Dechert LLP

VIA E-MAIL

July 27, 2020

Office of Chief Counsel
Division of Investment Management
U.S. Securities and Exchange Commission
100 F Street N.E.
Washington, D.C. 20549
IMshareholderproposals@sec.gov

Re: Shareholder Proposal Submitted by Kani Illangovan and Mary Lou Rosczyk for Inclusion in the Vanguard Funds' 2020 Proxy Materials

Dear Sir or Madam:

We are counsel to the Vanguard Funds listed on Appendix A of the attached letter (collectively, the "Funds"). On October 17, 2018 and November 1, 2018, Vanguard received a shareholder proposal and supporting statement (together, the "Proposal") from Kani Illangovan and Mary Lou Rosczyk (the "Proponents") for inclusion in the Funds' 2020 proxy statement and form of proxy (the "2020 Proxy Materials") to be distributed to the Funds' shareholders in connection with a 2020 Special Meeting of Shareholders.

The purpose of this letter is to notify the U.S. Securities and Exchange Commission (the "Commission") of the Funds' intent to exclude the Proposal from its 2020 Proxy Materials. We respectfully request confirmation that the staff of the Division of Investment Management (the "IM Division") will not recommend any enforcement action to the Commission if, in reliance on certain provisions of Rule 14a-8 under the Securities Exchange Act of 1934, as amended, the Funds exclude the Proposal from their 2020 Proxy Materials.

In accordance with Rule 14a-8(j) and Staff Legal Bulletin No. 14D ("SLB 14D"), we are emailing this letter to IMshareholderproposals@sec.gov. Additionally, in accordance with Rule 14a-8(j), we have copied the Proponents on the email and are simultaneously forwarding a copy of this letter via overnight mail to the Proponents and to their agents. The Funds presently intend to file their definitive 2020 Proxy Materials with the Commission on or about October 15, 2020, or as soon as possible thereafter. Accordingly, pursuant to Rule 14a-8(j), this letter is being submitted not less than 80 calendar days before the Funds will file their definitive 2020 Proxy Materials.

Rule 14a-8(k) and SLB 14D provide that shareholder proponents are required to send issuers a copy of any correspondence that the proponents elect to submit to the Commission or the IM Division. Accordingly, we are taking this opportunity to inform the Proponents that if the

Proponents elect to submit additional correspondence to the Commission or the IM Division with respect to this Proposal, a copy of that correspondence should be furnished concurrently to the undersigned on behalf of the Funds pursuant to Rule 14a-8(k) and SLB 14D.

Please send any response by the IM Division to this letter to my attention by email (stephen.bier@dechert.com) or by fax (212-698-0682) and send a copy of the response to the attention of the Proponents at the mailing address and/or email address set forth in the Proposal.

I. The Proposal

On October 17, 2018 and November 1, 2018, Vanguard received from the Proponents the Proposal for inclusion in the Funds' 2020 Proxy Materials. The Proposal reads as follows:

> **WHEREAS**
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> We believe that:
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> 1. While reasonable people may disagree about socially responsible investing, few want their investments to help fund genocide. KRC Research's 2010 study showed 88% of respondents want their mutual funds to be genocide-free.
>
> 2. Millions of Vanguard investors voted for genocide-free investing proposals, submitted by supporters of Investors Against Genocide. Details on genocide-free investing are available at http://bit.ly/2AiqPWD.
>
> 3. Vanguard has opposed genocide-free investing since the issue was raised in 2007.
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> 4. Genocide-free investing is consistent with the company's values. Notably, Vanguard:
>   a) Signed the UN Principles for Responsible Investment in 2014, agreeing to incorporate social issues into investment decision-making processes and "better align investors with broader objectives of society."
>   b) Claims "Our PRI membership is a natural extension of the Vanguard mission" and "we've always sought to take a stand for all investors and advocate for their best interests."
>   c) Publishes its pledge to "Align our interests with our clients' interests" and "Hold ourselves to the highest standards of ethical behavior and stewardship."
>   d) Should protect shareholder interests in avoiding investments substantially contributing to genocide.

