

Vanguard Proxy Voting Policy

January 2026 vs. February 2025: what changed, and what it means for
your ballot

Proxy voting policy for U.S. portfolio companies

Effective February 2025 compared with effective January 2026

Vanguard Portfolio Management, LLC / Vanguard Fiduciary Trust Company / Vanguard Global Advisers, LLC

Vanguard deleted almost every specific rule that told you when it would vote against a director. The word "climate" now appears nowhere in the policy.

Source: the two published policy documents, read in full. Every quotation below is taken verbatim from them.
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The short version

This is a bigger rewrite than BlackRock's. Vanguard's 2025 policy was unusually specific about when a fund would vote against a named director - it listed the triggers one by one. The 2026 policy deletes almost all of them and replaces the lot with a single sentence of general discretion.

Three sections lost their enumerated rules entirely:

- Director accountability. Gone: the "zombie director" rule, the escalation after two consecutive years of voting against say-on-pay, the automatic vote against the compensation committee when voting against an equity plan, the audit-committee rules on excess non-audit fees and multi-year material weaknesses, the rule on unilateral board actions that limit shareholder rights, and the entire climate-risk oversight-failure test. Seven concrete triggers became one general sentence.
- Independent board leadership. Gone: the six named factors that would justify supporting a proposal to split the chair and CEO roles - including "lack of board accessibility" and "oversight failings."
- Virtual-only meetings. Gone: the five conditions Vanguard required before it would support a virtual-only meeting, including a formal shareholder question process and real-time video.

Alongside that, the policy changed voice. In 2025 Vanguard wrote in the active first person - "a fund will generally vote against." In 2026 every one of those sentences is passive - "votes against ... may be recommended." The policy no longer describes what Vanguard does; it describes what gets recommended to the entities that adopted it.

Direction of travel

Substantially more discretionary and substantially less predictable. The numerical thresholds are untouched - 75% attendance, two and four boards, 3%/3-year proxy access, 10% and 25% special-meeting thresholds, 20% dilution. But the bridge between a governance failure and a specific vote against a specific director has largely been removed. On climate in particular, Vanguard has gone from a named, four-factor test to silence.

1. Director accountability: seven rules became one sentence

This is the most consequential change in the document. In 2025 the "Director accountability" section ran to roughly a page and a half and listed, under the heading "Issues that spur such votes may include," six categories of failure with named consequences. In 2026 the section is four sentences long and the list is gone.

Here is what 2026 retains in full:

2026:

"If there are instances in which the board has failed to adequately consider actions approved by a majority of shareholders, unilaterally taken action against shareholder interests, or, based on independent analysis, failed in its oversight role, votes against those directors deemed responsible (generally based on their functional or committee-level responsibilities) may be recommended."

That sentence also exists almost word for word in the 2025 policy. Everything that followed it in 2025 has been deleted.

What was deleted, in Vanguard's own 2025 words

The climate risk oversight test

2025, deleted:

"If a situation arises in which the board has failed to effectively identify, monitor, and/or ensure management of material risks under its purview based on committee responsibilities, a fund will generally vote against the relevant committee members and/or other relevant directors. This may include a board's failure to effectively oversee a company's material social and environmental risks, inclusive of material climate risks."

2025, deleted:

"For example, to assess a climate risk oversight failure, factors for the funds to consider include: the materiality of the risk as identified by the company; the effectiveness of disclosures to enable the market to understand and price the risk; whether the company has disclosed plans to mitigate material risks in the context of regulatory requirements and consideration for company-specific context, market regulations, and market practices."

Both paragraphs are gone, along with the accompanying rule that where a risk does not sit with a specific committee, the fund would vote against the lead independent director or chair. The word "climate" does not appear anywhere in the 2026 policy - not once. In 2025 it appeared twice, both times inside this test.

The "zombie director" rule

2025, deleted:

"A fund will typically vote against members of the nominating committee if management proposes the reappointment of a director or directors who failed to receive majority shareholder support and the board has not resolved the underlying issue driving the lack of shareholder support."

This was the mechanism for holding a board accountable when it re-nominated a director shareholders had already rejected. There is no 2026 equivalent.

The three compensation escalations

2025, deleted:

"A fund will generally vote against compensation committee members when it votes against the company's Say on Pay proposal in consecutive years unless meaningful improvements have been made to executive compensation practices since the prior year. If egregious pay practices are identified, a fund will generally vote against compensation committee members if Say on Pay is not on the ballot. A fund will generally also vote against compensation committee members when the fund votes against an equity compensation plan."

