



2022

# Diversity, Equity, and Inclusion Report

Vanguard®

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# An introduction from our chairman and CEO

I'm pleased to share our annual Diversity, Equity, and Inclusion (DEI) report.

At Vanguard, we believe in doing all we can to give our clients the best chance for investment success. Our employees, whom we call "crew," work hard to serve this mission, and it's imperative that we build diverse and inclusive teams where everyone feels welcome, respected, and valued.

In this, our 2022 DEI report, we share progress on our aspiration to have every level of leadership reflect the gender and racial diversity of our crew population—with year-over-year increases along the way. We provide a glimpse of our efforts to drive an inclusive culture for all Vanguard crew and to strengthen the diverse communities where we work and live around the world.

I'm proud of how our crew have engaged. We have more work to do, but our leaders increasingly understand their accountability for our progress. The path forward requires accountability, and it starts with our senior team. As Vanguard's DEI Executive Council, we set the example and the expectation to practice inclusive behaviors. These behaviors are a core part of our performance management standards, and our progress against DEI outcomes plays a role in setting compensation across the company.

We're grateful for the support of our board, our clients, our crew, and our partners as we work to become a stronger company.

Sincerely,

A handwritten signature in black ink, appearing to read "Tim Buckley".

**Tim Buckley**

Vanguard Chairman and Chief Executive Officer

# The journey to a more diverse, equitable, and inclusive future has no finish line

Vanguard is continuing its journey to create a global work environment that celebrates diversity in all its forms and integrates inclusion and equity into the workplace experience. We believe that when our crew are part of diverse teams and inclusive environments, they make better decisions, are more creative and innovative, and produce better outcomes for our clients. Investing in our workplace culture makes us a stronger global employer, a more powerful partner to our investors around the world, and a more impactful corporate citizen.

*(Continued)*



## LETTER FROM OUR GLOBAL HEAD OF DEI & COMMUNITY STEWARDSHIP

Our commitment to diversity, equity, and inclusion (DEI) is long-standing. In recent years, we've amplified our efforts with investment in a globally focused DEI Center of Excellence, establishment of aspirational outcomes, and accountability across the organization, starting with our senior leadership team.

This report provides insights into our aspirations for DEI, details about our global strategy, perspectives from our crew, and data on our progress since our last report.

Our progress and momentum are encouraging. We've increased overall representation among people of color, and our representation among women in leadership roles remains industry-leading. In addition, our

efforts to attract, advance, and retain underrepresented crew are growing and yielding positive results. We've also continued to integrate DEI in the ways we engage the world around us by promoting diversity within our supplier base and supporting our communities through philanthropy and volunteerism.

Although we've made considerable progress, we're not yet where we want to be. We continue to enhance our DEI learning offer to enrich crew acumen and equip leaders to cultivate inclusion. While learning is important, we're also continuing to invest in integrating equity into key talent processes and crew journeys, which is vital to optimizing DEI and ensuring its sustainability.

Since our 2021 report, our global society has continued to experience social injustice, discrimination, and hate-fueled violence. These events serve as constant reminders about the importance of DEI work and challenge us all to engage and drive change and progress.

For Vanguard, the journey to a more diverse, equitable, and inclusive future is enduring and has no finish line. Our commitment to DEI is—and will continue to be—integral to our organization and our mission to give investors the best chance for investment success.

Sincerely,



**Crystal Hardie Langston**

Principal, Global Head of Diversity, Equity, and Inclusion & Community Stewardship

# At the heart of our mission: Taking a stand for all investors

Vanguard is one of the world's most respected investment management companies, offering a broad selection of investments, advice, retirement services, and insights to individual investors, institutions, and financial professionals.

We operate under a unique, investor-owned structure\* and adhere to a simple purpose:

**To take a stand for all investors, to treat them fairly, and to give them the best chance for investment success.**

Indeed, Vanguard is based on a simple but revolutionary idea—that mutual funds should be managed in the sole interest of their clients. That was the vision when Vanguard began operations in 1975. More than 4 decades later, we're still the only company structured this way.



**412**

Number of funds offered globally  
(204 in the U.S. and 208 international)



**30M+**

More than 30 million investors



**19**

Global locations



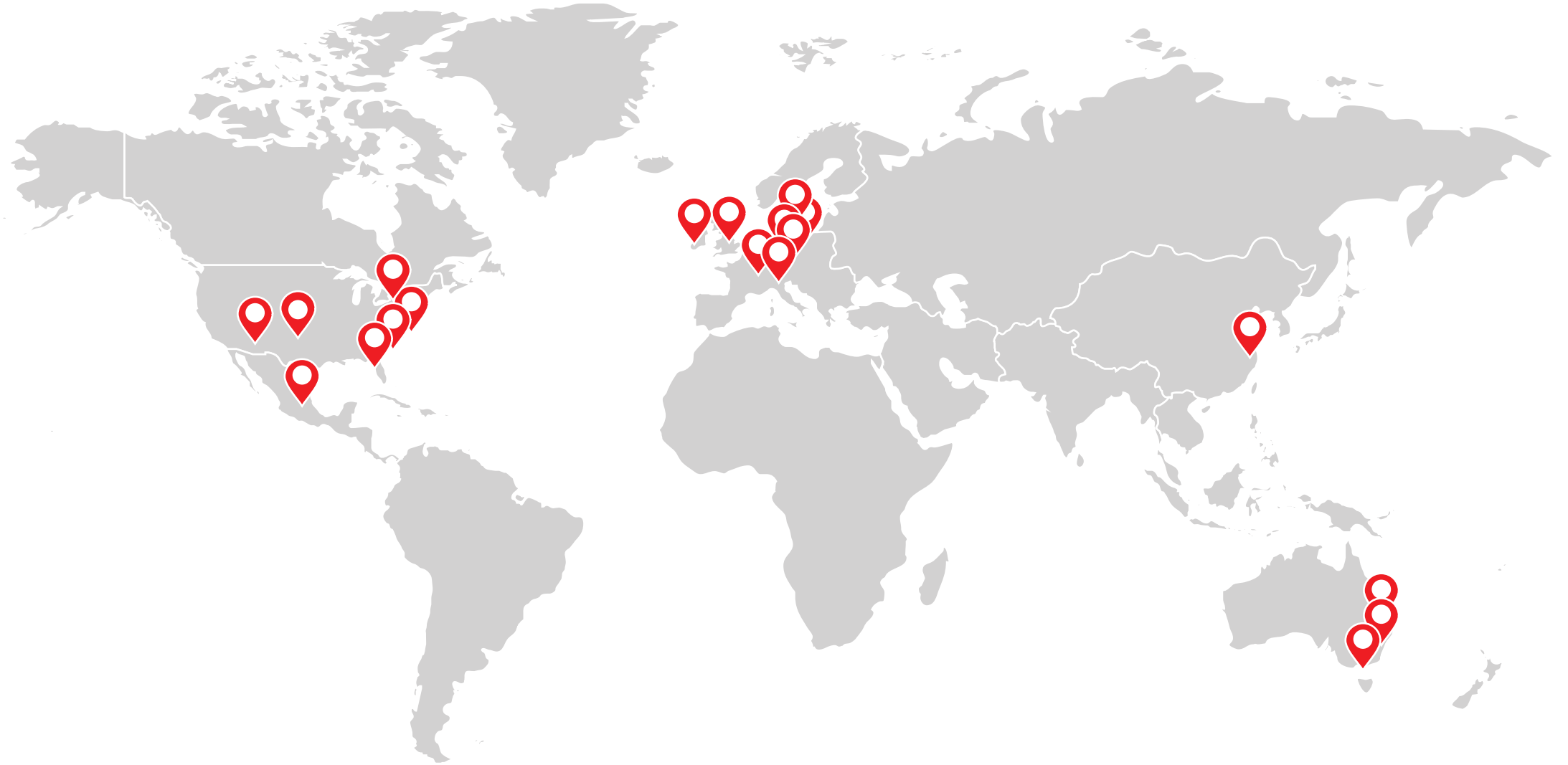
**18,800**

Approximate number of employees worldwide

\*Vanguard is investor-owned, meaning the fund shareholders own the funds, which in turn own Vanguard.  
NOTE: FIGURES ARE AS OF AUGUST 31, 2022.

