

Engaging with Vanguard

A guide for company boards and management teams



Vanguard funds own shares in more than 13,000 public companies around the world. We maintain a disciplined approach to investment stewardship that focuses on ensuring that these companies' corporate governance practices align with the long-term interests of our clients. This guide outlines how we strive for transparent and constructive dialogues with company leaders, the type of information we look for in advance of meetings and how to set up engagements.



Vanguard[®]

Strategic considerations: Why engage with Vanguard?

Engagement benefits both shareholders and companies. Shareholders hear directly from company leaders and directors about strategy, risk and governance matters. In turn, company leaders can gain a deeper understanding of what really matters to their shareholders. Through thousands of company meetings over the years, we have found that we often accomplish more through dialogue than through proxy voting alone.

Our team applies both a sector and a regional lens to analysis, engagement and voting for companies in our equity portfolios. Our sector expertise informs our approach to relevant topics by industry, including board composition, board oversight of strategy and risk and remuneration matters. Our regional perspective takes into consideration local corporate governance, engagement and voting practices.

Different types of engagement

Most engagements fall into one of three categories.

Strategic

These engagements help us understand the board's role in the oversight of the company's long-term strategy and relevant risks. This enables us to put any bumps in the road into the appropriate context.

Event-driven

These are meetings to discuss a particular ballot issue or contentious vote (when we want to hear all sides of a matter). They often take place before a company's shareholder meeting.

Topic-driven

These conversations allow us to discuss specific topics that may materially affect companies and that come under board responsibilities. Examples include performance, board composition and risk disclosure.

What is Vanguard interested in hearing from companies?

As near-permanent owners of the companies in which we invest, we prefer to focus our discussions on the long term. In most situations, we are more interested in understanding the board's oversight of matters that will affect the company over the next decade, rather than the next quarter.

Our four principles of governance frame our thinking.



Board composition

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



Oversight of strategy and risk

Boards are responsible for effective governance of the company's long-term strategy and appropriate oversight of material risks most relevant to each company, including environmental and societal risks.



Executive remuneration

We believe that remuneration policies that play an important role in incentivising long-term outperformance versus peers can drive sustainable, long-term value for a company's investors.



Governance structures

We believe that governance structures should be designed to empower shareholders and ensure accountability of the board and management.

Practical considerations: How to engage with Vanguard

Who should attend an engagement?

Company executives and/or directors.

In most engagements, we meet with members of the executive leadership team, board directors (preferably independent members), corporate secretaries, company executives, general counsels or investor relations officers.

Some topics are best addressed by certain individuals based on their role or experience with a particular matter. For example, in conversations on executive pay, we prefer to speak with a member of the remuneration committee. For discussions about leadership succession or board composition, the chair of the nomination committee is most appropriate. **Our team will advise if we prefer a discussion with any particular individual or committee.**

Vanguard's Investment Stewardship team.

Engagements with Vanguard's Investment Stewardship team are led by senior leaders and analysts who conduct thorough research ahead of each engagement to support high-quality discussions.

Are engagements always necessary?

Our team evaluates a range of factors when considering whether we need to engage with a portfolio company and what timing makes sense. We thoughtfully evaluate engagement requests, and our decision to engage or not is deliberate and research-driven. The purpose, impact and timeliness of a discussion are all factors that our team takes into consideration. When we decline an engagement request, we may still want to engage in the future, particularly when company circumstances change.

Where do engagements take place?

The majority of our engagements take place by teleconference. We will advise if we believe that an in-person meeting is more appropriate.

How do I contact Vanguard to set up an engagement?

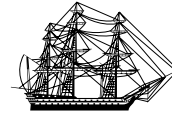
To schedule an engagement, email our team at investmentstewardship@vanguard.com. Include a proposed agenda and a list of attendees. Our team will work to determine the appropriate time and manner to engage.

Sending materials

Materials should be sent to our team **at least 72 hours before an engagement**. This ensures that our analysts have enough time to adequately review your company materials and prepare.

Please include the following:

- An agenda, including the topics you'd like to cover and an attendee list.
- Any relevant background materials and documents.



