



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. We believe diverse teams and inclusive environments enable our crew (our internal name for our employees) to perform at their best and bring their unique skills and experiences to work every day.

Our commitment to diversity, equity, and inclusion (DEI) is longstanding, and in recent years, we have amplified our efforts with investment in a new DEI organization, establishment of aspirational outcomes, and accountability across the organization, starting with the senior leadership team. Our work is led by Chief Diversity Officer Crystal Hardie Langston.

Our aspirations

Vanguard has set clear aspirational goals to:

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

Representation. We are committed to achieving greater representation of women and minorities across all levels of the company. We aspire to have every level of leadership reflect the gender and racial diversity of our crew population. Our broad DEI efforts include multiple diversity dimensions, and we are placing intentional focus on greater representation of women and people of color.

Inclusion. We measure progress toward greater inclusion 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—particularly their sense of belonging, their ability to be authentic, their ability to leverage all of their talents, and whether they feel safe sharing their concerns with their leaders. We are committed to an equitable and inclusive working environment, and we aspire to top-decile inclusion scores among financial services companies.

Our approach

To drive our representation and inclusion aspirations, Vanguard's DEI strategy is focused on the attraction, advancement, and retention of a diverse workforce—and the accountability for this imperative.

Attraction. We are strengthening our efforts, both internally and externally, to engage strong underrepresented talent and improve inclusion in our hiring practices. We have a Diversity Recruiting Strategies function within our Global Talent Acquisition organization to manage our diversity attraction initiatives and programs, assist recruiters in broadening access to diverse pools of candidates, and foster more inclusive hiring processes. We drive leadership accountability for achieving diverse slates of candidates, including women and people of color, at critical interview stages. This year, we are requiring inclusive-hiring training for all hiring managers.

"DEI is not simply a project or an initiative that HR is accountable for completing. 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. With clear commitment and accountability from our senior leadership team, we are proud of our progress. But we have a journey ahead that we embrace and prioritize."

Crystal Hardie Langston
Chief Diversity Officer

Externally, we partner with minority-serving institutions, majority schools, and nonprofit organizations to improve outreach to diverse talent. Through our holistic partnership with Historically Black Colleges and Universities (HBCUs) and Hispanic-Serving Institutions, we offer programming for students and administrators to gain exposure to Vanguard’s broad variety of career paths. In March 2020, Vanguard committed to the U.S. congressional bipartisan HBCU Partnership Challenge. This challenge is a stated pledge of commitment to HBCUs and a public acknowledgment that these institutions are integral to developing diverse pipelines of talent. We have also developed relationships with organizations focused on identifying and developing high-achieving talent from underrepresented communities, including Toigo Foundation, Management Leadership for Tomorrow, The Consortium for Graduate Study in Management, Grace Hopper Celebration, Forté Foundation, Sponsors for Educational Opportunity, Association of Latino Professionals For America, and the Thurgood Marshall College Fund.

Advancement. We have established aspirational goals for integrating representation and equity in our talent advancement programs and processes, and for integrating DEI into our talent development curriculum. In 2020, we launched a sponsorship program for minority talent to foster relationships with senior leaders who can advocate for them and help with access to critical development experiences. We want to build on our strengths by providing more opportunities for more crew to develop and thrive.

Retention. We are analyzing our crew sentiment across various populations to better understand their experiences, their unique needs, and what motivates them to stay engaged. Additionally, we have created workshops that enable minority talent to candidly discuss with their leaders

2021 DEI strategy



The elements of Vanguard’s approach work together, complementing one another to help drive progress toward our DEI aspirations.

the challenges they face. These workshops allow crew and leaders to invest in their relationship dynamic with tools and resources that help them establish a more inclusive partnership. We also offer learning experiences to address topics such as unconscious bias, microaggressions, and creating inclusive cultures.

Crew Resource Groups: Fostering a culture of inclusion

Our Crew Resource Groups (CRGs) help support Vanguard’s efforts to attract, onboard, engage, and retain a diverse base of talent. Nearly half of all crew members worldwide belong to at least one Vanguard CRG. And 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 CRGs provide leadership development and acumen-building enrichment (in partnership with our Talent Development organization), host cultural and heritage learning opportunities, facilitate dialogues on current events, and provide community service opportunities to members.

- **WILS (Women’s Initiative for Leadership Success)** supports Vanguard’s efforts of increasing the representation of women in leadership at Vanguard. WILS has members in Australia, Asia, Canada, Europe, Mexico, and the U.S.
- **VBPN (Vanguard Black Professional Network)** engages, encourages, and supports Black crew members in their personal and professional growth. VBPN has members in the U.S., Australia, and Canada. In the U.K., crew participate in **BAME**, which hosts events and activities focusing on Black, Asian, and Ethnic Minorities.
- **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. HOLA has representation in the U.S., Canada, and Mexico.
- **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 in leadership at Vanguard. LEAP has programming in Asia, Australia, Canada, and the U.S.
- **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 authentic selves to work and thrive in their careers. OPEN has members in Australia, Europe, and the U.S.
- **VetsConnect** drives Vanguard’s mission by building a community of veterans, families, and friends. This U.S.-based group helps recruit veterans to Vanguard, strengthen camaraderie through events and celebrations, organize volunteer opportunities, and support veteran crew with professional development and mentorship programs.

