood's superior offer was evidence of an insufficiently thorough vetting process by Monmouth's board. However, the Vanguard funds also supported a motion to adjourn the meeting, signaling our support for the Monmouth board's decision to continue to explore a sale of the company.

Ultimately, a majority of Monmouth shareholders voted against the deal and the adjournment, sending a clear message of disapproval to the Monmouth board.

Later in the year, Monmouth announced it had entered an agreement to be acquired by Industrial Logistics Properties Trust for $21 a share in an all-cash deal.

We continue to engage and monitor the deal and will conduct a full review of the transaction when it comes to a shareholder vote, which is expected in the first half of 2022. We also intend to engage with board members of Industrial Logistics Properties to further assess that team's ability to execute the deal.



Hostile takeover in Japan puts spotlight on takeover defense

We evaluate all takeover defense plans, or poison pills, case by case. We generally believe a company board is best suited to make strategic decisions about the firm, so we have historically supported takeover defenses in Japan when the board has at least two independent directors and the special committee responsible for proposing the takeover defense is made up of independent directors. We also review conditions of the poison pill to make sure that the maximum duration and trigger percentages are in line with market practice.

In 2021, we evaluated the first-ever hostile takeover attempt in Japan's banking sector. SBI Holdings, a financial services company, launched a tender offer to buy Shinsei Bank. SBI already owned a 20.3% stake in Shinsei and was seeking to buy an additional 27.6% of the outstanding shares.

As the offer was being made, Shinsei Bank considered triggering takeover defense measures to thwart SBI. Shinsei Bank established a special committee (Independent Directors Council), composed entirely of five independent directors that appeared to ensure the proposed poison pill served the shareholders' interests.

As a part of our assessment process, we reviewed the comprehensive responses that Shinsei Bank and SBI published in answer to questions from the Deposit Insurance Corporation of Japan. We also held separate engagements with senior representatives from Shinsei Bank and SBI to discuss the takeover defense measures.

During these engagements, Shinsei Bank leaders outlined concerns about the terms of the proposed acquisition and encouraged SBI to publish additional details of the strategic plan it would implement if it were to gain control of Shinsei Bank. On balance, we concluded that Shinsei Bank appeared to be using the poison pill to extract better terms by attaching reasonable conditions, from which shareholders could benefit.

In December, after negotiations, Shinsei Bank determined that it would no longer use its takeover defense plan, which resulted in a successful tender offer. SBI took a majority stake in Shinsei Bank. SBI recently announced that it is exploring the possibility of taking Shinsei Bank private.

Advocating for annual vote on poison pill at Whitestone

Whitestone REIT, which owns, manages, and develops shopping centers, adopted a poison pill in May 2020 with a one-year term. Without submitting it to a shareholder vote, Whitestone renewed the poison pill in April 2021 for another year.

The Whitestone poison pill can be triggered when an activist acquires a 5% stake in the company and has a "slow hand" feature that prevents redemption for a specified time even after new directors are elected. In addition, the poison pill lacks a qualifying offer clause; the clause effectively gives stockholders the right to consider an offer that meets objectively defined criteria.

Vanguard believes poison pills should be reserved for a narrow set of circumstances, structured to balance long-term shareholder interests with board accountability, and installed only after careful deliberation by the board. As a matter of good corporate governance, the company should put approval of the poison pill up for a shareholder vote, either before its adoption or, if circumstances do not allow, within a reasonable time afterward. When a board does not allow shareholders to vote on the poison pill in a timely fashion, the Vanguard funds may not support the reelection of certain directors to hold the board accountable.

We engaged with members of Whitestone's executive team and board of directors before their annual meeting to express our concerns about their renewal of the poison pill without a shareholder vote. Whitestone company leaders cited a host of factors that led them to adopt the poison pill, including a depressed market value because of macroeconomic conditions affecting the real estate industry, as well as a history of activism in their stock.

Given this rationale, we were comfortable with Whitestone adopting a defensive pill because the REIT appeared to be a target for short-term-focused activists. We also supported a one-year term for the poison pill, a time frame that gives the board flexibility to reconsider its usefulness should circumstances change. However, we expressed our preference that the poison pill include a qualifying offer clause and greater disclosure on the board's process for setting a 5% trigger.

Whitestone executives emphasized that they did not intend to have a poison pill in place over the long term.

We also prefer that defensive pills not have slow-hand provisions because these provisions can allow for scenarios where poison pills remain in place without the full consent of the current board.

In the months after our engagement, Whitestone removed the poison pill and separated the board chair and CEO roles. Those decisions came on the heels of the company declassifying its board. We considered those moves as evidence of its commitment to shareholder-friendly corporate governance. We look forward to continuing our dialogue with Whitestone leaders.

Proposal seeks virtual meeting policy at Cracker Barrel

The COVID-19 pandemic has highlighted the importance of a company's being able to adapt to the current environment. We welcome the use of alternative approaches to shareholder meetings that ensure that shareholders' voices are heard. The Vanguard funds generally support meeting formats that offer shareholders the flexibility to attend in person or virtually.

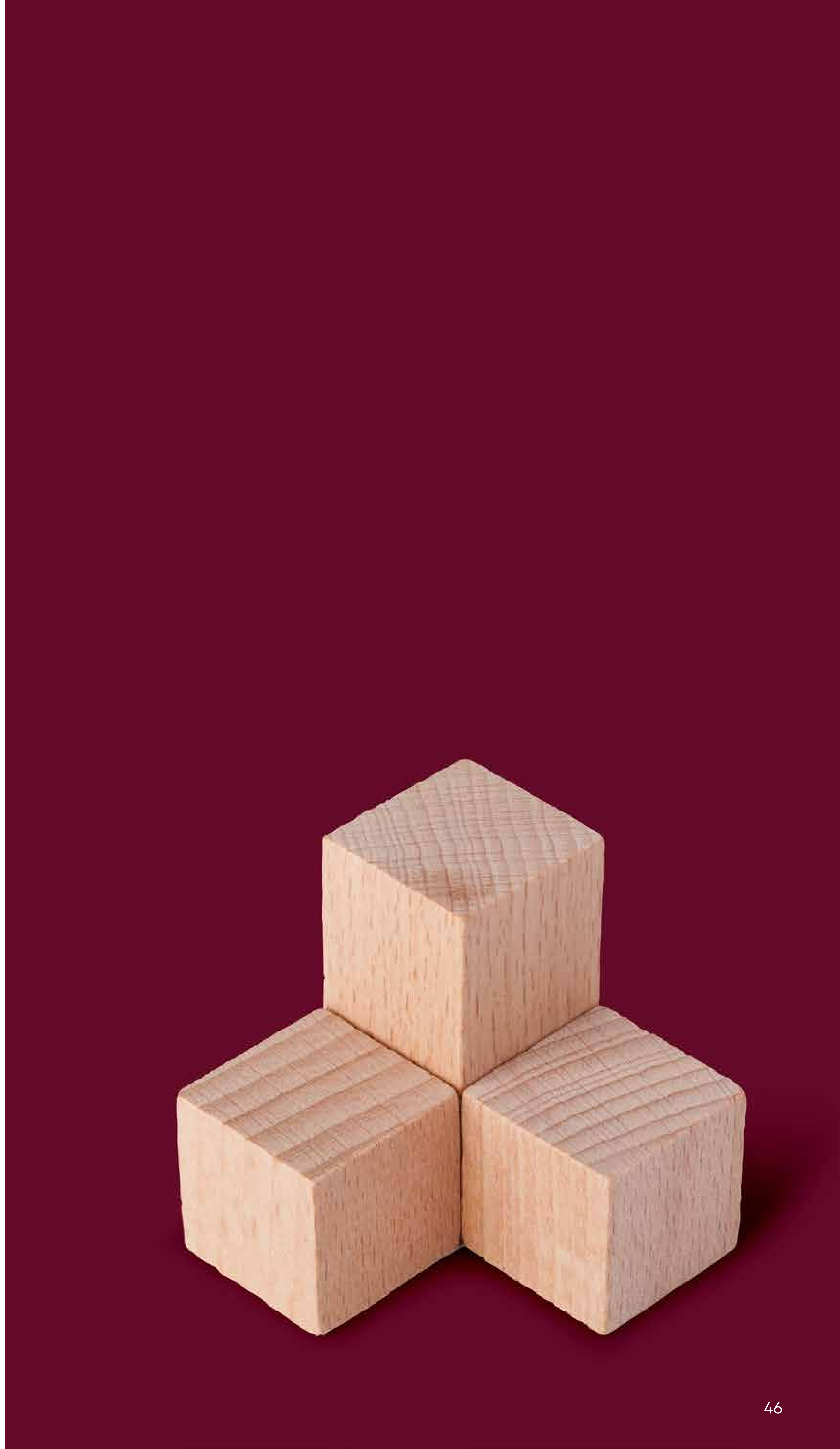
Last year, Cracker Barrel, the U.S.-based chain of restaurants and gift stores, received a proposal requesting that the company amend its bylaws and adopt a policy that its annual and special shareholder meetings be held either in whole or in part through virtual means and that virtual attendance be allowed.

