

Sustainability and Engagement at Boston Partners

Engagement Report

The Sustainability and Engagement Team (the “Team”) undertook the following engagement actions during April 2019:

Issuer Calls, Meetings and Correspondence.

1. **Persimmon plc (ticker symbol PSN LN):** PSN is one of the largest home builders in the UK. The Team had a call with the Chairwoman of the Remuneration Committee and the Company Secretary regarding compensation matters to be considered at the 2019 annual general meeting and about issues regarding quality control of constructed houses. PSN explained that changes had been made to the remuneration programs to ensure that excessive compensation could not be paid under PSN’s incentive plans and that additional metrics had been added to address areas such as customer satisfaction and quality control. The Team expressed its concern over the extensive press coverage of quality control issues and requested an overview of PSN’s quality control supervisory structure. PSN reassured the Team that additional measures had been put in place to improve both quality control and customer service and described certain of those measures.
 2. **Centene Corporation (ticker symbol CNC):** CNC is a multinational healthcare company that provides programs for the underinsured and uninsured. Following research on CNC, the Team wrote to CNC noting that CNC did not have a corporate responsibility report (“CRR”) nor significant disclosure about typical sustainability considerations such as supplier oversight and employee diversity as well as more fulsome environmental disclosure and asked CNC if/when shareholders could expect such additional information.
 3. **Cimarex Energy Co. (ticker symbol XEC):** XEC is an independent oil and gas exploration and production company. The Team wrote to XEC following research on XEC. The Team noted that XEC had significant environmental disclosure but lacked a more typical CRR prepared in accordance with GRI standards. The Team noted that it would prefer to see information on the reasons for gas flaring, if any, and information about supplier oversight and EEO-1 type data on the XEC employees. The Team further advised that CDP participation regarding climate change would be beneficial. Finally, the Team requested that XEC consider having an independent director as Chairman of the Board because it provides the best protection of shareholder interests.
 4. **Fidelity National Information Services (ticker symbol FIS):** FIS is a financial services technology company. The Team emailed FIS following research on FIS. The Team noted that FIS has failed to publish any sustainability/ESG data and recommended that FIS prepare a CRR and noted some of the items that would be relevant for inclusion in the CRR. The Team also noted that shareholders’ interests would be better protected by the Chairman of the Board being an independent director.
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5. **DICK'S Sporting Goods, Inc. (ticker symbol DKS):** DKS is a sporting goods retailer. The Team emailed DKS following research on DKS. The Team noted that DKS has failed to publish any sustainability/ESG data and recommended that DKS prepare a CRR and noted some of the items that would be relevant for inclusion in the CRR. The Team also noted that shareholders' interests would be better protected by the Chairman of the Board being an independent director.
