



INVESTOR EXPERIENCE WEBCAST

# Demystifying Sustainable Investing

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# Putting ESG in Context

E

## Environmental

How do environmental issues present risks and opportunities to a company?

S

## Social

What is a company's relationship with people and society?

G

## Governance

How is a company's board protecting shareholder interests?

# Enhancing Shareholder Value through Stewardship



Stewardship Activities: 1 July 2019–30 June 2020

Number of  
Engagements<sup>1</sup>

640

Number of  
Letters Sent

594

Number of  
Meetings Voted

14,612

1. Dimensional's 2020 proxy year period spans 1 July 2019 through 30 June 2020.

More information on Dimensional's proxy voting records may be found on Dimensional's public website at [www.dimensional.com](http://www.dimensional.com). These details may be found on the "Investment Stewardship" page under the "About Us" section of the relevant regional site. Dimensional from time to time discusses governance matters with portfolio companies to represent client interests; however, Dimensional on behalf of its clients, regardless of such conversations, acquires securities solely for the purpose of investment and not with the purpose or intended effect of changing or influencing the control of any portfolio company.

# Dimensional's Annual Stewardship Report



Proxy Year 2020: 1 July 2019–30 June 2020

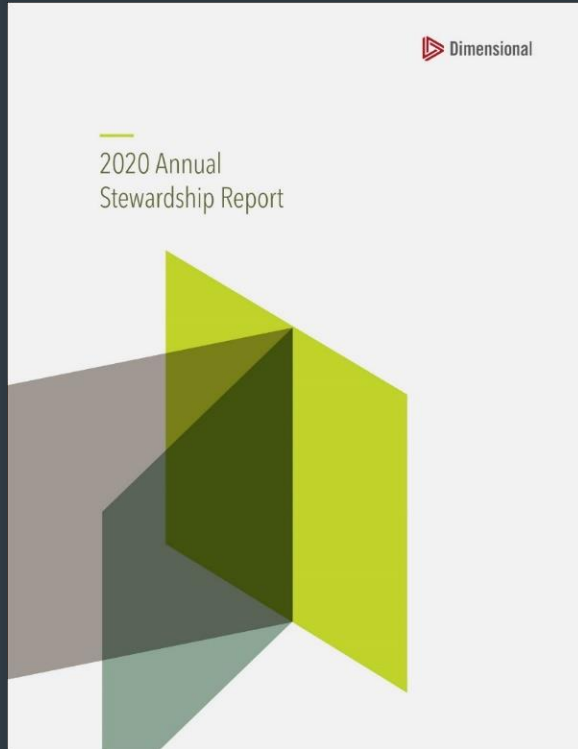
The Annual Stewardship Report highlights our efforts to protect and enhance shareholder value through investment stewardship activities.

## The 2020 Annual Stewardship Report:

Engagement and Voting Case Studies

Viewpoint on Impact of COVID-19 on Corporate Governance

Dimensional's Approach to Environmental and Social Proposals



More information on Dimensional's investment stewardship and the full Annual Stewardship Report may be found on Dimensional's public website at [www.dimensional.com](http://www.dimensional.com). These details may be found on the "Investment Stewardship" page under the "About Us" section of the relevant regional site. Dimensional from time to time discusses governance matters with portfolio companies to represent client interests; however, Dimensional on behalf of its clients, regardless of such conversations, acquires securities solely for the purpose of investment and not with the purpose or intended effect of changing or influencing the control of any portfolio company.

# Focused Approach Guided by Science

## Research Driven

We use ESG-related research to identify environmental risks we believe have the potential to impose significant external costs on future generations.

