

# Vanguard Investment Stewardship

## 2019 Proxy Season Updates



Each year, the Vanguard Funds' proxy voting guidelines are evaluated to ensure consistency with our governance principles; in some instances, these guidelines evolve as we seek to support effective governance. As we enter the 2019 proxy season, the Funds' guidelines for U.S. equity securities reflect the following refinements:

- **Independent Chair.** The Funds continue to generally support independent leadership in the boardroom, whether that takes the form of an independent chair or a lead independent director. However, in those instances where we believe that the board's independent oversight of management and/or its responsiveness to shareholders has been lacking, the Funds may support shareholder proposals to separate the roles of chair and CEO.
- **Overboarded Directors.** Directors' responsibilities are increasingly complex and time-consuming as the demands of board membership grow. Although we believe this is appropriate, we also want to ensure that directors have sufficient capacity to effectively support their responsibilities in the boardroom and elsewhere. Accordingly, effective

this year, the Funds will generally vote against (i) active executive officers who sit on more than one public company board beyond their employer's and (ii) other directors who sit on more than four public company boards.

- **Board Diversity.** We will remain vocal advocates for the importance of diversity in the boardroom. That said, assessing progress over time remains challenging because there is no consistent disclosure framework for companies to report their boards' composition. Through both our engagement and voting efforts, the Funds will support disclosure of a broad set of director characteristics, including race, ethnicity, national origin, and age as well as gender.



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