INTERFAITH CENTER ON CORPORATE RESPONSIBILITY
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Dave Butler
Chief Executive Officer
Dimensional Fund Advisors
Dimensional Place
6300 Bee Cave Road, Building One
Austin, TX, 78746

Dear Mr. Butler,

We are writing on behalf of the Interfaith Center on Corporate Responsibility (ICCR), a coalition of over 300 global institutional investors that collectively represent more than $4 trillion in managed assets, to express our concern over Dimensional's 2022 proxy voting record on shareholder proposals related to environmental, social and governance (ESG) risks. Our members, many of whom are Dimensional clients, are long-term investors who believe that a company's management of environmental and social risks, and commitment to strong governance, are essential to long-term value creation.

As you may know, there has been increasing scrutiny of the proxy voting records of asset managers on ESG-related shareholder proposals and on Board oversight of these issues. Research from Morningstar, Majority Action, ShareAction, Georgeson, and others reflects asset owners' heightened expectations of their asset managers to address these material risks in their proxy voting. While we are mindful of the recent pressures fund managers face from parties attempting to discredit ESG, the fiduciary case for integrating material ESG risk factors into investment decisions and proxy voting is clear and irrefutable.

Dimensional's commitment to serve as responsible stewards of its clients assets stands in stark contrast to its 2022 proxy voting record. According to ShareAction's recent ranking of the top 68 managers' voting record on 252 shareholder proposals on proxy in 2022, Dimensional Investments ranked 66th in 68 asset managers assessed. Dimensional supported only 4% of overall shareholder proposals and only 6% of environmental resolutions examined**.** Dimensional's voting record on shareholder resolutions related to social policy issues was even worse as the firm supported only 5% of social policy-related proposals assessed by ShareAction in 2022.

Morningstar's analysis of asset manager voting on key resolutions, i.e. those shareholder resolutions addressing environmental or social themes that were supported by 40% or more of a company's independent shareholders, indicates that "*Dimensional Fund Advisors' overall support for key resolutions is the lowest among the U.S. top 20 asset managers at just 16% over the last three proxy years. The firm's overall support level has been highly consistent over those years—the spike in support in the 2021 proxy year seen at most of the asset managers in this study is absent for Dimensional."* This indicates a consistent divergence between shareholders' and the firm's understanding of material risk, or willingness to act on it.

Finally, we also wanted to note that ShareAction's report *Voting Matters 2022*, indicates that Dimensional supported none of the shareholder proposals that directly relate to executive compensation or to the company's lobbying and political spending disclosure, policies and practices. This is noteworthy given the growing public attention to corporate misalignment between their public policies and their direct and indirect lobbying and political contributions.

In summary, as a coalition of long-term investors, including many clients of Dimensional, we want to underscore that we see the management of material ESG risks as critical to long-term value creation and the safeguarding of shareholder value. As a fiduciary managing the assets of millions of clients, we believe Dimensional has an obligation to fully leverage its proxy voting powers to mitigate those ESG risks.

We look forward to your response, which we will gladly share with ICCR members. We will continue to monitor Dimensional's proxy voting practices and, in the meantime, would welcome a discussion with management regarding the issues raised in this letter. My colleague Tim Smith, Senior Policy Advisor (tsmith@iccr.org) will be glad to coordinate a call.

Sincerely,

Josh Zinner, CEO

CC:
Kirstin Drake, Head of Investment Stewardship

Tim Smith, Sr. Policy Advisor, ICCR