

Vanguard funds

Proxy voting guidelines for U.S. portfolio companies

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Vanguard[®]

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Introduction

The voting guidelines below, organized according to Vanguard Investment Stewardship's four pillars, detail the general positions of the Vanguard funds on recurring proxy proposals for U.S.-domiciled companies.

The board has delegated the day-to-day functions of voting proxies for the funds to the Vanguard Investment Stewardship team. It is important to note that these are only guidelines, and that Vanguard's Investment Stewardship team, on behalf of the funds, may vote differently to the extent it is in the best interests of a fund and its shareholders.

Our processes and practices seek to ensure that proxy voting decisions are suitable for each individual fund. For most proxy proposals, particularly those involving corporate governance, the evaluation will result in similar positions being taken across all of the funds. In some cases, however, a fund may vote differently, depending upon the nature and objective of the fund, the composition of its portfolio, and other factors.

Definitions

Investment Stewardship Oversight Committee

Vanguard's Investment Stewardship Oversight Committee ("ISOC"), composed of senior officers at Vanguard without external client duties, has authority to adjust these guidelines and make final decisions about each fund's vote. We may seek input from the funds' external investment advisors when those funds' portfolio companies present proposals anticipated to significantly affect shareholder value (such as mergers or proxy contests). In all instances, Vanguard's Investment Stewardship team and, ultimately, the ISOC, maintain final decision-making authority over all votes.

Case-by-case votes

Proposals for which specific guidelines are not defined will be voted on a case-by-case basis as determined in the best interests of each fund consistent with its investment objective.

Against

For purposes of these guidelines, "Against" votes encompass both "Against" and "Withhold" votes on director elections.

**Pillar I:
Board composition and effectiveness**

The fund's primary interest is to ensure that the individuals who represent the interests of all shareholders are independent, committed, capable, diverse, and appropriately experienced. Diversity of thought, background, and experience, as well as of personal characteristics (such as gender, race, and age), meaningfully contributes to a board's ability to serve as effective, engaged stewards of shareholders' interests.

Majority board independence¹

A fund will vote against the nominating committee and all nonindependent board members of a company if that company does not maintain a majority independent board. In the second year that a board is not majority independent, the fund will vote against the entire board.

Independence is generally defined in accordance with the relevant exchange listing standards, with the following exceptions:

- *Former CEOs.* Former CEOs will never be considered independent unless they only held an "interim" CEO position. An interim CEO will be independent three years after leaving the interim CEO position.
- *CEO interlocks.* CEOs who sit on one another's boards will not be considered independent.
- *Other factors.* If it is determined, through engagement or research, that director independence has been compromised, that director may not be considered independent regardless of technical compliance with the exchange listing standards.

Key committee independence

A fund will vote against nonindependent directors who serve on the following key committees (or their equivalent):

- Audit committee
- Compensation committee
- Nominating and governance committee.

It will vote against the nominating committee chair in addition to the nonindependent director(s) serving on that committee if the committee is not 100% independent. In the second year of a nonindependent committee, the fund will vote against the entire nominating committee, regardless of the independent status of any committee members.

¹ The relevant exchange listing standards provide an exception to the majority board independence requirement for controlled companies (companies in which more than 50% of the voting securities are controlled by a shareholder or group of affiliated shareholders). Accordingly, this guideline only applies to noncontrolled companies. A noncontrolled company is a company in which 50% or less of the voting power for the election of its directors is held by a single person, entity, or group.

This guideline applies equally to controlled and noncontrolled companies.

Overboarded directors

Directors' responsibilities are complex and time-consuming. Because of the demands of board and committee memberships, a director can be "overboarded." While no two boards are identical and time commitments may vary, we believe that the limitations below are appropriate absent compelling evidence to the contrary.

A fund will vote against any director who is a named executive officer (NEO) and sits on more than one outside public board. It will vote against the director at each company where he/she is a nonexecutive except the one where he/she serves an NEO.

A fund will also vote against any director who serves on five or more public company boards. It will vote against the director at each of these companies except, generally, one where he/she serves as chair of the board.