**At Vanguard, we're  
changing the way the  
world invests.**

By living our values and working with integrity, focus, and stewardship, we're helping investors build better lives for themselves and the people they care about. As an industry leader, with a presence in North America, Europe, Australia, and Asia, we care for our crew by creating a culture of belonging throughout our global locations.



# DEI principles and our pledge





# The principles of diversity, equity, and inclusion

The principles of DEI each have their own specific focus and work together to create an environment where crew are not only represented, but feel valued, supported, and nurtured.

## **Diversity**

generally refers to the differences between people within teams, companies, and other ecosystems.

## **Equity**

refers to fair treatment, access, opportunity, and advancement for all, while striving to identify and eliminate barriers that have prevented the full participation of some groups.

## **Inclusion**

accounts for the behaviors and norms that ensure people feel welcome, valued, and like they belong.

# Our DEI Pledge

**Our aspiration is to create an inclusive and equitable work environment that reflects a diverse community of talents and drives our mission to provide investors with the best chance for investment success.**

1

To improve DEI in our workplace, we pledge to:

- Increase diverse representation at all leadership levels and throughout all functions of the organization.
- Integrate inclusion and equity into the crew experience, fostering a sense of belonging and ensuring that crew are able to bring their authentic selves to work.
- Implement and evolve efforts aimed at attracting, advancing, and retaining a talented and diverse workforce.
- Adhere to inclusive hiring best practices, including requiring inclusive hiring training for leaders and driving accountability for achieving diverse slates of candidates.
- Build crew acumen in DEI through targeted learning experiences and dialogues aimed at understanding equity, managing unconscious bias, and other DEI topics.

2

To integrate DEI into the ways we engage the world around us, we pledge to:

- Advocate for diversity of experience, background, personal characteristics, and expertise in corporate boardrooms and for oversight of DEI risks in order to improve long-term shareholder value.
- Identify and promote representation of diverse suppliers and increase overall diversity within Vanguard's supplier base.
- Continue to incorporate DEI in how we serve our communities and support progress toward equity.

3

To own and continually drive accountability for our progress, we pledge to continue to:

- Expect leaders and crew to nurture inclusive environments and prioritize building diverse teams as part of our performance standard for all crew.
- Continue to include progress toward our representation and inclusion aspirations among the key performance indicators that impact enterprise compensation pools and levels.

# Our DEI strategy





## **To truly achieve our mission, we need diverse teams solving today's problems and anticipating tomorrow's**

Our enterprise aspirational goals are to have every level of leadership reflect the gender and racial diversity of our crew population—with year-over-year increases along the way—and to nurture our crew in an inclusive and equitable environment. As we strive to improve overall inclusion, we measure progress through our global crew engagement survey. The survey invites all crew to share their thoughts on a variety of things that impact their work experience, including their sense of belonging, their ability to be authentic, and whether they feel safe sharing their concerns with their leaders. We aspire to top-decile inclusion scores among financial services companies. Our DEI commitment extends to the ways we engage the world around us. We've taken steps to strengthen our local communities and promote representation of diverse suppliers within our own supplier base and in the global business community.

## OUR DEI STRATEGY

To best drive our representation and inclusion aspirations, our DEI strategy is focused on the **attraction**, **advancement**, and **retention** of underrepresented talent—and driving **accountability** for progress.



### Attraction

One of the key components of representation is our ability to attract and yield a diverse community of strong talent that can drive innovation in the investment industry and serve our growing base of diverse clientele. We're committed to driving inclusive hiring processes, building mutually beneficial relationships with talent partners, and nurturing Vanguard's employer value proposition among diverse communities of talent.



### Advancement

As we explore the levers that drive representation at the most influential levels and the retention of talent, a focus on advancement is a critical part of our strategy. We seek to ensure that representation and equity are core components of our talent advancement processes and programs—and that our crew have equitable access to opportunities to grow and thrive at Vanguard. We're also committed to embedding DEI into our talent development curriculum.



### Retention

While attracting and yielding new talent is a key part of our strategy, it's just as critical for us to retain the great talent we already employ at Vanguard. Our DEI team partners with other teams in our human capital organization to analyze crew sentiment across various crew communities to better understand their needs and what motivates them at various milestones in their Vanguard journeys. Additionally, we've developed leader tools and interactive development experiences to activate an intentional focus on the retention of talent, including underrepresented crew.



### Accountability

Being a truly inclusive organization requires leadership accountability. DEI integration and penetration of the imperative are critical elements of our approach. Our DEI team partners with leaders across Vanguard's human capital function to embed and integrate DEI into their strategies and key results. Our team also works with business leaders across the enterprise to ensure that each division's plan includes a strategy for ensuring DEI acumen-building and accountability.

# Attraction

In 2020, Vanguard launched a Diversity Recruiting Strategies function within our Global Talent Acquisition organization to serve as a consultant for recruiting teams and lead our diversity attraction programs and partnerships. The team developed an Inclusive Hiring training course and playbook for all managers, which reinforce equitable hiring processes and strengthen leaders' ability to recognize and mitigate bias in the process. The team also partners with recruiters to help leaders expand their networks with intention and create a diverse pipeline of talent.

In 2022, we unified our university and diversity recruiting efforts under a newly branded organization, Emerging Talent and Diversity Recruiting Strategy. The team is anchored by a mission to democratize access to opportunities at Vanguard by continuing to invest in inclusive hiring systems and in strategic partnerships with schools and professional organizations that enable our engagement with a diversity of talent for entry-level, mid-career, and executive positions.



# Attraction

## Highlights

- We continuously drive and evolve leadership accountability for achieving diverse slates of candidates, including women and people of color.
- Vanguard has been partnering with Historically Black Colleges and Universities (HBCUs) and Hispanic-Serving Institutions (HSIs) and has developed a comprehensive recruiting strategy designed to reach underrepresented communities. These partnerships have led to the development of high-impact experiential learning opportunities for students to explore Vanguard's broad variety of career paths. Our annual North Star Sophomore Experiential Learning Program and HBCU and Latinx EXPLORE programs welcome undergraduate students from across the U.S. to network with Vanguard leaders and enhance their professional development.
- In 2021, Vanguard partnered with the Howard University School of Business to establish the Howard Sales Management Fellowship program. This exciting initiative identifies and develops HBCU students for sales careers through course development, faculty externships, workshops, student internships, and job placement. The program has since expanded to include other HBCUs, including Delaware State University, Florida A&M University, and Hampton University.
- Vanguard has strong relationships with nonprofit organizations, including The Consortium for Graduate Study in Management (CGSM), Grace Hopper Celebration of Women in Computing (GHC), Sponsors for Educational Opportunity (SEO), and Association of Latino Professionals For America (ALPFA), all focused on identifying and developing high-achieving talent from underrepresented communities.





