

Vote Rationales for Selected Proposals

COMPANY	TICKER	MEETING DATE	ITEM NUMBER	PROPOSAL	PROPONENT	MANAGEMENT RECOMMENDATION	VOTE CAST	RATIONALE
DKK Co., Ltd.	6706	6/29/2021	3.2	Appoint Statutory Auditor Matsubayashi, Hiroshi	Management	For	Against	<p>Statutory auditors are responsible for effectively overseeing management and ensuring that decisions are in the best interests of portfolio company shareholders.</p> <p>Dimensional expects outside statutory auditor nominees to be independent and to have the capacity to fulfill the requirements of their role as evidenced by attendance at meetings of the board of directors or board of statutory auditors.</p> <p>We voted against the election of this statutory auditor due to concerns with their independence.</p>
DKK Co., Ltd.	6706	6/29/2021	5	Approve Takeover Defense Plan (Poison Pill)	Management	For	Against	<p>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.</p>
Nishikawa Rubber Co., Ltd.	5161	6/24/2021	5	Abolish Takeover Defense Plan (Poison Pill) Approved at the 2020 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>

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Mitsubishi Materials Corp.	5711	6/24/2021	2.8	Elect Director Sato, Hiroshi	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>
Mitsubishi Materials Corp.	5711	6/24/2021	2.9	Elect Director Wakabayashi, Tatsuo	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>
Yorozu Corp.	7294	6/29/2021	4	Approve Takeover Defense Plan (Poison Pill)	Management	For	Against	<p>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.</p>

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Toshiba Corp.	6502	3/18/2021	1	Appoint Three Individuals to Investigate Status of Operations and Property of the Company	Shareholder	Against	For	<p>We expect board members to act in the interests of portfolio company shareholders. Portfolio company boards should implement policies and adopt practices that align the interests of the board and management with those of its shareholders and avoid conflicts of interest. We may vote against individual directors, committee members, or the full board of a portfolio company if there have been material failures of governance, risk oversight, or fiduciary responsibilities.</p> <p>In publicly available research materials, there were allegations that the company may have put pressure on shareholders to vote in a manner favorable to management at the company's July 2020 shareholder meeting and that there may have been issues with the tabulation of votes cast, warranting further investigation. We also engaged with the company on these concerns.</p> <p>Therefore, we supported the appointment of independent investigators to review events relating to the July 2020 shareholder meeting and determine whether proper procedures were followed.</p>

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Toshiba Corp.	6502	6/25/2021	1.2	Elect Director Nagayama, Osamu	Management	For	Against	<p>We expect board members to act in the interests of portfolio company shareholders. Portfolio company boards should implement policies and adopt practices that align the interests of the board and management with those of its shareholders and avoid conflicts of interest. We may vote against individual directors, committee members, or the full board of a portfolio company if there have been material failures of governance, risk oversight, or fiduciary responsibilities.</p> <p>An independent investigation, which resulted from a resolution of the 2021 Extraordinary General Meeting of Shareholders, determined that the company limited its shareholders' ability to exercise their rights at the company's July 2020 shareholder meeting and that the company's Audit Committee failed to take action when made aware of the issue. Two of the three members of the Audit Committee resigned as a result of the investigation.</p> <p>We voted against this director, who serves as board Chairperson and as Chairperson of the Nominating Committee, for the board's failure to appropriately oversee management and for renominating the Audit Committee member involved in the oversight failure.</p>

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Daio Paper Corp.	3880	6/29/2021	2	Amend Articles to Amend Business Lines—Amend Provisions on Number of Directors—Reduce Directors’ Term—Amend Provisions on Director Titles—Authorize Board to Determine Income Allocation	Management	For	Against	Dimensional voted against this proposal, which requested, in part, that the board be granted discretion over the payment of dividends without shareholder review. Because a majority of the company’s board members are affiliated with the company, Dimensional believes that shareholder review is necessary to ensure that dividend payment decisions are made in a manner consistent with the interest of portfolio company shareholders.
The Awa Bank Ltd.	8388	6/29/2021	2.3	Elect Director and Audit Committee Member Yabe, Takeshi	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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