A fund might vote for an overboarded director if the director has publicly committed to stepping down from the other directorship(s) necessary to fall within the thresholds listed above.

Escalation process: Director and committee accountability

In certain instances, a fund will vote against a director because of governance failings or as a means to escalate other issues that remain unaddressed by a company.

- *Lack of majority board independence.*
 - A fund will vote against nominating committee members of a noncontrolled company if management's proposed slate does not result in majority board independence.
 - In the second year the board is not majority independent, the fund will vote against the entire board.
- *Lack of committee independence.*
 - A fund will vote against the chair of the nominating committee if the company does not maintain 100% independent key committees.
 - In the second consecutive year the key committees are not 100% independent, a fund will vote against each member of the nominating committee.
- *"Zombie" directors.* A fund will vote against the chair of the nominating committee if management proposes the reappointment of director(s) who failed to receive majority shareholder support and management has not resolved the issue driving opposition to the directors. This vote should not apply when a fund did not support the initial withhold vote.
- *Limited shareholder rights.* A fund will vote against the independent chair or lead director and members of a governance committee in response to unilateral board actions that meaningfully limit shareholder rights. This vote is based on a holistic

review of the company's governance structures and is only applied when there is concern that shareholders are unable to exercise their voice.

- *Compensation-related situations.*
 - A fund will vote against compensation committee members when voting against the Say on Pay proposal in consecutive years unless meaningful improvements have been made to executive compensation in response to low Say on Pay support.
 - If egregious pay practices are identified and the issues persist, the funds will vote against the full compensation committee in subsequent years if Say on Pay is not on the ballot.
 - If equity compensation plans and other pay practices are problematic, a fund will vote against compensation committee members when voting against an equity compensation plan or when other egregious pay practices, such as options timing abuses, arise.
- *Nonresponsiveness to shareholder proposals.* A fund will vote against the independent chair or lead independent director and members of the governance committee for failure to adequately respond to shareholder proposals that received the support of shares representing the majority of financial ownership (including the funds') at a prior year's shareholder meeting.
- *Oversight failure.*
 - A fund will vote against directors who have failed to address material risks and business practices under their purview based on committee responsibilities.
 - When a specific risk does not fall under a specific committee, a fund will vote against the lead independent director and chair.
- *Audit failures.*
 - A fund will vote against audit committee members when non-audit fees exceed audit-related fees or when voting against an audit-related management proposal.
 - A fund will vote against audit committee members in instances of a material misstatement or material weakness in multiple years without sufficient remedy.
 - This guideline will generally not apply to directors who have served less than one year on the board and/or applicable committee.

Contested director elections

- A fund will vote case-by-case on shareholder nominees in contested director elections. The analysis of proxy contests focuses on three key areas:
- *The case for change at the target company.*

- How has the company performed relative to its peers?
- Has the current board's oversight of company strategy or execution been deficient?
- Is the dissident focused on strengthening the target company's long-term strategy and shareholder returns?
- *The quality of the company and dissident board nominees.*
 - Is there reason to question the independence, engagement, or effectiveness of the incumbent board?
 - Has the board delivered strong oversight processes with long-term shareholders' interests in focus?
 - Are the directors proposed by the dissident (whether the full slate or a subset) well-suited to address the company's needs, and is this a stronger alternative to the current board?
- *The quality of company governance.*
 - Did the board engage in productive dialogue with the dissident?
 - Is there evidence of effective, shareholder-friendly governance practices at the company?
 - Has the board actively engaged with shareholders in the past?

Director attendance

A fund will vote against directors who attended less than 75% of board or committee meetings (in the aggregate) in the previous year unless an acceptable extenuating circumstance is disclosed (e.g., sickness or death in the family). This policy does not apply to a director who has not been on the board for a full year.

Diversity and qualifications disclosure

Many corporate boards lack diversity (including gender and ethnic/racial diversity). Shareholders are using the proxy ballot to ask corporations to provide details on a board's diversity and additional diversification plans.

In addition, proposals calling for a "skills matrix" seek to give shareholders a "big-picture" view of directors' attributes and how they fit together. Shareholders can then assess how well-suited director nominees are in light of the company's evolving business strategy and risks and the overall mix of director skills and experiences. They will thus be able to make better-informed proxy voting decisions.