5. Examples demonstrate that Vanguard's policies inadequately support genocide-free investing because Vanguard and funds it manages:
    a) Have for many years been one of the world's largest holders of both PetroChina and Sinopec. PetroChina's controlling parent, CNPC, is Sudan's largest oil partner, thereby helping fund genocide there. CNPC/PetroChina also partners with Syria. Sinopec, another oil company, also operates in both countries.
    b) Claim to have a policy that applied to all of its funds to consider social issues and "potential divestment" in cases of "crimes against humanity or patterns of egregious abuses of human rights," but have taken no action to avoid problem investments.

6. Individuals, by owning Vanguard funds, may inadvertently invest in companies that help support genocide. With no policy to prevent these investments, Vanguard may at any time increase holdings in problem companies.

7. Vanguard can implement a genocide-free investing policy because:
    a) Ample alternative investments exist.
    b) Avoiding problem companies need not significantly affect investment performance, as shown in Gary Brinson's classic asset allocation study.
    c) Appropriate disclosure can address any legal concerns regarding exclusion of problem companies, even in index funds that sample rather than replicate their index.
    d) Management can easily obtain independent assessments to identify companies connected to genocide.
    e) Other large financial firms (including T. Rowe Price and TIAA) have policies to avoid such investments.
    f) Procedures may include time-limited engagement with problem companies if management believes that their behavior can be changed.
    g) In the rare case that the company believes it cannot avoid an investment tied to genocide, it can prominently disclose the issue to shareholders.
    h) Only a handful of Vanguard's funds would be affected.

RESOLVED

Shareholders request that the Board institute transparent procedures to avoid holding or recommending investments in companies that, in management's judgment, substantially contribute to genocide or crimes against humanity, the most egregious violations of human rights.

II. Exclusion of the Proposal

A. Bases for Excluding the Proposal

As discussed more fully below, the Funds believe they may properly omit the Proposal from their 2020 Proxy Materials in reliance on Rule 14a-8(i)(7), as the Proposal deals with matters related to the Funds' ordinary business operations and seeks to impermissibly micromanage the Funds; and Rule 14a-8(i)(10), as the Proposal has already been substantially implemented by the Funds. The Funds believe that the Proposal's goal of dictating the day-to-day decision-making of the Funds' management personnel with regard to the selection of investment opportunities constitutes a clear case of micromanagement, as supported by recent Staff decisions. As discussed in greater detail below, the Funds have already substantially implemented the Proposal through procedures requiring Vanguard to monitor and advise the Funds on the human rights practices of portfolio companies. By conceding that the Funds already have a policy that addresses the issues presented in the Proposal, but objecting that the Funds do not use the specific methods outlined in the Proposal, the Proponents have acknowledged their intent to micromanage the Funds. As such, the Funds believe the Proposal can be properly omitted under both Rule 14a-8(i)(7) and Rule 14a-8(i)(10).

B. The Proposal May Be Omitted Under Rule 14a-8(i)(7), as it Seeks to Micromanage the Funds

A proposal may be omitted under Rule 14a-8(i)(7) if it "deals with a matter relating to the company's ordinary business operations." The Commission has explained that the policy underlying the ordinary business exclusion under Rule 14a-8(i)(7) rests on two central considerations. The first consideration is that certain tasks are so fundamental to management's ability to run a company on a day-to-day basis that the tasks could not, as a practical matter, be subject to direct shareholder oversight. The second consideration relates to "the degree to which the proposal seeks to 'micro-manage' the company by probing too deeply into matters of a complex nature upon which shareholders, as a group, would not be in a position to make an informed judgment."[1]