All three are deleted. These were the rules that connected a say-on-pay vote to consequences for the directors who set the pay. Vanguard's executive pay section still describes at length what a bad plan looks like - the "higher level of concern" and "warning signs" lists are carried over unchanged - but the automatic link from a bad plan to a vote against the compensation committee has been cut.

The two audit escalations

2025, deleted:

"A fund will generally vote against audit committee members when nonaudit fees paid to the auditor exceed audit-related fees without sufficient disclosure or when the fund votes against an audit-related management proposal. A fund will generally vote against audit committee members in instances of a material misstatement of the company's financial statements or material weakness in multiple years without sufficient remedy."

Deleted. Note that the auditor-ratification rule itself survives in Pillar II - Vanguard will still consider voting against the auditor when non-audit fees are excessive. What is gone is the consequence for the directors who hired them. The phrase "material weakness" no longer appears anywhere in the policy.

The shareholder-rights rule and the non-responsiveness rule

2025, deleted:

"A fund will generally vote against members of a governance committee in response to unilateral board actions that meaningfully limit shareholder rights (including, but not limited to, the unilateral adoption of exclusive forum provisions that do not align with the fund's policy or changing bylaws to include overly onerous advance notice provisions)."

Also deleted: the rule that a fund could vote against relevant committee members "for failure to adequately respond to proposals (management or shareholder) that received sufficient support." The general opening sentence of the 2026 section arguably still covers some of this ground - it refers to boards that have "failed to adequately consider actions approved by a majority of shareholders" - but the named committee, the named trigger and the named examples are all gone.

Why this matters

Specific rules are what make a large index manager's voting predictable, and predictability is what gives the rules force: a board can work out in advance that it is heading for an against vote and fix the problem. A company reading the 2025 policy could tell whether it was in trouble. A company reading the 2026 policy cannot. Nothing here says Vanguard will vote against fewer directors - but nothing commits it to voting against any particular one either.

2. The change of voice - and who the policy now belongs to

Every voting sentence in the document was rewritten from active to passive. This runs to well over a hundred sentences and is easy to dismiss as house style, but it tracks a real change in who the policy is written by and for.

Board independence

2025:

"In cases where a noncontrolled company does not maintain a majority independent board, a fund may vote against members of the nominating committee and all nonindependent members of that board."

2026:

"In cases where a noncontrolled company does not maintain a majority independent board, votes against members of the nominating committee and all nonindependent members of that board may be recommended."

Overboarding

2025:

"A fund will generally vote against any director who is a public company executive and sits on more than two public company boards."

2026:

"Votes may generally be recommended against any director who is a public company executive and sits on more than two public company boards."

Classified boards

2025:

"A fund will generally vote for proposals to declassify a current board and vote against management or shareholder proposals to create a classified board."

2026:

"Votes will generally be recommended for proposals to declassify a current board and against proposals to create a classified board."

The policy is now owned by three named entities, not "the Vanguard-advised funds"

The 2025 document was titled "Vanguard-advised funds: Proxy voting policy for U.S. portfolio companies" and said the policy was "adopted by the boards of the Vanguard-advised funds." The 2026 cover names three legal entities - Vanguard Portfolio Management, LLC; Vanguard Fiduciary Trust Company; and Vanguard Global Advisers, LLC - and defines "the Funds" across all of them.

One governance sentence disappeared in the process. 2025 said proposals were "voted case by case, under the supervision of the Investment Stewardship Oversight Committee and at the direction of the relevant Fund's Board." The Investment Stewardship Oversight Committee is not mentioned anywhere in 2026. Nor is the 2025 footnote explaining that Vanguard's externally managed portfolios vote through their own third-party advisers.

Why this matters

Read together with the passive voice, the effect is to separate the policy from the actor. In 2025, Vanguard's stewardship team told you what it would do and named the committee that supervised it. In 2026, a policy document produces recommendations, and the entities that adopted it decide. That distinction matters most when someone asks Vanguard to account for a particular vote.

3. Board composition: personal characteristics removed, "diversity" kept

Vanguard did not do what BlackRock did. It kept the words "diverse," "diversity of thought" and "cognitive diversity." What it removed was every reference to age, gender and race/ethnicity - and the request that companies disclose them.

The opening statement of Pillar I

2025:

"Diversity of thought, background, and experience, as well as personal characteristics (such as age, gender, and/or race/ethnicity), meaningfully contribute to the ability of boards to serve as effective, engaged stewards of shareholders' interests."