**Ginene Lewis**  
Assistant General Counsel  
Spelman College alumna



One of my proudest moments at Vanguard was working with colleagues in our employee resource group to lay the foundation for Vanguard's talent attraction strategy at Historically Black Colleges and Universities (HBCUs). This was especially meaningful to me because I'm the product of an HBCU.



**Greg Davis**  
Managing Director  
Chief Investment Officer



The industry must aggressively reach out to underrepresented communities. Vanguard has engaged with Historically Black Colleges and Universities, Hispanic-Serving Institutions (HSIs), organizations like BLK [Capital Management, a student-run nonprofit focused on college students interested in investing], and Diversity Investment Management Engagement (DIME) for recruiting to make sure our entry-level programs are diverse. Our goal is to impact the pipeline and grow that talent over time to more senior ranks.



## Attracting global talent

**In Europe,** we partner with Investment20/20—a London-based organization dedicated to creating a more diverse investment industry—on a 12-month paid internship program. Over the past 3 years, we've hosted trainees across a broad range of business areas, some of whom have converted to permanent roles at Vanguard.

**In Australia,** we host the Future Females in Finance program in collaboration with the CFA Society in Melbourne. The program gives women who are university students real-life experience in the finance industry and exposure to potential employers. We also partner with the Australian Business and Community Network, a nonprofit organization that pairs businesses with schools to offer students from low socioeconomic backgrounds opportunities to participate in a mentoring program.

This program helps students develop leadership skills and confidence to thrive in the workplace of the future.

Another way Vanguard demonstrates inclusion in Australia is through a partnership with auticon, a job placement firm specializing in candidates on the autism spectrum. This collaboration has resulted in talent placements within our Retail Marketing Analytics and Client Intelligence functions and has informed our neurodiverse talent attraction efforts.

# Advancement

As we explore the levers that drive both representation at the most influential levels and the retention of talent, a focus on advancement is a critical part of our strategy. We seek to ensure that equity is a core component of our talent advancement processes and programs—and that our crew have equitable access to opportunities to grow and thrive at Vanguard. We're committed to continuing to make DEI foundational to the ways we develop our crew.

## Highlights

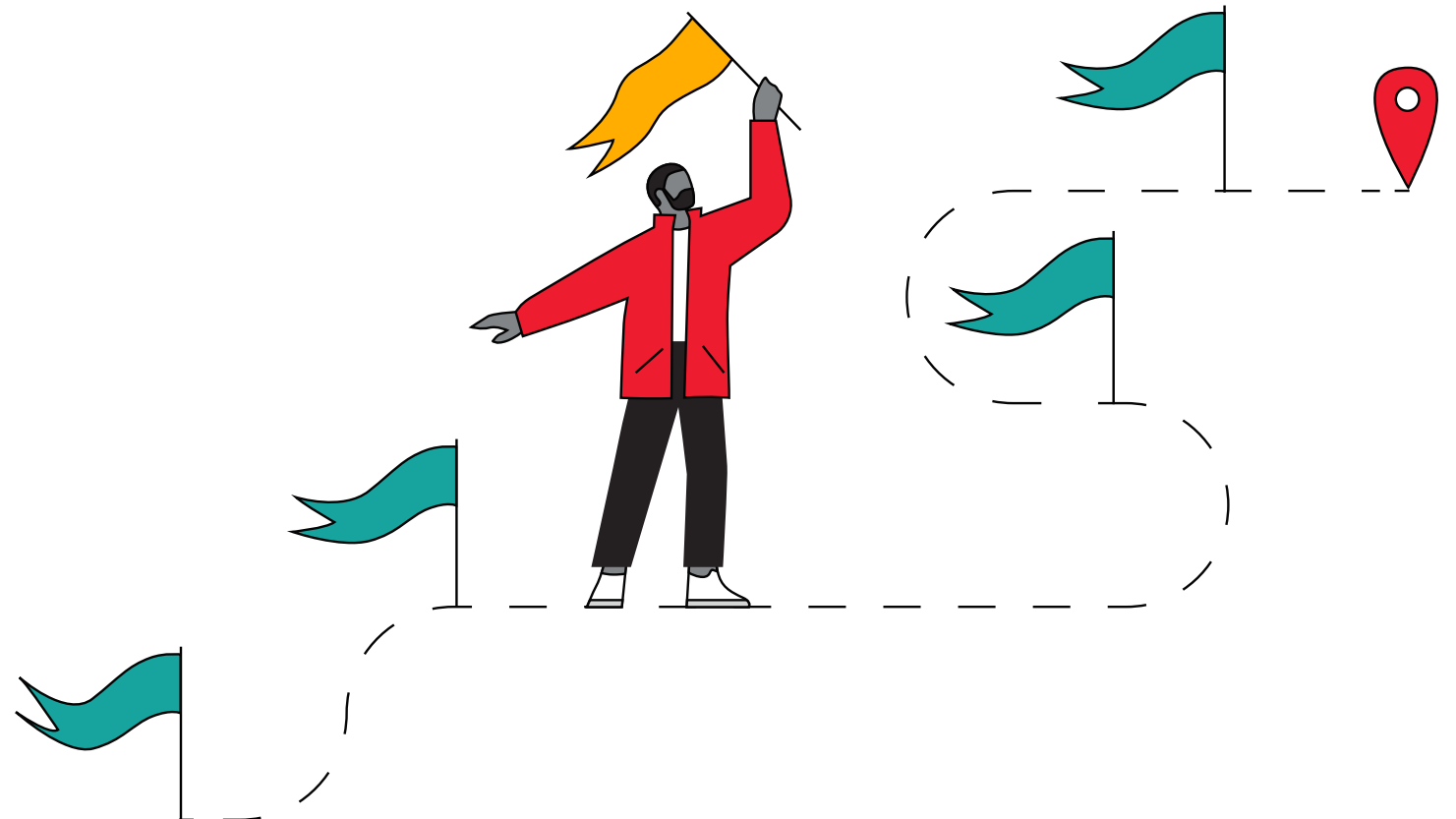
- Vanguard established a Diversity Development Strategies function within our Global Talent Management organization to provide targeted development experiences for underrepresented talent.
- Vanguard conducts a Sponsorship Program to connect crew of color with senior leaders who can advocate for them and help with access to critical development opportunities. To date, these program participants have higher levels of retention and have experienced greater upward mobility within the organization.

- We've integrated DEI principles into our talent review process and equipped our senior leaders with dynamic reporting tools, guiding principles, and training on how to create equity in talent identification and development while mitigating bias.



# Retention

While attracting new talent is a key part of our strategy, it's just as critical for us to retain the great talent we already employ at Vanguard. Our DEI team partners with other HR teams to analyze crew sentiment across various crew communities, in order to better understand their needs and what motivates them at various milestones in their Vanguard journeys. Additionally, we've developed leader tools and interactive development experiences to activate an intentional focus on the retention of talent, including underrepresented crew.



