

Nevada Deferred Compensation Program

Comparing Trusts with Funds

Vanguard Target Retirement Funds and Vanguard Target Retirement Trusts

	Vanguard target Retirement Funds	Vanguard Target Retirement Trusts
Investment approach	A fund-of-funds approach , investing in several underlying Vanguard mutual funds, gradually changing to a more conservative asset allocation as the Target Retirement Fund approaches its target year. (Vanguard Target Retirement Income Fund is an exception, with a static allocation.)	Identical investment approach , with the same glide path and target asset allocation. An additional opt-in alternative¹ retirement landing point is available to provide options that can be combined with our spending services and participant guidance to meet varying retirement goals.
Building blocks	Broad-based, market-capitalization-weighted index funds covering five distinct asset classes representing 89% of global liquid markets , offering the broadest diversification in the target-date fund industry. ²	Identical asset class coverage and industry-leading diversification obtained through lower-cost share classes and direct-invest trusts.
Costs	We are once again lowering fees for the funds. Current expense ratios are 12–15 basis points for the Investor shares of the Vanguard Target Retirement Funds and 9 basis points for the Vanguard Institutional Target Retirement Funds. Following the completion of each merger in February 2022, the expense ratio for each Target Retirement Fund is expected to be reduced to 8 basis points .	Starts at 7.5 basis points . The trusts offer multiple price points so clients can reap the benefits of lower fees as plan assets grow. Effective September 28, 2021, the minimum for the Target Retirement Trust II program will be \$100 million . Contact your Vanguard representative for additional details.

There may be other material differences between products that must be considered prior to investing.

¹ Currently, the new alternative is available only to trust investors. We may revisit offering this option as a fund in the future.
² Sources: FactSet, Fidelity, BlackRock. Stock market measured by FactSet Data (MSCI US Broad Market Free Float, MSCI ACWI ex USA IMI). Bond market measured by FactSet (Bloomberg Barclays Global Aggregate ex-USD, U.S. Aggregate Float Adjusted, Global High Yield, EM hard Currency Aggregate). Commodities market measured by FactSet. Data as of March 31, 2021.



Vanguard Target Retirement Funds and Vanguard Target Retirement Trusts *continued*

	Vanguard target Retirement Funds	Vanguard Target Retirement Trusts
Eligible investors	Individual investors and retirement plan participants.	Tax-qualified defined contribution plans that can meet the minimum initial investment. Currently, 403(b) plans are not eligible for Collective Investment Trusts (CITs). Vanguard is advocating on behalf of investors to expand availability of trusts to 403(b) plans.
Primary regulator	U.S. Securities and Exchange Commission	Pennsylvania Department of Banking and Securities and the U.S. Department of Labor under ERISA.
Reporting	Prospectus, SAI, semiannual and audited annual reports, and daily NAVs through Vanguard and third parties.	Audited annual financial statements, daily NAVs, and fact sheets available through the recordkeeper's secure retirement plan website.
Additional requirements for investment	Must meet investment requirements in mutual-fund prospectus.	Plan sponsor must sign additional legal documents and provide additional supporting materials to invest in a CIT.

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Important information

For more information about any fund, visit institutional.vanguard.com or call 866-499-8473 to obtain a prospectus or, if available, a summary prospectus. Investment objectives, risks, charges, expenses, and other important information are contained in the prospectus; read and consider it carefully before investing.

Vanguard ETF® Shares are not redeemable with the issuing fund other than in very large aggregations worth millions of dollars. Instead, investors must buy or sell Vanguard ETF Shares in the secondary market and hold those shares in a brokerage account. In doing so, the investor may incur brokerage commissions and may pay more than net asset value when buying and receive less than net asset value when selling.

Mutual funds and all investments are subject to risk, including the possible loss of the money you invest. Prices of mid- and small-cap stocks often fluctuate more than those of large-company stocks. Investments in stocks or bonds issued by non-U.S. companies are subject to risks including country/regional risk and currency risk. These risks are especially high in emerging markets. Funds that concentrate on a relatively narrow sector face the risk of higher share-price volatility. It is possible that tax-managed funds will not meet their objective of being tax-efficient. Because company stock funds concentrate on a single stock, they are considered riskier than diversified stock funds.

Investments in bond funds are subject to the risk that an issuer will fail to make payments on time and that bond prices will decline because of rising interest rates or negative perceptions of an issuer's ability to make payments. High-yield bonds generally have medium- and lower-range credit quality ratings and are therefore subject to a higher level of credit risk than bonds with higher credit quality ratings. Although the income from a municipal bond fund is exempt from federal tax, you may owe taxes on any capital gains realized through the fund's trading or through your own redemption of shares. For some investors, a portion of the fund's income may be subject to state and local taxes, as well as to the federal Alternative Minimum Tax. Diversification does not ensure a profit or protect against a loss.

While U.S. Treasury or government agency securities provide substantial protection against credit risk, they do not protect investors against price changes due to changing interest rates. Unlike stocks and bonds, U.S. Treasury bills are guaranteed as to the timely payment of principal and interest.

Investments in Target Retirement Funds and Trusts are subject to the risks of their underlying funds. The year in the fund or trust name refers to the approximate year (the target date) when an investor in the fund or trust would retire and leave the workforce. The fund/trust will gradually shift its emphasis from more aggressive investments to more conservative ones based on its target date. The Income Trust/Fund and Income and Growth Trust have fixed investment allocations and are designed for investors who are already retired. An investment in a Target Retirement Fund or Trust is not guaranteed at any time, including on or after the target date.

Vanguard collective trusts are not mutual funds. They are collective trusts available only to tax-qualified plans and their eligible participants. Investment objectives, risks, charges, expenses, and other important information should be considered carefully before investing. The collective trust mandates are managed by Vanguard Fiduciary Trust Company, a wholly owned subsidiary of The Vanguard Group, Inc.

A stable value investment is neither insured nor guaranteed by the U.S. government. There is no assurance that the investment will be able to maintain a stable net asset value, and it is possible to lose money in such an investment.

Factor funds are subject to investment style risk, which is the chance that returns from the types of stocks in which the fund invests will trail returns from U.S. stock markets. Factor funds are subject to manager risk, which is the chance that poor security selection will cause the fund to underperform relevant benchmarks or other funds with a similar investment objective.

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Appendix

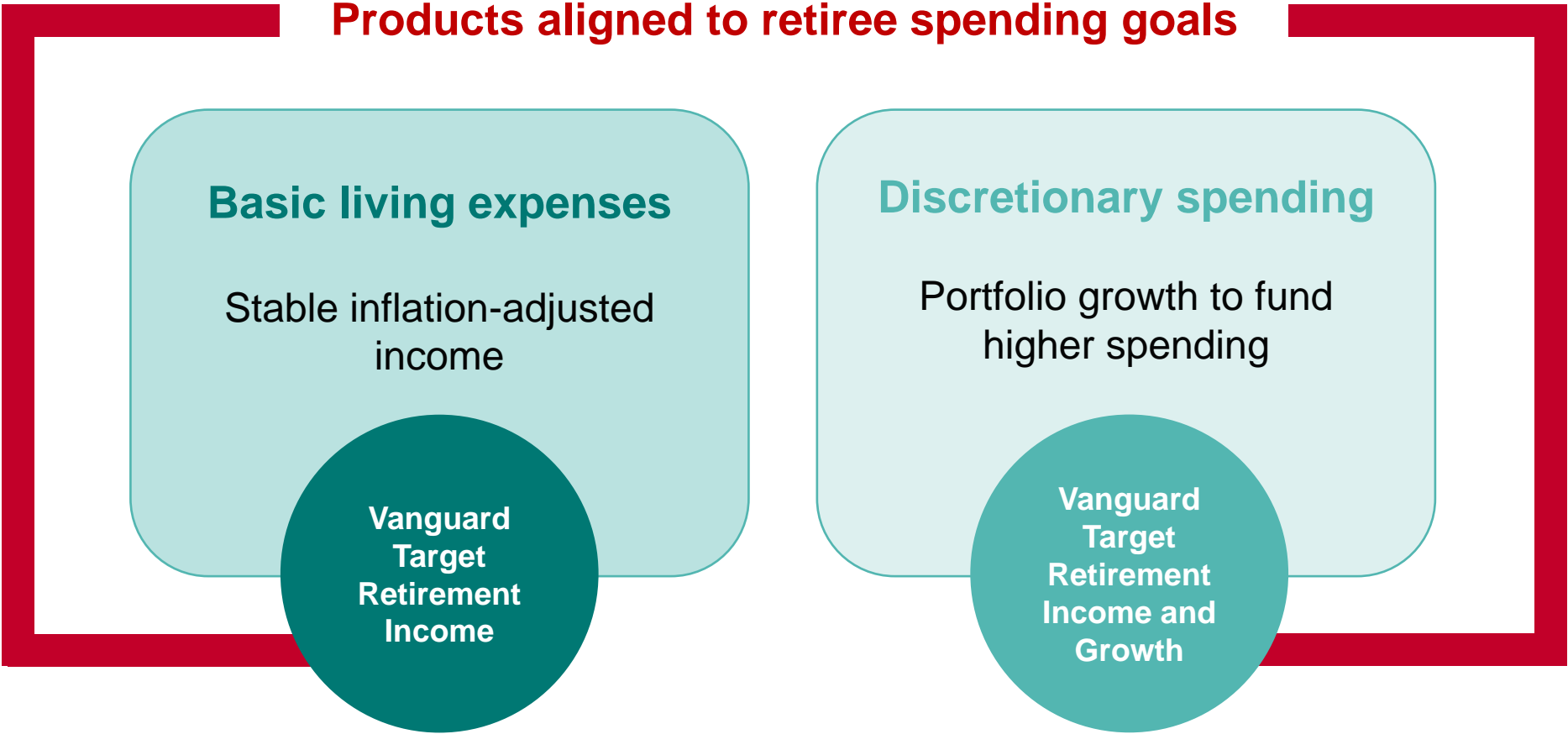
Vanguard Target Retirement Income and Growth Trust

