Vanguard®

Investment Stewardship

2019 Annual Report

Investment Stewardship 2019 Annual Report

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An introduction from our chairman and CEO

Tim Buckley
Vanguard Chairman and Chief Executive Officer

When you invest with Vanguard, you can count on us to treat your investment with the care and responsibility it deserves. You've entrusted us with your financial future, and we work hard to protect the long-term value of your investments.

Not all companies define "long-term" the same way. To be clear, at Vanguard, we know investors are saving for a future that is measured in years and decades. Our investment philosophy reflects the needs of these investors and has been at the core of Vanguard's identity since we began more than 40 years ago. The index funds we manage on your behalf are practically permanent—structurally long-term—owners of the companies in which they invest. Even our active fund managers are behaviorally long-term.

Given this extended time horizon, it's critical that the companies our funds invest in share this long-term mindset. We want companies to think beyond the next quarter, or even the next few years, to create sustainable value over time for our clients. This goal will not be accomplished overnight. We're making progress by standing up for corporate governance practices that ensure that shareholders' best interests are served. We engage directly with portfolio company leaders and directors to share our perspectives and listen to theirs, and we vote the funds' shares by proxy at nearly 20,000 meetings a year.

We believe that good governance practices—thoughtful board composition, effective oversight of company strategy and risks, aligned pay for performance, and strong provisions to empower shareholders—are the foundation on which a company's board of directors can build enduring shareholder value. Although our engagements with companies cover a wide range of topics, we anchor those discussions in a broader conversation about good governance and how it benefits investors like you. Ultimately, we believe that a rising tide of good governance lifts all boats.

I am pleased to present this annual report detailing our global Investment Stewardship team's work on your behalf. From the philosophy that serves as the foundation of our work to the themes on which we continue to focus, the following pages outline the ways we take a stand for you to give you the best chance for long-term investment success.

Thank you for investing with Vanguard.

A letter to our fund shareholders

Dear Fellow Shareholders,

We're pleased to share the work done on your behalf by Vanguard's global Investment Stewardship team over the 12 months ended June 30, 2019. During that period, the Vanguard funds cast votes on nearly 170,000 individual matters and our team engaged with nearly 900 portfolio companies around the globe. And we made a few important changes that furthered our philosophy of leading with good governance and a long-term focus.

Through the past year, we've enhanced features of our program that reflect the evolving corporate governance landscape. The expansion of our team to Europe has amplified our engagement and advocacy efforts with portfolio companies and regulators worldwide. Moving forward, our program will seek to balance the need for global consistency with regional depth and relevance.

We also met with policymakers, industry groups, and academics to share our perspectives—and to learn from theirs—on a range of global governance norms. As the corporate governance environment matures globally, Vanguard will continue to represent the best interests of our shareholders in these important conversations.

Earlier this year, the boards of Vanguard's externally managed funds began transitioning proxy voting responsibilities to those funds' external managers, with the transition expected to be completed by the end of 2019. Given the ever-evolving governance and stewardship landscape, the move will enable those managers to integrate their proxy voting, engagement, and investment management processes to maximize long-term shareholder value. Next year's annual report will reflect the changes.

I invite you to read more about the Vanguard funds' voting and our perspectives on key themes that are influencing the evolution of governance. We provide deeper perspectives on enduring governance matters such as sustainability (page 12), board diversity (page 18), and climate risk (page 22). Staying aligned with your goals and Vanguard's mission—to take a stand for all investors, to treat them fairly, and to give them the best chance for investment success—we are motivated to work each day on behalf of all of you. I hope the activities we detail in the following pages make that apparent.

Thank you for trusting Vanguard to steward your assets.

Sincerely,

Glenn Booraem
Vanguard Investment Stewardship Officer
August 29, 2019

Our four principles

Board composition

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

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

We also believe that diverse boards make better decisions that can lead to better results. That's why we seek to understand, through disclosure, a board's mix of experience, tenure, skills, and personal characteristics and how that aligns with the company's strategy.

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

Oversight of strategy and risk

We believe that boards are responsible for effective oversight of a company's long-term strategy and any relevant and material risks.

We believe there should be a constant exchange of information between the board and management across a company. After all, we expect directors to bring a wealth of experience to the boardroom, and they can provide valuable counsel to company leaders who are executing on strategy.

Investors benefit when the market has better visibility into significant risks to the long-term sustainability of a company's business. The evaluation and disclosure of significant risks to a business arising from various potential factors, including environmental and social concerns, result in a more accurate valuation of the company. Accurate valuation over time is critical to ensuring that our fund shareholders are appropriately compensated for the investment risks they assume.

Executive compensation

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

We look for pay plans that incentivize outperformance versus industry peers over the long term. When shareholders do well, so should executives. When companies underperform, however, executives' pay should move in the same direction.

Governance structures

We believe that companies should have in place governance structures to ensure that boards and management serve in the best interests of the shareholders they represent.

When we encounter governance structures that are unfriendly to investors, we advocate for structural changes that strengthen shareholder rights.

Our structure and approach

Vanguard's Investment Stewardship program is executed by an experienced group of professionals who are aligned by sector or region and by topical area of responsibility. This structure enables us to develop breadth and depth on relevant issues across our funds' portfolios, as well as those unique to certain industries, regions, and countries. Our senior leaders oversee all engagement, company research, analysis, and voting for the companies in their areas, in partnership with their focused teams of analysts.

Our research and communications group is active in communicating the views, policies, and thought leadership that connect our focus on long-term value creation and protection for shareholders with subject matter experts both within the Investment Stewardship team and across Vanguard. And our technology and operations group enables every aspect of our program's research, analysis, and execution.

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

Advocacy: We are tireless advocates for 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 funds. Because of our advocacy and engagement efforts, by the time we cast votes on the funds' behalf, companies should be aware of what priorities and governance principles we deem most important to the creation and protection of shareholder value over the long term.

Investment Stewardship at a glance

During the 2019 proxy year, we engaged and voted on a range of governance matters. The details below illustrate our advocacy, engagement, and voting on topics including board composition, executive compensation, and sustainability risks.

- Discussed board composition in **79%** of our engagements.
- Met with independent directors in nearly **50%** of our engagements.

- Discussed compensation in **45%** of our engagements.
- Voted against **585** members of company board compensation committees for failing to act in response to shareholder feedback.

- Engaged with **258** companies in carbon-intensive industries, often including discussion of long-term risks.
- Supported **7** out of **49** environmental proposals, which was proportionally consistent with the prior year.

868
companies engaged

169,746
proposals voted on

$2.27T
equity assets under management engaged in the last year*

25
markets represented in our engagements†

Australia	Italy
Austria	Japan
Belgium	Netherlands
Brazil	Russia
Canada	South Africa
China	South Korea
Denmark	Spain
France	Sweden
Germany	Switzerland
Greece	Taiwan
Hong Kong	United Kingdom
India	
Israel	United States

* Dollar figure represents the market value of Vanguard fund equity investments in companies with which we engaged over the 12 months ended June 30, 2019. AUM calculated as of that date.

† Countries and territories of risk.

Engagement and voting at a glance

Our global reach

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

Our voting trends

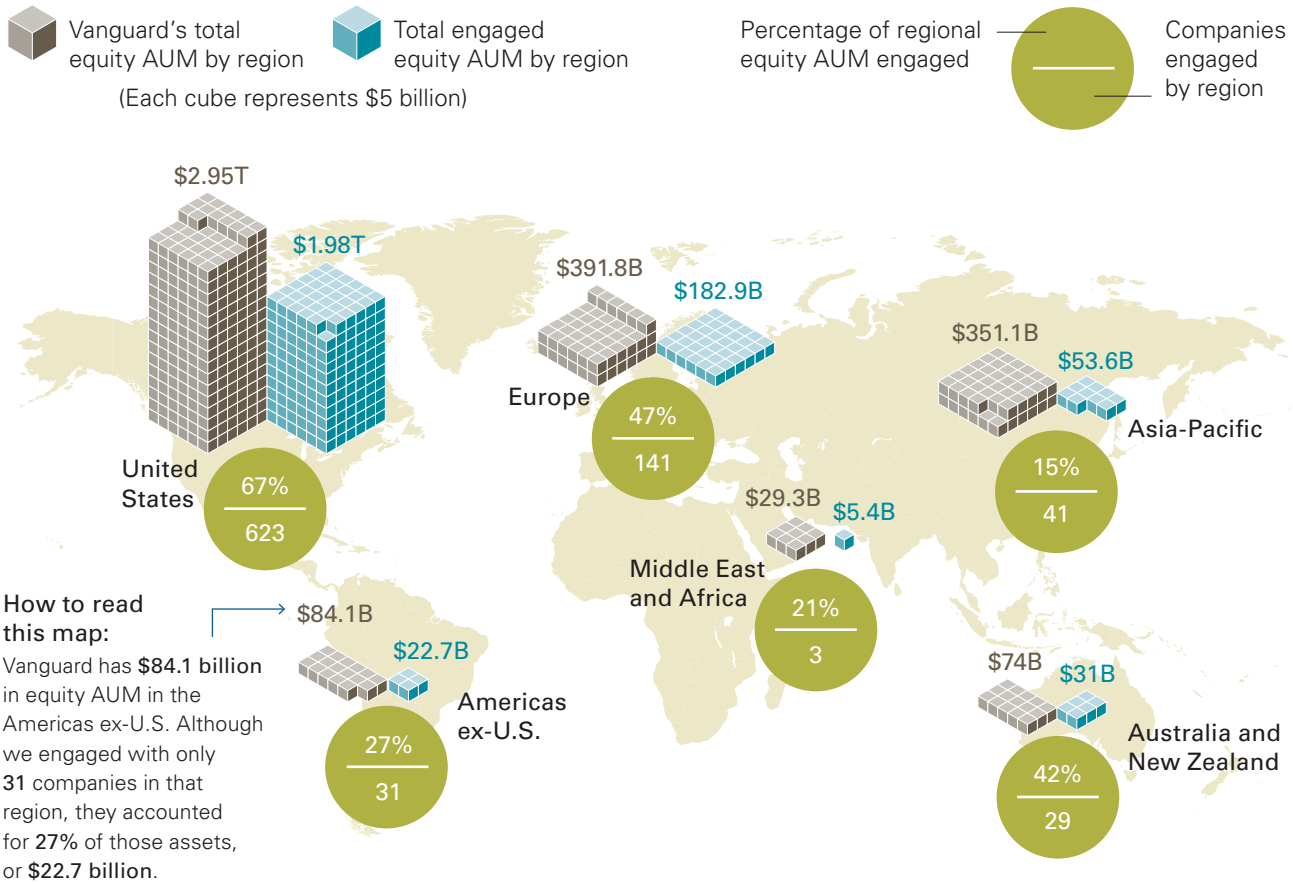
In the 2019 proxy year, the Vanguard funds voted on 169,746 proposals at 18,961 company meetings across every major financial market. These meetings took place at 13,225 portfolio companies, representing every major corporate sector.

Evolution of our engagements

We engaged with 868 companies, up from 721 in 2018, as we met with more companies outside the U.S. These engagements reflected 59% of our global assets under management.

Our global reach

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

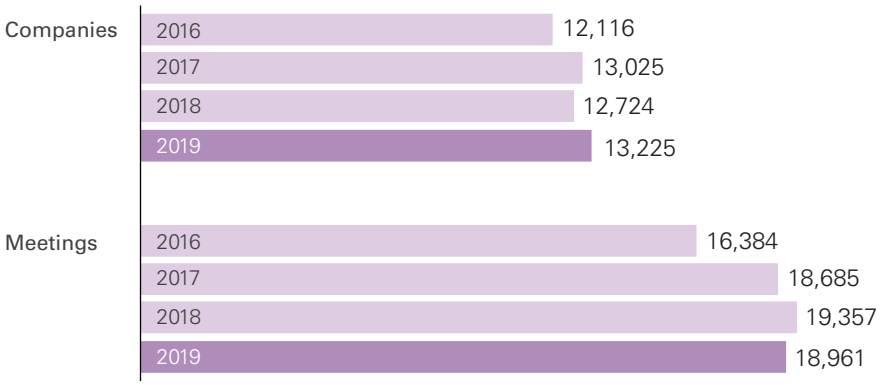


Notes: Data pertain to the 2019 proxy year. Assets under management are calculated as of June 30, 2019. The percentage of AUM engaged by region is calculated by dividing the AUM represented by our engagements in each region by the AUM represented by our total global engagements. As of June 30, 2019, the AUM represented by our total global engagements was $2.27 trillion.

