



Vanguard

Proxy Voting Overview

Key Takeaways



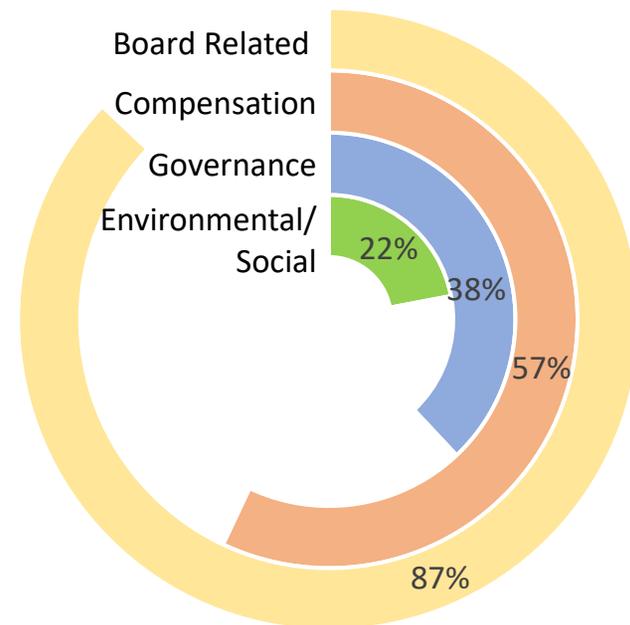
Vanguard is one of the largest investment management firms in the world. In 2021, Vanguard's Investment Stewardship team engaged with **1,074** companies, representing \$3.5 trillion in equity AUM. It voted on 177,307 proposals, out of which 5,312 were shareholder proposals. The graph below shows Vanguard's support for shareholder proposals in 2021.

Proxy Voting Guidelines

Vanguard's proxy voting guidelines were updated for US companies in 2022. Pursuant to these updates, the funds will:

- Vote against entire boards that lack a nominating and governance committee whereby non-independent directors participate in the nomination and/or selection of new directors;
- Consider voting against a director or committee for governance or material risk oversight failures – including certain considerations regarding **climate risk oversight**;
- Look for companies to employ good governance practices regarding director commitments including the adoption of an **overboarding policy** and disclosure regarding board oversight of the policy implementation; and
- Expect **board diversity disclosure** to include gender, race, ethnicity, tenure, skills and experience at the very least.

Shareholder Proposal Support 2021



Spotlight on Shareholder Proposals

While the total number of shareholder proposals voted upon by Vanguard funds declined by 9% in 2021 year-over-year, the overall level of support increased. For the 2021 calendar year, Vanguard funds supported a higher percentage of shareholder proposals related to Environmental/Social themes (+15%), Compensation (+7%), and Board (+3%). A summary of notable shareholder proposal votes cast by Vanguard are highlighted in the following table.

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Key Takeaways (Contd.)



Voting Case Studies on Shareholder Proposals (Multiple Sources)

Company	Proposal	Vote	Rationale
Alphabet, Inc.	Approve recapitalization plan to have one vote per share	Supported	Company did not meet any exceptions – being early stage founder-led company, adopting a sunset provision, or exhibiting broad employee ownership – and thus voting and economic interests were misaligned
Amazon.com, Inc.	4 proposals, report on: worker health and safety, freedom of association rights, pay gaps, and working conditions	Did not support	Company addresses these issues in existing disclosures, which describe how the board oversees these risks and identifies appropriate peers for comparison
Goldman Sachs Group, Inc.	Adopt a policy that prohibits underwriting and lending for new fossil fuel development	Did not support	Company already has disclosures to show how it mitigates climate risk. It also disclosed that it has dedicated sustainability councils, embedded in each of the company's business areas
Berkshire Hathaway, Inc.	Report on the effectiveness of DEI efforts and metrics	Supported	Company does not disclose DEI statistics and program effectiveness at the enterprise and operating company levels, and lacks transparency on board oversight of DEI risks
ExxonMobil Corporation	2 proposals, report on lobbying payments and policies	Supported	Company disclosed details of its lobbying activities, but does not clearly explain how its lobbying efforts align with its strategy and publicly stated positions
ExxonMobil Corporation	3 proposals, independent chair, audited scenario analysis, political contributions	Did not support	Lead independent director was available for multiple discussions and independent board leadership was evident; stated plans to review scenarios were adequate; recent disclosure on political contributions were adequate
Oracle Corporation	Independent board chair	Supported	Company's disclosures on the director's responsibilities lag peers, and the lead independent director had a short tenure
Valero Energy Corporation	Disclose climate action plan and GHG emissions reduction targets	Did not support	Company has already disclosed its plan to reduce Scope 1 and 2 GHG emissions and expressed the impact a Scope 3 reduction target would have on the business



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