

Vanguard's approach to corporate governance

Vanguard's core purpose is "To take a stand for all investors, to treat them fairly, and to give them the best chance for investment success." Consistent with that mission, Vanguard strives to make sure the companies our funds invest in are subject to the highest standards of responsible investment and corporate governance.

Because our funds typically own the stock of companies for long periods of time (and in the case of index funds are practically permanent holders of companies), we strive to ensure that these companies' policies and practices in relation to corporate governance matters support the creation of long-term value for investors. Our advocacy on this front is driven by our responsible investment policy and our governance and compensation principles, which are described in related sections. (See links below.) The most visible sign of Vanguard's advocacy is our funds' proxy voting at shareholder meetings. We have an experienced team of analysts that independently evaluates each proposal and casts our funds' votes in accordance with the funds' voting guidelines.

However, voting by its nature reduces sometimes complex issues to a binary choice—"for" or "against" a particular proposal—making it a rather blunt instrument. In contrast, our engagement with the directors and managers of the companies in which we invest provides us with the opportunity to target nuanced feedback and messaging more precisely than does voting alone. So while voting is visible, voting tells only part of the story.

We believe that our active engagement demonstrates that passive investors don't need to be passive owners. In fact, our involvement in hundreds of direct discussions every year has taught us that we can accomplish as much—if not more—through dialogue than through voting alone. Through engagement, we're able to put issues on the table for discussion that aren't on the proxy ballot. In essence, we continually strive to provide constructive input that will, in our view, better position companies to deliver sustainable value over the long term for all investors.

Vanguard's responsible investment policy

Our official policy for how we support responsible investment.

Our governance and executive compensation principles

The core governance and compensation principles that we believe promote long-term value in the companies in which our funds invest.

Our engagement efforts and proxy voting: An update

An overview of our engagement with companies, our perspective on key corporate governance issues, and a summary of proxy votes by Vanguard funds for the 12 months ended June 30, 2016.

Proxy voting guidelines

The guidelines that govern proxy voting by each of the Vanguard funds.

Vanguard's view: Social concerns and investing

Our approach to social concerns regarding investments by Vanguard funds.

How our funds voted

Detailed reports on how individual Vanguard funds voted on proxy issues between July 1, 2015, and June 30, 2016.