Our voting trends

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

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



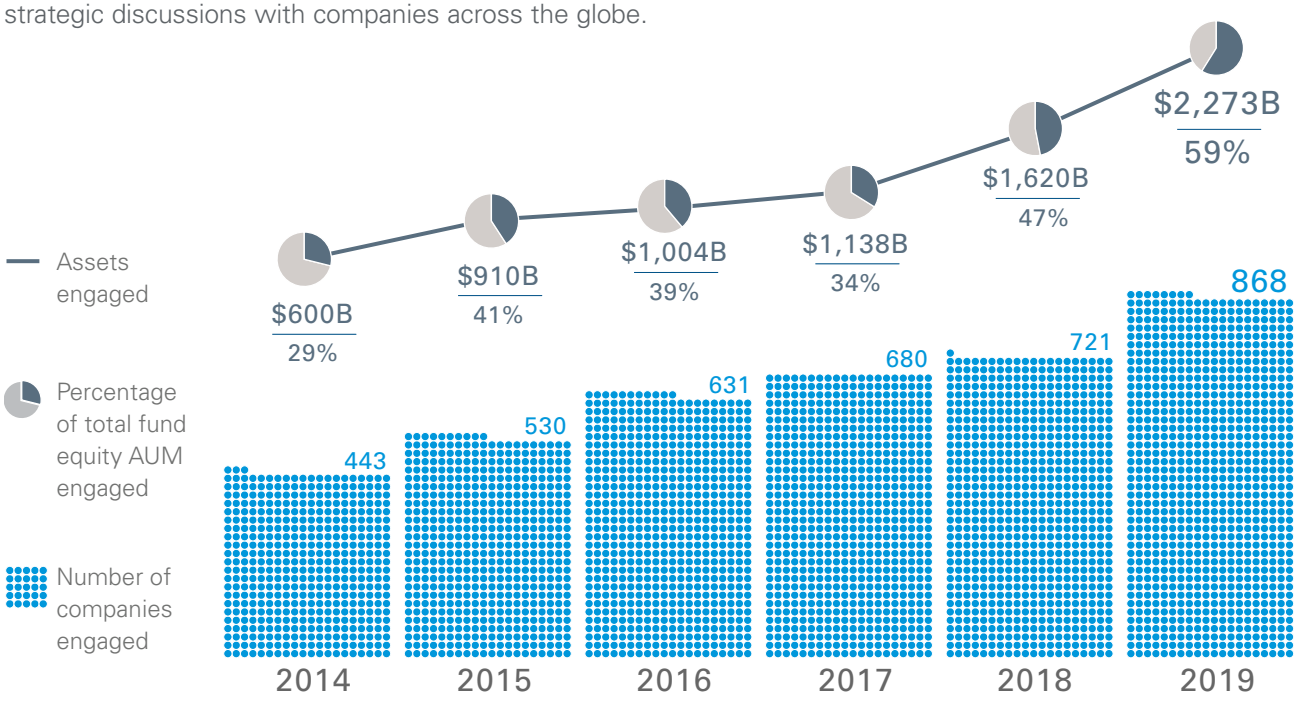
Proposals

2016 152,966	2017 170,190
2018 168,786	2019 169,746

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

Evolution of our engagements

Our engaged AUM rose as we held more strategic discussions with companies across the globe.



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

Regional roundup

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

United States

We witnessed a deeper appreciation for long-termism among shareholders and companies this year, even as traditional governance matters such as executive compensation and shareholder rights remained part of industry discussions across the U.S.

Vanguard, along with like-minded asset managers, has advocated that boards should focus on creating sustainable, long-term value for their shareholders. A key topic of discussion in our engagements with U.S. companies this year was understanding the linkage between strategic decisions that boards are making for the long term—not just for the next quarter's earnings—and their governance practices.

We also advanced long-termism through the funds' voting. Shareholders such as Vanguard held directors accountable for poor governance practices and policies. We believe that the focus on long-termism has significantly reshaped governance conversations and voting outcomes but that further progress can be made.

In line with our mission of driving the best long-term outcomes for our shareholders, we continually review and evolve the funds' U.S. voting guidelines. These serve as a framework for analyzing each proxy proposal and giving our Investment Stewardship team a consistent foundation for decision-making on behalf of each Vanguard fund. This year, we refined our guidelines on independent board leaders, diversity disclosure, and director capacity.

In addition to advancing long-termism through the funds' proxy votes and our individual company engagements, we have amplified our voice on this topic through our own communications and our alignment with organizations such as the Investor Stewardship Group.

Europe

Across Europe, we saw increased interest in corporate governance and investment stewardship matters from portfolio companies, clients, regulators, journalists, and other key stakeholders. Our approach to this heightened interest was a focus on advocacy and direct dialogue with companies' board members and management. We engaged this year with more than 140 European companies. Those engagements represented 47% of our total European equity assets under management.

Vanguard advocated for better corporate governance practices at the market level, including through responses to regulators for commentary on various matters, such as proposed revisions to the German Corporate Governance Code. In that case, we shared our perspective on a number of revisions that we believe would improve accountability and governance best practices in Germany. For example, we supported shorter term lengths for Supervisory Board members and increased disclosure in company annual reports about members' attendance at Supervisory Board meetings. In the United Kingdom, Vanguard advocated for strong stewardship practices in responses to the Financial Reporting Council's revised UK Stewardship Code and the Financial Conduct Authority's discussion paper on stewardship. Both the revised code and the paper remained under review by policymakers at the time this report was published.

Another topic of industry interest in recent years has been sustainability, with an eye toward driving long-term performance. In the regulatory sphere, the focus on sustainability accelerated in Europe, through policymaking initiatives such as the European Commission's proposed sustainable finance policy proposals. These proposals, which Vanguard has engaged on, seek to further integrate environmental, social, and governance (ESG) factors into the financial markets. (See page 12 for more discussion of Vanguard's approach to sustainability.)

Corporate governance and sustainability matters were also frequently in the spotlight this year at European industry events and roundtables. Vanguard was active in these discussions and spoke at numerous conferences. Highlights included meeting with groups of corporate secretaries in the United Kingdom and addressing investor relations professionals in Germany and Switzerland. At these events, we discussed a range of topics, including material ESG matters, shareholder activism, and companies' approaches to shareholder engagement.

Australia and New Zealand

In December 2017, Australia launched a public inquiry—the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry—to investigate company misbehavior. The commission found breaches of legal obligations, policies and procedures, company culture, and management and board oversight. Evidence of these governance failings led us to engage with Australian financial firms. Over the past two years, our engagements have evolved from understanding what triggered company missteps to discussing ways of mitigating future failings.

We found, and companies echoed, that board oversight of company culture would be a key area of focus as they move forward after the inquiry. We understand that it is difficult for boards to assess company culture. Yet we have had constructive conversations exploring how both positive and negative news gets elevated to a board swiftly, what steps the board takes to ensure that company culture aligns with the espoused values, and how the board can identify and mitigate potential areas of cultural concern.

In mid-2018, in an effort to support improved governance practices, the Australian Securities Exchange updated its Corporate Governance Principles and Recommendations. We provided our perspective on the enhanced principles, which were published in February 2019. We support them and are optimistic that companies will adopt the suggested best practices to try to prevent future governance failings.

Asia-Pacific

We have seen corporate governance practices in Asian markets strengthen in recent years. One driver has been the adoption of governance codes. Such codes have grown more numerous globally as market participants encourage companies to improve their governance practices. Asian markets have followed this trend, and so far eight countries have adopted codes.

Our Investment Stewardship program has experienced firsthand the effects of this progress. Efforts to engage are embraced more frequently, and we have seen a rise in dialogue that includes directors. Directors and management understand the importance of a well-composed board and are increasingly focused on building an independent board structure. Despite a few troubling high-profile examples of entrenched boards that are deferential to management teams, we are optimistic about the broader trend of greater board independence in markets where that practice is more the exception than the norm.

Although many of our discussions with Asia-based companies focus on foundational aspects of governance best practices, we're seeing an increasing appetite for covering more mature topics such as climate risk. Companies are improving their disclosure and board oversight of this and other risks. In some cases, companies have adopted reporting consistent with standards espoused by the Task Force on Climate-related Financial Disclosures.

Along with the rise of good governance in the Asia-Pacific region, we have seen a rise in activism. Even as some companies' governance profiles have matured, others have not met the market's expectations. This has given activists an opportunity to voice their opinions and launch campaigns. We view Asian activism as we do in other markets: While activists often raise legitimate questions and concerns, we will evaluate each side's position on its merits and support the path best aligned with long-term value creation for our funds' investors.

Sustainability is synonymous with long-termism

How Vanguard views long-term investing

Ask investors, regulators, industry experts, or asset managers to define *sustainability* and you're likely to get a range of answers. Some might say it means investing in companies that explicitly align with certain views on environmental and social issues, or more implicitly incorporating those beliefs into a broader investing framework. Companies may promote sustainability to maximize shareholder return by mitigating external risks or to advance broader stakeholder outcomes—or some combination of both. As market participants' expectations about environmental and social issues evolve, we've seen approaches to sustainability that run the gamut from proactive to reactive and from market-oriented to impact-oriented.

So what's Vanguard's take? To us, sustainability is synonymous with long-termism. We start with the premise that our equity index funds invest in just about every public company, and every industry, practically forever. With this indefinite horizon, our funds must focus on how companies are setting themselves up for success today, next year, and well into the future.

We want the funds' portfolio companies to have highly effective boards that can both support and challenge their management teams' direction of strategy and oversight of risks. A board's mandate encompasses a wide range of opportunities and risks—from financial and operational to environmental and social matters—that may affect a company's long-term value. It also encompasses the use of appropriate management incentives, the critical task of attracting and retaining top talent, and the implementation of policies that give voice to shareholders. Together, these practices are a recipe for staying relevant over time and, in turn, are vital to the long-term success of Vanguard investors.

Governance as a starting point

We place great importance on governance and, in particular, the governance of material risks. In our view, these types of risks are relevant and often comparable. We are often asked why an equity index fund provider such as Vanguard would even care about sustainability topics—or engage on them. That question conveys a fundamental misunderstanding of our Investment Stewardship program.

Through our thousands of conversations with company boards and leaders, we aim to assess how deeply boards understand their companies' strategies and the associated risks—both known ones and those they may confront in the future. We don't seek to dictate strategy. Rather, we want to know that critical issues are being addressed. In the last year, 30% of our engagements were with companies in carbon-intensive industries, and those discussions focused on the risks and opportunities associated with critical environmental topics and their impact on the companies' long-term value. Relevant environmental and social issues were often raised in engagements with companies in other sectors as well. Across our portfolios, we are inquiring about companies' sustainability strategies, asking such questions as: How do the board and management team assess materiality? And how does the company's sustainability strategy integrate with the corporate strategy?

Boards play an important role in sustainability

A board's involvement and acumen on these issues are critical. We expect boards to educate themselves by seeking out varied internal and external perspectives and continuously taking part in dialogue with management teams. In turn, directors should bring not only years of valuable experience but also a diversity of perspectives and capabilities to their roles of evaluating long-term decisions and overseeing material business risks.

We encourage boards to foster an environment in which problems can be raised and not hidden. All too often, we've seen governance failures where critical feedback was quashed before reaching the board. In many situations, social issues and the views of outside stakeholders will be relevant to companies' long-term financial success, and we expect directors to closely monitor those issues. If a company's practices, organizational culture, or products put people's health, safety, or dignity at risk, they can pose a financial risk to investors too. In such cases, we express our concerns directly to senior leaders and directors.

Human capital management is of utmost importance for many companies. We have high expectations of boards when it comes to their own composition and succession plans, as well as for their oversight of these matters at the company. For starters, we expect to see the boardroom and company leadership ranks reflect a diverse range of capabilities and perspectives. We also expect each board to take a thoughtful approach to overseeing talent development and succession at both the board and management levels.