# Retention

## Highlights

- In 2021, Vanguard launched Managing for Inclusive Partnerships (MIP), a workshop that enables underrepresented crew to candidly discuss with their leaders the challenges they face. These workshops allow crew and leaders to invest in their relationships with tools and resources that help them cultivate more inclusive partnerships. The pairs develop specific action plans as a result of the experience. To date, the retention rate of participants is notably higher than that of underrepresented crew who haven't participated in the program. Crew who participate in MIP say they feel better equipped to work with their leaders to drive organizational outcomes. Leaders who have participated with their crew have identified specific actions they can take in partnership with crew to remove headwinds and barriers.
- Our Executive Leadership team (CEO and managing directors) fosters their own DEI development by hosting Crew Resource Group leaders to lead regular dialogues that nurture DEI acumen and surface crew-retention opportunities.
- Because learning is a key enabler in our retention efforts, we offer crew and leaders courses to build their DEI acumen. Our DEI curriculum offers learning experiences for leaders and crew at various stages on their DEI journeys, including practical coaching on overcoming barriers to inclusion, recognizing and addressing bias, and exploring ways to advance equity.
- Leaders are equipped with a step-by-step guide for understanding crew engagement and minimizing the risk of attrition. The guide includes concrete actions leaders can take to ensure crew continue to view Vanguard as a long-term career destination.
- Crew have the opportunity to share their personal experiences and discuss complex DEI topics in curated, intimate settings geared toward building awareness, improving engagement, and nurturing inclusion.
- In the U.K., our Reverse Mentoring Programme connects crew from the Black, Asian and Minority Ethnic (BAME), and LGBTQ+ communities with Vanguard senior leaders—allowing the former group to grow their networks and the latter to increase their cultural acumen and reflect on how they can build a more inclusive workplace.

# Accountability

Being a truly inclusive organization requires leadership accountability. Our DEI team partners with other leaders in Vanguard's human capital function to embed and integrate DEI into all of our human capital strategies and key objectives. Our team also works to ensure that each division's local DEI plan includes a strategy for ensuring acumen-building and accountability at all leadership levels.



# Accountability

## Highlights

- Our DEI efforts and our broader talent strategy are key priorities for Vanguard's board of directors. Progress toward our representation and inclusion aspirations is among the key performance indicators that impact enterprise compensation pools and levels.
- Vanguard's CEO and managing directors serve as our DEI Executive Council. In this capacity, the team drives our DEI vision, goals, and accountability across Vanguard and tracks our progress.
- Vanguard's global head of DEI leads a global team that evolves and executes the firm's enterprise strategic plan.
- Divisional DEI Councils oversee and execute local DEI action plans to support local needs and drive enterprise goals. These teams are role models and change agents who serve as vocal and visible advocates for DEI efforts, providing context and driving accountability for progress.
- Data analysis is a powerful tool in our efforts to drive accountability. We will continue investing in our DEI data and analytics infrastructure and implement systems that create greater accountability and ownership for outcomes among crew and leaders. Our data reporting and analysis capabilities have improved in recent years, leading to richer enterprise insights that will continue to inform how we hold ourselves accountable.
- "Cultivate difference" is one of the competencies that make up our 5-part performance standard. This is a critical part of the accountability we seek to drive and makes clear our expectations of leaders and crew to build diverse teams and foster an inclusive culture.



# Dimensions of diversity: The inclusion of all

- Our DEI strategy encompasses all diversity dimensions including age, cultural and socioeconomic background, disability status, family status, gender identity, veteran status, national and regional origin, race, sexual orientation, and religious beliefs. To better understand our population beyond gender and race, we offer crew the option to share their sexual orientation, gender identity, and military service.
- In 2022, we hosted an enterprise dialogue on engaging white males in the DEI journey. The event, based on Seramount research findings, brought together a diverse group of thousands of crew who joined to support best practices in engaging white males in advancing DEI.
- Our Accessibility Office, established in 2016, works to create a more inclusive environment for crew with disabilities and seeks to ensure that Vanguard information and functionality are accessible to clients and crew regardless of visual, auditory, motor, color-perception, or cognitive abilities.
- In addition, our ABLE (Accessibility, Belonging, Leadership, Empowerment) Community works to empower crew who may have an atypical working experience, those with visible and invisible disabilities or conditions including our neurodiverse crew, and those serving in caretaker roles.
- The Mental Health Awareness Network in the U.K. fosters an environment where crew feel comfortable discussing mental health and know whom to contact if they need help. Similar community efforts are formalizing in the U.S.





**Anne-Marie Gilliam**  
Operations Consultant  
Vanguard Personal Advisor Services



**I found a true home in our VetsConnect Crew Resource Group.**

The beautiful thing about VetsConnect and all the CRGs at Vanguard is that these organizations provide a place for crew to feel heard, to be supported, and to feel valued. They offer an environment where you can be yourself because those around you understand (or want to understand) your life experience and perspective.