Vanguard

A new option to meet participants' varying retirement goals



New addition to Target Retirement Trust suite: Vanguard Target Retirement Income and Growth



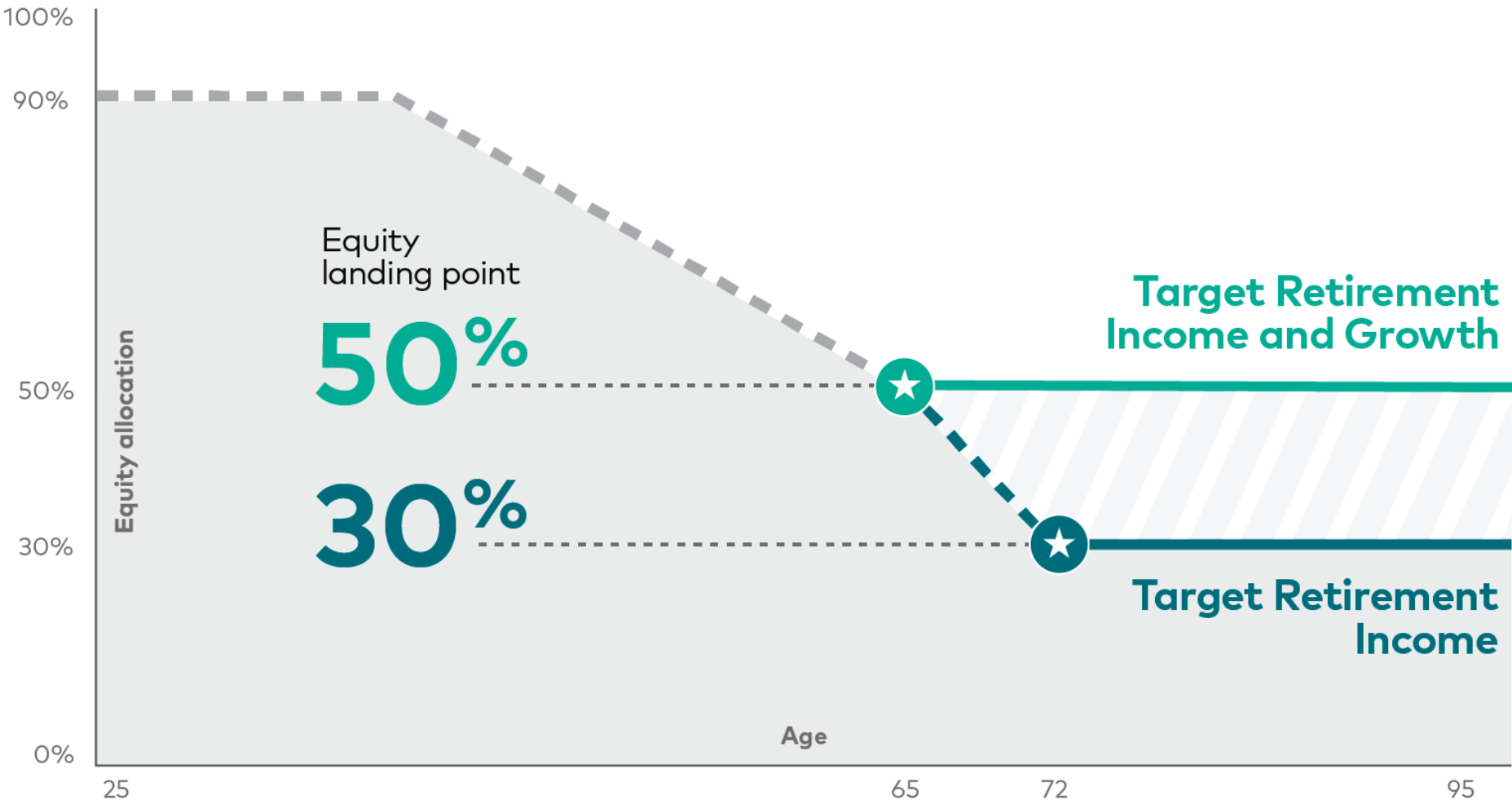
Target Retirement Income and Growth is currently available only as a collective investment trust. Target Retirement Income is available as both a trust and a 1940 Act mutual fund.

Different landing points for different goals

At enrollment, participants select or default into the age-appropriate Target Retirement vintage

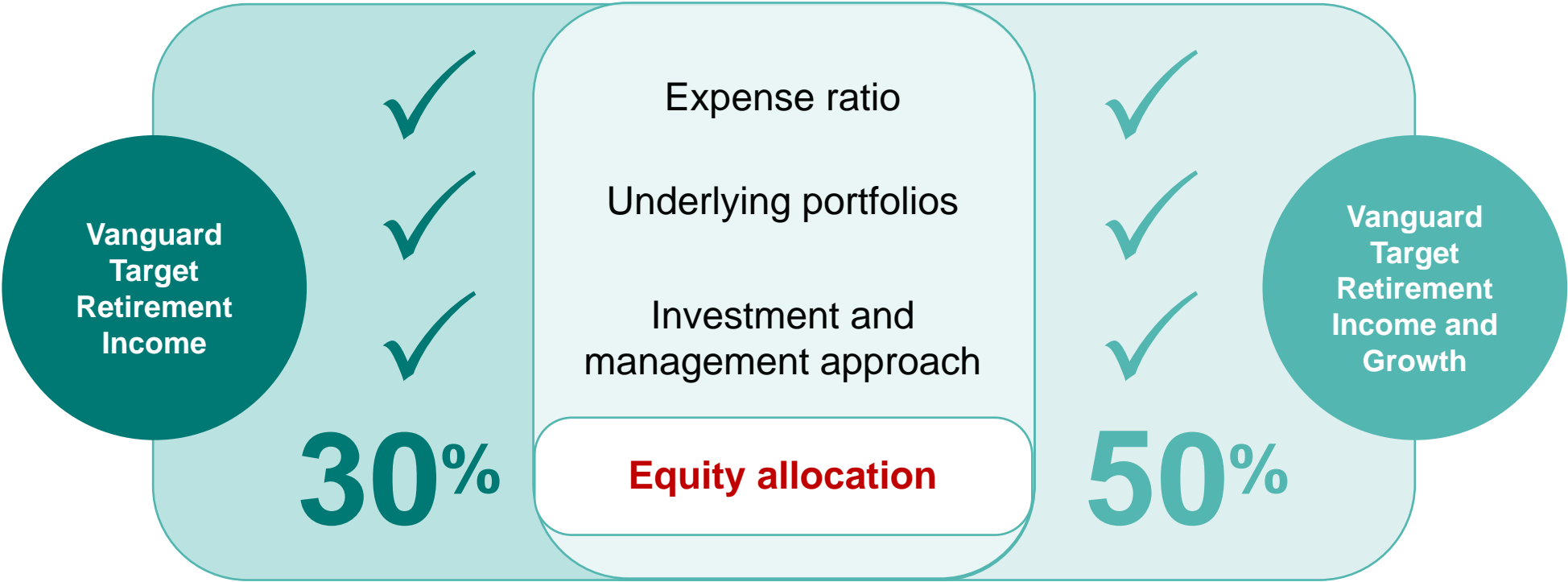
As participants approach age 65, they will complete a questionnaire to help them decide between two options:

- 1 Opt in to “freeze” equity allocation at 50%
- 2 Do nothing and continue on the glide path to 30% equity at age 72.



