Product name:

Global Short Fixed Income Lower Carbon ESG Screened Fund

Legal entity identifier:

549300IK6GE6PKDVY419

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ Yes	☒ No
☐ It will make a minimum of **sustainable investments with an environmental objective:** ___%	☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of __% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☐ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective:** ___%	☒ It promotes E/S characteristics, but **will not make any sustainable investments**

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

What environmental and/or social characteristics are promoted by this financial product?

The fund promotes the following E/S characteristics:

1. Lower exposure to companies and agency/supranational issuers with high **greenhouse gas emissions** relative to the corresponding bond markets as further outlined below.
2. Lower exposure to companies and agency/supranational issuers owning **coal, oil and gas reserves** relative to the corresponding bond markets as further outlined below.
3. Lower exposure to the **highest emitters among treasury/sovereign/local authority issuers** in aggregate relative to the fund's relevant bond market as further outlined below.
4. Exclusion of companies with **adverse environmental impacts** through material involvement in business activities related to coal, oil, gas, palm oil or factory farming.
5. Exclusion of companies with **adverse social impacts** through material involvement in business activities related to adult entertainment, alcohol, gambling, tobacco, civilian firearms, controversial weapons (e.g. cluster munitions, anti-personnel mines, chemical and biological weapons or depleted uranium ammunition and armour), nuclear weapons or private prisons.

6. Exclusion of companies identified as operating in a manner inconsistent with **responsible business conduct standards**, such as those defined by the UN Global Compact Principles and the OECD Guidelines for Multinational Enterprises, because of material involvement in severe controversies related to the environment (e.g. land use and biodiversity, toxic spills and releases, operational waste or water management), society (e.g. child labour or human rights) or corporate governance (e.g. corruption or fraud)

No reference benchmark has been designated for the purpose of attaining the E/S characteristics promoted by the fund.

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

The fund uses the following sustainability indicators to measure the attainment of each of the promoted E/S characteristics outlined above:

1. Weighted average **carbon intensity** of companies relative to the corporate bond market and of agency/supranational issuers relative to the agency/supranational bond market.
   - Represents an issuer's recently reported or estimated Scope 1 (direct) + Scope 2 (indirect) greenhouse gas emissions in carbon dioxide equivalents (CO_2e) normalised by sales in USD (metric tons CO_2e per USD million sales).
   - Greenhouse gases included are carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF_6) and nitrogen trifluoride (NF_3).
2. Weighted average **potential emissions from reserves** of companies relative to the corporate bond market and of agency/supranational issuers relative to the agency/supranational bond market.
   - Represents a theoretical estimate calculated by MSCI of carbon dioxide produced if an issuer's reported reserves of oil, gas and coal were converted to energy.
   - Uses estimated carbon and energy densities of the respective reserves.
3. Weight of **highest emitters among treasury/sovereign/local authority issuers** relative to their weight in the fund's relevant bond market based on greenhouse gas emissions per GDP.
   - Represents an issuer's most recently reported sovereign-level United Nations Framework Convention on Climate Change (UNFCCC) production-based greenhouse gas emissions excluding land use, land-use change and forestry (LULUCF) normalised by the issuer's sovereign-level purchasing power parity (PPP)-adjusted gross domestic product (GDP).

4/5. Weight of companies with material involvement in the stated business activities related to **adverse environmental / social impacts** relative to the corporate bond market.

6. Weight of companies identified as operating in a manner inconsistent with **responsible business conduct standards** because of material involvement in severe ESG controversies relative to the corporate bond market.

The relevant corporate bond market and agency/supranational bond market for the fund approximately correspond to the constituents of the Bloomberg Global Aggregate Bond Index 1-5 Years (the fund's relevant bond market) that are classified to the corporate sector and to the agencies/supranational sector, respectively. Bonds are generally weighted according to their market value.

What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?

The fund does not intend to achieve a minimum proportion of sustainable investments. As such, the fund's investments do not have a planned sustainable investment objective and are therefore also not intended to contribute to the environmental objectives laid out in the EU Taxonomy. While the fund does not seek to make EU Taxonomy-aligned investments, it may end up holding such sustainable investments and such incidental holding, if any, will be disclosed in the Annual Report of the fund.

The EU Taxonomy sets out a "do no significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

Does this financial product consider principal adverse impacts on sustainability factors?

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anticorruption and antibribery matters.