Enhancing shareholder value

Governance is at the heart of our view on sustainability because we believe that good governance can enhance and protect long-term shareholder value. Our clients spend years saving for important goals such as buying a home or funding retirement. Ensuring that the 13,000 global companies that the Vanguard funds invest in on their behalf have a similar long-term mindset is central to our stewardship program.

Board composition

Good governance starts with a company's board of directors. As the individuals tasked with representing the interests of all shareholders, board members perform important responsibilities such as hiring CEOs and setting compensation. They also play a pivotal role in overseeing a company's strategy and key risks.

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 that diverse boards make better decisions, which can set in motion a virtuous circle that enables a company to innovate, seek out new customers, or enter new markets. If a company's board is capable, diverse, and experienced, good results are more likely to follow.

Concerns remain in the wake of a board dispute

We saw a rise this year in shareholder activism in Europe. At a recently merged European consumer goods company, we watched a dispute develop between the two equal-weighted sides of the newly combined board over the selection of a new CEO. The resulting deadlock ultimately led to the appointment of an arbitrator.

Shareholders believed the deadlock could affect the company's ability to reap the benefits of the merger and execute on its strategy. In an effort to improve the dynamic, a group of institutional investors proposed two independent director candidates for the board. An employee shareholder group separately proposed another candidate.

In such instances, Vanguard seeks to engage with all key parties to inform our evalution of the best outcome for long-term shareholders. We reached out to the company but received no response. We were, however, able to engage with the two candidates put forth by the institutional investors, as well as with a major shareholder representing one side of the deeply divided board. We welcomed the exchange of ideas on how to reconcile the divisions.

Shortly before the annual meeting, the arbitration was called off, and the employee shareholder group's board candidate withdrew. Our research and evaluation of the situation led the Vanguard funds to support the remaining two independent candidates given their external perspectives, relevant industry expertise, and experience dealing with similar complex situations. Unfortunately, neither candidate won majority support from shareholders.

We remain concerned about the board's current constitution and, as a long-term-oriented independent investor, we stand ready to support constructive approaches to breaking the deadlock and moving forward. In our view, a functioning and effective governance structure will be critical for the company's long-term performance.

After a spinoff, a technology firm embraces good governance

In 2018, we reached out to a U.S. technology company after it spun off from another large tech firm. Although we had no particular concerns given that the company had adopted many governance best practices, we hoped to discuss its board composition and oversight of risk and strategy.

The company explained its board evaluation process and key areas of focus as it continued to build a well-composed board. One specific dimension of board composition that we were pleased the company highlighted was cognitive diversity. During our discussion, the company effectively articulated a robust process for selecting the appropriate mix of skill sets, but its disclosure on this front lagged that of its peers. A board skills matrix can help tell this part of a company's story. We provided the company with examples of disclosure we found helpful.

In preparing for our engagement this year, we noted that the company had improved its board composition disclosure to include a skills matrix and a list of definitions for each skill. We were pleased that the prior year's conversation had led to constructive change, and we look forward to continued dialogue with the company.

Japanese firm takes steps to improve governance after a scandal

We engaged with a Japanese consumer company that was dealing with fallout from its chairman's arrest for alleged financial misdeeds.

In the wake of the scandal, we supported a management proposal aimed at removing the chairman and another director. But we used the engagement as an opportunity to give feedback to company leaders on how they could improve their governance practices.

We encouraged the company to adopt what we consider best practices, such as creating a permanent governance-focused committee composed of independent directors.

We also provided feedback on the company's executive remuneration program. The board previously entrusted remuneration decisions to the chairman. Although that responsibility has been rescinded, we have yet to see clear disclosure about who will oversee executive compensation decisions in the future. We asked the company to provide more disclosure to shareholders on this important topic.

In the months after our engagement, the company considered our and other shareholders' feedback and announced it was creating a board structure consisting of governance, nominating, and compensation committees. We consider this a win for all shareholders.

Deciding case by case whether supporting a proposal makes sense

We've consistently engaged with a large consumer goods company that does a good job of disclosing details about its board composition, the transparency of its practices and policies, and its board oversight of operations that span the globe.

In a recent discussion, we touched on a range of topics—board diversity, rotation of committee chairs, and the experience and skills the company favors when filling director roles—before moving on to the slate of management and shareholder proposals that were up for a vote at its annual meeting.

We decided to support management proposals on executive compensation and the elimination of supermajority voting standards. The company's executive compensation plan sensibly aligned management and shareholders over both the short and long term. By eliminating supermajority standards—a move we support in the spirit of good governance—the company is allowing its shareholders to have a voice on important topics.

We did not, however, support a shareholder proposal that called for greater disclosure on pesticide use. Environmental topics like this one are important to us, but we thought the proposal was unwarranted given that the company already had appropriate procedures to monitor use.

We also voted against a shareholder proposal to separate the roles of CEO and board chair. We analyze such proposals case by case. In this instance, the board had a strong lead independent director and adequate disclosure about the responsibilities of that role. We were confident there was a good separation of responsibilities.

A corporate split leads to good governance developments

Over the last 18 months, we met several times with a pharmaceutical company that planned to split its business lines into two standalone companies.

We were pleased to see the resulting two companies take care in adopting good governance practices as the transaction was completed. Both boards opted for a declassified structure, allowing for the annual election of directors.

We inquired about the approach to recruiting directors for each board. Women chair both boards and and also account for one-third of the independent directors. We were encouraged by the commitment to diversity. We believe that diverse boards can make better decisions because they consider a wider array of opinions that are informed by different backgrounds, skills, and experiences.

We hope to see each board continue to make governance improvements, including adopting policies that give a voice to shareholders: a simple majority vote standard, proxy access, and the right to call a special meeting. We believe such measures represent best practices.

Device maker improves its board composition and compensation plan

We met with a medical-device maker that had undergone several leadership changes, including the appointment of a new CEO. We were pleased to hear how the board's comprehensive approach to succession had led to a smooth transition.

We also appreciated the board's efforts on diversity. Both the new CEO and a recently appointed director are prominent women in the industry, and other women with relevant experience hold board leadership roles. We have long believed that boards should have perspectives that are well-informed by a diverse range of personal characteristics, skills, and experiences. This company is leading by example.

Our engagement also covered executive compensation. In prior meetings, we discussed the outsized level of executive pay; this was reflected in our record of voting against advisory proposals on executive compensation. The company has since taken positive steps in response to those concerns. We believe that its revised awards structure for the new CEO is appropriately focused on both short- and long-term performance. We have since voted in favor of the company's executive compensation plan.

Despite the progress on compensation, the company has a number of foundational governance provisions—a classified board and supermajority voting—that we'll continue to engage on. Annual election of all directors and simple majority voting provisions are increasingly the norm among its peers, as well as more broadly across an increasing number of publicly listed companies.

Vanguard's perspective on board diversity

Vanguard's mission is to take a stand for all investors, to treat them fairly, and to give them the best chance for investment success. We take that job seriously. We believe that over time, good corporate governance can create and preserve value for investors. And we believe that good governance begins with a great board of directors.

One of our most important responsibilities at Vanguard is to participate in electing directors who oversee the companies in which our funds invest. Well-composed boards have perspectives that are informed by a range of backgrounds, skills, and experiences. We depend on directors to serve as the voice of shareholders in the boardroom, to ensure that proper governance structures are in place to protect shareholder rights, to plan for the next generation of leaders and board members, and to be an invaluable resource in the oversight of company strategy and risk. This is why Vanguard focuses so strongly on board composition and effectiveness.

A call for greater board diversity

As part of that focus, we have long believed in the importance of diversity in the boardroom, and we have increasingly advocated for greater representation of women on corporate boards. We are expanding our focus to more explicitly urge boards to seek greater diversity across a wide range of personal characteristics, such as gender, race, ethnicity, national origin, and age.

We continue to promote gender diversity—there is still progress to be made—but our research and experience with corporate boards tell us that gender diversity is not enough. The effective boards of today and tomorrow should reflect all facets of diversity, and we are calling for greater progress on this front.

The business case is compelling, and although it's difficult to measure and quantify the impact of board diversity across all market sectors, our approach is grounded in both research and common sense. Diverse boards make better decisions, and better decisions lead to better results over the long term. We urge companies to embrace greater diversity in their boardrooms, and we have outlined four expectations for boards in 2019 and beyond (see box at right).

A global effort

We recognize that cultural practices and norms vary by country and by region; there is no one-size-fits-all approach. But after years of meeting with thousands of companies, we have observed a common thread that runs across many of the world's boardrooms: They are often homogeneous places that could benefit from a broader range of perspectives.

Vanguard's role

What will Vanguard do to advance this conversation? As an investor, we will advocate for greater diversity on boards. We will engage with directors, consider their perspectives, and constructively challenge their assumptions and historical practices. We may support shareholder proposals that seek greater board diversity disclosure. We will also evaluate progress through our voting activities, which will inform our funds' voting considerations in the coming years.

Our board diversity expectations of public companies

1. Publish your perspectives on board diversity.

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

2. Disclose your board diversity measures.

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

3. Broaden your search for director candidates.

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

4. Make progress on this front.

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

Oversight of strategy and risk

As practically permanent owners of company stock, Vanguard wants to understand how companies plan to stay relevant over the long term. Boards oversee the governance of strategies that have become more complex as companies compete for customers around the world. Every strategy presents a unique set of opportunities and exposes a company to myriad material risks, including those related to environmental and social matters.

When we discuss strategy and risk with portfolio companies, we try to assess how deeply the board understands the company's strategy and is involved in identifying and governing material risks. We believe there should be a constant exchange of information between the board and management across the company. After all, we expect directors to bring a wealth of experience to the boardroom, and they can provide valuable counsel to company leaders who are executing on strategy and confronting obstacles.

Unfortunately, we've witnessed instances in which risks turned into governance failures. Moreover, we've seen increasing evidence that nontraditional but material risks such as climate and data-privacy concerns can damage a company's long-term value. If a company's practices, organizational culture, or products put people's health, safety, or dignity at risk, they can pose a financial risk to investors too.

Fatal events expose gaps in governance for an industrials firm

We engaged this proxy season with an industrials company that was involved in tragic incidents that resulted in significant loss of life and drew global scrutiny about consumer safety. We expressed concern over the incidents and met with company leaders and directors to understand how the board oversees the material risks of the business.

Although the company was limited in the details it could provide given ongoing investigations, we focused on the process underlying the board's assessment, and we emphasized our baseline expectation that the company conduct a thorough, independent, and transparent review with significant board involvement. We also sought to understand the company's long-term strategy for identifying, governing, and disclosing material risks and mentioned that the company had an opportunity to broaden the board's experience by adding independent directors with more comprehensive expertise in the sector.

In our experience, having complementary director types leads to deeper, more probing discussions and to boards that both appropriately challenge and partner with the management team.

Utility overhauls its board in the wake of a disaster

After incidents involving a U.S. utilities company resulted in deaths and considerable property and environmental damage, we held numerous engagements with the company to understand its board's role in overseeing the remediation of the crisis. An investigation found that the company was responsible for aspects of the incidents, leading to concerns about its corporate culture and triggering a public and shareholder outcry for the board to step down. In addition, uncertainty over the company's financial liability led it to file for bankruptcy, prompting shareholders to call into question whether the company was upholding its fiduciary duty and serving in shareholders' best interests.

In the midst of our engagements, the company announced plans to refresh its entire board, aiming to regain public trust and acquire specific skill sets that would benefit the company's long-term strategy. Several shareholder groups sought board representation, and their nominees' skills and experiences ranged broadly from reorganization experts to people with deep safety and operational knowledge. As part of our process, we listened to the shareholder groups' perspectives and considered how the views of key stakeholders—such as regulators and the utility's customers—would influence the company's long-term financial value.

In our discussions with the company, we emphasized that although having a successful reorganization process concerned us, our primary focus was ensuring that the post-bankruptcy company and board were best positioned to succeed in the future. This long-term perspective informed our assessment and discussions about each of the nominees.

