

Sustainability and Engagement at Boston Partners

Engagement Report

The Sustainability and Engagement Team (the “Team”) undertook the following engagement actions during October 2020:

Calls, Meetings and Correspondence with Issuers:

The Team engaged with the below issuers following research on the company.

- 1. First Horizon National Corporation (ticker symbol FHN):** FHN is a bank holding company. The Team emailed FHN following research on FHN. The Team encouraged FHN to provide shareholders the right to call special meetings and to act by written consent at Boston Partners’ preferred thresholds. The Team encouraged FHN to disclose whistleblower claim information. The Team asked about professional development training for employees and communicated FHN should disclose more environmental information. The Team also encouraged FHN to disclose information about the supplier oversight program and inquired about sustainability information for the operations of IBERIA bank with which FHN recently merged. A representative from Investor Relations responded and indicated FHN will consider the feedback as it develops the next CSR report. The representative also communicated the 2021 report will incorporate IBERIA operations and IBERIA disclosed significant information on sustainability, which is available on the website.
 - 2. NCR Corporation (ticker symbol NCR):** NCR is a software, managed and professional services, consulting, and technology company. The Team emailed NCR following research on NCR. The Team inquired about NCR’s progress developing sustainability disclosure. A representative from NCR responded that NCR established a Board Risk Committee in 2020 with a focus on ESG. NCR also created a new position for a Chief Risk Officer who is facilitating the focus on ESG, and NCR recently hired an outside ESG consultant to help benchmark its disclosures. Further, the representative provided a link to NCR’s corporate responsibility website.
 - 3. BWX Technologies, Inc. (ticker symbol BWXT):** BWXT manufactures and sells nuclear components. The Team emailed BWXT following research on BWXT. The Team noted BWXT had limited sustainability disclosure on the website and inquired if BWXT is in the process of developing comprehensive disclosure aligned with GRI or SASB. The Director, Investor Relations responded and highlighted the website disclosure. He indicated BWXT is taking incremental steps to enhance its ESG disclosure process. Updates would likely be focused on human rights policy enhancements; human capital management disclosure; supply chain policy pushdown; energy, water and waste volumes; and enhanced Board oversight disclosure and proxy disclosure on ESG. He also inquired about disclosure from similarly sized companies, and the Team communicated the majority of Boston Partners’ holdings in the same market capitalization range have comprehensive sustainability reports.
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4. **Ulta Beauty, Inc. (ticker symbol ULTA):** ULTA operates as a beauty retailer. The Team emailed ULTA following research on ULTA. The Team encouraged ULTA to publish a comprehensive sustainability report prepared in accordance with GRI and/or SASB standards; to provide more information about supplier due diligence, such as audit data; to provide explicit GHG emissions, energy consumption, water use, and waste data and develop formal reduction targets; to provide complete gender and racial/ethnic diversity statistics; and to disclose wage information, turnover rate data, and training information. The Team inquired about gender diversity and avoiding gender discrimination. The Team also inquired what percentage of products (or revenue) meet the Conscious Beauty criteria. Finally, the Team encouraged ULTA to de-classify the Board of Directors. The Senior Manager, Investor Relations responded and indicated ULTA plans to publish its first CSR report this year and offered to have a call to discuss further. During the call, ULTA addressed all of the Team's questions and comments and indicated the CSR report will be informed by the SASB disclosure topics.
5. **Gentex Corporation (ticker symbol GNTX):** GNTX provides digital vision, connected car, dimmable glass, and fire protection products. The Team emailed GNTX following research on GNTX. The Team encouraged GNTX to adopt a standardized form of disclosure such as GRI and/or SASB. The Team inquired if there is board-level oversight of ESG matters. The Team asked how GNTX ensures suppliers comply with sustainability expectations and terms & conditions. The Team encouraged GNTX to set science-based emissions reduction targets and pursue third-party assurance of environmental data, as well as to provide workforce diversity data, such as EEO-1 statistics. The Director of Investor Relations replied and indicated he would gather a response from the team.
6. **Coherent, Inc. (ticker symbol COHR):** COHR provides lasers, laser-based technologies, and laser-based system solutions. The Team emailed COHR following research on COHR. The Team was unable to find sustainability disclosure and asked if COHR plans to publish sustainability information.
7. **Americold Realty Trust (ticker symbol COLD):** COLD is a real estate investment trust. The Team emailed COLD following research on COLD. The Team commended COLD for publishing its inaugural sustainability report and offered suggestions for additional disclosure. The Team encouraged COLD to prepare its report in accordance with a recognized standard such as GRI and/or SASB, to disclose whistleblower claim information, to provide EEO-1 type diversity data, to disclose training statistics, to disclose waste disposal and recycling information, and to describe the supplier oversight process. The Team also encouraged COLD to set science-based environmental goals in alignment with the Paris Agreement as well as to address to what extent the grid electricity source can be or is from renewable energy.