The Commission has repeatedly recognized that a proposal that seeks to micromanage the determinations of a company's management regarding day-to-day decisions is excludable under Rule 14a-8(i)(7) as a component of "ordinary business." The Commission has provided extensive guidance through staff bulletins and no-action precedent supporting the exclusion of shareholder proposals on micromanagement grounds. For example, the 1998 Release stated that the micromanagement consideration "may come into play in a number of circumstances, such as where the proposal involves intricate detail, or seeks to impose specific time-frames or methods of implementing complex policies." In Staff Legal Bulletin No. 14J (Oct. 23, 2018) ("SLB 14J"), the Staff stated that "it is the manner in which a proposal seeks to address an issue that results in

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[1] Securities Exchange Act Release No. 40018 (May 21, 1998) (the "1998 Release").

exclusion on micromanagement grounds." SLB 14J also provides that proposals "seek[ing] to impose specific time-frames or methods for implementing complex policies" are excludable under Rule 14a-8(i)(7) as seeking to micromanage a company. The Staff has also repeatedly recognized that "the ordinary business operations of an investment company include buying and selling portfolio securities."[2]

The staff of the Division of Corporation Finance (the "Staff") has already considered this issue and concluded that a nearly identical proposal, submitted by William Rosenfeld, may be omitted because it "micromanages the [c]ompany by seeking to impose specific methods for implementing complex policies.[3] The Proposal at hand is a nearly verbatim submission of Mr. Rosenfeld's proposal in the JPM/IAG Letter and seeks to micromanage the Company by subverting the day-to-day decision-making of management with regard to the selection of investment opportunities in the exact same way. The request in the JPM/IAG Letter specifically sought to require a prohibition on certain investments and to require a policy that would prohibit the company from making investments in certain companies.[4] The Staff agreed in the JPM/IAG Letter that such demands clearly constitute micromanagement and may be properly omitted pursuant to Rule 14a-8(i)(7). That the Proposal clearly seeks to micromanage the Funds' management of specific investment decisions is evidenced by its identification of the Funds' holdings in PetroChina and Sinopec as inconsistent with the Proposal's goals, thereby seeking to cause the Funds' divestment from those investments. The Proposal attempts to mandate a policy that would exclude specific investments from the Funds' ordinary business decisions. Just as the Staff agreed in the JPM/IAG Letter, the Proposal constitutes micromanagement because it seizes the ordinary decision-making functions of the Company and imposes a specific method for implementing complex policies.

The Proposal seeks to impose upon the Funds a method for implementing a complex policy that specifically addresses the securities in which the Funds would be permitted to invest. This is precisely the type of management function that Rule 14a-8(i)(7) recognizes as improper for direct shareholder oversight. Specifically, the Proposal requests that the Funds "institute transparent procedures to avoid holding or recommending investments in companies

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2 *See* College Retirement Equities Fund, SEC No-Action Letter (pub. avail. May 3. 2004) ("2004 CREF Letter"); *see also*, Morgan Stanley Africa Investment Fund, Inc.; SEC No-Action Letter (pub. avail. Apr 26, 1991) ("Morgan Stanley Letter") (noting that an investment company's ordinary business operations include "the purchase and sale of securities and the management of the fund's portfolio securities"); State Street Corp., SEC No-Action Letter (pub. avail. Feb. 24, 2009).

3 JPMorgan Chase & Co., SEC No-Action Letter (pub. avail. March 13, 2019) ("JPM/IAG Letter")

4 The proposal in the JPM/IAG Letter sought to micromanage the overarching investment policies and decisions of JPMorgan Chase & Co. as a bank holding company; similarly, the Proponents' Proposal seeks to micromanage the investment decision making and portfolio composition of certain Vanguard Funds.

that…substantially contribute to genocide or crimes against humanity." In so doing, the Proposal impermissibly seeks to micromanage the Funds by (i) explicitly restricting its day-to-day decision making with respect to the complex matters of selecting investments for the investment portfolios of its mutual and other funds and (ii) establishing criteria for excluding specific categories of investments. The selection and analysis of investments is fundamental to the business and operations of the Funds as investment companies; it constitutes a core management function involving the daily, complex evaluation and selection of investment opportunities for each of the Funds and is intended to be separate from direct shareholder oversight pursuant to Rule 14a-8(i)(7). The Proponents seek to impose a specific outcome for this analysis without considering any other investment criteria established and followed by management.

