



ESG Webinar

A Glance on Vanguard's Expectations on Environmental and Social Issues

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Overview of Vanguard's Stewardship Expectations

General:

- Risks to shareholder value associated with **diversity, equity, and inclusion** (DEI) issues remain a top engagement priority for Vanguard.
- Vanguard has also highlighted support for virtual and hybrid shareholders meetings (virtual AGM/EGM).

Supplementary information:

- Environmental issues
 - Climate disclosure
 - Climate risks
- Social issues
 - COVID-19 Pandemic Risk Management
 - Workforce diversity

Reference: Vanguard, Global investment stewardship principles - Vanguard funds, November 2021

Expectations on Key Environmental Issues

- Companies are expected to provide
 - oversight of **climate risks**,
 - the board's overall **governance of climate risk**, and
 - the effectiveness of its **independent oversight of this area**.
- Companies are expected to demonstrate **board climate competency** to **oversee** climate-related risks.
- Vanguard is **encouraged** to see companies engage in **climate change risks**, with trends towards **adoption of internationally recognized and investor-oriented frameworks** (such as Task Force on Climate-related Financial Disclosures, **TCFD**).

Reference: Vanguard, Global investment stewardship principles - Vanguard funds, November 2021

Expectations on Key Environmental Issues (Cont'd)

Climate Disclosure:

Vanguard generally **expects**:

- Annual disclosure of greenhouse gas emissions and progress on goals.
- Disclosure of the company's strategic plan for reducing future emissions and managing climate-related risks
- The right for shareholders to cast recurring votes on the company's climate plan or report (say on climate).

Climate Risks:

Companies are expected to **disclose**:

- **Materiality** of the risk.
- **Effectiveness of disclosures** to enable the market to **understand and price the risk**.
- Whether Company has **disclosed business strategies and targets**, including reasonable **risk mitigation plans** in the context of anticipated regulatory requirements and changes in market activity, in line with the **Paris Agreement** or subsequent agreements.
- Company specific-context, regulations and expectations.

Reference: Vanguard, Global investment stewardship principles - Vanguard funds, November 2021

Expectations on Key Social Issues

COVID-19 Pandemic Risk Management:

- **Directors** must demonstrate a thorough understanding of the **Company's social risks and communicate a coherent risk mitigation strategy.**
- Emphasize on Boards' oversight & responsibilities on:
 - Worker health and safety risks.
 - Shareholder rights.
 - Changes made to executive **compensation plans** (executive pay in times of crisis).

Workforce Diversity:

- Boards are expected to develop human capital management strategy that incorporates workforce diversity.

Reference: Vanguard, Global investment stewardship principles - Vanguard funds, November 2021

Thank you



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Stay updated about trends regarding the use of SASB Standards and where SASB fits in the broader ESG ecosystem



TCFD Supporter

Declaring support for the TCFD and its recommendations



Taskforce on Nature-related
Financial Disclosures

TNFD Forum Member

Keep informed of the Taskforce's progress and mobilize awareness of the TNFD

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