We were satisfied that the nominees put forth by the company included capable, experienced directors who could help turn around the company, its culture, and its reputation. As a result, the Vanguard funds voted to elect the new directors.

After a merger, German health care firm deals with new material risks

We conducted multiple engagements with a German health care company that faced a series of lawsuits over the safety of a product it recently acquired in a merger.

Our initial engagement, conducted with the chair of the company's independent Supervisory Board—a governance structure in Germany composed of non-executive directors—sought to understand how those directors were thinking about the financial impact of product-related lawsuits and the new set of material risks resulting from the business lines and products acquired in the merger.

Vanguard believes that a lack of governance oversight of key risks can negatively affect a company's long-term performance, so we were disappointed when the chair wasn't forthcoming about how the board was broadening its risk oversight practices in light of the merger. After observing the company's response to additional costly risk-related legal decisions, our voting expressed a lack of confidence in the ability of both Supervisory and Management Board members to oversee and adjust to the new relevant risks to their evolving business. Other shareholders voted similarly. Less than a majority voted in favor of ratifying the actions of the Management Board.

Following the annual meeting, we met in person with representatives of the two boards, including the chief executive officer. The company was receptive in this engagement to Vanguard's feedback about its shifting risk landscape, and it gave us a comprehensive overview about how its two boards function, including their oversight of strategy and risks. The company also explained its new holistic ESG strategy, which includes increasing transparency on key issues, adding environmental targets, and engaging more with stakeholders—all important steps given the widespread shareholder concerns about the company's risk profile and long-term strategic plans.

We were pleased to see the company proactively pursuing feedback from investors.

A growing focus on climate risk

We saw a shift in how boards approach this topic

The market, regulatory, consumer, and technological shifts associated with climate change were key areas of focus over the last year for many companies in which the Vanguard funds invest.

We engaged with more than 250 companies in carbon-intensive industries (such as energy, utilities, and industrials), and climate concerns were a more frequent discussion topic in other industries, such as insurance, transportation, and real estate. Through these engagements, we have encouraged and seen meaningful progress by many companies in overseeing the risks—and opportunities—associated with climate change. Yet many other companies remain far behind on this journey and have room to improve their disclosure and better educate their boards on climate-risk-related topics. Our engagements with companies in the energy industry have especially illustrated these trends.

A sizable shift by energy companies

Through our direct engagements with energy companies, we have observed a notable increase in recognition by senior management and directors that climate change is a board-level issue and that boards must actively develop an understanding of and attentive oversight process for this concern.

We have seen boards tackle these challenges in various ways. One example is a European energy company that, given divergent regional views and regulatory environments, discussed bolstering its board's global diversity. And a U.S. energy firm shared that it had enhanced its board education to include discussions with both internal and external climate experts who hold differing views on how climate change affects the oil and gas sector.

In Europe, several energy companies have added climate-related metrics to their executive pay programs, seeking to better align management incentives with their long-term climate strategy goals. In other regions, we met with energy companies whose boards lacked meaningful industry experience or sufficient climate knowledge to oversee these material risks to long-term value. We expressed concern that these boards may not be well-positioned to appropriately challenge management as the companies integrate climate issues into their business strategies.

How companies approach disclosure

We have consistently advocated for company disclosure that aligns with industry-established reporting frameworks such as the Task Force on Climate-related Financial Disclosures, and we have seen increased reporting that is both comparable and decision-useful for investors.

We engaged with several energy companies that have consistently improved their disclosure on how a low-carbon environment may affect their businesses. These companies' most recent disclosures provide both qualitative and quantitative assessments of their resiliency to numerous climate-change scenarios, including ones in which the goals of the Paris Agreement are met. This disclosure approach is largely in use in Europe and is slowly being considered in other regions.

A focus on climate risk governance

We believe that many core governance functions—such as robust board oversight and meaningful company disclosure—are imperative for managing climate risk. This is why our stewardship efforts focus on promoting these practices. In our discussions with board directors and company executives, we stay focused on effective, long-term-oriented governance practices to address this important risk; we do not seek to dictate a particular climate strategy or outcome.

Moreover, many energy companies have found additional ways to communicate with shareholders. In the last year, for example, we participated in immersive "board and governance days" with two energy companies in Europe. At these events, investors collectively participated in a direct dialogue with independent board members on climate risk and other material risks to long-term value.

Engagement at the industry level

As with our approach to other material risks, our stewardship efforts on climate change are not limited to individual company engagements. Vanguard participated this past year in numerous roundtable discussions among investors and global energy companies, including a recent summit in Europe attended by Vanguard Chairman and CEO Tim Buckley and leaders from other major asset management firms and some of the world's largest energy companies. We also engaged with scientific researchers, other investors, industry consultants, and additional subject matter experts to discuss key priorities and trends.

Vanguard participates in these discussions to both share and refine our views about the important role that effective corporate governance, risk oversight, and relevant disclosure play in investment success. After an active year of diverse engagement on the complex climate issue, we have come away encouraged by the high-quality cross-industry dialogue taking place around the globe. We commit to continued monitoring, engagement, and support for constructive, long-term-oriented initiatives to mitigate the risks of climate change to our clients' long-term investment success.

Why disclosure frameworks are important

Vanguard's Investment Stewardship team analyzes the long-term implications of a wide range of material factors—including environmental, social, and governance topics—that can affect companies' value. Narrative disclosures and performance data help give Vanguard and other long-term investors context about companies' periodic financial reporting to the market. Because required disclosures don't tell the whole story, we encourage companies to use disclosure frameworks to guide their presentation of information in a way that is consistent, comparable, and relevant to investors.

Frameworks that provide guidance on qualitative and quantitative reporting topics enable companies to stay flexible and provide a foundation for investor engagement on the management of risks and opportunities. For more than two years, Vanguard has served on an advisory group to the Sustainability Accounting Standards Board (SASB), which identifies sector-specific metrics that convey material, decision-useful data about companies' management of environmental, social, human capital, business model, and governance risks. Investors and companies alike increasingly believe that risks captured in SASB's framework will materially affect companies' long-term financial performance. SASB's final standards were published in November 2018, and we've been encouraged to see their increased adoption by public companies.

Some complex topics call for in-depth frameworks to help investors use the information. A framework created by the Task Force on Climate-related Financial Disclosures (TCFD) has generated broad global support since its 2017 release, with hundreds of institutional supporters (including Vanguard) and companies across many industries and regions now integrating or planning to integrate some aspects of TCFD guidance into their reports.

Where the market is headed

We've been encouraged by a trend of cooperation between reporting frameworks and standard-setters to increase their alignment. Although multiple frameworks may persist long into the future, with some serving distinct purposes or meeting different stakeholder needs, appropriate convergence can reduce the reporting burden for companies and eliminate confusion for market participants. We further believe that policymakers play a critical role in balancing the priorities of different market participants while supporting consistency. Vanguard will remain a voice in the conversation as the disclosure landscape evolves, and we will support materiality-driven frameworks that promote transparency and comparability.

Executive compensation

We believe that one way to incentivize company leaders to plan for the long term is to link their compensation to performance benchmarks that extend well beyond the next quarter or year.

In our engagements on this topic, we seek to understand how the board structures pay to incentivize outperformance over the long term versus peers. Companies should provide clear disclosure about their compensation practices and how those link to performance and to the company's espoused strategy. We believe that this transparency gives shareholders confidence that the board is looking out for their best interests.

Governance overhaul takes shape at a consumer discretionary firm

Over the last 18 months, we held several engagements with a consumer discretionary company dealing with a tumultuous period that included its CEO's resignation. Although most of our initial engagements centered on the CEO's departure, a recent discussion concerned how the board had begun to shift its focus toward improving the company's governance outlook.

This engagement included updates on several new directors who replaced ones who resigned in the wake of the CEO's departure. The board has a new chair supported by an activist investor, and the other new directors are three women who have relevant experience and improve the board's diversity. Although the board still has some skills gaps, we supported these directors' election and considered the moves a step in the right direction.

We've already seen the board make a positive impact. The company had a history of awarding its former CEO excessive compensation. The new CEO's compensation, though, appropriately aligns pay and performance. We welcomed the change, as reflected in our voting. For the first time in years, we sided with the board in ratifying executive officers' compensation. We encouraged company leaders to continue to embrace good governance practices.

Discussions follow increased scrutiny of large Australian bank

We engaged with a large Australian bank to discuss its board composition, company culture, board oversight of risk and strategy, and executive remuneration. We did so given Australia's Royal Commission inquiry into the country's banking and financial services industry.

We'd first engaged with the company's board chairman and its CEO in 2017, after the inquiry opened. During that engagement, we explained the importance of a well-composed board and asked about the board's composition and oversight of company culture. In light of the inquiry, we emphasized that news, both good and bad, needed to be swiftly elevated to the board. We were encouraged by our engagement but continued to track the inquiry in order to inform our future conversations.

Our most recent discussion came after months of company turbulence: The commission's report harshly criticized the bank, key company leaders resigned, and shareholders rejected a restructured executive remuneration program. We discussed remuneration changes that the company was considering and further explained that we'd voted against its plan because we felt it overemphasized short-term performance. Although this topic was largely the focus of our engagement, we also aimed to discuss lessons learned from the commission's findings. We believe these issues are important to explore, and we expect to speak more in the future about them and the company's rebuilding efforts.

French retailer makes progress on remuneration

We have engaged for several years with a French consumer goods company over concerns about what we saw as a misalignment between executive pay and shareholder value creation. In 2018, we urged the company to consider changes to its remuneration structure to better align executives' rewards with long-term performance.

Following our 2018 engagement, we were encouraged to see that the company made improvements in line with our feedback. These included transitioning its long-term incentive plan from a cash payment to company shares and introducing a comparative measure of the company's performance versus peers.

Despite these improvements, we remained concerned that executives' 2018 payouts were still not appropriately aligned to company performance. Ahead of the 2019 annual shareholder meeting, our team engaged again with the company. We welcomed the positive changes but expressed concern about the lack of pay-for-performance alignment and the limited disclosure of the executive remuneration targets. To reflect our concerns, the Vanguard funds voted against the backward-looking remuneration report for the CEO. The funds did, however, support the forward-looking remuneration policy, recognizing the progress made.

We advised the company of our funds' vote decision and provided detailed feedback that we expected pay-for-performance alignment and improved disclosure on executive pay. We intend to engage with the chair of the board's remuneration committee later in 2019 to discuss the evolving remuneration structure.

Governance structures

Governance structures should provide an avenue for shareholders to voice their concerns and ensure the accountability of a company's board and management. We believe that shareholders should be able to hold directors accountable as needed through governance provisions such as annual elections that require securing a majority of votes. In instances where the board appears resistant to shareholder input, we also support the right of an appropriate proportion of shareholders to call special meetings and to place director nominees on the company's ballot.

A REIT's classified board structure disappoints

We have engaged with a U.S. real estate investment trust over the past two years to discuss governance concerns. In 2018, we spoke with the company about the board's choice to unilaterally classify (stagger director elections) without shareholder approval. We explained our view on the importance of holding annual elections and bringing changes in governance structures to a shareholder vote. In addition, we voted against the governance committee to hold it accountable for taking a step back from governance best practices. Opposition to the directors' election by more than a majority of the votes cast indicated that we were not the only displeased shareholders.

We spoke with members of management and the board again in 2019 about addressing shareholders' governance concerns. The company did not plan to do so. Further exacerbating the situation was the company's lack of disclosure about why the board thinks the directors who drew considerable shareholder opposition are those best-suited to keep serving. As a result, we expressed to the board the need for near-term action and again held the governance committee accountable for its inaction. For a second year, directors faced opposition from a majority of shareholders.

The board's decisions, combined with complete inaction, show an unacceptable disregard for accountability to shareholders. To act in the best interests of Vanguard fund shareholders, we will encourage the board to be responsive to shareholder concerns, and we will take the necessary steps to escalate the matter if we do not see clear progress.

Materials firm hears shareholder feedback, improves governance

Over several engagements with a U.S.-based materials company, we discussed issues with executive compensation and advocated for changes to the company's governance structures to strengthen shareholder rights and promote director accountability.