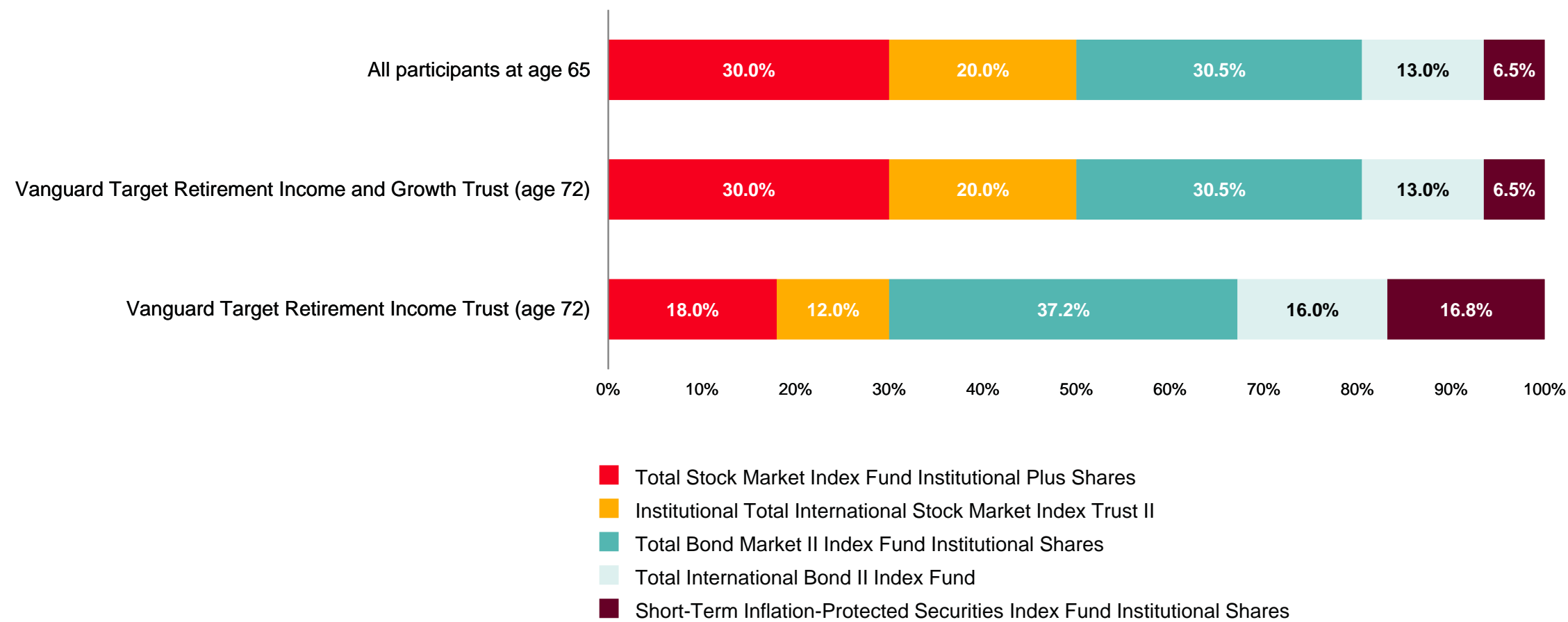
How do the two landing point strategies compare

Identical except for asset allocation



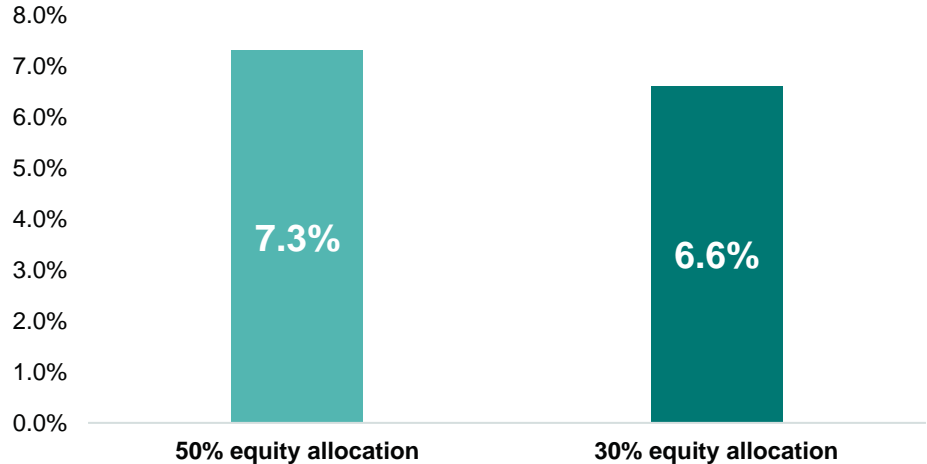
Comparing asset allocations

The new strategy freezes asset allocation at age 65.



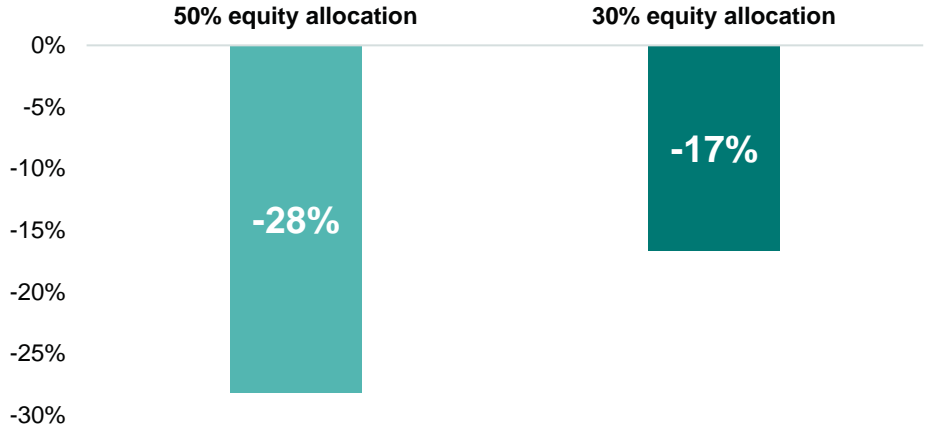
A more aggressive allocation allows higher spending but with larger downside risk

Annualized return, 1990–2020



This strategy would have provided, on average,
~\$7,000 more a year
in spending for a \$1 million portfolio . . .

Steepest 12-month decline in 1990–2020



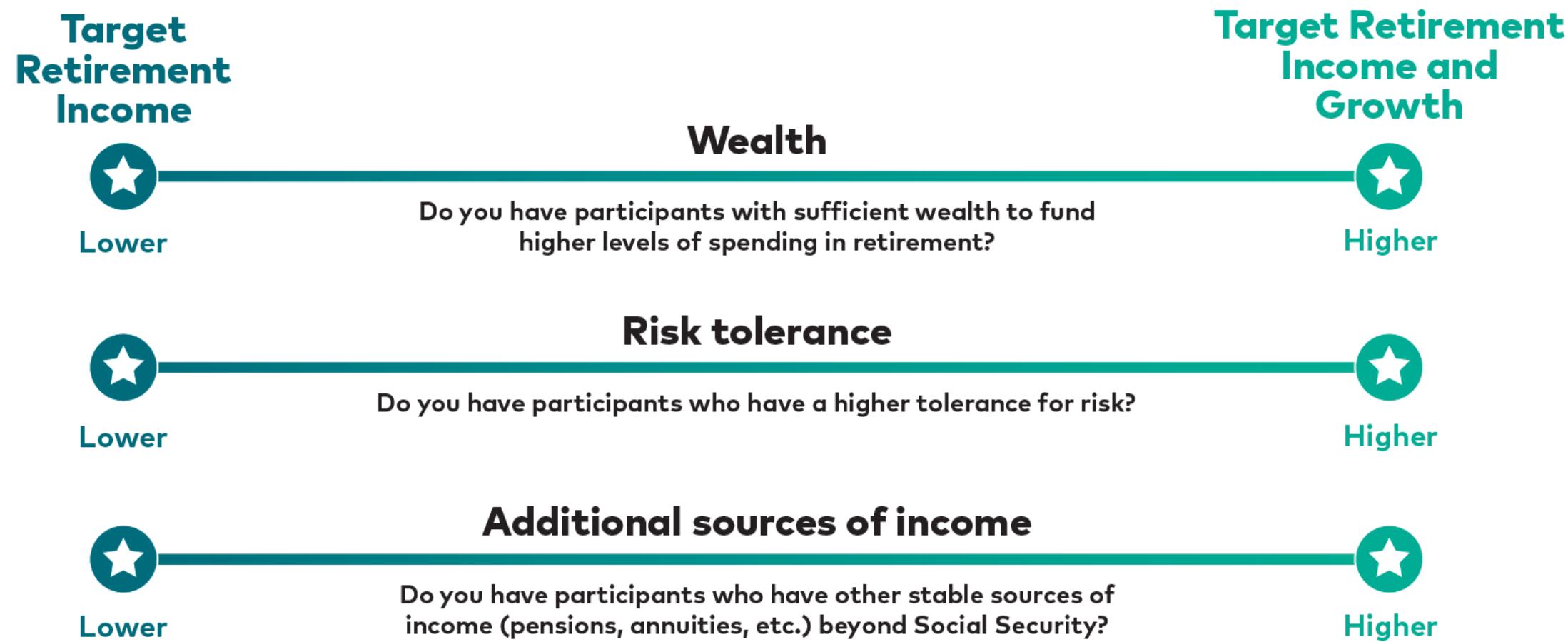
. . . only if the participant stayed invested during an
extra ~\$110,000 decline
in portfolio value during the worst 12-month period.

