



Walden Asset Management[®]

Advancing sustainable business practices since 1975

Agreement Reached: Walden Withdraws Shareholder Resolution at Vanguard on Proxy Voting

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Background

Walden Asset Management has engaged a number of investment managers and mutual funds on their proxy voting practices, specifically challenging voting records on shareholder resolutions addressing significant social and environmental issues.

In 2017, Walden filed resolutions with two Vanguard equity index funds that requested a review of their proxy voting at portfolio companies, particularly on shareholder resolutions focused on climate change. While mutual funds are not required to hold annual meetings for investors, Vanguard scheduled a November meeting for other reasons, thus setting up the opportunity for a vote on the Walden resolution.

The Walden resolution prompted Vanguard and Walden to engage in a new round of discussion, culminating in a letter from Vanguard describing its updated approach to engaging companies and voting proxies of fund holdings. Vanguard stated its intention to expand reporting on company engagement priorities such as climate change, board diversity, and corporate governance (see attached letter).

In light of ongoing conversations as well as changes in Vanguard's voting approach, Walden withdrew the resolution that had included several individual co-filers.

Statement from Tim Smith, Director of ESG Shareowner Engagement

We are pleased that Vanguard is championing climate risk and board diversity in its numerous engagements with companies. This includes Vanguard's proxy votes this spring supporting shareholder resolutions on climate change at Exxon Mobil and Occidental Petroleum, helping drive majority votes at both companies and a high support level of 62% at Exxon Mobil.

Vanguard also voted in favor of some resolutions on board diversity, sending a strong message to companies that they need to take more aggressive action to increase diverse representation on boards along multiple dimensions including gender and ethnicity. Vanguard further stated its strong belief that companies must disclose material risks associated with issues such as climate change.

By month's end, Vanguard's voting record will be released in its N-PX filings. The report will show that Vanguard has begun to vote for social and environmental resolutions in some cases. Yet the record of improvement is not substantial enough, as Vanguard still doesn't support the vast majority of environmental and social issue resolutions on matters of significant concern to a growing number of investors.

Looking ahead, investors in Vanguard funds must remind the mutual fund company to use its enormous influence and proxy voting to encourage more sustainable business practices on important environmental and social issues.

For Vanguard's statement, please click [here](#).

Contact: Timothy Smith, Director of ESG Shareowner Engagement, 617-726-7255, tsmith@bostontrust.com or Aaron Ziulkowski, 617-726-7125, aziulkowski@bostontrust.com