The company for years has maintained a classified board structure and a supermajority voting requirement of 80%, presenting significant hurdles for shareholders to use their vote to effect change. We believe in governance structures that empower shareholders to hold directors accountable through an annual election and that enable shareholders to approve amendments to the company charter and bylaws with a simple majority vote.

After management's consideration of governance best practices and shareholders' feedback, it put forth proposals to declassify the board and eliminate the supermajority voting requirement. Although both proposals narrowly failed to win support (because of the supermajority standard), we were pleased to see the company make this positive shift toward good governance.

We were encouraged by its commitment to implement best practices and will engage further with the company to advocate for positive changes that support shareholder rights and generate long-term value. We hope to continue our discussions on other important topics where we see an opportunity for improvement, including executive compensation.

Proxy voting history

Global summary of proxy votes cast by Vanguard funds

(July 1, 2018–June 30, 2019)

- Vanguard funds cast nearly 170,000 individual votes in 2019, up slightly from our 2018 total of approximately 169,000
- Board member elections, compensation, and capitalization issues continued to account for the majority of ballot items
- Total shareholder proposals in 2019 numbered 5,263, down 0.8% from 2018
- The number of proxy contests going to a vote was in line with last year

Alignment with our principles	Proposal type	2018 Number of proposals	2018 % for	2019 Number of proposals	2019 % for
Board composition	**Management proposals**				
	Elect directors	61,041	93%	61,218	91%
	Other board-related	11,460	90%	11,410	90%
	Shareholder proposals				
	Board-related	3,551	80%	3,368	82%
Oversight of strategy and risk	**Management proposals**				
	Approve auditors	10,739	99%	10,439	98%
	Shareholder proposals				
	Environmental/social	244	5%	247	6%
Executive compensation	**Management proposals**				
	Executive compensation	5,768	93%	5,734	91%
	Other compensation-related	10,800	91%	11,183	90%
	Shareholder proposals				
	Compensation-related	118	47%	215	60%
Governance structures	**Management proposals**				
	Governance-related	10,761	84%	11,352	87%
	Shareholder proposals				
	Governance-related	341	40%	337	50%
Other proposals	**Management proposals**				
	Capitalization	27,306	98%	27,837	98%
	Mergers and acquisitions	7,927	95%	7,696	97%
	Adjourn/other business	17,680	96%	17,614	95%
	Shareholder proposals				
	Other	1,050	85%	1,096	88%
Total		**168,786**	**93%**	**169,746**	**93%**

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

(July 1, 2018–June 30, 2019)

76% of equity AUM | 3,836 meetings

Alignment with our principles	Proposal type	2018 Number of proposals	2018 % for	2019 Number of proposals	2019 % for
Board composition	**Management proposals**				
	Elect directors	20,962	95%	21,081	93%
	Other board-related	51	92%	42	86%
	Shareholder proposals				
	Board-related	85	14%	104	22%
Oversight of strategy and risk	**Management proposals**				
	Approve auditors	3,404	99.9%	3,415	100%
	Shareholder proposals				
	Environmental/social	162	7%	156	7%
Executive compensation	**Management proposals**				
	Executive compensation	2,601	95%	2,674	94%
	Other compensation-related	1,808	80%	1,681	76%
	Shareholder proposals				
	Compensation-related	37	0%	39	3%
Governance structures	**Management proposals**				
	Governance-related	419	90%	324	94%
	Shareholder proposals				
	Governance-related	209	24%	177	42%
Other proposals	**Management proposals**				
	Capitalization	482	83%	428	91%
	Mergers and acquisitions	247	99%	243	98%
	Adjourn/other business	387	78%	344	79%
	Shareholder proposals				
	Other	9	11%	4	0%
Total		**30,863**	**93%**	**30,712**	**92%**

Summary of proxy votes cast by Vanguard funds for companies in Europe

(July 1, 2018–June 30, 2019)

10% of equity AUM | 2,369 meetings

Alignment with our principles	Proposal type	2018 Number of proposals	2018 % for	2019 Number of proposals	2019 % for
Board composition	**Management proposals**				
	Elect directors	9,976	89%	9,825	88%
	Other board-related	4,247	96%	4,039	96%
	Shareholder proposals				
	Board-related	289	53%	295	59%
Oversight of strategy and risk	**Management proposals**				
	Approve auditors	2,492	98%	2,501	98%
	Shareholder proposals				
	Environmental/social	13	0%	21	10%
Executive compensation	**Management proposals**				
	Executive compensation	2,384	91%	2,229	89%
	Other compensation-related	2,129	94%	2,080	93%
	Shareholder proposals				
	Compensation-related	4	0%	26	31%
Governance structures	**Management proposals**				
	Governance-related	1,186	95%	1,021	95%
	Shareholder proposals				
	Governance-related	20	40%	34	15%
Other proposals	**Management proposals**				
	Capitalization	6,624	97%	6,408	98%
	Mergers and acquisitions	325	96%	306	91%
	Adjourn/other business	4,139	96%	4,095	96%
	Shareholder proposals				
	Other	49	14%	50	16%
Total		**33,877**	**93%**	**32,930**	**93%**

Summary of proxy votes cast by Vanguard funds for companies in Australia and New Zealand

(July 1, 2018–June 30, 2019)

2% of equity AUM | 364 meetings

Alignment with our principles	Proposal type	2018 Number of proposals	2018 % for	2019 Number of proposals	2019 % for
Board composition	**Management proposals**				
	Elect directors	822	91%	758	90%
	Other board-related	21	43%	13	15%
	Shareholder proposals				
	Board-related	7	0%	19	16%
Oversight of strategy and risk	**Management proposals**				
	Approve auditors	59	100%	53	100%
	Shareholder proposals				
	Environmental/social	10	0%	9	11%
Executive compensation	**Management proposals**				
	Executive compensation	296	97%	288	94%
	Other compensation-related	439	97%	440	95%
	Shareholder proposals				
	Compensation-related	0	NA	0	NA
Governance structures	**Management proposals**				
	Governance-related	65	100%	65	98%
	Shareholder proposals				
	Governance-related	6	0%	7	0%
Other proposals	**Management proposals**				
	Capitalization	92	99%	98	100%
	Mergers and acquisitions	48	100%	46	100%
	Adjourn/other business	6	100%	4	100%
	Shareholder proposals				
	Other	5	0%	1	0%
Total		**1,876**	**93%**	**1,801**	**91%**

Summary of proxy votes cast by Vanguard funds for companies in the Asia-Pacific region

(July 1, 2018–June 30, 2019)

9% of equity AUM | 10,234 meetings

Alignment with our principles	Proposal type	2018 Number of proposals	2018 % for	2019 Number of proposals	2019 % for
Board composition	**Management proposals**				
	Elect directors	21,832	96%	21,855	95%
	Other board-related	5,270	89%	5,315	90%
	Shareholder proposals				
	Board-related	2,944	87%	2,760	89%
Oversight of strategy and risk	**Management proposals**				
	Approve auditors	3,424	99%	3,019	99%
	Shareholder proposals				
	Environmental/social	49	0%	43	0%
Executive compensation	**Management proposals**				
	Executive compensation	6	67%	4	75%
	Other compensation-related	4,670	93%	4,988	94%
	Shareholder proposals				
	Compensation-related	63	89%	130	90%
Governance structures	**Management proposals**				
	Governance-related	7,699	85%	8,377	90%
	Shareholder proposals				
	Governance-related	75	79%	108	78%
Other proposals	**Management proposals**				
	Capitalization	17,566	98%	18,263	98%
	Mergers and acquisitions	6,764	95%	6,131	98%
	Adjourn/other business	11,271	97%	11,041	96%
	Shareholder proposals				
	Other	976	90%	1,036	93%
Total		**82,609**	**95%**	**83,070**	**95%**

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

(July 1, 2018–June 30, 2019)

2% of equity AUM | 1,606 meetings

Alignment with our principles	Proposal type	2018 Number of proposals	2018 % for	2019 Number of proposals	2019 % for
Board composition	**Management proposals**				
	Elect directors	6,287	79%	6,255	78%
	Other board-related	1,032	66%	1,023	64%
	Shareholder proposals				
	Board-related	202	56%	187	59%
Oversight of strategy and risk	**Management proposals**				
	Approve auditors	1,001	98%	1,013	96%
	Shareholder proposals				
	Environmental/social	10	20%	15	7%
Executive compensation	**Management proposals**				
	Executive compensation	243	96%	256	95%
	Other compensation-related	1,058	87%	1,123	89%
	Shareholder proposals				
	Compensation-related	14	0%	20	15%
Governance structures	**Management proposals**				
	Governance-related	700	88%	587	89%
	Shareholder proposals				
	Governance-related	31	65%	11	27%
Other proposals	**Management proposals**				
	Capitalization	2,018	99%	1,993	99%
	Mergers and acquisitions	437	93%	450	96%
	Adjourn/other business	1,244	94%	1,225	94%
	Shareholder proposals				
	Other	10	70%	5	0%
Total		**14,287**	**85%**	**14,133**	**84%**

Summary of proxy votes cast by Vanguard funds for companies in the Middle East and Africa

(July 1, 2018–June 30, 2019)

1% of equity AUM | 552 meetings

Alignment with our principles	Proposal type	2018 Number of proposals	2018 % for	2019 Number of proposals	2019 % for
Board composition	**Management proposals**				
	Elect directors	1,162	89%	1,474	79%
	Other board-related	839	98%	978	97%
	Shareholder proposals				
	Board-related	24	25%	3	0%
Oversight of strategy and risk	**Management proposals**				
	Approve auditors	359	86%	438	87%
	Shareholder proposals				
	Environmental/social	0	NA	3	0%
Executive compensation	**Management proposals**				
	Executive compensation	238	88%	283	83%
	Other compensation-related	696	94%	871	90%
	Shareholder proposals				
	Compensation-related	0	NA	0	NA
Governance structures	**Management proposals**				
	Governance-related	692	48%	978	52%
	Shareholder proposals				
	Governance-related	0	NA	0	NA
Other proposals	**Management proposals**				
	Capitalization	524	96%	647	97%
	Mergers and acquisitions	106	95%	520	96%
	Adjourn/other business	633	87%	905	90%
	Shareholder proposals				
	Other	1	0%	0	NA
Total		**5,274**	**86%**	**7,100**	**84%**

Company engagements

The following table lists the 868 companies that Vanguard's Investment Stewardship team engaged with during the 12 months ended June 30, 2019. 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 come up.