Annualized returns are for the period from the start of 1990 through September 2020. The returns of the target benchmarks of the underlying index portfolios were used: for U.S. stocks, the Spliced Total Stock Market Index (the Dow Jones Wilshire 5000 Index through April 22, 2005, the MSCI US Broad Market Index through June 2, 2013, and the CRSP US Total Market Index thereafter); for non-U.S. equity, the MSCI AC World Index ex US Gross through April 30, 1996, and the Spliced Total International Index (Total International Composite Index through August 31, 2006; MSCI EAFE + Emerging Markets Index through December 15, 2010; MSCI ACWI ex USA IMI Index through June 2, 2013, FTSE Global All Cap ex US Index thereafter); for U.S. bonds, Bloomberg Barclays US Aggregate Bond Index through July 31, 2009, and the Bloomberg Barclays US Aggregate Float-Adjusted Index thereafter; for non-U.S. bonds, Bloomberg Barclays Global Aggregate ex-USD Index through January 31, 2013, and the Bloomberg Barclays Global Aggregate ex-USD Index Float Adjusted RIC Capped Index Hedged thereafter; for short-term TIPS, Bloomberg Barclays US Treasury 1–5 Year Total Return Index Value Unhedged as a proxy through September 30, 2002, and the Bloomberg Barclays US Treasury Inflation-Protected Securities 0–5 Year Index thereafter. **Past performance is no guarantee of future returns. The performance of an index is not reflective of any particular investment, as you cannot invest directly in an index.**

Sources: Vanguard and respective index providers, as of September 30, 2020.



Factors for plan sponsors to consider



Total International Stock CIT vs MF - Tax Benefits

Figure 5.1 The tax benefit in the context of other components of Fund and Trust excess returns. Calendar years 2019 and 2020.

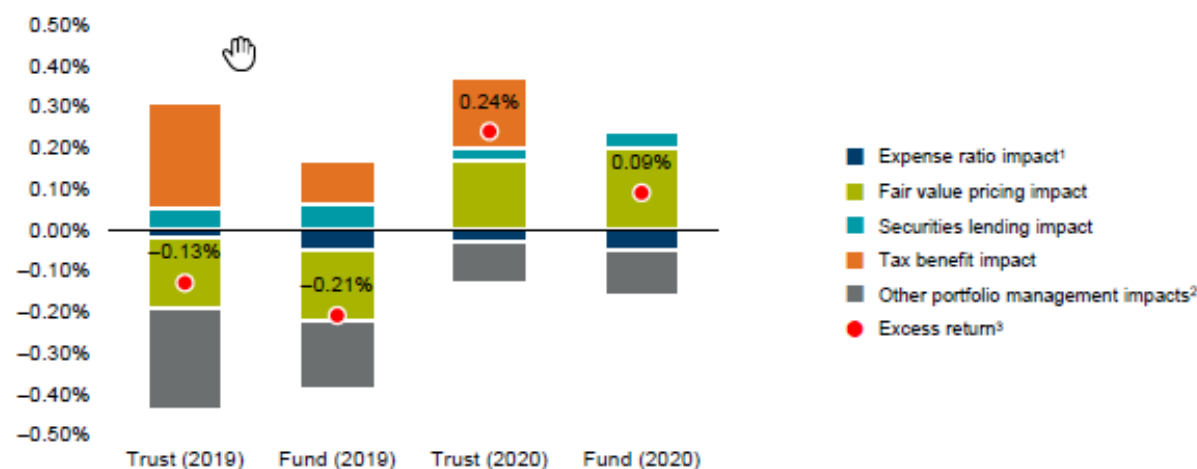


Figure 5.2 Rolling 20-day standard deviation of excess returns (%) before and after with percentage change for Vanguard Bond Index Funds

Excess return analysis	2019			2020		
	Trust	Fund	Difference	Trust	Fund	Difference
Portfolio total return (one year)	21.68%	21.59%	0.09%	11.48%	11.33%	0.15%
Benchmark total return (one year)	21.80%	21.80%	0.00%	11.24%	11.24%	0.00%
Excess return	-0.13%	-0.21%	0.08%	0.24%	0.09%	0.15%
Components of excess return						
Expense ratio impact	-0.02%	-0.05%	0.03%	-0.03%	-0.05%	0.02%
Fair value pricing impact	-0.17%	-0.17%	0.00%	0.17%	0.20%	-0.03%
Securities lending impact	0.05%	0.06%	-0.01%	0.03%	0.04%	-0.01%
Tax benefit impact	0.28%	0.11%	0.15%	0.17%	0.01%	0.16%
Other portfolio management impacts	-0.25%	-0.17%	-0.08%	-0.10%	-0.11%	0.01%

The performance data shown represent past performance, which is not a guarantee of future results. Investment returns and principal value will fluctuate, so investors' shares, when sold, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data cited. For performance data current to the most recent month-end, visit our website at www.vanguard.com/performance.

Source: Vanguard. All data as of December 31, 2020, unless otherwise noted.

¹ Expense ratio (ER) attribution includes the impact of compounding on fund returns over time. Consequently, a fund's ER (above) may appear larger than the published ER.

² Other category may include performance impacts from the following sources: portfolio manager investment decisions, trading impact, and security pricing differences.

³ Excess return equals fund return minus benchmark return.

Notes: Calculations involve the Institutional Select share class of Vanguard Total International Stock Index Fund and Vanguard Total International Stock Index Trust. Benchmark for both investments is the FTSE Global All Cap ex US Index. The benchmark for the Fund and Trust assumes statutory tax withholding rates when calculating returns, so calculation of tax benefits is the difference between the tax rate of each foreign government assumed by the benchmark and the actual tax rates paid by the Fund.

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Vanguard is responsible only for selecting the underlying funds and periodically rebalancing the holdings of target-date investments. The asset allocations Vanguard has selected for the Target Retirement Funds are based on our investment experience and are geared to the average investor. Investors should regularly check the asset mix of the option they choose to ensure it is appropriate for their current situation.

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Rev_122021



WHAT ARE SOCIALLY RESPONSIBLE FUNDS?

Responsible investing is a broad term incorporating several types of investment strategies, most commonly including environmental, social, and governance (ESG) investing, socially responsible investing (SRI), and impact investing. ESG investing generally incorporates a broad, factors-based approach linking company aspects such as governance (i.e., company leadership, executive pay, internal controls, etc.), shareholder rights, or environmental practices to investment potential. SRI more narrowly turns to avoiding companies with exposure to controversial products and practices such as alcohol, tobacco, firearms, and gaming. Lastly, impact investing focuses on companies that are expected to provide a benefit to the environment or society (i.e., renewable energy, healthcare, housing projects, etc.). These strategies are not mutually exclusive and often overlap in practice as they serve a common goal.

DOL RULING – FINANCIAL FACTORS IN SELECTING PLAN INVESTMENTS

On October 30, 2020, the Department of Labor released its latest rule “Financial Factors in Selecting Plan Investments”. The rule specifically prohibits fiduciaries from subordinating the economic interests of participants (i.e., sacrificing returns) in the pursuit of unrelated objectives or to promote non-pecuniary goals. The ruling does allow for the consideration of non-pecuniary factors in “tie-breaking” scenarios where investment alternatives are deemed to be equal based on pecuniary factors. Pecuniary factors are those defined as having direct material economic impact on risk and/or return of an investment. Non-pecuniary factors are those deemed to be non-economic in nature. The ruling leaves significant room for interpretation as to whether certain ESG factors are considered pecuniary vs. non-pecuniary factors. However, it is very clear that all investments must place economic interest ahead of all other factors.

In a subsequent rule proposed by the Department of Labor on October 13, 2021 titled “Prudence and Loyalty in Selecting Plan Investments and Exercising Shareholder Rights”, some of these barriers to plan fiduciaries’ ability to consider ESG factors when they select investments would be removed. The proposed rule seeks to emphasize that various ESG factors can be financially material and that considering them can provide for better long-term risk-adjusted returns. The revisitation of ESG regulation has become common practice based on the currently reigning administration’s attitude towards the subject matter and is expected to continue in the future. But the common elements in all proposed and final rules is that fiduciaries must make prudent decisions with a sole focus on doing what may lead to the best financial outcomes. Based on this objective, the Hyas Group recommends that all current and potential plan investment options be benchmarked against non-ESG indices and peer groups to ensure they remain competitive based on more than their collateral ESG benefits.

ESG INVESTMENT PERFORMANCE AND UTILIZATION

The following tables provide returns and ranks for several broadly categorized socially responsible funds as well as their usage in retirement plans.