6. **Huntington Bancshares Inc (ticker symbol HBAN):** HBAN is a regional bank. The Team spoke with representatives of HBAN as part of HBAN's twice yearly shareholder engagement. The Team suggested to HBAN that the Chairman of the Board should be an independent director and that shareholders should have a right to call a special meeting based upon the agreement of the holders of 10% of the outstanding shares and shareholders should be able to act by written consent based upon the percentage required to approve a proposal at a shareholders' meeting. The HBAN representatives agreed to relay those comments to the Board. The Team also asked that HBAN disclose to what extent ESG characteristics are considered in HBAN's loan or asset portfolio. The HBAN representatives stated that the wealth management division does not have a specific ESG policy but are considering it and that the CRR appendix noted that an environmental review is done prior to each lending and a small portion of the business is in funding renewable energy projects. HBAN also said that there are certain limitations on loans such as no mountaintop mining, but these weren't disclosed. The Team recommended that HBAN examine its low GlassDoor review score, include information about the gender diversity of upper management, and disclose the oversight of its suppliers and substantiated whistleblower claims.
7. **Cigna Corporation (ticker symbol CI):** CI is a health service organization that provides insurance and related products. The Team spoke with CI representatives as part of CI's shareholder outreach for their shareholders' meeting and proxy voting. The Team advised CI that certain additional information should be disclosed: ESG policies applicable to invested assets; number and type of supplier audits; number and type of training hours; and that shareholders should have a right to call a special meeting and to act by written consent with less than a unanimous requirement. At the request of the Team, the Cigna Global Chief Compliance Officer provided an in-depth explanation of the compliance structure, particularly related to compliance with Medicare Parts C and D requirements. CI has increased its compliance staff and procedures significantly in the past two years to address deficiencies that resulted in previous government enforcement action against CI. The Team focused on understanding the compliance structure because of the reputational risk associated with government enforcement actions.
8. **Target Corporation (ticker symbol TGT):** TGT operates as a general merchandise retailer in the United States. The Team sent an engagement email to TGT in February following a review of the company. The Investor Relations contact at TGT responded to Boston Partners' comments and questions. The contact shared Boston Partners' preference for an independent chairman with the team, who would relay the feedback to the board. The contact also noted TGT's efforts to reduce its impact in the areas of water, climate, and forests within its operations and value chain, as well as described TGT's progress in how it handles hazardous waste.
9. **Owens Corning (ticker symbol OC):** OC offers fiberglass composites, insulation, and roofing products. The Team spoke with OC representatives as part of OC's shareholder engagement program to discuss matters relating to the annual meeting and proxy voting. The Team discussed Boston Partners' over-boarding policy and explained why Boston Partners was voting against one of OC's directors due to over-boarding concerns. The Team communicated Boston Partners' preference for shareholders to have the right to call special meetings and the right to act by written consent, as well as encouraged OC not to combine the roles of CEO and Chair. OC currently has a separate CEO and Chair but highlighted its strong Lead Independent Director program and expressed its view that a combined CEO/Chair role can be valuable. The Team also discussed OC's compensation program.
10. **Noble Energy, Inc. (ticker symbol NBL):** NBL is an oil and gas exploration and production company. The Team spoke with representatives from NBL as part of the company's proxy season engagement program. The Team provided an overview of Boston Partners' proxy voting process. The Team then discussed director independence generally and in relation to a specific director who previously served as CEO of a company NBL acquired. Further, the Team sought

