

## SUSTAINABLE FINANCE DISCLOSURE REGULATION: ARTICLE 4

# Sustainability Due Diligence Policy Summary

Dimensional Ireland Limited

March 10, 2021

As part of its compliance with Regulation (EU) 2019/2088 of the European Parliament and of the Council on sustainability-related disclosures in the financial services sector (“SFDR”), Dimensional Ireland Limited (“Dimensional Ireland”) is required to publish and maintain on its website a statement on due diligence policies with respect to principal adverse impacts of investment decisions. To that end, Dimensional Ireland has adopted a sustainability due diligence policy (the “Policy”).

Dimensional Ireland is assisted in performing certain aspects of the Policy by its affiliated entities Dimensional Fund Advisors LP, Dimensional Fund Advisors Ltd., DFA Australia Limited, Dimensional Japan Ltd., and Dimensional Fund Advisors Pte. Ltd. (any of these separate but affiliated entities generally, rather than any one particular entity, or Dimensional Ireland are referred to herein as “Dimensional”).

Dimensional advocates for effective oversight of environmental and social risk and other governance best practices through engagement<sup>1</sup> with portfolio companies, proxy voting, engagement with regulators and policy makers, and participation in industry events and organizations.

Dimensional’s Investment Stewardship Group often engages directly with the board and management of portfolio companies to better understand their approach to corporate governance, including management of material environmental and social risks. When prioritizing engagements, Dimensional takes a holistic approach by considering a variety of factors, including a portfolio company’s overall governance profile, relevant sustainability risks, recent public environmental controversies, the collective holdings of Dimensional’s clients in the company, recent or upcoming proxy votes, and follow-ups from prior engagements.

When voting (or refraining from voting) proxies, Dimensional seeks to act in the best interests of its clients. Dimensional seeks to maximize shareholder value, considering the standards of relevant legal and regulatory regimes, listing requirements, regional corporate governance codes, and any social and sustainability guidelines of specific funds or accounts. Dimensional evaluates management and shareholder proposals on a case-by-case basis.

Dimensional Ireland is subject to the terms of the Irish regulations implementing Directive (EU) 2017/828 amending Directive 2007/36/EC as regards the Encouragement of Long-Term Shareholder Engagement. Accordingly, Dimensional Ireland is obliged to have and disclose a Shareholder Engagement Policy that describes how it integrates shareholder engagement into its investment strategy in the context of investment in shares of companies traded on an EU regulated market.

For investors who seek to exclude or underweight companies engaged in unsustainable practices, Dimensional is able to offer strategies that promote environmental or social characteristics by excluding

or underweighting securities based on whether the business activities of the portfolio company are deemed to have a principal adverse impact on specific sustainability factors. Investors may also provide Dimensional with an exclusion list as part of the implementation of such strategies.

Dimensional's Portfolio Management Group is primarily responsible for identifying and prioritizing principal adverse impacts. Its activities are overseen by Dimensional Fund Advisors LP's Investment Committee and with respect to the offering by Dimensional Ireland of any strategies promoting environmental or social characteristics, the Designated Person for Investment Management. Principal adverse impacts are reviewed at least annually, taking into account information from third party academics in the fields of climate science and economics, specialized data providers and industry groups. In addition, Dimensional holds periodic meetings with consultants, clients, financial advisors that Dimensional works with and other stakeholders to better understand their priorities with respect to sustainability. The primary principal adverse impacts Dimensional considers in these strategies will be linked to a particular investor's requirements and may include, but are not limited to, the following considerations: greenhouse gas emissions intensity, potential emissions from reserves, land use and biodiversity, toxic spills and releases, operational waste, water management, exposure to coal, exposure to significant risk of incidents of child labour, exposure to palm oil, exposure to factory farming, exposure to tobacco products, exposure to controversial weapons and/or exposure to civilian firearms.

Dimensional is a signatory to the United Nations' Principles of Responsible Investment, the UK Stewardship Code and the Japan Stewardship Code. Dimensional is a member of the Council of Institutional Investors, the Harvard Institutional Investor Forum and the International Corporate Governance Network. In March 2020, Dimensional also became a supporter of the Taskforce for Climate-related Financial Disclosures.

The Dimensional Ireland Designated Person for Investment Management and the Dimensional Ireland board will seek to review the Policy on at least an annual basis.

## Footnotes

1. Dimensional can discuss governance matters with portfolio companies to represent client interests, though Dimensional does not, on behalf of its clients, acquire securities with the purpose or intended effect of changing or influencing the control of a portfolio company.

## **Disclosure**

This material is not directed at any person in any jurisdiction where the availability of this material is prohibited or would subject Dimensional or its products or services to any registration, licensing, or other such legal requirements within the jurisdiction.

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