Vanguard[®]

**Vanguard Investments
Hong Kong Limited**

48/F, The Center
99 Queen's Road Central
Hong Kong
Phone: 3409 8333
Email: sales@vanguard.com.hk

Connect with Vanguard[®] > vanguard.com.hk

The contents of this document and any attachments/links contained in this document are for general information only and are not advice. Investment involves risk. Past performance is not indicative of future results. The information does not take into account your specific investment objectives, financial situation and individual needs and is not designed as a substitute for professional advice. You should seek independent professional advice regarding the suitability of an investment product, taking into account your specific investment objectives, financial situation and individual needs before making an investment.

The contents of this document and any attachments/links contained in this document have been prepared in good faith. Please note that the information may have become outdated since its publication, and any information sourced from third parties is not necessarily endorsed by The Vanguard Group, Inc., and all of its subsidiaries and affiliates (collectively, the "Vanguard Entities").

This document contains links to materials which may have been prepared in the United States and which may have been commissioned by the Vanguard Entities. They are for your information and reference only and they may not represent our views. The materials may include incidental references to products issued by the Vanguard Entities.

Vanguard Entities accept no liability for any errors or omissions. The Vanguard Entities make no representation that such information is accurate, reliable or complete. In particular, any information sourced from third parties is not necessarily endorsed by the Vanguard Entities, and the Vanguard Entities have not checked the accuracy or completeness of such third party information.

The information contained in this document does not constitute an offer or solicitation and may not be treated as an offer or solicitation in any jurisdiction where such an offer or solicitation is against the law, or to anyone to whom it is unlawful to make such an offer or solicitation, or if the person making the offer or solicitation is not qualified to do so. The Vanguard Entities may be unable to facilitate investment for you in any products which may be offered by the Vanguard Group, Inc.

No part of this document or any attachments/links contained in this document may be reproduced in any form, or referred to in any other publication, without express written consent from the Vanguard Entities. Any attachments and any information in the links contained in this document may not be detached from this document and/or be separately made available for distribution.

This document is being made available in Hong Kong by Vanguard Investments Hong Kong Limited (CE No. : AYT820) ("Vanguard Hong Kong"). Vanguard Hong Kong is licensed with the Securities and Futures Commission ("SFC") to carry on Type 1 – Dealing in Securities, Type 4 – Advising on Securities, Type 6 – Advising on Corporate Finance and Type 9 – Asset Management regulated activities, as defined under the Securities and Futures Ordinance of Hong Kong (Cap. 571). The contents of this document have not been reviewed by the SFC in Hong Kong.

SFC authorization is not a recommendation or endorsement of a scheme nor does it guarantee the commercial merits of a scheme or its performance. It does not mean the scheme is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

In China, the information contained in this document does not constitute a public offer of any investment products in the People's Republic of China (the "PRC").

No Vanguard fund is being offered or sold directly or indirectly in the PRC to the PRC public. Further, no legal or natural persons of the PRC may directly or indirectly purchase any of Vanguard funds or any beneficial interest therein without obtaining all prior governmental approvals that are required by the PRC (which includes conducting due approval or registration or filing formalities under the PRC laws), whether statutorily or otherwise. Persons who come into possession of this document are required by the issuer to observe these restrictions.

In Taiwan, Vanguard funds are not registered and may not be sold, issued or offered. No person or entity in Taiwan has been authorized to offer, sell, give advice regarding or otherwise intermediate the offering and sale of any Vanguard funds in Taiwan.

The Vanguard Entities do not make any representation with respect to the eligibility of any recipients of this document to acquire the shares or units of any Vanguard financial and investment products therein under the laws of Korea, including but without limitation the Foreign Exchange Transaction Act and Regulations thereunder. The shares or units of any Vanguard financial and investment products have not been registered under the Financial Investment Services and Capital Markets Act of Korea, and none of the shares and units of any Vanguard financial and investment products may be offered, sold or delivered, or offered or sold to any person for re-offering or resale, directly or indirectly, in Korea or to any resident of Korea except pursuant to applicable laws and regulations of Korea.

Copyright, trademark and other forms of proprietary rights protect the contents of this document. You may not copy, publish and/or distribute any derivative works from the information from this document.