2026:

"Diversity of thought, background, and experiences meaningfully contribute to the ability of boards to serve as effective, engaged stewards of shareholders' interests."

What a board should reflect

2025:

"The funds look for boards to be fit for purpose by reflecting sufficient breadth of skills, experience, perspective, and personal characteristics (such as age, gender, and/or race/ethnicity) resulting in cognitive diversity"

2026:

"The Funds believe that boards should be fit for purpose by reflecting sufficient breadth of skills, experiences, and perspectives resulting in cognitive diversity"

The disclosure request was cut as well

2025, deleted:

"additionally, the funds look for such disclosure to provide an understanding of the directors' personal characteristics to enable shareholders to understand the breadth of a board's composition"

The phrase "personal characteristics" appeared three times in the 2025 policy and appears nowhere in 2026. What survives is the skills matrix: Vanguard still asks for "the range of skills, background, and experiences that each board member provides and their alignment with the company's strategy."

The voting consequence is unchanged in wording - a vote against the nominating/governance committee chair where composition or disclosure is "inconsistent with relevant market-specific governance frameworks or market norms." But since the yardstick no longer includes demographic characteristics, in practice the trigger now depends entirely on whether a board falls short of its local listing rules or of what its market typically does.

Worth noting

This is a more surgical edit than the one BlackRock made. Vanguard removed the demographic content but kept the language of diversity and the underlying argument that varied boards make better decisions. If you are comparing managers on this question, the distinction is real: BlackRock removed the vocabulary, Vanguard removed the measurement.

4. Independent chair proposals: the six-factor test deleted

Vanguard's default is to vote against shareholder proposals to split the chair and CEO roles, on the view that board structure is the board's business. That default is unchanged. What changed is the explanation of when Vanguard would make an exception.

The 2025 policy set out six named factors, each with a paragraph of reasoning. In 2026 all six are gone, replaced by eleven words.

When Vanguard would support splitting the roles

2025:

"When independence or effectiveness concerns suggest that support for an independent chair may be appropriate, the following factors, among others, are considered: [lack of a robust lead independent director role; lack of board accessibility; low overall board independence; governance structural flaws; consideration of shareholder concerns; oversight failings]"

2026:

"Votes for such proposals may be recommended if there are significant concerns regarding the independence or effectiveness of the board at the company in question."

Two of the deleted factors are worth quoting, because they defined situations Vanguard no longer commits to recognising. On board access: "Restricting access to independent board members through policy or practice may prevent the board from receiving comprehensive feedback from shareholders... It may also contribute to a culture of management entrenchment." And on oversight: "Evidence of failure to provide appropriate governance oversight and/or evidence of failure to oversee material or manifested risks, including those that may be considered 'social' or 'environmental,' will be taken into account."

That last clause was the second of the two places in the 2025 policy where environmental and social risk oversight carried an explicit voting consequence. Both are now gone.

5. Environmental and social proposals

The three tests Vanguard applies to an E&S shareholder proposal survive intact. The framing around them was narrowed in four small but consistent ways.

The three criteria for supporting a proposal are carried over essentially word for word: it must address a disclosure shortcoming relative to market norms or a widely accepted framework, reflect an industry-specific materiality-driven approach, and not be overly prescriptive. So the basic machinery is unchanged. The edits are around the edges:

- "Materiality" became "financial materiality." 2025: "Reflects an industry-specific, materiality-driven approach." 2026: "Reflects an industry-specific, financial materiality-driven approach." One word, and it narrows the test to risks with a demonstrable financial channel.
- "Sustainability risks" became just "risks." 2025 said the board's oversight "includes material sector- and company-specific sustainability risks and opportunities." 2026 drops "sustainability."
- Vanguard stopped endorsing frameworks. 2025 referred twice to frameworks "endorsed or already referenced by Vanguard's Investment Stewardship program." 2026 says only "widely accepted frameworks." ISSB survives as an example in both.
- Proponents lost their seat. 2025: "Input from the board, management, and proponents may also be taken into consideration." Deleted in 2026 - the only reference in the policy to hearing from the person who filed the proposal.

One sentence was also dropped that had framed disclosure proposals sympathetically: 2025 explained that "because sustainability disclosure is an evolving and complex topic, a fund's analysis of related proposals aims to strike a balance in avoiding prescriptiveness and providing a long-term perspective." The conclusion it led to - that Vanguard is more likely to support proposals seeking disclosure - does survive, relocated to the end of the 2026 section.

