

Vote Rationales for Selected Proposals

COMPANY	TICKER	MEETING DATE	ITEM NUMBER	PROPOSAL	PROPONENT	MANAGEMENT RECOMMENDATION	VOTE CAST	RATIONALE
Toshiba Machine Co., Ltd.	6104	3/27/2020	1	Approve Takeover Defense Plan (Poison Pill) in Response to Public Tender Offer from Office Support	Management	For	Against	We voted against this proposal after engaging with the Company to share our view that the market for corporate control, which can result in acquisitions that are accretive to shareholders, should be able to function without undue restrictions. Takeover defenses such as poison pills can lead to entrenchment and reduced accountability at the board level.
Toshiba Machine Co., Ltd.	6104	3/27/2020	2	Trigger Takeover Defense Plan	Management	For	Against	We voted against this proposal after engaging with the Company to share our view that the market for corporate control, which can result in acquisitions that are accretive to shareholders, should be able to function without undue restrictions. Takeover defenses such as poison pills can lead to entrenchment and reduced accountability at the board level.
Arakawa Chemical Industries Ltd.	4968	6/23/2020	3.2	Elect Director and Audit Committee Member Murakami, Shigeto	Management	For	Against	<p>One of the most important measures aimed at ensuring that portfolio company shareholders' interests are represented is an independent board of directors, made up of individuals with the diversity of backgrounds, experiences, and skill-sets needed to effectively oversee management and manage risk.</p> <p>Dimensional believes that independent key committees help align the interests of the board and management with those of its shareholders and avoid conflicts of interest.</p> <p>We voted against the election of this director, who will serve on the Audit Committee, due to concerns with their independence.</p>

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Arakawa Chemical Industries Ltd.	4968	6/23/2020	3.3	Elect Director and Audit Committee Member Maruta, Naohisa	Management	For	Against	<p>One of the most important measures aimed at ensuring that portfolio company shareholders' interests are represented is an independent board of directors, made up of individuals with the diversity of backgrounds, experiences, and skill-sets needed to effectively oversee management and manage risk.</p> <p>Dimensional believes that independent key committees help align the interests of the board and management with those of its shareholders and avoid conflicts of interest.</p> <p>We voted against the election of this director, who will serve on the Audit Committee, due to concerns with their independence.</p>
Kyodo Printing Co., Ltd.	7914	6/26/2020	3	Abolish Takeover Defense Plan (Poison pill) Approved at the 2019 AGM	Shareholder	Against	For	<p>We believe the market for corporate control, which can result in acquisitions that are accretive to shareholders, should be able to function without undue restrictions. Takeover defenses such as poison pills can lead to entrenchment and reduced accountability at the board level.</p>
Mizuho Financial Group, Inc.	8411	6/25/2020	1.8	Elect Director Seki, Tetsuo	Management	For	Against	<p>One of the most important measures aimed at ensuring that portfolio company shareholders' interests are represented is an independent board of directors, made up of individuals with the diversity of backgrounds, experiences, and skill-sets needed to effectively oversee management and manage risk.</p> <p>Dimensional believes that independent key committees help align the interests of the board and management with those of its shareholders and avoid conflicts of interest.</p> <p>We voted against this director due to concerns with the overall level of board independence.</p>

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Mizuho Financial Group, Inc.	8411	6/25/2020	1.12	Elect Director Yamamoto, Masami	Management	For	Against	<p>One of the most important measures aimed at ensuring that portfolio company shareholders' interests are represented is an independent board of directors, made up of individuals with the diversity of backgrounds, experiences, and skill-sets needed to effectively oversee management and manage risk.</p> <p>Dimensional believes that an independent board helps align the interests of the board and management with those of its shareholders and avoid conflicts of interest.</p> <p>We voted against this director due to concerns with the overall level of board independence.</p>

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Mizuho Financial Group, Inc.	8411	6/25/2020	5	Amend Articles to Disclose Plan Outlining Company's Business Strategy to Align Investments with Goals of Paris Agreement	Shareholder	Against	Against	<p>Dimensional evaluates shareholder proposals on environmental or social issues consistent with its general approach to shareholder proposals, paying particular attention to the portfolio company's current handling of the issue, current disclosures, the financial materiality of the issue, market practices, and regulatory requirements. Dimensional may vote for proposals requesting disclosure of specific environmental and social data, such as information about board oversight, risk management policies and procedures, or performance against a specific metric, if we believe that the portfolio company's current disclosure is inadequate to allow shareholders to effectively assess the portfolio company's handling of a material issue.</p> <p>The Company recognizes climate change as an important issue for the business. After engaging with the Company and reviewing publicly available materials, we believe the Company has disclosed sufficient information on how it oversees this issue. The Company conducted a scenario analysis to see how its lending cost to sectors significantly impacted by a transition to a low-carbon economy and the Company states that they plan to conduct an assessment of the physical risks from climate change and will disclose the results. The Company discloses information on its approach to climate change in its Task Force for Climate-related Financial Disclosure (TCFD) report and its Environmental Policy, which includes environmental targets. The Company has also disclosed its exposure to the carbon sector as a percent of the Company's total exposure. Therefore, we do not believe that an amendment of the Company's articles of association to require additional disclosure is warranted at this time.</p>

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Mizuho Financial Group, Inc.	8411	6/25/2020	6	Amend Articles to Set Threshold of At Least 1000 Letters if Company Is to Set Letter Limit on Reasons for Shareholder Proposals	Shareholder	Against	For	<p>Dimensional's goal when voting on shareholder proposals to portfolio companies is to support those proposals that protect or enhance shareholder value through improved board accountability, improved policies and procedures, or improved disclosure.</p> <p>When evaluating shareholder proposals, Dimensional will consider the portfolio company's current handling of the issue (both on an absolute basis and relative to market practices), the company's compliance with regulatory requirements, the potential cost to the company of implementing the proposal, and whether the issue is better addressed through legal or regulatory action.</p> <p>Dimensional believes that it is appropriate for the Company to give shareholders the ability to provide sufficient background and rationale for their proposal. In this case, the Company imposes a limit on the characters shareholders can use when presenting their proposals, but does not apply any similar restriction on the characters in the board's statement in opposition to a shareholder proposal.</p>

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The Daito Bank, Ltd.	8563	6/26/2020	4.4	Elect Director and Audit Committee Member Kanno, Hiroyuki	Management	For	Against	<p>One of the most important measures aimed at ensuring that portfolio company shareholders' interests are represented is an independent board of directors, made up of individuals with the diversity of backgrounds, experiences, and skill-sets needed to effectively oversee management and manage risk.</p> <p>Dimensional believes that independent key committees help align the interests of the board and management with those of its shareholders and avoid conflicts of interest.</p> <p>We voted against the election of this director, who will serve on the Audit Committee, due to concerns with their independence.</p>
The Daito Bank, Ltd.	8563	6/26/2020	4.5	Elect Director and Audit Committee Member Sato, Chikashi	Management	For	Against	<p>One of the most important measures aimed at ensuring that portfolio company shareholders' interests are represented is an independent board of directors, made up of individuals with the diversity of backgrounds, experiences, and skill-sets needed to effectively oversee management and manage risk.</p> <p>Dimensional believes that independent key committees help align the interests of the board and management with those of its shareholders and avoid conflicts of interest.</p> <p>We voted against the election of this director, who will serve on the Audit Committee, due to concerns with their independence.</p>

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