



Part of the Computershare Group

2026 Vanguard Policy Updates

Author: Daniel Chang, Analyst, Shareholder Engagement,
Georgeson Advisory North America

Email: Daniel.Chang1@georgeson.com

Report Date: February 2026



Executive Summary – Key Policy Changes:

- **Board composition and effectiveness:** Increased flexibility for Vanguard Capital Management (VCM) and Vanguard Portfolio Management (VPM) Stewardship teams when assessing director accountability and effective board oversight (including proxy contests).
- **Board oversight of strategy and risk (including environmental and social proposals):** Renewed focus on materiality alongside emphasis that the role of VCM/VPM Stewardship is not to dictate company strategy or day-to-day management. Likely less inclined to provide direct feedback to companies regarding voting and engagement and more receptive to companies pre-emptively taking action to provide effective disclosure.
- **Shareholder rights (including reincorporation, exclusive forum/jurisdiction, and virtual-only meetings):** Simplified approach to preserving shareholder rights specific to a company while being less prescriptive with a focus on relevant strategic and governance considerations.

Vanguard recently released its policy updates, **effective January 2026, including revisions to both its separate U.S. Proxy Voting Policies pertaining to Vanguard Capital Management (VCM) and Vanguard Portfolio Management (VPM).**

Vanguard's revised structure is comprised of **two distinct Stewardship teams for proxy voting and engagement, Vanguard Capital Management Investment Stewardship (VCMIS)** – covering fixed income, active bond strategies, treasury/government bonds, and passive/index funds, and **Vanguard Portfolio Management Investment Stewardship (VPMIS)** - covering actively managed equity funds, quantitative strategies, and U.S. sector index funds.

The new structure provides Vanguard with the ability to diversify its views as an institution while addressing criticisms/concerns from regulators/investors about its growing concentration of voting authority. The divided structure is also believed to assist Vanguard to comply with mandated aggregation limits, which have increasingly become a challenge based on the size and ownership levels of its funds.

Whether a proposal is submitted by company management or other shareholders, **Vanguard acknowledges all proposals are voted case by case as determined in the best interests of each fund consistent with its investment objective.** Vanguard further notes that its policies are applied over an extended period of time; as such, if a company's board is not responsive to voting results on certain matters, support may be withheld for those and other matters in the future.

As a baseline, Vanguard's policies look for companies to abide by the relevant governance frameworks (e.g., listing standards, governance codes, laws, regulations, etc.) of the market(s) in which they are listed, though final voting decisions may differ from the application of those frameworks due independent research, analysis, and engagement.

Vanguard will not nominate directors, solicit or participate in the solicitation of proxies, or submit

shareholder proposals at portfolio companies. This approach is reflected in the separate U.S. Proxy Voting Policies for VCM and VPM.

VCM and VPM have implemented several changes related to **expectations regarding board composition/effectiveness, board oversight of strategy and risk, and shareholder rights.**

These changes **may impact VCM and VPM voting and engagement in 2026.**

VCM/VPM revised policy on Board Composition and Effectiveness:

- **Removed listing of specific factors/considerations within its independent board leadership section. The following factors have been deleted in the updated guidelines:**
 - Lack of a robust lead independent director role - absent a counterweight to insider leadership which warrants independent oversight.
 - Lack of board accessibility - restricting access to independent members through policy or practice.
 - Low overall board independence - affiliated representation outweighing independent voices.
 - Governance structural flaws - certain governance practices/corporate structures creating an environment favorable to entrenchment.
 - Consideration of shareholder concerns - includes failure to act on shareholder votes or unilateral decisions that impair shareholder rights.
 - Oversight failings - includes lack of appropriate oversight regarding social and environmental risks.
- **Removed reference of “personal characteristics (such as age, gender, and/or race/ethnicity)”** regarding its expected disclosure from companies including removal of the statement that “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.”
- **Removed reference from its Director capacity and commitments section**, previously in support of disclosure which “may include, but is not limited to, indications that the director will have sufficient capacity to fulfill their responsibilities on the board of that company and/or a review of the full board’s composition and capacity. In addition, a fund may vote for a director if the director has publicly committed to stepping down from the directorship(s) necessary to fall within these thresholds.”
- **Removed listing of specific below-mentioned issues within its director accountability section which may result in votes against directors:**
 - “Zombie” directors – Vanguard vote against members of the nominating committee if management proposes the reappointment of a director or directors who failed to receive majority shareholder support.
 - Limiting shareholder rights - Vanguard vote against members of a governance committee in response to unilateral board actions that meaningfully limit shareholder rights.

- Compensation - related situations
 - Vanguard vote against Say on Pay in consecutive years unless meaningful improvements have been made since the prior year.
 - If egregious pay practices are identified, Vanguard will generally vote against compensation committee members if Say on Pay is not on the ballot.
 - Vanguard vote against compensation committee members when against an equity compensation plan.
- Non-responsiveness to proposals - Vanguard vote against members of the relevant committee for failure to adequately respond to proposals (management or shareholder) that received sufficient support at a prior year's shareholder meeting.
- Oversight failure - Vanguard vote against the relevant committee members and/or other relevant directors if the board has failed to effectively identify, monitor, and/or ensure management of material risks (including social and environmental risks).
- Audit failures
 - Vanguard vote against audit committee members when non-audit fees paid to the auditor exceed audit-related fees or when against an audit related management proposal.
 - Vanguard vote against audit committee members in instances of a material misstatement or weakness in multiple years without sufficient remedy.