**Larry Drury**  
Principal  
Head of Institutional Marketing

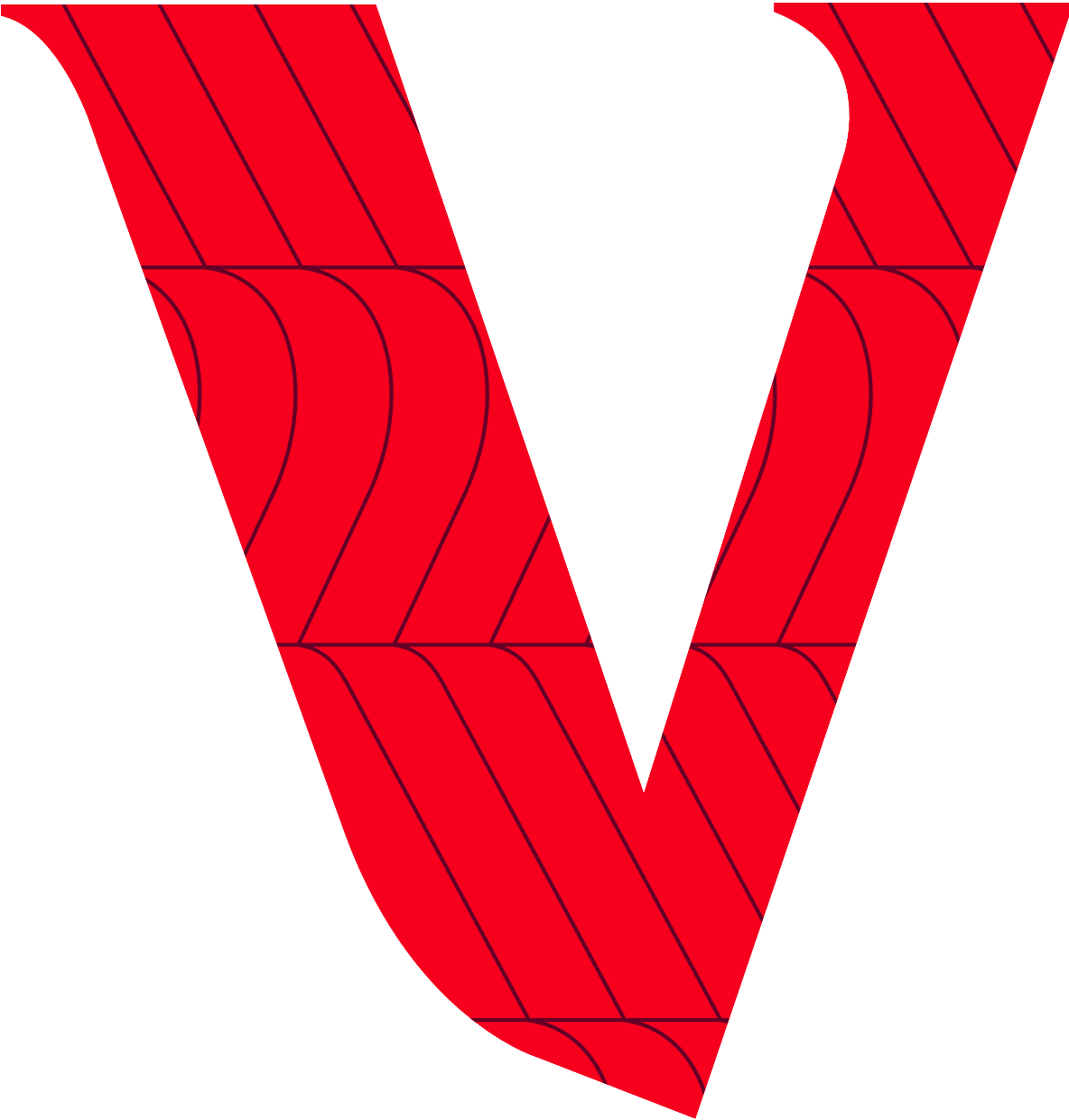


**A lot of my professional work experience prior to coming to Vanguard was rooted in global businesses—different cultures, different education systems, different experience journeys.**

I've seen firsthand that diversity of thought and representation yields better outcomes for businesses. At Vanguard, I'm the co-lead of OPEN [Out Professional Engagement Network], which helps to promote a welcoming, safe environment for LGBTQ+ crew. The support we receive from the C-suite [executive-level management] is natural, it's not forced. Vanguard is thoughtful and earnest and looking at DEI not as a fad but as a business imperative, not only for the communities in which we live and the clients we serve, but also the crew we hire.

# Crew Resource Groups





**One of the ways Vanguard fosters an inclusive culture where all crew feel they belong is through our Crew Resource Groups.**

Our Crew Resource Groups (CRGs) celebrate crew's unique identities, provide safe spaces for crew to form meaningful connections, and support crew's personal and professional growth. CRGs work alongside our HR organization to provide leadership development and acumen-building, serve as ambassadors to prospective talent, host cultural and heritage learning opportunities, facilitate discussions on current events, and provide community service opportunities to members.

CRGs are open to all crew, and nearly half belong to at least one CRG. In many cases, the community of supportive allies within each CRG is larger than the target demographic. In addition, communities in non-U.S. regions, such as the Black, Asian and Minority Ethnic (BAME) community in the U.K., leverage the CRG framework to advance our DEI goals locally, which reflects the spirit of learning and inclusiveness among Vanguard crew globally.



## Global CRGs

### **BOLD**

BOLD (Black Organization for Leadership & Dialogue) is committed to cultivating Black engagement at Vanguard by encouraging Black crew to harness their unique strengths, by making space for them to share their perspectives and raise their voices, and by ensuring they have opportunities and support to succeed in their careers and beyond.

### **HOLA**

HOLA (Hispanic/Latinx Organization for Leadership and Advancement) supports the attraction, engagement, and growth of Hispanic/Latinx crew and celebrates the diverse cultures within the Hispanic/Latinx community.

### **LEAP**

LEAP (Leadership and Engagement for Asian Professionals) enhances the Asian crew experience by providing a network of support, development, and empowerment, with a goal of increasing representation of Asians at Vanguard.

### **OPEN**

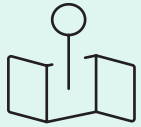
OPEN (Out Professional Engagement Network) promotes inclusion for LGBTQ+ crew and empowers allies. The group works to ensure that all crew can comfortably bring their true selves to work and thrive in their careers.

### **VetsConnect**

VetsConnect drives Vanguard's mission by building a community of veterans, families, and friends. This group helps recruit veterans to Vanguard, strengthens camaraderie through events and celebrations, organizes volunteer opportunities, and supports veteran crew with professional development and mentorship programs.

### **WILS**

WILS (Women's Initiative for Leadership Success) supports our efforts to increase the representation of women in leadership at Vanguard. WILS, our longest-standing CRG, hosts events, shares resources, and sparks conversations in support of that goal.



## Vanguard's Crew Resource Groups and the Office of Diversity, Equity, and Inclusion gathered for a groundbreaking event in 2021.



I'm so proud of HOLA's contributions to the Vanguard community and beyond, and so very excited about our strong partnerships with our fellow CRGs, the DEI and recruiting teams, and business divisions. The future is bright.  
¡Siempre adelante—ever onward!



**Beth Morales Singh**  
Associate General Counsel

Vanguard's inaugural cross-CRG conference, "The Road to DEI: Intersectionality, Uniqueness, and Resonance," united crew from across the globe for a day of thought-provoking, candid discussions. At the heart of the event were 3 key themes:

**Intersectionality.** The complex ways in which race, class, gender, and other individual characteristics intersect with one another and overlap.

**Uniqueness.** The experiences of individuals who bring something different to the table, such as a way of doing things or an uncommon skill, which society can sometimes perceive negatively.

**Resonance.** The ability to recognize, embrace, and apply both intersectionality and uniqueness in a way that improves collaboration and dialogue.

Through action-oriented presentations and workshops, participants learned to recognize and embrace opportunities to bring DEI principles to life in their day-to-day interactions. Several industry experts shared insight on specific areas of focus, including:

**Exploring intersectionality** by revealing the ways unconscious bias can manifest.

**Overcoming prejudice** by embracing uniqueness and using cultural traditions to conquer stereotypes.

**Uncovering the mental stumbling blocks** that keep people from connecting and how to break down those barriers.

Many Vanguard leaders also shared their personal experiences and offered insights into Vanguard's ongoing DEI journey and future aspirations. The intrinsic connection between the principles of diversity, equity, and inclusion and Vanguard's mission and culture was unmistakable. Fueled by this event's success, plans for the next cross-CRG conference are already underway.

# Our external DEI commitment





## **Vanguard's commitment to DEI doesn't stop at our front door**

Working for the greater good is ingrained in our culture, and we're passionate about driving meaningful progress toward equity. We promote equity in childcare and early education, activate it in our supply chain, and support social justice through our corporate giving programs.

# Community investments benefit a diverse range of causes

## Investing for impact

As part of our commitment to integrating DEI into the ways we engage the world around us, we've taken steps to strengthen the communities in which we live and work. Our Community Stewardship work includes our signature initiative, **Vanguard Strong Start for Kids™**, which focuses on early childhood education, along with other philanthropic and volunteer programs.