While we are directionally supportive of these types of disclosure and therefore would typically support these proposals, companies may already have sufficient disclosure or policies in place. In the case of skills and qualifications disclosure, proposals often are overly prescriptive as to what skills should be included or how this information must be presented.

A fund will vote for a shareholder proposal if:

- The proposal seeks disclosure related to directors' diversity of personal characteristics (including gender and race/ethnicity) or skills and qualifications, and this information is not already disclosed.
- The proposal asks companies to adopt policies designed to ensure appropriate diversity on boards, and appropriate policies do not already exist.

Independent chair of the board

Many proposals seek to impose a requirement that companies have different people serving as CEO and chair of the board of directors. Proponents believe that separation of these duties will create a more independent board. These proposals are most often submitted by shareholders.

This matter should be within the purview of the relevant board. As such, a fund will generally vote against shareholder proposals to separate CEO and chair, absent significant concerns regarding independence or effectiveness of the board.

When independence or effectiveness concerns suggest an exception may be appropriate, the following factors are considered:

- *Lack of a lead independent director role.* A strong lead independent director generally provides sufficient independent perspective to balance against a nonindependent chair. Structures that do not provide a strong counter-voice to insider leadership warrant requiring independent oversight.
- *Lack of board accessibility.* Shareholders' ability to communicate directly with independent board members, including a lead independent director or committee chairs, is an important way for them to share perspectives. Instances when access to independent board members is restricted through policy or practice may prevent the board from receiving comprehensive feedback from shareholders to incorporate into corporate practices. It may also contribute to a culture of management entrenchment by controlling the messages the board receives.
- *Low overall board independence.* High affiliated representation on the board may outweigh independent voices and further entrench insider leadership. Enhancing the role of independent directors may offer a counter to the nonindependent voices on the board. As noted by the guidelines for director independence, issues beyond exchange standards for technical independence may be considered in determining overall board independence.
- *Governance structural flaws.* Certain governance practices and corporate structures may create an environment more favorable to potential entrenchment of management and other insider board members. For example, multiple share classes with different voting rights limit shareholders' voices, and key committees that are not fully independent restrict a board's role in management oversight.

- *Lack of responsiveness.* A pattern of being nonresponsive to shareholders (e.g., a failure to act or slow action on shareholder votes) may indicate a board is entrenched. An increased independent role may provide a needed remedy to this.
- *Governance failings.* Governance crises may indicate management entrenchment or that the board is not receiving sufficient information from management to appropriately serve its oversight role. Additionally, decisions by the board that impair shareholder rights (e.g., unilaterally classifying the board) may indicate a board does not properly value shareholder rights.

Pillar II: Oversight of strategy and risk

Boards are responsible for effective oversight and governance of the risks most relevant and material to each company and for governance of the company's long-term strategy. They should take a thorough, integrated, and thoughtful approach to identifying, quantifying, mitigating, and disclosing risks that have the potential to affect shareholder value over the long term. Boards should communicate their approach to risk oversight to shareholders through their normal course of business.

Capitalization

- *Increase in authorized common stock.* A fund will vote for a proposal to increase authorized common stock if the proposed increase represents potential dilution less than or equal to 100%. It will vote for an increase resulting in more than 100% dilution if the increase is to be used for a stock split.

A fund will also support an increase in authorized common stock for mergers, acquisitions, and other financial transactions that result in more than 100% dilution if we support the transaction.

- *Reverse stock split.* A fund will vote for a reverse split of outstanding shares if the number of shares authorized is proportionately reduced and the difference in reduction results in dilution equal to or less than 100%. Regardless of the level of dilution, it will vote for a reverse split if it is necessary for the company to remain listed on its current exchange.
- *Decrease in outstanding shares to reduce costs.* A fund will vote for a proposal to reduce outstanding shares to reduce costs if the level at which affected investors are cashed out is not material.
- *Amendment of authorized common stock/preferred stock.* A fund will vote for proposals to create, amend, or issue common or preferred stock unless the rights of the issuance are materially different from the rights of existing shareholders (i.e., differential voting rights) or include a blank-check provision. It will vote against proposals to create such stock if the accompanying disclosure does not include a statement affirming that the new issuance will not be used for anti-takeover purposes.
- *Tracking stock.* A fund will vote for the issuance of tracking stock as a dividend to existing shareholders. It will vote case-by-case on proposals to offer tracking stock through an IPO based on the proposed use of the proceeds, as well as proposals calling for the elimination of tracking stock.