When evaluating a shareholder proposal that requests amending a company bylaw, Vanguard considers the applicable corporate laws and listing rules, local best-practice standards, and the effect on shareholder rights. This includes the right of shareholders to attend a company's annual and special shareholder meetings. We have publicly stated our belief that this fundamental right should be preserved, even during a global pandemic.

In this case, we believed the proposal's wording restricted both the board's discretion to pick a certain meeting style and shareholder flexibility to have the option to attend in person or online.

In addition, by law in Tennessee—where Cracker Barrel is headquartered—virtual-only and hybrid meetings are permitted unless prohibited by a company's bylaws. Our review of Cracker Barrel's charter and bylaws revealed there were no provisions that would prohibit the company from conducting virtual and hybrid meetings.

The company's current provisions granted the board an appropriate level of discretion in determining the time, place, and manner of any meeting, which enhances shareholder rights. Because of that, the Vanguard funds did not support the proposal.



Proxy voting history

Global summary of proxy votes cast by Vanguard funds

12 months ended December 31, 2021

- Vanguard funds cast 177,307 individual votes in 2021, up slightly from the same period the year before.
- Board member elections, compensation, and capitalization issues continued to account for the majority of ballot items.
- Total shareholder proposals in the reporting period numbered 5,312, down 9% from the same period the year before.

		2020		**2021**	
Alignment with our principles	Proposal type	Number of proposals	% for	Number of proposals	% for
Board composition and effectiveness	**Management proposals**				
	Elect directors	61,303	92%	**64,021**	**91%**
	Other board-related	12,285	91%	**13,134**	**88%**
	Shareholder proposals				
	Board-related	4,034	84%	**3,869**	**87%**
Executive compensation	**Management proposals**				
	Management Say on Pay	6,757	90%	**6,807**	**87%**
	Other compensation-related	10,839	90%	**12,262**	**90%**
	Shareholder proposals				
	Compensation-related	113	50%	**99**	**57%**
Oversight of strategy and risk	**Management proposals**				
	Approve auditors	10,354	99%	**10,812**	**99%**
	Environmental and social			**27**	**100%**
	Shareholder proposals				
	Environmental/social	264	7%	**269**	**22%**
Shareholder rights	**Management proposals**				
	Governance-related	11,150	88%	**11,204**	**81%**
	Shareholder proposals				
	Governance-related	335	40%	**292**	**38%**
Other proposals	**Management proposals**				
	Capitalization	30,794	98%	**26,444**	**98%**
	Mergers and acquisitions	8,474	98%	**7,643**	**97%**
	Adjourn/other business	18,937	96%	**19,641**	**95%**
	Shareholder proposals				
	Other	1063	85%	**783**	**83%**
	Total	**176,701**	**93%**	**177,307**	**92%**

Company engagements

The following table lists the 1,074 companies that Vanguard's Investment Stewardship team engaged with during the 12 months ended December 31, 2021. A bullet (•) indicates a primary topic of the engagement. However, these are open dialogues and can cover a wide range of issues over multiple discussions. Secondary topics often arise. 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	Executive compensation	Oversight of strategy and risk	Shareholder rights
3i Group Plc	•		•	
3M Co.	•		•	
Aareal Bank AG	•	•	•	
ABB Ltd.	•			
Abbott Laboratories	•		•	
AbbVie, Inc.	•	•	•	•
ABIOMED, Inc.		•		
ACADIA Pharmaceuticals, Inc.	•			
Accenture Plc	•		•	
Actinium Pharmaceuticals, Inc.	•	•		
Activision Blizzard, Inc.	•	•	•	
Acuity Brands, Inc.	•	•		
Adamis Pharmaceuticals Corp.	•		•	•
Adani Enterprises Ltd.			•	
Adani Green Energy Ltd.	•		•	

Company name	Board composition	Executive compensation	Oversight of strategy and risk	Shareholder rights
Adani Ports & Special Economic Zone Ltd.			•	
Adani Power Ltd.	•		•	
Adidas AG	•	•	•	
Adobe, Inc.			•	
Advanced Micro Devices, Inc.	•		•	
Adverum Biotechnologies, Inc.	•		•	
AECOM	•		•	
Aeon Co. Ltd.	•		•	•
AGCO Corp.	•	•	•	•
AgEagle Aerial Systems, Inc.	•			
Agile Therapeutics, Inc.	•	•		•
Agilent Technologies, Inc.		•		
AGL Energy Ltd.	•	•	•	
Agree Realty Corp.	•		•	•
Air Liquide SA	•	•	•	
Air Products and Chemicals, Inc.	•		•	
Airbus SE	•	•	•	
AJ Bell Plc	•		•	
Akzo Nobel NV		•		
Alamos Gold, Inc.	•			
Alaska Air Group, Inc.			•	
Albany International Corp.	•			
Alcon, Inc.	•	•		
Alexandria Real Estate Equities, Inc.	•		•	
Algonquin Power & Utilities Corp.	•		•	
Alibaba Group Holding Ltd.	•			
Alimentation Couche-Tard, Inc.	•			
Alkermes Plc	•			
Allakos, Inc.	•			
Allegiant Travel Co.	•			

Company name	Board composition	Executive compensation	Oversight of strategy and risk	Shareholder rights
ALLETE, Inc.	•		•	
Alliant Energy Corp.			•	
Allianz SE	•	•	•	•
Allied Properties Real Estate Investment Trust	•			
Allkem Ltd.		•		
Allstate Corp.	•		•	
Alphabet, Inc.	•		•	
Amazon.com, Inc.	•	•	•	
Ambac Financial Group, Inc.		•		
Amdocs Ltd.	•		•	
AMERCO	•			
Ameren Corp.	•		•	
American Airlines Group, Inc.			•	•
American Electric Power Co., Inc.	•		•	
American Equity Investment Life Holding Co.	•		•	
American Express Co.	•		•	•
American Homes 4 Rent	•		•	
American International Group, Inc.	•	•	•	
American Tower Corp.			•	
American Water Works Co., Inc.	•		•	
Americold Realty Trust	•			
AmerisourceBergen Corp.	•	•	•	
Amgen, Inc.	•	•	•	
AMP Ltd.	•	•	•	
Amphenol Corp.	•			
Analog Devices, Inc.	•	•	•	
Anglo American Plc	•		•	
Annaly Capital Management, Inc.	•	•	•	•
Ansell Ltd.			•	
Antero Midstream Corp.	•			

