Investment Stewardship

December 31, 2020

Vanguard®

2020 Annual Report

An introduction from our chairman and CEO

Tim Buckley
Vanguard Chairman and Chief Executive Officer

We are pleased to present the Vanguard Investment Stewardship annual report for the 12 months ended December 31, 2020. In a year defined by a pandemic, historic market and economic uncertainty, and growing calls for social justice, the need for companies to identify and manage material risks intensified.

Our Investment Stewardship team met with thousands of executives and board members in 2020 to represent our shareholders' interests. The case studies and voting records included in this report reflect our advocacy for good governance practices.

As always, we maintain a long-term focus. The strategic challenges that companies face today will not be solved in a matter of months, or even years. Addressing environmental, social, and governance risks, such as climate change and racial inequity, requires sustained attention and commitment. By regularly engaging with the leaders of the companies in which our funds invest, we will keep these issues at the forefront in order to deliver enduring value to Vanguard investors.

Thank you for investing with Vanguard, and we look forward to continuing this work on your behalf.

A letter to our fund shareholders

Good governance matters. This tenet is at the heart of our Investment Stewardship program. In a time marked by the COVID-19 pandemic, economic uncertainty, real-time implications of climate risk, and a global social justice movement, governance has never been more important. Our work to address risks on behalf of the Vanguard funds has never been more crucial.

During this historic period, we have found that the power of our corporate governance principles—a well-composed, diverse board that is capable of overseeing strategy, governing risk, setting appropriate performance-linked compensation, and embracing policies that give a voice and vote to shareholders—endures. While our perspective on particular investment risks reflects new data, evolving market dynamics, investor expectations, and regulatory requirements, our approach to investment stewardship remains steadfast. During the 12 months ended December 31, 2020, we voted our funds' proxies on more than 176,000 individual matters and engaged with 655 portfolio companies around the globe.

Our Investment Stewardship team increasingly engages with a broader set of companies in markets around the world. At the same time, the global landscape of corporate governance and stewardship codes is growing more complex. We continue to invest in the globalization of our program so we can balance the global application of our principles with regional governance norms and policies. Our London-based team has engagement and proxy voting responsibilities for Europe, the Middle East, Africa, and the Asia-Pacific region. Our U.S.-based team has engagement and proxy voting responsibilities for the Americas region. We recently published a proxy voting policy for United Kingdom and European portfolio companies and are working to formalize voting policies for additional markets in the Americas and Asia-Pacific regions as well. Our policy and research team will develop our global perspectives on policy, regulations, and risk analysis.

We recognize the value of providing disclosure to you as investors in the Vanguard funds, as well as to portfolio companies and other stakeholders, about our investment stewardship philosophy and approach. We will continue to produce more thorough reporting and timely perspectives to provide increased visibility. You can expect to see more frequent communications about our stewardship program, voting activities, and perspectives on key governance topics in the year ahead.

With this report, we are moving to a calendar-year-end reporting period for our annual stewardship report. This change (a shift from our previous June 30 proxy-year-end reporting schedule) will allow Vanguard to report on the outcomes of our stewardship activities in alignment with the expectations of the U.K. Stewardship Code 2020, which is recognized as a leading global standard for investment stewardship codes and practices.

Vanguard will continue to be a voice for investors. I invite you to read more about the engagement, proxy voting, and public advocacy activities we have carried out on behalf of your fund investments.

Thank you for trusting Vanguard to steward your assets. We wish you health and safety.

Sincerely,

John Galloway
Vanguard Investment Stewardship Officer
February 26, 2021

Our four principles

Board composition

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

An effective board should be independent and reflect both diversity of personal characteristics (such as gender, race, and ethnicity) and diversity of skill, experience, and opinion. We believe—and research shows—that diverse boards can make better decisions. That diversity 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 deeply 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 they can provide valuable counsel to company leaders. And company management should be well-positioned to help board members understand a company's risks and opportunities. But board members shouldn't rely solely on management for assessments of their companies; they should educate themselves on competitive dynamics and seek outside opinions.

Ultimately, boards should work to prevent risks from becoming governance failures. We've seen increasing evidence that nontraditional but material risks related to environmental and social 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 its 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 should empower shareholders to use their voice and their vote to ensure the accountability of a company's board. Shareholders should be able to hold directors accountable 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.

Our program

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

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

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

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

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

Voting: Our team votes proxies at public company shareholder meetings on behalf of each of our internally managed global equity index 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.

Investment Stewardship at a glance

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

- Discussed board composition in 60% of our engagements.
- Met with independent directors in 43% of our engagements.

- Discussed compensation in 47% of our engagements.

- Engaged with 219 companies in carbon-intensive industries, or 33% of all companies engaged.
- This represented $402 billion in equity AUM (9% of total equity AUM).

655
companies engaged

12,429
companies where a proposal was voted on

176,834
proposals voted on

$1.99T
equity assets under management (AUM) engaged in the last year*

27
markets represented in our engagements†

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

* Dollar figure represents the market value of Vanguard fund equity investments in companies with which we engaged over the 12 months ended December 31, 2020. AUM is as of December 31, 2020.

† Countries and territories of risk.

Regional roundup

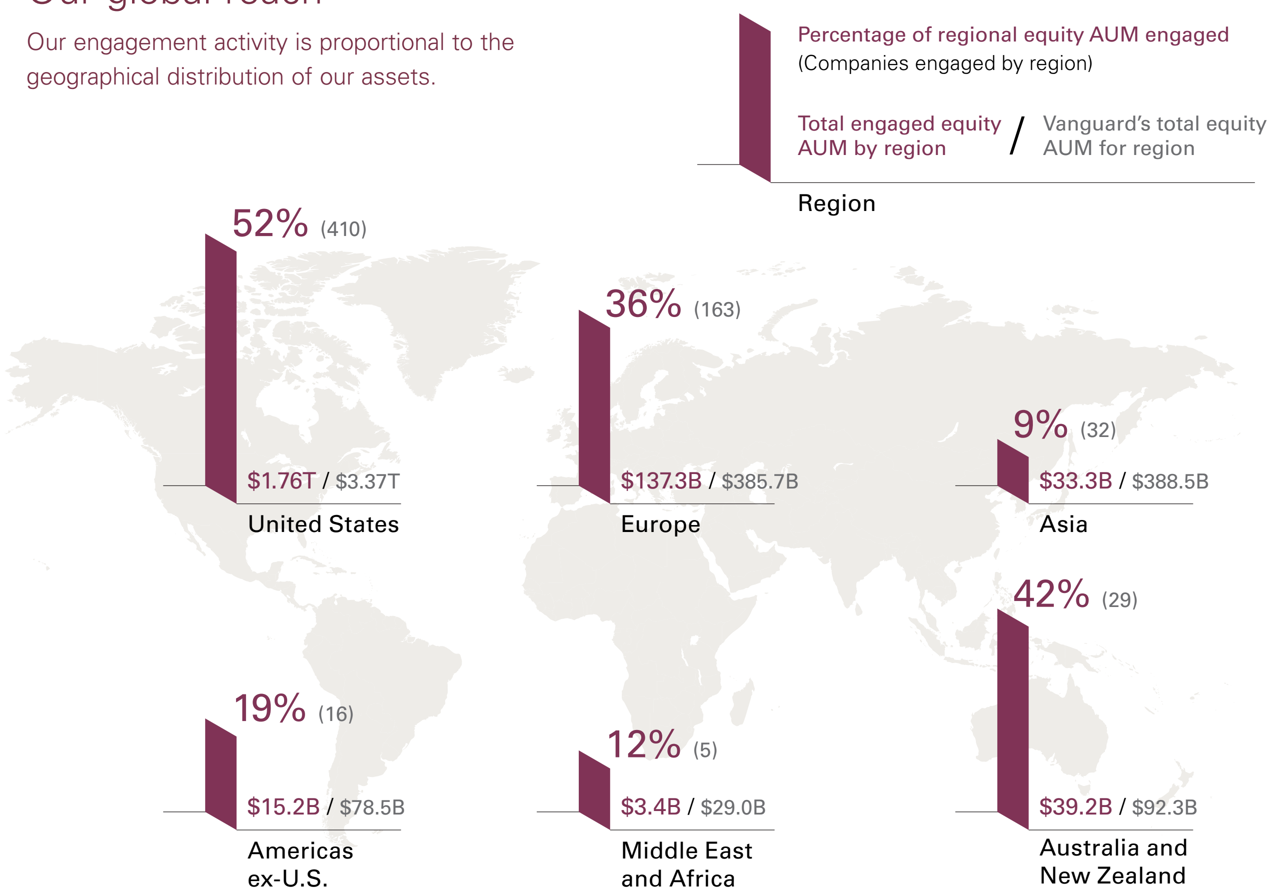
Topics and trends that shaped last year's global governance landscape

Boards of directors and company leaders around the globe were tested in extraordinary ways in 2020. A pandemic, social unrest, and political upheaval played out amid one of the most pronounced economic shocks in a century.

Against that backdrop, Vanguard's Investment Stewardship team engaged with 655 companies in 27 countries and voted on 176,834 proposals at 12,429 companies. Those engagements were made on behalf of investments that represented nearly $2 trillion in equity assets under management. We engaged with fewer companies in 2020 than in previous years as we concentrated our efforts on the companies and material risks that have the greatest potential impact on Vanguard funds.

Our global reach

Our engagement activity is proportional to the geographical distribution of our assets.



Notes: Assets under management are calculated for the trailing 12 months ended December 31, 2020. The percentage of AUM engaged by region is calculated by dividing the AUM represented by our engagements in each region by the AUM represented by our total global engagements. As of December 31, 2020, the AUM represented by our total global engagements was $1.99 trillion.

Americas

In the U.S. and Canada, the COVID-19 outbreak in the first half of the year forced many companies to delay their annual meetings. As the year progressed and we shifted to conducting more thematic, or topic-specific, engagements, it was apparent just how quickly company leaders were forced to pivot their business models. Leaders had to rethink key decisions—from capital allocation to human capital management—as some industries shifted to remote work and others saw business come to a halt. Lockdowns designed to control the spread of the virus drastically altered consumer spending habits; some companies suffered severe declines in revenue and workforce availability while others saw surges in demand for their goods and services. We fully expect the pandemic's lingering effects to influence future proxy seasons as investors assess boards' oversight responsibilities during this unprecedented time.

Climate-related concerns remained a focus of many shareholder proposals throughout the proxy year. These proposals targeted a variety of environmental topics, including deforestation, palm oil production, coal extraction, strategies for managing and mitigating greenhouse gas emissions, and alignment with goals set forth in the Paris Agreement on climate change.

While most of those proposals were submitted at companies in carbon-intensive industries, we also saw an increase in proposals at companies in other sectors. For example, proposals at financial firms requested more disclosure about lending activities in energy and utilities, and we anticipate those calls will continue.

Vanguard expects boards to effectively oversee climate risks and disclose to investors their decision-making process, risk management approach, and the outcomes of their efforts.

We support the use of investor-oriented frameworks such as those developed by the Task Force on Climate-related Financial Disclosures (TCFD). The Paris Agreement goals have been widely accepted by countries and companies that aim to address climate change. Vanguard encourages companies to set and disclose targets that align with these goals, and to assess and communicate their progress.

Diversity was another key topic this proxy season. In the past, shareholder proposals on diversity sought enhanced disclosure of practices and metrics at the board level and often focused only on gender. Last year, several proposals across industries put a spotlight on workforce diversity, with an expanded focus on racial and ethnic diversity. While some companies have made progress in this area, we supported these proposals at the annual meetings of other companies when our due diligence revealed there was room for improvement.

As scrutiny increases on equity and inclusion programs and other human capital management topics, we expect to see more board and workforce diversity proposals.

Our engagements cover a wider agenda of issues as we seek to understand how boards address an expanding list of material risks. Our due diligence process enables us to analyze changing market dynamics in the U.S. and Canada—and in Central and South America, where we will enhance and implement policies that support the best possible outcomes for shareholders.

Europe, the Middle East, and Africa

We restructured our analyst teams in 2020 and allocated more resources to our International head office in London, where the Investment Stewardship program continues to develop a regional focus and increase its capacity. We added new team members, bringing in valuable experience and new skills to broaden our expertise and market knowledge.

One of the team's key remits is to encourage diversity, which enables us to think more dynamically as we navigate the regional nuances of the corporate governance landscape. Our London-based team now covers Vanguard's aggregate portfolio for Europe, the Middle East, and Africa, as well as the Asia-Pacific region.

As we regionalize our program, the development of policy continues to play an important role. We updated our U.K. and European voting policy in 2020 and published a summary of this in December on the Vanguard website. Our approach to policy will be to combine our globally consistent principles with local implementation, while providing clear communication to the market.

Regulatory-reporting frameworks that require greater and more standardized disclosure were a focus in many jurisdictions. Internally, our implementation of the European Union's Shareholder Rights Directive II (SRD II) and the U.K. Stewardship Code 2020 nears completion. Vanguard has committed to be among the initial signatories to the U.K. Stewardship Code and we will publish our new Stewardship Code 2020 report at the end of this year's first quarter. More broadly, we support and welcome the efforts of policymakers to improve disclosure for investors and other stakeholders.

During 2020, our London-based team engaged with companies as well as regulators, government departments, activists, and industry bodies. The immediate challenge was to understand COVID-19's effect and how companies and regulators are responding to the pandemic's current and longer-term implications. This has led us to focus on performance, capital raisings, remuneration plan structures, and the wider effect on stakeholders.

