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Vanguard funds

Summary of the proxy voting policy for U.S. portfolio companies

Vanguard®

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Introduction

The information below, organized according to Vanguard Investment Stewardship's four pillars, is a summary of the policy adopted by the Board of Trustees for the funds (the "Fund Board")[1] and describes the general positions of the funds on recurring proxy proposals for U.S.-domiciled companies.

It is important to note that the following positions are a summary of the policy adopted by each Fund Board and will be applied to the particular facts and circumstances of individual proposals in the best interests of each fund and its shareholders.

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[1] Each fund advised by Vanguard (a "Vanguard-advised fund" or a "fund") retains proxy voting authority. To facilitate the funds' proxy voting, the Fund Board has adopted a detailed proxy voting policy setting forth a fund's position on recurring proxy proposals. The voting policy reflects the Fund Board's instructions governing proxy voting by the Vanguard-advised funds. The Fund Board has tasked the Vanguard Investment Stewardship team with administering the day-to-day operation and the funds' proxy voting process. The Vanguard Group Inc. has not been delegated proxy voting authority on behalf of the Vanguard-advised funds, and applies the voting policy to the facts and circumstances of each fund in accordance with the instructions of the Fund Board.

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 independence[2]

A fund will generally 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 may 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 not be considered independent unless they only held an "interim" CEO position for less than 18 months. An interim CEO who held his or her temporary position for less than 18 months will be considered 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 typically vote against nonindependent directors who serve on the following key committees (or their equivalent):

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

In addition to voting against nonindependent committee members, the fund will generally vote against the nominating committee chair if any one of the committees noted above is not 100% independent. In the second year of a nonindependent committee, the fund may vote against the entire nominating committee, regardless of

[2] 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.

the independent status of any committee members. If a board has no nominating and governance committee and instead acts as its own nominating committee, a fund will generally also vote against all directors, except where the appointment decision is made solely by the board's independent directors.

For a controlled company's compensation committee and nominating and governance committee, a fund will generally support a nonindependent director on that committee, so long as this nonindependence is due solely to his/her relationship with the controlling shareholder and the relevant committee is majority independent.

Director capacity and commitments

Directors' responsibilities are complex and time-consuming. As a result, a director may be considered "overboarded" when the number of directorship positions he/she has accepted make it challenging to dedicate the requisite time and attention to effectively fulfill his/her responsibilities at each company. While no two boards are identical and time commitments may vary, the funds believe that the limitations below are appropriate absent compelling evidence to the contrary.

A fund will generally vote against any director who is a named executive officer (NEO) and sits on more than one outside public board. In this instance, it will typically vote against the nominee at each company where he/she serves as a nonexecutive director, but not at the company where he/she serves as an NEO.

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

In certain instances, a fund will consider voting for a director who would otherwise be considered overboarded under the standards above because of company-specific facts and circumstances that indicate the director will indeed have sufficient capacity to fulfill his/her responsibilities. In addition, a fund may 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 and key committee independence.* A fund will generally vote in the manner described above when a company has a lack of majority board independence or key committee independence.
- *"Zombie" directors.* A fund will typically vote against the chair of the nominating committee if management proposes the reappointment of director(s) who failed to receive majority shareholder support and the board has not resolved the underlying issue driving the lack of shareholder support. This vote should not apply when a fund did not support the initial withhold vote.

- *Limiting shareholder rights.* A fund will generally 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 generally vote against compensation committee members when it votes against the company's Say on Pay proposal in consecutive years unless meaningful improvements have been made to executive compensation practices since the prior year.
  - If egregious pay practices are identified, a fund will generally vote against the compensation committee chair and, if the issues persist, a fund may vote against the full compensation committee in subsequent years if Say on Pay is not on the ballot.
  - A fund will generally also vote against compensation committee members when voting against an equity compensation plan that includes significantly problematic features (e.g., "repricing," "evergreen," "reload," or similar features) or when other egregious pay practices.
- *Nonresponsiveness to shareholder proposals.* A fund will generally vote against the independent chair or lead independent director and members of the relevant committee for failure to adequately respond to shareholder proposals that received the support of shares representing the majority of financial ownership (including the fund's) at a prior year's shareholder meeting.
- *Oversight failure.*
  - A fund will generally vote against directors who have failed to effectively identify, monitor, and manage 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 generally vote against the lead independent director and chair.
  - This guideline will generally not apply to directors who have served less than one year on the board and/or applicable committee.
- *Audit failures.*
  - A fund will generally vote against audit committee members when non-audit fees exceed audit-related fees without sufficient disclosure or when the fund votes against an audit-related management proposal.
  - A fund will generally 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 generally 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.

