

DFA AUSTRALIA LIMITED

# Anti-Modern Slavery Statement pursuant to the Modern Slavery Act 2018

FOR THE YEAR ENDED 31 DECEMBER 2021



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## 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 is the second modern slavery statement prepared and issued by Dimensional Australia and is a joint statement given by Dimensional Australia for the reporting period 1 January 2021 to 31 December 2021 with respect to its own operations as a Reporting Entity (as that term is defined in the Act) and the operations of each of the following registered schemes (each a Reporting Entity as that term is defined in the Act) for which it acts as responsible entity:

- Dimensional Global Real Estate Trust;
- Dimensional Australia Core Equity Trust;
- Dimensional Australia Value Trust;
- Dimensional Australia Large Company Trust;
- Dimensional Global Core Equity Trust;
- Dimensional Global Value Trust;
- Dimensional Global Small Company Trust;
- Dimensional Emerging Markets Value Trust;
- Dimensional World Allocation 70/30 Trust;
- Dimensional World Equity Trust; and
- Dimensional Global Sustainability Trust.

(those named trusts being the "**Dimensional Wholesale Trusts**").

Each of the Dimensional Wholesale Trusts are Australian registered managed investment schemes that Dimensional Australia is responsible entity, trustee and investment manager for.

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<sup>1</sup>

### STRUCTURE

Dimensional Australia is a public unlisted 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**"<sup>2</sup>) manage funds on behalf of investors from offices in Australia, the United States, the United Kingdom, 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

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<sup>1</sup> We do not own or control any other entities, therefore we have not described "the risks of modern slavery practices in the operations and supply chains of...any entities that the reporting entity owns or controls.

<sup>2</sup> 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.

- (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 (this includes the Dimensional Wholesale Trusts (as defined in this Statement) and all other trusts falling within this category – collectively, 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. The Trusts are operated by Dimensional Australia in its capacity as responsible entity. As such, the risks present in Dimensional Australia's operations and supply chains also reflect the risks in the supply chains and operations of the Dimensional Wholesale Trusts and wider Trusts. Dimensional Australia does not own or control any other entities.

## INVESTMENT PORTFOLIOS

Dimensional Australia manages Investment Portfolios that invest in equity and fixed income securities of portfolio companies 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 contracts with 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 and securities/derivatives 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, data providers suppliers of IT and other office equipment, office space, office supplies and support services.

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

During 2021, we continued to undertake reviews of our operations (including the Investment Portfolios) and the key suppliers in our "supply chains" as that term is understood by the Act, with the aim to identify and assess potential modern slavery risk areas. We continue to review the relative risk in our operations, investment portfolios and supply chains with reference to 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 and sectors identified in the GEMS report, we have reviewed the risk in our operations, supply chains and the Investment Portfolios by undertaking a thematic risk

assessment to identify potential exposure to countries and sectors recognised as having elevated modern slavery risks.

## THE RISKS IN OUR OPERATIONS

Dimensional Australia, as a financial services organisation with a professional workforce based wholly in Australia, 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 potentially engage in modern slavery, such that Dimensional Australia may be linked to modern slavery through their operations and supply chains. The Australian Border Force's *Commonwealth Modern Slavery Act 2018 – Guidance for Reporting Entities* ("**Guidance**") defines this type of connection as being "directly linked" to modern slavery practices. We set out the respective risks identified in both our Investment Portfolios and supply chains below, and have broadly identified the risk to be 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 \$46.08 billion in funds directly under its management in the Trusts and Separate Accounts as of 31 December 2021. The Investment Portfolios invest in securities of companies that are producers of goods and services, and we recognize that risks of modern slavery practices may 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.

Some of the Investment Portfolios invest in companies which are located in or exposed to countries which the GSI identifies as presenting a higher risk of modern slavery, including Asia, South America, the Middle East and South Africa.

The Investment Portfolios are diversified and invest widely across the market. As a result, the Investment Portfolios have investments across multiple sectors and industries, some of which have been identified in the GEMS Report as having inherent risks of modern slavery. This includes the mining, manufacture, agriculture, forestry, commercial fishing, construction, healthcare services, IT services and software sectors.

Dimensional Australia acknowledges the inherently higher modern slavery risk associated with investment in these sectors and these countries and will continue to monitor the risk presented by investments connected to each, having regard to our respective role in the investments.

As portfolio companies' human rights reporting improves, transparency grows and associated research becomes more established over time, we expect to have further insights on the potential for modern slavery across organisations that may be further incorporated into our Investment Portfolio modern slavery risk assessment processes where applicable. We intend to report back in future years as this develops.

## THE RISKS IN OUR SUPPLY CHAINS

In the 2021 reporting period, we shifted our approach to assessing risk in our supply chains to attempt to focus on assessing the suppliers who potentially present the greatest risk of modern slavery as opposed to only those who were critical to our operations and expenditure. Based on these ongoing assessments, we continue to believe Dimensional Australia generally has minimal direct contact through

our third-party service providers or suppliers with the countries and sectors that are regarded by GSI as being the most likely to have a risk of modern slavery<sup>3</sup>.