We also see accelerated action on other key themes, such as climate change and social issues.

Asia

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

In 2020, additional forces drove this trend. Several influential voices used the proxy system to spur governance improvements, including domestic and international activist investors and large institutional investors.

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

Granted, not every company reacted similarly. But companies that enacted change can serve as positive examples for others in the region and reinforce that an independent, diverse, capable board can offer long-term value for shareholders.

Japan's Government Pension Investment Fund has been an important catalyst in the region. The large institutional investor supports the country's governance code and has been advocating for companies to embrace governance best practices.

In Hong Kong and China, a lack of emphasis on improved standards has led to inconsistencies in how companies approach governance. In South Korea and Taiwan, we have seen select companies begin to implement more substantive governance changes. There is room for improvement throughout the region, but we are optimistic about the broader trends and commitments made by more companies to improve their governance practices.

Australia and New Zealand

Climate and environmental topics continued to be at the forefront of the Australian proxy season amid debate over the extent of corporate disclosure responsibilities and policy action to reduce carbon emissions in a very resource-intensive, export-oriented economy.

An increasing number of companies have taken action ahead of government climate policy changes. We saw a significant shift toward renewable-energy initiatives from corporations in several industries, including major retailers, financial institutions, and mining companies. In early 2020, the prudential regulator announced plans to stress-test financial institutions to measure their resilience to financial risks from climate change. Although the pandemic delayed those assessments, many of Australia's largest banks introduced policy changes to stop or reduce funding of coal projects. We anticipate that the regulator-initiated vulnerability assessments will begin this year and we will monitor the response from financial institutions.

In all sectors, we witnessed boards exercising greater discretion to increase year-end incentive awards and adjust long-term incentive payments for executives. The changes were especially concerning in cases where financial performance was poor, key performance targets had not been met, or the company had reduced its workforce because of the pandemic. In some cases, companies paid bonuses to executives after claiming COVID-19 financial stimulus payments from the government.

The Vanguard funds evaluate remuneration plans on a case-by-case basis. Our expectation is that "at-risk" pay remain at risk to align management with shareholder and stakeholder interests. Boards are expected to disclose detailed rationales for adjustments made to short-term or long-term performance targets or metrics. During the Australian proxy season, the funds voted against remuneration proposals when we did not believe pay outcomes aligned with broader stakeholder experience.

The pandemic also brought special governance challenges to light. Because of restrictions on in-person gatherings, companies around the world transitioned to virtual-only shareholder meetings, a move that the Corporations Act in Australia historically had not allowed. In May, the Australian government eased those restrictions, allowing for a hybrid model that drew criticism from shareholders who argued that virtual meetings would restrict access to directors.

We saw an uptick in management proposals seeking the ability to use discretion to implement either a hybrid or a virtual-only model. The funds generally supported the proposals, given the current COVID-19-related challenges with holding in-person meetings, but we will continue to evaluate them on a case-by-case basis in all regions to ensure that companies provide appropriate rationales.

We also saw considerable public controversy and outrage regarding cultural heritage protection and Aboriginal rights at mining companies after the destruction of the Juukan Gorge caves in May. We held meetings with executives and directors from many of Australia's largest mining companies to understand how their boards manage relationships with stakeholders, including Traditional Owners of sites, and mitigate key risks in the communities in which they operate.

In December 2020, we published an *Insights* on our perspectives on this topic. We expect boards to be fully engaged and knowledgeable about cultural heritage management, and we will continue to monitor progress in the mining industry.

Engagement case studies: A historic year

Engagements are foundational to our Investment Stewardship program and are a year-round process that goes beyond proxy voting at annual meetings.† We can hold these discussions with portfolio company boards and management teams or with other investors and shareholder proposal proponents. The following case studies are representative of our engagements, which enable us to convey our views on key governance topics while developing a thorough understanding of how companies govern their strategies and oversee risks.

The historic proxy year unfolded amid a global pandemic, social justice protests, political upheaval, and market and economic volatility. The pandemic in particular presented challenges for portfolio companies. Many firms saw substantial declines in revenue and were forced to reshape their business models as they closed offices and retail locations, furloughed or laid off workers, and made massive technology investments needed for remote work. Other companies thrived, but their supply chains were tested by disruptions and unexpected surges in demand for certain products and services.

We discussed the pandemic and its impact with companies in every market sector. These conversations covered most of our investment stewardship principles, from oversight of strategy and risk to executive compensation. An important takeaway was that corporate boards and management teams that already had strong approaches to risk management were better positioned to navigate this new business environment.

Climate change also was the focus of many conversations. We emphasized that climate risk oversight, management, and disclosure now constitute a core governance expectation for affected companies. We also evaluated shareholder proposals requesting that boards disclose more information on coal operations, deforestation concerns in supply chains, and alignment with the Paris Agreement on climate change, among other topics. As the global pandemic surged, some companies accelerated their climate strategies in response to growing systemic and political pressures.

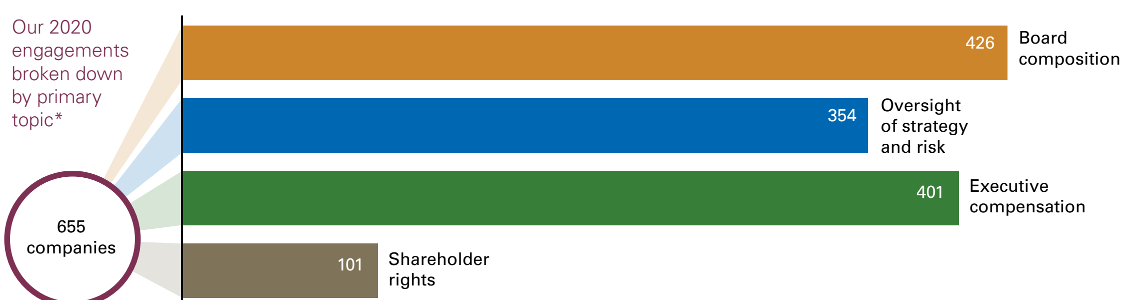
We also continued to make clear our expectations for company management of risks related to diversity, equity, and inclusion. This includes encouraging boards to disclose their diversity measures, interview and hire diverse candidates, and disclose the progress they make on this important front. Last year, we supported proposals that called for greater transparency on workforce diversity measures and gender pay gaps.

We view each engagement and any subsequent vote as an opportunity to improve communications between portfolio companies and investors and to inspire governance practices and policies that are in the best interest of long-term investors. Through our continuing conversations with companies, we have seen improvements in governance practices over the years. It's progress that is not captured neatly in a voting record. But the progress reflects hard work and research from Vanguard's Investment Stewardship team—and from other investors—as well as commitments and actions from portfolio companies and their boards. It's in that spirit that we share these case studies.

A closer look at our 2020 engagements[1]

In 2020, we engaged with **655** companies. Those companies represent roughly **$2 trillion** in assets, which in turn represents **46%** of our total fund equity AUM.

Our 2020 engagements broken down by primary topic*



*Individual company engagements can cover multiple topics.

†To better align with the reporting expectations of the U.K. Stewardship Code and the Shareholder Rights Directive II, we are transitioning from a June 30 year-end reporting period to a December 31 year-end reporting period for our Investment Stewardship activities. As a result, we are publishing two annual reports in a six-month span. While this report reflects our Investment Stewardship activities for the 12 months ended December 31, 2020, most of the case studies that follow represent engagements that took place in the second half of the calendar year. Case studies from the first half of calendar-year 2020 can be found in the annual report we published in September 2020.

[1]Data are as of December 31, 2020.

Pandemic

Pandemic speeds up transformation plans at Marks & Spencer

We held a series of engagements with U.K. retailer Marks & Spencer, meeting with board members including the chair, the CEO, members of the executive team, and the head of sustainability. The company has struggled with its market positioning and the rise of more nimble, digitally enabled competitors in recent years.

We have been tracking the company's progress in response to the pandemic and with respect to its five-year transformation plan, which included rebuilding the executive team and property- and infrastructure-related changes.

In our initial meeting, we discussed the significant changes to the executive team, a majority of whose members are new. Given our views on boardroom and workforce diversity, and the importance we place on hiring the right talent to support corporate strategy, we were encouraged by the rigor in the selection process and the diversity and experience of the new hires in key business channels such as food, clothing, home, and operations. The chair spoke openly about the size of the challenge facing the new team and the importance of rebuilding culture while moving to a leaner, more flexible strategic approach with refreshed and energized leadership.

For example, Marks & Spencer's food strategy has been to move from being a niche upmarket food store to becoming a mainstream grocer by widening the product range and focusing on value, through the Ocado joint venture as well as in its namesake stores. The retailer also has improved digital enablement of the business through in-store use of technology to improve inventory and data management as well as the online shopping experience. It was clear that the pandemic has accelerated Marks & Spencer's transformation plan, and that the company is more agile in a turnaround situation.

We also spoke with the head of the remuneration committee about a management proposal that sought changes to the company's long-term remuneration plan. The changes are aimed at appropriately incentivizing the executive team as it navigates the strategic change program and the pandemic. We felt the proposal's ask would continue to advance business results with performance metrics that focused on long-term growth. We welcomed the candor on recognizing and mitigating the potential for windfall gains.

As a household name in the U.K., Marks & Spencer is in the spotlight on sustainability and environmental, social, and governance (ESG) issues including supply chains, packaging, and food waste. In one of our engagements, we met with the head of sustainability to understand the company's approach to integrating sustainability into the core of the business. We were encouraged to hear that Marks & Spencer is moving to a model where accountability resides within each business unit while the company maintains central expertise on sustainability to provide support.

We offered our views on ESG matters and highlighted the importance of focusing on material risk and having the right culture in place. Marks & Spencer was receptive to our feedback, and we'll continue to engage on its progress and results.

Pandemic

Industrial companies navigate new operating environment

In 2020, we conducted thematic, or topic-specific, engagements that revealed how the pandemic tested the operations of many of our portfolio companies as they tackled employee safety matters while dealing with stresses on their supply chains.

Honeywell balances surge in demand with employee safety

In our engagement with board members and the management team of Honeywell, the U.S. industrial conglomerate, they noted structural and operational changes designed to protect employee health and safety. Where possible, the company shifted employees to remote work, and it took steps to mitigate risk for employees at manufacturing sites who could not move to a remote environment.

Honeywell used its operational strengths to ramp up mask production, adding new jobs to its manufacturing business segments to meet increased demand. The company attributed part of its success to robust investments it had made in prior years to improve supply-chain logistics. We appreciated that the board continues to remain involved in COVID-19 response planning. This engagement demonstrated to us the board's role in overseeing strategic risks and opportunities at Honeywell before and during the COVID-19 crisis.

Lessons from previous outbreak help 3M

3M also saw a surge in demand for some of its products, including N95 masks and other health care-related products. In our engagement, leaders of the U.S.-based company talked about focusing on the health and safety of employees and navigating the operational stresses from increased demand for the company's N95 masks. The company highlighted lessons learned from the SARS outbreak nearly two decades ago. By investing in additional capacity that largely remains idle, 3M could significantly increase production and provide health care workers vital personal protective equipment early in the coronavirus pandemic.

3M also focused on protecting the brand from manufacturers selling counterfeit N95 masks online. Not only would counterfeits cut into company profits, but the products could also expose the company to reputational risk: Masks produced outside of 3M's factories may not be subjected to the same technical safety standards.

The company's risk oversight model is connected to broader efforts by the board's science, technology, and sustainability committee. The risk oversight model and committee structures that 3M had in place before the pandemic enabled it to quickly capitalize on areas of operational strengths and identify emerging risks such as counterfeit-mask production. We appreciated these risk oversight practices and their effect on 3M's short-term strategy, even as the board maintained a long-term focus on emerging trends such as the digitization of supply chains.

Pandemic

Pandemic offers risks, opportunities for health care sector

As the COVID-19 outbreak worsened in the U.S., we engaged with companies across the health care spectrum, including those providing testing, those working on COVID-19 vaccines, and those preparing to immunize millions of people.

These thematic engagements don't typically correspond with a shareholder vote. Rather, we use the discussions to convey our expectations of boards and to gain insights into how boards are overseeing material opportunities and risks during certain environments like the pandemic. The information we glean from these conversations informs our future engagements.

Below are a few examples of our engagements this past year:

J&J board focuses on vaccine production

We met with company leaders at Johnson & Johnson, the U.S.-based pharmaceutical and health care products company, and discussed its process for developing a COVID-19 vaccine. Their director described how the board had been actively engaged with senior management about the measures implemented and other actions concerning COVID-19. That included J&J's joining eight other drugmakers in signing a vaccine safety pledge, demonstrating the company's commitment to developing a vaccine using high ethical standards and sound scientific principles.

J&J leaders also described both the clinical program and other steps the company was taking to ensure statistical evidence before submitting its vaccine for approval and said the entire board, because of the evolving nature of the pandemic, was part of the oversight of pandemic-related risks and opportunities. Although J&J has an active science, technology, and sustainability committee, oversight of pandemic matters was, and continues to be, a full-board operation. (In late February, the U.S. Food and Drug Administration issued emergency use authorization for J&J to distribute its vaccine in the U.S.)

Demand surges for LabCorp's testing services

In late 2020, we engaged with members of the board and management at Laboratory Corporation of America Holdings, a U.S. independent clinical laboratory company. They said that the pandemic initially hurt LabCorp when many U.S. businesses shut down. Later, LabCorp experienced a dramatic increase in demand for antibody tests and PCR tests to detect COVID-19 infection.

