

# Sustainability and Engagement at Boston Partners

## Engagement Report

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

### **Issuer Calls, Meetings and Correspondence.**

1. **Ternium SA. (ticker symbol: TX):** TX is a South and Latin America steel manufacturer. The Team wrote to TX asking TX to consider the following recommendations: 1. Have an independent director as the Chairman of the Board; 2. Include women among the Directors and Executive Officers; 3. Provide additional information on employees in the Sustainability Report similar to the information provided on Form EEO-1 in the United States; 4. Provide additional detail about the situation with the Sitraternium union; 5. Clarify the reporting of training hours in the Sustainability Report; 6. Provide additional detail on supplier oversight; 7. Participate in the CDP; 8. Have GHG emissions data audited by a third party; 9. Provide additional information regarding the Clean Industry certification process for the Mexican operations, including audit results; 10. Provide additional information about the environmental considerations of TX mining operations.
  2. **HP, Inc. (ticker symbol: HPQ):** HPQ makes printers and related technology. The Team met with the Chairman of the Board as well as two additional Directors as part of HPQ’s investor outreach. HPQ has a very good ESG profile, however, there are two shareholder proposals proposed for the next annual shareholders meeting. One proposal would require a change to the by-laws to require that the Chairman of the Board always be an independent director. The second proposal is to lower the threshold for shareholders to call a special meeting from 25% to 15%. Management currently opposes both shareholder proposals. The Team informed management that Boston Partners will support both of those shareholder proposals because they increase the rights of shareholders and encouraged the Directors to rethink their opposition to those proposals.
  3. **Manpower Group (ticker symbol: MAN):** MAN provides various staffing services globally. The Team had a call with MAN’s EVP for Global Strategy and Talent and with MAN’s General Counsel and Secretary. The Team encouraged MAN to require an independent director as Chairman of the Board.
  4. **TE Connectivity Ltd. (ticker symbol: TEL):** TEL makes and sells connectivity and sensors solutions globally. The Team wrote to TEL asking TEL to consider the following recommendations: 1. Appoint a fully independent Chairman; 2. Permit shareholders to act by written consent; 3. Provide information on supplier oversight; 4. Describe further TEL’s efforts to increase female representation in the leadership cadre; 5. Describe process for addressing conflict minerals of indeterminate origin.
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5. **TechnipFMC plc (ticker symbol: FTI):** FTI is an oil and gas service company. The Team met with the Lead Independent Director and three executive officers. The Team advised FTI that Boston Partners did not agree with its decision to combine the roles of Chairman and CEO and urged FTI to require an independent director as Chairman. The Team also advised FTI that it should prepare a corporate responsibility report in accordance with the GRI standards.
6. **Wyndham Destinations, Inc. (ticker symbol: WYND):** WYND is a vacation ownership and exchange company. The Team had a call with three officers of WYND seeking input on executive compensation following the spin-off of Wyndham Hotels & Resorts. The Team provided suggestions on the compensation program for executive officers. The Team also encouraged WYND to continue to provide a corporate responsibility report similar to what Wyndham Worldwide historically produced.
7. **Graphic Packaging Holding Company (ticker symbol: GPK):** GPK provides paper-based packaging solutions for consumer products companies. The Team wrote to GPK with the following engagement points: 1. The corporate responsibility report should be prepared annually not biennially; 2. The CDP score should be increased from C; 3. GPK should provide shareholders with a right to act by written consent and a right to call a special meeting; 4. The Board should be unclassified; 5. GPK should provide additional extensive disclosure regarding its supplier oversight; 6. GPK should have its GHG emissions data verified by a third party; 7. GPK should provide additional disclosure of what percent of its facilities are currently compliant with its Vision 2025 certification standard; 8. GPK should provide additional disclosure regarding its efforts to control air and water pollution; and 9. GPK should provide additional employee information in its sustainability report similar to the EEO-1 information.
8. **NetApp (ticker symbol: NTAP):** NTAP provides data storage solutions. The Team had a call with the NTAP VP for Compliance and Intellectual Property and the VP for Communications and Investor Relations as part of NTAP's shareholder outreach program. The Team commended NTAP for now publishing its EEO-1 employee data. The Team noted that BP would again support a shareholder resolution to provide for the ability for 10% of shareholders to call a special meeting despite NTAP's opposition to such proposal and encouraged NTAP to provide shareholders the ability to act by written consent. The Team also encouraged NTAP to prepare a corporate responsibility report in accordance with GRI standards and recommended some corporate responsibility reports as examples. The Team also addressed NTAP's high stock compensation burn rate and the NTAP team note that management was working to reduce the burn rate.
9. **Diamondback Energy (ticker symbol: FANG):** FANG is a Permian Basin oil and gas company. The Team had a call with several FANG executives. The Team commended FANG for publishing its first sustainability report but noted that considerable additional disclosure was normally found in a sustainability report. Following the call, the Team sent a list of topics that it wanted to see addressed in the sustainability report. The Team also asked FANG to address negative reviews on Glassdoor regarding FANG's Oklahoma City office and the executives noted that issues there had been addressed. The Team also asked for greater disclosure regarding FANG's waste water treatment and the FANG executives noted that much of the waste water was being used following desalinization.
10. **Danone SA (ticker symbol: BN FP):** BN FP is a food and beverage company. The Team wrote to the management of BN FP following research on the company and encouraged BN FP to require that an independent director be the Chairman of the Board and to have its GHG emissions data verified by a third party.
11. **FMC Corporation (ticker symbol: FMC):** FMC is a diversified chemical company. The Team had a call with several executives from FMC and from its consulting company AON. FMC was reaching out to shareholders to discuss its executive compensation plans which ISS had consistently recommended to vote no on the say on pay proposal because of concerns that the compensation was excessive compared to performance. The Team provided FMC with feedback on the compensation plans.
12. **Hillenbrand Inc. (ticker symbol: HI):** HI is a manufacturer of processing equipment and caskets. The Team had a call with HI executives who were reaching out to shareholders to explain their opposition to a shareholder proposal to allow for shareholders to act by written consent which was now resulting in a recommendation to oppose several