PERFORMANCE AND EXPENSE (%)

FUND	TICKER	EXP	4Q21	1 YR	3 YR	5 YR	10 YR
CALVERT US LG CORE RESPONSIBLE IDX R6	CSXRX	0.19	9.76	25.70	28.20	19.61	17.43
FIDELITY US SUSTAINABILITY INDEX	FITLX	0.11	12.02	31.57	27.11	-	-
VANGUARD FTSE SOCIAL INDEX ADM	VFTAX	0.14	10.83	27.71	28.02	20.27	18.05
NEVADA LG CAP: VANGUARD 500 IDX INST+	VIIIIX	0.02	11.02	28.69	26.06	18.46	16.54
BENCHMARK: S&P 500	-	-	11.03	28.71	26.07	18.47	16.55

PEER GROUP RANKING (US FUND LARGE BLEND)

FUND	TICKER	4Q21	1 YR	3 YR	5 YR	10 YR
CALVERT US LG CORE RESPONSIBLE IDX R6	CSXRX	53	60	6	6	2
FIDELITY US SUSTAINABILITY INDEX	FITLX	10	5	10	-	-
VANGUARD FTSE SOCIAL INDEX ADM	VFTAX	33	36	7	3	1
NEVADA LG CAP: VANGUARD 500 IDX INST+	VIIIIX	24	22	21	17	11

SOCIALLY RESPONSIBLE FUND USAGE IN RETIREMENT PLANS

MEASUREMENT	SOCIAL FUND ALLOCATION	SAMPLE PLAN SIZE (N=45)	PUBLIC SECTOR SOC. FUND USAGE (N=119)
MAXIMUM	7.45%	\$3,595,691,187	31.09%
MINIMUM	0.05%	\$4,224,524	
AVERAGE	1.85%	\$406,712,951	
MEDIAN	1.59%	\$137,298,221	

This report is being provided for informational purposes only. The information and opinions presented in this report do not constitute investment advice and have been obtained from sources believed by Hyas Group to be reliable. Hyas Group makes no representation as to their accuracy or completeness. All opinions expressed herein are subject to change. Hyas Group is a business of Morgan Stanley.

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Nevada Deferred Compensation Program

Nevada Deferred Compensation
Program - Investment Stewardship

Vanguard Investment Stewardship

A voice for investors



Good governance matters.

We work to promote and protect long-term shareholder value
in boardrooms around the world.

Our principles



Board composition

The foundation of 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. An effective board should also reflect both diversity of personal characteristics (such as gender, race, and ethnicity) and diversity of skill, experience, and opinion.



Oversight of strategy and risk

Boards are responsible for effective oversight of a company’s long-term strategy and any relevant and material risks.



Executive compensation

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



Shareholder rights

Shareholders should have the power to use their voice and vote to ensure the accountability of a company’s board.

About Investment Stewardship

Our team

Valley Forge

Senior leaders and analysts responsible for portfolio companies in the Americas region and aligned by sector

London

Senior leaders and analysts responsible for portfolio companies in Europe, the Middle East, and Africa (EMEA) and Asia Pacific

Cross-regional teams

 **Policy & research**

Drives our global perspectives on key topics, and partners with regional teams to shape advocacy, engagement, and voting strategies

 **Research & communications**

Articulates our views, policies, and thought leadership on important governance topics. Supports governance-focused industry collaborations

 **Operations & technology**

Enables every aspect of our program’s research, data analysis, and risk controls through vendor oversight, platform management, and technology innovation

35+
team members

15
years experience
on average

27
markets represented
in engagements

168k+
proposals voted

Note: Team members and average years of experience are as of 12/31/2019; markets represented and proposals voted are for the period from 7/1/2019 to 6/30/2020.

About Investment Stewardship

What we do

We promote effective corporate governance practices to drive long-term value creation at the companies in which our funds invest. We represent our fund shareholders’ interests in three key ways:



Public advocacy

We advocate for the highest corporate governance standards worldwide that enhance the long-term value of shareholders’ investments.



Engagement

We conduct ongoing dialogues with portfolio companies to understand their governance practices and long-term strategy.



Proxy voting

We cast proxy votes at shareholder meetings on behalf of our internally managed equity index funds.

Public Advocacy

Our voice for better governance practices

We advocate for better corporate governance in many ways, including:

- Communicating our views to regulators and other policymakers
- Publishing thought leadership materials
- Serving in advisory roles at governance-focused organizations
- Endorsing widely recognized reporting frameworks and standards
- Speaking at industry events
- Offering perspectives through press or media channels

Public Advocacy

Engagement with governance-focused organizations supports market-wide progress

Sustainability Accounting Standards Board

We are a member of two groups of the Sustainability Accounting Standards Board (SASB): the Investor Advisory Group and the Standards Advisory Group for the infrastructure sector. Along with other members, we promote the development of standards for consistently comparable disclosure of material sustainability information to investors.

Principles for Responsible Investment

We have been a signatory of the Principles for Responsible Investment (PRI) since 2014. As a signatory, we affirm ESG integration into our portfolio company engagements and investment practices to support long-term value creation, enhance returns, and better manage risks.

International Corporate Governance Network

We are a member of the International Corporate Governance Network (ICGN), an investor-led organization of governance professionals that promotes effective standards of corporate governance to advance efficient markets around the world.

Energy Transition and Care for Our Common Home

We are a signatory to the Vatican's *Energy Transition and Care for Our Common Home* participant statement on climate risk disclosures. The statement calls on companies to be transparent about climate-related matters and disclose them to investors.

Investor Stewardship Group

We are a founding member of the Investor Stewardship Group, which works to establish a framework of basic standards of investment stewardship and corporate governance for U.S. institutional investor and boardroom conduct.

Business Roundtable

We are a signatory to the Business Roundtable's Statement on the Purpose of a Corporation. This statement was signed by more than 100 CEOs who committed to lead their companies for the benefit of all stakeholders—customers, employees, suppliers, communities, and shareholders.

30% Club

We are member of the 30% Club, a global organization that advocates for greater representation of women in boardrooms and leadership roles. A Vanguard representative sits on the U.S. steering committee.

We also provided insight and open consultation on:

- Task Force on Climate-related Financial Disclosures (TCFD)
- European Sustainable Finance Package
- German Corporate Governance Code
- UK Stewardship Code 2020

Engagements

Our engagements fall into one of three categories

Event-driven

We focus on a contentious ballot item or company crisis

Topic-driven

We discuss matters that materially affect long-term shareholder value

(e.g., climate-related risks or diversity)

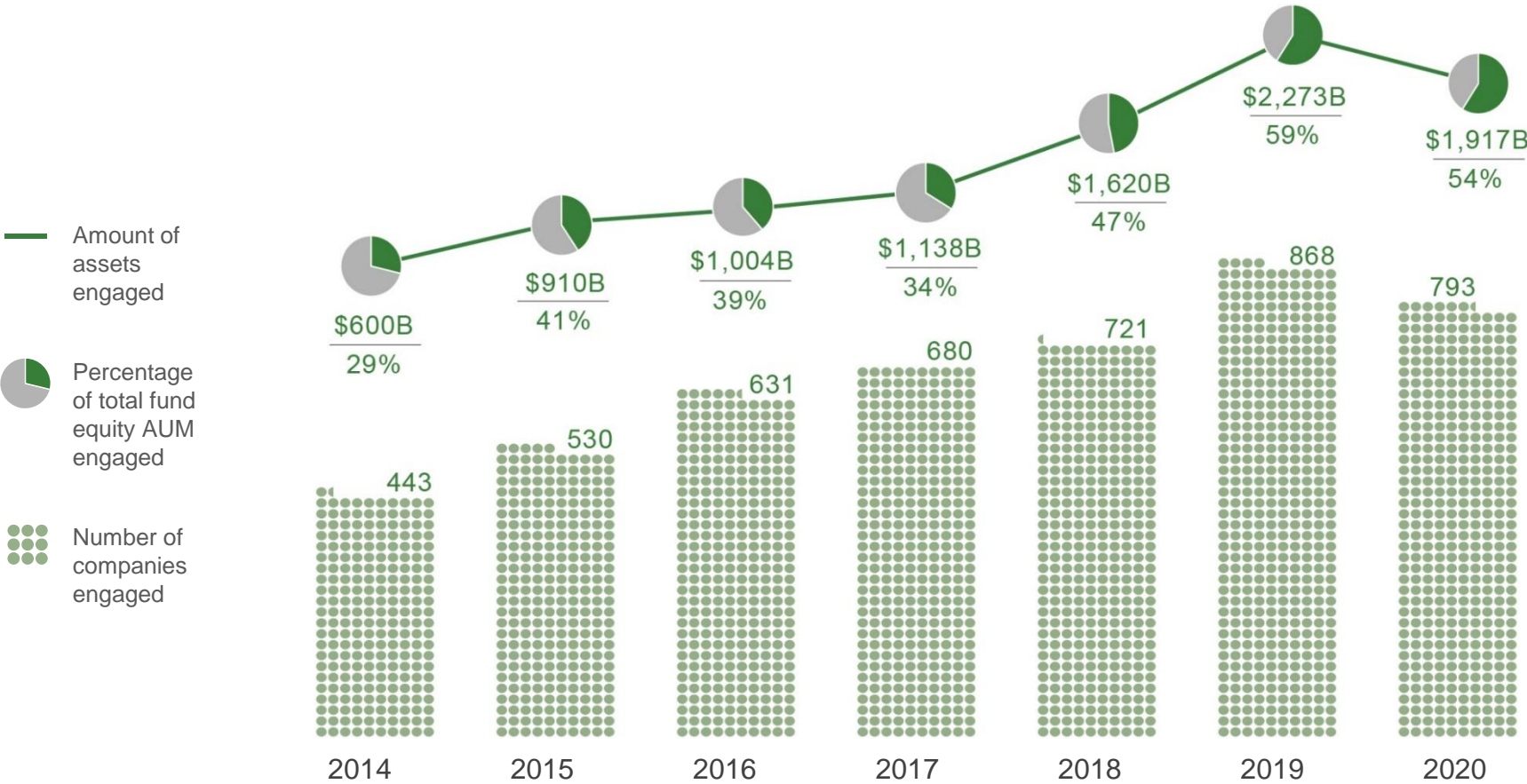
Strategic

We engage in a high-level discussion to gain a deeper appreciation of a company's long-term strategy and industry dynamics

Regardless of engagement type, we do not seek to influence company strategy.