## Climate Focused

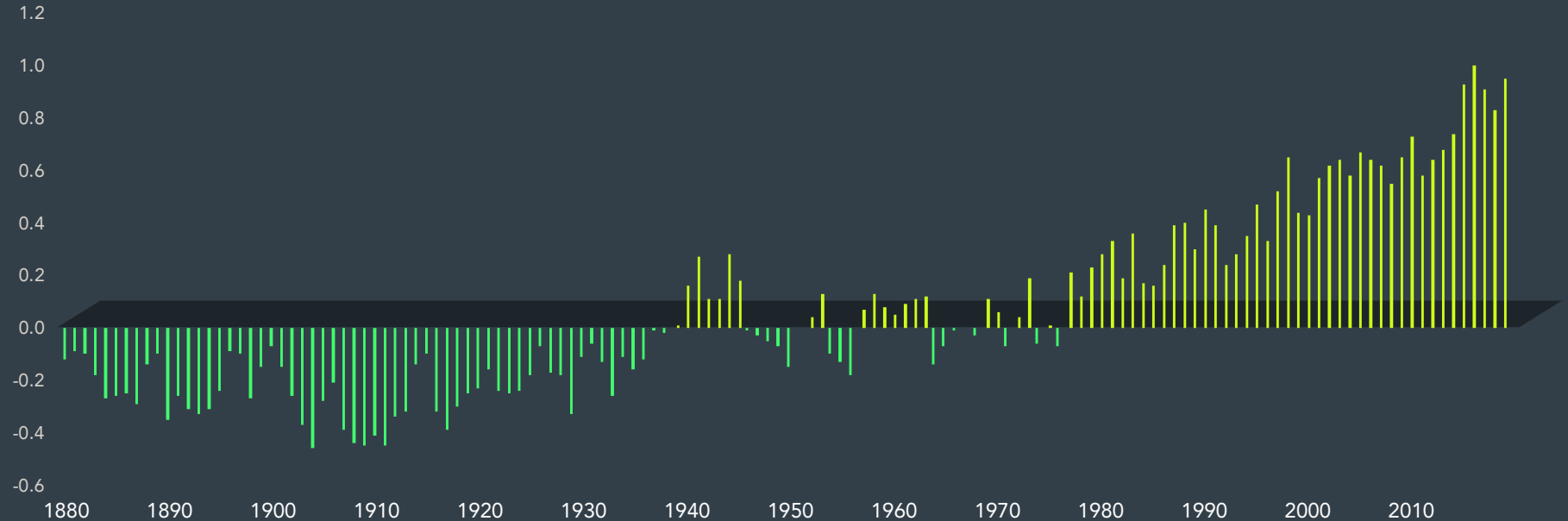
Our approach to sustainability focuses on drivers of climate change. There is extensive evidence that climate change is primarily driven by greenhouse gas emissions.

## Targeted Outcomes

Our sustainability solutions target a meaningful reduction in exposure to greenhouse gas emissions and potential emission from fossil fuel reserves.

# Climate Change

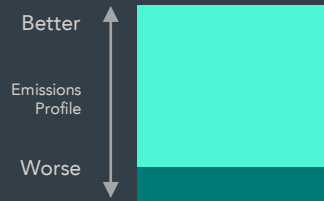
Annual Average Temperatures (C°) Relative to 20th Century Average



# Targeting Sustainability Outcomes

## Sustainability Core Equity Trusts

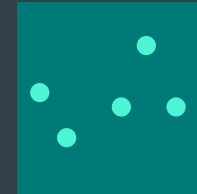
### Emissions-Focused Exclusions



### Sustainability Score Weighting



### Additional ESG Refinements



#### Portfolio-Level Considerations

Reduce exposure to the primary drivers of climate change through exclusions and underweights.

- Greenhouse Gas Emissions Intensity
- Potential Emissions from Reserves

#### Sector-level Considerations

Weighting scheme to reduce exposure to key sustainability metrics while balancing diversification.<sup>1</sup>

Emissions Intensity	85%
Other Considerations	15%
<ul style="list-style-type: none"> <li>• Land Use and Biodiversity</li> <li>• Toxic Spills and Releases</li> <li>• Operational Waste</li> <li>• Water Management</li> </ul>	

#### Social Sustainability Considerations

Exclude or underweight companies with exposure to additional ESG issues.

- Factory Farming
- Cluster Munitions and Landmines
- Nuclear Weapon Systems
- Tobacco
- Child Labour
- Alcohol
- Gambling
- Adult Entertainment
- Personal Firearms

See "Sustainability Considerations: Sustainability Equity Trusts" in the Appendix for additional detail on the application of sustainability considerations.

1. Dimensional's approach to sustainability investing is protected by U.S. Patent Nos. 7,596,525 B1, 7,599,874 B1 and 8,438,092 B2.

