What is Vanguard? Why are we targeting them?

`What is Vanguard?
Vanguard is one of the world's largest investment management companies. It has 19 locations worldwide with about 17,300 employees. Vanguard is concentrated in the U.S. and headquartered in Malvern, PA. It has mostly independent customers and employer-retirement customers. Historically, Vanguard has focused on index funds and is the dominant player in these types of investments. In recent years, Vanguard has moved into actively managed funds. (*See "Important Terms" document for more detailed information on how asset managers work and the types of investments they make.*)

Vanguard is owned by its customers, but is governed by a board of directors with no term limits, who appoints its successors. It's a private company with no apparent opportunity for customers to file resolutions. There are 10 independent directors and a CEO. Vanguard appears to be concerned with maintaining market share among individual consumers and among employers. It benefits from a neutral-to-positive public image.

Why is Vanguard the target?
Vanguard is one of the world's biggest drivers of climate chaos. It's the largest global investor in coal -- the world's dirtiest and deadliest fossil fuel -- and one of the world's two biggest investors in oil and gas.

Vanguard also lags far behind other asset managers on climate. It has one of the worst voting records on climate-related shareholder resolutions in the companies it invests in and virtually no environmentally friendly or socially responsible investment options.

Though Vanguard has built its business on peoples' retirement, its investments are actively destroying our future. It has $104 billion invested in 12 of the "most devastating fossil fuel projects" being planned or already under development around the world. As a private company, Vanguard customers also have little to no direct say in how it does its investments.

What are Vanguard's current investments related to the climate crisis?
Vanguard has broad exposure to the most destructive industries due to its focus on index funds; it is one of the largest investors in fossil fuel companies, including coal. There are some "Environmental, Social, Governance" funds or ESGs (funds that take into account social responsibility), including new ones added in the past year, such as a bond fund called "Vanguard ESG U.S. Corporate Bond ETF"

As of early 2021, Vanguard owns $86 billion in companies that mine or burn coal, more than any other company. Unlike other major asset managers like BlackRock and State Street, Vanguard seems to lack any core competency in analyzing or addressing the dramatic impact of physical and transition climate risks on financial assets, or even in engagement.

Vanguard supports climate transparency shareholder resolutions on a case-by-case basis, supporting the idea in principle, but again, has the worst voting record on climate-related shareholder resolutions. On climate shareholder resolutions: "The Vanguard funds are generally likely to support management Say on Climate proposals where the company has identified climate change risk as material to its business and is seeking shareholder input on its climate plan. The funds may also support shareholder proposals that request disclosure of material climate-related risks and opportunities that aids decision-making, or that addresses a gap in the company's current practices."

How does Vanguard talk about itself?

Vanguard sees themselves as a "mom and pop" company that prides itself on its "no frills" attitude. It doesn't seem too concerned with critiques about its investments in companies known for their human rights violations. Vanguard also describes its priorities as a shareholder to vote in ways that promote good governance and better position companies to deliver sustainable value over the long term for all investors. Vanguard claims that customers are their owners, but they are not publicly traded; they have infrequent board elections that customers are allowed to participate in.

Vanguard's climate goals are narrowly focused on their own operations: Achieving 100% renewable energy in global operations in 2021 and reaching carbon neutrality (a net zero carbon footprint) throughout global operations in 2025.

Has Vanguard ever been pressured to change their policies in the past?

Vanguard doesn't seem to have had any major scandals and as far as we can tell, has never been pressured to change its policies. However, the power that Vanguard and its peers hold on shareholder resolutions is certainly gaining attention and concern. There has also been critique about how large portions of rival companies are owned by the same investors, decreasing competition.

Asset managers like Vanguard and Blackrock are effectively shareholders in these publicly traded companies, so they represent their customers in these company's shareholder meetings.

It's worth emphasizing that Vanguard has many *passionate* fans, who hold it in the highest regard; this is distinct from EQAT's previous targets.

How is the Sunrise Project approaching a Vanguard Campaign?

Sunrise Project's current theory of change in the Vanguard Campaign is two fold. It includes a corporate campaign focused on attacking Vanguard's brand and will eventually grow into a retail campaign focused on organizing customers to threaten to move their money from Vanguard.

The logic: Vanguard's brand is important to them - it's a trusted name for individual investors, corporations, and other institutions. As the world's fastest-growing asset manager, it's the 2nd largest asset manager with major holdings in sectors across the economy.
Vanguard has not had to take many serious blows to their public image. Vanguard faces some pressure due to new competition from other startups that target individual investors in different ways, which will probably make it alter/expand its offerings to stay competitive.

Compared to their peers, Vanguard is highly reliant on individual investors within the U.S., which could support more of a retail campaign. Individual investors who have personal Vanguard accounts constitute roughly 80% of Vanguard's 30 million "investor owners".

What is this campaign's relationship to the BlackRock campaign?

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The Vanguard campaign is a sister campaign to the BlackRock Campaign - they share the same vision, have similar demands, and the network of allies who have pushed BlackRock are now expanding their focus to Vanguard. However the companies are different and, consequently, live in slightly different landscapes. Though there will be some lessons from the BlackRock campaign that will be applied to Vanguard, these are still two separate campaigns.

The Sunrise Project is targeting Vanguard next because it recently replaced BlackRock as the largest global investor in coal, with $86 billion in coal industry investments. While BlackRock has a long way to go, it shows that change in finance is possible despite what financial leaders have said for decades. Vanguard has no excuses left.