X Yes, the fund considers the following principal adverse impacts on sustainability factors (PAIs) as outlined in the Sustainable Finance Disclosure Regulation (SFDR):

Greenhouse gas (GHG) emissions

A. GHG emissions (Scope 1/2)

B. Carbon footprint (Scope 1/2)

C. GHG intensity of investee companies (Scope 1/2)

D. Exposure to companies active in the fossil fuel sector

E. Share of non-renewable energy production

F. GHG intensity of sovereigns

Biodiversity, water, waste

G. Activities negatively affecting biodiversity-sensitive areas

H. Emissions to water

I. Hazardous waste and radioactive waste ratio

Social and employee matters

J. Violations of United Nations Global Compact (UNGC) Principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises

K. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)

A-K: The PAIs are linked to the E/S characteristics promoted by the fund.

G-J: Additionally, if a company's business conduct is identified to be inconsistent with the responsible business conduct standards, but not to the extent that the concern merits an exclusion, then the Investment Manager may halt additional investment in the company and seek further review within its Investment Stewardship Group.

The information on PAIs will be made available in the Annual Report of the fund.

☐ No

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

What investment strategy does this financial product follow?

The fund is designed to pursue its promoted E/S characteristics within a broadly diversified, systematic and cost-effective investment framework to provide investors the opportunity to reflect their sustainability values without sacrificing sound investment principles.

The foundation of the fund is an investment strategy that systematically targets drivers of higher expected returns, including the term and/or credit premium. The fund achieves this objective by increasing the exposure to longer-dated bonds (and/or lower-rated bonds) when expected term premiums (and/or expected credit premiums) are higher within the fund's investable universe.

The fund uses a combination of security weighting and exclusion criteria to attain the promoted E/S characteristics outlined above.

Security weighting criteria are designed to emphasise best-in-class companies with a lower carbon intensity. Exclusion criteria are implemented to avoid the purchase of issuers with high emissions or material involvement in the screened business activities and controversies. Should existing holdings, compliant at the time of purchase, subsequently become involved, they will be divested within a reasonable period considering turnover, liquidity and associated trading costs.

This investment strategy is reflected in the fund's portfolio design and is implemented on a continuous basis by the Investment Manager's Portfolio Management and Trading Group. More information on the fund's general investment policies can be found in the Investment Objectives and Policies section in the main body of the Prospectus.

What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?

The attainment of each of the E/S characteristics promoted by the fund is enforced by the following binding elements of the investment strategy:

1. The fund reduces its weighted average **carbon intensity** exposures to companies relative to the corporate bond market and to agency/supranational issuers relative to the agency/supranational bond market by at least 50%. To implement these binding elements, the fund:
   - Allocates a larger (smaller) proportion of its corporate bond investments to sector leaders (sector laggards) to emphasise best-in-class companies based on carbon intensity.
   - Excludes from purchase companies and agency/supranational issuers with the highest carbon intensity.
2. The fund reduces its weighted average **potential emissions from reserves** exposures to companies relative to the corporate bond market and to agency/supranational issuers relative to the agency/supranational bond market by at least 75%. To implement these binding elements, the fund:
   - Excludes from purchase companies and agency/supranational issuers with the largest fossil fuel reserves based on potential emissions from reserves.
3. The fund underweights the **highest emitters among treasury/sovereign/local authority issuers** relative to their weight in the fund's relevant bond market by at least 5%.

4/5. The fund excludes companies with material involvement in the stated business activities related to **adverse environmental / social impacts**. The Investment Manager determines material involvement in a business activity by direct evidence (e.g. if annual revenues exceed a defined threshold, such as 0% or 10%) or by indirect evidence (e.g. through ownership), depending on each activity.

6. The fund excludes companies identified as operating in a manner inconsistent with **responsible business conduct standards** because of material involvement in severe ESG controversies as stated above. The Investment Manager generally determines material involvement in a severe controversy by assessing the perceived nature and scale of a case and a company's role and response:
   - The **nature of a case** generally depends on the perceived severity of harm resulting from a controversy.
   - The **scale of a case** generally depends on the perceived size of its impact, such as the geographical footprint, the level of pollution or the number of people affected.
   - A **company's role**, and thus the materiality of its involvement, generally depends on whether its conduct, products, or operations are believed to have directly contributed to the controversy or have indirectly facilitated the controversy through the actions of affiliates or members of its supply chain. Actions from affiliates are regarded as direct involvement if the company has significant control. Additional considerations include potential intent (e.g. malicious/recurring compared to negligent/reckless behaviour) and implemented controls, amongst others.
   - A **company's response** after the event, involvement in related legal cases, and the Investment Manager's assessment of the proportionality and effectiveness of remediating actions taken since the controversy occurred all feed into the assessment of whether a controversy is still of ongoing concern. Additional considerations include aggravating factors such as actions to hide or conceal involvement.

