

# Harbor Funds Proxy Voting Policy

The current edition vs. the 2020 edition: a committee disappears

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Harbor Capital Advisors, Inc. / Harbor Funds

Proxy Voting Policy (two pages, distributed by Harbor Funds Distributors, Inc.)

Current edition (file dated August 2023) compared with the prior edition (file dated January 2020)

*Harbor abolished the Proxy Voting Committee that oversaw its subadvisers' voting. The oversight duties survived word for word - but they are now owed by the firm at large rather than by a named body.*

Source: the two published policy documents, read in full. Neither carries a printed revision date; the dates above are taken from the PDF file properties. Every quotation below is verbatim.

[proxyvotesnow.com](https://proxyvotesnow.com)

## The short version

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**Harbor does not vote proxies itself. It hires subadvisers to run the money, and it hands the voting to them too. The entire Harbor policy is therefore about one thing: how Harbor supervises the people who actually cast the votes. The only real change between these two editions is who inside Harbor does that supervising.**

- The Proxy Voting Committee has been deleted from the document. Every one of its eleven appearances is replaced by "Harbor Capital."
- The Harbor Target Retirement Funds, which the old policy singled out as managed in-house rather than by a subadviser, are no longer mentioned.
- The free telephone route to a fund's voting record is gone. Records are now web-only, at a new address.

Nothing else moved. The delegation to subadvisers, the Board's power to take the delegation back, the standard Harbor applies before it will delegate, the override right, the four alternative procedures for conflicts of interest, and the echo-voting rule for fund-of-fund holdings are all carried over unchanged, in most places character for character.

### Direction of travel

Neutral on substance, weaker on structure. No voting position changed because this document contains none. What changed is accountability: a named standing committee with a defined remit was replaced by an unnamed "Harbor Capital," and a disclosure channel that a shareholder could use for free was withdrawn.

## 1. The Proxy Voting Committee is gone

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In the old policy the Board delegated voting to Harbor Capital, and Harbor Capital in turn delegated the supervisory work to a standing committee. That second layer has been removed.

### Who vets a subadviser's voting guidelines

#### 2020 edition:

*"Harbor Capital has delegated to the Proxy Voting Committee of Harbor Capital (the "Proxy Voting Committee") the responsibility of reviewing the proxy voting policies and procedures and proxy voting guidelines of each Subadviser"*

#### Current edition:

*"Harbor Capital is responsible for reviewing the proxy voting policies and procedures and proxy voting guidelines of each Subadviser"*

### Who can override a subadviser's vote

#### 2020 edition:

*"While the Proxy Voting Committee does retain the right to override any proxy voting decision by a Subadviser when the Proxy Voting Committee believes that a voting decision would not be in the best interests of the Fund"*

#### Current edition:

*"While Harbor Capital does retain the right to override any proxy voting decision by a Subadviser when Harbor Capital believes that a voting decision would not be in the best interests of the Fund"*

The substance of the supervision is untouched. Harbor must still "determine that the Subadviser Proxy Voting Guidelines are reasonably designed" before delegating; must still review material amendments to those guidelines; still "does not normally review individual voting decisions by a Subadviser but considers their voting record as part of its overall assessment of the Subadviser's performance"; and still does not expect to exercise the override "except in the unusual circumstance where the Subadviser consults with [Harbor Capital] prior to casting a vote." The conflicts section likewise now says Harbor Capital, rather than the Committee, checks that each subadviser has procedures to monitor and resolve conflicts.

### Why this matters

For a fund complex that outsources every vote, the committee was the only identifiable internal check. Removing the name does not remove the duty - the sentences describing the duty are identical - but it does remove the ability to point at a specific body, ask who sits on it and how often it meets. In practice this is the difference between a governance structure and a general obligation.

## 2. Two deletions worth noting

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### The Target Retirement Funds carve-out

**2020 edition, deleted:**

*"The Harbor Target Retirement Funds are managed directly by Harbor Capital. Shares of other Harbor funds held by the Harbor Target Retirement Funds are voted as described below under "Voting for a Fund That Invests in Other Harbor Funds.""*

This was the one place the policy acknowledged that some Harbor money was run in-house rather than by a subadviser. It has no replacement. The echo-voting rule it cross-referred to survives intact - where a Harbor fund holds another Harbor fund, votes are "cast in the same proportion as the votes of the other shareholders in the underlying funds" - so the mechanism still exists; only the named application of it to the target-date funds has gone.

### You can no longer telephone for the voting record

#### How to obtain how your fund voted

**2020 edition:**

*"available (1) without charge, upon request, by calling Harbor Funds' toll-free number at 800-422-1050; (2) on Harbor Funds' website at harborfunds.com; and (3) on the SEC's website at sec.gov."*

**Current edition:**

*"available on Harbor Capitals' website at harborcapital.com; and the SEC's website at sec.gov."*

Three channels became two. The explicit "without charge, upon request" undertaking and the toll-free number were both removed, and the website moved from the fund brand to the adviser brand. The SEC route survives, and a fund's complete record remains obtainable there on Form N-PX, so nothing has become unavailable - but the low-friction option for a shareholder who does not want to navigate EDGAR has been withdrawn. (The typographical slip "Harbor Capitals' website" is in the published document.)

### 3. What did not change

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**Everything that determines how a Harbor fund actually votes is identical in the two editions - which, given that Harbor delegates the decision, means the answer is still: it depends entirely on your subadviser.**

- The Board still delegates all proxy voting responsibility to Harbor Capital and may revoke that delegation in whole or in part at any time, in which case the Trust assumes full responsibility.
- Harbor Capital still "generally delegates proxy voting responsibility to each Subadviser" for the sleeve of assets that subadviser runs, on the basis that the subadviser's own fiduciary duty obliges it to vote in the Fund's best interests.
- Each subadviser must still accept the delegation explicitly, and its own policy is still published in Appendix A to the Harbor Funds Statement of Additional Information - which remains the only place to find actual voting positions.
- Harbor still accepts that subadvisers "will come to different voting decisions on the same or similar proposals" and still argues the Fund benefits from each applying its own analysis. Two Harbor sleeves can therefore vote opposite ways on the same resolution.
- The four permitted conflict-resolution procedures - echo or mirror voting, following an independent service provider's recommendation, seeking a Board waiver, or forwarding the proxies to the Board - are unchanged, as is the argument that delegating to independent subadvisers largely addresses Harbor's own conflicts.
- Echo voting for fund-of-fund holdings is unchanged.

#### **The bottom line**

If you are trying to work out how a Harbor fund will vote on a say-on-pay resolution or a climate proposal, this document will not tell you and never did - it points you to the subadviser. What the current edition tells you that the 2020 one did not is that there is no longer a standing committee whose job it is to look at those subadvisers' voting, and no longer a phone number to call about it.