

## SUSTAINABLE FINANCE DISCLOSURE REGULATION: ARTICLE 3

# Sustainability Risks 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 on its website information about its policy on the integration of sustainability risks in its investment decision-making process in respect of any portfolios it manages, including funds and separately managed accounts (the “Portfolios”). To that end, Dimensional Ireland has adopted a sustainability risks policy for integrating sustainability risks into the investment decision making process (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’s core investment philosophy is based on the belief that in liquid capital markets, security prices reflect available information about fundamental values and the aggregate expectations of market participants. To the extent that sustainability risks are material to a portfolio company, Dimensional believes that they will be reflected in a portfolio company’s price. Additionally, Dimensional takes sustainability risks into consideration where they may have a material negative impact on performance. Dimensional Ireland may be assisted by any of the Dimensional entities in integrating sustainability risks into the investment decision-making process.

The ways in which Dimensional integrates sustainability risks into its investment process include:

### **Diversification**

As sustainability risks may impact companies differently, Dimensional seeks to invest in a broadly diversified group of securities across many different industries and countries to minimize the impact of risks faced by any individual portfolio company held in the Portfolios.

### **Research**

Dimensional performs research on the relationship between sustainability risks and investment returns.

### **Monitoring**

To help investors and potential investors assess their exposure to sustainability risk, Dimensional provides the carbon footprint of its equity strategies, upon request.

Dimensional monitors numerous vendors of sustainability data to keep informed on data availability. Dimensional also uses data from data vendors to generate its own sustainability data, monitors sustainability-related studies in academic literature, and perform internal sustainability research.

In addition, Dimensional runs a daily news check process, intended to identify companies that may be involved in significant controversies, including those related to sustainability issues. Dimensional may put companies identified as such during the news check process on temporary halt for purchases, or may refer them to Dimensional's Investment Stewardship team for engagement.<sup>1</sup>

### **Stewardship and engagement**

Dimensional's Investment Stewardship team seeks to engage with portfolio companies to better understand key risks, including reputational risks from mismanagement of material sustainability issues, and the mechanisms in place to identify and address these risks. Engagement informs those companies of Dimensional's expectation that they monitor all material risks, including those related to sustainability.

The information learned during engagements and the companies' actions post-engagement may be used as the basis for potential escalation of Dimensional's stewardship activities, such as proxy voting. If a portfolio company is unresponsive to material sustainability risks which Dimensional believes may impact shareholder value, Dimensional may support shareholder proposals related to these issues and may also vote against or withhold voting from directors individually, committee members, or the entire board.

The Dimensional Ireland Designated Person for Fund Risk 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

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## Risks

**Investments involve risks. The investment return and principal value of an investment may fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original value. Past performance is not a guarantee of future results. There is no guarantee strategies will be successful.**

**Diversification neither assures a profit nor guarantees against loss in a declining market.**

**Environmental and social screens may limit investment opportunities for the strategy.**