Vanguard Strong Start for Kids is an enterprise charitable initiative supported by generous crew contributions along with our corporate match and additional corporate dollars. The program, which has raised more than \$58 million since its inception, is driven by decades of

research demonstrating that high-quality, evidence-based investments made in the first few years of a child's life lead to measurable and lifelong cognitive, emotional, and economic improvements. Children growing up in poverty are at a major disadvantage, and children of color are disproportionately impacted by poverty. Since its inception in 2015, the Strong Start portfolio has dedicated more than 40% of its funding toward intentional approaches to supporting early-learning equity. Strong Start has made grants that seek to improve racial disparities among children of color so that all young children benefit from equitable access to a robust ecosystem of support.

As an example, more than \$12 million of the program's portfolio is invested in high-quality organizations led by people of color to create a more level playing field.





Our commitment to eliminating social disparities extends to supporting social justice and equity initiatives. **The Vanguard Group Foundation is committed to ongoing philanthropic support and has awarded \$7 million since 2020 to charitable organizations working on hate crime prevention, advocacy, community training, and education.** Organizations previously supported include the NAACP Legal Defense & Educational Fund, Asian Americans Advancing Justice, the Human Rights Campaign, and the National Women’s Law Center.

Other community investments benefit a diverse range of causes, including food insecurity, local human service needs, and financial literacy.

**Our crew created My Classroom Economy®, a free program powered by volunteers to support K–12 educators in teaching children about financial literacy through fun, experiential learning.** The program has reached more than 1 million students, and 86% of educators have found the program to be effective in improving student financial responsibility.

We also have philanthropic programming in place that supports communities where Vanguard has sizable operations around the world. Grant-making committees are active in the Philadelphia, Charlotte, Phoenix, and London offices, striving to understand local human service needs and contribute meaningfully to the vibrancy of the region as a good corporate neighbor.

# We strive to ensure that diverse suppliers have an equal opportunity

## Building a more diverse supply chain

We're on a multiyear journey to enhance the diversity of our suppliers by expanding our efforts to identify and promote representation of diverse suppliers and increase overall adoption within Vanguard's supplier base. We strive to ensure that diverse suppliers have an equal opportunity to earn our business and believe that diverse supply chains strengthen the global business community. Including diverse businesses in our sourcing practices also allows us to cast a wider net for quality resources, leverage the innovation and flexibility often found within the diverse supplier community, and promote economic expansion in underrepresented communities.

In recent years, we've evolved our approach and set goals to more strategically identify and engage capable, diverse suppliers that can provide cost-competitive, high-quality goods and services.

Recognizing that funds managed by diverse investment teams have been proven to outperform their peers, we are also committed to driving greater diversity within Vanguard's internal investment teams and with our external subadvisory partners. Through our manager diversity program within Vanguard Portfolio Review Department, we engage with our investment partners on their diversity-related strategies

and we seek to enhance our diverse manager search efforts. We survey our investment partners annually and engage with them regularly to understand their DEI goals and progress. We are also focused on inclusive manager search processes, including the use of diverse slates for new searches.





**Despite the recent trend of small, diverse investment firms bringing deals to market with growing success, Vanguard's Investment Management Group recognized that systemic and institutional barriers still prevent these types of firms from getting more consideration in such a competitive field.**

In 2021, after assessing the diversity of our broker partners and realizing the opportunity to bring more underrepresented firms on board, the Investment Management Group (IMG) Leadership Team launched our Minority- or Women-Owned Broker Program (MWBP). "The program's mission is to build impactful relationships with certified diverse firms," says Nafis Smith, Vanguard senior portfolio manager and head of taxable money markets. "This helps Vanguard create a more inclusive footprint in the industry, and more importantly, we all knew that it was inherently the right thing to do."

One of the firms participating in the program's pilot is Siebert Williams Shank & Co., LLC (SWS), an independent financial services firm that's been operating for 25 years with a focus on women and

minority representation in the financial services industry. "With this new initiative, Vanguard is making a strong statement to the marketplace that diverse broker-dealers bring value-added services to the table," remarks Suzanne Shank, cofounder, president and CEO of SWS. "As the nation's largest and highest-ranked DEI investment banking firm, maintaining an inclusive and diverse workforce and robust community involvement have been priorities for Siebert Williams Shank since inception. By engaging with our firm, Vanguard is promoting diversity on Wall Street and is supporting our efforts to create a pipeline of diverse talent in the financial services industry."

# Diverse groups make better decisions

## Advocating for board diversity and oversight of DEI risks to increase long-term shareholder value

Through our Investment Stewardship program, we advocate for boardroom diversity and oversight of material DEI risks at the companies in which our funds invest. Diverse groups make better decisions, and better decisions can lead to better results for shareholders over the long term.

Vanguard has long advocated for diversity of experience, personal background, and expertise in the boardroom. We'll also look to

understand companies' approaches to gender, race, ethnic, and age diversity when a company's approach lags market norms or expectations, and advocate for progress. We ask boards to publish their perspectives on diversity and to disclose board diversity measures.

We also ask boards to disclose their oversight of diversity-related strategies and risks and to disclose diversity measures beyond the boardroom.





**When Stephen Lawrence, Ph.D., finished analyzing his research on the gender diversity of investment teams, he concluded, "If the industry is not taking gender diversity into account, then we're leaving money on the table."**

Lawrence, a senior investment strategist with Vanguard's Investment Strategy Group, recently conducted a study looking at whether gender diversity is a potential indicator of fund performance. He analyzed biographical data and measured the gender diversity of investment teams for 2,669 U.S. active equity funds from January 2008 through September 2021. Then he compared subsequent 12-month returns for each fund, cross-referenced by gender diversity and other characteristics, such as education and international experience.

**He found that funds managed by single-gender teams underperformed their benchmarks by 12 basis points on average. By contrast, funds managed by mixed-gender teams outperformed their benchmarks by an average of 10 basis points. Also, teams with a 50-50 mix of men and women produced a 38.9-basis-point improvement in fund performance when compared**

**with single-gender teams, after controlling for fund and investment characteristics as well as education and other dimensions of diversity.**

In the current state, in which women comprise only about 1 in 7 U.S. active equity investment professionals, fund companies have an unrealized opportunity to increase their performance. "We're hopeful that the research will play a role in influencing the industry and advancing diversity," says Lawrence. "We believe that by building diverse teams we can achieve better results for investors, and this research reinforces that belief."