Mergers, acquisitions, and financial transactions

A fund will vote case-by-case on all mergers, acquisitions, and financial transactions. These are evaluated on the following criteria:

- Board and management oversight of the deal process

- Valuation
- Prospects for long-term enterprise value under a standalone/alternate scenario
- Effect on stakeholders if relevant to long-term value.

In evaluating board oversight, we will consider independence, potential conflicts of interest, and management incentives.

Environmental/social disclosure

A fund will vote case-by-case on all environmental and social disclosure proposals.

Clear, comparable, consistent, and accurate disclosure enables understanding of the strength of a board's risk oversight. Recognizing that sustainability disclosure is an evolving and complex topic, in considering related proposals, the Investment Stewardship team's analysis aims to strike a balance between avoiding prescriptiveness and providing a long-term perspective. Often, engagements with the company or the shareholder proponent may be necessary to determine each fund's vote.

Each proposal will be evaluated on its merits and in the context that a company's board has ultimate responsibility for providing effective ongoing oversight of strategy. This includes sector- and company-specific sustainability risks and opportunities that have a demonstrable link to long-term shareholder value.

A fund is likely to support proposals that:

- Address a shortcoming in the company's current disclosure
- Reflect an industry-specific, materiality-driven approach
- Are not overly prescriptive about time frame, cost, or other matters.

Environmental/social policy and practices

A fund will vote case-by-case on proposals that request adoption of targets or goals and on shareholder proposals that prescribe adoption of environmental or social policies and practices.

Typically shareholders do not have sufficient information to judge whether management and the board have failed to implement an appropriate strategy. In some cases, environmental and social policy proposals cross from governance into management territory. Other cases fall in the governance domain, such as requests to set goals that further articulate the path to implementing a disclosed company priority.

For requests that appear reasonable based on team members' sector expertise and the company's peers' experience, the Investment Stewardship team may engage with the company to understand its perspective even if the funds do not support the shareholder proposal.

Workforce inclusion

A fund will vote for proposals requiring the inclusion of sexual orientation, gender identity, minority status, or protected classes (per local law) in a company's employment and diversity policies when the company does not already have such protections. It will vote against proposals asking companies to exclude references to sexual orientation and/or gender identity, interests, or activities in their Equal Employment Opportunity policy.

A fund will vote case-by-case on proposals seeking enhanced disclosure on employee workforce demographics or workforce compensation statistics.

Independent auditors

- *Ratification of management's proposed independent auditor.* A fund will vote case-by-case on the ratification of independent auditors when there is a material misstatement of financials or other significant concern regarding the integrity of the company's financial statements. It will vote against ratification when tax and all other fees exceed the audit and audit-related fees unless the company's disclosure makes it clear that the non-audit fees are for services that do not impair independence.
- *Rotations of auditing firms.* A fund will vote case-by-case on proposals mandating auditor rotation.
- *Requirement for a shareholder vote.* A fund will generally vote for shareholder proposals requiring companies to submit ratification of auditors to a shareholder vote.

Pillar III: Compensation

Compensation policies linked to long-term relative performance are fundamental drivers of sustainable, long-term value for a company's investors. Providing effective disclosure of these practices, their alignment with company performance, and their outcomes is crucial to giving shareholders confidence in the link between incentives and rewards and the creation of long-term value.

Advisory votes on executive compensation (Say on Pay)

Because norms and expectations vary by industry type, company size, company age, and geographic location, the below guidelines are intended to represent preferences for executive compensation and are not a "one-size-fits-all" tool.

Considerations fall into three broad categories:

- Alignment of pay and performance
- Compensation plan structure
- Other considerations.