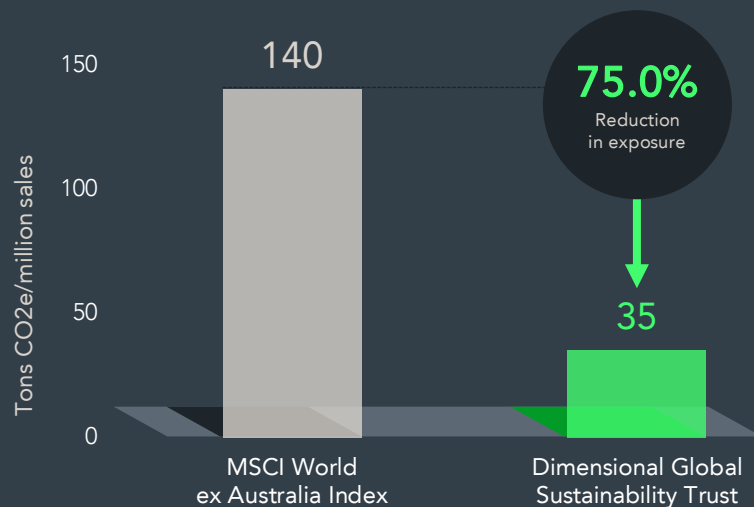
Diversification does not eliminate the risk of market loss. Investors should consider the current PDS in deciding whether to invest in the trusts, or to continue to hold their investments in the trusts.



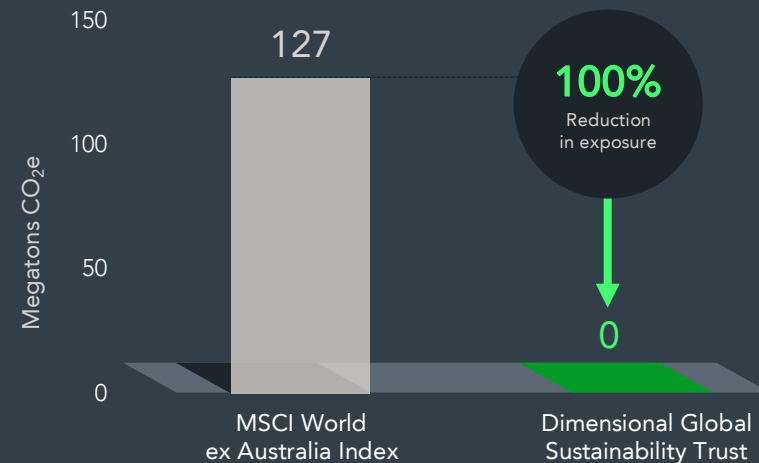
# Concerns About Impact and Transparency?

Emissions exposure as of 31 March 2021

## GREENHOUSE GAS EMISSIONS INTENSITY



## POTENTIAL EMISSIONS FROM RESERVES



Greenhouse Gas Emissions Intensity represents a company's recently reported or estimated Scope 1 (direct) + Scope 2 (indirect) greenhouse gas emissions in carbon dioxide equivalents (CO<sub>2</sub>e) normalised by sales in USD (metric tons CO<sub>2</sub>e per USD million sales). Greenhouse gases included are the seven gases mandated by the Kyoto Protocol: carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF<sub>6</sub>), and nitrogen trifluoride (NF<sub>3</sub>). This methodology is subject to change with data developments or other findings or events. Potential Emissions from Reserves is a theoretical estimate of carbon dioxide produced if a company's reported reserves of oil, gas, and coal were converted to energy, given estimated carbon and energy densities of the respective reserves. This methodology is subject to change with data developments or other findings or events. Certain information incorporated herein has been provided by Institutional Shareholder Services Inc. ("ISS"), and by MSCI ESG Research Inc. ("ESG"). Although Dimensional Fund Advisors' information providers, including without limitation, ESG and its affiliates (the "ESG Parties"), obtain information from sources they consider reliable, none of the ESG Parties warrants or guarantees the originality, accuracy, and/or completeness of any data herein. None of the ESG Parties makes any express or implied warranties of any kind, and the ESG Parties hereby expressly disclaim all warranties of merchantability and fitness for a particular purpose, with respect to any data herein. None of the ESG Parties shall have any liability for any errors or omissions in connection with any data herein. Further, without limiting any of the foregoing, in no event shall any of the ESG Parties have any liability for any direct, indirect, special, punitive, consequential, or any other damages (including lost profits) even if notified of the possibility of such damages. These Emissions figures are as at the date shown and are subject to change. They are non-binding and indicative only. Investors should consider the current PDS in deciding whether to invest in the trusts, or to continue to hold their investments in the trusts. MSCI data copyright MSCI 2021, all rights reserved.