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 the funds 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.

A fund will generally vote for a shareholder proposal if:

- The proposal seeks disclosure related to directors' diversity of personal characteristics (including gender, race/ethnicity, and national origin) 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.
- The proposal is not overly prescriptive as to what skills should be included or how this information must be presented.

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.

The funds believe 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, among others, 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 generally vote for a proposal to increase authorized common stock if the proposed increase represents potential dilution less than or equal to 100%. It may vote for an increase resulting in more than 100% dilution if the increase is to be used for a stock split.

  A fund may also support an increase in authorized common stock for mergers, acquisitions, and other financial transactions that result in more than 100% dilution if the fund supports the transaction.
- *Reverse stock split.* A fund will typically 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 generally 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 generally 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 generally 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 generally 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. The strategic, operational, and financial benefits (and drawbacks) of the transaction are evaluated based on a number of criteria, including the following:

- Board and management oversight of the deal process

- Valuation
- Prospects for long-term enterprise value under a standalone/alternate scenario
- Market reaction
- The surviving entity's governance profile
- Fairness opinions from independent financial advisors
- Effect on stakeholders, if relevant to long-term value

In evaluating board oversight, independence, potential conflicts of interest, and management incentives will be considered.

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, a fund'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 relative to market norms and key competitors' practices,
- Reflect an industry-specific, materiality-driven approach, and
- 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, a fund 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 case-by-case on proposals seeking enhanced disclosure on employee workforce demographics or workforce compensation statistics. A board's oversight of key workforce risks and strategies can be a component of long-term shareholder value. A fund may support proposals that demonstrate a clear link to long-term value, reflect an industry-specific, materiality-driven approach and are not overly prescriptive about timeframe, cost, or other matters.

A fund will generally 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 generally vote against proposals asking companies to exclude references to sexual orientation and/or gender identity, interests, or activities in their employment and diversity policies.

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 may 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 may 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 typically 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 typically 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 may 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 generally support shareholder proposals requiring that future golden parachutes be put to a vote, provided that ratification after the fact is permitted.

- *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 typically vote against bonus plans that are excessive or unreasonable, taking into account similar factors as the fund's Say on Pay analysis.

  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
  - 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)
  - 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 generally vote for proposals to reprice or exchange stock options 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 generally 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 generally 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 typically 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 generally 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, including stock award 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 generally vote against nonemployee director equity compensation plans that allow for repricing, as well as those that contain an evergreen feature. It may also vote against nonemployee director pensions.

A fund will vote case-by-case on all other proposals for nonemployee direct 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 generally 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 generally 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 typically vote for shareholder proposals requiring majority vote for election of directors. It may also vote for management proposals to implement majority voting for election of directors. A fund will generally 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 generally 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 generally 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 generally 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 generally 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 *three 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 may 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.* In general, 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 generally vote for a shareholder proposal to adopt confidential voting.

- *Time-phased voting.* A fund will vote typically 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 may 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 generally 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 typically 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 generally 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 generally vote against management proposals that give the board the exclusive authority to amend the bylaws.

Change of company name

A fund will generally 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 generally 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 generally 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 generally vote for the adjournment if the fund is supportive of the proposal in question and against the adjournment if the fund 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 typically vote for management proposals to change the date, time, or location of the annual meeting if the proposed changes are reasonable. It will generally vote against proposals to conduct "virtual-only" meetings (held entirely through online participation with no corresponding physical meeting) but may vote for proposals to conduct "hybrid" meetings (which shareholders can attend in person or online).