more information about the named executive officers' compensation and a severance payment given to an executive who resigned. NBL explained the circumstances behind the severance arrangement and discussed its approach to the compensation program. Additionally, the Team communicated its preference for an independent chairman and the right to call a special meeting and act by written consent at a lower threshold. The Team also encouraged NBL to publish data for substantiated whistleblower claims, discussed third-party verification for the Sustainability Report, and inquired if NBL intends to set emissions targets. NBL noted it has not made a commitment to emissions goals yet but is preparing a climate-focused report.

11. **Glencore Plc (ticker symbol GLEN LN):** GLEN is a major natural resource/commodity company focused on metals and minerals, energy, and agriculture. The Team corresponded with GLEN following the Team's research analysis on the company. The Team inquired about what controls are in place to prevent bribery and corruption, raised concerns about human rights and labor practices violations, and encouraged GLEN to provide more data about suppliers and due diligence audits. The Team also sought more information about why GLEN declined to submit a 2018 CDP Climate Change report, why the score for Forests declined year to year, and how management views the outlook of the coal and oil business segment in light of the transition to a low-carbon economy.
12. **Broadcom Inc (ticker symbol AVGO):** AVGO is a technology company. The Team met with the Director of Investor Relations and Tim Krauss, the CFO, and noted that AVGO did not have any substantial ESG disclosure on its website or otherwise and that Broadcom corporation, prior to its acquisition by Broadcom Inc., had substantial disclosure and CDP participation. The CFO asked what we would like to see, and the Team suggested following the former disclosure of Broadcom Corporation. The CFO also asked for an example of a good CRR and the Team suggested to look at HP, Inc's CRR for a complete report. The CFO committed to reviewing what Broadcom formerly disclosed and to take steps to do the same.
13. **Schweitzer-Mauduit International, Inc. (ticker symbol SWM):** SWM provides engineered solutions and advanced materials. The Team spoke with the General Counsel and the Director of Compensation and Benefits as part of SWM's shareholder outreach for the annual general meeting. The Team noted that Boston Partners was voting in favor of management's proposals in the proxy. The Team reiterated the concerns that it had raised in October 2018, in particular, to declassify the Board. SWM noted that was still on the directors' radar but there were recently several new directors due to acquisitions and the board was concentrating on acclimating the new directors and the acquisitions before tackling board declassification. The Team also addressed again the lack of sufficient sustainability disclosure. The Team noted additional disclosure in the proxy but agreed to consider seriously preparing a full CRR in the near future.
14. **Pfizer Inc (ticker symbol PFE):** PFE is a pharmaceuticals company. The Team spoke with PFE corporate governance and executive compensation representatives for PFE's shareholder outreach regarding the upcoming annual general meeting. The Team informed PFE that Boston Partners would be voting against four directors because they were members of more than 3 public company boards and that it would vote in favor of shareholder proposals to provide shareholders with the right to act by written consent and to require an independent Board Chairman. The PFE team agreed to relay Boston Partners' positions to the full Board.
15. **Trinseo SA (ticker symbol TSE):** TSE is a materials company offering plastics, latex binders, and synthetic rubber. The Team met with representatives of TSE as part of TSE's shareholder outreach regarding the upcoming annual general meeting. TSE informed the Team that there were no shareholder proposals and discussed provisions under Luxembourg law regarding the requirement to reauthorize share issuance and also for repurchasing of shares. TSE also described the circumstances of 2 off-cycle stock grants to two executives for retention during a leadership transition. The Team noted that the Board was not very gender diverse with only one woman and that the CRR should provide information regarding supplier audits and substantiated whistleblower claims.
16. **PACCAR Inc (ticker symbol PCAR):** PCAR is a manufacturer of heavy-duty trucks. The Team spoke with counsel and an investor relations representative as part of PCAR's shareholder outreach. The Team explained that Boston Partners would vote against several of the directors because they served on more than 3 public company boards and against

those directors that were members of the audit committee because ratification of the auditors was not set for a vote at the annual general meeting. The Team explained Boston Partners' rationale for these positions. The Team also noted that Boston Partners would vote in favor of the shareholder proposal for shareholders to have the ability to act by written consent. PCAR explained that the directors would fix the Articles of Incorporation to guarantee shareholders the right to call a special meeting as provided in the bylaws. The Team also discussed additional information that would be beneficial to have in the CRR.

