

Vanguard Investment Stewardship Insights

Voting Insights: Director elections and lobbying disclosure at Boeing



April 2021

Vanguard publishes Investment Stewardship Insights to promote good corporate governance practices and to provide public companies with our perspectives on important governance topics and issues that come up for shareholder votes.

Company: The Boeing Company (Boeing)

Meeting date: April 20, 2021

Proposals: Item 1 – Election of Directors
Item 4 – Report on Lobbying Payments and Policy



How the funds voted

At Boeing's annual meeting, the Vanguard funds voted in support of all management-nominated directors. The Vanguard funds also voted against a shareholder proposal that requested an annual report that discloses the company's lobbying-related oversight, policies, and expenditures.

Vanguard's principles and policies

Good governance starts with a company's board of directors. An effective board should be independent, diverse, and capable of overseeing strategy and governing material risks to shareholder value.

A company's political spending activity is one of many potential material risks that a board must oversee.

On behalf of the Vanguard funds, the Investment Stewardship team evaluates the materiality and oversight of these risks on a case-by-case basis. We assess lobbying-related shareholder proposals through a lens of financial materiality, and analyze potential risks from these expenditures, the company's approach to risk oversight and disclosure, and how those risks could affect long-term shareholder value.

Analysis and voting rationale

Our Investment Stewardship team has regularly engaged with Boeing's directors and company leaders since the Boeing 737 MAX plane crashes in 2018 and 2019.

Through multiple engagements in the past year, Vanguard learned of the board's significant efforts to improve its committee composition, director independence, and risk oversight approach. With the addition of four new independent directors to the board, the creation of the Aerospace Safety Committee, and the formal separation of the CEO and chairman roles, Boeing has made progress in recent years in its efforts to respond to shareholder feedback and strengthen oversight. Because of these structural and substantive enhancements, the Vanguard funds voted in support of all director nominees.

The company received a shareholder proposal that sought enhanced disclosure of its lobbying activities and expenditures. In our discussions with the company, we learned that the board's governance, organization, and nominating committee oversees lobbying activity and its alignment with long-term business strategy.

In our analysis of company disclosures, we identified opportunities for Boeing to further enhance public reporting of its lobbying activities and expenditures, specifically about the company's overarching policies and procedures and the board's approach to oversight. We shared our views with the company and, informed by engagement with Vanguard and other shareholders, the company published a commitment to improve lobbying disclosure in the second half of 2021.

The board's articulation of its oversight process and its public commitment to enhance disclosure addressed our key concerns. The Vanguard funds therefore voted against the shareholder proposal.

What we expect from companies on this matter

On behalf of Vanguard funds, we expect boards to represent the interests of all shareholders and to make independent decisions about a company's leadership, strategy, and risks to long-term value.

We also expect boards to oversee corporate political activity across their enterprise and to communicate the firm's philosophy and policies to investors. We look for companies to disclose the oversight policies and structures in place to ensure the political activity's alignment with the company's philosophy and long-term strategy.