The director we spoke with noted that when the pandemic began, the board initiated monthly calls and received weekly updates from the CEO. The director also reported that LabCorp's CEO put in place several guiding principles, such as building testing capacity and ensuring treatment equity, which helped guide the board's decision-making throughout the pandemic.

CVS, Walgreens ramp up health and safety initiatives

We also held engagements with directors and management at CVS Health and Walgreens Boots Alliance, two leading U.S. pharmacy retailers. During our engagement with each company's directors, they described their company's response to the COVID-19 pandemic, with employee health and safety the paramount concern.

The companies allowed employees to work from home where possible, and put measures in place to ensure their stores and pharmacies were safe and secure. This included investment in personal protective equipment for employees, retrofitting customer areas with protective acrylic panels, moving PIN pads at registers to a safe distance, and asking customers to bag their own purchases. CVS also highlighted special training for front-office employees on COVID-safe practices.

Both firms said they offered special appreciation or retention bonuses for employees, and they discussed continuing the steps they were taking to assist with vaccine distribution in the coming months.

We will continue to engage with companies across the health care spectrum to monitor how they are responding to the strategic risks and opportunities presented by the pandemic.

Climate risk

Calls for climate disclosures at energy companies

Vanguard views climate change as a material risk to long-term investors. We advocate for climate-related disclosures that help investors assess whether boards have in place sound practices for risk oversight and mitigation.

Below are examples of how we analyzed shareholder calls for enhanced disclosures at two portfolio companies:

Duke updates emissions goals

Vanguard has a longstanding engagement history with U.S. utilities company Duke Energy. Over many years, our engagements have spanned topics such as political spending and lobbying as well as managing climate risk.

While we have not supported past shareholder proposals that have focused on Duke's political spending and lobbying, we have consistently discussed with its board the company's disclosures and its process, and the board's oversight of this topic.

Last year, we engaged multiple times with Duke about climate change, including having a discussion with board members and company executives about the updates they made to their short- and medium-term carbon-reduction goals to achieve net zero emissions by 2050. The company's previous plan pushed most emissions reductions well into the future, so we appreciated this new approach, which balanced short-, medium-, and long-term improvements.

Duke has in the past been receptive to making enhancements to its environmental policies. In 2019, the Vanguard funds supported a shareholder proposal calling for Duke to publish a report "assessing how it will mitigate the public health risks associated with Duke's coal operations in light of increasing vulnerability to climate change impacts"; the disclosure would yield key information about the company's coal ash management practices. Although the proposal did not pass, the company updated its disclosures, an indication that Duke was responsive to shareholder feedback.

We continue to support the steps Duke is taking to make progress toward internal goals and to reassess the rigor of those goals. Since our last engagement, Vanguard has supported additional improvements in Duke's disclosures, including its noting the effect that climate change scenario planning has on its capital allocation decisions and its enhanced transparency on shifts in its power generation fleet.

Cheniere publishes report

A shareholder proposal requested that liquified natural gas company Cheniere Energy publish a report addressing stranded-carbon-asset risks in line with the Paris Agreement. The proposal called for disclosure of a specific financial risk analysis stemming from climate-related risks because of liquified natural gas investments. We analyzed the requests outlined in the proposal and the company's existing disclosure prior to engaging with Cheniere.

When we engaged with board members, they informed us that they were set to publish an inaugural sustainability report shortly after the annual meeting that would be aligned with both the Task Force on Climate-related Financial Disclosures (TCFD) and the Sustainability Accounting Standards Board frameworks. Company leaders agreed on the importance of managing climate risk and energy transition risk but took issue with the level of specificity in the shareholder proposal. They suggested that the request could hinder the company's flexibility in evaluating which scenarios management deems most appropriate and applicable.

While we expect companies to be transparent about climate-related risks and to provide clear investor-oriented disclosure of climate-related risk management, we agreed that the requests outlined in the proposal might limit Cheniere's ability to mitigate the risks the company believed were most pressing.

Ultimately, given the level of detail the proposal sought and the earnest commitment from Cheniere to release a corporate responsibility report based on stakeholder feedback, the Vanguard funds voted against the proposal.

Climate risk

Support for climate proposal at Aena

In 2020, the Spanish airports operator Aena, which is majority-owned by the Spanish government, received a climate-related shareholder proposal from The Children's Investment Fund (TCI), the investment arm of the Children's Investment Fund Foundation, an organization whose mission is to transform the lives of children in developing countries.

The proposal asked Aena's board to present a climate action plan at the 2021 annual meeting and publish updates to the report from 2022 onward. The proposal also requested a shareholder advisory vote on these documents as a separate agenda item at future general meetings—also known as a Say on Climate vote.

As part of our due diligence process, we met with Aena board members to better understand their approach to climate change and to get their perspective on the proposal. We asked them which specific board committee oversees climate risks, how the topic is managed at the board level, and how they engaged with the Spanish government on climate change. We discussed the proposal to hold an annual advisory vote on their climate plans and sought to understand the level of management support and any concerns they had with the requests.

The company said that it was committed to managing climate-change issues and that it felt it had a strategic plan that addressed key climate topics. Although Aena said that it was aware of the effects of sustainability and climate issues and that it took them seriously, it did not clearly articulate how its governance and oversight approach was evolving to manage this risk. The board was effectively overseeing climate risk as an aspect of its 2025 and 2030 goals. However, there was no specific provision for a risk or audit committee to oversee the topic and no plans for a specific climate/ESG risk-focused committee despite the level of risk for the aviation industry. The company referenced plans to engage with the Climate Disclosure Project but did not respond to our queries on Task Force on Climate-related Financial Disclosures.

Overall, we determined that the shareholder proposal was addressing a material risk and involved a topic that we did not believe the company had sufficiently focused on. The Vanguard funds supported the proposal, which investors overwhelmingly favored. Ultimately, company leaders decided to support the proposal, a decision we welcomed.

In November, we engaged with the activist TCI to further understand its approach to shareholder proposals and its Say on Climate vote campaign. We appreciated its approach of engaging with investors and proxy advisors to better understand how to articulate its proposals to gain wider support. As with all shareholder proposals, we will continue to review each one on a case-by-case basis.

Climate risk

Bushfires put spotlight on climate risks at Australian banks

In 2019 and 2020, bushfires ravaged Australia and burned over 42 million acres of land. The fires directly killed at least 33 people, and their smoke caused an estimated 445 excess deaths and sent over 4,000 people to the hospital. The fires also destroyed over 3,000 homes and killed over one billion animals, by conservative estimates. Dry conditions from prolonged droughts and water scarcity in previous years intensified the fires. Torrential rains and floods followed the fires in many parts of the country. These events were a tipping point in public concern and awareness of climate change in Australia.

The Australian business community and financial sector announced pledges and targets to further tackle the issue, while various stakeholders called for bolder action from companies and the government. Activist group Market Forces filed shareholder proposals at the annual meetings of Australia and New Zealand Banking Group (ANZ) and National Australia Bank (NAB), asking for more disclosure on climate transition plans and calling on the banks to stop financing thermal coal by 2030. In 2019, the group filed similar resolutions at ANZ, NAB, and Westpac, while continuing to scrutinize Commonwealth Bank of Australia. These are the country's four largest financial institutions.

The Australian economy relies heavily on the resources sector. Most of the country's electricity is generated from fossil fuels (79%, primarily coal) and coal and gas each account for around AUD $50 billion (U.S. $40 billion) in annual exports, or around 5% of GDP. The transition to a low-carbon economy therefore is particularly challenging, despite the huge opportunities from the transition.

We engaged with both ANZ and NAB, the banks that received the proposals, and the country's two other leading banks. We engaged with board members and senior leaders and discussed a range of topics including a specific focus on climate-related initiatives.

We analyzed the banks on three areas of Vanguard's foundational expectations on this issue: climate competence of the board, risk oversight and mitigation, and effective disclosures. We appreciated the fact that all four banks report information in line with the TCFD recommendations and that they provide both qualitative and quantitative disclosures, including some form of scenario analysis.

We compared their performance and noted areas of strength and weakness, and where gaps existed compared with peers. For example, we recognized that all the banks committed to effectively phase out thermal coal financing in the next decade or so, but we encouraged them to look more broadly at emissions from financed activities across sectors in their lending portfolios and to adopt appropriate targets.

We also stressed the importance of having a strong culture to ensure that climate issues are taken seriously and managed effectively. We encouraged the banks to increase climate skills and competencies at the board level and across their organizations.

We also heard from some banks about the work they had been doing with their clients on their own emissions targets and transition strategies, as well as about product innovations such as "green mortgages." We considered these initiatives to be good practices, given the need to find collaborative, creative solutions to climate change.

Moreover, we discussed the stranded-asset risk of lending to natural gas projects in the coming years, and the approach to financing emerging technologies for decarbonization. Finally, we took away the message that the business community is showing leadership on climate issues amid uncertainty because of a lack of clear government policy.

Following our engagements with the companies, we concluded that both banks were meeting the requests outlined in the proposals in a satisfactory manner, and the Vanguard funds voted against the shareholder proposals.

While we have had governance issues with Australian banks in the recent past, these conversations were constructive and insightful. We left with the impression that the financial institutions had a considered approach to the climate-related risks and opportunities they face, and they appeared aware of areas where further work is needed.

Engaging with key players across the sector in the local market allowed us to conduct peer comparisons, gather multiple perspectives, and develop a deeper understanding of the issues. We will monitor progress and check for improvements in the next reporting and disclosures, and we may have follow-up discussions as part of our engagement activities.

Climate risk

A transformational year for Siemens

Last year was the culmination of Siemens' "Vision 2020" strategy, which unfolded over six years and was aimed at refocusing the company through internal reorganizations, consolidations, and divestments. Siemens was reshaped into three autonomous listed companies, united under the Siemens brand and through overlapping ownership. The new entities are Siemens Healthineers, which listed in 2019 and is active in health care; Siemens Energy, which listed in September 2020 and focuses on the energy value chain and energy transition; and Siemens, which focuses on digital and industrial businesses.

In December 2020, we engaged with Siemens and Siemens Energy to discuss their strategic directions and board composition after the completion of the restructuring.

Constructive dialogue with Siemens on climate

We appreciated the evolution of Siemens' board and the skills that new directors brought given the company's new strategy. We also wanted to explore climate-related topics and the board's competence on this crucial subject.

In our engagement, we welcomed the company's efforts on climate reporting, but suggested it include more detailed disclosures of its findings from scenario analysis as well as more quantitative data to make the reporting more useful for investors. Siemens has a longstanding commitment to be carbon-neutral by 2030 for its own operations. However, in the context of the company's involvement in the controversial Adani coal mine in Australia, we noted the limited visibility about emissions from companies that buy and use the coal for their products. Therefore, we encouraged the company to expand its reporting and set targets on Scope 3, or value-chain, emissions.

Overall, we ended the Siemens engagement with a positive impression of the strategic direction and recent changes. We told the company that ownership and accountability for climate oversight should not rest with management only—the supervisory board has a role to play as well. Our impression was that the company was continuing to work on oversight and the development of further climate targets and disclosures. We encouraged the company to continue these efforts and signaled that we intended to follow up to discuss progress.

Since our engagement with Siemens in December 2020, we have had further discussions about its 2021 annual meeting; we will provide an update about it in subsequent reports.

Board independence concerns at Siemens Energy

In our engagement with leaders of Siemens Energy, we acknowledged that the supervisory board is composed of competent people, but we voiced our concerns about the future composition of the audit committee. The company told us that it considered its chairman, Siemens' outgoing CEO, to be independent, and he would likely be a member of Siemens Energy's audit committee.

We expressed concern about this independence assessment, especially given the historical ties to the parent company. It is best practice for the audit committee to be composed of independent directors.

Climate risk

Climate engagement beyond carbon-intensive sectors

While much of the attention on climate change and sustainability understandably focuses on companies in carbon-intensive sectors, Vanguard regularly engages with firms across the market. We do this to convey our governance expectations and to better understand the risks that climate change poses to their business, their impact on the climate, and their mitigation and oversight programs. We advocate for effective, comparable disclosure of these efforts, recognizing that companies are often at various stages in their initiatives. By focusing on those key areas, we believe companies and the market can best advance their climate-related initiatives.

Here are some examples from the 2020 proxy year:

Apple responsive to feedback on disclosures

We engaged with Apple twice in 2020 to discuss climate and sustainability matters. Our first conversation took place ahead of the company's February annual meeting, where shareholders were presented with a proposal requesting that the company assess the feasibility of incorporating sustainability measures into its executive compensation program. In assessing the proposal, we considered Apple's sustainability efforts and found them to be rigorous and thorough. However, its sustainability reporting was spread out among different reports or pages on its website. We provided specific feedback that consolidated reporting would make the information more accessible to investors.

The shareholder proposal received only 12% support; the Vanguard funds did not support the measure. Later in the year, Apple incorporated an ESG component into its 2021 executive compensation program. It also created an ESG section on its website, bringing together information on climate and sustainability, diversity and inclusion, and other community efforts. The company also regularly publishes a comprehensive Environmental Progress Report. We applauded Apple for its responsiveness to shareholder feedback and for providing clear, focused reporting on these issues.

We engaged again in December to discuss these enhancements and gain further insight into the company's programs and culture that informed the efforts. Apple had already achieved carbon neutrality in its company emissions. Because the company has a stated goal of total carbon neutrality by 2030, we wanted to better understand its plans to extend its efforts through the supply chain. We will continue to monitor this work through regular conversations with the company.