   To assess material involvement in a severe ESG controversy, the Investment Manager generally uses an aggregate evaluation, which is a function of all four considerations outlined above.

These binding elements of the investment strategy are implemented by the Investment Manager based on available data. If no relevant information can be obtained from either internal or external sources that would lead an issuer to be excluded from the fund, the issuer is deemed to be eligible for investment. Exclusions are not applied to cash, derivatives or third-party fund holdings. Securities lending activities are not expected to impact the attainment of the promoted E/S characteristics.

What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?

The fund does not commit to a minimum rate of reduction of the investments considered prior to the application of the investment strategy. However, the fund uses exclusions to attain the E/S characteristics promoted above. The aggregate impact of the binding constraints on the investment universe depends on future developments outside the control of the Investment Manager, such as evolving business strategies, securities listings or general market conditions.

What is the policy to assess good governance practices of the investee companies?

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

Good corporate governance serves *to protect investors*. Corporate governance standards are assessed as part of the Investment Manager's Exchange Review Process. It includes a qualitative assessment of a given country's governance standards that support investor protection and considers standards related to management structures, employee relations, remuneration of staff, and tax compliance.

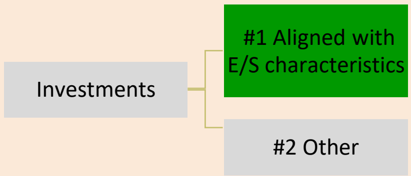
Additionally, the Investment Manager's Portfolio Management Group and Investment Stewardship Group regularly monitor and assess corporate governance practices at portfolio companies. Where there are concerns about the governance practices at portfolio companies these are escalated to the Investment Stewardship Committee. In cases where the Investment Stewardship Committee identifies exceptional governance concerns, the Portfolio Management Group will escalate the company to the Manager's Investment Committee, which will decide whether the company fails the good governance practices test for the purposes of Article 8 of the SFDR.

If the company fails the test, the Investment Manager will cease further investments in the company and will assess whether a divestment from the company is merited.

What is the asset allocation planned for this financial product?

Asset allocation describes the share of investments in specific assets.

The fund generally seeks to invest in direct holdings and **a minimum of 80% of its investments will be aligned with the E/S characteristics (#1)** promoted by the fund. The fund does not intend to achieve a minimum proportion of sustainable investments. Potential remaining investments are included under Other (#2) and further outlined below.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

- ***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?***

  The fund does not use derivatives to attain the E/S characteristics promoted by the fund.

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The fund does not intend to achieve a minimum proportion of sustainable investments. As such, there is no commitment for a minimum proportion of EU Taxonomy-aligned investments with an environmental objective.

- ***Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy[1]?***

  ☐ Yes:

  ☐ In fossil gas ☐ In nuclear energy

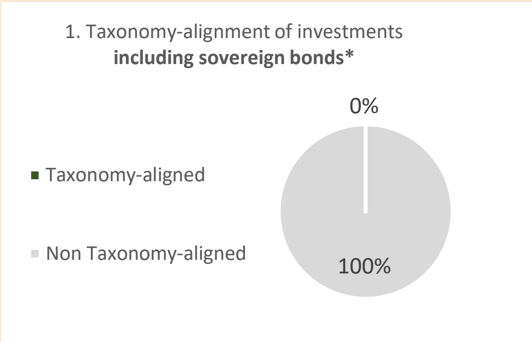
  X No

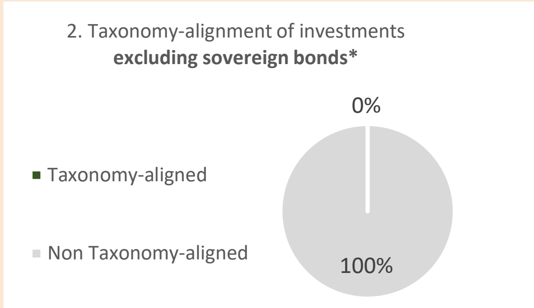
  The fund does not intend to achieve a minimum proportion of investments in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.





This graph represents 100% of the total investments.

** For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures*

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

What is the minimum share of investments in transitional and enabling activities?

The fund does not intend to achieve a minimum proportion of EU Taxonomy-aligned investments with an environmental objective, neither in transitional nor in enabling activities.

What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

Other (#2) may include additional assets, such as cash, cash equivalents, derivatives and collective investment schemes. No specific environmental or social safeguards are applied to Other (#2).

Where can I find more product specific information online?

More product-specific information can be found on the website:

https://www.dimensional.com/sfdr