Company name	Board composition	Executive compensation	Oversight of strategy and risk	Shareholder rights
Antero Resources Corp.	•			
Anthem, Inc.	•		•	•
AO World Plc	•	•	•	
Apple, Inc.			•	
Applied Materials, Inc.	•	•	•	
Aptiv Plc	•	•		
Aramark		•		
Arbor Realty Trust, Inc.	•			
ArcelorMittal SA	•	•	•	
Arch Capital Group Ltd.	•			•
Arch Resources, Inc.	•	•		
Archer-Daniels-Midland Co.	•		•	
Arrow Electronics, Inc.	•			
Arrowhead Pharmaceuticals, Inc.	•	•		
Ascential Plc		•		
Ashtead Group Plc	•	•		
Assembly Biosciences, Inc.	•	•	•	
Assertio Holdings, Inc.	•			
Assicurazioni Generali SPA	•	•		•
Associated British Foods Plc	•	•	•	
AstraZeneca Plc	•	•		
AT&T, Inc.		•	•	•
Athersys, Inc.	•		•	
Atmos Energy Corp.	•		•	
Atossa Therapeutics, Inc.				•
Aurizon Holdings Ltd.	•	•	•	
AusNet Services Ltd.	•	•		
Australia & New Zealand Banking Group Ltd.	•	•	•	
Autodesk, Inc.			•	•
Automatic Data Processing, Inc.			•	

Company name	Board composition	Executive compensation	Oversight of strategy and risk	Shareholder rights
AutoZone, Inc.		•	•	
Avalara, Inc.	•		•	•
AvalonBay Communities, Inc.	•	•	•	
Avery Dennison Corp.	•			
AVEVA Group Plc	•	•	•	
Avient Corp.	•			
Avista Corp.	•		•	
Avita Medical, Inc.		•		
Aviva Plc	•		•	
AXA SA	•	•	•	
Axogen, Inc.	•			
Axonics, Inc.	•			
Azimut Holding SPA		•		
Badger Meter, Inc.	•	•		
BAE Systems Plc	•	•	•	
Baker Hughes Co.	•	•	•	
Banco Bradesco SA	•	•	•	•
Banco Inter SA				•
Banco Santander SA		•	•	
Bank of America Corp.	•		•	
Bank of Georgia Group Plc	•	•		
Bank of Montreal	•		•	
Bank of New York Mellon Corp.			•	•
Bank of Nova Scotia	•		•	
Bankinter SA	•		•	
Bapcor Ltd.	•	•	•	
Barclays Plc	•	•	•	
Barrick Gold Corp.	•		•	
BASF SE	•	•	•	
Bausch Health Cos., Inc.	•			

Company name	Board composition	Executive compensation	Oversight of strategy and risk	Shareholder rights
Baxter International, Inc.	•	•	•	•
Bayer AG	•		•	
Bayerische Motoren Werke AG	•	•	•	
Beam Global	•	•		
Becton Dickinson and Co.	•		•	
Bellevue Gold Ltd.		•	•	
Bellway Plc	•		•	
Berkshire Hathaway, Inc.			•	
Best Buy Co., Inc.	•	•	•	
Betmakers Technology Group Ltd.	•	•		
BFF Bank SPA		•		
BHP Group Ltd.	•	•	•	
Big Yellow Group Plc		•		
Bio-Techne Corp.	•	•	•	
Biocept, Inc.	•	•		
BioCryst Pharmaceuticals, Inc.	•			
BioDelivery Sciences International, Inc.	•			
Biogen, Inc.	•		•	
Biohaven Pharmaceutical Holding Co. Ltd.	•		•	
BJ's Wholesale Club Holdings, Inc.	•	•	•	
Black Diamond Therapeutics, Inc.	•			
BlackBerry Ltd.		•	•	
BlackRock, Inc.	•		•	
Blackstone Mortgage Trust, Inc.	•			
Block, Inc.	•	•	•	
Bloomin' Brands, Inc.			•	
Blucora, Inc.	•	•	•	
Bluegreen Vacations Holding Corp.	•			
BlueScope Steel Ltd.	•	•	•	
BNP Paribas SA	•		•	

Company name	Board composition	Executive compensation	Oversight of strategy and risk	Shareholder rights
Boeing Co.	•		•	
Bombardier, Inc.			•	
boohoo Group Plc	•		•	
Booking Holdings, Inc.			•	
Boral Ltd.	•	•		
Boralex, Inc.	•		•	
Bouygues SA	•	•	•	
Box, Inc.	•		•	•
BP Plc	•		•	
BPER Banca	•			•
Brambles Ltd.	•	•	•	
Brickworks Ltd.	•	•	•	•
Bridgebio Pharma, Inc.				•
Brink's Co.		•		
Bristol-Myers Squibb Co.	•	•	•	
Britvic Plc	•			
Brixmor Property Group, Inc.	•		•	•
Broadcom, Inc.	•	•	•	
Bunge Ltd.	•	•	•	
Cable One, Inc.	•			
Cadence Design Systems, Inc.	•		•	
CAE, Inc.	•			
Caesars Entertainment, Inc.	•			
Cairn Homes Plc		•		
Callon Petroleum Co.	•	•	•	
Campbell Soup Co.	•		•	
Canacol Energy Ltd.	•			
Canadian Imperial Bank of Commerce	•	•	•	
Canadian Natural Resources Ltd.			•	
Canadian Tire Corp. Ltd.	•		•	

Company name	Board composition	Executive compensation	Oversight of strategy and risk	Shareholder rights
Capital & Counties Properties Plc	•	•		
Capital Senior Living Corp.	•		•	
Capri Holdings Ltd.	•		•	
Cardinal Health, Inc.	•	•	•	
Cardiovascular Systems, Inc.	•	•	•	•
CareTrust REIT, Inc.	•			
Carr's Group Plc		•		
Carriage Services, Inc.	•			
Cars.com, Inc.		•		
Carter's, Inc.	•		•	
Casino Guichard Perrachon SA	•	•	•	•
Catalent, Inc.	•			•
Caterpillar, Inc.	•		•	
CBRE Group, Inc.	•		•	
CEL-SCI Corp.	•	•	•	
Celanese Corp.	•		•	
Celestica, Inc.		•		
Cenovus Energy, Inc.	•			
Centene Corp.	•		•	•
Centrica Plc	•	•	•	
Ceridian HCM Holding, Inc.		•	•	
Cerus Corp.	•			
CH Robinson Worldwide, Inc.	•		•	
Challenger Ltd.		•		
Charles Schwab Corp.	•		•	•
Charter Communications, Inc.	•		•	
Charter Hall Group		•		
Chartwell Retirement Residences			•	
Cheesecake Factory, Inc.	•			
Chemed Corp.	•		•	

