

Engaging with Vanguard

A guide for company boards and management teams



Vanguard funds own shares in more than 13,000 public companies around the world. We maintain a disciplined approach to investment stewardship that focuses on ensuring that these companies' corporate governance practices align with the long-term interests of our clients. This guide outlines how we strive for transparent and constructive dialogues with company leaders, the type of information we look for in advance of meetings, and how to set up engagements.



Vanguard[®]

Strategic considerations: Why engage with Vanguard?

Engagement benefits both shareholders and companies. Shareholders hear directly from company leaders and directors about strategy, risk, and governance matters. Company representatives gain a deeper understanding of what really matters to their long-term shareholders. Although boards get shareholder “feedback” through the proxy voting process, a yes/no vote provides only limited insight into shareholder views. Through thousands of company meetings over the years, we have found that we often accomplish more through dialogue than through proxy voting alone.

Different types of engagement

Most engagements fall into one of three categories.

Event-driven

These are meetings to discuss a ballot issue or contentious vote (when we want to hear all sides of a matter). These often happen during proxy season.

Topic-driven

We want to discuss topics that may have a material impact on companies and fall into the realm of responsibilities of the board. Examples can include performance, board composition, and risk disclosure.

Strategic

These engagements help us to understand a company’s long-term strategy so that when there are bumps in the road, we can put them into the appropriate context. It’s important to note that we do not seek to influence company strategy.

What is Vanguard interested in hearing from companies?

As near-permanent owners of the companies in which we invest, we like to focus our discussions on the long term. In most situations, we are more interested in understanding the board’s oversight of matters that will affect the company over the next decade than over the next quarter.

Vanguard’s four pillars of governance frame our thinking.



Board

Our primary interest is to ensure that the individuals who represent the interests of all shareholders are independent, committed, capable, and appropriately experienced.



Compensation

We believe that compensation policies that incentivize long-term outperformance versus peers can drive sustainable, long-term value for a company’s investors.



Risk & Strategy

Boards are responsible for effective oversight of material risks most relevant to each company and governance of the company’s long-term strategy.



Structure

We believe in the importance of governance structures that empower shareholders and ensure accountability of the board and management.

Practical considerations: How to engage with Vanguard

Who should attend an engagement?

Company executives and/or directors.

We encourage portfolio companies to be thoughtful in selecting the most appropriate people to represent them on the topics being addressed. We typically meet with members of the executive leadership team, board members (preferably independent directors), investor relations officers, and/or the general counsel.

Vanguard's Investment Stewardship team.

We take a sector-based approach to analysis, engagement, and voting, which enables us to tackle an expanding array of corporate governance matters as relevant to the different industries across the market. Our senior strategists—who are senior leaders at Vanguard and lead each of our sector teams—oversee all engagement, analysis, and voting for the companies in their sectors.

Where do engagements take place?

Our engagements usually take place via teleconference or videoconference. On occasion we believe that an in-person engagement is warranted. Such circumstances might involve activist situations, contentious votes, or issues that require a deeper level of understanding.

How do I contact Vanguard to set up an engagement?

To schedule an engagement, please email our team at InvestmentStewardship@vanguard.com. Please include a proposed agenda and a list of attendees. From there, our team will work to determine the appropriate time and manner to engage.

Sending materials

Once an engagement is scheduled, we request that materials be sent at **least 72 hours in advance**. This ensures that our analysts have enough time to adequately review your company materials and prepare.

Please include the following:

- An agenda, including the topics you'd like to cover and an attendee list.
- Any relevant background materials and documents.

Connect with Vanguard® > vanguard.com

For more on Vanguard Investment Stewardship, visit
about.vanguard.com/investment-stewardship.



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