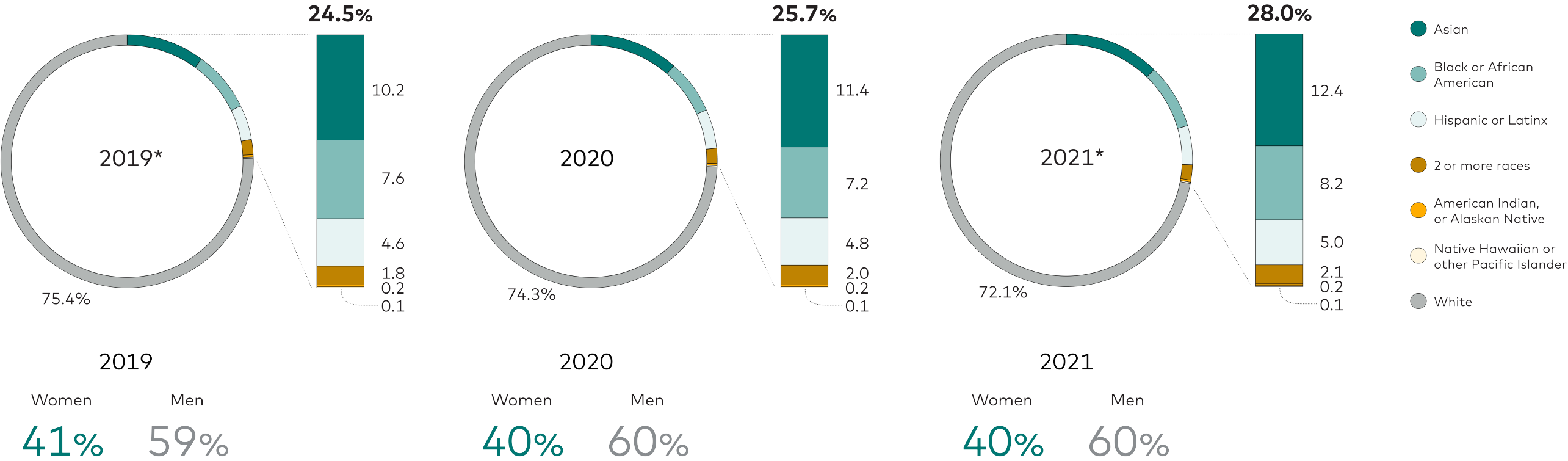
Source: Vanguard, [Diversity Matters: The Role of Gender Diversity on US Active Equity Fund Performance](#), available on SSRN.

# Our workforce data



# The Vanguard workforce

Race/ethnicity (U.S.) and gender (global)

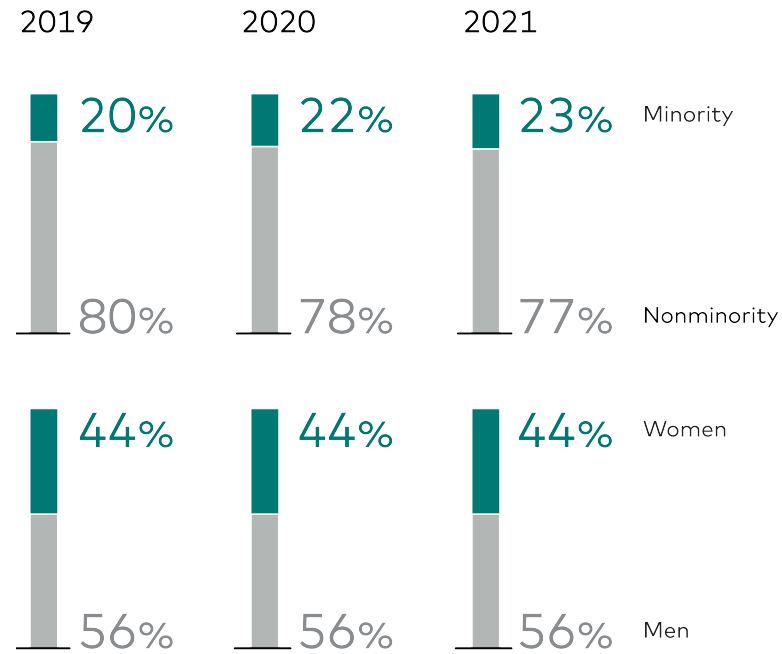


\*Due to the impact of rounding, the percentages don't total exactly 100%.