A call for greater disclosure at Empire State Realty

In December, we spoke with leaders of Empire State Realty Trust, a New York City-focused office and commercial property real estate investment trust, or REIT, to discuss its process for identifying climate-change risks and opportunities.

Empire State prioritizes opportunities to reduce emissions in a cost-effective manner on an asset-by-asset level. For example, the company identified heat waves caused by a changing climate as a risk to its business. In response, to reduce cooling costs and tenant emissions, it pursued Energy Star certification at several of its highest-risk properties. The company also said it was incorporating ESG metrics into its compensation programs to better align executive compensation with strategic climate priorities.

We discussed Empire State's support for New York City's goal of reducing carbon emissions by 80% by 2050. We appreciated Empire State's efforts to achieve this significant reduction and encouraged it to continue setting ambitious goals and to consider alignment with New York City's science-based targets initiative.

We also requested greater explanation of the board's role in overseeing Empire State's sustainability initiatives, as well as disclosure of which directors' professional experiences and trainings enabled board members to provide meaningful oversight and guidance to management on the company's sustainability efforts.

Climate risk

Proposal calls attention to P&G supply-chain risks

We evaluated a shareholder proposal at Procter & Gamble, a U.S. multinational household products manufacturer. The proposal requested that P&G perform a feasibility study of the company's ability to increase the scale, pace, and rigor of its efforts to eliminate deforestation across its supply chain. Deforestation, the clear-cutting of forests, is a key environmental topic because the harvesting of trees affects water resources, greenhouse gas emissions, and ecosystems. And harvesting palm oil, an ingredient in hundreds of consumer goods, is seen as a top cause of deforestation.

Vanguard evaluates shareholder proposals case by case and seeks to understand all sides of a matter, so we met with company leaders and the shareholder proponent. We also conducted independent research to assess how the board oversees and mitigates material risks across its supply chain and discloses those risks to shareholders and stakeholders.

The proponent outlined several ways in which disruptions in the company's palm oil supply chain were causing operational and reputational risks to P&G and material risks to its shareholders. The proponent said that greater transparency about P&G's ability to address supply-chain risks and disclosure of progress would be valuable to shareholders.

In our discussion with P&G, company representatives elaborated on the board's role in risk oversight and informed us that P&G had engaged with the shareholder proponent to discuss its current environmental commitments.

Based on our engagement with members of P&G's board and management team, and our own due diligence, we believed they were taking climate-risk and deforestation matters seriously. But our analysis also revealed that P&G had not made substantial progress toward numerous internal targets aimed at increasing responsible palm oil production and reducing deforestation risks across its supply chain.

We noted in our analysis that P&G's lack of progress had manifested itself in two prominent ways. First, some of P&G's palm oil and palm oil products were being seized at the U.S. border, causing supply-chain disruptions. Second, P&G was facing reputational risks and competitive disadvantages because of scrutiny of its deforestation-related practices and changing consumer preferences. For example, watchdog groups and the media had called attention to P&G for falling short of deforestation-related goals.

Our analysis also showed there was room for improvement in P&G's deforestation-related disclosure. Clear, comparable, and consistent disclosure provides transparency about a company's strategy and the strength of a board's risk oversight. P&G's palm oil and deforestation disclosure on its website did not provide an easy comparison with its own reporting via other platforms or with peers. Also, many of the notable achievements that the company highlighted in its most recent sustainability report were not directly comparable with its previously stated goals.

As a result of these findings, we believed that a feasibility study, as suggested in the proposal, would help investors better understand how P&G plans to address material risks caused by deforestation across its supply chain. The Vanguard funds ultimately supported the proposal, which received support from 68% of shareholders.

Our team also met with the company after the annual meeting. Company leaders discussed P&G's restatement of goal commitments in the areas of palm oil and wood pulp, as well as enhancements to its sustainability reporting. Vanguard expects boards to effectively oversee material risks, be transparent about company strategy, and disclose performance metrics and progress toward goals. We will continue to engage with P&G and monitor its progress on supply-chain risk management, progress on stated goals, and effective disclosures.

(For more information on how the funds voted on other shareholder proposals at P&G's annual meeting, see page 20.)

Diversity

Companies responsive to updating diversity disclosures

Because shareholders increasingly expect greater disclosure about workforce diversity, companies are more receptive to providing insight into specific workforce data, along with policies and programs to increase diversity throughout their workforces.

While some companies have been slow to adopt specific best practices, others have adopted a high standard that has raised the bar for diversity disclosure. In the U.S., we have seen—and called for—greater openness to including racial and ethnic data. We have also seen and advocated for increased clarity into diversity at the executive and management levels compared with the broader workforce.

Sector, geographical, and jurisdictional dynamics all shape the way we view a company's disclosures and are a part of our overall analysis in considering engagements or shareholder proposals on diversity disclosure.

Continued call for disclosure at Schwab

For several years, shareholders have called for greater diversity disclosure at financial companies, including Charles Schwab. The increased demand for diversity disclosure from Schwab comes from a number of sources, including regulatory pressures within the sector, individual shareholder proposals, and engagements with institutional investors, such as Vanguard, on opportunities for improvement.

Our engagements with Schwab in recent years have included discussions about the company's receptiveness to the merits of shareholder proposals that seek workforce diversity disclosures. Specifically, the proposals asked for disclosure of EEO-1 data, which provides workforce demographics categorized by race, ethnicity, gender, and job category.

In previous years, the Vanguard funds did not support the proposals. During past engagements, we held conversations with company leaders to discuss their diversity programs and encouraged them to increase disclosure of those programs as well as workforce data. We did not believe the EEO-1 format was the only option for providing high-quality, comparable disclosure, and we were pleased that Schwab was receptive to evaluating its approach and open to providing greater transparency.

In our analysis of this year's proposal, and through our most recent engagement with the company, we noted that Schwab incorporated shareholder feedback and enhanced its most recent disclosure to include additional workforce metrics. We found that the change placed the company's workforce data disclosures largely in line with those of its peers, leading the funds to vote against the proposal again. Despite a lack of support for the proposal, Vanguard will continue to push the company to provide greater qualitative disclosure to better tell its story as its diversity initiatives evolve and advance.

Procter & Gamble proactive on disclosures

In 2020, Procter & Gamble received a shareholder proposal seeking a report that assessed the company's diversity and inclusion efforts. In response to the proposal, the company released enhanced and robust disclosure, including details of company philosophies and practices about diversity and inclusion, specific demographic goals, progress made toward those goals, and EEO-1 data. This response largely, though not completely, satisfied the proponent's request, and we sought to understand the gap through our engagement with members of P&G's management and board.

Ultimately, the funds voted against the proposal, agreeing with P&G that the additional points of the request were not necessary to address at this time and that P&G's updated disclosure was reasonably aligned with its peers'. We were also encouraged that, after the annual meeting, P&G sought additional feedback from shareholders, including Vanguard, for guidance on how to continue to improve its disclosures. We appreciated P&G's commitment to continual improvement, as we expect companies to evolve and enhance their diversity disclosures in line with developing market norms. (For more on how we voted on other proposals at P&G's annual meeting, see Page 19.)

Starting point on disclosure

In the U.S., EEO-1 data are quickly becoming the standard baseline for workforce disclosure. U.S. companies should strongly consider including the data as a part of their diversity and inclusion disclosures. Globally, we believe companies should reflect workforce disclosures appropriate to their local jurisdictions, industries, and company-specific needs. If a company believes such data do not convey its story, it should provide a strong narrative to explain diversity practices and programs.

Diversity

Support for increased workforce and pay disclosures at Oracle

In recent years, we have seen increased shareholder support for proposals seeking greater disclosure of workforce demographics and diversity pay gaps, especially in the U.S. At the same time, many companies outside the U.S. have been required to report gender pay gaps through government mandates, including those from the U.K. and Denmark. At each of Oracle's last four annual meetings, shareholders have been asked to vote on a shareholder proposal seeking a report on whether diversity pay gaps exist and on steps being taken to reduce any such gaps.

In conjunction with these proposals, Vanguard has communicated regularly with Oracle's management and board of directors to better understand their programs to address workforce diversity and pay equity, as well as the board's role in oversight of the programs. We offered our perspectives on diversity and inclusion and our expectations of portfolio company practices and disclosures. Over the years, we observed that Oracle had put in place programs to improve representation in its workforce and had built a more diverse talent pipeline. We encouraged the company to continue implementing initiatives to address and improve diversity across its workforce.

In 2020, breaking with our votes in previous years, we voted in favor of the pay-report proposal presented at Oracle's annual meeting. While we recognize that diversity pay gap disclosures can be imperfect representations of pay equity at a company, Oracle's disclosure in these areas has shown little progress and has fallen behind our expectations of the market and, importantly, peers that Oracle competes with for talent.

We told Oracle that, in keeping with evolving industry standards, we expected greater detail in workforce breakdowns, pay equity commitments and data, and goals to measure improvement in these areas—each of which we have observed being adopted by Oracle's peers. Also, while we commended its programs to increase representation in the workforce and build a more diverse talent pipeline, current disclosures lack discussion of their programs' results or detail how the company measures its success over time. Expanding disclosure to include this information will give shareholders valuable insight into a company's programs and provide a degree of accountability about the efficacy of these efforts.

By providing greater insight into its practices, a company can demonstrate the importance of these issues and reveal more about its progress toward diversity. In 2020, the proposal at Oracle was supported by nearly 46% of shares, representing an overwhelming majority of shares held by outside investors. Given that level of support, we believe Oracle has an opportunity to show it is responsive to shareholder feedback by improving its disclosures. We look forward to future dialogue with the company on these and other issues.

Executive compensation

The impact of COVID-19 on executive remuneration

The pandemic has not affected all portfolio companies the same way. While the pandemic has hurt the earnings and share prices of some companies, others have benefited as their sectors experienced increased demand or because they pivoted their strategy. The variations in outcomes have heightened attention to executive pay outcomes.

In our last *Insights* on compensation, we set out key considerations for well-structured executive compensation plans that could endure the most challenging market and economic conditions, including a pandemic. While we recognize the unprecedented challenges that companies have faced and will continue to face over the coming year, our philosophy on executive compensation has not changed. We look for compensation policies that incentivize long-term outperformance of peers and promote sustainable value for a company's investors. We remain steadfast that compensation committees should not retroactively adjust performance targets or time horizons, despite the challenging environment. "At-risk" compensation should remain at risk, just as the Vanguard funds' capital—along with that of other shareholders—remains at risk.

Here are a few examples of our pandemic-related compensation (remuneration) engagements:

Informa responds to shareholder feedback on pay plan

Informa, a U.K.-based business-to-business events and information services company, proposed replacing its traditional long-term incentive plan with a restricted stock unit plan, which did not depend on any performance targets. While these plans are not common in the U.K., we saw more companies move to this structure in the second half of 2020 as the COVID-19 pandemic made it increasingly difficult to set long-term targets.

Informa's business was greatly affected by the pandemic, and the company undertook a restructuring that led to staff reductions and a focus on cash-flow management. The board felt it was important to build the company's value over the next three years and believed it would be simpler and better-aligned to shareholders' interest to introduce a time-vesting long-term equity plan.

In the U.K., best practice is for all time-vesting equity plans to have an "underpin" that reflects the financial health of the businesses 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.

We engaged with the board chair and compensation committee chair to ask for greater clarity on how its underpin would be used and a commitment from the remuneration committee to consider using discretion when evaluating pay outcomes to ensure alignment with shareholders' interests.

While we were analyzing how we would vote on the new plan at the general meeting, the company contacted us and indicated it had decided to bring in an enhanced underpin, a minimum threshold for the company's share price when the award reaches its vesting date. If this threshold is not met within two years of the original vesting date, the award would lapse completely. The company also said it retained the right to use discretion, if necessary, which it had been reluctant to commit to when we originally spoke to executives.

Following our discussions, we felt that the company had addressed our main reservations. The funds voted to support the amendments to the remuneration policy and approval of the plan.

But while the funds voted to support the plan with the amendments, many shareholders did not—around 40% of shareholders voted against the amendments. We will continue to monitor the performance of the business and how the board evaluates the outcomes of this new plan when it first pays out in three years' time.

Executive compensation

Pandemic restrictions challenge Webjet

COVID-19 travel restrictions had a significant effect on Webjet, a digital travel business that spans the global consumer and wholesale markets. The Australia-based company made temporary salary cuts across the leadership team and withheld short-term incentive grants. Webjet lost members of the leadership team, who moved to companies in other primarily technology-related industries that were continuing to perform well. In this pressured situation, the board worked to shore up the leadership team.

While we supported the overall structure of the company's long-term incentive plan, we decided to engage with Webjet over a new options grant to the CEO, which triggered some concerns. The company has always had an options plan in place for the CEO. Because Webjet is a high-growth business, the board felt an options plan was the best way to align executive pay with shareholder interests. While the Vanguard funds supported the plan at the 2017 annual meeting, we had concerns about the 2020 plan because of the share-price targets for the grant—some of which the company had already exceeded—as well as the lack of a relative metric in the new plan.

During our engagement with company leaders, we expressed concerns about the potential for pay and performance misalignment given how unchallenging some of the targets in the options plan were to reach. The company leaders acknowledged that the share price had appreciated more than they had expected, which is why the targets appeared less challenging than they had been when leaders set them earlier in the year.

At Vanguard, we like to see structures that incentivize outperformance of peers over the long term, so the removal of the relative total shareholder return metric in favor of an absolute metric was not, in our view, a positive change. The company explained the difficulties its leaders had in identifying a comparable peer group, and we certainly believe there is merit to this argument. However, we prefer to see a relative measure used *alongside* the absolute metric.