In two 2018 letters submitted by JPMorgan Chase & Co., the Staff likewise agreed that similar proposals may be excluded because they sought to "impose specific methods for implementing complex policies."[5] In the JPM Christensen Letter, the Staff concurred in the exclusion of a proposal which would have required a report on the reputational, financial and climate risks associated with project and corporate lending, underwriting, advising and investing for tar sands production and transportation. While that proposal did not explicitly dictate an alteration of company policy, the Staff found that it nevertheless sought to micromanage the company by imposing "specific methods for implementing complex policies." In the JPM Harrington Letter, the Staff concurred that JPMorgan Chase & Co. may exclude a proposal which would have required the company to establish a human and indigenous peoples' rights committee that, among other things, would adopt policies and procedures to require consideration of human and indigenous peoples' rights in connection with certain financing decisions. The Staff likewise agreed that such proposal would also micromanage the Company by seeking to "impose specific methods for implementing complex policies."[6] Like the request in the JPM/IAG Letter, the Proposal, micromanages even more than the proposals addressed in the JPM 2018 Letters by requiring prohibitions on specific companies from investment by the Funds rather than merely requiring a consideration of certain factors.

The Proposal interferes with the ability of the Funds' Board to oversee the day-to-day operations of the Funds by requiring the Board to adopt a specific policy position that imposes mandates on the core business of the Funds. Furthermore, as discussed in greater detail below, the Funds' management has adopted and developed policies and procedures to govern the monitoring and reporting of portfolio company human rights practices. The development and implementation of these policies and procedures are fundamental to the management of the day-to-day operations of the Funds. As illustrated by the Staff's recent precedent, the Proposal impermissibly seeks to

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5 *See* JPMorgan Chase & Co., SEC No-Action Letter (pub. avail. March 30, 2018) ("JPM Christensen Letter") and JPMorgan Chase & Co., SEC No-Action Letter (pub. avail. Mar. 30, 2018) ("JPM Harrington Letter" and together with the JPM Christensen Letter, the "JPM 2018 Letters").

6 *See* JPM Harrington Letter, *supra* note 4.

micromanage the Funds by replacing the informed and reasoned judgments of management with respect to the Funds' day-to-day operations, and therefore may be properly excluded under Rule 14a-8(i)(7).

The Vanguard Group, Inc. ("Vanguard") is a global financial services firm which offers more than 400 investment products with total assets of approximately $5 trillion. In order to manage the investments made by the Funds, Vanguard's management relies on its deep understanding of complex financial markets, products and companies, including information to which the Funds' shareholders do not have access. The Funds' management expends significant effort determining how to manage investments in order to satisfy its fiduciary obligation to its investors, while also taking into account complex public policy matters relating to its investments. This includes the development and implementation of policies and procedures such as the Funds' Procedures and Guidelines for Monitoring and Reporting on Portfolio Company Human Rights Practices. The investment decisions made by the Funds' management require complex analysis and industry expertise at many levels. While social and public policy issues are given due consideration within the Funds' operating model, they are one of many factors considered in an evaluation of the best interests of the Funds and its shareholders. As noted above, the Funds' management focuses extensively on establishing appropriate standards for making investment decisions, which are then implemented on a day-to-day basis when selecting investments. Per the guidance in SLB 14J, a proposal is excludable on the basis of micromanagement, even with a proper subject matter, if it "probe[s] too deeply into matters of a complex nature," which the Proposal seeks to do.