Net effect

Less dramatic than the director-accountability deletions. A disclosure-focused, financially framed, non-prescriptive proposal at a company with a genuine gap should fare about the same in 2026 as it would have in 2025. What has gone is the surrounding language that made Vanguard's sympathies clear, and the adjective "financial" in front of materiality gives more room to decline.

6. Executive pay

The analytical machinery is untouched. The consequences for directors are the ones that were removed - covered in section 1. One change here runs the other way.

Everything substantive about how Vanguard evaluates a pay plan carries over verbatim: the three categories (pay-and-performance alignment, plan structure, governance of the plan), the three-year TSR and realised-pay comparison against peers, the five "higher level of concern" situations (long-term plan under 50% of total pay, performance periods under three years, retested targets, total pay targeted above the peer median, pay high while TSR lags), and the five "warning signs." Not one threshold moved.

The one change: ESG pay metrics

Non-financial metrics in incentive plans

2025:

"A fund does not look for nonfinancial metrics (such as environmental, social, and governance [ESG] metrics) to be a standard component of all compensation plans. When compensation committees choose to include nonfinancial metrics, the funds look for the same qualities the funds do with more traditional metrics, such as rigor, disclosure, and alignment with key strategic goals and/or material risks."

2026:

"When compensation committees choose to include nonfinancial metrics (such as environmental, social, and governance (ESG) metrics), they should have the same rigor, disclosure, and alignment with key strategic goals, material risks, and shareholder returns as other metrics."

The first sentence - a mildly discouraging statement that Vanguard does not expect ESG metrics as standard - was removed. The surviving requirement gained "and shareholder returns" to the list of things such metrics must align with. This is close to neutral: slightly less discouraging in principle, slightly more demanding in application. It is worth flagging precisely because it runs against the direction of everything else in the document, and because it is the opposite of what BlackRock did in the same year, where an explicit endorsement of non-financial results was deleted.

Say-on-pay frequency and severance: no change

Annual say-on-pay is still the default. The golden parachute test is unchanged, including the 2.99-times-salary threshold and the objection to single-trigger payments. Equity plan tests are unchanged: 20% total potential dilution, 4% annual grants, and opposition to repricing without approval, reload options and evergreen features.

7. Shareholder rights: the Delaware edits

Two deletions in this pillar look small in isolation and rather pointed together, in a year when a long list of large US companies moved their state of incorporation out of Delaware.

Exclusive forum provisions

2025:

"with respect to state forum selection provisions, [a fund] will generally support proposals to designate state courts in Delaware, or a company's state of incorporation or principal place of business"

2026:

"proposals to designate state courts in a company's state of incorporation or principal place of business will generally be supported"

Delaware's name was removed. The substantive test - the state of incorporation or principal place of business, and not a single named court within a state - is otherwise the same. Also deleted from this section: "The funds will consider withholding support from governance committee members when a company unilaterally adopts a provision that meaningfully limits shareholders' rights without a compelling rationale for the choice of forum."

Reincorporation: the cost-benefit paragraph was cut

2025, deleted:

"Potential benefits (e.g., decreased tax liability, reduced administrative fees, higher earnings/stock price) will be weighed against reduced shareholder rights, potential for increased shareholder tax liability, and potential for other material, long-term risks to the company."

The case-by-case approach survives and so does the list of considerations - reasons for relocation, differences in regulation, governance, shareholder rights and potential benefits. What is gone is the explicit instruction to weigh the company's tax and cost savings against shareholders' loss of rights. That was the sentence most directly on point for a Delaware-to-Texas or Delaware-to-Nevada move.

Virtual-only meetings: five conditions removed

2025 said Vanguard "will consider supporting virtual-only meetings if" five conditions were met: meeting procedures disclosed in advance; a formal process for shareholders to submit questions to the board; real-time video with a call-in or pre-recorded message facility; shareholder rights not unreasonably curtailed; and compliance with applicable law. All five are deleted. 2026 says simply that virtual-only proposals "may be supported" and that virtual meetings "should be designed by a company so as not to curtail shareholder rights - e.g., by limiting the ability for shareholders to ask questions."