# Understanding Reduced Emissions Exposure

Global Sustainability Trust as of 31 December 2020

**\$1 million** (AUD) investment in the Global Sustainability Trust is exposed to **42.1 fewer tons** of CO<sub>2</sub>e emissions per year than the same investment in the **MSCI World ex Australia index**.<sup>1</sup>

**\$1 million**  
Global Sustainability  
Trust vs. MSCI World  
ex Australia Index



=

Emissions  
from  
**17,923**  
Litres of petrol  
consumed

OR

**168,037**  
Kilometers driven<sup>†</sup>



EQUIVALENT TO EMISSIONS PRODUCED<sup>2</sup>

1. Emissions exposure is based on the representative share of total emissions of the underlying holdings in the trust and index given a \$1 million (AUD) investment.

2. Greenhouse gas emission conversions are calculated by Dimensional using methodology sourced from EPA.gov. Refer to Sustainability Data Appendix for further information.

\* Emissions exposure is based on the representative share of total emissions of the underlying holdings in the trust and index given a \$1 million (AUD) investment.

† Kilometers driven in an average passenger car. Source: Calculated by Dimensional using data from EPA.gov. See endnote 2 for further information.

# Dimensional Sustainability Solutions



Diversified, innovative sustainability solutions that allow investors to customise global asset allocations


**Dimensional Australian Sustainability Trust**



Total market solution that systematically targets higher expected return securities

12/18	359
INCEPTION	NAMES

**Dimensional Global Sustainability Trust**



Targets large cap companies in non-AUS developed markets

05/16	22	4,186
INCEPTION	COUNTRIES	NAMES

**Dimensional Global Bond Sustainability Trust**



Total market solution that systematically emphasises higher expected return securities

04/18	473
INCEPTION	NAMES

**Dimensional Sustainability World Allocation 70/30 Trust**

Multi-asset class solution that systematically emphasises higher expected return securities

01/20	4,545
INCEPTION	NAMES

**EMERGING MARKETS SUSTAINABILITY TRUST**

**COMING SOON!**



## IMPORTANT NOTE FOR POTENTIAL INVESTORS:

The Emerging Markets Sustainability Trust relates to a proposed Dimensional trust (Trust) that is not yet available. Once the Trust becomes available, it may not be with the exact parameters set out herein. All information in this document is to be interpreted as a proposal only. A Product Disclosure Statement (PDS) will set out the full terms of the Trust and offering, and is expected to be available in 2021, from the issuer of the PDS, DFA Australia Limited (ABN 46 065 937 671, Australian financial services license no. 238093) or by download from our website at [www.dimensional.com.au](http://www.dimensional.com.au). Investors should consider the PDS (once it is available) in deciding whether to invest in the Trust. Investors may also obtain a copy of DFA Australia Limited's Financial Services Guide by calling (02) 8336 7100 or by download from our website at [www.dimensional.com.au](http://www.dimensional.com.au). Number of names shown are as of 31 March 2021. Holdings are subject to change.

Number of countries shown include approved markets for investment as of the most recent published prospectus, 28 February 2020. Additional countries may be designated as approved markets for future investment.

# Dimensional's Approach to Sustainability Investing



Start with a broadly diversified, systematic investment approach

Consult with leading climate scientists to better understand environmental issues and data

Target focused, measurable environmental goals while pursuing higher expected returns

Provide transparency through meaningful reporting

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# Appendix

# Sustainability Considerations

## Sustainability Core Equity Trusts

### PORTFOLIO-LEVEL CONSIDERATIONS

Greenhouse Gas Emissions Intensity <sup>1</sup>	Exclude or underweight top contributors to greenhouse gas emissions
Potential Emissions from Reserves	Exclude or underweight companies based on potential emissions from reserves.