Driving accountability

We hold ourselves accountable to our commitment to diversity, equity, and inclusion. Our DEI efforts and our broader talent strategy are key priorities for Vanguard's board of directors and senior leadership team. As such, Vanguard's CEO and managing directors serve as our DEI Executive Council.

This team drives the vision, goals, and accountability across Vanguard and tracks our progress. In addition, Vanguard's chief diversity officer leads a team of senior and mid-level leaders that executes the firm's global strategic plan and devises and implements best practices. Progress toward our aspirations for representation and inclusion influences compensation.

Although we set specific aspirational goals to make progress on representation and integration across our business, the imperative is enduring. Leadership accountability is critical to Vanguard's DEI strategy. Vanguard performance management standards have explicit DEI elements for each crew member. Leaders and crew alike are expected to "cultivate difference." With this competency, crew are held accountable for contributing to and influencing an environment of collaboration, inclusion, and belonging—and for building and sustaining diverse teams.

Our external DEI commitment

Vanguard is also committed to integrating DEI in the ways we engage the world around us. We've taken steps to strengthen our local communities, with efforts that focus on early childhood programs in underserved communities, pandemic support for child care providers, and equity and social justice funding at the national level. In 2020, the Vanguard Foundation committed philanthropic support to social justice and equity initiatives that align with our Crew Resource Group focus areas. This included donations to the Equal Justice Initiative, the NAACP Legal Defense Fund, Asian Americans Advancing Justice, the Human Rights Campaign Foundation, and the National Women's Law Center, among others.

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. This year, we are focused on benchmarking with financial services peers to learn best practices, understanding the partners that our suppliers contract with, driving program education and awareness, and setting goals for our progress. Similarly, we are also strengthening our focus on diversity within Vanguard's internal investment teams and with our external sub-advisory partners. This year, our Portfolio Review Department launched our manager diversity program, focusing on better understanding our investment partners' DEI goals and enhancing our manager search processes.

In our role as an asset manager responsible for promoting and protecting shareholder value, Vanguard has long advocated for diversity of experience, personal background, and expertise in the boardroom and broader workforce. In 2017, we were a leader in advocating for gender diversity on boards. In 2019, we made more explicit our view that diversity includes not just gender but also other personal characteristics such as race, ethnicity, national origin, and age. We also have encouraged boards to adopt policies and practices consistent with these

positions. Our views on the importance of diversity extend beyond the boardroom to leadership teams and workforces, and in 2020 we made clear our expectations of companies with regard to oversight of diversity-related strategy.

Our workforce today

As of year-end 2020, Vanguard employed 17,600 crew members worldwide, with 94% residing in the U.S.

- **Women.** Women make up 40% of Vanguard's global workforce and 44% of leadership roles.
- **Minorities.** In the U.S., minorities represent approximately 25% of Vanguard crew and 22% of leaders.

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

*Senior-level leaders elected by Vanguard's board of directors.

Note: U.S. minority crew include Asian, Black/African American, Latinx, Native Hawaiian/Pacific Islander, American Indian/Alaskan Native, or crew that identify with two or more races.

Data as of December 2020.

Race/ethnicity (U.S. only)

| | |
|--------------------|-------|
| White | 74.8% |
| Asian | 11.5 |
| Black | 7.2 |
| Latinx | 4.3 |
| Other/Multiracial* | 2.2 |

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

Data as of December 2020.

We have seen and are encouraged by the year-over-year growth we have seen in both the overall minority crew population and minority representation in our leadership roles. We are also pleased with our representation of women, which currently exceeds industry benchmarks at all levels. But we are aware of the work that still needs to be done. In 2020, Vanguard launched a voluntary self-identification campaign to enable our crew outside of the U.S. to identify their ethnicity, and we look forward to a global view of ethnicity as crew opt in to share.

Although our immediate focus is on women and people of color, our strategy includes all diversity dimensions. We also offer crew the option to share their sexual orientation and gender identity through our self-identification program. Our Accessibility Office ensures that Vanguard information and functionality is accessible to clients and crew regardless of visual, auditory, motor, color-perception, and cognitive abilities. Our teams continue to explore opportunities to create an even more inclusive environment for our crew with disabilities.

For Vanguard, there is no end to our DEI journey. We have aspirations for DEI in our crew experience and see DEI as an integral part of how we serve our clients and communities. Although we are not yet where we want to be, we are excited about our progress and focus on the path forward.

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