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 pay in comparison with relevant peers and its linkage to long-term performance benchmarks. Our meetings about *governance structures* 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	Governance structures
2U, Inc.	•	•	•	•
3M Co.	•	•	•	
Aaron's, Inc.	•			
Abbott Laboratories	•	•	•	
AbbVie, Inc.	•	•		•
ABIOMED, Inc.	•			•
ACADIA Pharmaceuticals, Inc.	•		•	
Accenture Plc	•	•		
Accor SA	•	•	•	
Activision Blizzard, Inc.	•	•	•	
Adobe, Inc.	•	•		•
Adtalem Global Education, Inc.			•	
Advanced Drainage Systems, Inc.		•		
Advanced Energy Industries, Inc.	•			
Advanced Micro Devices, Inc.	•			
AECOM	•		•	
AES Corp.	•	•		
Aflac, Inc.	•	•		
AGCO Corp.			•	
Agilent Technologies, Inc.	•			•
AGL Energy Ltd.		•		
AGNC Investment Corp.			•	•
Agnico Eagle Mines Ltd.	•	•	•	
Air Liquide SA	•	•		•
Airbus SE	•	•	•	
Aircastle Ltd.			•	
Alacer Gold Corp.	•			
Alaska Air Group, Inc.	•	•		•
Alcoa Corp.	•	•	•	•
Alder Biopharmaceuticals, Inc.	•		•	
Alexandria Real Estate Equities, Inc.	•	•		
Alexion Pharmaceuticals, Inc.	•		•	•

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Governance structures
Alibaba Group Holding Ltd.	•			
Align Technology, Inc.	•	•	•	
Alkermes Plc	•		•	
Allergan Plc	•	•	•	
Allison Transmission Holdings, Inc.	•	•	•	
Ally Financial, Inc.	•			
Alnylam Pharmaceuticals, Inc.	•	•		•
Alphabet, Inc.	•	•	•	
Alpine Electronics, Inc.	•	•		
Altria Group, Inc.	•	•	•	
Amazon.com, Inc.	•	•		•
Ambarella, Inc.	•		•	•
AMC Networks, Inc.	•			
Ameren Corp.	•	•		
American Airlines Group, Inc.	•	•		
American Axle & Manufacturing Holdings, Inc.	•	•	•	•
American Express Co.	•	•		
American Homes 4 Rent	•	•		
American International Group, Inc.	•	•	•	
American Outdoor Brands Corp.	•	•		
American Tower Corp.	•			
American Water Works Co., Inc.	•	•	•	
Ameriprise Financial, Inc.	•	•	•	•
AmerisourceBergen Corp.	•	•	•	•
Amgen, Inc.	•	•		
AMP Ltd.	•	•	•	
Amphenol Corp.	•	•		
Anadarko Petroleum Corp.	•	•		
Analog Devices, Inc.	•	•		
Anheuser-Busch InBev SA	•		•	
Annaly Capital Management, Inc.	•	•		•
Anthem, Inc.	•	•		•
APA Group	•	•	•	
Apache Corp.	•	•	•	
Apartment Investment & Management Co.	•		•	
Apple, Inc.	•	•		•
Applied Materials, Inc.	•	•		•

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Governance structures
Aptiv Plc	•	•		
Aqua America, Inc.			•	
Aramark		•	•	
Archer-Daniels-Midland Co.	•	•		
Arconic, Inc.		•	•	
Ardent Leisure Group Ltd.	•	•		
Argo Group International Holdings Ltd.	•	•		
Arista Networks, Inc.	•	•		
Aroundtown SA	•	•		•
Arrow Electronics, Inc.	•	•		
Arrowhead Pharmaceuticals, Inc.	•			
Aryzta AG		•		
Asahi Group Holdings Ltd.	•	•	•	
ASGN, Inc.	•		•	
Ashford, Inc.		•		
ASML Holding NV	•	•		
Associated Banc-Corp	•			
AstraZeneca Plc	•		•	
AT&T, Inc.	•	•		
athenahealth, Inc.	•	•		
Atmos Energy Corp.	•	•		
Atos SE	•	•	•	
aTyr Pharma, Inc.			•	
Australia & New Zealand Banking Group Ltd.	•	•		
Australian Agricultural Co. Ltd.	•	•	•	
Autodesk, Inc.	•	•		
Automatic Data Processing, Inc.	•	•		
AvalonBay Communities, Inc.	•	•		•
Avanos Medical, Inc.	•	•	•	•
Avaya Holdings Corp.			•	•
Aventus Group		•		
Avery Dennison Corp.	•	•	•	
Axis Capital Holdings Ltd.			•	
Axos Financial, Inc.	•		•	•
Badger Meter, Inc.	•			
BAE Systems Plc	•	•		
Baker Hughes, a GE Co.	•	•	•	•

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Governance structures
Ball Corp.	•	•	•	
Banco Bilbao Vizcaya Argentaria SA	•	•		•
Banco Santander SA	•	•		
Bank of America Corp.	•	•		•
Bank of Marin Bancorp		•	•	•
Bank of Montreal	•	•		
Barclays Plc	•	•		
Barnes Group, Inc.	•	•	•	
Barrick Gold Corp.	•	•	•	
BASF SE	•	•		
Bausch Health Cos., Inc.	•		•	•
Baxter International, Inc.	•	•		•
Bayer AG	•	•	•	•
Bayerische Motoren Werke AG	•			
BB&T Corp.	•		•	
BCA Marketplace Plc	•		•	
Bed Bath & Beyond, Inc.	•	•	•	
Berkeley Group Holdings Plc			•	
Best Buy Co., Inc.	•	•		•
BHP Group Plc	•	•		•
BioCryst Pharmaceuticals, Inc.		•		
BioMarin Pharmaceutical, Inc.	•		•	•
BJ's Wholesale Club Holdings, Inc.	•		•	•
BlackBerry Ltd.		•	•	
BNP Paribas SA	•	•	•	
Boeing Co.	•	•		
Boingo Wireless, Inc.	•	•	•	
Booz Allen Hamilton Holding Corp.	•	•		•
Boral Ltd.	•	•	•	
Boston Beer Co., Inc.	•	•	•	
BP Plc	•	•		
Brickworks Ltd.	•	•	•	
Brighthouse Financial, Inc.	•	•	•	
BrightView Holdings, Inc.	•		•	
Bristol-Myers Squibb Co.	•	•		•
British American Tobacco Plc	•	•	•	
Brookdale Senior Living, Inc.	•	•		•

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Governance structures
Brookfield Asset Management, Inc.	•	•	•	•
BT Group Plc	•	•	•	
Bunge Ltd.	•	•		
Burberry Group Plc	•	•	•	
Bureau Veritas SA			•	
Burlington Stores, Inc.	•	•	•	•
Business First Bancshares, Inc.	•			
BWX Technologies, Inc.	•	•		•
C&J Energy Services, Inc.				•
Cadence Design Systems, Inc.	•	•		
Caesars Entertainment Corp.	•	•	•	
Cairn Homes Plc			•	
California Resources Corp.	•	•	•	•
Campbell Soup Co.	•	•		
Canadian Imperial Bank of Commerce	•	•		•
Canadian Natural Resources Ltd.	•	•	•	•
Cannae Holdings, Inc.	•	•	•	•
Capital One Financial Corp.	•	•		
Cardinal Health, Inc.	•	•	•	•
Cardtronics Plc			•	
Carrefour SA	•	•	•	•
Cars.com, Inc.	•	•		
Catalent, Inc.	•	•		•
Caterpillar, Inc.	•	•		
CBRE Group, Inc.		•		
CBS Corp.	•	•	•	
Cedar Realty Trust, Inc.			•	
Celgene Corp.	•	•		•
Centene Corp.	•			
Centerra Gold, Inc.	•			
CenturyLink, Inc.	•	•	•	•
CH Robinson Worldwide, Inc.	•	•		
Charles River Laboratories International, Inc.	•			•
Charles Schwab Corp.	•	•		•
Charter Communications, Inc.	•	•		
Chegg, Inc.			•	•
Cheniere Energy, Inc.	•	•	•	

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Governance structures
Chesapeake Energy Corp.			•	
Chevron Corp.	•	•		
China Petroleum & Chemical Corp.	•	•		
Chipotle Mexican Grill, Inc.		•	•	
Chubb Ltd.	•	•		•
Cie Financiere Richemont SA	•	•	•	
Cigna Corp.	•	•		•
Cincinnati Financial Corp.	•			
Cisco Systems, Inc.	•	•	•	•
CIT Group, Inc.			•	
Citigroup, Inc.	•	•		
Citrix Systems, Inc.	•	•		
Clarkson Plc			•	
Clean Harbors, Inc.	•	•		•
Clearwater Paper Corp.	•	•	•	•
Clearway Energy, Inc.	•			•
Cleveland-Cliffs, Inc.			•	
Clorox Co.	•	•		
Clovis Oncology, Inc.	•		•	
CLP Holdings Ltd.	•	•		
CMS Energy Corp.	•	•		
CNB Financial Corp.		•		•
CNO Financial Group, Inc.	•		•	•
CNX Resources Corp.			•	
Cogent Communications Holdings, Inc.	•		•	
Cognizant Technology Solutions Corp.	•	•		
Colfax Corp.	•			
Colgate-Palmolive Co.	•	•		
Colgate-Palmolive India Ltd.	•	•		•
Com Hem Holding AB	•	•		
Comcast Corp.	•	•		
Commerzbank AG	•			•
Commonwealth Bank of Australia	•	•		
Community Bank System, Inc.	•	•	•	•
Concho Resources, Inc.	•	•		•
ConocoPhillips	•	•	•	
Continental Resources, Inc.	•	•		

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Governance structures
CoreCivic, Inc.		•		
CoreSite Realty Corp.	•			
Costco Wholesale Corp.	•	•	•	•
Cott Corp.	•			
Cracker Barrel Old Country Store, Inc.	•	•		•
Credit Suisse Group AG	•	•	•	
Crest Nicholson Holdings Plc	•		•	
Crown Castle International Corp.	•	•		•
Cummins, Inc.	•	•		
CVS Health Corp.	•	•		
CYBG Plc			•	
CytomX Therapeutics, Inc.	•			
Daimler AG	•	•	•	
Daiwa House Industry Co. Ltd.	•	•		•
Danaher Corp.	•	•	•	
Danone SA	•		•	
Danske Bank A/S	•	•		
Darden Restaurants, Inc.	•	•		
DaVita, Inc.	•		•	
De La Rue Plc			•	
Dean Foods Co.	•	•	•	•
Delivery Hero SE		•		
Dell Technologies, Inc.	•	•		•
Delta Air Lines, Inc.	•	•	•	
Denbury Resources, Inc.	•	•	•	
Dentsply Sirona, Inc.	•	•		•
Detour Gold Corp.	•	•		•
Deutsche Bank AG	•	•	•	•
Deutsche Boerse AG	•	•	•	
Deutsche Post AG	•			
Deutsche Telekom AG	•	•	•	
Deutsche Wohnen SE	•	•		
Devon Energy Corp.	•	•		
Diageo Plc	•	•		
Diamondback Energy, Inc.	•	•	•	•
Diebold Nixdorf, Inc.	•		•	
Dignity Plc			•	

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Governance structures
Dine Brands Global, Inc.	•	•	•	•
Discovery Communications, Inc.	•	•	•	
Dollar General Corp.	•	•		
Dollar Tree, Inc.	•	•		
Dollarama, Inc.	•	•		•
Dominion Energy, Inc.	•	•	•	•
Donnelley Financial Solutions, Inc.	•	•		
Douglas Emmett, Inc.			•	
Dova Pharmaceuticals, Inc.	•			
Dover Corp.	•	•	•	
Drax Group Plc		•		
Drive Shack, Inc.			•	
DTE Energy Co.	•	•		•
Duke Energy Corp.	•	•		•
Dycom Industries, Inc.	•			
Dynavax Technologies Corp.	•			•
E.ON SE	•	•		
Eagle Bancorp, Inc.			•	
Eastman Chemical Co.	•	•		•
eBay, Inc.	•	•		•
Edison International	•	•		
Edwards Lifesciences Corp.	•	•		
eHealth, Inc.			•	
Eli Lilly & Co.	•	•		
Ellaktor SA	•	•		
Enanta Pharmaceuticals, Inc.			•	
Encana Corp.			•	
Endo International Plc	•	•	•	
Entergy Corp.	•	•	•	
Entertainment One Ltd.			•	
Envision Healthcare	•	•	•	
EOG Resources, Inc.	•	•		
EQT Corp.	•	•		
Equifax, Inc.	•	•	•	
Equinix, Inc.	•	•	•	
Equity LifeStyle Properties, Inc.		•		
Essex Property Trust, Inc.	•	•	•	

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Governance structures
Estee Lauder Cos., Inc.	•	•	•	•
Etsy, Inc.	•	•	•	•
Eversource Energy		•		
EW Scripps Co.	•	•		•
Exelon Corp.	•	•		
Expeditors International of Washington, Inc.	•	•	•	
Exterran Corp.	•	•		•
Extra Space Storage, Inc.	•	•		
Exxon Mobil Corp.	•	•	•	
Eyenovia, Inc.			•	
Facebook, Inc.	•	•	•	•
FANUC Corp.	•	•		
Fastenal Co.		•		
Ferrari NV	•		•	
Ferrexpo Plc	•	•		
Ferro Corp.	•			
Fidelity National Information Services, Inc.	•	•	•	
Fifth Third Bancorp	•			
First Interstate BancSystem, Inc.	•			
FirstCash, Inc.	•	•		•
Firstgroup Plc	•	•		
Five Below, Inc.	•	•		
Five Prime Therapeutics, Inc.	•			
FleetCor Technologies, Inc.	•	•	•	
Flowers Foods, Inc.	•	•	•	•
Flowserve Corp.		•		
Fluidigm Corp.	•		•	
Flushing Financial Corp.			•	
FMC Corp.	•	•		
Forest City Realty Trust		•		
Fortescue Metals Group Ltd.	•	•		
Fortinet, Inc.	•	•		•
Fox Factory Holding Corp.	•		•	•
Foxtons Group Plc			•	
Franco-Nevada Corp.	•	•	•	
Fresnillo Plc	•	•	•	
Frontier Communications Corp.			•	