The Team engaged with the below issuers following shareholder outreach by the company.

1. **Chubb Limited (ticker symbol CB):** CB provides insurance and reinsurance products. CB reached out to Boston Partners as part of its off-season engagement program. The Team provided feedback on CB's ESG reporting. The Team noted the disclosure lacks whistleblower claims data, diversity statistics, and training data. The Team also noted female directors comprise 21% of the Board, which is below the preferred 30% threshold. CB indicated the company is committed to diversity and it is key to the talent strategy. CB has goals but not quotas and does not intend to disclose diversity data voluntarily.
2. **Avery Dennison Corporation (ticker symbol AVY):** AVY is a global materials science company specializing in the design and manufacture of labeling and functional materials. AVY reached out as part of its ongoing engagement program. The Team communicated AVY provides good disclosure. AVY indicated they considered GRI and SASB frameworks and while they didn't report on everything, they disclosed what they could. AVY believes it has the appropriate programs and seeks to be more public about its efforts. The Team encouraged AVY to disclose information about employee development opportunities. The Team also described Boston Partners' diversity policy for Boards of Directors.

3. **The Allstate Corporation (ticker symbol ALL):** ALL provides property and casualty, and other insurance products. ALL reached out as part of its shareholder engagement program. ALL addressed the pandemic and inclusion & diversity. ALL has internal initiatives to promote diversity, such as engagements, training, pay equity, and governance (executives & board). External initiatives include supplier diversity efforts and community engagement. The Team noted ALL's gender and ethnic diversity at the Officer level was considerably lower than at other levels. ALL explained they review the selection rate, which is a combination of promotions and outside hires, and they are trying to build a path to improve the rates with ambitious yet achievable targets. The Team communicated Boston Partners' preference for the separation of CEO and Chairman and an independent Chairman. The Team also inquired about recent settlements related to wage disputes in California. ALL explained the matter centered around the classification of certain employees as exempt or non-exempt, and ALL has new systems in place to document hours.
4. **Humana Inc. (ticker symbol HUM):** HUM operates as a health and well-being company. HUM contacted Boston Partners for a shareholder engagement call. HUM started the discussion by asking Boston Partners for its opinions or questions. The Team noted that the sustainability report needed additional disclosure regarding whistleblower claims, training opportunities, sustainability structure, and supplier oversight. HUM addressed each of the additional disclosure items briefly but took them under advisement for the next report. HUM explained that renewable energy installations were not feasible at its properties. HUM briefly discussed its experiences with ISS and Glass Lewis from the say-on-pay vote in 2018. HUM opined that there were no significant issues with sustainability that they were currently facing or anticipating.
5. **Diamondback Energy, Inc. (ticker symbol FANG):** FANG is an independent oil and natural gas company. FANG contacted Boston Partners for a shareholder engagement call. FANG highlighted feedback it received regarding the say-on-pay proposal. The Team indicated Boston Partners' primary concern was the one-time award. FANG also discussed the peer group and shift to a multi-industry benchmark for compensation. FANG highlighted its goals related to the environment. FANG indicated it plans to release the 2020 GRI and SASB index before year-end. The Team discussed recycled water versus produced water and to what extent FANG needs investments in equipment and technology to reach its water recycling goal. FANG also described efforts to avoid flaring, noted governance changes, and highlighted an increased focus on diversity and inclusion goals.
6. **CVS Health Corporation (ticker symbol CVS):** CVS provides health services and plans. CVS reached out to Boston Partners as part of its off-season engagement program. CVS described their response to COVID-19. CVS offered paid two-week quarantine to employees if they were exposed, among other benefits. CVS discussed compensation. Boston Partners did not support the 2020 say-on-pay proposal due to an accelerated award for the CEO. The Team noted we didn't have issues with the compensation program other than the award. CVS also highlighted their diversity and inclusion initiatives.
7. **frontdoor, inc. (ticker symbol FTDR):** FTDR provides home service plans. FTDR reached out to Boston Partners for a shareholder engagement call. The Team noted FTDR's governance looked good because of the independent chairman and strong percentage of independent directors; however, shareholder rights were lacking. The Team indicated we would like to see more sustainability disclosure prepared in accordance with a recognized standard such as GRI and/or SASB. FTDR indicated the company is moving in that direction. FTDR is considering environmental and social goals and reviewing reporting frameworks. The Team discussed the diversity of the employee base and the process for vetting contractors. Finally, the Team inquired if FTDR would consider their products and services to be sustainable. FTDR indicated "yes" as they provide repair services and people need efficient appliances to chill medicine, run air conditioning, and perform other essential functions.
8. **Williams-Sonoma, Inc. (ticker symbol WSM):** WSM operates as a multi-channel specialty retailer of various products for home. WSM reached out to Boston Partners for an off-season engagement call. WSM noted adjustments to the compensation program. WSM provided an update on the company's ESG efforts and reporting. WSM just released the latest sustainability report, which includes a SASB index and mapping to the UN SDGs. WSM emphasized