Overall, we felt we could not support the award given the lack of challenging targets and the potential for pay-for-performance misalignment. While the resolution to approve the grant of options to the CEO passed, over 30% of shareholders voted against it.

Executive compensation

Evaluating special situations for executive compensation

Every year, many of our engagements focus on executive compensation practices. In those discussions, we voice our preferences for the structure of a company's compensation programs and the board's oversight in holding executives accountable for company performance. In evaluating executive compensation programs, and in casting votes on managements' Say on Pay proposals, we look for pay programs that are aligned with and responsive to company performance. We also look for structures that we believe will help advance that alignment over time, and decisions and oversight by the board and the compensation committee aimed to encourage a pay-for-performance culture.

When voting on Say on Pay proposals, we often examine "special awards" or other one-off compensation decisions, such as new-hire awards designed to attract executives from outside the company, that are added to the regular compensation program. While we always make decisions on these votes on a case-by-case basis and consider company-specific factors, we scrutinize such pay programs and seek strong rationale for these awards and pay, which are subject to rigorous performance criteria.

What follows are examples of how we analyzed these special awards in 2020:

AMD plan aims to keep key executives

Advanced Micro Devices, the U.S. semiconductor company, granted a special equity award to its current CEO and other executives on top of their regular pay. We spoke with members of the compensation committee and management. Although the value of the awards was large—and placed total compensation in the very high range relative to peers—we learned how urgent it was for AMD to retain the key executives.

The executives had led a successful turnaround that was noticed by competitors looking to refresh their leadership. We also noted the rigorous performance that was required to realize a payout: The stock price had to double within five years to trigger the targeted payout amount. These factors ultimately led the Vanguard funds to support management's Say on Pay resolution at the AMD shareholder meeting. The proposal was supported by around 67% of shares. We believe the special awards were likely the reason the proposal did not receive greater support.

We will continue to monitor the company's pay practices.

Lackluster support for Nike CEO pay plan

Nike, on the other hand, paid a new-hire award to the incoming CEO. Often, sizable portions of new-hire awards are "make-whole payments" intended to compensate incoming executives for earned compensation they lost when they left their previous companies.

Given the importance of aligning compensation structures with shareholders' interests, Vanguard generally prefers that make-whole arrangements focus on long-term performance and that a portion of compensation be subject to rigorous performance criteria. In speaking with company representatives, we learned that the CEO had left a large amount of money on the table when he departed his prior employer. In analyzing the make-whole payments, we noted that a significant portion of the equity grant was made in the form of options subject to 20% stock appreciation over a period of up to 10 years, which we did not believe was sufficiently rigorous.

The Vanguard funds voted against Say on Pay at the 2020 annual meeting, where it was supported by only 54% of shares. We will continue to monitor the executive compensation programs at Nike, though we do not expect similar issues to arise in the future because pay should normalize over the long term.

Human rights

A focus on human rights issues at REITs specializing in prison facilities

In the second half of 2020, we engaged separately with two private-prison real estate investment trusts (REITs), CoreCivic and GEO Group. We discussed with them a variety of risk management issues facing the businesses, as well as board oversight and disclosure of those risks. Specifically, we were concerned about health and safety conditions at their facilities as well as steps they had taken to reduce recidivism, which is a former inmate's relapse into crime. These concerns were magnified by the November U.S. election and potential policy changes under a new administration.

We were encouraged to learn that both CoreCivic and GEO Group had adopted human rights risk management frameworks in line with the protocols established by the United Nations' Guiding Principles on Business and Human Rights, and that they had implemented facility-wide training programs for their employees.

We inquired about the inmate-grievance policies of the programs, an aspect of human rights risk identification and mitigation that we believe is particularly salient in the context of prisons. Regarding board oversight of grievance policies, we spoke with a member of each company's board committee responsible for human rights risk oversight to understand the board's risk management efforts. We also wanted to assess how the board's director-nomination processes consider human rights experience and urged the committees to broaden their education and training on human rights.

Throughout the conversations, we encouraged the companies to enhance their disclosures, for the benefit of shareholders, stakeholders, and policymakers alike. We sought disclosure of the companies' efforts to improve sanitation and health care conditions across their facilities, including their discussions with certain states to improve minimum standards. We also encouraged the companies to measure and disclose the success of their rehabilitation programs and the impact of those programs on their inmates' recidivism rates. We will continue to monitor progress in these areas and hold directors accountable if such progress does not sufficiently mitigate our concerns.

(As of the date of this publication, the new U.S. administration has communicated its intention to eliminate federal partnerships with private prisons. As a result, we plan to continue engagement with the companies' boards about their growing regulatory and reputational risk in the 2021 market environment.)

Key votes

One of the most visible signs of Vanguard's engaged ownership is our funds' proxy voting at company shareholder meetings. Our Investment Stewardship team votes on behalf of Vanguard's internally managed equity index fund holdings, in accordance with the board-approved voting policies. Our votes are an important opportunity for the funds to safeguard the best interests of long-term investors.

The tables on the following pages list select proxy votes by the funds for the 12 months ended December 31, 2020. Vanguard identified these proxy votes based on criteria that Vanguard uses to describe a vote as a "significant vote" for the purposes of the Shareholder Rights Directive II, a European Union directive that aims to improve corporate governance. We highlight these because they involved a vote at a company in which Vanguard holds a meaningful ownership position, conveyed our perspective on an important governance topic elevated during the proxy season, or communicated our view of positive progress—or lack of it—by a company and its board. In some instances, more than one proposal that our analysts evaluated for a given company is included.

A diamond (♦) in the Ballot Item column denotes a management proposal. Highlighting these votes and their rationale is part of our effort to provide increased transparency on Vanguard's investment stewardship voting activities.

Americas*

Company name/ meeting date	Ballot item	Vote	Vote rationale
Abbott Laboratories 4/24/2020	7 Adopt simple-majority vote	For	Aligned with proxy voting policy—support proposals that empower shareholders.
Alphabet, Inc. 6/03/2020	1.6 Elect director: Compensation committee chair ♦	Withhold	Misaligned with proxy voting policy—ongoing compensation concerns.
	4 Advisory vote to ratify named executive officers' compensation ♦	Against	Misaligned with proxy voting policy—concerns with structure and disclosure.
	5 Approve recapitalization plan for all stock to have one vote per share	For	Aligned with proxy voting policy—support proposals that empower shareholders.
	11 Require a majority vote for the election of directors	For	Aligned with proxy voting policy—support proposals that require majority vote for director elections if the company does not have a director resignation policy.
Altria Group, Inc. 5/14/2020	3 Advisory vote to ratify named executive officers' compensation ♦	Against	Misaligned with proxy voting policy—concerns with pay-for-performance alignment.
Atlas Air Worldwide Holdings, Inc. 6/09/2020	3 Advisory vote to ratify named executive officers' compensation ♦	Against	Misaligned with proxy voting policy—concerns with pay-for-performance alignment, amount of pay, structure, and disclosure.
Bloomin' Brands, Inc. 5/29/2020	5 Declassify the board of directors	For	Aligned with proxy voting policy—support proposals that empower shareholders.
Boeing Co. 4/27/2020	1b Elect Director David L. Calhoun ♦	For	Concerns raised, but support warranted (exception for time in role).
	1c Elect Director Arthur D. Collins, Jr. ♦	For	Concerns raised, but support warranted.
	1d Elect Director Edmund P. Giambastiani, Jr. ♦	For	Concerns raised, but support warranted.

*A company's regional classification is based on its country of coverage. Country of coverage is determined by a company's corporate governance profile, listed exchange rules, and multi-nationality.

Americas

Company name/ meeting date	Ballot item	Vote	Vote rationale
Boeing Co. 4/27/2020	1h Elect Director Lawrence W. Kellner ♦	Against	Misaligned with proxy voting policy—oversight failures.
	1l Elect Director Susan C. Schwab ♦	For	Concerns raised, but support warranted.
	1m Elect Director Ronald A. Williams ♦	For	Concerns raised, but support warranted.
	6 Require independent board chairman	For	Support warranted—concerns with risk oversight. Proposal will enhance board leadership and benefit shareholders.
Bunge Ltd. 5/21/2020	3 Advisory vote to ratify named executive officers' compensation ♦	Against	Misaligned with proxy voting policy—concerns with pay-for-performance alignment, structure, disclosure, and excessive one-time award payment.
Centene Corp. 4/28/2020	6 Eliminate supermajority vote requirement	For	Aligned with proxy voting policy—support proposals that empower shareholders.
Children's Place, Inc. 5/14/2020	4 Advisory vote to ratify named executive officers' compensation ♦	Against	Misaligned with proxy voting policy—concerns with pay-for-performance alignment, excessive amount of pay, structure, and disclosure.
CK Hutchison Holdings Ltd. 5/14/2020	3b Elect Kam Hing Lam as director ♦	Against	Misaligned with proxy voting policy—oversight failure, noncompliance with the Hong Kong governance code without a compelling reason.
	3c Elect Edith Shih as director ♦	Against	Misaligned with proxy voting policy—oversight failure, noncompliance with the Hong Kong governance code without a compelling reason.
Cleveland-Cliffs, Inc. 4/22/2020	3 Advisory vote to ratify named executive officers' compensation ♦	Against	Misaligned with proxy voting policy—concerns with pay-for-performance alignment.
Colony Capital, Inc. 5/05/2020	2 Advisory vote to ratify named executive officers' compensation ♦	Against	Misaligned with proxy voting policy—concerns with structure.
CONMED Corp. 5/21/2020	7 Amend nonemployee director omnibus stock plan ♦	Against	Misaligned with proxy voting policy—concerns with potential dilution.
CVS Health Corp. 5/14/2020	3 Advisory vote to ratify named executive officers' compensation ♦	Against	Misaligned with proxy voting policy—concerns with pay-for-performance alignment and excessive magnitude of pay.
DaVita, Inc. 6/11/2020	4 Approve omnibus stock plan ♦	Against	Misaligned with proxy voting policy—concerns with potential dilution.
Diamondback Energy, Inc. 6/03/2020	2 Advisory vote to ratify named executive officers' compensation ♦	Against	Misaligned with proxy voting policy—concerns with excessive one-time grants to CFO and other nonexecutive officers.
Dollar Tree, Inc. 6/11/2020	4 Report on emissions targets and goals	For	Proposal found to be a reasonable ask, addresses a material financial risk, and company committed to enhanced reporting.

Americas

Company name/ meeting date	Ballot item	Vote	Vote rationale
Duke Energy Corp. 5/7/2020	5 Eliminate supermajority vote requirement	For	Aligned with proxy voting policy—support proposals that empower shareholders.
DXC Technology Co. 8/13/2020	3 Advisory vote to ratify named executive officers' compensation ♦	Against	Misaligned with proxy voting policy—concerns with one-time award to former CEO without compelling rationale or alignment to a long-term strategy/plan.
E*TRADE Financial Corp. 5/7/2020	4 Adopt simple-majority vote	For	Aligned with proxy voting policy—support proposals that empower shareholders.
Element Solutions, Inc. 6/16/2020	1d Elect Director Ian G.H. Ashken ♦	Against	Misaligned with proxy voting policy—low "Say on Pay" support.
	1g Elect Director Nichelle Maynard-Elliott ♦	Against	Misaligned with proxy voting policy—low "Say on Pay" support.
	1h Elect Director E. Stanley O'Neal ♦	Against	Misaligned with proxy voting policy—low "Say on Pay" support.
	2 Advisory vote to ratify named executive officers' compensation ♦	Against	Misaligned with proxy voting policy—concerns with structure and one-time award payments.
Facebook, Inc. 5/27/2020	4 Approve recapitalization plan for all stock to have one vote per share	For	Aligned with proxy voting policy—support proposals that empower shareholders.
	5 Require independent board chair	For	Support warranted—ongoing, unmitigated concerns regarding independence.
	6 Require a majority vote for the election of directors	For	Aligned with proxy voting policy—support proposals that require majority vote for director elections if the company does not have a director resignation policy.
Fastenal Co. 4/25/2020	4 Report on workforce diversity	For	Proposal found to be a reasonable ask, addresses a material financial risk, and existing disclosures are insufficient.
Federal Realty Investment Trust 5/06/2020	2 Advisory vote to ratify named executive officers' compensation ♦	Against	Misaligned with proxy voting policy—concerns with pay-for-performance alignment and structure.
FleetCor Technologies, Inc. 6/11/2020	4 Provide right to call special meeting	For	Aligned with proxy voting policy—support proposals that empower shareholders.
Ford Motor Co. 5/14/2020	4 Approve recapitalization plan for all stock to have one vote per share	For	Aligned with proxy voting policy—support proposals that empower shareholders.
Fortinet, Inc. 6/19/2020	5 Report on workforce diversity	For	Proposal found to be a reasonable ask, addresses a material financial risk, and existing disclosures are insufficient.
Genuine Parts Co. 4/27/2020	4 Report on workforce diversity	For	Proposal found to be a reasonable ask, addresses a material financial risk, and existing disclosures are insufficient.