Company name	Board composition	Executive compensation	Oversight of strategy and risk	Shareholder rights
Chevron Corp.			•	
Children's Place, Inc.		•	•	
China Chemical & Pharmaceutical Co. Ltd.	•			
China Petrochemical Development Corp.			•	
Chipotle Mexican Grill, Inc.		•	•	
Choice Properties Real Estate Investment Trust	•			
Chubu Electric Power Co., Inc.	•	•	•	
Churchill Downs, Inc.		•	•	•
Cie de Saint-Gobain	•	•	•	
Cie Financiere Richemont SA	•	•		
Cie Plastic Omnium SA	•	•		
Cigna Corp.	•		•	•
Cinedigm Corp.	•			
Cirrus Logic, Inc.	•			
Cisco Systems, Inc./Delaware	•		•	
Citigroup, Inc.	•		•	
Cleveland-Cliffs, Inc.		•		
Clorox Co.	•		•	
Cloudflare, Inc.	•			
CMC Markets Plc		•		
CMC Materials, Inc.				•
CME Group, Inc.	•		•	•
CMS Energy Corp.	•		•	
CNO Financial Group, Inc.	•	•	•	
CNX Resources Corp.	•		•	
Coca-Cola HBC AG	•	•	•	
Cogent Communications Holdings, Inc.	•			
Cognex Corp.	•	•	•	
Coles Group Ltd.		•	•	
Colgate-Palmolive Co.			•	•

Company name	Board composition	Executive compensation	Oversight of strategy and risk	Shareholder rights
Comcast Corp.	•		•	
Commercial Metals Co.	•		•	•
Commerzbank AG	•	•	•	
Commonwealth Bank of Australia	•	•	•	
CommScope Holding Co., Inc.		•		
Community Bank System, Inc.	•			
Compass Group Plc	•	•		
Computacenter Plc	•	•		
Comtech Telecommunications Corp.	•		•	
Conagra Brands, Inc.	•			
Conformis, Inc.	•	•		•
ConocoPhillips	•		•	
Cooper Cos., Inc.	•			
Corcept Therapeutics, Inc.	•			
Corning, Inc.	•		•	
Corteva, Inc.			•	
CoStar Group, Inc.	•		•	•
Costco Wholesale Corp.	•		•	
Coterra Energy, Inc.	•		•	
Coupa Software, Inc.	•			
Cousins Properties, Inc.	•			
Cowen, Inc.		•	•	•
Cracker Barrel Old Country Store, Inc.		•		•
Cranswick Plc	•		•	
Credit Suisse Group AG	•	•	•	
Crescent Point Energy Corp.	•		•	
CRH Plc	•			
Croda International Plc	•		•	
Cronos Group, Inc.	•			
Crown Castle International Corp.	•		•	•

Company name	Board composition	Executive compensation	Oversight of strategy and risk	Shareholder rights
Crown Resorts Ltd.	•	•	•	
CryoPort, Inc.		•		
CSG Systems International, Inc.		•		
CSL Ltd.	•	•	•	
CSX Corp.	•	•	•	
CubeSmart	•			
CVS Health Corp.	•	•	•	
CynergisTek, Inc./DE	•	•	•	
Daimler AG	•		•	
Danaher Corp.	•		•	
Danone SA	•	•	•	
Danske Bank A/S	•			
Daqo New Energy Corp.			•	
Darling Ingredients, Inc.	•			
Dassault Systemes SE	•	•	•	
DaVita, Inc.	•	•	•	
De Grey Mining Ltd.	•			
Deere & Co.		•	•	
Delek US Holdings, Inc.			•	
Delivery Hero SE		•	•	
Delta Air Lines, Inc.	•		•	
Denbury, Inc.	•	•		
Deutsche Boerse AG	•	•	•	
Deutsche Lufthansa AG	•			
Devon Energy Corp.			•	
Dexcom, Inc.	•		•	•
Dexus		•	•	
Diageo Plc	•	•	•	
Digimarc Corp.		•		
DigitalBridge Group, Inc.		•	•	

Company name	Board composition	Executive compensation	Oversight of strategy and risk	Shareholder rights
Diploma Plc		•		
Dollar General Corp.	•	•	•	
Dollar Tree, Inc.	•		•	
Dominion Energy, Inc.	•		•	
Domino's Pizza Group Plc		•		
Douglas Emmett, Inc.		•	•	
Dover Corp.			•	
Dow, Inc.	•		•	
DR Horton, Inc.	•		•	
DraftKings, Inc.	•	•	•	•
Driven Brands Holdings, Inc.	•			
Dropbox, Inc.		•		
DS Smith Plc	•			
DTE Energy Co.			•	
Duke Energy Corp.	•		•	
DuPont de Nemours, Inc.	•		•	
DXC Technology Co.		•		
DXP Enterprises, Inc./TX	•			
Dycom Industries, Inc.	•			
E.ON SE		•	•	
Eagle Materials, Inc.	•			
Earthstone Energy, Inc.	•			
EastGroup Properties, Inc.	•			
easyJet Plc		•		
Eaton Corp. Plc	•		•	
Edison International	•	•	•	•
Editas Medicine, Inc.	•	•	•	•
Edwards Lifesciences Corp.	•		•	
Elanco Animal Health, Inc.	•		•	•
Eldorado Gold Corp.	•		•	

Company name	Board composition	Executive compensation	Oversight of strategy and risk	Shareholder rights
Electronic Arts, Inc.	•	•	•	•
Eli Lilly & Co.	•		•	•
Emaar Properties PJSC	•			
Emera, Inc.	•		•	
Enbridge, Inc.			•	
Enel SPA	•	•		
Energizer Holdings, Inc.	•			
Eni SPA		•		
Ennis, Inc.		•		
Enstar Group Ltd.		•		
Entain Plc	•	•		
Entergy Corp.	•		•	•
EOG Resources, Inc.	•		•	
EQT Corp.	•		•	•
Equifax, Inc.	•	•	•	
Equinix, Inc.	•		•	
Equinor ASA			•	
Equinox Gold Corp.	•			
Equitable Holdings, Inc.	•	•		
Equity Commonwealth	•		•	
Equity Residential	•	•	•	
Essent Group Ltd.		•	•	•
Essential Utilities, Inc.			•	
EssilorLuxottica SA	•	•		
Estee Lauder Cos., Inc.	•	•		
Etsy, Inc.			•	•
Eurasia Mining Plc	•		•	
Everbridge, Inc.	•			
Everest Re Group Ltd.	•			
Evergy, Inc.	•		•	

Company name	Board composition	Executive compensation	Oversight of strategy and risk	Shareholder rights
Eversource Energy	•		•	
Evertz Technologies Ltd.	•			
Evraz Plc	•			
Exelon Corp.	•		•	
ExlService Holdings, Inc.	•	•	•	
Expeditors International of Washington, Inc.	•			
Experian Plc	•		•	
Exxon Mobil Corp.	•		•	•
F5, Inc.	•			
Fabrinet	•			
FANUC Corp.	•		•	
Fastenal Co.	•		•	
FedEx Corp.		•	•	
Ferguson Plc	•		•	
Ferrexpo Plc	•	•		
Fidelity National Information Services, Inc.	•	•	•	
FinecoBank Banca Fineco SPA		•		
Finning International, Inc.	•			
First American Financial Corp.		•		
First Bancorp/Southern Pines NC			•	
First Capital Real Estate Investment Trust		•		
First Horizon Corp.	•	•	•	
First Midwest Bancorp, Inc./IL	•	•	•	
First Solar, Inc.	•		•	
First United Corp.	•		•	•
FirstEnergy Corp.	•		•	
Firstgroup Plc	•		•	
Fiserv, Inc.	•		•	
Five Below, Inc.		•	•	
Five9, Inc.			•	

