Vanguard SRI funds offer risk and return characteristics that make them suitable for portfolio construction, while excluding securities in companies that violate UN Global Compact principles or that produce land mines, cluster bombs and nuclear weapons.

You want to achieve your investment goals, but would prefer to invest in a way that reflects your values and social conscious. Vanguard SRI funds can help, offering Socially Responsible Investing, while investing in a broad collection of companies.

Vanguard SRI funds offer risk and return characteristics that make them suitable for portfolio construction, while excluding securities in companies that violate UN Global Compact principles or that produce land mines, cluster bombs and nuclear weapons.

### Two SRI equity funds which track standard FTSE benchmarks

<table>
<thead>
<tr>
<th>Fund</th>
<th>Vanguard SRI Global Stock Fund</th>
<th>Vanguard SRI European Stock Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>Index</td>
<td>FTSE Developed Index</td>
<td>FTSE Developed Europe Index</td>
</tr>
</tbody>
</table>

#### Investment methodology

The Fund(s) attempts to match the risk factor exposures of the Index by investing in a representative sample of the securities that make up the Index, excluding any securities which do not meet socially responsible investing criteria. The criteria take into consideration environmental, social and ethical factors as determined by the Index provider and exclude stocks that violate United Nations Global Compact principles.

#### Exclusion criteria

Developed by FTSE’s Responsible Investment Unit and implemented by third-party SRI screening agencies.

Vanguard Asset Management, Limited only gives information on products and services and does not give any investment advice based on individual circumstances. If you have any questions related to your investment decision or the suitability or appropriateness for you of the products described in this document, please contact your financial adviser. The value of investments, and the income from them, may fall or rise and investors may get back less than they invested. The value of this investment may fall or rise as a result of changes in exchange rates. For further information on the fund’s investment policy, please refer to the Key Investor Information Document (“KIID”).
How companies are excluded

With investors becoming increasingly concerned about the ethical, social and environmental impact of their investments, the UN developed a framework (The UN Global Compact) which established ten principles of socially responsible investing. These principles include standards related to human rights, labour relations, the environment and anti-corruption.

See [unglobalcompact.org](http://unglobalcompact.org), for more details.

The Vanguard SRI funds are also subject to a weapons screen that excludes companies involved in the production of land mines, cluster bombs and nuclear weapons.

A third-party SRI screening agency employed by FTSE conducts a rigorous analysis of all companies in each benchmark index, assigns SRI ratings to the companies and makes regular re-assessments. Companies that fail the screening criteria are excluded.

The funds do not invest in companies based on a number of factors, as judged by a neutral external screening agency (not Vanguard), including:

**Human rights** – Involved in human rights abuses or complicit in human rights abuses.

**Labour** – Refuse to recognise freedom of association and collective bargaining, engage in forced or child labour or discriminate in hiring practices.

**Environment** – Does not take account of environmental concerns or promote environmental responsibility and eco-friendly technologies.

**Corruption** – Involved in corruption of any form, including extortion and bribery.

**Weapons** – Manufactures nuclear weapons, landmines or cluster bombs.

**Attempting to deliver the benchmark index return**

Using sophisticated computer programs, the funds invest in the companies in the benchmark that haven’t been excluded, in a way that seeks to deliver the return of the broad market index.

**Risk characteristics in line with benchmark**

Vanguard use a technique to invest in the securities that pass the SRI screens. Using sophisticated computer programs, Vanguard assemble a portfolio that resembles the target index. There is the risk that the securities selected for the Fund may not, in the aggregate, approximate the full Index. The Fund is not expected to track the performance of the Index at all times with perfect accuracy. The Fund is, however, expected to provide investment results that, before expenses, generally correspond to the price and yield performance of the Index.

There are other risk factors that may impact the value of the fund’s investments or expose the fund to losses i.e. the value of equities and equity-related securities can be affected by daily stock market movements. Other influential factors include political, economic news, company earnings and significant corporate events. For further information on risks please see the “Risk Factors” section of the Prospectus on our website at [https://global.vanguard.com](https://global.vanguard.com)

**How to invest**

Speak to your financial adviser for more information about how Vanguard SRI funds might fit into your investment plan.

