

## AN INTRODUCTION TO ESG

### What is an ESG Fund?

ESG funds allow you to invest in line with your values and beliefs. So if you don't like the thought of your money funding tobacco companies, for example, an ESG fund might be right for you.

ESG stands for 'environmental, social and governance'. These are the three broad categories of criteria that can play a role in deciding what an ESG fund invests in.



ENVIRONMENTAL



SOCIAL



GOVERNANCE

Looking after the planet by considering the impact companies have on the environment. For example, through their carbon emissions, energy use or waste management.

Investing to protect society. For example, by considering how companies treat their suppliers and employees, and whether they offer equal job opportunities.

Supporting sound business practices when investing. For example, by trying to make sure that executive pay is tied to performance, company boards reflect society and minority shareholders are protected.



#### How do ESG index funds work?

They work like regular index funds in that they track a specific stock market index - giving you a wide range of shares in one package. The key difference is they track market indices that have already screened out companies that don't meet independently established ESG standards.

Investing in line with your values shouldn't stop you from achieving investment success. That's why Vanguard's ESG funds come at a low cost helping you keep more of your returns.



This might mean screening out the tobacco industry or weapons manufacturers, as well as excluding businesses caught up in human rights or labour controversies.



For further information, please contact your financial adviser.

#### Investment risk information:

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

#### Other important information:

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