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Sustainability-related disclosures: Vanguard Selected Screened Euro Investment Grade Bond Index Fund (the "Fund") v. Feb 2025

(a) Summary

Environmental or social characteristics and investment strategy

The Fund employs a "passive management"- or indexing - investment strategy designed to achieve the performance of the Bloomberg EUR Non-Government Float Adjusted Bond Index (the "Index") by investing in a portfolio of securities that, insofar as possible and practicable, consists of a representative sample of the component securities of the Index that satisfy the application of the screening process. Through the screening out of bonds issued by corporate issuers (including covered bonds) from its portfolio based on the potentially detrimental impact of the relevant issuer's conduct or products on society, the Fund promotes the following characteristics in respect of its investment universe, unless otherwise disclosed.

The Fund promotes the following social characteristics relating to social norms and standards:

- Human rights, labour rights and anti-corruption as set out in the principles of the UN Global Compact; and
- Avoiding the financing of controversial weapons.

The Fund promotes and attains the above-mentioned social characteristics through the screening process applied, as described below, to the Index.

The Index provider has developed a screening process designed to analyse certain securities in the Index against social factors. The screening process seeks to exclude Index constituents that are issued by corporate issuers (including covered bonds – being bonds issued by corporate issuers and backed by a pool of assets with dual recourse to both the issuer and the assets) that (as determined by the Index provider) are (1) involved in the production of controversial weapons such as cluster munitions, land mines, biological weapons, chemical weapons and/or nuclear weapons; and/or (2) are involved in the manufacture of tobacco products. The screening process also seeks to exclude Index constituents that are issued by corporate issuers (including issuers of covered bonds) that have allegedly or actually been directly involved in very severe controversies and/or violations of international norms and principles, that have a negative environmental, social and/or governance impact above a particular severity threshold (as determined by the Index provider using a pre-defined, rules-based methodology).

Monitoring and methodologies

The Investment Manager who provides investment management services, will measure the attainment of the social characteristics by assessing that the exclusion criteria above have been applied and measuring the proportion of the portfolio excluded from the Index.

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

Data sources and limitations

The Index provider is responsible for sourcing, processing and validating ESG data through the use of a third-party data provider; this is independent of the Investment Manager.

However, there could be a lack of availability of self-reported data of the issuers of the fixed income securities included within the Index and subject to the screening process. There can also be limitations in regard to the timing of the data refresh by data providers to capture newly available data. Data may therefore be based on assumptions, forecasts, projections, estimations and opinions of the Index provider and their third-party providers. The Index provider maintains the application of the pre-defined, rules-based methodology that results in a list of securities that have failed the screening process (the "Exclusion List"), which ensures that the social characteristics are met for the Fund.

Due diligence

The Investment Manager conducts due diligence in respect of the Index provider prior to appointment and on an ongoing basis. The Index Provider is responsible for creating the index methodology and maintaining the methodology by which the Exclusion List is derived to ensure constituents adhere to this methodology. The Investment Manager focuses on the processes and procedures that the relevant Index Provider has in place on an ongoing basis. Please refer to section (f) for further details of the Investment Manager's processes and procedures.

Engagement policies

Not applicable.

Designated reference benchmark

A reference benchmark has not been designated for the purpose of attaining the social characteristics promoted by the financial product.

(b) No sustainable investment objective

Does the Fund have sustainable investment as its objective?

The Fund promotes environmental or social characteristics but does not have as its objective sustainable investment.

(c) Environmental or social characteristics of the financial product

What environmental and / or social (E/S) characteristics are promoted by this financial product?

Through the screening out of bonds issued by corporate issuers (including covered bonds) from its portfolio based on the potentially detrimental impact of the relevant issuer's conduct or products on society, the Fund promotes the following characteristics in respect of its investment universe, unless otherwise disclosed.

The Fund promotes the following social characteristics relating to social norms and standards:

- Human rights, labour rights and anti-corruption as set out in the principles of the UN Global Compact; and
- Avoiding the financing of controversial weapons.