<table>
<thead>
<tr>
<th>FTSE</th>
<th>Third-party SRI screening agency</th>
<th>Vanguard</th>
<th>You</th>
</tr>
</thead>
</table>
| Builds benchmark and develops exclusion policy | Identifies companies for exclusion  
  - Human rights  
  - Labour standards  
  - Environment  
  - Ethics and corruption  
  - Nuclear weapons Land mines  
  - Cluster bombs | Match the risk factor exposures of the Index by investing in a representative sample of the securities that make up the Index. | Achieve SRI compliance and broad market exposure |
Key terms

**Benchmark** – A measure against which a portfolio’s performance is compared. A market index measuring the performance of a particular sector or style of a securities market is an example of a benchmark.

**Index** – A portfolio of securities assembled with the goal of closely matching a market or economy.

**Stockmarket** – Secondary markets, such as the London Stock Exchange, where previously issued securities are bought and sold.

**Investment return** – An investment’s gain or loss in percentage terms, over a specified period. Consists of increases and decreases in value of the portfolio’s holdings plus any income that might be paid out.

**Fund, pooled fund, mutual fund** – An investment vehicle where a number of individual investors pool their money to create a large, professionally managed fund.

---

**About Vanguard**

**Vanguard Asset Management, Limited**
The funds profiled in this document are distributed by Vanguard Asset Management, Limited, in the UK. The Vanguard Group Inc is the investment adviser to the funds and the parent company of Vanguard Asset Management, Limited.

**The Vanguard Group Inc.**
Vanguard Group Inc. launched the world’s first retail mutual index fund in the US in 1976 and is now one of the largest mutual fund management companies in the world. The Group’s experienced index investing teams aim to provide straightforward, transparent mutual funds designed to help investors achieve their long-term investment objectives.
Important information

This document is designed for use by, and is directed only at persons resident in the UK.

The material contained in this document is not to be regarded as an offer to buy or sell or the solicitation of any offer to buy or sell securities in any jurisdiction where such an offer or solicitation is against the law, or to anyone to whom it is unlawful to make such an offer or solicitation, or if the person making the offer or solicitation is not qualified to do so. The information in this document is general in nature and does not constitute legal, tax, or investment advice. Potential investors are urged to consult their professional advisers on the implications of making an investment in, holding or disposing of [units/shares] of, and the receipt of distribution from any investment.

The information on this document does not constitute legal, tax, or investment advice. You must not, therefore, rely on the content of this document when making any investment decisions.

The value of investments, and the income from them, may fall or rise and investors may get back less than they invested.

The fund(s) may invest in financial derivative instruments that could increase or reduce exposure to underlying assets and result in greater fluctuations of the fund’s Net Asset Value. Some derivatives give rise to increased potential for loss where the fund’s counterparty defaults in meeting its payment obligations.

The value of this investment may fall or rise as a result of change in exchange rates.

Vanguard Investment Series plc has been authorised by the Central Bank of Ireland as a UCITS and has been registered for public distribution in certain EU countries. Prospective investors are referred to the Funds’ prospectus for further information. Prospective investors are also urged to consult their own professional advisors on the implications of making an investment in, holding or disposing of shares of the Funds and the receipt of distributions with respect to such shares under the law of the countries in which they are liable to taxation.

The Manager of Vanguard Investment Series plc is Vanguard Group (Ireland) Limited. Vanguard Asset Management, Limited is a distributor of Vanguard Investment Series plc.

For further information on the fund’s investment policy, please refer to the Key Investor Information Document ("KIID"). The KIID and the Prospectus for this fund is available in local languages from Vanguard via our website https://global.vanguard.com/.

Issued by Vanguard Asset Management, Limited which is authorised and regulated in the UK by the Financial Conduct Authority.

© 2016 Vanguard Asset Management, Limited. All rights reserved.