

DFA Australia Limited’s Anti-Modern Slavery Statement pursuant to the Modern Slavery Act 2018

Background

DFA Australia Limited (ABN 46 065 937 671) (“**Dimensional Australia**”) supports the legislative efforts that are being undertaken in Australia to fight modern slavery and the Modern Slavery Act 2018 (the “Modern Slavery Act” or “Act”). This anti-modern slavery statement is prepared and issued by Dimensional Australia and includes reporting from each of the Dimensional Wholesale Trusts which are also reporting entities. This statement is in respect of the 2020 calendar year. DFA Australia Limited is referred to throughout the document as ‘Dimensional Australia’ or ‘We’, ‘us’ or ‘Our’.

DESCRIPTION OF DIMENSIONAL AUSTRALIA’S STRUCTURE, OPERATIONS AND SUPPLY CHAINS

Structure

Dimensional Australia is a public company, licensed and regulated by the Australian Securities and Investments Commission. Dimensional Australia is a wholly owned subsidiary of Dimensional Fund Advisors LP which is an investment advisor registered with the US Securities and Exchange Commission. Dimensional Australia and its affiliated entities (referred to as a group herein as “**Dimensional**”¹) manage funds on behalf of investors from offices in Australia, the United States, Europe, Singapore and Japan.

Operations

Dimensional Australia provides investment management and ancillary services to its clients, via its investment professionals and support staff. Dimensional Australia employs over 100 staff located in Sydney and Melbourne offices. Dimensional Australia acts (i) as the investment manager to various separately managed accounts for its large Australian institutional clients (“**Separate Accounts**”), (ii) as responsible entity, trustee and investment manager for Australian registered managed investment schemes (the Dimensional Wholesale Trusts – the “**Trusts**”). We refer collectively to the investment portfolios of the Separate Accounts and Trusts in this statement as “**the Investment Portfolios**”. Dimensional Australia also provides sub-advisory services to portfolios managed by the Dimensional affiliated entities.

Investment Portfolios

Dimensional Australia manages Investment Portfolios that invest in equity and fixed income securities of issuers domiciled in Australia (domestic) as well as in approximately 45 other countries and operating in approximately 11 industry sectors. The Investment Portfolios are generally very diversified with a large number of securities (greater than 8,000 individual securities across all Investment Portfolios). Further information on our approach to investing is available on our website.

Supply Chains

Dimensional Australia is a service firm and does not produce, manufacture or retail physical goods and as such has no supply chain related to such activities. Dimensional Australia has a significant number of service providers and suppliers of various size and nature. In providing financial services, Dimensional Australia is provided with support including investment management, advisory, trading and ancillary services by other Dimensional affiliated entities organized under the laws of the United States, United Kingdom, Singapore and Japan. Dimensional Australia also has a range of key service-provider relationships with other third-party regulated financial institutions for custody, back and middle-office, data provision and securities/derivatives

¹ “Dimensional” refers to the Dimensional separate but affiliated entities generally, rather than one particular entity. These entities are Dimensional Fund Advisors LP, Dimensional Fund Advisors Ltd., DFA Australia Limited, Dimensional Fund Advisors Canada ULC, Dimensional Fund Advisors Pte. Ltd., Dimensional Japan Ltd., Dimensional Hong Kong Limited and Dimensional Ireland Limited.

trading services. Some of those service providers have group operations across many countries. We also have professional service providers (our external lawyers, accountants and other advisers and consultants), as well as insurers, suppliers of IT and other office equipment, office supplies and support services.

THE RISKS OF MODERN SLAVERY PRACTICES IN OUR OPERATIONS AND SUPPLY CHAINS

During 2019/20, we undertook reviews of our operations (including the Investment Portfolios) and companies we deemed primary in our “supply chains” as that term is understood by the Act, with the aim to identify and assess potential modern slavery risk areas.

The Risks in Our Operations

Dimensional Australia, as a financial services organisation with a professional workforce, considers the risk of modern slavery within its direct business operations to be very low. Additionally, Dimensional Australia operates in a highly regulated industry that requires it to be licensed, authorised and subject to regulatory supervision. However, Dimensional Australia recognises that, through the Investment Portfolios it manages and its supply chains, it may be indirectly connected to organisations that conduct or support modern slavery in a way responsive to the Act. We believe exposure to this risk is likely to be also low in our supply chains, but possibly higher in the Investment Portfolios.

The Risks in Our Investment Portfolios

As an investment manager, Dimensional Australia had \$39.8 billion in funds directly under its management in the Trusts and Separate Accounts at 31 December 2020. The Investment Portfolios invest in securities of companies that are producers of goods and services, and we recognize that the risk of modern slavery practices might exist within the operations and supply chains of some of those companies. In this way, Dimensional Australia considers it has potential indirect exposure to modern slavery risks, as defined in the Act.