that sustainability is not a side project; it is embedded into the business. The Team noted many of the Team's prior questions and comments were addressed in the new Sustainability Report but encouraged WSM to include more information about supplier oversight, and the Team recommended including employee engagement data and employee turnover statistics. The Team sought context for recent Board turnover, which WSM provided.

9. **Micron Technology, Inc. (ticker symbol MU):** MU manufactures and sells memory and storage solutions. MU reached out to discuss a recently released Sustainability Update. The Team noted some of MU's ratings were low, which was surprising. The Team noted MU's governance is good, though recommended disclosing whistleblower data. The Team also suggested pursuing external assurance, at least for the GHG emissions data. The Team noted we tend to see more safety statistics, such as the days away rate and fatalities. The Team also noticed GHG emissions and energy consumption have been increasing and communicated we usually see intensity rates. The Team also inquired about renewable energy use and science-based targets. MU is working on obtaining external assurance and explained demand is high and growing, which is problematic from an emissions perspective. Additionally, the Team sought supplier due diligence data such as the number and outcome of supplier audits. MU also highlighted how its products relate to sustainability.
10. **ConocoPhillips (ticker symbol COP):** COP explores for, produces, transports, and markets crude oil, bitumen, natural gas, liquefied natural gas, and natural gas liquids. COP contacted Boston Partners as part of its stockholder engagement program. COP explained their Sustainable Development governance structure. COP discussed the climate risk framework and pathways to net zero. COP highlighted its three objectives of reducing GHG emissions, meeting energy demand, and delivering competitive returns. COP also addressed the executive compensation program. COP explained their approach to human capital management, noting their D&I journey. Finally, COP highlighted their governance structure and practices.
11. **Dover Corporation (ticker symbol DOV):** DOV provides equipment and components, consumable supplies, aftermarket parts, software and digital solutions, and support services. DOV contacted Boston Partners as part of its ongoing shareholder engagement program. DOV described its response to COVID-19. DOV prioritized protecting the health and safety of people and continuing to operate where safely possible. DOV also discussed diversity and inclusion. DOV understands D&I is important and sees a clear business need to be diverse and inclusive because their customers and market are diverse. DOV adopted a policy requiring external director and CEO searches include qualified diverse candidates. DOV also highlighted the substantial refreshment of the sustainability page on the company website. DOV is in year one of a three-year plan. The Team noted DOV is still missing disclosure about professional development training, whistleblower claims, and supplier oversight audits. DOV noted supplier due diligence is a focus for 2021 and it is progressing in maturity.
12. **State Street Corporation (ticker symbol STT):** STT services institutional investors and manages financial assets. STT reached out to Boston Partners as part of its shareholder engagement efforts. STT discussed the compensation program and feedback they received from other investors. STT plans to enhance disclosure around how they make decisions and to integrate relative metrics. STT also discussed gender diversity in the upper ranks. The CEO has put in place a ten-point program, with a focus on women and minorities. The compensation plan includes an adjustment for individual performance and promoting the ten actions is factored into determining the individual component and adjustment. STT indicated the Board is committed to adding diverse directors.