In general, a fund will vote case-by-case on executive compensation proposals (including Say on Pay, remuneration reports, remuneration policies, etc.) and will support those that enhance long-term shareholder value. It will also vote for compensation proposals that reflect improvements in compensation practices if the proposals are not perfectly aligned with all of these guidelines but are clearly in the interests of long-term shareholder value.

Factors considered "red flags" when evaluating a compensation plan include:

- Pay outcomes are significantly higher than those of peers but total shareholder return is well below that of peers.
- The long-term plan makes up less than 50% of total pay.
- The long-term plan has a performance period of less than three years.
- Plan targets are reset, retested, or not rigorous.
- The target for total pay is set above the peer-group median.

Factors considered warning signs, or "yellow flags," include:

- The peer group used to benchmark pay is not comparably aligned in size or strategy.
- The plan uses absolute metrics only.
- The plan allows for positive discretion only.
- The use of one-time (e.g., retention) awards.
- The disclosure related to plan structure or payout is limited.

Say on Pay frequency

A fund will vote for management proposals to put Say on Pay to an annual vote as opposed to a two- or three-year vote.

Additional executive pay matters

- *Severance packages/golden parachutes.* A fund will vote for proposals to approve golden parachutes unless they are excessive or unreasonable (e.g., severance payments total more than three times salary plus bonus, are “single trigger,” or include excise tax gross-ups). It will also vote for proposals to approve “Say on Severance” unless they are excessive or unreasonable (e.g., severance payments total more than three times salary plus bonus or there is a single-trigger change in control payment).

A fund will support shareholder proposals requiring that future golden parachutes be put to a vote, provided that ratification after the fact is permitted.

- *Absolute limits on executive compensation.* A fund will vote against proposals with absolute limits on executive compensation.
- *Shareholder proposals on pay for superior performance.* A fund will generally vote against shareholder proposals that call for companies to set standards requiring pay for superior performance, particularly when the proposal calls for specific performance standards.
- *Annual or long-term bonus plans.* A fund will vote case-by-case on plans in which the maximum dollar payout per participant is not disclosed. Bonus caps as a percentage of salary or another financial metric (e.g., total income) are acceptable as long as the amounts are not unreasonable. It will vote against bonus plans that are excessive or unreasonable.

A fund will vote case-by-case on all other proposals but will look for the following red flags:

- Plans that cannot be reasonably deciphered
- Broad discretion to set performance criteria, or too many different performance criteria
- Lack of correlation between performance and compensation.

Adopting, amending, and/or adding shares to equity compensation plans

Appropriately designed stock-based compensation plans, administered by an independent committee of the board and approved by shareholders, can be an effective way to align the interests of long-term shareholders with the interests of management, employees, and directors.

A fund will vote on a case-by-case basis on compensation plan proposals. In an effort to determine whether a particular plan or proposal balances the perspectives of employees and the company’s other shareholders, it will be evaluated in the context of

several factors. These include a company's industry, market capitalization, and competitors for talent. Factors likely to result in a fund voting for the proposal include:

- Senior executives must hold a minimum amount of company stock (frequently expressed as a multiple of salary).
- Stock acquired through equity awards must be held for a certain period of time.
- The program includes performance-vesting awards, indexed options, or other performance-linked grants.
- Concentration of equity grants to senior executives is limited.
- Stock-based compensation is clearly used as a substitute for cash in delivering market-competitive total pay.

Factors likely to result in a fund voting against the proposal include:

- Total potential dilution (including all-stock-based plans) exceeds 20% of shares outstanding.
- Annual equity grants have exceeded 4% of shares outstanding.
- The plan permits repricing or replacement of options without shareholder approval.
- The plan provides for the issuance of "reload" options.
- The plan contains an automatic share replenishment ("evergreen") feature.

