

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')

Product name:
Vanguard ESG Developed Asia Pacific All Cap UCITS ETF

Legal entity identifier:
549300KDUKNBQMIADR68

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**

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.



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

The Fund promotes the following environmental characteristics:

- reduction of environmental harm by excluding investments in companies based on certain fossil fuel related activities.

The Fund also 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, including nuclear weapons.

The Fund promotes these environmental characteristics through the screening out of stocks of companies from its portfolio based on the potentially detrimental impact of their conduct or products on society and / or the environment.

The Fund is passively managed and promotes the above-mentioned characteristics by tracking the FTSE Developed Asia Pacific All Cap Choice Index (the “**Index**”), which is a designated Reference Benchmark for the purpose of attaining the environmental and social characteristics promoted by the Fund.

The Index methodology excludes stocks of companies that the Index provider determines (a) to be engaged or involved in specific parts of the supply chain for, and / or (b) derive revenue (above a threshold specified by the Index provider) from certain activities relating to the following:

- (a) vice Products (adult entertainment, alcohol, gambling, tobacco, cannabis);
- (b) non-Renewable Energy (nuclear power and fossil fuels (which includes (i) companies that have greater than 50% ownership of companies that own proved or provable reserves in coal, oil or gas, (ii) oil and gas production and supporting services, (iii) coal extraction, production and supporting services, (iv) oil and gas and thermal coal power generation, and (v) extraction of arctic oil and gas

- and (vi) oil sands)); and
- (c) weapons (chemical & biological weapons, cluster munitions, anti-personnel landmines, nuclear weapons, civilian firearms, and conventional military weapons).

The Index provider defines what constitutes “involvement” in each activity. This may be based on percentage of revenue or any connection to a restricted activity regardless of the amount of revenue received, and will relate to specific parts of the supply chain. Details regarding what constitutes “involvement” for each activity and/or the revenue thresholds applied can be found in Appendix A (Product-related exclusions) of the FTSE ground rules document found at the links below under the heading ‘Where can the methodology used for the calculation of the designated index be found?’. Additional details regarding the rules applied by the Index provider, including treatment of company ownership structures, can be found in the documents which are linked to in the ground rules document.

The Index methodology also excludes companies based on certain controversial conduct, which is achieved by excluding companies that meet the following criteria in relation to the United Nations Global Compact Principles regarding labour, human rights, environmental, and anticorruption standards:

- for large and mid-cap sized companies (as determined by the Index provider), those which have been deemed 'Non-Compliant' with such standards; and
- for small-cap size companies (as determined by the Index provider), those which have been deemed either 'Watchlist' or 'Non-Compliant' with such standards,

in each case by reference to data provided by a third party data provider (further details of which may be obtained in the documents linked to in the ‘Further information on the Index’ section above).

The Index also excludes companies specifically on the USA’s Department of Homeland Security’s Uyghur Forced Labor Prevention Act Entity List.

● ***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 Asia Pacific 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.

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

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.



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.

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

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

By excluding stocks of companies that the Index provider determines (a) to be engaged or involved in specific parts of the supply chain for, and / or (b) derive revenue (above a threshold specified by the Index provider) from certain activities relating to non-renewable energy (nuclear power and fossil fuels (which includes (i) companies that have greater than 50% ownership of companies that own proved or provable reserves in coal, oil or gas, (ii) oil and gas production and supporting services, (iii) coal extraction, production and supporting services, (iv) oil and gas and thermal coal power generation, (v) extraction of arctic oil and gas and (vi) oil sands)), the Fund considers the following principal adverse impact indicator:

- Exposure to companies active in the fossil fuel sector

By excluding stocks of companies that the Index provider determines (a) to be engaged or involved in specific parts of the supply chain for, and / or (b) derive revenue (above a threshold specified by the Index provider) from certain activities relating to 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)

The third party data which is utilized by the Index Provider considers a number of norms and standards including those that are enshrined in the UN Global Compact and the OECD Guidelines for Multinational Enterprises. By excluding stocks of companies based on certain controversial conduct (which is achieved by excluding companies that meet certain criteria in relation to the United Nations Global Compact Principles regarding labour, human rights, environmental, and anti-corruption standards and other international norms)), the Fund considers the following principal adverse impact indicator:

- Violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises

No



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

What investment strategy does this financial product follow?

The Fund employs a "passive management" – or indexing – investment approach, through physical acquisition of securities, designed to track the performance of the FTSE Developed Asia Pacific All Cap Choice Index. The Fund will invest in a portfolio of equity securities of companies located in developed markets of the Asia Pacific region, including Japan. In seeking to track the performance of the Index, the Fund attempts to replicate the Index by investing all, or substantially all, of its assets in the stocks that make up the Index, holding each stock in approximately the same proportion as its weighting in the Index. When not practicable to fully replicate, the Fund may use a sampling process to invest in a portfolio of securities that consists of a representative sample of the component securities of the Index.

