

Fund Overview

# Vanguard Ethically Conscious International Shares Index Fund

## Negative screening



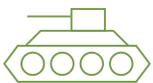
### Non-Renewable energy

- Fossil fuels
- Nuclear power



### Vice products

- Adult entertainment
- Alcohol
- Gambling
- Tobacco



### Weapons

- Controversial weapons (e.g. cluster munitions)
- Conventional military weapons
- Firearms

Investors have a wide variety of humanitarian, ethical, environmental, and social concerns, and many want to see these beliefs reflected in their investments. With this in mind, Vanguard offers clients ESG investment options which utilise exclusionary screening.

The Vanguard Ethically Conscious International Shares Index Fund (the Fund) tracks an index that uses screens to exclude certain sectors, companies, or practices based on specific criteria that are considered negative environmental, social, and governance practices. For example, screening out tobacco companies.

While sector weightings may differ from a more traditional broad-market index, the Fund remains broadly diversified and aligned with Vanguard’s philosophy of providing enduring, low cost, diversified, and long-term products.

## Investment objective

The Vanguard Ethically Conscious International Shares Index Fund seeks to track the return of the FTSE Developed ex Australia ex Non-renewable Energy, Vice Products and Weapons Net Tax Index in Australian dollars before taking into account fees, expenses and tax. The hedged version of the Fund will track the same benchmark hedged to either AUD or NZD.

## Fund overview

The Fund provides exposure to many of the world’s largest companies listed in major developed countries. It offers low-cost access to a broadly diversified range of securities, with a total of 1,650 securities, excluding companies with significant business activities involving fossil fuels, alcohol, tobacco, gambling, military weapons and civilian firearms, nuclear power and adult entertainment.

The Fund applies nine negative screens across three categories. (See left side).

The screening criteria excludes approximately 321 securities representing about 20% of the market cap of the broader benchmark.

	Unhedged fund	Hedged AUD	Hedged NZD	Unhedged ETF
Benchmark	FTSE Developed ex Australia ex Non-renewable Energy, Vice Products and Weapons Net Tax Index in Australian dollars before taking into account fees, expenses and tax			
Management fee	0.20% pa	0.23% pa	0.26% pa	0.18% pa
Number of benchmark holdings	Approximately 1,600			
Income distribution	Quarterly			
Minimum investment	\$500,000	\$500,000	\$500,000	Not applicable
Code	VAN8175AU	VAN0848AU	VAN4013AU	VESG

## FTSE Index exclusion methodology

For over 30 years, FTSE Russell has been a leading global provider of indexes with approximately \$15 trillion of assets currently benchmarked to their indexes. FTSE Russell provide an independent and transparent index construction process that strongly aligns with existing international standards on relevant ESG themes. FTSE has been managing ESG indices since the introduction of the FTSE4Good series in 2001.

### Alcohol

- Companies that produce alcoholic beverages.

### Tobacco

- Companies that produce tobacco products.

### Gambling

- Companies that provide gambling services.

### Civilian Firearms

- Companies that produce firearms or ammunition for non-military use. This includes handguns, shotguns, rifles, and semi-automatic weapons.

### Adult entertainment

- Companies that produce adult entertainment. This includes movies, print publications, online content, and live entertainment.

### Fossil fuels

- Companies with revenues arising from coal reserves and/or oil and natural gas reserves used for energy purposes based on the companies' most recent published Annual Report and Accounts;
- Companies that have proved and probable reserves in coal and/or oil and natural gas reserves based on the companies' most recent published Annual Report and Accounts.

### Military weapons

- Companies that produce chemical or biological weapons or that produce specific or critical parts or services for chemical or biological weapons;

- Companies that produce cluster munitions or that produce specific or critical parts or services for cluster munitions;
- Companies that produce anti-personnel mines or that produce specific or critical parts or services for anti-personnel mines;
- Companies that produce nuclear weapons systems or that produce specific or critical parts or services for nuclear weapons systems;
- Companies that produce other weapons and personnel for military use. This includes munitions, vehicles designed to carry military weapons (mounted or demountable), weapons delivery systems (including mounting and launching systems as well as targeting and guidance systems), and private military companies.

### Nuclear power

- Companies that are involved in the production of nuclear power. This includes companies generating power from a process of sustained nuclear fission or fusion within a controlled environment, or that are providing goods, products & services including components, specialist materials, bespoke manufacturing and maintenance processes, design and operational support capabilities that enable the generation of nuclear power;
- Companies that are involved in uranium mining. This includes companies that provide goods, products & services derived from the ownership of uranium and uranium extraction rights, or that provide products/services for the processing and management of uranium and uranium ore based raw materials.

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