Americas

Company name/ meeting date	Ballot item	Vote	Vote rationale
Johnson & Johnson 4/23/2020	6 Report on opioid risk management	For	Proposal found to be a reasonable ask, addresses a material financial risk, and enhanced disclosures will benefit shareholders.
Kaman Corp. 4/15/2020	2 Advisory vote to ratify named executive officers' compensation ♦	Against	Misaligned with proxy voting policy—concerns with compensation plan.
Keurig Dr Pepper, Inc. 6/24/2020	1c Elect Director Peter Harf ♦	Against	Misaligned with proxy voting policy—lack of committee independence (consecutive years).
	1d Elect Director Genevieve Hovde ♦	Against	Misaligned with proxy voting policy—lack of committee independence (consecutive years).
	1f Elect Director Paul S. Michaels ♦	Against	Misaligned with proxy voting policy—lack of committee independence (consecutive years).
	1k Elect Director Dirk Van de Put ♦	Against	Misaligned with proxy voting policy—lack of committee independence (consecutive years).
KLA Corp. 11/04/2020	4 Adopt proxy access right	For	Aligned with proxy voting policy—support proposals that empower shareholders.
Kraft Heinz Co. 5/07/2020	5 Reduce supermajority vote requirement	For	Aligned with proxy voting policy—support proposals that empower shareholders.
Marathon Petroleum Corp. 4/29/2020	5 Adopt simple-majority vote	For	Aligned with proxy voting policy—support proposals that empower shareholders.
Medpace Holdings, Inc. 5/15/2020	3 Advisory vote to ratify named executive officers' compensation ♦	Against	Misaligned with proxy voting policy—concerns with structure and one-time award payments.
Netflix, Inc. 6/4/2020	1b Elect Director Jay C. Hoag ♦	Withhold	Misaligned with proxy voting policy—reappointment of director who failed to receive majority support.
	1c Elect Director Mathias Dopfner ♦	Withhold	Misaligned with proxy voting policy—low "Say on Pay" support.
	3 Advisory vote to ratify named executive officers' compensation ♦	Against	Misaligned with proxy voting policy—concerns with compensation plan.
	6 Adopt simple-majority vote	For	Aligned with proxy voting policy—support proposals that empower shareholders.
News Corp. 11/18/2020	5 Adopt simple-majority vote	For	Aligned with proxy voting policy—support proposals that empower shareholders.
Nike, Inc. 9/17/2020	2 Advisory vote to ratify named executive officers' compensation ♦	Against	Misaligned with proxy voting policy—concerns with structure and disclosure.
Oceaneering International, Inc. 5/8/2020	1c Elect Director Jon Erik Reinhardsen ♦	Withhold	Misaligned with proxy voting policy—lack of committee independence (consecutive years).
OGE Energy Corp. 5/21/2020	5 Provide right to act by written consent	For	Aligned with proxy voting policy—support proposals that empower shareholders.

Americas

Company name/ meeting date	Ballot item	Vote	Vote rationale
Oracle Corp. 11/4/2020	2 Advisory vote to ratify named executive officers' compensation ♦	Against	Misaligned with proxy voting policy—concerns with structure.
	5 Report on gender pay gap	For	Proposal found to be a reasonable ask, and ongoing concerns with progress made on gender pay gap and existing disclosures.
	6 Require independent board chair	For	Support warranted—ongoing concerns with effectiveness of the board and independence.
O'Reilly Automotive, Inc. 5/14/2020	6 Report on workforce diversity	For	Proposal found to be a reasonable ask, addresses a material financial risk, and existing disclosures are insufficient.
Paycom Software, Inc. 4/27/2020	3 Advisory vote to ratify named executive officers’ compensation ♦	Against	Misaligned with proxy voting policy—concerns with compensation plan.
Procter & Gamble Co. 10/13/2020	5 Report on efforts to eliminate deforestation	For	Support warranted—company has not made sufficient progress toward internal targets and insufficient existing disclosures.
QUALCOMM, Inc. 3/10/2020	4 Advisory vote to ratify named executive officers’ compensation ♦	Against	Misaligned with proxy voting policy—concerns with structure.
Range Resources Corp. 5/13/2020	2 Advisory vote to ratify named executive officers’ compensation ♦	Against	Misaligned with proxy voting policy—concerns with pay-for-performance alignment, structure, and disclosure.
Raytheon Technologies Corp. 4/27/2020	4 Adopt simple-majority vote	For	Aligned with proxy voting policy—support proposals that empower shareholders.
Santander Consumer USA Holdings, Inc. 6/10/2020	1.4 Elect Director Stephen A. Ferriss ♦	Withhold	Misaligned with proxy voting policy—lack of committee independence.
	3 Report on fair lending: Racial discrimination risk	For	Proposal found to be a reasonable ask and existing disclosures are insufficient compared with industry peers.
SEACOR Holdings, Inc. 6/2/2020	1.2 Elect Director David R. Berz ♦	Withhold	Misaligned with proxy voting policy—lack of committee independence (consecutive years).
	1.5 Elect Director Christopher P. Papouras ♦	Withhold	Misaligned with proxy voting policy—lack of committee independence (consecutive years).
SmartCentres Real Estate Investment Trust 12/09/2020	1.3 Elect Trustee Jamie McVicar ♦	Withhold	Misaligned with proxy voting policy—lack of committee independence.
Snap-on, Inc. 4/23/2020	3 Advisory vote to ratify named executive officers’ compensation ♦	Against	Misaligned with proxy voting policy—concerns with pay-for-performance alignment, structure, and disclosure.
TEGNA, Inc. 4/30/2020	1.1 Elect Director Gina L. Bianchini ♦	For	Support warranted, no compelling case for change.
	1.2 Elect Director Howard D. Elias ♦	For	Support warranted, no compelling case for change.
	1.3 Elect Director Stuart J. Epstein ♦	For	Support warranted, no compelling case for change.

Americas

Company name/ meeting date	Ballot item	Vote	Vote rationale
TEGNA, Inc. 4/30/2020	1.4 Elect Director Lidia Fonseca ♦	For	Support warranted, no compelling case for change.
	1.5 Elect Director Karen H. Grimes ♦	For	Support warranted, no compelling case for change.
	1.6 Elect Director David T. Lougee ♦	For	Support warranted, no compelling case for change.
	1.7 Elect Director Scott K. McCune ♦	For	Support warranted, no compelling case for change.
	1.8 Elect Director Henry W. McGee ♦	For	Support warranted, no compelling case for change.
	1.9 Elect Director Susan Ness ♦	For	Support warranted, no compelling case for change.
	1.10 Elect Director Bruce P. Nolop ♦	For	Support warranted, no compelling case for change.
	1.11 Elect Director Neal Shapiro ♦	For	Support warranted, no compelling case for change.
	1.12 Elect Director Melinda C. Witmer ♦	For	Support warranted, no compelling case for change.
Tesla, Inc. 9/22/2020	5 Adopt simple-majority vote	For	Aligned with proxy voting policy—support proposals that empower shareholders.
T-Mobile US, Inc. 6/4/2020	1.12 Elect Director Teresa A. Taylor ♦	Withhold	Misaligned with proxy voting policy—lack of committee independence.
	3 Advisory vote to ratify named executive officers' compensation ♦	Against	Misaligned with proxy voting policy—concerns with pay-for-performance alignment, excessive amount of pay, structure, and disclosure.
TransDigm Group, Inc. 6/29/2020	1.3 Elect Director Mervin Dunn ♦	Withhold	Misaligned with proxy voting policy—low "Say on Pay" support.
	1.4 Elect Director Michael S. Graff ♦	Withhold	Misaligned with proxy voting policy—low "Say on Pay" support.
	1.5 Elect Director Sean P. Hennessy ♦	Withhold	Misaligned with proxy voting policy—low "Say on Pay" support.
	1.10 Elect Director Robert J. Small ♦	Withhold	Misaligned with proxy voting policy—low "Say on Pay" support.
	2 Advisory vote to ratify named executive officers' compensation ♦	Against	Misaligned with proxy voting policy—concerns with pay-for-performance alignment and structure.
	4 Adopt quantitative company-wide greenhouse gas emissions goals	For	Proposal found to be a reasonable ask and existing disclosures are insufficient.
United Parcel Service, Inc. 5/14/2020	5 Approve recapitalization plan for all stock to have one vote per share	For	Aligned with proxy voting policy—support proposals that empower shareholders.
	6 Report on climate change	For	Proposal found to be a reasonable ask, addresses a material financial risk, and existing disclosures are insufficient.

Americas

Company name/ meeting date	Ballot item	Vote	Vote rationale
Universal Health Services, Inc. 5/20/2020	3 Advisory vote to ratify named executive officers' compensation ♦	Against	Misaligned with proxy voting policy—concerns with pay-for-performance alignment and structure.
Vornado Realty Trust 5/14/2020	3 Advisory vote to ratify named executive officers' compensation ♦	Against	Misaligned with proxy voting policy—concerns with one-time award to newly hired nonexecutive officer.
XPO Logistics, Inc. 5/14/2020	4 Advisory vote to ratify named executive officers' compensation ♦	Against	Misaligned with proxy voting policy—concerns with excessive amount of pay and special equity grants structure.

Europe, the Middle East, and Africa

Company name/ meeting date	Ballot item	Vote	Vote rationale
Aena SME SA 10/29/2020	11 Present climate transition plan at the 2021 AGM and climate action update reports from 2022 onward, and submit them to a consultative vote as a separate agenda item	For	Adoption of the proposal would formalize and improve the company's existing disclosure and policies.
	12 Add New Article 50 bis	For	Adoption of the proposal would formalize and improve the company's existing disclosure and policies.
Anheuser-Busch InBev SA/NV 6/3/2020	B9 Approve remuneration report ♦	Against	Misaligned with proxy voting policy—concerns with structure.
Atlantia SPA 5/29/2020	6.2 Approve second section of the remuneration report ♦	Against	Misaligned with proxy voting policy—concerns with excessive severance payment to outgoing CEO.
Coloplast A/S 12/03/2020	6.3 Instruct board to complete an assessment of the company's ability to publish country-by-country tax reporting, in line with the Global Reporting Initiative's Standard (GRI 207: Tax 2019) starting from financial year 2021/22	For	Proposal found to be in the best long-term interest of shareholders.
Compagnie Financiere Richemont SA 9/9/2020	9.3 Approve variable remuneration of executive committee ♦	Against	Misaligned with proxy voting policy—concerns with structure, disclosure, and excessive amount of pay.
NXP Semiconductors NV 5/27/2020	11 Advisory vote to ratify named executive officers' compensation ♦	Against	Misaligned with proxy voting policy—concerns with pay-for-performance alignment.
Prosus NV 08/18/2020	2 Advisory vote to ratify named executive officers' compensation ♦	Against	Misaligned with proxy voting policy—concerns with amount and disclosure.
	5 Approve remuneration policy ♦	Against	Misaligned with proxy voting policy—concerns with structure and amount of pay.
Telefonaktiebolaget LM Ericsson 3/31/2020	23 Instruct the board to propose equal voting rights for all shares at Annual Meeting 2021	For	Aligned with proxy voting policy—support proposals that empower shareholders.

Asia-Pacific

Company name/ meeting date	Ballot item	Vote	Vote rationale
Macquarie Group Ltd. 7/30/2020	3 Elect Stephen Mayne as director	Against	No compelling rationale to support the shareholder nomination.
NextDC Ltd. 11/13/2020	1 Approve remuneration report ♦	Against	Misaligned with proxy voting policy—concerns with pay-for-performance alignment and structure.
Qube Holdings Ltd. 11/26/2020	3 Approve remuneration report ♦	Against	Misaligned with proxy voting policy—concerns with pay-for-performance alignment, structure, and disclosure.
Takeda Pharmaceutical Co. Ltd. 6/24/2020	5 Elect shareholder Director and Audit Committee member nominee Takeshi Ito	Against	No compelling rationale to support the shareholder nomination.
Westpac Banking Corp. 12/11/2020	5a Elect Noel Davis as director	Against	No compelling rationale to support the shareholder nomination.
	5b Elect Paul Whitehead as director	Against	No compelling rationale to support the shareholder nomination.

Proxy voting history

Global summary of proxy votes cast by Vanguard funds

(January 1, 2020–December 31, 2020)

- Vanguard funds cast over 176,000 individual votes in 2020, up 5% from the total in 2019.
- Board member elections, compensation, and capitalization issues continued to account for the majority of ballot items.
- Total shareholder proposals in 2020 numbered 5,852, up 8% from 2019.
- The number of proxy contests was down this year, from 21 in 2019 to 15 in 2020.

		2019		2020	
Alignment with our principles	Proposal type	Number of proposals	% for	Number of proposals	% for
Board composition	**Management proposals**				
	Elect directors	62,269	91%	61,311	92%
	Other board-related	11,636	91%	12,299	91%
	Shareholder proposals				
	Board-related	3,546	85%	4,039	84%
Oversight of strategy and risk	**Management proposals**				
	Approve auditors	10,507	99%	10,361	99%
	Shareholder proposals				
	Environmental/social	256	5%	280	7%
Executive compensation	**Management proposals**				
	Executive compensation	5,832	91%	6,763	90%
	Other compensation-related	10,995	90%	10,851	90%
	Shareholder proposals				
	Compensation-related	177	51%	117	48%
Shareholder rights	**Management proposals**				
	Governance-related	11,246	88%	11,162	88%
	Shareholder proposals				
	Governance-related	340	51%	337	40%
Other proposals	**Management proposals**				
	Capitalization	25,508	98%	30,819	98%
	Mergers and acquisitions	7,374	96%	8,474	98%
	Adjourn/other business	17,681	95%	18,942	96%
	Shareholder proposals				
	Other	1,042	87%	1,079	83%
Total		**168,409**	**92%**	**176,834**	**93%**

Company engagements

The following table lists the 655 companies that Vanguard's Investment Stewardship team engaged with during the 12 months ended December 31, 2020. A bullet (•) indicates a primary topic of the engagement. However, these are open dialogues and can cover a wide range of issues over multiple discussions. Secondary topics often arise.