By seeking to prohibit the Funds from making investments in particular companies and forcing them to divest from others, the Proposal seeks to micromanage the Funds in a manner consistent with other Commission decisions. For example, in *Exxon Mobil*, a proposal sought the specific outcome of a new board committee devoted to climate risk to evaluate the board and management's climate strategy and to better inform board decision making on climate risks and opportunities.[7] The company argued, among other things, that the proposal unduly interfered with the company's board processes by assigning a specific set of responsibilities for how a new board committee should assess and manage climate related risks, thereby removing flexibility for the board in overseeing, assessing and managing those risks. The Staff agreed that the proposal "micromanages the [c]ompany by dictating that the board charter a new board committee on climate risk. As a result, the [p]roposal unduly limits the board's flexibility and discretion in determining how the board should oversee climate risk." In requiring a specific policy prohibiting certain types of investments, the Proposal similarly seeks to dictate specific actions to be taken by the Funds with respect to complex matters (investment policies and decisions) that the management of the Funds is well positioned to consider, whereas shareholders as a group are not.

In *Intel Corporation*, the Staff concurred with the omission of a proposal under Rule 14a-8(i)(7) that would have required Intel to: "update its "Global Human Rights Principles" to include

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[7] Exxon Mobil Co., SEC No-Action Letter (pub. avail. Mar. 6, 2020).

the following statement, as well as displaying said statement on all websites and communications which have Diversity and/or Inclusion as their primary subject matter: "Intel affirms and believes all that the Pride flag and the Gay Pride movement it is associated with represent or assert to be right and true."" [8] The Staff agreed with Intel that the proposal micromanaged the company by dictating that it must adopt a certain policy position and adopt specific measures on how to implement that position. In *Apple Inc.* (December 21, 2017), the Staff likewise concurred with the company that a shareholder proposal requiring the company's board to prepare a "report that evaluates the potential for the [c]ompany to achieve, by a fixed date, "net-zero" emissions of greenhouse gases relative to operations directly owned by the [c]ompany and major suppliers" micromanaged the company by delving too deeply into a complex issue about which shareholders would not be qualified to make an informed decision.[9]

Similar to the excluded proposals in the Staff decisions cited above, the Proposal seeks to impose upon the Funds a particular policy that precludes investments in a specific group of companies, thereby significantly impacting the Funds' day-to-day investment selection. Further, as the Proposal specifically identifies investments in PetroChina and Sinopec as inconsistent with the Proposal's goals, the Proposal seeks to force the Funds to divest themselves of certain prior investments that do not meet the policies requested by the Proposal. As the Proposal seeks to dictate the day-to-day management decisions of the Funds by overlaying a specific policy consideration, the Funds are of the view that the Proposal seeks to micromanage the Funds by probing too deeply into a complex issue about which shareholders would not be qualified to make an informed decision. As a result, the Proposal may be properly omitted pursuant to Rule 14-8(i)(7).

C. The Proposal May Be Omitted Under Rule 14a-8(i)(10), As It Has Been Substantially Implemented By The Funds

Rule 14a-8(i)(10) permits omission of a shareholder proposal if "the company has already substantially implemented the proposal." The ability to omit proposals that have been "substantially implemented" is designed to "avoid the possibility of shareholders having to consider matters which already have been favorably acted upon by the management."[10] Initially, the Staff interpreted the predecessor to Rule 14a-8(i)(10) narrowly and granted no-action relief only when the proposals were "fully effected" by the company. However, in 1983, the Staff acknowledged that the "previous formalistic application of [Rule 14a-8(i)(10)] defeated its purpose" because there was a pattern of proponents successfully convincing the Commission to deny no-action relief by submitting proposals that differed from a company's existing policies only by a few words. Therefore, a proposal need not be implemented completely or precisely as

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8 Intel Corporation, SEC No-Action Letter (pub. avail. Mar. 15, 2019).