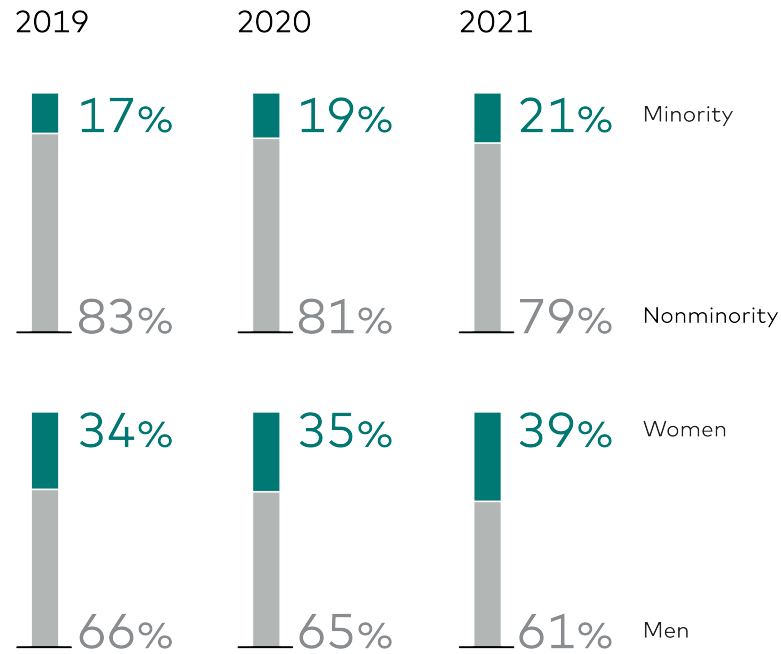
# An overview of key leadership groups

## Race/ethnicity (U.S.) and gender (global)

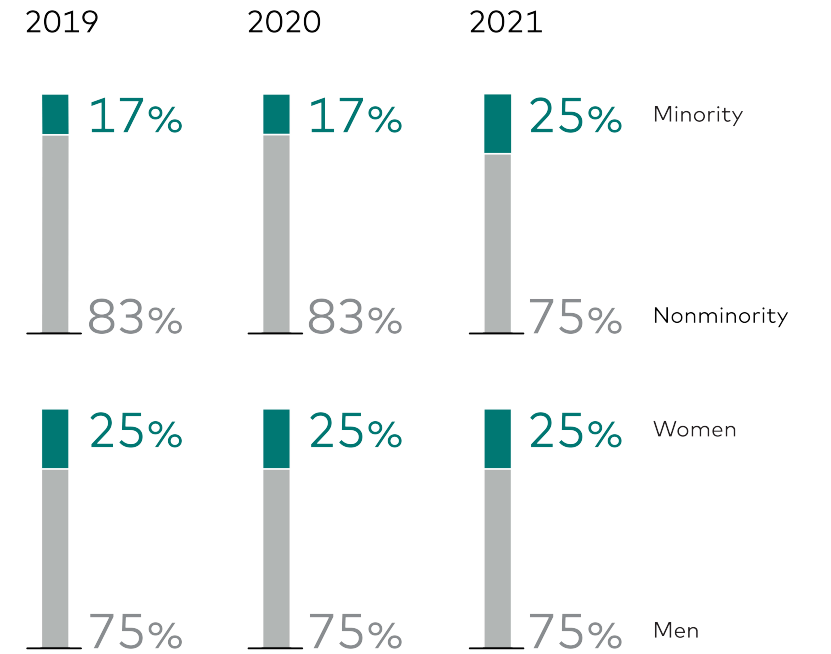
### People leaders



### Principals (senior-level leaders approved by Vanguard's board of directors)



### Executive management: CEO and managing directors

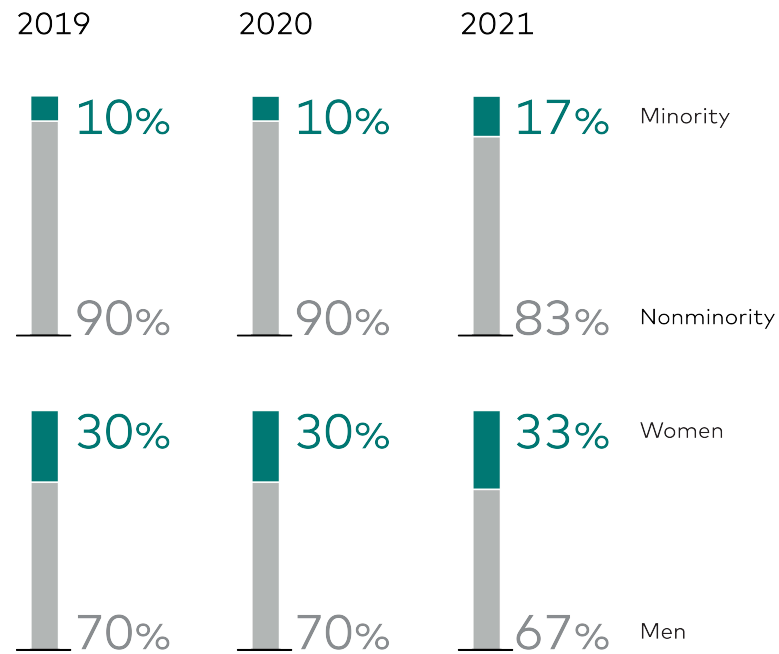




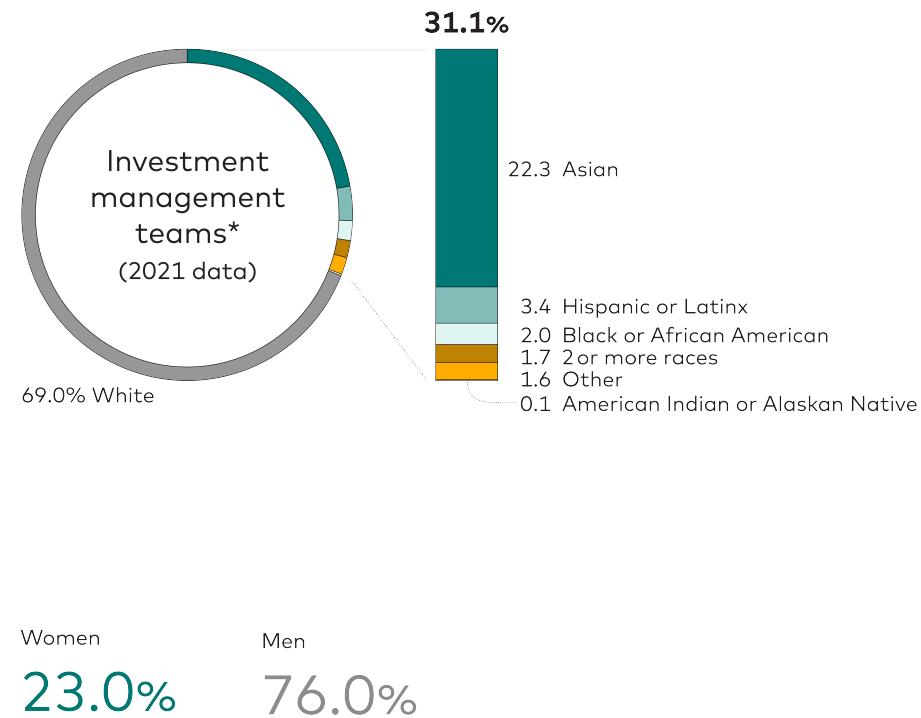
**OUR WORKFORCE DATA**

**Race/ethnicity (U.S.) and gender (global)**

**Board of directors**



**Vanguard investment management teams**



One of the most important leadership lessons I've learned in my career is the importance of a diverse team. The best teams are marked by great debate, differing perspectives, and coming at issues from many angles. That leads to the best outcomes. The teams that aren't diverse end up in an echo chamber and will often miss things that are important when making big decisions.

**Matt Benchener**  
 Managing Director  
 Retail Investor Group

\*Data represents aggregated internal investment management teams and 23 of 27 aggregated external subadvisory investment management teams, which includes portfolio managers and investment analysts. Due to the impact of rounding, the sum is slightly higher than 100%.

# Our influence and efforts have been recognized

At Vanguard, our standards of success are based on helping investors achieve financial security, being an employer of choice, and being a force for positive change in the communities in which we operate. We're proud of the recognition we've received, but are even more proud of the partnerships and alliances we've engaged in to drive sustainable change. The following is a sample of our recent recognition.

## 2019

Vanguard Australia was recognized as an **Employer of Choice for Gender Equality** by the Australian Government's Workplace Gender Equality Agency.

Vanguard was first recognized as a **Top Veteran-Friendly Company** by *U.S. Veterans Magazine*.

## 2020

Vanguard officially pledged commitment to the **HBCU Partnership Challenge**—launched by the Congressional Bipartisan HBCU Caucus—by continuing to create and develop strategic partnerships with Historically Black Colleges and Universities (HBCUs). The Bipartisan HBCU Caucus believes it is critical to focus on HBCU students and the schools they attend to achieve diversity in the nation's workforce.

## 2021

Vanguard signed on as a **supporting company of Ascend's Action Agenda** and committed to supporting the **5-Point Action Agenda mission** to promote inclusion and stand together in collaboration to address the adverse impacts of the COVID-19 pandemic. *Forbes magazine* named Vanguard one of the **World's Best Employers**.

## 2022

Vanguard was invited to be a founding member and the first asset manager to join the **Global Parity Alliance**, a group dedicated to advancing DEI in the workplace.

Vanguard was recognized as a **Best Place to Work for Disability Inclusion** by Disability:IN and the American Association of People with Disabilities (AAPD).

### Barron's 100 Most Influential Women in U.S. Finance

Vanguard leaders Karin Risi, Kaitlyn Caughlin, Sara Devereux, and Vernita Exum were named to *Barron's* 100 Most Influential Women in U.S. Finance 2022, which recognizes women who are shaping the modern financial services industry.



**Karin Risi**  
Managing Director  
Strategy, Product,  
Marketing,  
Communications



**Kaitlyn Caughlin**  
Principal  
Global Head of  
IMG Risk Management



**Sara Devereux**  
Principal  
Global Head of  
Fixed Income Group



**Vernita Exum**  
Principal  
Global Head of  
Equity Index Risk

### 2022 Ascend A-list Award

Jean Lu, principal and department head of Pension Investment Consulting in Vanguard Institutional Advisory Services®, was selected as a 2022 Ascend A-list Award recipient. Ascend is North America's largest Pan-Asian organization for business professionals, and the A-List Awards celebrate highly accomplished and impactful Pan-Asian business leaders who demonstrate commitment to the development and advancement of Pan-Asians in the workplace.



**Jean Lu**  
Principal  
Pension Investment Consulting



I'm humbled and thankful for the many people who have been my inspiration and for those I've inspired, working together toward a more representative, inclusive, and just community at Vanguard and at large. It's an honor to use my voice to give voice to others and know in my heart that I've made a difference. I look back with gratitude and look forward with hope.

# The journey continues

This report offers a look at our DEI strategy and efforts thus far. While we're proud of all we've accomplished, we acknowledge this is an ongoing journey and there's no finish line. We'll continue to challenge ourselves to further embed DEI into our DNA and pursue opportunities to drive change.



**Vanguard**<sup>®</sup>