17. **DTE Energy Company (ticker symbol DTE):** DTE is a utilities company. The Team spoke with DTE's Director-General Counsel and VP-Corporate Secretary and Chief of Staff as part of the company's spring shareholder engagement calls. DTE discussed two shareholder proposals. One proposal calls for DTE to adopt a policy to require the Chair of the Board be an independent director. The Team communicated that it would support this proposal. The second proposal called for disclosure of political contributions. The Team expressed it would oppose this proposal. DTE also described its efforts to improve transparency and disclosure for ESG matters, and the Team provided feedback on the current ESG and Sustainability Report. DTE also shared its goals to reduce emissions and described its plan to phase out coal plants.
18. **Global Payments Inc. (ticker symbol GPN):** GPN offers payment technology and software solutions. The Team spoke with representatives from the Investor Relations team ahead of the annual shareholders meeting. ISS provided an "Against" recommendation on the advisory vote to ratify the Executive Officers' compensation, and GPN sought to explain their perspective. GPN reported it is comfortable with how the company is performing financially and described the one-time cash reward. GPN determined that compensation was not competitive relative to the median of the peer group and issued a mid-year restricted stock grant in response. The Team also discussed producing a CRR report and improving shareholder rights.
19. **Abbott Laboratories (ticker symbol ABT):** ABT is a health care product manufacturer. In response to a request from the issuer, the Team stated that it would vote against two of the directors for over-boarding issues as the directors were members of more than 3 public company boards, and that Boston Partners would support a shareholder proposal to require an independent chairman because that ensured the best representation of shareholder interests.
20. **Air Lease Corp (ticker symbol AL):** AL is an airplane leasing company. The Team discussed the compensation and governance structure with AL representatives. The Team expressed its preference for an independent Chairman. The Team also discussed AL's compliance structure and the processes for preventing violations of OFAC and AML restrictions.
21. **Entergy Corporation (ticker symbol ETR):** ETR is a regional electricity generator and regulated utility. The Team discussed ETR's environmental profile, particularly, its fuel source for power generation. ETR noted that it was divesting itself of northeast-based aging nuclear plants and concentrating on its southern power generation. ETR noted that it had a plan to eliminate several aging coal generated power plants and would replace them with highly efficient natural gas power plants and that this was in part due to an agreement with the Sierra Club. ETR noted that wind was not a viable power source in its region but that ETR was working to provide more solar generated power. ETR noted that it had published a new climate report and scenario analysis and there was a plan to cut emissions by 50% from the 2000 base year by 2030. The Team addressed the lack of an independent chairman and lack of participation in the CDP. ETR noted that it was reporting in accordance with the Edison Electric Institute system that was best for the electric utility industry.
22. **American International Group, Inc. (ticker symbol AIG):** AIG is an insurance company. The Team spoke with AIG representatives ahead of the annual meeting. AIG described recent developments at the organization and how they relate to executive compensation. AIG highlighted board refreshment and the Team raised concerns about over-boarding for a director who serves on more than three public company boards. AIG noted its sustainability efforts, and the Team encouraged the company to adopt some form of standardization for its reporting. The Team also discussed a shareholder proposal to lower the threshold for the right of shareholders to call a special meeting to 10%, and the Team

communicated that it would support this proposal. AIG also mentioned that it incorporates sustainability in supplier selection and audit rights in supplier agreements.