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

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
3M Co.	•		•	
AA Plc		•		
Abbott Laboratories	•		•	•
AbbVie, Inc.	•	•	•	•
ABM Industries, Inc.	•			
Accenture Plc	•		•	
ACS Actividades de Construccion y Servicios SA	•			
Acuity Brands, Inc.		•		
Adamis Pharmaceuticals Corp.	•	•		
Adecco Group AG		•		
Adobe, Inc.	•		•	
Advanced Micro Devices, Inc.		•		
AECOM	•			
Aecon Group, Inc.	•			
Aena SME SA			•	
Affiliated Managers Group, Inc.		•		
Aflac, Inc.	•		•	
AGCO Corp.		•	•	
Agios Pharmaceuticals, Inc.		•		
AGL Energy Ltd.	•	•	•	
Alaska Air Group, Inc.	•			
Alcon, Inc.	•	•		•
Alexandria Real Estate Equities, Inc.	•	•	•	•
Alexion Pharmaceuticals, Inc.	•		•	
Alkermes Plc	•		•	•
Allison Transmission Holdings, Inc.	•			
Allstate Corp.	•		•	
Alphabet, Inc.	•	•	•	
Alstom SA	•	•	•	
Altria Group, Inc.		•	•	
Amazon.com, Inc.	•	•	•	•
AMC Networks, Inc.	•	•		

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
American Electric Power Co., Inc.	•	•	•	
American International Group, Inc.	•	•	•	
American Tower Corp.	•		•	
America's Car-Mart, Inc.		•		
AMN Healthcare Services, Inc.	•		•	•
AMP Ltd.	•	•	•	
Annaly Capital Management, Inc.	•		•	•
AO World Plc		•		
Apartment Investment and Management Co.			•	
Apple, Inc.	•		•	
Arch Resources, Inc.	•			
Argo Group International Holdings Ltd.	•	•	•	•
Arkema SA	•	•	•	
Armstrong Flooring, Inc.		•		
Arthur J Gallagher & Co.	•		•	
Aryzta AG	•		•	
Ashland Global Holdings, Inc.	•			
Assicurazioni Generali SPA	•	•	•	
Associated Banc-Corp	•	•	•	
Associated British Foods Plc	•	•	•	
Assurant, Inc.	•	•	•	
AstraZeneca Plc		•		
AstroNova, Inc.	•			
AT&T, Inc.			•	
Atlas Air Worldwide Holdings, Inc.		•	•	
Atlas Copco AB	•			
Aurora Cannabis, Inc.		•		
Australia & New Zealand Banking Group Ltd.	•		•	
Automatic Data Processing, Inc.	•		•	
AutoNation, Inc.	•			
AutoZone, Inc.	•		•	
Avantor, Inc.	•			•
Avast Plc	•	•		
Avery Dennison Corp.	•			
Avis Budget Group, Inc.		•		•
Banco Santander SA	•	•	•	
Bank of America Corp.			•	

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
Bank of Ireland Group Plc	•			
Bank of Marin Bancorp	•	•	•	
Bank of Montreal			•	
Bank of New York Mellon Corp.	•		•	
Bank of Nova Scotia	•		•	
Barclays Plc			•	
Barnwell Industries, Inc.	•	•	•	
Baxter International, Inc.	•		•	
Bayer AG	•		•	
BE Semiconductor Industries NV		•		
Bed Bath & Beyond, Inc.	•	•	•	
BHP Group Ltd.	•	•	•	
Bio-Techne Corp.	•		•	
Blackbaud, Inc.		•		
Bloomin' Brands, Inc.		•	•	•
Bluebird Bio, Inc.		•	•	
Boeing Co.	•		•	
Boise Cascade Co.	•		•	•
Booking Holdings, Inc.	•	•	•	•
Boston Scientific Corp.	•		•	•
Bouygues SA	•			•
BP Plc	•	•	•	
Bright Horizons Family Solutions, Inc.	•		•	
BrightView Holdings, Inc.	•			
British American Tobacco Plc	•	•	•	
Broadcom, Inc.	•	•		
Brooks Automation, Inc.	•		•	
BT Group Plc		•		
Bunge Ltd.	•	•		
Burberry Group Plc		•	•	
Cadence Design Systems, Inc.			•	•
Callon Petroleum Ord Shs	•		•	
Calyxt, Inc.	•			
Canadian National Railway Co.	•		•	
Capital & Counties Properties Plc		•	•	
Cardinal Health, Inc.	•	•	•	•
Carrefour SA		•		

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
Carrols Restaurant Group, Inc.	•			
carsales.com Ltd.	•	•	•	
Castlight Health, Inc.		•		
CatchMark Timber Trust, Inc.		•		
Caterpillar, Inc.	•		•	
Centene Corp.	•	•	•	
CenterPoint Energy, Inc.		•	•	
Centrus Energy Corp.	•	•		•
CGG SA	•		•	•
Charles River Laboratories International, Inc.	•		•	
Charles Schwab Corp.			•	
Chart Industries, Inc.		•		
Cheniere Energy, Inc.	•	•	•	
Chevron Corp.	•		•	•
Children's Place, Inc.		•		
China Gold International Resources Corp. Ltd.	•			
Chipotle Mexican Grill, Inc.	•	•	•	
ChromaDex Corp.	•			
Chubb Ltd.	•		•	
Cie Financiere Richemont SA	•	•	•	
Cie Plastic Omnium SA		•		
Cincinnati Financial Corp.	•		•	
Citigroup, Inc.	•		•	
Citizens, Inc.		•		
CK Hutchison Holdings Ltd.			•	
Clarkson Plc		•		
Clearway Energy, Inc.			•	•
Clorox Co.	•		•	•
Coca-Cola Amatil Ltd.	•	•	•	
Coherus Biosciences, Inc.	•			
Colgate-Palmolive Co.	•	•	•	
Colliers International Group, Inc.	•			
Colony Capital, Inc.	•	•	•	
Commonwealth Bank of Australia		•	•	
CommScope Holding Co., Inc.		•		
Compass Group Plc		•	•	
Compass Minerals International, Inc.	•		•	

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
CompuGroup Medical SE & Co. KgaA				•
Computacenter Plc	•	•		
Computershare Ltd.		•		
Conn's, Inc.		•		•
ConocoPhillips	•	•	•	
Consolidated Edison, Inc.	•		•	
ConvaTec Group Plc	•	•		
Cooper Tire & Rubber Co.	•			
CoreCivic, Inc.	•	•	•	
CoreLogic, Inc.	•		•	
CoreSite Realty Corp.	•			
CorMedix, Inc.	•			
Corteva, Inc.	•		•	•
Countryside Properties Plc		•		
Cracker Barrel Old Country Store, Inc.	•	•	•	
Credit Agricole SA	•	•		
Credit Suisse Group AG	•	•	•	
Crown Castle International Corp.			•	
CSX Corp.	•	•		
Cummins, Inc.		•		
CVS Health Corp.	•	•	•	•
Daimler AG	•	•		•
Danaher Corp.	•		•	
Danone SA	•			
Danske Bank A/S	•	•		
Darling Ingredients, Inc.	•	•	•	
DaVita, Inc.	•	•	•	
De Grey Mining Ltd.	•		•	
De La Rue Plc	•		•	
Deere & Co.	•		•	
Delivery Hero SE			•	
Delta Air Lines, Inc.		•	•	
DENTSPLY SIRONA, Inc.		•		
Deutsche Bank AG	•	•	•	
Deutsche Boerse AG	•	•		
Deutsche Lufthansa AG			•	
Deutsche Telekom AG	•			

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
Deutz AG	•	•	•	
Devon Energy Corp.	•	•	•	
Diamondback Energy, Inc.		•		
Direct Line Insurance Group Plc	•			
Dixons Carphone Plc		•		
Dollar General Corp.	•		•	•
Dollar Tree, Inc.			•	
dormakaba Holding AG	•	•	•	
Douglas Emmett, Inc.	•	•	•	
Dover Corp.	•		•	
DP World Plc	•		•	•
DTE Energy Co.	•	•	•	
Duke Energy Corp.	•		•	•
DXC Technology Co.		•	•	
E.ON SE	•	•		
E.Sun Financial Holding Co. Ltd.	•	•	•	
Eagle Bancorp, Inc.	•	•	•	
Eagle Pharmaceuticals, Inc.		•		
easyJet Plc			•	•
eBay, Inc.	•	•	•	•
Edison International			•	
EDP - Energias de Portugal SA	•		•	
Edwards Lifesciences Corp.	•			
Electronic Arts, Inc.		•		
Element Solutions, Inc.		•	•	
elf Beauty, Inc.		•		
Elmos Semiconductor SE			•	
EMCOR Group, Inc.	•		•	•
Empire State Realty Trust, Inc.	•		•	
Enbridge, Inc.	•			
Enel Americas SA	•		•	
Energous Corp.	•	•	•	
Eni SPA		•	•	
Enphase Energy, Inc.			•	
Envista Holdings Corp.	•			
EOG Resources, Inc.	•		•	
Etsy, Inc.	•	•	•	

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
Euronext NV	•	•	•	
Europcar Mobility Group	•			
Evercore, Inc.	•	•	•	
Evergy, Inc.	•			
Extended Stay America, Inc.	•	•	•	•
Exxon Mobil Corp.	•	•	•	•
Facebook, Inc.	•		•	
Fastenal Co.		•	•	
Federal Realty Investment Trust		•		
FedEx Corp.		•	•	
Ferguson Plc				•
Ferrexpo Plc	•		•	
Fidelity National Information Services, Inc.		•		
First United Corp.	•		•	
FirstEnergy Corp.	•			
Firstgroup Plc	•		•	
Fiserv, Inc.		•	•	
Flutter Entertainment Plc	•	•	•	
FNB Corp.	•	•	•	•
Fortescue Metals Group Ltd.		•	•	
Fortinet, Inc.	•		•	•
Franklin Resources, Inc.	•			
Freeport-McMoRan, Inc.	•	•		
FreightCar America, Inc.		•		
Freshpet, Inc.			•	•
Front Yard Residential Corp.	•		•	
FuelCell Energy, Inc.	•	•	•	
G4S Plc	•		•	
GameStop Corp.	•		•	
Gannett Co., Inc.			•	
GCP Applied Technologies, Inc.	•		•	
Genasys, Inc.	•			
General Electric Co.	•	•	•	
General Motors Co.			•	
Genuine Parts Co.			•	
GEO Group, Inc.	•		•	
Georg Fischer AG	•	•	•	

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
Gilead Sciences, Inc.	•		•	
GlaxoSmithKline Plc	•	•	•	
Glencore Plc	•	•	•	
Global Blood Therapeutics, Inc.		•		
GoDaddy, Inc.		•		
Gogo, Inc.	•	•		
Goldman Sachs Group, Inc.		•	•	
Greggs Plc		•		
Groupe Bruxelles Lambert SA	•	•	•	•
Growthpoint Properties Australia Ltd.	•			
Growthpoint Properties Ltd.		•		
Guidewire Software, Inc.		•		
Haemonetics Corp.	•	•	•	•
Hammerson Plc		•		
Hargreaves Lansdown Plc	•	•	•	•
Harley-Davidson, Inc.		•		
Hartford Financial Services Group, Inc.	•		•	
Hasbro, Inc.	•	•	•	
HB Fuller Co.		•		
HC2 Holdings, Inc.	•		•	
Heineken NV	•	•		•
Hershey Co.	•			
Hess Corp.	•			
Hewlett Packard Enterprise Co.	•		•	
Hexcel Corp.	•			
Hindalco Industries Ltd.	•			
Hologic, Inc.		•		•
Home Depot, Inc.	•		•	
Honeywell International, Inc.			•	
Horizon Therapeutics Plc	•			
Host Hotels & Resorts, Inc.	•		•	
Howmet Aerospace, Inc.		•		
HP, Inc.			•	
HSBC Holdings Plc	•		•	•
Humana, Inc.	•			
Huntington Ingalls Industries, Inc.	•			
Huron Consulting Group, Inc.	•	•	•	

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
Hyundai Motor Co.	•		•	
iA Financial Corp., Inc.	•		•	
Iberdrola SA				•
IG Group Holdings Plc	•			
IHI Corp.	•	•	•	
Iino Kaiun Kaisha Ltd.	•	•	•	
ImmunoGen, Inc.	•	•		
Imperial Brands Plc	•	•	•	
Incyte Corp.	•	•	•	
Indivior Plc	•	•	•	
Informa Plc		•		
Infosys Ltd.			•	
Inphi Corp.		•	•	•
Insteel Industries, Inc.		•		
Instructure, Inc.	•		•	
Intel Corp.	•		•	
International Business Machines Corp.	•	•	•	
Intevac, Inc.	•	•		
Intuit, Inc.	•		•	
Invacare Corp.		•		
Invesco Ltd.	•	•	•	
Investec Plc	•	•	•	
Investor AB	•			
Investors Bancorp, Inc.		•		
Iovance Biotherapeutics, Inc.	•			
IPG Photonics Corp.	•		•	
IQVIA Holdings, Inc.	•	•		•
Irish Continental Group Plc		•		
iRobot Corp.	•		•	•
iStar, Inc.	•	•	•	
ITT, Inc.			•	
ITV Plc		•		
Japan Tobacco, Inc.	•	•	•	
Jazz Pharmaceuticals Plc	•	•	•	•
JB Hunt Transport Services, Inc.		•	•	
Jefferies Financial Group, Inc.		•		
JGC Holdings Corp.	•		•	