Proxy Voting:

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

1. **Apollo Global Management, Inc. (ticker symbol APO):** Withheld votes from all directors. The board lacks formal nominating and compensation committees. Further, there are diversity, attendance and auditing fee concerns. Voted against the ratification of executive officers' compensation. Guaranteed equity awards every year run counter to the

pay-for-performance philosophy; the company does not disclose a compensation clawback policy, stock ownership guidelines, or holding period requirements for executives, which can mitigate compensation-related risk; and the co-President's pay is excessive when compared to CEO pay at companies of similar industry and size. Voted for an annual advisory say-on-pay vote. Voted against the ratification of auditors due to paying a high level of fees for services not related to the audit function.

2. **The Procter & Gamble Company (ticker symbol PG):** Voted for publishing an annual report assessing diversity and inclusion efforts.
3. **Distell Group Holdings Ltd. (ticker symbol DGH SJ):** Voted against the approval of non-executive director remuneration for additional services performed on behalf of DGH. Ad hoc fees for additional services could lead to the payment of significant amounts of money for additional work beyond the remit of standard director responsibilities, potentially impinging on director independence. Voted against approval of financial assistance because the proposal provided a broad, general authority to provide financial assistance to any person linked to the subscription of options or securities, or the purchase of securities. This proposal also potentially covered the open-ended provision of financial assistance to any present and future directors as well as related or inter-related companies. While providing financial assistance to directors may sometimes be justified, it is something shareholders should approve on a specific basis, taking into account the specific circumstances and the company's rationale for the proposal.
4. **ProPetro Holding Corp. (ticker symbol PUMP):** Withheld votes from two director nominees because they are incumbent members of the nominating committee, the board has seven or more members, and does not have at least two board members that are not of the majority board gender. Boston Partners supports diversity in leadership.
5. **Greenlight Capital Re, Ltd. (ticker symbol GLRE):** Voted against three director nominees because they are incumbent members of the nominating committee, the board has seven or more members, and does not have at least two board members that are not of the majority board gender. Voted against amendments to GLRE's omnibus stock plan because the plan's change-in-control vesting treatment was incomplete. Additionally, the plan allowed broad discretion to accelerate vesting, and Boston Partners considered the potential value transfer of equity based on new, available, and outstanding shares to be high. Voted against the ratification of executive officers' compensation. The CEO's discretionary, qualitative pay component is high, and half of his most recent annual long-term incentive vested immediately. Immediate vesting removes the performance and retention-based incentives from that portion of the award.
6. **Yandex NV (ticker symbol YNDX):** Voted against two director nominees because the board lacks a nominating committee, has seven or more members, and does not have at least two board members that are not of the majority board gender. Voted against granting the board authority to issue Class A shares and to exclude preemptive rights from share issuances. Boston Partners allows general capital increases without preemptive rights to a maximum of 10 percent of the existing outstanding share capital; this amount is generally more than adequate for unforeseen contingencies. In this case, YNDX proposed to approve the issuance of shares of up to 20 percent of the issued capital (excluding Class C shares). Additionally, the delegation period exceeded Boston Partners' 18-month limit as the authorization would last for 60 months. Excluding preemptive rights is also concerning as this could lead to dilution for existing shareholders. Voted against the authorization to repurchase up to 20 percent of issued share capital because the number of shares to be held in treasury should not exceed 10 percent of issued shares.
7. **JBS SA (ticker symbol JBSS3 BZ):** Voted to approve filing of lawsuits against individuals for the damages caused to the company because the former administrators and current controlling shareholders signed plea deal agreements admitting participation and/or knowledge of illegal acts regarding corruption practices involving the company. Voted against leaving future lawsuits to the company's management due to lack of disclosure.

Boston Partners voted the following number of proxies:

Number of meetings: 20

Number of issues: 156

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.