

Vanguard ESG Developed World All Cap Equity Index Fund

Template pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 ('SFDR') and Article 6, first paragraph, of Regulation (EU) 2020/852 ('Taxonomy Regulation')

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Product name:
Vanguard ESG Developed World All Cap Equity Index Fund

Legal entity identifier:
U8M2TPY5GCP8TRLEU815

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

Yes

No

It will make a minimum of **sustainable investments with an environmental objective**:_%

in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

It will make a minimum of **sustainable investments with a social objective**:_%

It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of_% of sustainable investments

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

It promotes E/S characteristics, but **will not make any sustainable investments**



Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

What environmental and/or social characteristics are promoted by this financial product?

The Fund promotes environmental and social characteristics by excluding companies from its portfolio based on the impact of their conduct or products on society and / or the environment.

This Fund is passively managed. Its objective is to track the performance of the FTSE Developed All Cap Choice Index. For this reason, the Index also serves as the designated Reference Benchmark for the purpose of attaining the environmental and / or social characteristics promoted by the Fund.

The Index excludes stocks of companies that the sponsor of the Index determines to be engaged or involved in, and / or derive revenue (above a threshold specified by the Index provider) from, the following activities:

- Vice Products (i.e., adult entertainment, alcohol, gambling, tobacco, cannabis);
- Non-Renewable Energy (i.e., nuclear power, fossil fuels (including power generation from oil, gas, and thermal coal)); and
- Weapons (chemical & biological weapons, cluster munitions, anti-personnel landmines, nuclear weapons, civilian firearms, and conventional military weapons).

The Index methodology also excludes companies that, as determined by the Index provider, are involved in severe controversies (i.e., companies which do not meet the labour, human rights, environmental, and anticorruption standards as defined by the United Nations Global Compact Principles).

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

● **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The Investment Manager will measure the attainment of the environmental and social characteristics by assessing the extent to which the exclusion criteria described above have been applied and measuring the proportion of the portfolio excluded from the Parent Index (being the FTSE Developed All Cap Index). Further information on the exclusion criteria and how they are applied can be found on the website hyperlinked at the end of this disclosure annex.

● **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

While the Fund promotes environmental and social characteristics, it does not commit to making sustainable investments.

● **How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

Not applicable.

How have the indicators for adverse impacts on sustainability factors been taken into account?

Not applicable.

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

Not applicable.

The EU Taxonomy sets out a "do not significantly harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do not significantly harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

Does this financial product consider principal adverse impacts on sustainability factors?

X Yes, the Fund does consider principal adverse impacts on sustainability factors.

By avoiding investment in non-renewable energy (i.e., nuclear power, fossil fuels (including power generation from oil, gas, and thermal coal)), the Fund considers the following principal adverse impact indicator:

- Exposure to companies active in the fossil fuel sector

By avoiding investment in weapons (chemical & biological weapons, cluster munitions, anti-personnel landmines, nuclear weapons, civilian firearms, and conventional military weapons), the Fund considers the following principal adverse impact indicator:

- Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)

By avoiding investment in companies involved in severe controversies (i.e., companies which do not meet the labour, human rights, environmental, and anticorruption standards as defined by the United Nations Global Compact Principles), the Fund considers the following principal adverse impact indicator:

- Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises

No





What investment strategy does this financial product follow?

The Fund employs a “passive management”- or indexing - investment strategy designed to track the performance of the FTSE Developed All Cap Choice Index. To the extent practicable, the Fund uses a full replication strategy to select securities, so that the Fund invests in all, or substantially all, of the constituents of the Index, making the weight of such investments approximate to those of the Index. When not practicable to fully replicate, the Fund uses a sampling process to invest in a portfolio of securities that consists of a representative sample of the component securities of the Index.

The Investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

- **What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

The binding element of the investment strategy is the exclusionary screening methodology, which is summarised in the section above headed "What environmental and / or social characteristics are promoted by this financial product?".

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

Not applicable.

- **What is the policy to assess good governance practices of the investee companies?**

The investee companies, in which the Fund invests, follow good governance practices since the Investment Manager replicates an index that excludes companies that are involved in poor governance practices. This excludes companies that, as determined by the Index provider, are involved in severe controversies (i.e., companies which do not meet the labour, human rights, environmental, and anticorruption standards as defined by the United Nations Global Compact Principles).

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.



What is the asset allocation planned for this financial product?

The binding element of the investment strategy is solely the exclusionary screening methodology of the Index. This excludes companies which are engaged in, or derive revenue from, certain activities, from the Index based on the impact of their conduct or products on society and / or the environment (as further described above).