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
Johnson & Johnson	•		•	
Jones Lang LaSalle, Inc.	•	•	•	
JPMorgan Chase & Co.	•		•	
Jupiter Fund Management Plc		•		
K12, Inc.	•	•		
Kaman Corp.		•		•
Kansai Electric Power Co., Inc.	•	•	•	
Karyopharm Therapeutics, Inc.	•			
KAZ Minerals Plc	•	•		
KB Home			•	
Kering SA	•	•	•	
Kforce, Inc.		•		
Kinder Morgan, Inc.		•	•	
Kingfisher Plc			•	
Kirin Holdings Co. Ltd.	•		•	
KLA Corp.				•
KLX Energy Services Holdings, Inc.		•	•	
Kogan.com Ltd.	•	•		
Kraft Heinz Co.		•		
Kyushu Railway Co.	•		•	
Laboratory Corp. of America Holdings	•		•	
LafargeHolcim Ltd.	•	•	•	
Lagardere SCA	•		•	•
Lawson Products, Inc.	•			•
La-Z-Boy, Inc.	•	•	•	•
LCI Industries		•		
Legg Mason, Inc.	•	•		•
Leonardo SPA	•	•		
Leopalace21 Corp.	•		•	
LG Chem Ltd.	•		•	
Lincoln National Corp.			•	•
Livent Corp.			•	
Lloyds Banking Group Plc	•		•	
Lockheed Martin Corp.			•	
Lululemon Athletica, Inc.	•		•	
Lundin Energy AB	•		•	
M&T Bank Corp.	•			

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
Mack-Cali Realty Corp.	•		•	
Macmahon Holdings Ltd.			•	
Macquarie Group Ltd.	•	•	•	
Magellan Financial Group Ltd.			•	
Man Group Plc		•		
ManpowerGroup, Inc.		•		
Marathon Petroleum Corp.	•	•	•	•
Marks & Spencer Group Plc	•	•	•	
Marriott International, Inc.			•	
Marsh & McLennan Cos., Inc.	•		•	
Marvell Technology Group Ltd.		•		
Masmovil Ibercom SA	•		•	
Matson, Inc.	•			
Mattel, Inc.	•	•	•	
Maxar Technologies, Inc.	•			
McBride Plc		•		
McDonald's Corp.	•	•	•	•
McKesson Corp.	•		•	
MDC Holdings, Inc.	•		•	•
Mediobanca Banca di Credito Finanziario SPA				•
MEDNAX, Inc.	•	•		
Meggitt Plc		•		
Melrose Industries Plc		•		
Meredith Corp.	•			
Micro Focus International Plc		•		
Microsoft Corp.	•	•	•	
Miragen Therapeutics, Inc.	•			
Mitsubishi Corp.	•		•	
Mitsui & Co. Ltd.	•		•	
Mobile Mini, Inc.	•	•	•	•
Moncler SPA	•			•
Mondelez International, Inc.	•	•		
Motorcar Parts of America, Inc.	•	•		
Motorola Solutions, Inc.			•	
Mr Price Group Ltd.		•		
Muenchener Rueckversicherungs-Gesellschaft AG in Muenchen		•		

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
Mylan NV	•	•	•	
NanoString Technologies, Inc.	•	•	•	
Naspers Ltd.	•		•	
Nathan's Famous, Inc.	•			
National Australia Bank Ltd.	•	•	•	
Natwest Group Plc	•		•	
Navistar International Corp.	•			
NCC Group Plc		•		
Nestle SA	•	•	•	
Netflix, Inc.	•	•	•	•
Nevro Corp.	•			
NextEra Energy, Inc.	•		•	
Nike, Inc.	•	•	•	
Ninety One Plc		•		
Nintendo Co. Ltd.	•	•	•	
NiSource, Inc.	•	•	•	
Noble Corp. Plc		•		
Noble Energy, Inc.			•	
Northeast Bank		•		
NortonLifeLock, Inc.		•	•	
Novagold Resources, Inc.	•			
Novartis AG	•	•	•	
Novo Nordisk A/S			•	
NSK Ltd.				•
NuVasive, Inc.	•			
NVIDIA Corp.	•		•	
Ocado Group Plc		•		
Occidental Petroleum Corp.	•	•	•	
Oceaneering International, Inc.	•			•
Office Depot, Inc.	•		•	
Oji Holdings Corp.	•			
Old National Bancorp		•		
Ontex Group NV		•		
Oracle Corp.	•	•	•	
O'Reilly Automotive, Inc.			•	
Origin Energy Ltd.		•	•	
Orrstown Financial Services, Inc.	•	•	•	

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
Overstock.com, Inc.			•	
Ovintiv, Inc.		•	•	
OVS SPA		•		
PACCAR, Inc.		•		
PacWest Bancorp		•		
Palo Alto Networks, Inc.		•		
Paratek Pharmaceuticals, Inc.		•		
Pattern Energy Group, Inc.			•	
Paycom Software, Inc.		•		
PayPal Holdings, Inc.	•		•	
PDC Energy, Inc.	•	•	•	•
Pearson Plc	•	•	•	
Pennon Group Plc			•	
Pernod Ricard SA	•	•	•	
PetroChina Co. Ltd.	•		•	
Petrofac Ltd.	•		•	
Peugeot SA	•	•	•	
Pfizer, Inc.	•		•	
Philip Morris International, Inc.	•	•	•	•
Phillips 66	•		•	•
Photronics, Inc.	•			
Pinnacle West Capital Corp.	•			
Pioneer Natural Resources Co.	•	•	•	•
Piper Sandler Cos.		•	•	
Piraeus Bank SA	•	•		
Pitney Bowes, Inc.	•		•	
Plains GP Holdings LP		•		
Playtech Plc		•		
Plus500 Ltd.		•		
Popular, Inc.			•	
Postal Realty Trust, Inc.	•		•	•
Poste Italiane SPA		•	•	
Power Financial Corp.	•		•	•
PPG Industries, Inc.	•		•	•
PPL Corp.	•			
Procter & Gamble Co.			•	
Provident Financial Plc		•		

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
Prudential Financial, Inc.		•	•	
Public Storage	•	•	•	
QIAGEN NV		•	•	
QUALCOMM, Inc.		•	•	
Quotient Technology, Inc.	•	•		•
Range Resources Corp.		•		
Raymond James Financial, Inc.	•			
Raytheon Technologies Corp.			•	
Recruit Holdings Co. Ltd.	•		•	
Redde Northgate Plc		•	•	
Regeneron Pharmaceuticals, Inc.		•		
REGENXBIO, Inc.	•			
Renault SA	•	•	•	
Repsol SA			•	
Republic Services, Inc.	•		•	
Resideo Technologies, Inc.	•	•	•	•
Resolute Mining Ltd.			•	
Restaurant Brands International, Inc.		•	•	
Restaurant Group Plc		•	•	
Retrophin, Inc.	•	•		
RigNet, Inc.		•		
RingCentral, Inc.	•			
Rio Tinto Plc	•	•	•	
RioCan Real Estate Investment Trust	•	•	•	
RIT Capital Partners Plc		•		
Rite Aid Corp.	•	•	•	
RLJ Lodging Trust	•			
Roche Holding AG	•		•	
Rocket Internet SE			•	
Rolls-Royce Holdings Plc		•		
Royal Bank of Canada	•		•	
Royal Dutch Shell Plc	•	•	•	
Ryman Hospitality Properties, Inc.	•		•	
Saga Plc		•		
Samsung Electronics Co. Ltd.	•		•	
Sanderson Farms, Inc.	•		•	
Sandfire Resources Ltd.		•		

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
Sangamo Therapeutics, Inc.	•			
Sanofi	•	•	•	
Santander Consumer USA Holdings, Inc.	•		•	
Santos Ltd.	•		•	
SAP SE		•		
Sapporo Holdings Ltd.	•	•	•	•
Sarepta Therapeutics, Inc.	•		•	•
Savara, Inc.	•			
Scentre Group	•	•	•	
Schlumberger NV	•		•	
Schneider Electric SE	•	•		
SCOR SE	•	•		•
SEACOR Holdings, Inc.	•			
Segro Plc	•			
Sekisui House Ltd.	•	•	•	
Selective Insurance Group, Inc.	•		•	
Sempra Energy	•	•	•	
Sesa SPA		•		•
Seven & i Holdings Co. Ltd.	•		•	
Severn Trent Plc	•		•	
Shaftesbury Plc	•	•	•	
Shake Shack, Inc.				•
Shibaura Machine Co. Ltd.			•	
Shinhan Financial Group Co. Ltd.			•	
SI-BONE, Inc.	•			
Siemens Energy AG	•	•	•	
SIG Plc		•		
Silicon Laboratories, Inc.	•	•	•	•
Simpson Manufacturing Co., Inc.	•		•	
Six Flags Entertainment Corp.	•	•	•	
Smith & Wesson Brands, Inc.			•	
Smurfit Kappa Group Plc		•		
Snap-on, Inc.		•		
South Jersey Industries, Inc.	•	•	•	
South32 Ltd.		•	•	
Southern Co.	•	•	•	
Spectrum Brands Holdings, Inc.	•	•	•	•

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
Spire, Inc.	•	•	•	•
Spirent Communications Plc		•		
SPX Corp.	•	•	•	
SS&C Technologies Holdings, Inc.		•		
SSP Group Plc		•		
St. Modwen Properties Plc		•		
Standard Chartered Plc	•	•	•	
Standard Life Aberdeen Plc		•		
Star Entertainment Group Ltd.		•		
Starbucks Corp.	•		•	
State Street Corp.	•	•	•	
Stericycle, Inc.	•	•	•	
Sunrun, Inc.	•			
Synaptics, Inc.		•		
Sysco Corp.	•	•	•	
T Rowe Price Group, Inc.			•	
Takeda Pharmaceutical Co. Ltd.	•	•	•	
Taubman Centers, Inc.			•	
TC Energy Corp.	•		•	
TE Connectivity Ltd.	•			
TEGNA, Inc.	•		•	
Telefonica SA	•	•	•	
Teleperformance			•	
Tempur Sealy International, Inc.		•		
Teradata Corp.	•			
Tesco Plc		•		
Tesla, Inc.			•	•
TESSCO Technologies, Inc.			•	
Texas Instruments, Inc.	•	•	•	
thyssenkrupp AG	•	•	•	
Tokyo Electric Power Co. Holdings, Inc.	•		•	
Toronto-Dominion Bank			•	
Toshiba Corp.	•		•	
TOTAL SE	•	•	•	
Trade Desk, Inc.		•		
TransDigm Group, Inc.		•	•	
Transocean Ltd.	•			

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
Transurban Group	•	•	•	
Tronox Holdings Plc	•	•		
TrueCar, Inc.		•		
Truist Financial Corp.	•		•	
Trupanion, Inc.				•
TUI AG		•		
Twitter, Inc.	•	•	•	•
Tyson Foods, Inc.	•		•	
Uber Technologies, Inc.	•	•	•	•
UBS Group AG	•	•	•	
UGI Corp.	•		•	
Ulta Beauty, Inc.	•			
Ultragenyx Pharmaceutical, Inc.	•		•	•
Unibail-Rodamco-Westfield	•		•	
Unilever Plc	•	•	•	•
Union Pacific Corp.			•	
UNITE Group Plc		•		
United Natural Foods, Inc.	•	•	•	
United Parcel Service, Inc.		•	•	•
United Technologies Corp.	•		•	•
United Therapeutics Corp.		•	•	
Upwork, Inc.	•			
US Ecology, Inc.	•			
US Silica Holdings, Inc.	•	•	•	
Vale SA	•	•	•	•
Valley National Bancorp	•	•	•	•
Vector Group Ltd.	•	•		
Veeva Systems, Inc.	•		•	•
Veolia Environnement SA	•	•	•	
Verizon Communications, Inc.			•	•
Verso Corp.	•	•	•	•
VICI Properties, Inc.	•	•		•
Vicinity Centres		•		
Virgin Money UK Plc	•		•	
Virtusa Corp.	•		•	
Visa, Inc.			•	
Vivendi SA	•	•	•	

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Shareholder rights
VMware, Inc.		•		
Volkswagen AG				•
Vonage Holdings Corp.	•			
Vornado Realty Trust	•	•	•	
Walgreens Boots Alliance, Inc.	•		•	
Walmart, Inc.	•		•	
Walt Disney Co.	•	•		
Waste Management, Inc.	•			
Webjet Ltd.		•		
Webuild SPA		•		
WEC Energy Group, Inc.	•	•	•	
Wells Fargo & Co.			•	
Wesfarmers Ltd.		•	•	
West BanCorp, Inc.	•	•		
Western Union Co.			•	
Westpac Banking Corp.	•	•	•	
WH Smith Plc		•		
Wingstop, Inc.	•	•		•
Woodside Petroleum Ltd.	•	•	•	
Wright Medical Group NV	•			
Xerox Holdings Corp.	•	•	•	
Xperi Holding Corp.	•	•	•	
XPO Logistics, Inc.	•	•		
Xylem, Inc.	•			
Yara International ASA		•		
Zalando SE	•	•	•	
ZIOPHARM Oncology, Inc.	•		•	
Zojirushi Corp.	•		•	
Zovio, Inc.		•		
Zscaler, Inc.		•		
Zurich Insurance Group AG			•	
Zynga, Inc.				•

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