Everything else in this pillar is unchanged

Proxy access (3% of shares, three years, no fewer than 20 aggregating holders, up to 20% of seats), special meetings (support above a 10% threshold; oppose increases above 25%), written consent, advance notice windows of 30 to 120 days, supermajority requirements, poison pills including the five-year NOL sunset, classified boards, cumulative voting, majority voting and bylaw amendment authority all carry over with the same thresholds and the same conclusions. Two small clarifications: the 2025 text's ambiguous "vote ... against fair price provisions" became "eliminate fair price provisions," and the parenthetical example "(e.g., Pennsylvania)" was dropped from the state anti-takeover opt-out provision.

8. Smaller changes, and what did not change

Overboarding: softer in principle, harder in one respect

The limits are identical - two public boards for a sitting public-company executive, four for anyone else, with the vote falling at the companies where the director is not an executive, chair or lead independent director. Two edits either side of that. The principle softened: 2025 said limitations on board seats "are appropriate, absent compelling evidence to the contrary"; 2026 says they "may be appropriate." But an escape hatch was removed: 2025 allowed a fund to vote for an overboarded director "if the director has publicly committed to stepping down from the directorship(s) necessary to fall within these thresholds." That sentence is gone, as is the accompanying language about assessing the director's capacity and the full board's composition.

Contested elections: reworded, same shape

The three areas of analysis - the case for change, the quality of governance, the quality of the nominees - are unchanged. The questions beneath them were rewritten, mostly neutrally, with one shift worth noting: 2025 asked "Did the board engage in productive dialogue with the dissident?" and "Has the board actively engaged with shareholders in the past?" 2026 asks instead "How effectively has the company's governance structure supported shareholder rights consistent with market norms?" and "Has the board been sufficiently accessible and responsive to shareholder input in the past?" The focus moves slightly from the board's conduct toward the dissident to its governance structures generally.

Mergers and auditors: housekeeping

In the merger section, "management incentives" moved into the list of deal-process disclosures Vanguard looks for, and the surviving-entity question was rewritten to cover "noncash transactions" explicitly. In the auditor section, one sentence was dropped - "The funds are generally supportive of the annual submission of auditor appointment for shareholder approval" - though Vanguard still says it will generally support shareholder proposals requiring an annual auditor ratification vote, so the position itself is intact. The non-audit fee test is unchanged.

Unchanged: every number in the policy

- Director attendance: 75% of board or committee meetings in the aggregate.
- Overboarding: two boards for public company executives, four for others.
- Proxy access: 3% of outstanding shares, three years, at least 20 aggregating holders, up to 20% of board seats.
- Special meetings: support at thresholds at or above 10%; oppose increases above 25%.
- Advance notice: 30 to 120 days before the meeting, 30-day submission window.
- Equity plans: 20% total potential dilution, 4% annual grants, 85% of fair market value for ESPPs.
- Severance: 2.99 times salary plus target bonus.
- Capitalisation: 100% dilution limit on authorised share increases.
- NOL poison pills: five-year sunset.

Also unchanged: the four-pillar structure itself, the passivity statement that the Funds "will not nominate directors, solicit or participate in the solicitation of proxies, or submit shareholder proposals at portfolio companies," and the statement that if a board is not responsive to voting results, support may be withheld on other matters in future.

The bottom line

Vanguard's 2026 policy asks for the same things and measures them the same way. What it no longer does is tell you what happens when a company falls short.

The 2025 policy was, by the standards of the industry, unusually legible. It said that two consecutive years of voting against say-on-pay would cost the compensation committee your vote; that re-nominating a rejected director would cost the nominating committee your vote; that a board failing to oversee a material climate risk would cost the relevant committee your vote, and listed the four factors used to judge that. A company could read it and predict its own outcome. Almost none of that survives.

The direction is unmistakable on environmental and social matters specifically. "Climate" went from a named oversight test with its own assessment criteria to a word that does not appear in the document. The second reference to environmental and social oversight, in the independent-chair factors, went the same way. "Materiality" became "financial materiality." Vanguard stopped endorsing the frameworks it cites, and stopped saying it would listen to proposal proponents.

But it is worth being precise about what this is not. Vanguard did not remove the word diversity, did not remove ESG pay metrics from consideration - it in fact deleted the sentence discouraging them - and did not move a single numerical threshold. The E&S proposal criteria survive intact. This is not a policy that has changed its mind about what good governance looks like. It is a policy that has stopped committing itself in advance to doing anything about it.

How to read this

Policies are not votes. Vanguard's published voting record will show whether removing the rules changed the outcomes, and the first real test will be the 2026 proxy season - particularly at companies where a 2025-style rule would have produced an automatic vote against a compensation or audit committee.