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Fujikura Ltd.	•	•		
Fujitec Co. Ltd.	•			•
G4S Plc	•	•		
Gannett Co., Inc.	•	•		
Gap, Inc.	•		•	
GCP Applied Technologies, Inc.	•	•		•
General Dynamics Corp.	•	•	•	
General Electric Co.	•	•	•	
General Mills, Inc.	•	•		
GenMark Diagnostics, Inc.	•		•	
Genpact Ltd.			•	
Gentherm, Inc.	•	•	•	
Genus Plc	•		•	
Genworth Financial, Inc.			•	
GEO Group, Inc.	•	•		
GGP, Inc.		•		•
G-III Apparel Group Ltd.	•	•	•	
Gilead Sciences, Inc.	•			•
Glaukos Corp.	•	•	•	•
GlaxoSmithKline Plc	•	•	•	
Glencore Plc	•	•		
Global Net Lease, Inc.	•			•
Global Payments, Inc.			•	
GoCo Group Plc			•	
Goldman Sachs Group, Inc.	•	•	•	•
Goodman Group	•		•	
Goodyear Tire & Rubber Co.	•	•		
Greene King Plc	•		•	
Greenhill & Co., Inc.			•	
Griffon Corp.	•		•	
Guess?, Inc.	•	•	•	•
H&R Block, Inc.	•	•	•	•
Haemonetics Corp.	•	•	•	•
Halliburton Co.	•	•	•	
Hamilton Beach Brands Holding Co.	•			
Hancock Whitney Corp.	•	•		•

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Governance structures
Hannon Armstrong Sustainable Infrastructure Capital, Inc.	•	•		•
Hanover Insurance Group, Inc.	•	•		
Hasbro, Inc.	•	•		
Hawaiian Electric Industries, Inc.	•	•		•
HB Fuller Co.	•	•	•	
HCA Healthcare, Inc.	•		•	•
HCI Group, Inc.	•	•	•	•
HCP, Inc.	•	•		
Henkel AG & Co. KGaA	•			•
Hertz Global Holdings, Inc.			•	
Hess Corp.	•	•		
Hewlett Packard Enterprise Co.	•	•		
Hexcel Corp.	•			
Hill & Smith Holdings Plc	•			
Hillenbrand, Inc.	•			•
Hologic, Inc.	•	•	•	•
Home Depot, Inc.	•	•	•	•
HomeStreet, Inc.	•	•		•
Honda Motor Co. Ltd.	•	•	•	
Honeywell International, Inc.	•	•		
Hong Kong Exchanges & Clearing Ltd.	•	•	•	
Host Hotels & Resorts, Inc.	•	•		
HP, Inc.		•		
HSBC Holdings Plc			•	
Hubbell, Inc.		•	•	
Hudbay Minerals, Inc.	•	•		
Humana, Inc.	•	•	•	
Huntington Ingalls Industries, Inc.	•	•		
Iberdrola SA	•	•		
IBERIABANK Corp.	•	•	•	•
IDACORP, Inc.	•	•	•	
IDEX Corp.	•	•		
Illinois Tool Works, Inc.	•	•		
Illumina, Inc.	•	•		•
IMMOFINANZ AG	•	•		
Immunomedics, Inc.	•			

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Governance structures
Impac Mortgage Holdings, Inc.			•	
Imperial Brands Plc	•	•	•	
Incyte Corp.	•		•	
Infinity Pharmaceuticals, Inc.			•	
ING Groep NV	•	•		
Inmarsat Plc			•	
Innovative Solutions & Support, Inc.	•			
Inovio Pharmaceuticals, Inc.	•	•	•	
Insperity, Inc.	•	•		
Insulet Corp.	•	•		•
Intel Corp.	•		•	
Intercept Pharmaceuticals, Inc.	•		•	
Intercontinental Exchange, Inc.	•	•		
Interface, Inc.	•			
International Business Machines Corp.	•	•		
International Consolidated Airlines Group SA	•	•		
International Paper Co.	•			
Intertek Group Plc	•		•	
Intevac, Inc.	•		•	
Intra-Cellular Therapies, Inc.			•	
Intrepid Potash, Inc.			•	
Intuit, Inc.	•	•		
Intuitive Surgical, Inc.	•			
Invacare Corp.	•	•	•	•
Invesco Ltd.	•			
Investa Office Fund		•		
Ionis Pharmaceuticals, Inc.			•	
Ironwood Pharmaceuticals, Inc.	•	•		•
iStar, Inc.			•	
ITT, Inc.	•	•	•	•
IVERIC bio, Inc.	•			
j2 Global, Inc.			•	
JC Penney Co., Inc.	•		•	
JD Sports Fashion Plc			•	
Jefferies Financial Group, Inc.			•	
JetBlue Airways Corp.	•	•		•
JGC Corp.	•	•		

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Governance structures
J.M. Smucker Co.	•	•	•	
John Bean Technologies Corp.	•	•		
Johnson & Johnson	•	•		
Johnson Controls International Plc	•	•	•	
JPMorgan Chase & Co.	•	•	•	
Jupiter Fund Management Plc	•	•		
Kaiser Aluminum Corp.			•	
Kansai Electric Power Co., Inc.	•	•		
Kansas City Southern		•		
KAR Auction Services, Inc.	•	•	•	•
KAZ Minerals Plc	•		•	
Kellogg Co.	•	•		•
Kilroy Realty Corp.	•	•	•	
Kinder Morgan, Inc.	•	•	•	
Kingfisher Plc			•	
Kinross Gold Corp.	•	•		
Kirin Holdings Co. Ltd.	•	•		
KLA-Tencor Corp.	•	•		•
Koninklijke DSM NV	•	•	•	•
Koninklijke Philips NV	•	•	•	
Kroger Co.	•	•	•	
Kumho Petrochemical Co. Ltd.	•	•		
Kyushu Railway Co.	•	•		
Laboratory Corp. of America Holdings	•	•		
Lam Research Corp.	•	•		•
Lancashire Holdings Ltd.		•	•	
Laredo Petroleum, Inc.			•	
Lattice Semiconductor Corp.	•		•	•
LendingClub Corp.	•	•	•	•
LendingTree, Inc.			•	
Lennar Corp.	•	•	•	•
Liberty Global Plc	•		•	•
Liberty Property Trust	•	•	•	•
Linde Plc	•	•		
Link REIT	•	•	•	•
Lions Gate Entertainment Corp.	•		•	
Live Nation Entertainment, Inc.	•		•	

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Lloyds Banking Group Plc	•	•	•	
Lockheed Martin Corp.	•	•		
Lowe's Cos., Inc.	•	•		•
LPL Financial Holdings, Inc.	•	•		•
Lundin Petroleum AB	•	•		
LyondellBasell Industries NV	•	•	•	
M&T Bank Corp.	•	•	•	
Macerich Co.			•	
Mack-Cali Realty Corp.	•	•	•	•
Macquarie Group Ltd.		•	•	
Macquarie Infrastructure Corp.	•	•	•	
Maeda Corp.	•	•		•
Mallinckrodt Plc		•	•	
ManpowerGroup, Inc.	•	•	•	
Marathon Petroleum Corp.	•	•	•	•
MarketAxess Holdings, Inc.	•	•	•	
Marks & Spencer Group Plc		•	•	
Marriott International, Inc.	•			
Marsh & McLennan Cos., Inc.	•	•		
Marvell Technology Group Ltd.	•	•		
Masimo Corp.	•			•
Mastercard, Inc.	•	•		
MasterCraft Boat Holdings, Inc.	•	•	•	•
Matador Resources Co.	•	•	•	•
Mattel, Inc.	•	•	•	•
MBIA, Inc.	•		•	
McCarthy & Stone Plc			•	
McDonald's Corp.	•	•		•
McKesson Corp.	•	•	•	
MDC Holdings, Inc.	•	•	•	•
MDU Resources Group, Inc.	•	•	•	
Medidata Solutions, Inc.	•	•	•	•
Medifast, Inc.	•	•	•	
MEDNAX, Inc.	•	•	•	
Medtronic Plc	•	•		
Mercialys SA	•		•	
Merck & Co., Inc.	•	•		

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Meta Financial Group, Inc.			•	
Methanex Corp.	•	•		
Metro Bank Plc	•	•	•	
MGIC Investment Corp.	•	•	•	
MGM Resorts International	•	•		
Microchip Technology, Inc.	•	•		
Micron Technology, Inc.	•	•		
Microsoft Corp.	•	•	•	
Middleby Corp.		•	•	
Mirvac Group	•	•	•	•
Mitsubishi Corp.	•	•		
Mitsui Fudosan Co. Ltd.	•	•		
Mizuho Financial Group, Inc.	•	•		
MMC Norilsk Nickel PJSC	•	•	•	
Model N, Inc.			•	
Molina Healthcare, Inc.	•	•	•	•
Molson Coors Brewing Co.	•	•		
Mondelez International, Inc.	•	•	•	
Monro, Inc.	•	•	•	•
Monster Beverage Corp.			•	
Moody's Corp.	•	•		
Morgan Stanley	•	•		
Movado Group, Inc.	•		•	
MTN Group Ltd.	•	•		
Muenchener Rueckversicherungs-Gesellschaft AG in Muenchen	•	•		
MVB Financial Corp.			•	
Mylan NV	•	•	•	
Nabors Industries Ltd.	•	•	•	•
Nasdaq, Inc.	•	•		•
Naspers Ltd.	•		•	•
National Australia Bank Ltd.	•		•	
National Grid Plc		•	•	
Natus Medical, Inc.	•	•	•	•
NCR Corp.			•	
Nestle SA	•	•		•
NetApp, Inc.	•	•		•

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Netflix, Inc.		•	•	•
Neurocrine Biosciences, Inc.	•			
Nevro Corp.	•	•	•	•
New York Community Bancorp, Inc.	•		•	•
New York REIT		•		
Newell Brands, Inc.	•	•	•	
Newmont Goldcorp Corp.	•	•		
Newpark Resources, Inc.	•	•	•	•
News Corp.	•	•	•	•
Nexstar Media Group, Inc.	•	•	•	
NextEra Energy, Inc.	•	•		
NIKE, Inc.	•	•		•
Nippon Yusen KK	•	•		
Nissan Motor Co. Ltd.	•	•		
Noble Corp. Plc			•	
Norfolk Southern Corp.	•	•	•	
Northern Star Resources Ltd.	•	•	•	
Northern Trust Corp.				•
Northrop Grumman Corp.	•	•		
Northview Apartment Real Estate Investment Trust	•			
Norwegian Cruise Line Holdings Ltd.	•		•	•
Novagold Resources, Inc.	•		•	
Novartis AG	•	•		
Novocure Ltd.	•		•	•
Nuance Communications, Inc.	•	•	•	•
Nutrisystem	•	•		
NVIDIA Corp.	•	•		
NVR, Inc.	•	•	•	
Ocado Group Plc			•	
Occidental Petroleum Corp.	•	•		•
Omnicom Group, Inc.	•	•		•
Oracle Corp.	•	•	•	
Orange SA	•		•	
Ormat Technologies, Inc.			•	
Orora Ltd.	•	•		
Owens Realty Mortgage	•	•		•
Owens-Illinois, Inc.	•	•	•	