Engagements

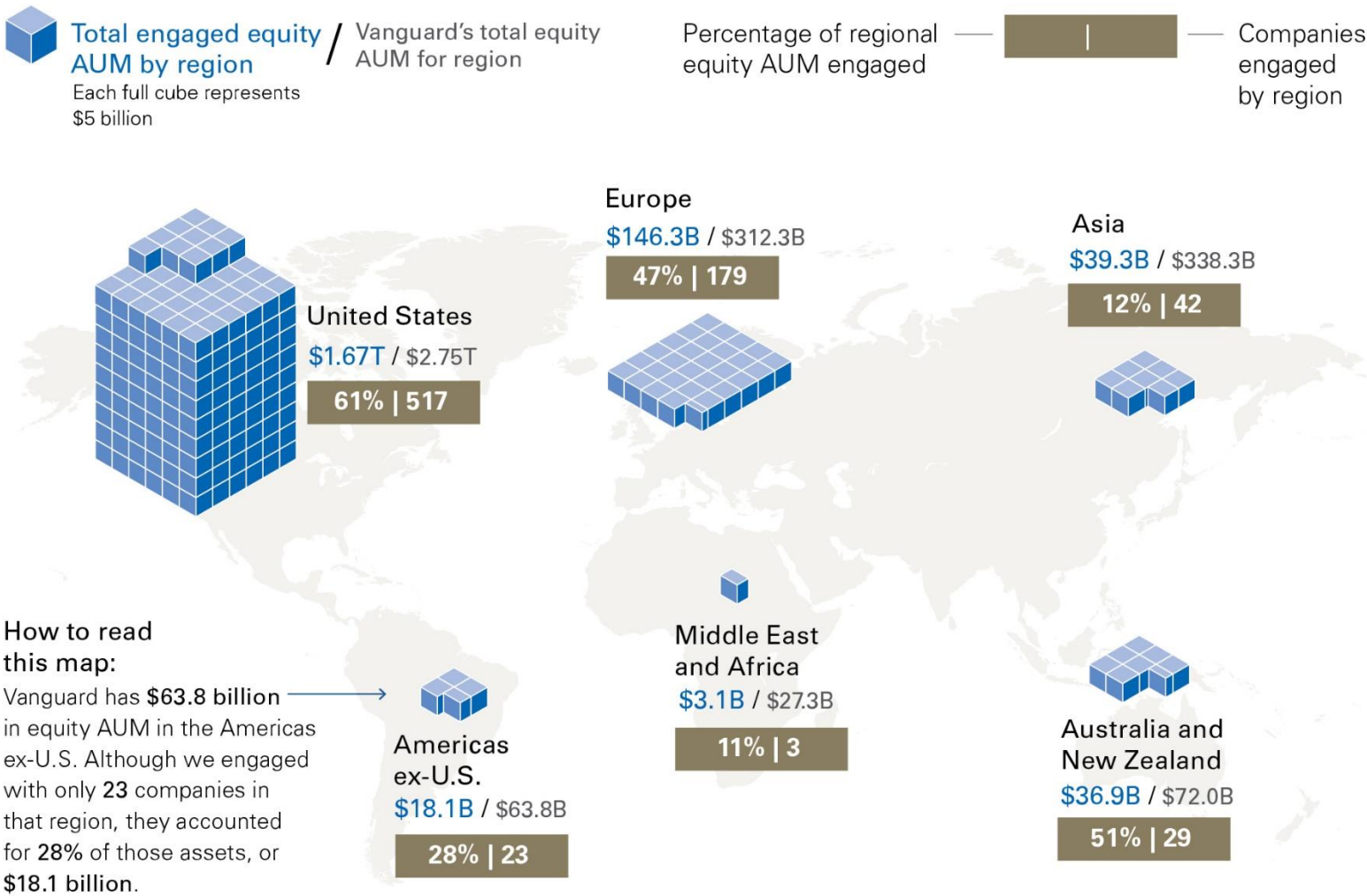
We focus on topics and companies that have the greatest impact on our funds



Source: Vanguard. As of date: The proxy year is measured from July 1 through June 30.
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.

Engagements

Our engagement activity is proportional to the geographical distribution of our assets



Notes: Data pertain to the 2020 proxy year. Assets under management are calculated as of June 30, 2020. 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, 2020, the AUM represented by our total global engagements was \$1.92 trillion.

Engagements

Key themes from 2020



Board composition

- Discussed board composition in 70% of our engagements
- Met with independent directors in 46% of our engagements



Executive compensation

- Discussed compensation in 47% of our engagements
- Continued emphasis on aligning pay and performance



Oversight of strategy and risk

- Engaged with 258 companies in carbon-intensive industries, or 33% of all companies engaged
- Together, these engagements represented \$412 billion in equity assets under management

793 companies engaged

34% companies engaged were outside the U.S.

\$1.92T assets represented

27 markets represented

Notes: Assets represent the market value of Vanguard fund equity investments in companies in which we engaged over the 12 months ended June 30, 2020. AUM calculated and data as of that date.

Proxy voting

We vote our funds in the best long-term interest of our shareholders

Our voting is informed by:

- Published voting guidelines and proprietary research and analysis
- The expertise and experience of global senior leaders and analysts
- In-depth analysis of the proposal's impact on the fund's long-term value

Proxy voting

A variety of inputs are evaluated in our research process



Internal research

- Company and industry reports
- Regulatory filings
- Earnings transcripts
- Investor and company presentations



Third-party research

- Governance research (e.g., ISS, Glass Lewis)
- ESG data providers (e.g., Sustainalytics)
- Sell-side research
- Investment data providers
- Thought leaders
- Consultants



Engagements

- Board directors
- Company executives
- Activists
- Regulators
- Consultants

Proxy voting

Evaluating shareholder proposals

1 Assess the proposal

- Is the proposal an appropriate ask?
- Is the proposal's subject material/ relevant?
- Is the proposal appropriately directed?

2 Analyze the company's disclosure

- Does the company have related practices in place?
- Has the company made a credible and specific commitment to change?

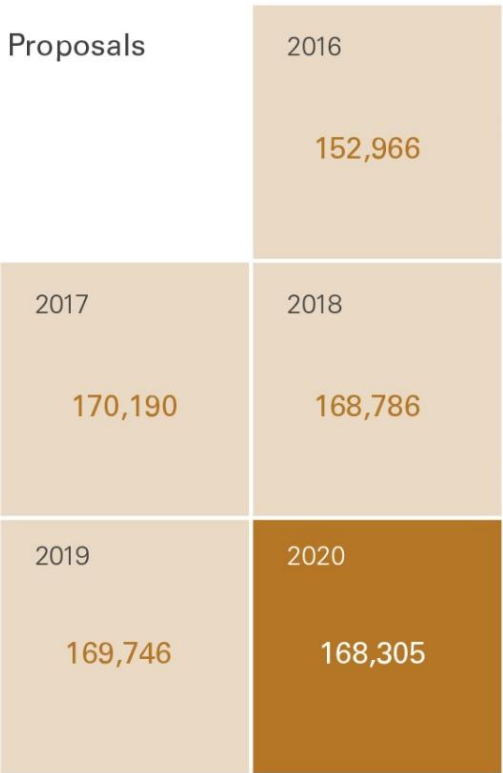
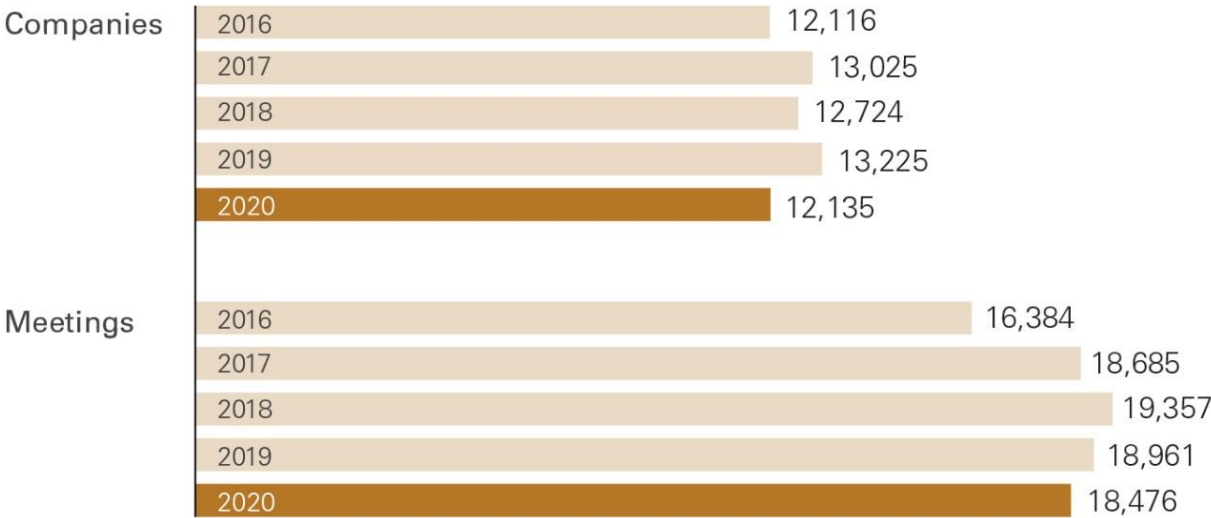
3 Determine how the funds will vote