23. **The Boeing Company (ticker symbol BA):** BA manufactures jetliners and other aerospace products. The Team discussed the 737 Max matter with the Lead Director and the Deputy General Counsel, Corporate Secretary. BA described its response process and the company's relationship with the FAA. BA highlighted the independence of the board from management. The Team discussed the proposal calling for an independent board chairman; BA currently has a combined CEO/Chair. The Team communicated that it supports having an independent chairman. The Team also expressed it will vote against two directors due to over-boarding concerns and will support a proposal for a report on lobbying payments and policy.
24. **Ares Commercial Real Estate Corporation (ticker symbol ACRE):** ACRE is a real estate investment trust. The Team spoke with representatives from the company regarding Boston Partners' vote for the annual meeting. The Team communicated that Boston Partners plans to vote against the three director nominees due to governance failures. The primary issue is a bylaw restriction; shareholders do not have the ability to amend the company's bylaws. The Team noted additional governance concerns, such as the classified board structure, the non-independent Chairman, and the relatively low percentage of independent directors on the board.
25. **BB&T Corporation (ticker symbol BBT):** BBT is a financial holding company. The Team spoke with BBT as part of the company's shareholder engagement efforts ahead of the annual meeting. BBT highlighted various corporate governance items. BBT has a combined CEO/Chair, and the Team communicated its preference for an independent Chairman. The Team inquired about the expected composition of the board following the merger with SunTrust Banks. BBT also noted the appointment of a Chief Corporate Social Responsibility Officer and the Team expressed interest in speaking with her.
26. **Essex Property Trust, Inc. (ticker symbol ESS):** ESS is a real estate investment trust. The Team emailed ESS following research on the company. The Team noted the lack of independence on the board of directors. The Team also encouraged ESS to consider producing a comprehensive CSR report in accordance with GRI or SASB standards, participate in the CDP, and disclose emissions data. The Team also inquired about supplier due diligence, issues related to mold, and cybersecurity measures.
27. **The Mosaic Company (ticker symbol MOS):** MOS produces and markets phosphate and potash crop nutrients. The Team emailed MOS following research on the company. The Team noted various legal proceedings related to Brazilian subsidiaries as well as noted environmental contamination and the controversy surrounding a permit for a phosphate mine. The Team also encouraged MOS to include the number of supplier audits conducted in its sustainability reporting. Further, the Team communicated its preference for shareholders to have the right to call a special meeting and act by written consent, mentioned over-boarding concerns, and inquired about initiatives to increase diversity.
28. **Allergan Plc (ticker symbol AGN):** AGN is a pharmaceuticals company. The Team spoke with representatives from AGN regarding a shareholder proposal to be voted at the annual meeting. The proposal requires an immediate split of the CEO and chairman roles. The Team communicated that Boston Partners always supports having an independent chairman.
29. **Dover Corp (ticker symbol DOV):** DOV is an American conglomerate of industrial products. The Team had a call with the Compensation Committee Chairman as well as internal DOV representatives. The main purpose of the meeting was to discuss the upcoming proxy Say-on-Pay proposal. DOV noted that ISS had recommended a vote against the proposal because of certain one-time payments to the incoming CEO which were make whole payments for amounts left with the previous employer. The Team also discussed certain other ESG disclosure issues with the DOV representatives.
30. **AmerisourceBergen Corporation (ticker symbol ABC):** ABC is a pharmaceuticals distributor. The Team emailed ABC following research on the company. The Team noted the CEO serves as Chair of the Board and communicated its preference for having an independent Chairman. The Team also sought more information about the diversion control

team, employee turnover, employee engagement, diversity, supplier oversight, workplace safety, injury rates, the drop in ABC's CDP score, and the pre-filled syringes matter. ABC agreed to have a call with the Team, which will take place in May.

31. **Cummins Inc. (ticker symbol CMI):** CMI offers engines and power-train related products. The Team responded to an email from the company regarding the proxy. The Team indicated that Boston Partners will vote in favor of a shareholder proposal to require an independent Chairman.
32. **Comcast Corporation (ticker symbol CMCSA):** CMCSA is a media and technology company. The Team had previously engaged with CMCSA and reached out to follow up on some items of concern. In particular, the Team sought more information regarding supplier oversight and the compliance structure to address the issues underlying the FCC fine. The Team also noted several governance deficiencies, such as the lack of an independent chairman, the dual class stock, and no right for shareholders to call a special meeting or to act by written consent. The Team highlighted supplier oversight and customer relationships as the primary sustainability issues. CMCSA agreed to have a call with the Team to discuss these matters.

Proxy Voting:

The Team sent a letter to the following issuers informing the issuers of Boston Partners' proxy vote against management:

1. **Hewlett-Packard Enterprise Co.:** Against three Directors because they are members of more than 3 public company boards and in favor of shareholders ability to act by written consent.
2. **Cia de Transmissao de Energia Eletrica Paulista:** For fiscal council nominee and alternate as well as director appointed by minority preferred shareholders because they have been disclosed, there is no indication of competing minority preferred nominees and there are no known concerns regarding the proposed minority nominee. For proposal increasing the likelihood of having minority representation at the board level.
3. **Credito Real SA de CV:** Against the allocation of income and approval of dividends because the company's payouts in recent years have consistently fallen below 30 percent of net income and the company has failed to outperform the country's main equity index on a total shareholder return basis. Further, the company has not yet disclosed its most recent audited financial statements and, as such, shareholders cannot fully evaluate the proposed payout ratio. Against share repurchase maximum because it exceeds a reasonable percentage of market capitalization.
4. **Henkel AG & Co. KgaA:** Against issuance because the company would be authorized to issue new preferred shares and not common voting shares. Additionally, the extension of a multi-class capital structure perpetuates the disparity between economic interests and voting power.
5. **IQVIA Holdings, Inc:** Withheld votes against Directors who serve on the compensation committee because there was a disconnect between CEO pay and company performance and a management say-on-pay proposal is not on the agenda.
6. **Mesa Air Group, Inc.:** Withheld votes for Directors who serve on the compensation committee because there are problematic pay practices (amended executive employment agreements without removing the provision for excise tax gross-up payments) and a management say-on-pay proposal is not on the agenda. Also withheld votes for a Director given the board's failure to remove, or subject to a sunset requirement, the supermajority vote requirement to enact certain changes to the bylaws, which adversely impacts shareholder rights.
7. **Rio Tinto Plc:** Against issuance of equity because it would cause share dilution to be excessive.
8. **Jeronimo Martins SGPS SA:** Against remuneration policy due to uncapped and not deferred CEO bonus and misalignment of executive pay and shareholder return. Against Directors because CEO and Chairman positions are combined, a Director attended less than 75 percent of board meetings during FY 2018, and a Director sits on more than 3 public company boards.

9. **Celgene Corp.:** Against golden parachute proposal that would allow two non-executive officers to receive excise tax gross-ups.
10. **Fiat Chrysler Automobiles NV:** Against two Directors because they are members of more than 3 public company boards. Against Special Voting Shares because loyalty share mechanisms are detrimental to minority shareholders' interests and breach the "one vote one share" principle. Against approval of CEO bonus and performance shares to executive directors.
11. **HSBC Holdings Plc:** Against one Director because he is a member of more than 3 public company boards and against the issuance of equity because it would cause share dilution to be excessive.
12. **OTP Bank Nyrt:** Against approval of auditors and their remuneration because non-audit fees are excessive and against the share repurchase program because the repurchase limit is excessive and the company has not provided a rationale for not having a limit.
13. **Citigroup Inc.:** Against two Directors because they are members of more than 3 public company boards and in favor of a proxy access proposal, which enhances the rights of shareholders. Also, in favor of a proposal prohibiting vesting of awards for an executive that is voluntarily resigning and a proposal reducing the ownership threshold for shareholders to call a special meeting.
14. **Civista Bancshares, Inc.:** Withheld votes for Directors because one was non-independent yet sits on a key committee and the other attended less than 75 percent of the board and committee meetings that were scheduled during the previous fiscal year without a valid excuse (e.g. illness, work on behalf of the company, service to the nation).
15. **Waberer's International Nyrt:** Against remuneration policy and other business due to lack of disclosure.
16. **Hunting Plc:** Against issuance of equity because it would cause share dilution to be excessive.
17. **Prysmian SpA:** For Slate 1 as opposed to Slate 2 because supporting Slate 1 would ensure that all statutory auditors are elected through the slate election mechanism, with no uncertainty on the vote outcome, and for internal auditors' remuneration. Against the incentive plan proposal because the company is proposing to retest the performance measures attached to the plan by extending the performance period and against possible legal action deliberation proposal due to lack of disclosure.
18. **Swiss Re AG:** Against other business due to lack of disclosure.
19. **VINCI SA:** Against a Director because he is a member of more than 3 public company boards. Supported the most representative candidate for the employee shareholder directorship while maintaining board independence.
20. **AGNC Investment Corp.:** Against ratification of named executive officers' compensation.
21. **Celanese Corp.:** Against a Director because he is a member of more than 3 public company boards and against ratification of named executive officers' compensation.
22. **China Telecom Corp. Ltd.:** Against a related-party transaction which may expose the company and minority shareholders to unnecessary risks.
23. **Quality Houses Public Co. Ltd.:** Against other business due to lack of disclosure.

Boston Partners voted the following number of proxies:

Number of meetings: 195

Number of issues: 2,431

Disclosure

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