9 Apple Inc., SEC No-Action Letter (pub. avail. Dec. 21, 2017).

10 SEC Release No. 34-12598 (July 7, 1976).

presented for the Staff to determine that the subject of the proposal has been acted upon favorably by management.[11] Instead, the company's actions must address the essential objectives of the proposal. Because the Funds have already implemented procedures to escalate allegations of the most egregious violations that substantially contribute to genocide or crimes against humanity, the Funds have substantially implemented the Proposal, and it may be excluded from the 2020 Proxy Materials.

The Funds have already substantially implemented the Proposal as each Fund's Board of Trustees ("Board") has implemented the procedures called for by the Proposal. The Proposal requests that each Board "institute transparent procedures to avoid holding or recommending investments in companies that, in management's judgment, substantially contribute to genocide or crimes against humanity, the most egregious violations of human rights." In this case, the Funds have implemented procedures requiring Vanguard to monitor and advise the Funds on the human rights practices of portfolio companies. With respect to the Funds, these policies, procedures and controls include: (i) assessing human rights violations based on the United Nations' Universal Declaration of Human Rights, securities filings, proxy reports, news reports, and other third-party materials that assist Fund analysts in identifying both companies and their specific business practices that may violate human rights; (ii) direct communication to the company in question to convey the expectation that human rights violations cease and to communicate possible divestment; (iii) publicly advocating and leveraging other industry resources to effect change; and (iv) recommending divestment if the company actively disregards prior steps, and if doing so is in the best interest of Fund shareholders. In the judgment of management and the Board, these policies, procedures and controls meet the Proposal's request that the Funds "institute transparent procedures to avoid holding or recommending investments in companies that . . . substantially contribute to genocide or crimes against humanity, the most egregious violations of human rights."

Specifically, Vanguard's "Investment Stewardship" analysts review third-party materials and communicate with the Funds to determine whether a particular portfolio company is engaged in business practices that may violate human rights or otherwise constitute a crime against humanity. If a violation is deemed to exist, Investment Stewardship will consider a variety of actions, including further engagement with the portfolio company, votes on related ballot items or against directors, and recommending further action to Vanguard's Investment Stewardship Oversight Committee ("ISOC"). ISOC will then consider the recommendations made by Investment Stewardship and, based on their assessment of the violations, authorize further action to the extent necessary. Such action may include formal letters to company leadership, participation in industry efforts, public advocacy, and ultimately, recommending divestment to the Board. Investment Stewardship prepares updates for the Board on portfolio company human rights practices and any recommended changes to the Funds' procedures at least annually. Consistent with its oversight responsibilities, ISOC may report to the Board on matters it has considered under Vanguard's procedures. If ISOC believes divestment is warranted (or that

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11 SEC Release No. 20091 (August 16, 1983).

escalation to the Board is otherwise appropriate) ISOC will report to the Board and recommend the appropriate course of action (including divestment of a Fund's shares of the company).

Although the Proposal defers to the judgment of the Board to "institute transparent procedures" to prevent the Funds from holding investments in companies that substantially contribute to genocide or crimes against humanity, the Board has already exercised its judgment by directing management to develop and implement robust procedures directly addressing the ways in which the Funds will monitor and address the human rights practices of its portfolio companies. The Staff has previously stated that "a determination that [a] [c]ompany has substantially implemented the proposal depends upon whether its particular policies, practices and procedures compare favorably with the guidelines of the proposal."[12] Where a company has implemented the essential objectives of a shareholder proposal or has policies and procedures concerning the subject matter already in place, the Commission staff has consistently found that the proposal has been substantially implemented and could be properly excluded from the company's proxy materials.[13] In *Freeport-McMoran Copper & Gold, Inc.*,[14] the Staff agreed that a company may exclude a proposal requesting that the company make certain enhancements to its human rights policy, even where the specific elements of the company's policy were not identical with the shareholder proponents' objectives.[15] Similarly, in *The Talbots, Inc.*, a shareholder requested implementation of a code of corporate conduct based on human rights standards of the United Nations' International Labor Organization.[16] The proposal was found to have been substantially implemented because the company had established and implemented similar human rights standards, even though those standards did not precisely comply with the standards referenced in the shareholder proposal.[17] Additionally, in *The Boeing Co.*, the Commission

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12 *See* Texaco Inc., SEC No-Action Letter (pub. avail. March 28, 1991).