Additional employee compensation matters

- *Reprice or replace underwater options.* A fund will vote case-by-case on proposals to reprice or exchange stock options. Generally the funds will vote in favor of exchange or repricing plans that meet the following three considerations:
 - *Value-neutrality.* An exchange/repricing proposal should be value-neutral.
 - *Exclusion of executive and director participation.* Executives and directors should not participate in an exchange or repricing. If they do, the board should clearly state why the program is necessary to retain and provide incentive to executives and directors for the benefit of long-term shareholder value.
 - *Additional vesting requirements.* New shares granted in an exchange should vest at least as late as the vesting date of the shares for which they were exchanged, and preferably later.
- *Grant stock options.* A fund will vote against management proposals to grant one-time stock options if dilution limits are exceeded. It will vote case-by-case on other proposals.
- *Adopt deferred compensation plan.* A fund will vote for proposals to adopt a deferred compensation plan unless the plan includes discounts.

- *Adopt or add shares to employee stock purchase plan.* A fund will vote against proposals to adopt or add shares to employee stock purchase plans if they allow employees to purchase shares at a price less than 85% of fair market value.
- *Amend 401(k) plan to allow excess benefits.* A fund will vote for a proposal to amend a 401(k) plan to allow for excess benefits.

Nonemployee director compensation

A fund will vote case-by-case on proposals to adopt or amend nonexecutive director equity compensation plans. Considerations include potential dilution, size of the plan relative to employee equity compensation plans, annual grants made to nonemployee directors, and total director compensation relative to market. A fund will vote against nonemployee director equity compensation plans that allow for repricing, as well as those that contain an evergreen feature. It will also vote against nonemployee director pensions.

A fund will vote case-by-case on all other proposals for nonemployee director compensation.

Pillar IV:

Governance structures

Governance structures empower shareholders and ensure accountability of the board and management. Shareholders should be able to hold directors accountable as needed through certain governance provisions.

Board structure and director elections

- *Classified (“staggered”) boards.* A fund will vote for proposals to declassify an existing board and vote against management or shareholder proposals to create a classified board.
- *Cumulative voting.* A fund will vote for management proposals to eliminate cumulative voting and vote against management or shareholder proposals to adopt cumulative voting.
- *Majority voting.* If the company has plurality voting, a fund will vote for shareholder proposals requiring majority vote for election of directors. It will also vote for management proposals to implement majority voting for election of directors. A fund will vote against shareholder proposals requiring majority vote for election of directors if the company has a director resignation policy under which a nominee who fails to get a majority of votes cast is required to resign.
- *Approval to fill board vacancies without shareholder approval.* A fund will vote for management proposals to allow the directors to fill vacancies on the board if the company requires a majority vote for the election of directors and the board is not classified. It will vote against management proposals to allow directors to fill vacancies on a classified board.
- *Board authority to set board size.* Normally, a fund will support management proposals to set the board at a specific size. However, it will consider the anti-takeover effects of the proposal, particularly in the context of a hostile takeover offer or board contest. It will vote against management proposals to give the board the authority to set the size of the board without shareholder approval at a future time.
- *Term limits for outside directors.* A fund will vote for management proposals to limit terms of outside directors and generally vote against shareholder proposals to limit such terms.

Shareholder access

A fund will vote case-by-case on management and shareholder proposals to adopt proxy access. Generally, it will vote for proposals permitting a shareholder or a group of up to 20 shareholders representing ownership and holdings thresholds of at least 3% of a company’s outstanding shares for 3 years to nominate up to 20% of the seats on the board.

A fund will consider support for shareholder proposals with differing thresholds if the company has not adopted any proxy access provision and does not intend to do so.

Dual-class stock

This guideline applies when a company issues more than one class of stock, with different classes carrying different voting rights. The Vanguard Investment Stewardship approach to this issue is principled yet practical. It remains philosophically aligned to “one-share, one-vote” but also mindful of the need to not hinder public capital formation in the equity markets. To that end, alignment of voting and economic interests is a foundation of good governance. It supports the idea of a newly public, dual-class company adopting a sunset provision that would move the company toward a one-share, one-vote structure over time.

A fund will vote case-by-case on proposals to eliminate dual-class share structures with differential voting rights.

Defensive structures

- *Shareholder rights plan/“poison pills.”* A fund will generally vote against adoption of poison pill proposals and for shareholder proposals to rescind poison pills, unless company-specific circumstances necessitate providing the board and management reasonable time and protection to guide the company’s strategy without excessive short-term distractions. This analysis would typically require engagements with both the company and the acquirer/activist.