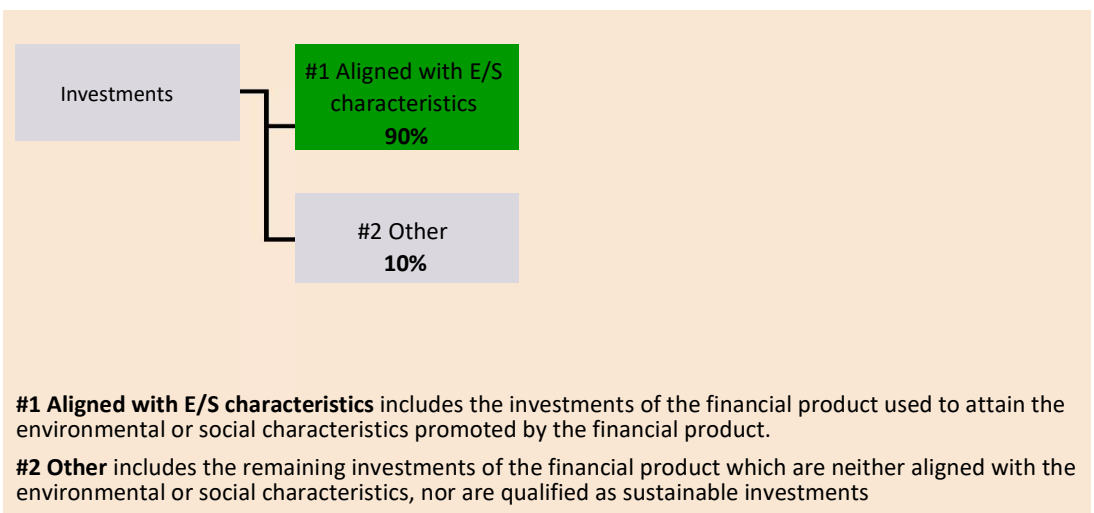
It is expected that at least 90% of the Fund’s assets will be invested in constituents of the Index and accordingly, are determined to be aligned with the environmental and social characteristics promoted by the Fund.

Up to 10% of assets fall into the sub-category “#2 Other”. These represent indirect exposures (including derivatives) which are used for efficient portfolio management purposes only. The Fund does not apply any minimum environmental or social safeguards to such investments.

The Fund does not commit to make any sustainable investments.

Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

The Fund does not use derivatives to attain the environmental or social characteristics promoted by the Fund.



To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

While the Fund promotes environmental and social characteristics, it does not commit to making sustainable investments (including environmentally sustainable investments within the meaning of the Taxonomy Regulation). As such, the Fund makes a minimum commitment of 0% in environmentally sustainable investments.

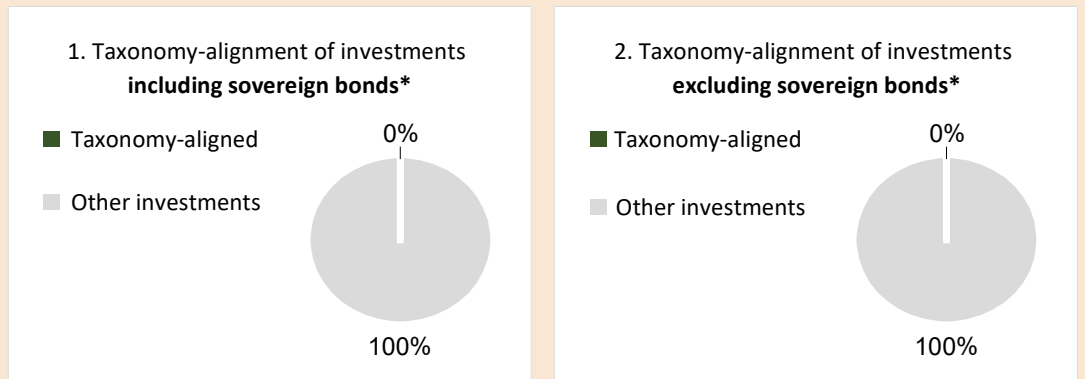
● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy²?**

Yes:

In fossil gas In nuclear energy

No

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*



* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

● **What is the minimum share of investments in transitional and enabling activities?**

Not applicable.

² Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective -see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.



are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Not applicable.



What is the minimum share of socially sustainable investments?

Not applicable.



What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

Up to 10% of assets fall into the sub-category “#2 Other”. These represent indirect exposures (including derivatives) which are used for efficient portfolio management purposes only. The Fund does not apply any minimum environmental or social safeguards to such investments.



Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

Yes, the Fund tracks the FTSE Developed All Cap Choice Index to attain its environmental and social characteristics.

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

● ***How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?***

The Index rebalances on a quarterly basis, at which time the Parent Index (FTSE Developed All Cap Index) is screened for the ESG exclusions criteria.

Apart from scheduled rebalances, the Index Provider may carry out additional ad hoc rebalances to the Index in order, for example, to correct an error in the selection of Index constituents.

● ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***

The Investment Manager monitors the Index and its exclusions on a regular basis to ensure the alignment of the investment strategy with the methodology of the index.

● ***How does the designated index differ from a relevant broad market index?***

The Index is constructed from the FTSE Developed All Cap Index which is then screened for certain environmental, social, and corporate governance criteria by the sponsor of the Index, which is independent of Vanguard.

● ***Where can the methodology used for the calculation of the designated index be found?***

Further information in relation to the Index, including current details as to its exact composition, methodology, exclusions and any revenue thresholds, can be obtained at

<https://www.ftserussell.com/products/indices/global-choice>.

Additionally further details of the screening criteria including the involvement thresholds for inclusion can be found in the FTSE Global Choice Index Series Ground Rules. Product-related exclusions can be found in Appendix A and conduct-related exclusions can be found in the Controversies section of Appendix B:

[FTSE Russell Global Choice Index Ground Rules](#)



Where can I find more product specific information online?

Please see below a link to sustainability information relating to this product: [Fund Sustainability-related disclosures](#)

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