

Vanguard's Responsible Investment Policy

Vanguard believes responsible investment starts with a few key principles:

- Investors should have access to low-cost, high-quality, broadly diversified products that help them meet their financial goals.
- There are many ways to approach environmental, social, and governance (ESG) investing for those who wish to do so. We believe in providing investors with high-quality investment products designed with the goal of meeting their long-term financial goals and personal preferences.
- Healthy and fair capital markets require effective disclosure of material risks, including material ESG risks, so that markets can price these risks efficiently.
- Vanguard's consideration of material ESG-related risks and opportunities is driven first and foremost by each fund's stated investment strategy and objective.

Our approach is summarized below:

Investment products

Vanguard provides investors with the information and products they need to make sound investment choices to help enable them to meet their financial goals and reflect their personal preferences.

Non-ESG funds

Index equity funds

Index funds are long-term investors in the companies included in their benchmark indexes, and they seek to capture the returns that the relevant market provides. As a provider of index funds, Vanguard does not seek to influence a portfolio company's strategy or operations.

Active equity funds

More than two-dozen asset management firms, including Vanguard, serve as investment managers for Vanguard's active equity funds. Vanguard works closely with each of our active managers to understand how they integrate ESG considerations into their investment processes.

Fixed income funds

All of Vanguard's fixed income index funds and the majority of our actively managed fixed income funds are managed by Vanguard's Fixed Income Group (FIG). Where appropriate, FIG integrates ESG considerations into its investment process by assessing the financial materiality of ESG risk factors alongside, and in the context of, other investment risks to complement standard credit assessment. FIG tailors its approach within applicable sub-asset classes to address nuances in material ESG risk factors across fixed income.

ESG funds

For investors who choose to prioritize ESG considerations in their investment strategies, Vanguard offers both index and actively managed ESG funds.

Index ESG funds

For investors who want to limit their exposure to certain industries or business activities that pose heightened ESG-related risks or conflict with their ESG preferences, we offer products that avoid or reduce exposure to specific industries (such as firearms, tobacco, or fossil fuels) while tracking broadly diversified indexes in various markets. These indexes use transparent exclusion criteria based on a company's level of involvement in certain business activities or practices.

Active ESG funds

Vanguard's actively managed ESG funds aim to generate excess return by allocating capital to companies that the fund managers assess as demonstrating leading ESG practices consistent with each fund's ESG mandate.

Investment stewardship

Vanguard's Investment Stewardship team conducts engagements with portfolio companies and administers proxy voting on behalf of the Vanguard-advised funds,¹ including Vanguard's equity index funds and ETFs. This team engages directly with executives and board members of portfolio companies about material risks, including material ESG risks, and seeks to understand how boards disclose and oversee these material risks. Decisions on how to vote all proxy ballot items are grounded in each fund's proxy voting policy approved by each fund's board, and the long-term investment returns of the shareholders of each fund.

¹ Vanguard's Investment Stewardship program is responsible for proxy voting and engagement on behalf of the quantitative and index equity portfolios advised by Vanguard (together, "Vanguard-advised funds"). Vanguard's externally managed portfolios are managed by unaffiliated third-party investment advisors, and proxy voting and engagement for those portfolios are conducted by their respective advisors.

For more information about Vanguard funds and ETFs, visit vanguard.com or call 877-662-7447 to obtain a prospectus or, if available, a summary prospectus. Investment objectives, risks, charges, expenses, and other important information about a fund are contained in the prospectus; read and consider it carefully before investing.

Vanguard ETF Shares are not redeemable with the issuing Fund other than in very large aggregations worth millions of dollars. Instead, investors must buy and sell Vanguard ETF Shares in the secondary market and hold those shares in a brokerage account. In doing so, the investor may incur brokerage commissions and may pay more than net asset value when buying and receive less than net asset value when selling.

All investing is subject to risk, including the possible loss of the money you invest.

Diversification does not ensure a profit or protect against a loss.

Investments in bonds are subject to interest rate, credit, and inflation risk.

ESG portfolios are subject to ESG investment risk, which is the chance that the stocks or bonds screened by the index provider or advisor, as applicable, for ESG criteria generally will underperform the market as a whole or, in the aggregate, will trail returns of other portfolios screened for ESG criteria. The index provider or advisor assessment of a company, based on the company's level of involvement in a particular industry or their own ESG criteria, may differ from that of other portfolios or an investor's assessment of such company. As a result, the companies deemed eligible by the index provider or advisor may not reflect the beliefs and values of any particular investor and certain screens may not exhibit positive or favorable ESG characteristics. The evaluation of companies for ESG screening or integration is dependent on the timely and accurate reporting of ESG data by the companies. The advisor may not be successful in assessing and identifying companies that have or will have a positive impact or support a given position. In some circumstances, companies could ultimately have a negative or no impact or support of a given position. The weight given to ESG factors for active non-ESG funds may vary across types of investments, industries, regions and issuers; may change over time; and not every ESG factor may be identified or evaluated. Where ESG risk factor analysis is used as one part of an overall investment process (as is the case for actively managed equity and fixed income non-ESG Funds), such Funds may still invest in securities of issuers that all market participants may not view as ESG-focused or that may be viewed as having a high ESG risk profile.

Vanguard®

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