A fund will generally vote for “net operating loss” (NOL) poison pills and for proposals to amend securities transfer restrictions intended to preserve net operating losses that would be lost as a result of a change in control, as long as the NOLs exist and the provision sets forth a five-year sunset provision.

It will also vote for shareholder proposals to subject a shareholder rights plan to a shareholder vote within a year of being adopted by the board of directors.

- *Consideration of other stakeholder interests.* A fund will vote case-by-case on management proposals to expand or clarify the authority of the board of directors to consider factors outside the interests of shareholders in assessing a takeover bid.
- *Other anti-takeover provisions.* A fund will vote for proposals to create anti-greenmail provisions and against “fair price” provisions. It will generally vote for shareholder proposals to opt out of anti-takeover provisions in state corporation laws where allowed (e.g., Pennsylvania).

Voting requirements

- *Supermajority voting.* A fund will generally vote against proposals to adopt supermajority vote requirements and for proposals to reduce or eliminate them.
- *Confidential voting.* A fund will vote for a shareholder proposal to adopt confidential voting.

- *Time-phased voting.* A fund will vote against proposals to implement time-phased voting.

Special meetings and written consent

If a company does not have a right to call a special meeting, a fund will generally vote for management proposals to establish that right. It will also vote for shareholder proposals to establish this right as long as the ownership threshold is not below 10%.

If a company already has the right to call a special meeting at a threshold of 25% or lower, a fund will vote:

- Against management proposals to increase the ownership threshold above 25%.
- Against shareholder proposals to lower the ownership threshold below the current threshold.

A fund will vote for management proposals to establish the right to act by majority written consent. It will generally support shareholder proposals to adopt this right if shareholders do not have the right to call a special meeting.

Advance notice of shareholder proposals

A fund will vote for management proposals to adopt advance notice requirements if the provision provides for notice of a minimum of 30 days and maximum of 120 days before the meeting date and a submission window of at least 30 days prior to the deadline.

Bylaws amendment procedures

A fund will vote against management proposals that give the board the exclusive authority to amend the bylaws.

Change of company name

A fund will vote for proposals to change the corporate name unless evidence shows that the change would hurt shareholder value.

Reincorporation

A fund will vote case-by-case on management proposals to reincorporate to another domicile. Considerations include reasons for the relocation and differences in regulation, governance, or shareholder rights. It will vote case-by-case on management proposals to reincorporate outside of the United States. Considerations include the reasons for the relocation, including differences in regulation, governance, shareholder rights, and potential tax benefits. Potential benefits e.g., (higher earnings/stock price) will be weighed against reduced shareholder rights and potential for increased shareholder tax liability.

A fund will generally vote against shareholder proposals to reincorporate from one state to another.

Exclusive forum/exclusive jurisdiction

A fund will vote case-by-case on management proposals to adopt an exclusive forum provision. Considerations include the reasons for the proposal, regulations, governance and shareholder rights available in the applicable jurisdiction, and the breadth of the application of the bylaw.

Shareholder meeting rules and procedures

- *Quorum requirements.* A fund will vote against proposals that would decrease quorum requirements for shareholder meetings below a majority of the shares outstanding unless there are compelling arguments to support such a decrease.
- *Other such matters that may come before the meeting.* A fund will vote against proposals to approve “other such matters that may come before the meeting.”
- *Adjournment of meeting to solicit more votes.* In general, a fund will vote for the adjournment if Investment Stewardship is supportive of the proposal in question and against the adjournment if Investment Stewardship is not supportive of the proposal.
- *“Bundled” proposals.* A fund will vote case-by-case on all bundled management proposals.
- *Change in date, time, or location of annual general meeting.* A fund will vote for management proposals to change the date, time, or location of the annual meeting if the proposed changes are reasonable. It will vote against proposals to conduct “virtual-only” meetings (held entirely through online participation with no corresponding physical meeting) but will vote for proposals to conduct “hybrid” meetings (which shareholders can attend in person or online).