Company name	Board composition	Executive compensation	Oversight of strategy and risk	Shareholder rights
Flow Traders		•		
Flowers Foods, Inc.	•		•	
Flowserve Corp.	•		•	
FNB Corp./PA		•		
Fortescue Metals Group Ltd.		•	•	
Fortinet, Inc.	•			
Fortis, Inc./Canada	•		•	
Fortive Corp.	•		•	•
Four Corners Property Trust, Inc.	•			
Fox Corp.		•	•	
Freenet AG	•	•		
Fresenius Medical Care AG & Co. KGaA	•	•	•	
Fresenius SE & Co. KGaA	•	•	•	
Freshpet, Inc.		•	•	
Frontier Developments Plc	•			
FuelCell Energy, Inc.		•		
Fujitec Co. Ltd.			•	•
G-III Apparel Group Ltd.		•		
Gaming and Leisure Properties, Inc.	•	•	•	
General Electric Co.	•	•	•	
General Mills, Inc.			•	
General Motors Co.			•	
Genesco, Inc.			•	
GEO Group, Inc.			•	
Georg Fischer AG	•			
GeoVax Labs, Inc.	•	•		
Gibraltar Industries, Inc.			•	
Gildan Activewear, Inc.	•	•		
Gilead Sciences, Inc.	•		•	
Glacier Bancorp, Inc.	•			

Company name	Board composition	Executive compensation	Oversight of strategy and risk	Shareholder rights
GlaxoSmithKline Plc	•	•	•	
Glencore Plc	•	•	•	
Global Blood Therapeutics, Inc.	•	•		
Global Payments, Inc.	•	•	•	•
GMS, Inc.	•		•	•
Goldman Sachs Group, Inc.	•	•	•	
Goodman Group	•	•		
Goodyear Tire & Rubber Co.		•		•
GrafTech International Ltd.	•			
Graphic Packaging Holding Co.	•			
Greencore Group Plc	•			
Greenlight Capital Re Ltd.	•	•		
Greggs Plc		•		
Greif, Inc.	•	•		
Grifols SA	•	•	•	
Groupon, Inc.		•		
Growthpoint Properties Australia Ltd.	•			
GTY Technology Holdings, Inc.	•			
Guardant Health, Inc.		•		
Guess?, Inc.			•	
Guidewire Software, Inc.		•		
Haemonetics Corp.	•			
Halliburton Co.		•		
Hargreaves Lansdown Plc		•		
Harley-Davidson, Inc.		•	•	
Harmony Biosciences Holdings, Inc.	•			
Harrow Health, Inc.	•			
Hawaiian Electric Industries, Inc.	•		•	
HCA Healthcare, Inc.		•	•	
Healthcare Realty Trust, Inc.	•		•	

Company name	Board composition	Executive compensation	Oversight of strategy and risk	Shareholder rights
Healthcare Services Group, Inc.	•			
Healthcare Trust of America, Inc.	•			
HealthEquity, Inc.	•		•	
Heiwa Real Estate Co. Ltd.	•	•	•	•
Helen of Troy Ltd.	•			
Helixmith Co. Ltd.			•	
Helmerich & Payne, Inc.	•		•	•
Henkel AG & Co. KGaA	•		•	•
Herc Holdings, Inc.	•			
Heritage-Crystal Clean, Inc.	•	•		
Hersha Hospitality Trust	•	•	•	•
Hess Corp.	•		•	
Hewlett Packard Enterprise Co.			•	
Hexcel Corp.	•			
HF Foods Group, Inc.	•			
Hibernia REIT Plc	•	•		
Hilltop Holdings, Inc.	•			
Hilton Worldwide Holdings, Inc.	•	•		
Hiscox Ltd.	•		•	
HNI Corp.	•		•	
Hochschild Mining Plc	•	•		
Holcim Ltd.	•			
Hologic, Inc.	•	•	•	
Home Depot, Inc.			•	
Hon Hai Precision Industry Co. Ltd.	•		•	
Honda Motor Co. Ltd.	•		•	
Honeywell International, Inc.	•		•	
Horizon Therapeutics Plc	•		•	•
Hoshizaki Corp.	•		•	
Howden Joinery Group Plc	•		•	

Company name	Board composition	Executive compensation	Oversight of strategy and risk	Shareholder rights
Howmet Aerospace, Inc.		•		
HP, Inc.	•		•	•
HSBC Holdings Plc			•	
HubSpot, Inc.	•	•		•
Humana, Inc.	•		•	
IAC/InterActiveCorp		•		•
Iberdrola SA			•	
IHS Markit Ltd.	•		•	
Illinois Tool Works, Inc.			•	
Imperial Oil Ltd.	•		•	
Incitec Pivot Ltd.		•	•	
Incyte Corp.	•		•	
Indivior Plc		•		
Infineon Technologies AG	•		•	
Informa Plc	•	•	•	
Infrastructure and Energy Alternatives, Inc.		•		
Infratil Ltd.	•		•	
Inseego Corp.	•			
Insulet Corp.	•		•	•
Insurance Australia Group Ltd.		•		
Intel Corp.	•	•	•	•
Intellia Therapeutics, Inc.	•			
Inter Parfums, Inc.	•			
Intercept Pharmaceuticals, Inc.	•			
Intercontinental Exchange, Inc.	•	•		
InterDigital, Inc.	•		•	
International Bancshares Corp.	•			
International Business Machines Corp.	•	•	•	•
International Consolidated Airlines Group SA	•	•	•	
Intersect ENT, Inc.		•		

Company name	Board composition	Executive compensation	Oversight of strategy and risk	Shareholder rights
Intesa Sanpaolo SPA		•		
Intra-Cellular Therapies, Inc.	•			
Intuit, Inc.	•	•	•	•
Intuitive Surgical, Inc.	•		•	
Invacare Corp.		•		
Invesco Ltd.	•			
Investec Plc		•		
Ionis Pharmaceuticals, Inc.	•		•	
IPG Photonics Corp.	•			
IQVIA Holdings, Inc.	•	•	•	•
Irish Continental Group Plc		•		
Irongate Group	•			
Italgas SPA	•	•		
J M Smucker Co.	•	•	•	
J Sainsbury Plc		•		
Japan Tobacco, Inc.			•	
Jardine Matheson Holdings Ltd.	•		•	
JB Hunt Transport Services, Inc.	•		•	
JBG SMITH Properties	•			
JD Sports Fashion Plc	•	•		
Jefferies Financial Group, Inc.		•		
JFE Holdings, Inc.			•	
John Wiley & Sons, Inc.	•			
Johnson & Johnson	•	•	•	
Johnson Controls International Plc	•	•	•	
JPMorgan Chase & Co.	•	•	•	
Jupiter Mines Ltd.	•	•	•	•
Just Eat Takeaway.com NV	•			
Kadant, Inc.	•			
Kaiser Aluminum Corp.	•			