#### ***Services provided by affiliated entities***

We assessed there to be a relatively low risk of modern slavery in the services provided by Dimensional Australia's affiliated entities. The financial services sector has not been identified as having an inherently high risk of modern slavery, and we consider that any risk which may exist is largely mitigated for Dimensional Australia as a result of the affiliates operating in lower risk countries<sup>4</sup> and in a highly regulated industry that requires them to be licensed and subject to regulatory supervision. We also have some visibility over the supply chains of these entities and their management of any respective modern slavery risks given that they are subject to reporting requirements in other jurisdictions.

#### ***Professional service providers***

Our professional 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. The sectors that these services operate in are generally considered to be fairly low risk. Some of these vendors and suppliers are also subject to the reporting requirements in the Modern Slavery Act or its equivalent in other jurisdictions. Where provided, we have reviewed those entities' modern slavery statements and reports which have generally indicated very limited risk of modern slavery taking place in these supply chains.

#### ***IT & office supply procurement***

Dimensional Australia acknowledges that, in accordance with the GEMS report, there is an inherently high modern slavery risk associated with the IT sector. We also recognise the potential modern slavery risk known to exist in the supply chains of some companies providing various forms of office supplies. These risks generally exist further up the supply chain of these suppliers, and we consider that they are mitigated for Dimensional Australia given that it procures many of these office supply services from companies based in Australia.

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

Dimensional Australia has taken a number of actions over the 2021 and previous reporting periods to address modern slavery in its operations and supply chains. These actions are set out below.

### **GOVERNANCE SYSTEMS AND RISK MANAGEMENT FRAMEWORK**

Dimensional Australia established a dedicated modern slavery working group in 2019. This working group coordinated the incorporation of modern slavery risk into Dimensional Australia's existing risk management framework ("**Framework**"). The Framework sets out the processes of risk identification, categorisation, assessment, treatment and regular monitoring, reporting and review of risks which is broadly consistent with the guidelines contained within ASIC's Regulatory Guide 259: Risk management systems of responsible entities and AS/NZS ISO 31000:2018: Risk management guidelines. Modern slavery risk is now specifically identified as a risk under the Framework and is currently categorised within 'operational risk' under both the '*human capital and employment practices*' and '*outsourcing and vendor management*' operational risk sub- categories. Under the Framework, all classified risks are re-assessed on at least an annual basis in accordance with Dimensional Australia's Risk Management

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<sup>3</sup> Based on data in the Global Slavery Index (2018) provided by the Walk Free Foundation

<sup>4</sup> Based on data in the Global Slavery Index (2018) provided by the Walk Free Foundation

Policy and Guidelines. Our modern slavery working group continues to oversee the periodic assessment of modern slavery risk under the Framework.

## EMPLOYEE AND SUPPLIER ENGAGEMENT

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 and retain 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.

Dimensional Australia expects all 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.

## POLICIES

Dimensional Australia has a number of policies and procedures which are considered to be relevant in managing the risk of modern slavery. 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) sanctions monitoring;
- (iii) material outsource due diligence;
- (iv) anti-money laundering;
- (v) whistleblowing;
- (vi) investment stewardship;
- (vii) equal opportunities;
- (viii) policies against discrimination and harassment; and
- (ix) risk management policy and guidelines.

Each of Dimensional Australia's employees are required to undertake their respective roles in compliance with these policies and procedures. 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 the illegal exploitation of slave labour and human trafficking. Additionally, Dimensional Australia encourages staff to report any ethical concerns at the earliest possible stage.

## TRAINING AND AWARENESS

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

## COVID-19

We believe the Covid-19 pandemic has brought additional challenges to modern slavery and has further

highlighted social and economic inequalities and vulnerabilities of workers worldwide. We have considered whether the pandemic has impacted our capacity to assess and address modern slavery risks during this reporting period and whether there is potential for increased risk posed by the pandemic. To date we have not identified additional modern slavery risks within our supply chains or Investment Portfolios as a result of the pandemic, nor do we believe it has impacted our ability to assess and address such risks.

## SERVICE PROVIDERS

In 2020 we developed a Responsible Procurement Risk Indicator Tool which considers the country from which services or supplies are provided and the industry/sector of each supplier, to provide some measure of possible modern slavery risk, as that term is defined by the Act. We also undertook due diligence on our material outsource providers, including meeting with relevant representatives of our most significant providers, and have obtained and reviewed their statements on modern slavery. Dimensional Australia has also introduced 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 new appointments of a material outsource provider and for periodic monitoring and review of existing material outsource service providers.

