

# Proxy voting conflicts of interest

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Vanguard Capital Management Investment Stewardship (VCMIS) and Vanguard Portfolio Management Investment Stewardship (VPMIS) are committed to ensuring that proxy voting and engagement activities are conducted in the best interests of fund shareholders. All VCMIS and VPMIS personnel conduct their proxy voting and engagement activities in a manner such that:

- Shareholders' interests come first.
- Conflicts are mitigated to the extent possible.
- Compromising situations are avoided.

To manage and mitigate actual or potential conflicts of interest, each team has established a comprehensive framework with multiple layers of defense.

**Fund voting guidelines.** Internally managed funds stewarded by VCMIS and VPMIS have adopted proxy voting policies, available on their respective websites. These guidelines serve as the primary mechanism for mitigating conflicts, providing transparency, and ensuring consistency on a wide range of matters. Where specific guidelines are not defined for a proposal or further evaluation is needed, matters are escalated to senior leadership for additional review and a rationale for the vote is recorded.

**Vote rationale documentation.** When a conflict exists or in uncertain cases, the stewardship teams document the rationale behind the voting decision. This ensures that a clear record is kept of how the funds' policies are applied to each proposal.

**Conflicts disclosure and recusal.** All personnel involved in proxy voting must disclose any conflicts of interest, including personal or familial relationships with issuers. VCMIS and VPMIS team members are required to recuse themselves from voting or engagement activities where conflicts exist. They may also request conflicted representatives of issuers to recuse themselves from engagements with Vanguard.

**Adherence to Code of Ethical Conduct.** All proxy voting personnel are subject to Vanguard's Code of Ethical Conduct, which requires annual certification, ongoing training, and disclosure of potential conflicts. Any unmitigated conflicts are reported to the funds' boards to ensure transparency and oversight.

**Separation of roles.** Vanguard maintains a strict separation between its investment stewardship teams and external client-facing roles. Oversight committees for VCMIS and VPMIS are also separated from these functions to prevent undue influence and maintain objectivity in voting decisions.



**Additional safeguards.** In rare instances where a conflict cannot be sufficiently mitigated, the funds may refrain from voting on certain proposals or may engage an independent third party to vote proxies on their behalf. These measures serve as additional safeguards to uphold the integrity of the proxy voting process.

**Other mitigation measures.** Conflicts between funds or across account types are managed through appropriate allocation and trading review processes, compliance oversight, and, where applicable, local regulations for voting when one fund owns another. Additional policies and procedures supplement these controls.

Vanguard remains dedicated to maintaining the highest standards of integrity and transparency in all proxy voting activities.



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