Company name	Board composition	Executive compensation	Oversight of strategy and risk	Shareholder rights
Kala Pharmaceuticals, Inc.	•			
KAR Auction Services, Inc.	•			
KB Home	•			
Kennedy-Wilson Holdings, Inc.		•		
Keurig Dr Pepper, Inc.	•		•	
Keysight Technologies, Inc.			•	•
Kier Group Plc		•		
Kilroy Realty Corp.	•	•	•	
Kimberly-Clark Corp.	•		•	
Kinder Morgan, Inc.	•		•	
Kingfisher Plc	•		•	
Kingspan Group Plc	•	•		
Kirby Corp.	•			
Kirkland Lake Gold Ltd.	•			
KLA Corp.			•	•
Knight-Swift Transportation Holdings, Inc.	•			
Kodiak Sciences, Inc.		•		
Koninklijke Philips NV	•	•	•	
Korea Electric Power Corp.			•	
Korn Ferry		•		
Kraft Heinz Co.			•	
Kratos Defense & Security Solutions, Inc.	•			
Kroger Co.	•		•	
KVH Industries, Inc.	•		•	
Kyushu Railway Co.	•		•	
L'Oreal SA	•	•		
Laboratory Corp. of America Holdings	•		•	
Labrador Iron Ore Royalty Corp.	•			
Ladder Capital Corp.	•	•		
Lagardere SA	•			•

Company name	Board composition	Executive compensation	Oversight of strategy and risk	Shareholder rights
Lam Research Corp.	•	•	•	
Laredo Petroleum, Inc.		•	•	•
LCI Industries		•		
Lennar Corp.		•		
Lenovo Group Ltd.			•	
LG Chem Ltd.	•		•	
LG Corp.	•		•	•
Liberty Broadband Corp.	•	•		
Liberty Global Plc	•			
Liberty Media Corp-Liberty Formula One		•	•	
Linde Plc	•		•	
Link Administration Holdings Ltd.		•		
LivaNova Plc	•			
Livent Corp.	•		•	•
Lloyds Banking Group Plc		•		
Loews Corp.		•	•	
London Stock Exchange Group Plc		•		
Loomis AB	•			
Lowe's Cos., Inc.			•	
LPL Financial Holdings, Inc.	•		•	•
Lululemon Athletica, Inc.	•		•	•
Lumber Liquidators Holdings, Inc.	•		•	
Lundin Energy AB	•	•	•	
LVMH Moet Hennessy Louis Vuitton SE	•	•	•	
LXP Industrial Trust	•	•	•	
Lyft, Inc.			•	
LyondellBasell Industries NV			•	
M&G Plc	•	•	•	
MACOM Technology Solutions Holdings, Inc.	•	•		
Macquarie Group Ltd.	•	•	•	

Company name	Board composition	Executive compensation	Oversight of strategy and risk	Shareholder rights
Macy's, Inc.		•	•	
Manning & Napier, Inc.		•		
Marathon Digital Holdings, Inc.	•			
Marathon Petroleum Corp.		•	•	•
Marsh & McLennan Cos., Inc.	•		•	
Marvell Technology, Inc.			•	
Masco Corp.	•			
Masimo Corp.	•	•	•	•
Mastercard, Inc.	•	•		•
Matinas BioPharma Holdings, Inc.		•		
Matson, Inc.	•			
McDonald's Corp.			•	
McKesson Corp.	•		•	
MDC Holdings, Inc.	•	•		
Medical Properties Trust, Inc.	•		•	•
Medpace Holdings, Inc.	•			
Medtronic Plc	•		•	
Merck & Co., Inc.	•		•	
Meritage Homes Corp.	•			
Meta Platforms, Inc.	•		•	
Methanex Corp.	•			
MGM Resorts International	•	•	•	•
Micron Technology, Inc.	•		•	
Microsoft Corp.			•	
Minerva Neurosciences, Inc.	•			
Mitchells & Butlers Plc	•			
Mitie Group Plc		•		
Mitsubishi Corp.			•	
Mitsui Fudosan Co. Ltd.	•	•	•	
Moderna, Inc.	•	•	•	•

Company name	Board composition	Executive compensation	Oversight of strategy and risk	Shareholder rights
Mondelez International, Inc.	•		•	
Monmouth Real Estate Investment Corp.			•	
Monro, Inc.	•		•	•
Monster Beverage Corp.	•			
Montrose Environmental Group, Inc.	•	•		•
Moody's Corp.			•	
Morgan Stanley			•	
MorphoSys AG		•		
Movado Group, Inc.	•	•		
MP Materials Corp.	•			
Mr Price Group Ltd.		•		
MSCI, Inc.	•		•	
Muenchener Rueckversicherungs-Gesellschaft AG in	•	•	•	
Murphy Oil Corp.	•		•	
Murphy USA, Inc.	•			
Mytilineos SA	•	•	•	
Nabors Industries Ltd.	•	•	•	•
NanoString Technologies, Inc.	•	•	•	
Naspers Ltd.	•	•	•	
National Australia Bank Ltd.	•		•	
National Beverage Corp.	•			
National Express Group Plc		•		
National Health Investors, Inc.	•			
Navient Corp.	•		•	
NCR Corp.	•	•	•	
Nektar Therapeutics	•		•	•
Nemaura Medical, Inc.	•			
NeoGenomics, Inc.	•		•	•
Nestle SA	•	•	•	
NetApp, Inc.				•

Company name	Board composition	Executive compensation	Oversight of strategy and risk	Shareholder rights
Netflix, Inc.	•	•	•	
NetScout Systems, Inc.			•	
Neurocrine Biosciences, Inc.	•			
New Relic, Inc.	•			
New Residential Investment Corp.	•	•		
Newcrest Mining Ltd.	•		•	
Newmont Corp.			•	
Next Plc	•			
NextEra Energy, Inc.			•	
NextGen Healthcare, Inc.			•	•
NIKE, Inc.	•	•	•	
Ninety One Plc			•	
Nintendo Co. Ltd.	•			
Nippon Telegraph & Telephone Corp.			•	
NiSource, Inc.	•		•	
Nisshin Seifun Group, Inc.	•		•	•
NN Group NV	•			
Nokia Oyj	•	•	•	
Nomura Holdings, Inc.	•		•	
Norfolk Southern Corp.	•		•	
Northern Star Resources Ltd.		•	•	
Northland Power, Inc.	•			
Norwegian Cruise Line Holdings Ltd.	•	•		
Novartis AG	•	•	•	
Novavax, Inc.	•			
Novocure Ltd.		•	•	
NOW, Inc.	•		•	
NRG Energy, Inc.	•			
NXP Semiconductors NV	•	•	•	
O'Reilly Automotive, Inc.			•	

Company name	Board composition	Executive compensation	Oversight of strategy and risk	Shareholder rights
Ocado Group Plc	•	•	•	
Occidental Petroleum Corp.	•	•	•	
Ocean Power Technologies, Inc.		•		
Oesterreichische Post AG	•	•	•	•
Old National Bancorp/IN			•	
Old Republic International Corp.			•	•
Omega Geracao SA			•	
Omeros Corp.	•			
OMV AG	•	•	•	
ONEOK, Inc.	•		•	•
OneSpan, Inc.			•	
Open Text Corp.	•		•	
Oracle Corp.	•	•	•	
Organovo Holdings, Inc.		•		
Orica Ltd.	•	•	•	
Origin Energy Ltd.	•	•	•	
Ovintiv, Inc.	•	•		
Owens Corning	•		•	
PACCAR, Inc.			•	•
Pacira BioSciences, Inc.	•	•		•
PacWest Bancorp		•		
Pan American Silver Corp.	•			
Panasonic Corp.	•	•	•	
Paragon Banking Group Plc				•
Paramount Group, Inc.	•		•	
Parex Resources, Inc.	•		•	
Park Hotels & Resorts, Inc.		•	•	
Paychex, Inc.	•	•	•	
Paycom Software, Inc.	•	•	•	
PayPal Holdings, Inc.			•	