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Governance structures
Palo Alto Networks, Inc.			•	
Pandora Media, Inc.		•		
Papa John's International, Inc.	•	•		•
Patterson-UTI Energy, Inc.	•		•	
PayPal Holdings, Inc.	•	•	•	
Pebblebrook Hotel Trust	•	•		
Pembina Pipeline Corp.	•	•		
PepsiCo, Inc.	•	•		•
PerkinElmer, Inc.	•			
Pernod Ricard SA	•	•	•	
Persimmon Plc	•	•	•	
PetroChina Co. Ltd.	•	•		•
Petroleo Brasileiro SA	•	•		
Pfizer, Inc.	•	•		
PG&E Corp.	•	•		
Philip Morris International, Inc.	•	•	•	
Pilgrim's Pride Corp.		•		
Pitney Bowes, Inc.	•			
PJT Partners, Inc.	•	•	•	•
Plantronics, Inc.	•	•	•	•
PNC Financial Services Group, Inc.	•	•	•	
PNM Resources, Inc.	•	•		
Polaris Industries, Inc.	•	•	•	•
PolyOne Corp.	•			
Portland General Electric Co.		•		
Portola Pharmaceuticals, Inc.	•		•	
Poste Italiane SPA			•	
PPG Industries, Inc.	•	•	•	•
PPL Corp.	•	•		
Premier Foods Plc	•	•		
Primerica, Inc.		•	•	•
Progenics Pharmaceuticals, Inc.	•	•	•	
Prologis, Inc.	•		•	
Proofpoint, Inc.	•		•	
Propertylink Group	•	•		
ProSiebenSat.1 Media SE	•			
Provident Financial Plc			•	

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Governance structures
Prudential Financial, Inc.	•	•	•	
Prudential Plc	•	•		
PTC, Inc.	•	•	•	
Public Storage	•	•		
Publicis Groupe SA	•		•	
Puma Biotechnology, Inc.	•			
QBE Insurance Group Ltd.		•	•	
QEP Resources, Inc.		•		
QTS Realty Trust, Inc.		•		•
Qualcomm, Inc.	•	•		•
Qualys, Inc.	•		•	•
Quanta Services, Inc.	•	•	•	
Quest Diagnostics, Inc.	•	•	•	•
QuinStreet, Inc.			•	
Ralph Lauren Corp.	•	•	•	•
Randgold Resources Ltd		•		
Range Resources Corp.	•	•	•	
Rayonier Advanced Materials, Inc.			•	•
Realty Income Corp.	•	•		•
Reckitt Benckiser Group Plc	•		•	
Recro Pharma, Inc.	•			
Regeneron Pharmaceuticals, Inc.	•	•	•	•
Regions Financial Corp.	•	•	•	•
Regis Corp.	•	•	•	
RenaissanceRe Holdings Ltd.		•	•	
Repsol SA	•	•		
Restaurant Brands International, Inc.	•	•	•	
Retrophin, Inc.	•	•	•	
Rio Tinto Plc	•	•	•	
Rite Aid Corp.	•	•	•	
RMR Group, Inc.	•	•		•
Roche Holding AG	•	•	•	•
Rogers Corp.	•			
Rolls-Royce Holdings Plc	•	•		
Roper Technologies, Inc.	•	•		•
Ross Stores, Inc.	•	•		
Royal Bank of Scotland Group Plc	•		•	

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Governance structures
Royal Dutch Shell Plc		•		
Royal Mail Plc	•		•	
RPT Realty	•	•	•	
Ryder System, Inc.	•			
Ryman Hospitality Properties, Inc.	•			
S&P Global, Inc.	•			
Safestore Holdings Plc			•	
Samsung Electronics Co. Ltd.	•	•	•	•
Sanderson Farms, Inc.	•	•		
SandRidge Energy, Inc.			•	
Sanmina Corp.			•	
Sanofi	•	•	•	
SAP SE	•	•	•	•
Sarepta Therapeutics, Inc.			•	•
Scentre Group	•	•		•
Schlumberger Ltd.	•	•	•	
Schneider Electric SE	•		•	
Schroders Plc	•		•	
SEACOR Holdings, Inc.	•			
Sealed Air Corp.	•		•	
Seattle Genetics, Inc.	•		•	•
SeaWorld Entertainment, Inc.	•		•	
Sempra Energy	•	•	•	
Sensata Technologies Holding Plc	•	•		•
Seritage Growth Properties	•	•	•	•
Shake Shack, Inc.	•	•	•	•
Sherwin-Williams Co.	•	•		
Shionogi & Co. Ltd.	•	•		
Shutterfly, Inc.	•	•	•	
Signature Bank			•	
Sinopec Oilfield Service Corp.		•		
Sirius Minerals Plc			•	
Six Flags Entertainment Corp.	•		•	
SkyWest, Inc.	•	•		
Skyworks Solutions, Inc.				•
SmartCentres Real Estate Investment Trust	•	•		
SolarEdge Technologies, Inc.				•

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Governance structures
Sonoco Products Co.	•			
South Jersey Industries, Inc.			•	
South32 Ltd.	•	•	•	•
Southwest Airlines Co.	•	•	•	
SpartanNash Co.	•			
Spectris Plc	•		•	
Spectrum Pharmaceuticals, Inc.	•		•	
Spire Healthcare Group Plc			•	
Spire, Inc.	•	•		•
Spirit AeroSystems Holdings, Inc.	•	•		
Sports Direct International Plc	•	•		•
Square, Inc.	•	•	•	•
SSP Group Plc			•	
St. James's Place Plc	•			
STAG Industrial, Inc.	•		•	
Standard Chartered Plc	•	•	•	
Standard Life Aberdeen Plc	•		•	
Stanley Black & Decker, Inc.	•	•		
Star Entertainment Grp Ltd.	•	•		
Starbucks Corp.	•	•	•	
Starwood Property Trust, Inc.	•			•
Steel Dynamics, Inc.	•	•	•	
Stericycle, Inc.		•	•	
Stobart Group Ltd.			•	
Stockland	•	•	•	
STORE Capital Corp.		•		•
Straumann Holding AG	•		•	
Subaru Corp.		•		
Sumitomo Corp.	•	•		
Sumitomo Metal Mining Co. Ltd.	•	•		•
Sumitomo Realty & Development Co. Ltd.	•			•
Suncor Energy, Inc.	•	•		
Sunstone Hotel Investors, Inc.	•	•		
SunTrust Banks, Inc.	•	•		
Superdry Plc	•	•		
Superior Energy Services, Inc.	•		•	
SVB Financial Group		•	•	

Company name	Board composition	Oversight of strategy and risk	Executive compensation	Governance structures
Swedbank AB		•		
Swiss Re AG	•	•	•	
Syneos Health, Inc.	•		•	•
Synovus Financial Corp.	•	•		
Sysco Corp.	•	•		
Tableau Software, Inc.	•	•	•	•
Taiwan Semiconductor Manufacturing Co. Ltd.	•	•		
Takeda Pharmaceutical Co. Ltd.	•	•	•	
Take-Two Interactive Software, Inc.	•	•	•	•
Tandem Diabetes Care, Inc.			•	
Tanger Factory Outlet Centers, Inc.			•	
Tapestry, Inc.	•			
Target Corp.	•	•		
Taubman Centers, Inc.	•	•		
Taylor Wimpey Plc			•	
TCF Financial Corp.	•			
TD Ameritrade Holding Corp.	•	•		
TE Connectivity Ltd.	•	•	•	•
Technicolor SA	•		•	
TechnipFMC Plc	•	•	•	
TEGNA, Inc.	•	•	•	
Tejon Ranch Co.	•	•	•	•
Telecom Italia SpA	•	•		
Telefonica SA	•	•	•	
Tempur Sealy International, Inc.		•	•	
Tenet Healthcare Corp.	•	•	•	•
Tesco Plc		•	•	•
Tesla, Inc.	•	•	•	•
Teva Pharmaceutical Industries Ltd.	•		•	•
Texas Instruments, Inc.	•	•	•	•
Texas Pacific Land Trust	•	•		•
Textron, Inc.			•	
Thermo Fisher Scientific, Inc.	•		•	•
Tidewater, Inc.	•			
Timken Co.	•			
TiVo Corp.	•			
Tokio Marine Holdings, Inc.	•	•		

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Tokyo Electric Power Co. Holdings, Inc.	•	•		
Toll Brothers, Inc.	•		•	•
Toronto-Dominion Bank	•	•	•	
Total SA	•	•		
TransAlta Corp.	•	•		
TransCanada Corp.	•	•	•	
TransDigm Group, Inc.		•	•	
Transocean Ltd.	•			
TRI Pointe Group, Inc.	•			
Tronox Holdings Plc	•	•	•	•
TrueCar, Inc.			•	•
TrustCo Bank Corp. NY	•	•	•	•
Tutor Perini Corp.	•		•	
Twenty-First Century Fox, Inc.	•	•	•	
Twitter, Inc.	•	•		•
UBS Group AG	•	•	•	•
Umpqua Holdings Corp.	•			
Unilever Plc	•	•		•
Union Pacific Corp.	•	•	•	
Unisys Corp.	•			
United Natural Foods, Inc.	•	•	•	
United Technologies Corp.	•	•		
United Therapeutics Corp.	•		•	
UnitedHealth Group, Inc.	•	•	•	
Univar, Inc.	•	•		•
Urban Edge Properties	•			
US Bancorp	•		•	
Vale SA	•	•		
Valero Energy Corp.	•	•		•
Varian Medical Systems, Inc.	•	•	•	
Varonis Systems, Inc.			•	
Vector Group Ltd.	•		•	•
Vectrus, Inc.	•	•		•
Vectura Group Plc	•		•	
Veeva Systems, Inc.	•	•	•	•
Ventas, Inc.	•	•		
Veolia Environnement SA	•	•		

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Verisk Analytics, Inc.	•		•	•
Verizon Communications, Inc.	•	•		
Vermilion Energy, Inc.	•	•		
Vertex Pharmaceuticals, Inc.	•	•		•
ViaSat, Inc.		•	•	
VICI Properties, Inc.	•			
Virtusa Corp.	•	•	•	
Visa, Inc.	•	•		
Vista Outdoor, Inc.	•	•	•	
VIVUS, Inc.	•		•	
Vocera Communications, Inc.	•		•	•
Vodafone Group Plc	•	•		
Volkswagen AG	•	•		•
Vonage Holdings Corp.	•		•	
Vonovia SE	•	•	•	
Vornado Realty Trust	•	•	•	
Walgreens Boots Alliance, Inc.		•		
Walker & Dunlop, Inc.			•	
Walmart, Inc.	•	•		
Walt Disney Co.	•	•	•	
Waste Connections, Inc.	•	•	•	
Waterstone Financial, Inc.			•	•
Watsco, Inc.	•		•	•
WEC Energy Group, Inc.	•	•		
Weight Watchers International, Inc.	•		•	•
Wells Fargo & Co.	•	•		
WESCO International, Inc.	•	•	•	
Wesfarmers Ltd.	•	•		
Western Digital Corp.	•	•	•	
Westpac Banking Corp.	•	•		
Weyerhaeuser Co.	•	•	•	
Wheeler Real Estate Investment Trust, Inc.	•	•		
White Mountains Insurance Group Ltd.	•			
Whitehaven Coal Ltd.		•		
Whitestone REIT			•	•
Whiting Petroleum Corp.		•		
Wienerberger AG	•	•	•	

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Willis Towers Watson Plc	•	•		
Wolverine World Wide, Inc.	•	•		
Woodside Petroleum Ltd.	•	•	•	
Woolworths Group Ltd.	•	•		
World Acceptance Corp.	•	•	•	
WPP Plc	•	•	•	
Wright Medical Group NV	•	•	•	
Wyndham Destinations, Inc.	•	•	•	
Wynn Resorts Ltd.	•	•	•	•
Xenia Hotels & Resorts, Inc.	•			•
Xerox Corp.	•		•	
Xperi Corp.	•		•	
XPO Logistics, Inc.	•	•	•	
Xylem, Inc.	•	•		•
Yamaha Motor Co. Ltd.	•	•		
Yamana Gold, Inc.	•			
Yamato Holdings Co. Ltd.	•	•		
Yelp, Inc.	•	•		•
Yum China Holdings, Inc.	•	•		•
Yum! Brands, Inc.		•		
Zayo Group Holdings, Inc.				•
Zimmer Biomet Holdings, Inc.	•		•	
Ziopharm Oncology, Inc.	•		•	
Zogenix, Inc.	•		•	•
Zurich Insurance Group AG	•	•	•	

P.O. Box 2600
Valley Forge, PA 19482-2600

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