directors for reelection. HI opposed the proposal which was required because of a quirk in Indiana law. The Team advised HI that it supported the ability for shareholders to act by written consent and advised the HI executives that HI was wasting its time and that of its shareholders by opposing providing shareholders the same right provided to all shareholders of Delaware corporations. The Team also informed the HI executives that HI should publish corporate responsibility report in accordance with the GRI standards.

13. **TD Ameritrade Holding Corporation (ticker symbol: AMTD):** AMTD is a full service securities brokerage firm. The Team had a call with AMTD Investor Relations staff and noted the absence of any ESG type disclosure by AMTD. The AMTD executives noted that AMTD was in the process of producing a corporate responsibility report which should be published within 18 months.
14. **ITT, Inc. (ticker symbol: ITT):** ITT manufactures and sells engineered critical components and customized technology solutions for energy, transportation and industrial markets globally. The Team had a call with ITT executives to discuss a shareholder proposal to require that the Chairman always be an independent director. The Team informed ITT that Boston Partners supported this proposal.

### Proxy Voting:

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

1. **Nuance Communications, Inc.** Against the Omnibus Stock Plan because the average burn rate for stock compensation exceeds 3.5% annually and is excessive, against the advisory vote to ratify the named executive officers' compensation because the certain payments were deemed to be excessive, and for a shareholder resolution to allow shareholders to act by written consent.
2. **Credito Real SA de CV.** Against a proposal to approve or ratify investment operations for FY 2019 because of a lack of timely disclosure regarding the proposed financing operations for FY 2019.
3. **Walgreens Boots Alliance, Inc.** For a proposal that would require the Chairman to be an independent director, for a requirement to report on measures implemented related to opioids and for a proposal to reduce the threshold for shareholders to call a special meeting to 10 percent.
4. **SMART Global Holdings, Inc.** Against the nomination of two directors because they are considered non independent and the majority of the directors are currently non independent and against the approval of an amendment to the omnibus stock plan because the plan has certain provisions unfavorable to shareholders and the burn rate is excessive.

### Boston Partners voted the following number of proxies:

Number of meetings: 24

Number of issues: 255

### Disclosure

This document is not an offering of securities nor is it intended to provide investment advice. The specific securities identified and described do not represent all of the securities purchased, sold or recommended for advisory clients. It should not be assumed that investments in these securities were or will be profitable. It is intended for information purposes only.

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