Company name	Board composition	Executive compensation	Oversight of strategy and risk	Shareholder rights
PDC Energy, Inc.	•	•		
Peapack-Gladstone Financial Corp.		•		
Penns Woods Bancorp, Inc.		•	•	
Pentair Plc	•			
PepsiCo, Inc.		•	•	
Performance Food Group Co.	•		•	
PerkinElmer, Inc.		•	•	
Pernod Ricard SA	•	•	•	
Persimmon Plc	•			
Petco Health & Wellness Co., Inc.	•			
PetroChina Co. Ltd.	•		•	
Petropavlovsk Plc		•		
PEUGEOT INVEST	•			
Pfizer, Inc.	•		•	
PG&E Corp.	•	•	•	
PharmaEssentia Corp.	•		•	
Phillips 66	•	•	•	
Physicians Realty Trust	•		•	
Pioneer Natural Resources Co.	•		•	
Playtech Plc	•		•	
Plexus Corp.	•		•	
Plug Power, Inc.		•		
Plus500 Ltd.		•		
PNC Financial Services Group, Inc.	•		•	
PNM Resources, Inc.		•	•	
Polaris, Inc.	•		•	
Portland General Electric Co.	•		•	
Postal Realty Trust, Inc.		•		
Poste Italiane SPA		•	•	
PotlatchDeltic Corp.	•			

Company name	Board composition	Executive compensation	Oversight of strategy and risk	Shareholder rights
Power Corp. of Canada	•		•	
PPG Industries, Inc.	•		•	•
PPL Corp.	•		•	
PrairieSky Royalty Ltd.	•		•	
Premier, Inc.	•	•	•	•
Premier Investments Ltd.	•	•	•	
Primerica, Inc.	•		•	•
Principal Financial Group, Inc.	•		•	
Procter & Gamble Co.	•	•	•	
Prologis, Inc.	•	•	•	
ProSiebenSat.1 Media SE	•	•	•	
Prosperity Bancshares, Inc.	•			•
Prosus NV		•	•	•
Prudential Financial, Inc.	•		•	
Prudential Plc	•		•	
Prysmian SPA	•	•	•	
Public Storage	•		•	
Puma Biotechnology, Inc.	•			
Pure Storage, Inc.	•			
PureTech Health Plc	•	•		
PVH Corp.			•	
Qantas Airways Ltd.	•	•	•	
QIAGEN NV		•		
Quaker Chemical Corp.	•		•	
QUALCOMM, Inc.	•	•	•	
QuantumScape Corp.	•			
Qurate Retail, Inc.	•			
Radiant Logistics, Inc.		•		
Rank Group Plc		•		
Rayonier, Inc.	•			

Company name	Board composition	Executive compensation	Oversight of strategy and risk	Shareholder rights
Raytheon Technologies Corp.	•	•	•	•
RBC Bearings, Inc.	•	•		
Realty Income Corp.	•		•	
Reata Pharmaceuticals, Inc.	•			
Reckitt Benckiser Group Plc	•	•	•	
Recruit Holdings Co. Ltd.	•		•	
Regency Centers Corp.	•			
Regeneron Pharmaceuticals, Inc.	•	•		•
Regions Financial Corp.		•	•	
RELX Plc	•			
Renault SA	•	•	•	
Repsol SA			•	
Resideo Technologies, Inc.				•
Revance Therapeutics, Inc.		•		
REX American Resources Corp.	•		•	
RH	•			
Rio Tinto Plc	•	•	•	
RioCan Real Estate Investment Trust	•	•		
Riot Blockchain, Inc.	•	•		
Ritchie Bros Auctioneers, Inc.	•			
RLI Corp.	•			
Roche Holding AG	•		•	
Rocky Mountain Chocolate Factory, Inc.			•	
Rollins, Inc.	•			
Roper Technologies, Inc.	•		•	
Royal Bank of Canada	•		•	
Royal Caribbean Cruises Ltd.		•	•	
Royal Dutch Shell Plc	•		•	•
RPT Realty		•		
Ryman Hospitality Properties, Inc.	•			

Company name	Board composition	Executive compensation	Oversight of strategy and risk	Shareholder rights
S&P Global, Inc.	•		•	
Sabre Corp.		•		
Safehold, Inc.	•			
Safran SA	•	•	•	
Saga Plc		•		
Sage Therapeutics, Inc.	•	•		
salesforce.com, Inc.		•	•	
Samsung Electronics Co. Ltd.	•		•	
Sanderson Farms, Inc.			•	•
Sandfire Resources Ltd.		•		
Sanlam Ltd.	•			
Sanne Group Plc				•
Santos Ltd.	•	•	•	
Saputo, Inc.	•			
Sarepta Therapeutics, Inc.	•			
Saudi Basic Industries Corp.	•		•	
SBA Communications Corp.	•		•	
Scentre Group	•	•		
Schlumberger NV	•		•	
Schneider Electric SE	•	•	•	
SCOR SE	•			
Seagate Technology Holdings Plc			•	
Seagen, Inc.	•			
Sealed Air Corp.		•		
SeaWorld Entertainment, Inc.		•		
SEI Investments Co.	•			
Select Medical Holdings Corp.	•			
Sempra Energy			•	
Senior Plc		•		
Seritage Growth Properties	•			

Company name	Board composition	Executive compensation	Oversight of strategy and risk	Shareholder rights
ServiceNow, Inc.		•	•	
Sesen Bio, Inc.	•			
Seven & i Holdings Co. Ltd.	•		•	
SG Blocks, Inc.		•		
Sherwin-Williams Co.	•		•	
Shinhan Financial Group Co. Ltd.	•		•	
Shinsei Bank Ltd.			•	•
Shiseido Co. Ltd.			•	•
Shockwave Medical, Inc.		•		•
Shopify, Inc.	•			
Siemens AG	•	•	•	
Siemens Energy AG	•			
SIG Plc		•		
Signature Bank/New York NY	•	•	•	•
Sika AG	•	•	•	
Simon Property Group, Inc.	•		•	
Sims Ltd.	•	•	•	
Six Flags Entertainment Corp.	•	•	•	
Skyline Champion Corp.	•			
Skyworks Solutions, Inc.	•	•	•	
SL Green Realty Corp.	•	•	•	
Smith & Wesson Brands, Inc.			•	
SNC-Lavalin Group, Inc.	•			
Sodexo SA	•	•	•	•
Solvay SA	•	•		
Sonoco Products Co.			•	•
Sonova Holding AG	•			
Sony Group Corp.	•	•	•	
Sorrento Therapeutics, Inc.		•		
South Jersey Industries, Inc.	•		•	

Company name	Board composition	Executive compensation	Oversight of strategy and risk	Shareholder rights
South32 Ltd.	•	•	•	
Southern Co.	•	•	•	
Southwest Airlines Co.			•	
Southwest Gas Holdings, Inc.	•		•	•
Southwestern Energy Co.	•	•	•	
Spire Healthcare Group Plc			•	
Spirit Realty Capital, Inc.	•	•	•	
Splunk, Inc.	•	•		
Sprout Social, Inc.	•			
Sprouts Farmers Market, Inc.	•		•	
SPS Commerce, Inc.	•			
Stanley Black & Decker, Inc.	•		•	•
Starbucks Corp.		•		
State Street Corp.	•	•	•	
Steadfast Group Ltd.		•		
Stella-Jones, Inc.	•			
Stellantis NV		•		
Stereotaxis, Inc.	•			
STERIS Plc	•		•	
Sterling Bancorp/DE		•		
STMicroelectronics NV		•		
Stratus Properties, Inc.	•		•	
Stride, Inc.	•	•	•	
Stryker Corp.	•		•	
Sumitomo Realty & Development Co. Ltd.	•		•	•
Suncor Energy, Inc.	•		•	
Suncorp Group Ltd.	•	•		
Sunrun, Inc.	•		•	
Superior Industries International, Inc.		•		
Swiss Re AG	•	•	•	