### INDUSTRY-LEVEL CONSIDERATIONS

Greenhouse Gas Emissions Intensity <sup>1</sup>	85% of score	Emphasis within each industry is placed on companies with higher sustainability scores and companies with lower sustainability scores are minimised or excluded.
Land Use and Biodiversity		
Toxic Spills and Releases	15% of score	
Operational Waste		
Water Management		

### ADDITIONAL ESG EXCLUSIONS<sup>2</sup>

Factory Farming	Companies cited for rearing livestock using particularly intensive methods are generally excluded.
Cluster Munitions and Landmines	Manufacturers and certain associated entities are generally excluded.
Nuclear Weapon Systems	Companies that manufacture, repair and or maintain nuclear weapon systems
Tobacco	Companies with meaningful revenue related to tobacco products are generally excluded.
Child Labour	Companies cited for child labour practices are generally excluded.
Alcohol	Companies with meaningful revenue related to alcohol products
Gambling	Companies with meaningful revenue related to gambling or gambling-related products
Adult Entertainment	Companies with meaningful revenue from rental, sale, distribution or production of adult media products
Personal Firearms	Companies with meaningful revenue related to the manufacture of personal firearms

1. Greenhouse Gas Emissions Intensity represents a company's most recently reported or estimated Scope 1 (direct) + Scope 2 (indirect) greenhouse gas emissions normalised by sales in USD (metric tons per USD million sales). Greenhouse gases included are the seven gases mandated by the Kyoto Protocol: carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF<sub>6</sub>), and nitrogen trifluoride (NF<sub>3</sub>). This methodology is subject to change with data developments or other findings or events.

2. Companies may be excluded or underweighted for other factors believed to be important to investors interested in sustainability, such as issuers associated with significant environmental controversies.

For more information on these factors please refer to the PDS (including Additional Information Guide). Investors should consider the current PDS in deciding whether to invest in the trusts, or to continue to hold their investments in the trusts.

# Sustainability Data Appendix

**Greenhouse Gas Emissions** include a company's recently reported or estimated Scope 1 (direct) and Scope 2 (indirect) greenhouse gas emissions in carbon dioxide equivalents (CO<sub>2</sub>e). Greenhouse gasses included are the seven gases mandated by the Kyoto Protocol: carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF<sub>6</sub>), and nitrogen trifluoride (NF<sub>3</sub>).

**Greenhouse Gas Emissions Intensity** represents a company's recently reported or estimated Scope 1 (direct) + Scope 2 (indirect) greenhouse gas emissions in carbon dioxide equivalents (CO<sub>2</sub>e) normalised by sales in USD (metric tons CO<sub>2</sub>e per USD million sales).

**Potential Emissions from Reserves** is a theoretical estimate of carbon dioxide (CO<sub>2</sub>) produced if a company's reported reserves of oil, gas, and coal were converted to energy, given estimated carbon and energy densities of the respective reserves.

**Greenhouse gas emissions conversion** is sourced from the Greenhouse Gas Equivalencies Calculator, US Environmental Protection Agency (EPA). Definitions of CO<sub>2</sub> equivalencies are available at: [epa.gov/energy/greenhouse-gases-equivalencies-calculator-calculations-and-references](https://www.epa.gov/energy/greenhouse-gases-equivalencies-calculator-calculations-and-references).

These methodologies are subject to change with data developments or other findings or events. Certain information incorporated herein has been provided by Institutional Shareholder Services Inc. ("ISS"), and by MSCI ESG Research Inc. ("ESG"). Although Dimensional Fund Advisors' information providers, including without limitation, ESG and its affiliates (the "ESG Parties"), obtain information from sources they consider reliable, none of the ESG Parties warrants or guarantees the originality, accuracy, and/or completeness of any data herein. None of the ESG Parties makes any express or implied warranties of any kind, and the ESG Parties hereby expressly disclaim all warranties of merchantability and fitness for a particular purpose, with respect to any data herein. None of the ESG Parties shall have any liability for any errors or omissions in connection with any data herein. Further, without limiting any of the foregoing, in no event shall any of the ESG Parties have any liability for any direct, indirect, special, punitive, consequential, or any other damages (including lost profits) even if notified of the possibility of such damages. For information on emissions exposure for Dimensional's sustainability portfolios, please visit [us.dimensional.com](https://us.dimensional.com).

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