Based on these changes, VCM/VPM is likely to look at Board composition and effectiveness with a renewed focus on materiality and impact that is specific to a company and its relevant governance frameworks. The revisions may be indicative of a simplified approach for director voting and may result in added flexibility for VCM/VPM in relation to assessing director accountability and effective board oversight.

[Learn more about Investor Engagement](#)

VCM/VPM revised policy on Contested Director Elections:

- **Revised terms within the subsection Re - The case for change at the target company:**
 - Revised its preference for how “effective” the current board oversees company strategy and execution, removing its previous position on if the current board has been “deficient” in providing oversight.
- **Revised terms within the subsection Re - The quality of company governance:**
 - Removed prior references including expectations for productive dialogue with the dissident, evidence of effective and shareholder friendly governance practices, and a history of active board engagement with shareholders.
 - Replaced with expectations for a company's governance structure to effectively support shareholder rights consistent with market norms and a board to be sufficiently accessible and responsive to shareholder input.

- **Revised terms within the subsection Re - The quality of company's and dissident's board nominees:**
 - Removed prior references including expectations for strong oversight processes and dissident directors being well suited to address the company's needs alongside a better alternative to the current board.
 - Replaced with expectations for a compelling case for change alongside dissident nominees being better aligned with long-term shareholder interests relative to the company's nominees.

These changes suggest that VCM/VPM is likely to look at Contested director elections being less prescriptive of a company's past actions/practices with more emphasis on the effectiveness of a company's current structure and processes alongside alignment with market expectations, responsiveness to shareholders, and increased focus on long-term shareholder interests.

VCM/VPM revised policy on Environmental and Social Proposals:

- **Removed reference of conducting analysis on environmental and social proposals** based on frameworks endorsed or referenced by Vanguard's Investment Stewardship program.
- **Removed reference of considering input from the board, management, and proponents** as part of its analysis on environmental and social proposals.
- **Removed reference of aiming to strike a balance in avoiding prescriptiveness and providing a long-term perspective** when conducting analysis on environmental and social proposals.

These changes suggest that VCM/VPM is likely to look at environmental and social proposals (including Climate and Sustainability) with a renewed focus on materiality, while being less prescriptive alongside emphasis that their role is not to dictate company strategy or interfere with a company's day-to-day management. VCM/VPM may be less inclined to provide direct feedback to companies via voting and engagement on this topic and be more receptive to companies pre-emptively taking action to provide effective disclosure.

VCM/VPM revised policy on Independent Auditors:

- Removed reference of being **"generally supportive of the annual submission of auditor appointment for shareholder approval."**

This change suggests that VCM/VPM may be less inclined to regularly support the annual cadence of auditor appointment for shareholder approval. VCM/VPM is likely to consider the impact of relevant governance frameworks and company specific circumstances based on independent research, analysis, and engagement.

VCM/VPM revised policy on Shareholder Rights:

- **Removed specific references within its Shareholder rights section:**
 - Reincorporation - Vanguard previously indicated it will consider potential benefits (e.g., decreased tax liability, reduced administrative fees, higher earnings/stock price) weighed against reduced shareholder rights, potential for increased shareholder tax liability, and potential for other material, long-term risks to the company.
 - Exclusive forum/exclusive jurisdiction - Vanguard previously indicated it will generally support proposals to designate state courts in Delaware.
 - Exclusive forum/exclusive jurisdiction - Vanguard previously indicated it 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.
- **Removed listing of specific considerations for supporting virtual-only meetings within its Shareholder meeting rules/procedures section:**
 - Meeting procedures and requirements are disclosed ahead of the meeting;
 - A formal process is in place to allow shareholders to submit questions to the board;
 - Real-time video footage is available, and attendees can call into the meeting or send a prerecorded message;
 - Shareholder rights are not unreasonably curtailed; and
 - Applicable laws and regulations provide relevant protections to shareholder rights, and the company complies with these provisions.

Based on these changes, VCM/VPM is likely to look at shareholder rights with a renewed focus on materiality and impact that is specific to a company and its relevant strategic and governance considerations. The revisions may be indicative of a simplified approach to preserving the rights of shareholders while being less prescriptive and aiming to serve in their best long-term interests based on a company's strategy and operations.

We want to hear from you. Please contact author [Daniel Chang](#) or your Georgeson Advisory account executive with any questions.

Investor influence grows here.

[Computershare Investor Engagement](#) empowers IR and governance teams, C-Suites and boards with best-in-class software, intelligence and advisory capabilities to discover who holds hidden investor power, target engagements with purpose and drive successful outcomes with confidence. Within Computershare Investor Engagement solutions, our Georgeson Advisory team are trusted advisors for Boardroom Pros to navigate shareholder-critical events with expert counsel and strategic engagement.