Company name	Board composition	Executive compensation	Oversight of strategy and risk	Shareholder rights
Syneos Health, Inc.	•			
Synopsys, Inc.	•		•	•
Sysco Corp.		•	•	
T Rowe Price Group, Inc.	•		•	
Taiwan Cement Corp.	•		•	
Take-Two Interactive Software, Inc.	•	•	•	
Tandem Diabetes Care, Inc.	•	•	•	•
Target Corp.	•		•	
Taylor Morrison Home Corp.	•		•	
TC Energy Corp.	•		•	
TE Connectivity Ltd.	•		•	
TechnipFMC Plc	•			
Teck Resources Ltd.		•		
TEGNA, Inc.	•		•	
Tejon Ranch Co.	•	•		
Teladoc Health, Inc.	•			
Tele2 AB		•		
Telecom Italia SpA/Milano		•		
Teleflex, Inc.	•		•	•
Teleperformance	•	•	•	
Telstra Corp. Ltd.	•		•	
Teradyne, Inc.	•		•	
Terna - Rete Elettrica Nazionale	•	•	•	
Tesco Plc		•	•	
Tesla, Inc.			•	•
Tetra Tech, Inc.	•		•	
Texas Instruments, Inc.			•	•
Thales SA		•		
Thermo Fisher Scientific, Inc.	•		•	•
TJX Cos., Inc.	•	•	•	•

Company name	Board composition	Executive compensation	Oversight of strategy and risk	Shareholder rights
TopBuild Corp.			•	
Toromont Industries Ltd.	•		•	
Toronto-Dominion Bank	•		•	
Toshiba Corp.	•		•	
TotalEnergies SE	•	•	•	
Toyota Motor Corp.			•	
TPI Composites, Inc.	•		•	
Tractor Supply Co.	•		•	
Trainline Plc		•		
TransAct Technologies, Inc.		•		
TransAlta Corp.	•			
Transurban Group	•	•	•	
Travelers Cos., Inc.	•		•	
Trex Co., Inc.	•		•	
Tri Pointe Homes, Inc.	•			
Tricida, Inc.	•			
Trimble, Inc.	•		•	•
Trisura Group Ltd.	•			
Triton International Ltd.	•			
Tronox Holdings Plc	•		•	
Tsuruha Holdings, Inc.	•	•	•	
TUI AG	•			
Turquoise Hill Resources Ltd.	•			
Twitter, Inc.	•		•	
Tyson Foods, Inc.			•	•
Uber Technologies, Inc.	•		•	
Ubisoft Entertainment SA	•		•	
UBS Group AG	•	•	•	
UDR, Inc.	•		•	
UFP Industries, Inc.	•			

Company name	Board composition	Executive compensation	Oversight of strategy and risk	Shareholder rights
UGI Corp.	•		•	
Ultrapar Participacoes SA	•			
Unibail-Rodamco-Westfield	•	•	•	
UniCredit SPA	•	•	•	
Unifi, Inc.	•			
Unilever Plc	•	•	•	
Union Pacific Corp.			•	
UNITE Group Plc		•		
United Airlines Holdings, Inc.			•	
United Natural Foods, Inc.	•	•	•	
United Parcel Service, Inc.	•		•	•
United Therapeutics Corp.	•		•	•
UnitedHealth Group, Inc.	•		•	•
Uniti Group, Inc.	•			
Universal Display Corp.		•		
Universal Insurance Holdings, Inc.		•		
UPL Ltd.	•	•	•	
Upwork, Inc.	•		•	
Urban Edge Properties	•		•	•
US Silica Holdings, Inc.		•		
Vale SA	•		•	
Valero Energy Corp.		•	•	
Varonis Systems, Inc.	•			
Vector Group Ltd.	•	•		
Vedanta Ltd.			•	
Veolia Environnement SA	•	•	•	
Vericel Corp.	•			•
Verint Systems, Inc.	•			
VeriSign, Inc.	•			•
Verisk Analytics, Inc.	•		•	•

Company name	Board composition	Executive compensation	Oversight of strategy and risk	Shareholder rights
Verizon Communications, Inc.	•		•	
Vertex Pharmaceuticals, Inc.	•		•	
Viatris, Inc.		•		
Vicinity Centres		•		
Vinci SA	•	•	•	
Visa, Inc.			•	•
Vishay Intertechnology, Inc.	•			
Vista Outdoor, Inc.	•			
Vistra Corp.	•		•	
Vivendi SE	•	•		•
Vivint Smart Home, Inc.	•			
Vivos Therapeutics, Inc.		•		
Vocera Communications, Inc.			•	
Vodafone Group Plc	•		•	
Volkswagen AG	•		•	
Vonage Holdings Corp.	•		•	
Vornado Realty Trust	•	•	•	
VSE Corp.	•			
Vulcan Materials Co.	•		•	
W&T Offshore, Inc.	•	•	•	•
Walgreens Boots Alliance, Inc.		•		
Walmart, Inc.	•	•	•	
Walt Disney Co.	•	•	•	
WaVe Life Sciences Ltd.	•			
Webjet Ltd.		•		
Wells Fargo & Co.	•	•	•	
Welltower, Inc.	•		•	
Wendel SE	•	•	•	
Wendy's Co.			•	
Wesfarmers Ltd.	•	•	•	

Company name	Board composition	Executive compensation	Oversight of strategy and risk	Shareholder rights
Western Digital Corp.	•	•	•	
Westpac Banking Corp.	•	•	•	
Weyerhaeuser Co.	•	•	•	
White Mountains Insurance Group Ltd.	•			
Whitecap Resources, Inc.	•			
Whitehaven Coal Ltd.	•	•	•	
Whitestone REIT				•
Williams Cos., Inc.	•		•	
Willis Towers Watson Plc	•	•	•	
WillScot Mobile Mini Holdings Corp.	•			
Wizz Air Holdings Plc	•	•		
Wolfspeed, Inc.	•	•	•	
Woodside Petroleum Ltd.		•	•	
Woolworths Group Ltd.	•	•	•	
Worthington Industries, Inc.			•	
WSP Global, Inc.	•			
WW Grainger, Inc.	•		•	
Wynn Resorts Ltd.		•		
Xcel Energy, Inc.	•		•	
Xenia Hotels & Resorts, Inc.	•	•	•	
Xeris Pharmaceuticals, Inc.			•	
Xerox Holdings Corp.	•	•		
XPO Logistics, Inc.		•	•	
Yamaha Motor Co. Ltd.	•		•	
Yamana Gold, Inc.	•			
Yellow Corp.		•		
Yelp, Inc.		•		
Yorozu Corp.			•	
Z Holdings Corp.				•
Zalando SE	•	•		

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Zebra Technologies Corp.	•		•	•
Zee Entertainment Enterprises Ltd.			•	
Zendesk, Inc.	•		•	•
Zogenix, Inc.	•			
Zomedica Corp.	•			
Zoom Video Communications, Inc.			•	
Zurich Insurance Group AG	•	•	•	
Zurn Water Solutions Corp.		•		
Zynga, Inc.		•		

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