13 *See, e.g.*, Exxon Mobil Co., SEC No-Action Letter (pub. avail. Apr. 2, 2019); The TJX Companies, Inc., SEC No-Action Letter (pub. avail. February 4, 2019); Verizon Communications Inc., SEC No-Action Letter (pub. avail. Dec. 19, 2018); Apple Inc., SEC No-Action Letter (pub. avail. Nov. 19, 2018); Sun Microsystems, Inc., SEC No-Action Letter (pub. avail. Aug. 28, 2008); Anheuser-Busch Cos., Inc., SEC No-Action Letter (pub. avail. Jan. 17, 2007); ConAgra Foods, Inc., SEC No-Action Letter (pub avail. July 3, 2006); Johnson & Johnson, SEC No-Action Letter (pub. avail Feb. 17, 2006); Freeport-McMoran Copper & Gold, Inc., SEC No-Action Letter (pub. avail. Mar. 5, 2003).

14 *See supra* note 14.

15 SEC No-Action Letter (pub. avail. Mar. 5, 2003). *See also*, AMR Corp., SEC No-Action Letter (pub. avail. April 17, 2000); Kmart Corp., SEC No-Action Letter (pub. avail. Mar. 12, 1999).

16 SEC No-Action Letter (pub. avail. Apr. 5, 2002).

17 *Id.*; *see also* The Gap, Inc., SEC No-Action Letter (pub. avail. Mar. 16, 2001) (concerning a proposal relating to child labor practices where the company already implemented related procedures); Kmart Corp., SEC No-Action Letter (pub. avail. Feb. 23, 2000) (concerning vendor

concurred with the exclusion of a proposal requesting that the company "review its policies related to human rights" and report its findings, because the company had already adopted human rights policies and also provided an annual report regarding corporate citizenship.[18]

As in the precedent letters cited above, the Funds have already addressed and substantially implemented the Proposal's essential objectives by adopting procedures that provide avenues to address human rights violations by portfolio companies. These procedures, which include a detailed, robust process, are routinely carried out by management, provide for analysis, public advocacy, and, if the Board determines it to be in the best interest of the Funds' shareholders, divestment of investments in companies that engage in crimes against humanity. They clearly and plainly address all of the essential objectives of the Proposal. Accordingly, the Proposal may be properly omitted from the 2020 Proxy Materials pursuant to Rule 14a-8(i)(10), as the Board has already exercised its judgment and approved procedures designed to address companies that substantially contribute to genocide or crimes against humanity.

III. **Conclusion and Request for Confirmation**

For the foregoing reasons, the Funds respectfully request that the IM Division confirm that it will not recommend any enforcement action to the Commission, if the Funds exclude the Proposal from their 2020 Proxy Materials.

Should you have any questions regarding any aspect of this letter or require any additional information, please contact the undersigned at 212-698-3889 or stephen.bier@dechert.com. If the IM Division disagrees with our conclusion that the Proposal may be excluded from the 2020 Proxy Materials, we would appreciate an opportunity to discuss the matter with the IM Division prior to issuance of its formal response.

Sincerely,

Stephen H. Bier

cc: Kani Illangovan
Mary Lou Rosczyk

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oversight practices where the company already implemented vendor monitoring policies and procedures).

18 SEC No-Action Letter (pub. avail. Feb. 17, 2011).

Appendix A

Vanguard U.S. Value Fund
Vanguard Health Care Fund
Vanguard Energy Fund