To assess the modern slavery risks in our Investment Portfolios, we relied on the analysis and data in the *Global Slavery Index* (“GSI”) published by the Walk Free Foundation (most recently in 2018) and the *Global Estimates of Modern Slavery* (“GEMS”) report released by the International Labour Organisation and the Walk Free Foundation in 2017. The GSI provides a country by country ranking across three dimensions of modern slavery risk: the number of people in modern slavery, the actions governments are taking to respond, and the factors that make people vulnerable. The GEMS indicate the main industries at risk of forced labour (such as mining, manufacture, agriculture/forestry/fishing, construction, healthcare services, IT services and software).

Based on the country rankings in the GSI, we reviewed the Investment Portfolios by undertaking a thematic risk assessment to identify potential exposures to countries stated in that report to have elevated modern slavery risks. Our analysis found that certain of the Investment Portfolios invest in companies which are located in or exposed to countries which are believed by GSI to be at a higher risk for modern slavery (in geographies such as Asia, South America, the Middle East and South Africa).

The Investment Portfolios also have exposure to certain companies that operate in industries which may be at a higher risk for modern slavery according to the GEMS such as mining, manufacture, agriculture/ forestry/ fishing, construction, healthcare services, IT services and software. The Investment Portfolios have investments across multiple sectors and industries which include those mentioned above.

As investee companies’ reporting improves, transparency grows and research becomes more established over time, we expect to have further insight on risk identification. We will report back in future years on our progress.

The Risks in Our Supply Chains

Where Dimensional Australia is provided with services by affiliated entities, we do not believe we have a risk of modern slavery or human trafficking taking place within those affiliates. The affiliates operate in lower

risk countries² in a highly regulated industry that requires them to be licensed and subject to regulatory supervision. A Modern Slavery and Human Trafficking Statement was prepared and issued pursuant to section 54 of the United Kingdom Modern Slavery Act 2015 (UK Act) for Dimensional Fund Advisors Limited, which provides services to Dimensional Australia.

Dimensional Australia expects all of our third-party suppliers to operate in a responsible, ethical, open and transparent way and in compliance with all applicable laws and regulations. Dimensional Australia's agreements with our material outsource service providers generally require that the service providers will not violate or breach any applicable law or regulation, which includes modern slavery laws, in providing their services to Dimensional Australia. For this reporting period, our risk assessment framework has focused on our most material third-party outsource providers and suppliers in terms of criticality to our operations and expenditure. Based on our assessment, we believe Dimensional Australia generally has minimal direct contact through our key third-party service providers or anyone deemed under the Act as a supplier in our supply chain, with the countries and sectors that are regarded by GSI as being the most likely to have a risk of modern slavery³. Our key service providers primarily comprise financial and professional services organisations, headquartered and providing services in the vast majority of cases from operations in low risk countries. In some cases, these vendors and suppliers may be subject to the Modern Slavery Act or its equivalent in other jurisdictions, and where available, we have reviewed those entities' own modern slavery statements and reports. Based on these reviews, we currently assess only a very limited risk of modern slavery taking place in our supply chain, as those terms are used in the Act, though it is possible that modern slavery risks might exist within the operations and supply chains as defined by the Act in some of those suppliers, unbeknownst to us. For example, we believe there may be a potential modern slavery risk in the supply chain of our suppliers of information technology and communications equipment. As our suppliers and service providers start to issue statements on modern slavery, or enhance their reporting where they already report, we will update our report on our assessment of supply chain risks annually.

ACTIONS TAKEN TO ASSESS AND ADDRESS MODERN SLAVERY RISKS, INCLUDING DUE DILIGENCE AND REMEDIATION PROCESSES

Working for Dimensional Australia

Dimensional Australia and its affiliated entities are proud to provide a range of benefits which support and promote the health and wellbeing of its staff in a manner compliant with legal requirements and to attract a talented workforce. Dimensional Australia believes that it is important that the working conditions of its staff meet required standards and reviews those benefits on a regular basis. All employees must comply with our employee handbook, which sets out that we expect our employees to behave responsibly in an ethical and legal manner, and makes clear that we oppose all forms of unlawful discrimination or victimisation.

Policies

Dimensional Australia has a number of policies and procedures which are considered to be relevant in the prevention of slavery and human trafficking. These include its Global Code of Ethics and Standard of Conduct and also policies and procedures which relate to:

- (i) anti-bribery and corruption;
- (ii) anti-money laundering;
- (iii) whistleblowing
- (iv) equal opportunities; and
- (v) policies against discrimination and harassment.

