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Post-Season Review from Vanguard

November 12, 2015 | Client Update

In preparing for the upcoming proxy season, it is helpful to examine the information that investors provide about their most recent voting and engagement efforts. We start with **Vanguard**.

In the 12 months ended June 30 of this year, Vanguard funds voted at more than 13,000 meetings covering 120,000 items. The funds supported 93% of director nominees, voting against candidates for reasons related to attendance, independence or committee actions. Similarly, Vanguard supported 95% of say-on-pay proposals and 88% of equity compensation plans, but did vote against nearly 350 compensation committee members.

On shareholder proposals, Vanguard tended to vote in favor of certain types of governance proposals, such as declassifying boards, while generally abstaining on environmental or social matters. Many believe that Vanguard always prefer proxy access bylaws with a minimum 5% ownership threshold, but the actual policy is case-by-case. In fact, Vanguard voted for 15 shareholder proposals that asked for proxy access for shareholders owning 3% of outstanding shares. They also urged companies that received shareholder proposals to adopt proxy access.

Engagement is critical to Vanguard, and they spoke with nearly 700 companies during this time period. Vanguard is developing a summary of best practices for boards of directors on engagement.

If you have any questions regarding the matters covered in this publication, please reach out to any of the lawyers listed below or your usual Davis Polk contact.

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