(d) Investment strategy

What is the investment strategy used to meet the E/S characteristics promoted by the financial product?

The Fund promotes and attains the above-mentioned social characteristics through the screening process applied, as described below, to the Index.

The Index provider has developed a screening process designed to analyse certain securities in the Index against social factors. The screening process seeks to exclude Index constituents that are issued by corporate issuers (including covered bonds – being bonds issued by corporate issuers and backed by a pool of assets with dual recourse to both the issuer and the assets) that (as determined by the Index provider) are (1) involved in the production of controversial weapons such as cluster munitions, land mines, biological weapons, chemical weapons and/or nuclear weapons; and/or (2) are involved in the manufacture of tobacco products. The screening process also seeks to exclude Index constituents that are issued by corporate issuers (including issuers of covered bonds) that have allegedly or actually been directly involved in very severe controversies and/or violations of international norms and principles, that have a negative environmental, social and/or governance impact above a particular severity threshold (as determined by the Index provider using a pre-defined, rules-based methodology).

A reference benchmark has not been designated for the purpose of attaining the social characteristics promoted by the financial product

What is the policy to assess good governance practices of the investee companies, including with respect to sound management structures, employee relations, remuneration of staff and tax compliance?

The assessment of good governance practices is incorporated into the screening process. The screening process excludes the bonds of corporate issuers (including covered bonds – being bonds issued by corporate issuers and backed by a pool of assets with dual recourse to both the issuer and the assets) that have allegedly or actually been directly involved in very severe controversies and/or violations of international norms and principles that have a negative environmental, social and/or governance impact above a particular severity threshold (as determined by the Index provider using a pre-defined, rules-based methodology).

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(e) Proportion of investments

What is the asset allocation planned for this product?

The binding element of the investment strategy is solely the screening process. This excludes securities issued by corporate issuers (including covered bonds) from the Fund's portfolio based on the impact of the issuer's conduct or products on society (as further described above). This is met by not holding fixed income securities issued by corporate issuers (including covered bonds) in the Index that do not meet specific criteria, as further outlined above

Following the application of the screening process it is expected that at least 60% of investments are determined to be aligned with the social characteristics promoted by the Fund.

Up to 40% of assets represent securities issued by government-related entities as well as securitised assets which are not covered bonds which are not subject to the screening process as well as 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.

Does this product have planned indirect exposures to entities?

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

(f) Monitoring of environmental or social characteristics

How are the E/S characteristics promoted by the financial product and the Sustainability Indicators used to measure the attainment of each of those E/S characteristics promoted by the financial product monitored throughout the lifecycle of the financial product?

The Investment Manager will measure the attainment of the environmental and social characteristics by:

- measuring the proportion of the portfolio excluded from the Index and
- assessing the extent to which the exclusion criteria described above have been applied

The first sustainability indicator, the proportion of the portfolio excluded from the Index, is monitored by the Investment Manager on an annual basis to include in the annual reports.

The second sustainability indicator, the extent to which the exclusion criteria have been applied, is monitored by the Investment Manager on a regular basis through internal and external controls, as discussed below.

What are the related internal control mechanisms?

The Investment Manager undertakes independent oversight of the investment management processes and systems. As part of this oversight, the investment and operational risks are considered. The Investment Manager oversees ESG risk as part of our general investment risk and operational risk monitoring activities.

There are additional internal trade compliance controls, that will check whether new instruments bought are benchmark constituents as well as checking for any fund holdings that may no longer be part of the benchmark. These checks aim to confirm that out of benchmark holdings are not added and are removed in a timely fashion. The Investment Manager will monitor tracking error (difference between portfolio and benchmark) on a daily basis and follow up on any significant deviations.

What are the related external control mechanisms?

The Index rebalances on a monthly basis. The Index provider has implemented controls which are independent of the Investment Manager.

(g) Methodologies

What are the methodologies to measure how the E/S characteristics promoted by the financial product are met?

