

Vanguard & Co. Corporate Governance Principles

1. Board of Directors

1.1 Board Composition:

- **Vanguard & Co.** will maintain a **diverse and independent Board of Directors**, consisting of members with varied backgrounds and expertise in banking, finance, governance, law, and risk management.
- A majority of the directors will be **independent** to ensure objective decision-making and oversight.
- The Board will include individuals with substantial experience in **commercial banking**, **investment banking**, and **asset management** to align with the company's operational divisions.

1.2 Director Qualifications:

- Directors will be selected based on their qualifications, integrity, leadership abilities, and expertise in key areas relevant to the bank's operations.
- Each director is expected to devote sufficient time and attention to their duties and responsibilities as a member of the Board.

1.3 Director Elections and Tenure:

- Directors will be **elected annually** by shareholders at the Annual General Meeting (AGM).
- Directors may serve multiple terms based on their performance and the company's needs, subject to shareholder approval.

2. Leadership Structure

2.1 Chairman of the Board:

- The **Chairman of the Board** will be an independent director responsible for leading the Board, setting the agenda for meetings, and ensuring that the Board fulfills its duties effectively.

2.2 Chief Executive Officer (CEO):

- The **CEO** will be responsible for the day-to-day management of the company, implementing the Board's strategic direction, and driving operational performance across all divisions (commercial banking, investment banking, and asset management).

2.3 Lead Independent Director:

- If the Chairman is not independent, a **Lead Independent Director** will be appointed to represent the independent directors and facilitate communication between the Board and the company's senior management.

2.4 Executive Sessions:

- The independent directors will meet in **executive sessions** without management present on a regular basis to discuss key issues, review the company's performance, and evaluate senior management.

3. Risk Oversight and Management

3.1 Risk Management Framework:

- The Board of Directors will oversee a robust **Risk Management Framework** to ensure the identification, management, and mitigation of risks across all areas of the company.
- The **Risk Committee** of the Board will be responsible for monitoring and reviewing the company's risk exposure, including credit, market, operational, and liquidity risks.

3.2 Risk Reporting:

- Senior management will regularly report to the **Risk Committee** and the Board on the company's risk profile, risk management processes, and compliance with internal risk policies.
- **Vanguard National Bank** and **Vanguard Securities LLC** will have specific risk management protocols tailored to their unique business operations, and these will be integrated into the overall company risk framework.

4. Shareholder Rights and Engagement

4.1 Shareholder Voting:

- Shareholders will have the right to vote on major corporate matters, including the election of directors, amendments to the company's articles of incorporation, and significant transactions (such as mergers or acquisitions).

4.2 Shareholder Engagement:

- **Vanguard & Co.** is committed to maintaining open and transparent communication with its shareholders.
- The Board and senior management will regularly engage with shareholders to understand their perspectives and concerns.
- Shareholder input will be considered when making decisions that affect the company's strategic direction and governance.

4.3 Annual General Meeting (AGM):

- The AGM will provide a forum for shareholders to ask questions, express opinions, and vote on key corporate matters.
- Shareholders will receive timely and comprehensive information before the AGM, including financial statements, director nominations, and details on any proposals to be voted on.

5. Compensation and Succession Planning

5.1 Compensation Philosophy:

- **Vanguard & Co.** will adopt a **compensation philosophy** that aligns executive pay with the company's long-term performance, shareholder interests, and prudent risk management.
- Compensation will include a balance of **fixed salary**, **performance-based incentives**, and **equity-based compensation** to encourage sustained growth and shareholder value.

5.2 Compensation Committee:

- The **Compensation Committee** of the Board will be responsible for setting executive compensation and ensuring that it aligns with the company's performance and long-term goals.

- The Committee will review and approve compensation for senior management, including the CEO, based on performance metrics such as financial results, risk management, and strategic execution.

5.3 Succession Planning:

- The Board will develop and maintain a **succession plan** for key executive roles, including the CEO and other senior management positions, to ensure leadership continuity and organizational stability.
- The **Governance Committee** will oversee the succession planning process, ensuring that potential candidates are evaluated based on their qualifications and ability to lead the company.

6. Ethics and Compliance

6.1 Code of Conduct:

- **Vanguard & Co.** will implement a comprehensive **Code of Conduct** that applies to all employees, officers, and directors.
- The Code will outline the company's ethical standards and expectations regarding business conduct, including compliance with laws and regulations, avoiding conflicts of interest, and upholding the company's reputation for integrity.

6.2 Compliance Committee:

- The **Compliance Committee** of the Board will monitor the company's adherence to regulatory requirements and internal policies.
- The Committee will oversee the company's **anti-money laundering (AML)** efforts, **know-your-customer (KYC)** processes, and overall compliance with banking and financial services regulations.

6.3 Whistleblower Policy:

- **Vanguard & Co.** will establish a **Whistleblower Policy** to encourage employees and stakeholders to report unethical behavior, fraud, or violations of the law without fear of retaliation.
- The Board will ensure that the company investigates all whistleblower claims thoroughly and takes appropriate corrective action.

7. Board Evaluation and Accountability

7.1 Board Performance Evaluation:

- The Board will conduct an annual **self-evaluation** to assess its performance, including the effectiveness of individual directors, the quality of its oversight, and the adequacy of its governance processes.
- The results of the evaluation will be used to make improvements in board practices, decision-making, and governance structures.

7.2 Director Accountability:

- Directors will be held accountable for fulfilling their fiduciary duties to the company and its shareholders.
- Any director who fails to meet the Board's performance standards or violates the company's ethical guidelines may be subject to removal or disciplinary action, subject to the terms of the company's bylaws.