



# Vanguard 2021 Proxy Season Report

## Voting Positions and Engagement Trends

### Vanguard's Views on ESG

In 2021, Vanguard voted on over 130,000 proposals and engaged with 700+ companies.

#### (E) The Climate Crisis

As companies are moving to adopt more **environmentally friendly and sustainable standards**, Vanguard engaged with several companies on **Say on Climate proposals**. These engagements comprised of a relatively small portion of the total number of proposals that the firm voted on. Overall Vanguard's voting actions primarily centered around S & G topics in 2021.

#### (S) Equity, Inclusion and Diversity

As companies are moving to **provide improved transparency around DEI efforts**, Vanguard supported numerous DEI shareholder proposals that primarily focus on enhancing **board oversight** and the disclosure of diversity metrics including **EEO-1 data**.

#### (G) Compensation and COVID-risk

The COVID-19 crisis has forced many businesses to re-evaluate their **payment structure and compensation policies**. Vanguard specifically focused engagements around changes made to executive compensation plans, pushing against companies who **raised executive pay during the COVID-19 pandemic crisis**.

Company	Issues	Outcome
Say on Climate Proposals		
Berkshire Hathaway	Proposal requesting the company disclose an annual report outlining how the company manages climate-related risks and opportunities.  <i>Explanation: Vanguard believed that the company and its shareholders would benefit from increased disclosures identifying climate risk. Specifically, around addressing risks relating to operations.</i>	Supported shareholder proposals



# Vanguard 2021 Proxy Season Report (contd.)

## Voting Positions and Engagement Trends

Company	Issues	Outcome
Diversity, Equity & Inclusion		
American Express	Shareholder proposal which suggested an annual report providing qualitative analysis regarding the Board's involvement in developing and tracking DEI programs.	Supported shareholder proposal, and supported an advancement in DEI strategy
Monster	Vanguard engaged Monster on their lack of racial/ethnic diversity in the boardroom, as well as limited disclosure on such issues. Particularly sighting reputational and litigation risk that had arisen for the company around these topics.  <i>Explanation: Vanguard engaged with Monster on Board composition and diversity strategy. Vanguard believes that the best practice to improve board diversity includes a diverse slate of candidates, use of search firms and investments in diverse candidate pipelines.</i>	Withheld support from the Chair of the Nominating Committee
Tesla	Shareholder proposal requesting enhanced disclosure on DEI.  <i>Explanation: Although Tesla has made progress on DEI, Vanguard supported the proposal because of the lack of material information regarding metrics for measuring progress and EEO-1 data which provide a more complete view of their workforce.</i>	Supported shareholder proposal
Nike	Shareholder proposal to expand disclosures on workforce and disclose metrics including EEO-1 data.	Supported shareholder proposal
Berkshire Hathaway	Shareholder proposal suggesting an annual DEI report to highlight the company's efforts around diversity initiatives.  <i>Explanation: Vanguard found that the company lacked material information on diversity measures, goals and related progress. It also encouraged the disclosure of EEO-1 data, emphasizing the importance of board and workplace diversity.</i>	Supported shareholder proposals



# Vanguard 2021 Proxy Season Report (contd.)

## Voting Positions and Engagement Trends

Company	Issues	Outcome
Governance and COVID-Risk		
Tyson	Two shareholder proposals sought to improve risk oversight regarding employee health and safety as a result of poor response to COVID-19 and the company's lobbying policies relating to poor working conditions.	Supported both shareholder proposals and voted against the reelection of the Governance and Nominating Committee chairman
Chipotle	As per Chipotle's calculations, the company met pre-COVID-19 targets, resulting in a high payout for executive team.  <i>Explanation: Vanguard believed that the overall payout was significantly high relative to peers, and that use of a relative metric such as Total Shareholder Return incorporated into long-term incentive plans would have been preferable.</i>	Did not support Say on Pay proposal
Eni	Executive remuneration was calculated based on an overperformance assessment, resulting in a higher payout than previous years - despite a challenging year and underperformance compared to peers.  <i>Explanation: Vanguard believed the payout to be excessive and the overall explanation insufficient in justifying the change.</i>	Did not support remuneration reports

### ZMH's proprietary ESG Engagement Dashboard™

Know what could be asked during an engagement

Stay up to date on investor's ESG priorities

Access to 1000+ case studies & detailed analysis

Understand how investors will vote on your ballot

Gain access to 7M NPX voting records & governance policies

Contact information & key players at each firm

CONTACT US TO SCHEDULE A DEMO

[info@zmhadvisors.com](mailto:info@zmhadvisors.com) | <https://zmhadvisors.com>