The Fund promotes and attains the above-mentioned social characteristics through the screening process applied to the Index as described in the Summary section above.

The Index rebalances on a monthly basis.

The Index Provider has its own set of internal processes which are independent of the Investment Manager.

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(h) Data sources and processing

What are the data sources used to attain each of the E/S characteristics promoted by the financial product?

The Index provider is responsible for sourcing, processing and validating ESG data through the use of a third-party data provider; this is independent of the Investment Manager.

What measures are taken to ensure data quality?

The Index provider has implemented processes to ensure data quality; these are independent of the Investment Manager.

How are the data processed?

The Investment Manager does not perform any data processing with regards to the screening criteria, which is carried out by the Index Provider to maintain the application of the methodology from which the Exclusion List is derived.

The Index provider has implemented data processing frameworks; these are independent of the Investment Manager.

What is the proportion of data that are estimated?

It is currently complex to report sufficiently accurate numbers on the proportion of data that is estimated. The Index provider uses estimated data under specific circumstances; this is independent of the Investment Manager.

(i) Limitations to methodologies and data

What are the limitations to the methodologies referred to in section (g) and the data sources referred to in section (h)?

The main limitations is the availability of self-reported data of the companies included within the Index and the timing of the data refresh by data providers to capture newly available data. Data may therefore be based on assumptions, forecasts, projections, estimations and opinions of the Index Provider and their third-party providers.

How do such limitations not affect how the E/S characteristics promoted by the financial product are met?

The Index provider maintains the application of the pre-defined, rules-based methodology that results in an Exclusion List which ensures that the social characteristics are met for the Fund.

(j) Due diligence

What due diligence is carried out on the underlying assets of the financial product (including the internal and external controls)?

The Investment Manager conducts due diligence in respect of the Index Provider prior to appointment and on an ongoing basis. The Index provider is responsible for creating the index methodology and maintaining the methodology by which the Exclusion List is derived to ensure constituents adhere to this methodology. The Investment Manager focuses on the processes and procedures that the relevant Index provider has in place on an ongoing basis. Please refer to section (f) for further details of the Investment Manager's processes and procedures.

(k) Engagement policies

What is the engagement policy implemented where engagement is part of the environmental or social investment strategy (including any management procedures applicable to sustainability-related controversies in investee companies)?

Not applicable.

(l) Designated reference benchmark

Has an index has been designated as a reference benchmark to meet the E/S characteristics promoted by the financial product?

No, the Index does not determine whether this financial product is aligned with the social characteristics that it promotes. This is because the screening process (that promotes the relevant social characteristics) is applied outside of the Index that this financial product tracks.

How is this index aligned with the E/S characteristics promoted by the financial product?

Not applicable.

Where can one find information with regards to input data, methodologies used to select those data, the rebalancing methodologies and index calculations?

Not applicable.

Further Information

For further information about the objectives and investment policy of the Fund please see Appendix 1 of the Vanguard Investment Series plc prospectus on our website at https://global.vanguard.com.

Please refer to the link below to access the sustainable finance disclosures of the Fund set out within the prospectus of Vanguard Investment Series plc. Click here

Please refer to the link below to access the sustainable finance disclosures of the Fund set out within the Annual Report of Vanguard Investment Series plc. Click here

Version Control

February 2025:

- Updated sections a, c,d,e,f,g,h,I,j and L to reflect the name change and updates main to the prospectus for Vanguard SRI Euro Investment Grade Bond Index Fund to Vanguard Selected Screened Euro Investment Grade Bond Index Fund implementation date 11 Feb 2025.

April 2023:

- Legal Entity Identifier (LEI) - The LEI has been updated to reflect the Fund's LEI, rather than the Investment Manager LEI.
- Section (e) 'Proportion of investments' – The question "What is the asset allocation planned for this product?" has been updated to provide enhanced clarity and to improve investor comparability of Article 8 products promoting environmental and/or social characteristics through an exclusionary screening only approach. This update is also reflected in '(a) Summary'.