The above policies and procedures also facilitate Dimensional Australia's compliance with applicable requirements in connection with the clients it takes on, with the intent that Dimensional Australia is not used to launder the proceeds of criminal activity, which includes that obtained through illegal human trafficking and the illegal exploitation of slave labour. Additionally, Dimensional Australia encourages staff to report any ethical concerns at the earliest possible stage.

² Based on data in the Global Slavery Index (2018) provided by the Walk Free Foundation

³ Based on Global Slavery Index (2018)

Training and awareness

We recognise that training is crucial to raising awareness of issues around slavery. We have introduced periodic internal training to our employees, including those involved in the management of suppliers and procurement, about our obligations under the Modern Slavery Act. We have also briefed the Dimensional Australia Board of Directors on the requirements of the Modern Slavery Act and the actions we are taking to assess modern slavery risk in our operations, supply chains and Investment Portfolios, as those terms are defined by the Act, and to prepare this statement.

Service Providers

We have developed a Responsible Procurement Risk Indicator Tool which aims to consider the country from which services or supplies is provided and the industry/sector of the supplier, to provide some measure of possible modern slavery risk, as that term is defined by the Act. We have also undertaken due diligence on our material outsource providers, including meeting with relevant representatives of our most significant provider, and have obtained and reviewed their statements on modern slavery and human trafficking. Dimensional Australia is also introducing to its “Material Outsource Due Diligence Guidelines” specific enquiries to request information which may be relevant to considering the risks of modern slavery in respect of any proposed appointments of a material outsource provider and for periodic monitoring and review of existing material outsource service providers.

Responsible investment

Dimensional’s approach to responsible investment is set out in its Responsible Investment Policy and Investment Stewardship Statement (both of which may be found at www.au.dimensional.com). With regards to investment portfolios, Dimensional advocates for effective oversight of social risk and other governance best practices through engagement with portfolio companies. Dimensional is now licensing data from a leading ESG vendor that seeks to identify, among other things, companies in violation of United Nations Global Compact Principle Four (regarding forced and compulsory labour). Dimensional may use that data to determine whether to engage with companies to better understand how they are overseeing risks associated with involvement in modern slavery.

We recognise that as an investment manager of very large diversified Investment Portfolios, we are limited to public information published by those firms or collected by data companies and reported to us. We only have limited ability to engage directly with many of the specific companies the Investment Portfolios invest in, and generally only limited meaningful leverage to change their behaviour.⁴ Dimensional may engage with companies held in the Investment Portfolios, for example, where we become aware of a company associated with child labour controversies, to better understand their governance practices and advocate for our views on what constitutes strong governance.

HOW WE ASSESS THE EFFECTIVENESS OF SUCH ACTIONS

For this first year of Dimensional Australia’s modern slavery program, we have focussed on the effectiveness of our actions to raise awareness about modern slavery risk and to establish a modern slavery framework.

Raising awareness of modern slavery risk: directors and staff

In 2020, the attendance records for the training on modern slavery we provided to staff show that over 70% of staff attended the training. Training will become a mandatory module in our ongoing training program. We also gave several briefings to the Dimensional Australia Board of Directors and will include a report on the modern slavery program in our annual regulatory briefing to the Directors.

Establishment of modern slavery framework

We have also assessed the effectiveness of our actions to initially establish a modern slavery framework by

⁴ Dimensional acquires securities on behalf of the Investment Portfolios solely for the purpose of investment and not with the purpose or intended effect of changing or influencing the control of any portfolio company.

reference to the completion of the tasks needed to establish the program. In particular, the successful achievement of the following tasks during 2019/20 has resulted in Dimensional Australia having a framework for assessing and addressing modern slavery risk in its operations and supply chains:

- the delivery of modern slavery training to staff and briefings to the Board of Directors (see above);
- inclusion of modern slavery risk into Dimensional Australia's risk register;
- the development of a Responsible Procurement Risk Indicator Tool which we believe may be useful to undertake a high-level risk assessment of our service providers, with the aim to identify potential exposures to countries and industry sectors with elevated modern slavery risks;
- a meeting with relevant representatives of our most significant outsource provider, with the aim to understand their approach to modern slavery risk;
- the conduct of a thematic risk assessment of our Investment Portfolios, with the goal of identifying potential exposures to geographies and industry sectors who are deemed by GSI to present elevated modern slavery risks.

Approval

This statement is made by Dimensional Australia pursuant to section 14(1) of the Modern Slavery Act 2018, for the calendar year 2020. It has been approved by the board of Dimensional Australia. Dimensional Australia will review and, where considered appropriate, update this statement annually.



J. Glenn Crane, Director and CEO