- Is the proposal supportable based on our guidelines and principles?
- Does the proposal promote long-term shareholder value?

Proxy voting

Voting trends

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



Source: Vanguard.
Note: The proxy year is maintained from July 1 through June 30.

Perspectives on key governance topics

Executive compensation

We evaluate three key areas of executive compensation plans

Structure

Is the plan designed to incentivize long-term shareholder value, and does it incorporate relative metrics?

Pay for performance

Is overall pay aligned with company performance and comparable to a relevant peer group?

Total Pay

Is the magnitude of overall pay reasonable compared with a relevant peer group?



We ask the following questions related to executive compensation plans when engaging:

- Describe your company's compensation philosophy. How do the measures align with long-term company strategy and shareholder value?
- How does the compensation committee set goals for those measures? How does it determine that the goals are rigorous performance levels?
- How does the compensation committee seek to align executive pay with the company's performance relative to peers and the market?
- What is the process for selecting your company's peer group, and what factors in the selection process are most important?

Diversity

Diverse groups make better decisions, leading to better results over the long term

Multi-dimensional

Well-structured boards and workforces have diversity across a number of dimensions:

- Gender
- Ethnicity
- Race
- Skill set
- Profession
- Experience
- Geography

Our board and workforce diversity expectations of public companies

- 2019

Publish your perspectives on board diversity.

Disclose your board diversity measures.

Broaden your search for director candidates.

Make progress on this front.
- 2020

Step up board diversity efforts.

Invest in a prospective-director pipeline.

Make progress and show outcomes.

Strengthen oversight of diversity-related strategy & risks.

Disclose diversity measures beyond the boardroom.

Diversity Equity & Inclusion at Vanguard

DIVERSITY, EQUITY, AND INCLUSION AT VANGUARD

At Vanguard, we strive to create an inclusive and equitable work environment that reflects a diverse community of talents and drives our mission to provide all investors with the best chance for investment success.

“There is no finish line for DEI. It’s an organizational imperative that we strive to weave into our DNA. DEI is essential to our ability to optimize client outcomes and is the responsibility of all crew members.”

— **Crystal Hardie Langston,**
Chief Diversity Officer

Our DEI strategy

Our aspirational goals

- Improve representation of underrepresented crew across all leadership levels in the organization.
- Improve inclusion for all crew.

Our approach

- Our efforts are focused on the attraction, advancement, and retention of underrepresented talent—and accountability for this imperative.
- Learning, communications, and DEI analytics are critical infrastructure investments along the way.



Attraction

We partner with institutions to strengthen our outreach to, and engagement with, underrepresented talent. We are also improving our hiring practices by driving leadership accountability for diverse slates of candidates and requiring inclusive hiring training for all managers.

Advancement

We are creating more equitable talent advancement processes and providing development experiences for underrepresented talent. We launched a sponsorship program to connect talent of color with senior leaders who can advocate for them, and help them access critical growth opportunities.


Retention


We are analyzing sentiment among underrepresented crew to better understand their experiences, needs, and motivators. We launched a workshop for talent of color and their leaders to candidly discuss challenges and invest in their relationships.


Accountability


Vanguard's CEO and managing directors serve as our DEI Executive Council driving the vision, goals, and accountability through the enterprise. All crew are accountable for meeting explicit DEI performance management standards and progress toward our aspirations influences compensation.


Our global Crew Resource Groups


- 

WILS
Women's Initiative for
Leadership Success
- 

VBPN
Vanguard Black
Professional Network
- 

LEAP
Leadership and Engagement
for Asian Professionals
- 

HOLA
Hispanic/Latinx Organization
for Leadership Advancement
- 

OPEN
Out Professional
Engagement Network
- 

VetsConnect
Connecting military veterans,
families, and friends

Nearly half of all crew members worldwide belong to at least one Vanguard CRG.

Our Crew Resource Groups (CRGs) help support Vanguard's efforts to attract, onboard, engage, and retain a diverse base of talent globally. Our CRGs are inclusive of the communities of crew they serve, as well as supportive allies.

In many cases, the community of supportive allies within each CRG is larger than the target community, which reflects the spirit of learning and inclusiveness among Vanguard crew.

Our global CRGs provide leadership development and acumen-building enrichment, host cultural and heritage learning opportunities, facilitate dialogues on current events, and provide community service opportunities to members.

Our external DEI commitment

Vanguard is also committed to integrating DEI in the ways we engage the world around us.

Stewardship of our investments

Vanguard is an established advocate for diversity on the boards and workforces of portfolio companies.

- **2017:** Became a leader in advocating for gender diversity.
- **2019:** Emphasized the importance of diversity focus to include race, ethnicity, national origin, and age.
- **2020:** Set expectations for the oversight of diversity-related strategy.

Supporting our communities

- We focus on early childhood programs in underserved communities.
- We use our capital to draw more attention and dollars to the issue of inequity within the childcare and early education sector.
- We engage with diverse and inclusive thought partners and grantees and recognize the important role of providers of color in driving change in underinvested communities.
- We provide annual support to equity-focused charities, such as NAACP Legal Defense Fund, Equal Justice Initiative, Asian Americans Advancing Justice, the Human Rights Campaign, and National Women's Law Center.

Diversifying our supply chain

- We are on a multiyear journey to create an enduring supplier diversity program that will identify and promote representation of diverse suppliers and increase overall adoption within Vanguard's supply base.
- We will continue to benchmark with peers to learn best practices, understand the partners that our suppliers contract with, drive program education and awareness, and set goals for our progress.
- We are strengthening our focus on diversity within Vanguard's internal investment teams and with our external subadvisory partners.

Our goal is for every level of leadership to reflect the gender and racial diversity of our crew population, with year-over-year increases along the way.

Source: Vanguard, as of December 31, 2020.

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Slide ID #: S058283

Tracking #: 1939655

Expiration date: 9/9/2024

Our workforce today



- Women make up **44%** of Vanguard's global leadership roles
- Women make up **40%** of Vanguard's global workforce
- People of color make up **25%** of Vanguard's U.S. workforce
- People of color make up **22%** of Vanguard's U.S. leadership

Our workforce today

Representation	Women (Global)	Minorities (U.S.-only)
Leaders	44%	22%
Board of directors	30%	10%
Principals ¹	35%	17%
Executive management team	25%	17%

¹ Senior-level leaders elected by Vanguard's board of directors.
Note: U.S. minority crew include Asian, Black/African American, Latinx, Native Hawaiian/Pacific Islanders, American Indian/Alaskan Native, or crew that identify with two or more races.

Race/Ethnicity (U.S.-only)	
White	74.8%
Asian	11.5%
Black	7.2%
Latinx	4.3%
Other/Multiracial ²	2.2%

² Includes crew that are Native Hawaiian/Pacific Islanders, American Indian/Alaskan Native, or crew that identify with two or more races.

Source: Vanguard, as of December 31, 2020.

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In 2020, we launched a voluntary campaign to enable crew outside the U.S. to identify their ethnicity.

We look forward to a global view of ethnicity as crew opt in to share.



Our Corporate Diversity, Equity, and Inclusion Team



Crystal Hardie Langston
Principal, Chief Diversity Officer



David Reiner
Senior Program Manager



Cherish Mccombs
DEI Specialist



Rosaleena Marcellus
Senior Strategist



Vivian McLeod
DEI Specialist



Hillary Seith
DEI Specialist



Chris Halpin
Project Manager

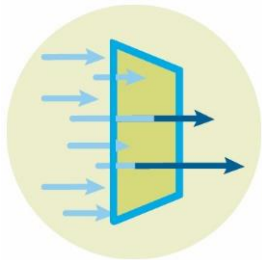


Magdaline Biawogei
Project Manager

Appendix

What is ESG investing?