● **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?**

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

Not applicable.

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

The assessment of good governance practices is incorporated into the Index methodology. The Index excludes the stocks of companies based on certain controversial conduct, which is achieved by excluding companies that meet the following criteria in relation to the United Nations Global Compact Principles and other international norms regarding labour, human rights, environmental, and anti-corruption standards:

- for large and mid-cap sized companies (as determined by the Index provider), those which have been deemed 'Non-Compliant' with such standards; and
- for small-cap size companies (as determined by the Index provider), those which have been deemed either 'Watchlist' or 'Non-Compliant' with such standards,

in each case by reference to data provided by a third party data provider (further details of which may be obtained in the documents linked to in the 'Further information on the Index' section above.



Asset allocation describes the share of investments in specific assets.

What is the asset allocation planned for this financial product?

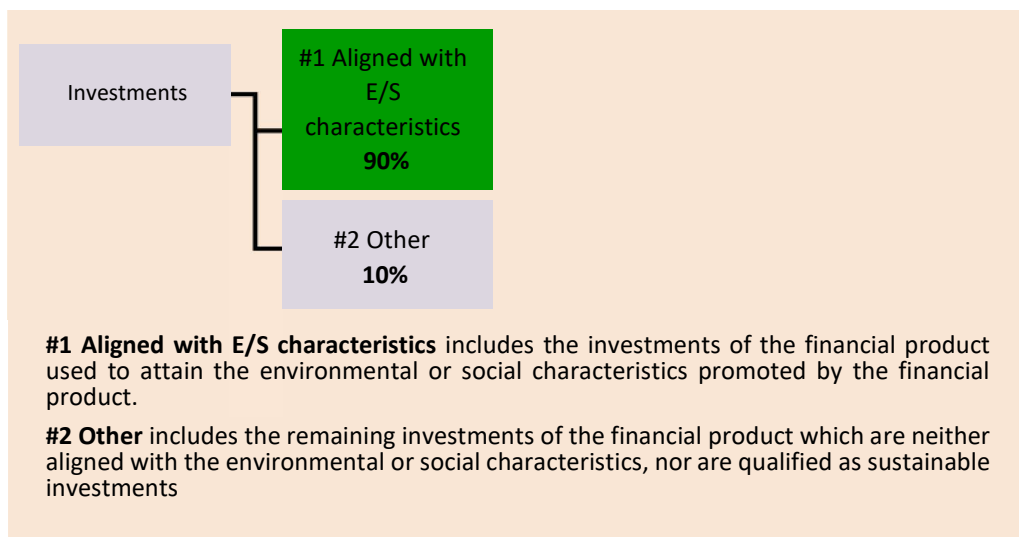
The binding element of the investment strategy is solely the exclusionary screening methodology of the Index. This excludes companies which are engaged in, or derive revenue from, certain activities, from the Index based on the impact of their conduct or products on society and / or the environment (as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

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.



● **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 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.



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.

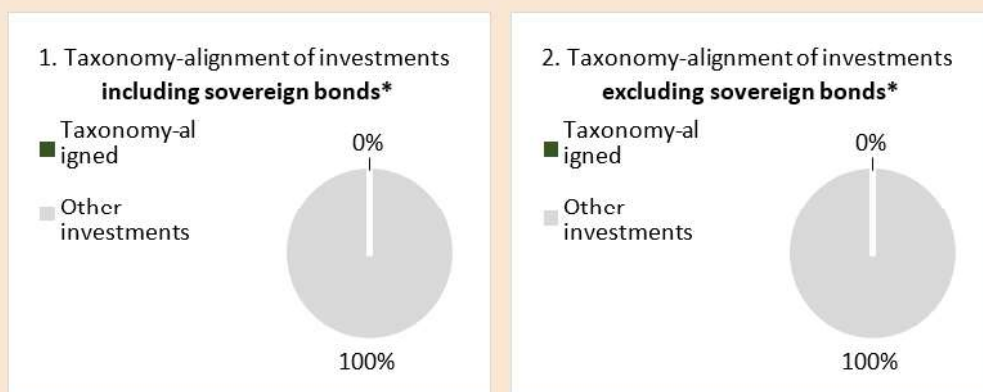
- **Does the financial product invest in fossil gas and/or nuclear energy related¹ activities that comply with the EU Taxonomy?**

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.

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.

¹ 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.



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 Asia Pacific All Cap Choice Index to attain its environmental and social characteristics.

- ***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 Asia Pacific 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 Asia Pacific All Cap Index which is then screened for certain environmental, social, and corporate governance criteria by the Index provider, which is independent of Vanguard.

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

Further information provided by the Index provider 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](#).

This Fund may not be available in your jurisdiction. Please visit the Vanguard Global website landing

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



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