Throughout this most recent reporting period (2021), we increasingly focused on identifying suppliers with the highest risk of modern slavery in their supply chains, independent of Dimensional’s expenditure. For example, we understand the potential for modern slavery risk in the supply chains of our suppliers of information technology and communications equipment. Where we suspect there is the potential of modern slavery risk in an existing supply chain, we increasingly engage with civil organisations such as the Responsible Investment Association Australasia (“**RIAA**”), and use publicly available materials and statistics, such as those available on [knowthechain.org](https://www.knowthechain.org)<sup>5</sup>, to validate whether a supplier has had instances of actual or suspected modern slavery. In the event that we identify a modern slavery risk within the supply chain of a supplier, this would be escalated to the Australian Risk and Fiduciary Committee for consideration to be given as to what appropriate action should be taken by Dimensional Australia. We continue to review such service providers’ publicly available statements and, where applicable, policies on how they are addressing such modern slavery concerns.

In 2021 we held a joint half-day workshop with our largest outsource provider who provides extensive middle and back-office services in respect of our Investment Portfolios to discuss actions that they have been taking to address their potential modern slavery risks. In particular, we wanted to better understand how they assess modern slavery risks in their offshoring arrangements. Dimensional Australia was able to gain significant insights and comfort from the workshop that modern slavery did not present a risk to their organisation or ours in respect of these offshoring arrangements.

As our suppliers and service providers continue to publish new statements on modern slavery risks or enhance their reporting where they already publish such statements, we plan to update our statement on our assessments of supply chain risks.

## 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](http://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 where appropriate.

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<sup>5</sup> KnowTheChain is a resource for companies and investors to address forced labour in global supply chains. Their benchmarks and practical resources help companies operate more transparently and responsibly, while also informing investor decisions.

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 also use data and research from proxy advisory firms including ISS, Glass Lewis, and Ownership Matters, in support of its proxy voting and engagement activities on such matters. The analysis and research from our ESG vendor and the proxy advisory firms can assist Dimensional in determining whether to engage with portfolio companies to better understand how they are overseeing risks associated with modern slavery.

We recognise that as an investment manager of very large, diversified Investment Portfolios, we are limited to public information published by portfolio companies or collected by data and research companies and reported to us. We only have limited ability to engage directly with many of the specific portfolio companies, and generally only limited meaningful leverage to change their behaviour<sup>6</sup>. Dimensional may engage with a portfolio company, for example, where we become aware of a company associated with potential human rights abuses such as child labour controversies, to better understand their governance practices and advocate for our views on what constitutes strong governance. Throughout 2021, Dimensional undertook 73 company engagements on matters relating to human rights<sup>7</sup>.

## HOW WE ASSESS THE EFFECTIVENESS OF OUR ACTIONS

Since becoming a reporting entity under the Australian Modern Slavery Act, we have maintained a focus on incorporating modern slavery risk into our risk management framework and raising greater internal and external awareness of the risk of modern slavery.

Our modern slavery working group is the primary means through which we continue to assess the effectiveness of our modern slavery compliance actions. Our modern slavery working group continues to meet on a regular basis to assess the effectiveness of our efforts to date, including our existing policies and processes with respect to the identification and management of modern slavery risk, and periodically reports progress through to our Australian Risk and Fiduciary Committee and the Board of Dimensional Australia for its consideration.

## CONSULTATION

Each reporting entity covered by this statement, and each other owned or controlled entity, was provided with a copy of this statement and given an opportunity to review and comment on this statement prior to submission. Given Dimensional Australia's corporate structure and role as trustee and responsible entity for the Trusts, this statement was therefore reviewed by Dimensional Australia in both its own capacity and its capacity as trustee and responsible entity for the Trusts prior to submission.

As a subsidiary of Dimensional Fund Advisors LP, Dimensional Australia also relies on the overarching global policies, systems and processes that are applied across the entities in Dimensional such as the Global Code of Ethics and Standard of Conduct. These global policies, systems and processes sit alongside the specific policies implemented by Dimensional Australia.

Prior to being put to the Board of Dimensional Australia for review and approval, this statement was reviewed by Dimensional Australia's Compliance and Legal Teams.

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<sup>6</sup> 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.

<sup>7</sup> Engagements relating to human rights cover a range of issues. Further details on Dimensional's engagement activities throughout 2021 are contained within Dimensional's 2021 Stewardship Report which is available on Dimensional's website.

## APPROVAL

This statement is made by Dimensional Australia in accordance with the provisions of the Modern Slavery Act, for the reporting period. It has been approved by the board of Dimensional Australia in its capacity as principal governing body of DFA Australia Limited on 29 June 2022.

This statement was signed by Glenn Crane, Director, Chief Executive Officer and board member of DFA Australia Limited.

A handwritten signature in black ink, appearing to read "J. Glenn Crane". The signature is written in a cursive style with a horizontal line extending to the right.

J. Glenn Crane  
Director and CEO of DFA Australia Limited