Environmental, social, and corporate governance (ESG) is an investment-related activity that accounts for some type of ESG consideration.



Investment screening

The inclusion in or exclusion from a portfolio of certain sectors, companies, or practices based on specific ESG criteria or minimum standards of practice (norms-based)

Currently employed by Vanguard.



Impact investing

Targeting specific social or environmental outcomes alongside financial returns, either through private or public investments

Not currently employed by Vanguard.



ESG integration

Systematic inclusion of financially material ESG information (risks and opportunities) to complement standard investment analysis

Currently employed by Vanguard.



Investment stewardship

The use of shareholder power to influence corporate behavior, including direct corporate engagement, and proxy voting

Vanguard investment stewardship



We believe that good governance and effective stewardship can add value over the long term for all shareholders. Vanguard's Investment Stewardship program remains grounded in our four principles of good governance: board composition, oversight of strategy and risk, executive compensation, and governance structures.

Vanguard's ESG product lineup

Screening <i>Vanguard votes proxies for ESG portfolio securities</i>				ESG integration <i>Wellington Management Company LLC votes proxies for ESG portfolio securities</i>
<i>Index</i>		<i>Fixed income</i>		<i>Active</i>
FTSE Social Index Fund	ESG U.S. Stock ETF	ESG International Stock ETF	ESG U.S. Corporate Bond ETF	Global ESG Select Stock Fund
<i>Market-cap-weighted U.S. mid- and large-cap index</i>	<i>Market-cap-weighted U.S. all-cap index</i>	<i>Market-cap-weighted international all-cap index</i>	<i>Market-cap-weighted, broad- based U.S. corporate bond index</i>	<i>Actively managed global large-cap fund</i>
Admiral™ shares: VFTAX Institutional shares: VFTNX	ETF: ESGV	ETF: VSGX	ETF: VCEB	Admiral shares: VESGX Investor shares: VEIGX
Number of holdings: 485	Number of holdings: 1,496	Number of holdings: 5,182	Number of holdings: 2,092	Number of holdings: 38
Expense ratios: Admiral shares: 0.14% Institutional shares: 0.12%	Expense ratio: 0.12%	Expense ratio: 0.15%	Expense ratio: 0.12%	Expense ratios: Admiral shares: 0.45% Investor shares: 0.55%

For more information, go to unglobalcompact.org/what-is-gc/mission/principles

Expense ratios for Global ESG Select Stock Fund Admiral and Investor Shares as of May 28, 2021. All other funds are as of December 22, 2020.
Number of holdings data as of August 31, 2021.

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Vanguard's ESG product lineup (continued)

FTSE Social Index Fund	ESG U.S. Stock ETF	ESG International Stock ETF	ESG U.S. Corporate Bond ETF	Global ESG Select Stock Fund
<p><i>Excludes certain companies that*:</i></p> <ul style="list-style-type: none"> Produce alcohol, tobacco, and adult entertainment Produce civilian, controversial, and conventional weapons Produce nuclear power Provide gambling services Own proven or probable reserves in fossil fuels such as thermal coal, oil, or gas Do not meet certain diversity criteria Have violations of labor rights, human rights, anti-corruption, and environmental standards as defined by UN Global Compact principles† 	<p><i>Excludes certain companies that*:</i></p> <ul style="list-style-type: none"> Produce alcohol, tobacco, and adult entertainment Produce civilian, controversial, and conventional weapons Produce nuclear power Provide gambling services Own proven or probable reserves in fossil fuels such as thermal coal, oil, or gas Do not meet certain diversity criteria Have violations of labor rights, human rights, anti-corruption, and environmental standards as defined by UN Global Compact principles† 	<p><i>Excludes certain companies that*:</i></p> <ul style="list-style-type: none"> Produce alcohol, tobacco, and adult entertainment Produce civilian, controversial, and conventional weapons Produce nuclear power Provide gambling services Own proven or probable reserves in fossil fuels such as thermal coal, oil, or gas Do not meet certain diversity criteria Have violations of labor rights, human rights, anti-corruption, and environmental standards as defined by UN Global Compact principles† 	<p><i>Excludes certain companies that*:</i></p> <ul style="list-style-type: none"> Produce alcohol, tobacco, and adult entertainment Produce civilian, controversial, and conventional weapons Produce nuclear power Are involved with fossil fuels such as thermal coal, oil, or gas Do not meet certain diversity criteria Support gambling operations or produce genetically modified organisms Violate UN Global Compact Principles† 	<ul style="list-style-type: none"> Bottom-up security selection utilizing proprietary investment and ESG research analyst teams at Wellington Management Company Seeks companies that have both fundamental investment characteristics and leading ESG practices Wellington actively engages with management teams of companies in which it invests Highly selective, concentrated portfolio Pursues lower volatility and beta with defensive investment profile relative to FTSE All-World Index

* The index excludes stocks of companies that FTSE Group determines engage in the following activities: produce adult entertainment, alcoholic beverages, tobacco products; produce (or produce specific and critical parts or services for) nuclear weapon systems, chemical or biological weapons, cluster munitions, and anti-personnel mines; produce other weapons for military use; produce firearms or ammunition for non-military use; own proved or probable reserves in coal, oil, or gas, or any company that FTSE determines has a primary business activity in: (a) the exploration for, drilling, production, refining and supply of oil and gas products, (b) the supply of equipment and services to oil fields and offshore platforms, (c) the operations of pipelines carrying oil, gas, or other forms of fuel, (d) integrated oil and gas companies, providing a combination of services listed in (a)-(c) above, including refining and marketing of oil and gas products, or (e) the exploration for or mining of coal; provide gambling services; and generate revenues from nuclear power production. The index also excludes the stocks of companies that, as FTSE determines, do not meet the labor, human rights, environmental, and anti-corruption standards as defined by the United Nations Global Compact Principles, as well as companies that fail to meet two of the following three diversity criteria: (1) at least one woman on the board; (2) diversity policies in place; and (3) diversity management systems in place.

** The index excludes the bonds of companies that MSCI determines engage in or derive substantial revenue from one or more of the following activities: producing adult entertainment; producing alcohol or alcoholic products; operating or supporting the operation of gambling activities; manufacturing, distributing, retailing, licensing, or supplying tobacco products; manufacturing nuclear weapons or nuclear weapons components; manufacturing chemical and biological weapons components, cluster munitions, landmines or depleted uranium weapons; manufacturing conventional weapons, conventional weapons components, or conventional weapons support systems and services; manufacturing, producing or selling civilian firearms or small arms ammunition; owning or operating nuclear power plants or active uranium mines, enriching and processing uranium, designing and engineering nuclear reactors, supplying key nuclear-specific products or services; genetically modifying plants for agricultural use or human consumption; or ownership of thermal coal, oil and gas reserves, as well as power generation from these sources. The index also excludes the bonds of any company that, as determined by the index provider, does not meet certain standards defined by the index provider's ESG controversies assessment, which measures a company's involvement in major ESG controversies. Additionally, the index excludes companies that fail to have at least one woman on their board or do not provide data on the demographics of its board.

† For more information, see United Nations Global Compact, 2020. The Ten Principles of the UN Global Compact. Accessed December 2, 2020, at unglobalcompact.org/what-is-gc/mission/principles.

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ESG funds are subject to ESG investment risk, which is the chance that the stocks or bonds screened by the index provider for ESG criteria generally will underperform the market as a whole or, in the aggregate, will trail returns of other funds screened for ESG criteria. The index provider's assessment of a company, based on the company's level of involvement in a particular industry or the index provider's own ESG criteria, may differ from that of other funds or of the advisor's or an investor's assessment of such company. As a result, the companies deemed eligible by the index provider may not reflect the beliefs and values of any particular investor and may not exhibit positive or favorable ESG characteristics. The evaluation of companies for ESG screening or integration is dependent on the timely and accurate reporting of ESG data by the companies. Successful application of the screens will depend on the index provider's proper identification and analysis of ESG data.

Important information

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Vanguard ETF® Shares are not redeemable with the issuing fund other than in very large aggregations worth millions of dollars. Instead, investors must buy or sell Vanguard ETF Shares in the secondary market and hold those shares in a brokerage account. In doing so, the investor may incur brokerage commissions and may pay more than net asset value when buying and receive less than net asset value when selling.

Mutual funds and all investments are subject to risk, including the possible loss of the money you invest. Prices of mid- and small-cap stocks often fluctuate more than those of large-company stocks. Investments in stocks or bonds issued by non-U.S. companies are subject to risks including country/regional risk and currency risk. These risks are especially high in emerging markets. Funds that concentrate on a relatively narrow sector face the risk of higher share-price volatility. It is possible that tax-managed funds will not meet their objective of being tax-efficient. Because company stock funds concentrate on a single stock, they are considered riskier than diversified stock funds.

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