

# Securities lending and proxy voting

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Vanguard funds engage in securities lending activity to seek to generate incremental revenue for portfolios that can enhance returns for fund shareholders. There may be occasions when Vanguard needs to restrict the lending of securities and/or recall securities that are on loan in order to vote in a shareholder meeting. Vanguard's internal investment stewardship teams make independent decisions with respect to which securities to restrict or recall. The Investment Stewardship Shared Services team manages, in partnership with Vanguard's Securities Lending team, processes to monitor securities on loan and upcoming record dates and facilitate restrict-or-recall decisions made by the two stewardship teams.

In making these decisions, each stewardship team will consider:

- The subject of the vote and whether, based on their knowledge and experience, they believe this topic could be material to the corporate governance and/or long-term performance of the company;
- The funds' individual and/or aggregate equity investment in a company and whether the team voting the funds' shares would affect the shareholder meeting outcome; and
- The long-term impact to fund shareholders, evaluating whether the benefits of voting a company's shares would outweigh the benefits of stock-lending revenues in a particular instance.

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